NHS
Worcestershire Acute Hospitals NHS Trust

70 YEARS OF THE NHS 1948 - 2018

Annual Report

2017 - 2018

4ward

2017/18 in numbers

Walk-in patients (A&E) - **137,407**

Patients arriving by ambulance - **48,327**

Inpatients **136,682**

Outpatients **625,101**

Births **5,332**

Emergency operations - **4,189**

Elective Operations **24,279**

Trauma Operations **1,845**

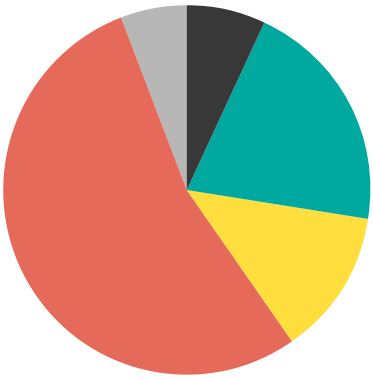
Average length of stay - **4.2 days**

Number of meals served - **857,702**

Number of sheets laundered - **3,829,307**

Value of prescriptions issued - **£46m**

Diagnostics



- MRI Scan - **23,796**
- Non-obstetric ultrasound scans - **69,519**
- CT scans - **43,835**
- Plain film X-rays - **182,712**
- Endoscopies - **19,311**

Total Staff **6,055**

Nurses **1691**

Doctors **613**

Consultants **406**

Allied health professional **406**

Midwives and midwifery support workers **329**

Other support staff **2,723**

Volunteers **800**

Contents

Chief Executive's Welcome

Welcome to Worcestershire Acute Hospital NHS Trust's 2017/18 Annual Report.

This was a year that clearly demonstrated the progress we continue to make as a Trust. It was also a year where we continued to face immense operational and financial pressures.

Our teams have continued to manage these pressures, in the face of continued operational pressure on our capacity, continued external scrutiny and the significant staffing challenges across all of our sites.

Meeting our key performance targets has remained challenging; patients in our Emergency Departments are still waiting too long for treatment and not receiving the quality of service that we would want. The Emergency Access Standard (EAS) which seeks to ensure all patients are seen within 4 hours in our Emergency Department, the Referral to Treatment standard (RTT) which looks to give patients access to treatment within 18 weeks of diagnosis, Diagnostic and Cancer treatment targets have not been met for the entire year and, in some cases, for longer than that.

The Trust remains under the 'special measures' regime which started in November 2015 and has received subsequent visits from the Care Quality Commission (CQC) in April and November 2017, and January, February and March 2018. The overall quality of care to patients remains good, across all our sites and we are making significant progress to improving other areas identified in the report.

We are heartened to see some signs of improvement, following the CQC's inspection of the core services of urgent and emergency care and medical care (including older people's care) at the Alexandra and Worcestershire Royal Hospitals in November 2017

The report showed that all four of the core services inspected improved from 'inadequate' to 'requires improvement' in the safe domain, urgent and emergency care at the Worcester site now rated 'good' in the effective domain and three of the four services have improved their overall rating from 'inadequate' to 'requires improvement'. However, given that only four of the twenty-two core services were rated in this inspection, there have been no changes to the overall 'inadequate' ratings of the hospitals individually or the Trust overall as a result of this inspection and we recognise the work that needs to be done to continue on our improvement journey.

2017/18 has been a period of consolidation for the leadership of the Trust and we now have a stable Executive team. In addition, we have sought to strengthen our quality controls and governance structures, working in partnership with NHS organisations to develop and improve our systems and structures.

To help summarise our year, we have grouped our activities into the framework we use to help us deliver our objectives.

These are made up of four key elements:

- Investing in our people and culture
- Quality and Safety
- Delivering Performance and improving Patient Flow
- Stabilising our finances

Despite the challenges and disappointments of 2017/18, we must not forget the achievements and successes we can rightly celebrate. These include the partnership and facilities of the Haven Worcestershire Breast Unit officially opened by HRH the Countess of Wessex, the launch of our 4ward staff culture programme in October, our new dedicated theatre admissions unit at Worcestershire Royal Hospital and the Frailty Assessment Unit at the Alexandra Hospital. We would like to thank all the staff involved in making such significant improvements.

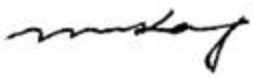
We've also celebrated outstanding achievements of staff – including Bernice Kent being National Bowel cancer specialist nurse of the year award, and two of our consultant anaesthetists receiving first and second prize for the prestigious British Medical Association Book Awards in the category of Anaesthesia, amongst others. Recent national publicity of the work of our trauma and orthopaedic consultants who have received a patient safety award from the National Joint Registry recognised the high standards of patient safety achieved for orthopaedic surgery on hips, knees, ankles, elbows and shoulders across all our sites. This is just one example of the commitment to improving the quality of care to patients living in Worcestershire.

We continue to invest in new technology and in the latest medical interventions – we opened a state-of-the-art endoscopy decontamination unit at Redditch, introduced a new cardiac procedure, and new tests for Breast Cancer diagnosis and Meningitis saw us set the standard for regional improvements in patient care.

Following the outcome of the consultation on the Future of Acute Services in Worcestershire in July, we began to put enabling plans in place to deliver the agreed clinical model. We will shortly begin work to improve our infrastructure, with the build of the much needed link bridge to our Aconbury Buildings at Worcestershire Royal Hospital.

Our staff continue to work under considerable pressure and have continued to deliver care through one of the most challenging Winter periods the NHS has seen in its nearly 70-year history. We would like to put on record our sincere thanks for their continued commitment and professionalism. We would like to pay tribute to our volunteers who support us in so many ways, from feeding patients on wards to supporting our discharge processes and assisting patients living with dementia who visit our hospitals with daily tasks.

As we look to the year ahead, we know that there will be further challenges and a continued focus on improving the quality and effectiveness of our services working with our partners across the local and national NHS. We are proud of our staff, their commitment and passion to making progress is helping us drive forward improvements in our culture and systems and will look forward to sharing successes as the NHS celebrates its 70th birthday.



Michelle McKay

Chief Executive

Performance Report

Performance overview

What we do

Worcestershire Acute Hospitals NHS Trust provides hospital-based services from three main sites - the Alexandra Hospital in Redditch, Kidderminster Hospital and Treatment Centre, and Worcestershire Royal Hospital in Worcester.

We provide a wide range of services to a population of more than 575,000 people in Worcestershire as well as caring for patients from surrounding counties and further afield.

In 2017/18 we provided care to more than 238,905 different Worcestershire patients – that is 40% of the Worcestershire population received care at one of our hospitals.

We saw 2,293 patients per day, including:

- 149,964 A&E attendances
- 49,740 emergency admissions
- 87,098 planned admissions
- 5,332 births
- 625,101 outpatient attendances

We employ nearly 6,000 people and around 800 local people volunteer with us helping to deliver care. We have an annual turnover of over £400 million. The Trust provides a range of Acute Services for the people of Worcestershire. This includes general surgery, general medicine, oncology, emergency care and women and children services. There are a range of support services as well including diagnostics and pharmacy. A list of the services provided can be found on our website http://www.worcsacute.nhs.uk/services

The Trust's catchment population is both growing and ageing when considered within the population demographics. Both the male and female population show a projected increase by 2025 in the 70-plus age groups. This is especially apparent in the 75-79 age range, although proportionally the projected rise in the 90-plus age range is higher. The forecast increase in numbers of older people is due to increased life expectancy resulting in greater numbers of older people, particularly females, surviving to very old age (ONS, 2010). The population demographic impacts the type of patients that present at our Hospitals and the types of conditions we treat.

We note from national statistical data that the number of older people with dementia is expected to double in the next 20 years. Of note the rate of population growth is greatest in the very old age groups who present the greatest requirements for 'substantial and critical' care.

Worcestershire has proportionally a greater number of resident older people than the nation in general.

The Trust's catchment population extends beyond Worcestershire itself, as patients are also attracted from neighbouring areas including South Birmingham, Warwickshire, Shropshire, Herefordshire, Gloucestershire and South Staffordshire. This results in a catchment population which varies between 420,000 and 800,000 depending on the service type.

Referrals from GP practices outside of Worcestershire currently represent some 13% of the Trust's market share.

Our Vision

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

Our Signature Behaviours

All staff across the Trust are asked to demonstrate our four Signature Behaviours. These Signature Behaviours are at the heart of our 4ward programme - a long-term, far-reaching initiative which aims to help colleagues across our Trust collectively work together, as we tackle the challenges we face and make the most of the opportunities that the future will bring.

Our focus going 4ward is two-fold. We want to transform our culture whilst at the same time improving our performance across the whole of Trust, particularly around our wide-ranging quality improvement programme, improving the flow for patients who attend our Emergency Departments, our preparations for winter and our efforts to achieve financial stability.
Our aim is to have all our staff positively demonstrating these behaviours and working together to achieve our shared goals.

Our signature behaviours:


Do what we say we will do

No delays, every day


We listen, we learn, we lead


Work together, celebrate together

Making the Trust a better place for our staff, our patients and our local community is the ultimate goal of 4ward, so we want everyone to focus on how we behave, what we deliver and create a culture we can all be proud of. For more information about the 4ward programme visit http://www.4ward-waht.co.uk

Our Focus for 2017/18

We committed to improving against the Care Quality Commission standards so that we are no longer an organisation rated as 'Inadequate' and placed in Special Measures. Our work focused on four key areas:

Our People - Investing in our Staff

This includes training and development, a focus on high standard appraisals and a commitment to mandatory training. Wherever possible we will employ our own staff to reduce the need for agency and locum staff. Improving our staff engagement is a key focus for us.

Delivering Performance and Flow

Making sure that we reduce our waiting times for emergency and elective patients and meet national standards is a measure of an organisation's safety.

Quality and Safety

We pride ourselves on the quality of care we provide and are committed to continuous improvement. Learning from complaints, incidents and near misses will help us to continue to improve the care we provide. We are focusing on reducing mortality, for example with our campaign raising awareness of sepsis and by improving how we do mortality reviews.

Stabilising our Finances

This is about us recruiting to vacant posts, reducing our reliance on agency staff and making sure we work within our budgets. It is about treating NHS money as if it is our own. For the significant risks to delivery of objectives, please see page 20 in the Governance Statement.

Performance Summary 2017/18

Description	Indicator	207/18 Target	Year End	Period
Quality				
Mortality	HSMR – Hospital Standardised Mortality Ratio	<=100	103.74 (as expected	Rolling 12 months to December 2017
	SHMI – Summary Hospital Mortality Indicator	<=100	101.05 (as expected	Rolling 12 months to November 2017
Infection Control	Clostridium Difficile	<=32	33	April 2017 - Mar 2018 (number of cases in the year)
	MRSA	0	0	April 2017 - Mar 2018 (number of cases in the year)
Prevention	VTE - Venous Thromboembolism Risk Assessment	>=95%	92.88%	April 2017 - Mar 2018 (average for the year)
Patient Experience	Mixed Sex Accommodation Breaches	0	487	April 2017 - Mar 2018 (number of breaches in the year)
Operational				
Cancer	62 days: Wait for first treatment from urgent GP referral: All Cancers (unadjusted)	>=85%	72.62%	April 2017 - Mar 2018 (average for the year)
	31 days: Wait for first treatment: All Cancers	>=96%	97.63%	April 2017 - Mar 2018 (average for the year)
	2 Week Wait: All Cancer Two Week Wait (suspected Cancer)	>=93%	80.63%	April 2017 - Mar 2018 (average for the year)
	2 Week Wait: Wait for symptomatic breast patients (Cancer not initially suspected)	>=93%	71.79%	April 2017 - Mar 2018 (average for the year)
18 Weeks Waiting Time	RTT - Referral to Treatment: Incomplete - 92% in 18 weeks	>=92%	83.24%	March 2018 (Snapshot)

Description	Indicator	207/18 Target	Year End	Period
Operational				
Diagnostic Waiting Time	6 week Diagnostic Waits (% of breaches on the waiting list)	<=1%	3.80%	March 2018 (Snapshot)
A&E Waiting Time	4 Hour Waits (%) - Trust inc MIU	>=95%	78.91%	April 2017 - Mar 2018 (average for the year)
Stroke	80% of patients spend 90% of time in a Stroke Ward	>=80%	66.5%	April 2017 - Mar 2018 (average for the year)
	Direct admission (via A&E) to Stroke Ward	>=90%	32.0%	April 2017 - Mar 2018 (average for the year)
	TIA - Transient Ischaemic Attack - High Risk Patients seen within 24 hours	>=70%	44.4%	April 2017 - Mar 2018 (average for the year)
	CT scan within 24 hours of arrival	>=80%	34.6%	April 2017 - Mar 2018 (average for the year)
Patient Experience				
Friends and Family Test	Acute Wards (% recommend)		94.82%	April 2017 - Mar 2018 (average for the year)
	Acute Wards (Response Rate %)	>=30%	8.19%	April 2017 - Mar 2018 (average for the year)
	A&E (% recommend)		89.20%	April 2017 - Mar 2018 (average for the year)
	A&E (Response Rate %)	>=20%	4.10%	April 2017 - Mar 2018 (average for the year)
	Maternity (% recommend)		97.90%	April 2017 - Mar 2018 (average for the year)
	Maternity (Response Rate %)	>=30%	25.72%	April 2017 - Mar 2018 (average for the year)

Performance Analysis

Performance Measurement

Trust performance is measured with reference to a range of national priority standards and targets, covering operational performance, quality and safety, patient experience and the statutory duty to achieve financial breakeven and future sustainability. The Trust had three priorities for 2017/18 which were: Improvement in Patient Flow across the Trust to ensure improved patient care and experience.

Improvement in the 62 day Cancer standard – from urgent referral to treatment. Adherence to the financial recovery plan working towards a future sustained financial position.

Following on from the Section 29a warning notice from the Care Quality Commission (CQC) received in 2016/17, there have been a number of announced and unannounced inspections by the CQC across the Trust during 2017/18.

The latest published results show improvements on the CQC ratings as follows:

Urgent Care and Emergency Care - CQC ratings - Aug 2017

Domain	Safe	Effective	Caring	Responsive	Well Led	Overall
Worcestershire Royal	Inadequate	Requires Improvement	Good	Inadequate	Inadequate	Inadequate
Alexandra Hospital	Inadequate	Requires Improvement	Good	Requires Improvement	Inadequate	Inadequate

Urgent Care and Emergency Care - CQC ratings - Jan 2018

Domain	Safe	Effective	Caring	Responsive	Well Led	Overall
Worcestershire Royal	Requires Improvement	Good	Good	Inadequate	Inadequate	Inadequate
Alexandra Hospital	Requires Improvement	Requires Improvement	Good	Requires Improvement	Inadequate	Requires Improvement

Medical care (including older people's care) - CQC Ratings - Aug 2017

Domain	Safe	Effective	Caring	Responsive	Well Led	Overall
Worcestershire Royal	Inadequate	Requires Improvement	Good	Requires Improvement	Inadequate	Inadequate
Alexandra Hospital	Inadequate	Requires Improvement	Good	Requires Improvement	Inadequate	Inadequate

Medical care (including older people's care) - CQC Ratings - Jan 2017

Domain	Safe	Effective	Caring	Responsive	Well Led	Overall
Worcestershire Royal	Requires Improvement	Requires Improvement	Good	Requires Improvement	Requires Improvement	Requires Improvement
Alexandra Hospital	Requires Improvement	Requires Improvement	Good	Requires Improvement	Requires Improvement	Requires Improvement

The Trust is awaiting the publication of the inspections results relating to the Well-Led Domain as well as Maternity, Children and Young People, Outpatients, Diagnostics, Surgery, Urgent Care (including MIU) Core Services at the time of this report being written.

The Trust continues to deliver the improvements as set out in the Improvement Plan in response to the 16/17 CQC Section 29a notice. This is one component of the broader Quality Improvement Strategy which will form the basis for the Trust's approach to improving, quality, safety, operational performance and financial position during 2018/19.

The Trust has been working on a number of initiatives that will result in more efficient processes, financial benefit and enhanced and effective services for our patients. This includes (this list is not exhaustive):

- Cancer pathway review – ensuring that the pathways are efficient and transparent and delays are quickly reviewed and resolved.
- Financial recovery plan – the development of a robust and deliverable financial recovery plan for 2018/19 and 2019/20 that will not impact on the quality of care that our patients receive.
- Theatre productivity – ensuring that our theatre capacity is optimised.
- Urgent Care – ensuring that our patient pathways are efficient and patients are seen in a timely manner in the most appropriate medical environment.
- Radiology – ensuring that our processes are efficient and that we achieve the optimum from the capacity across the Trust, resulting in timely diagnosis and therefore treatment for our patients.
- Patient Flow – working alongside the wider health economy to implement initiatives to ensure that winter pressures are managed for 2017/18 and learning is considered for the 18/19 winter pressures.

Performance Management Framework

In April 2017 the Trust developed a Performance Management and Accountability Framework for implementation across the organisation.

The Trust is focused on the operational and financial performance priorities agreed by the Trust Board, and as such has focused the performance management into different forums to ensure adequate focus and attention to the improvements required.

- EAS – daily system wide escalation calls, weekly Internal Professional Standards Holding to account meetings, monthly local health economy wide ED Delivery Board.
- Cancer – weekly PTL meetings and weekly escalation calls with CCG, NHSI, NHSE and Cancer Alliance, monthly Elective Access Board and monthly local health economy wide Elective Access Executive meetings.
- RTT and Diagnostics - weekly PTL meetings, monthly Elective Access Board and Monthly local health economy wide Elective Access Executive meetings.
- Finance - fortnightly confirm and challenge meeting with each Division to drive financial performance. These meetings are held with the Divisional Triumvirate to ensure financial actions are taken in the round with clinical and operational requirements.

In August 2017 the Executive Team implemented an escalation process for Divisions enabling an increased focus on areas which were consistently failing to achieve corporate objectives. The Divisions of Acute Medicine (Urgent Care), Specialised Clinical Services and Specialised Medicine Divisions were each nominated an Executive Director to improve and to rapidly deal with the root causes of under- performance. The remaining two remaining divisions were deemed to have 'earned autonomy', and standard performance management continued in these areas. Over the winter period, the Executive focused on Trust wide flow, as well as 62 day cancer and finance.

Future plans

A review of the corporate governance structure is currently underway, led by the Chief Executive. The Performance Department are working closely with the Director of Governance to ensure that performance management is enshrined in the new structure.

The Trust Performance Framework will be reviewed following finalisation of the structure, to ensure consistency of approach. The review of the Performance Framework will also focus on strengthening the role of Divisional Boards in performance management, ensuring key messages are disseminated and concerns escalated where appropriate.

Delivery of Operational Performance Standards

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

High levels of emergency demand, the lack of available capacity and flow within the Trust and within the wider health and social care system, have continued to be significant challenges in 2017/18. These have been key limiting factors in the Trust achieving best possible operational performance and quality of care. Workforce capacity has been a major contributing factor to the deterioration in operational performance particularly in relation to high numbers of consultant vacancies.

Consequently, the four key national standards in relation to Emergency Access, Referral To Treatment (RTT), 62 day Cancer waiting time and Diagnostics have not been met during 2017/18. Plans to improve performance are highly dependent on the ability to recruit consultants, the availability of beds and delivery of planned productivity improvements.

Development of specialty level improvement trajectories for the key national performance

standards based on demand and capacity modelling will provide clear actions and performance requirements against which divisions will be held to account through the monthly performance reviews.

The summary of performance can be seen within the Performance Summary section, page 8 and is described in more detail below.

Emergency Access Standard 95% of patients treated/ admitted from A&E within 4 hours of arriving in A&E

Performance for the Emergency Access Standard has not met the national target of 95% for more than 3 years. With 78.91% of patients admitted, transferred or discharged within 4 hours, the EAS performance has deteriorated in 2017/18 by 2.92 percentage points compared to the 2016/17 performance of 81.53% despite the numbers of attendances being comparable in both years. The principal reason for the performance level is the lack of bed availability caused by delays in discharging some patients with complex needs following completion of their hospital based treatment. The lack of bed availability, particularly during winter, also resulted in 140 patients waiting more than 12 hours in the A&E Departments from the point at which a decision had been made to admit them; a significant reduction from 398 in 2016/17. The focus is on supporting the timely discharge of patients through the implementation of national best practice and closer working with partner organisations across the county.

Referral to Treatment (RTT) 92% of patients to be treated within 18 weeks of referral

The Trust has not met the 92% standard in 2017/18. In March 2018 83.24% of patients were still within 18 weeks of referral compared to 83.52% the previous year. Performance is not expected to improve significantly during 2018/19 due to the size of the waiting list backlog, continuing high demand and staff shortages in certain specialties.

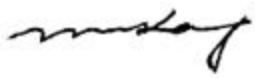
Cancer, 85% of cancer patients to commence treatment within 62 days of referral

Over the year 72.62% of patients have commenced treatment within 62 days. This is an improvement from the previous year which saw 71.80% of patients commencing treatment within the required timescales. Performance against this standard continued to be impacted by increased referrals resulting from national awareness cancer campaigns, emergency pressures and medical staffing gaps across a number of specialties. Delays in diagnostic tests are also impacting performance against this standard.
Performance is planned to improve in 2018/19 but the standard is not expected to be achieved until September 2018.

Diagnostics- No more than 1% of patients to wait more than 6 weeks for a diagnostic test

The Diagnostics standard not been met in 2017/18 with 3.80% of patients waiting more than 6 weeks at the 31st March 2018. The previous year's performance in 2016/17 did not hit the standard with 3.73% of patients waiting more than 6 weeks. The delay in patients receiving diagnostic tests is having an adverse impact on the time elapsed before cancer treatment commences. Plans are in place to address the capacity issues in endoscopy with the expectation that the standard will be delivered from the middle of the next financial year.

Signed:



Michelle McKay
Chief Executive

Date: 24 May 2018

Financial Performance in 2017/18

The Trust has three key financial duties and has achieved compliance with the Capital Resource Limit and External Financing Limit but has not achieved the Breakeven duty. The Breakeven duty is where the Trust must achieve a breakeven position over a 3 year period (or where agreed with NHSI a 5 year period). The Trust has struggled with this in recent years and as required under statute, our external auditors have formally notified the Department of Health.

The Trust has reported a deficit of £52.562m (adjusted for the 2016/17 post accounts STF reallocation and inclusive of STF) for the 2017/18 financial year, which is in line with the revised forecast outturn agreed with NHS Improvement in December 2017.
The Trust achieved £9.5m of Cost Improvement Programme savings during the year. In addition to the cost improvement, the Trust delivered a £7m financial recovery programme (FRP) resulting in a total efficiencies savings of £16.5m. The recurrent effect of this programme secured £11.1m improving the Trusts underlying position. The FRP focused on a limited number of key projects to ensure capacity and capability was targeted at those schemes with the greatest potential to reduce the impact of the drivers of the deficit. Key projects included theatre productivity, use of temporary staffing, recruitment & retention, procurement and grip and control measures.

The Trust received £1.615m of core STF related to financial performance and operational metrics, and additional incentive STF funding of £3.288m as part of the general distribution at year end. These funds are awarded to Providers for performance against the Financial Control Total and the Emergency Access Standard. The Trust was allocated a potential STF of £12.7 million however the Trust has only earnt £4.903 million of the STF monies available due to key milestones for both the Financial Control Total and Emergency Access Standard not being met.

The Trust has received £57.07m cash to support from the Department of Health and Social Care to be able to maintain the payment of creditors through the year.. However, payments to creditors have deteriorated from 86% in 2016/17 to 64% of payments within timeframe in 2017/18. The increase in the Trust's deficit in 2017/18, above the original planned level has resulted in a tight cash flow and increase in delays of payments to creditors. The additional cash helped to clear the backlog on creditor payments, but hasn't increased the percentage paid in time in line with national targets.

The Trust has invested £10.9m of capital resources in 2017/18 in line with its Capital Resource Limit. This included major developments such as A&E Primary Care streaming scheme, commencement of the plans for the Discharge Lounge at WRH, Cyber security and improvements to patient Wi-Fi, as well as replacement of clinical equipment, improvements in IT systems/ infrastructure and maintenance of the estate. An urgent capital loan application was granted in March, providing £2.4m to fund projects in 2017/18.

Looking forward to 2018/19 and beyond

The Trust still has a challenging financial outlook entering 2018/19. Before STF funding the Trust has a targeted deficit of £40.0 million. If the trust can achieve the targets set by NHSI, then it is possible to earn £17.8 million of STF funding and achieve a deficit of £22.2m. The Trust is targeting £23.9m of Cost Improvement Programme savings for 2018/19.

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

Worcestershire Commissioners have developed a demand management (QIPP)

plan for 2018/19 amounting to £7.5m less activity. Underpinning this program are a number of plans which are overseen through a Joint Executive CIP/QIPP committee. Plan areas include:

- Further enabling prevention of unnecessary referrals and admissions
- Targeted clinical pathway reviews
- Reducing low risk follow ups
- Extending the treatment of limited clinical value program

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

The Trusts internal capital resources will remain extremely limited in 2018/19 and beyond, and as such further capital loan requests will be made in 2018/19 and future years. As part of the urgent loan granted in March 2018, the Trust has already been awarded £2.6m of loan funding in 2018/19.

In 2018/19 the Trust will submit the Full Business Case for the Acute Service Reconfiguration and in doing so will access the £29.6m of capital allocated for the scheme.

Better Payments

The Better Payments Practice Code (BPPC) targets NHS bodies with paying all non-NHS trade creditors within 30 days of the receipt of goods or a valid invoice (whichever is later) unless other payment terms have been agreed. Tight cash flow arising from the Trust's financial position has led to deterioration in performance in 2017/18 compared to 2016/17. The Trust performance in 2016/17 was 86% by number and 82% of value in 2016/17, against the national target of 95%. The Trust achieved 65% and 64% respectively in 2017/18. The trust's cash position will remain challenging in 2018/19 with another deficit forecast but plans have been put in place to manage liquidity.

BPPC Target Performance : 95%	Number	£'000
Non-NHS Payables		
Total Non-NHS Trade Invoices Paid in the Year	95,966	200,703
Total Non-NHS Trade Invoices Paid Within Target	61,872	127,916
% of Non-NHS Invoices Paid Within Target	65%	64%
NHS Payables		
Total NHS Trade Invoices Paid in the Year	2,857	33,423
Total NHS Trade Invoices Paid Within Target	1,466	24,506
% of NHS Invoices Paid Within Target	51%	73%
Total Payables		
Total Invoices Paid in the Year	98,823	234,126
Total Invoices Paid Within Target	63,338	152,422
% of Invoices Paid Within Target	64%	65%

The full audited financial statements are attached to this report and give a more detailed understanding of the financial position.

Jill Robinson

Chief Finance Officer

Herefordshire and Worcestershire Sustainability and Transformation Partnership (STP)

The vision for 2020/21 across the STP footprint of Herefordshire and Worcestershire is that "Local people will live well in a supportive community with joined up care underpinned by specialist expertise and delivered in the best place by the most appropriate people". The STP contains four transformational themes:

Transformation Priority 1

Maximise efficiency and effectiveness across clinical, service and support functions to improve experience and reduce cost, through minimising unnecessary avoidable contacts, reducing variation and improving outcomes.

Transformation Priority 2

Reshape our approach to prevention, to create an environment where people stay healthy and which supports resilient communities, where self-care is the norm and digitally enabled where possible, through:

Transformation Priority 4

Establish sustainable services through development of the right networks and collaborations across and beyond the STP footprint to improve urgent care, cancer care, elective care, maternity services, specialist Mental Health and Learning Disability services.

Transformation Priority 3

Develop an improved out of hospital care model, by investing in sustainable primary care which integrates with community based physical and Mental Health teams, working alongside social care to reduce reliance on hospital and social care beds by shifting to an "own bed is best" model of care.

Worcestershire Acute Hospitals NHS Trust is represented at the STP Partnership Board and the STP Delivery Board and is involved in all of the STP transformational programmes. The Trust is leading on, and is critical to, the successful delivery in a number of areas.

Acute Service Review (ASR)

In July 2017, following an extensive consultation process on the Future of Acute Hospital Services in Worcestershire programme (FOAHSW), the Governing Bodies of Worcestershire's three Clinical Commissioning Groups (CCGs) announced their support for a clinical model designed to bring stability and certainty to the local acute health service.

The model, which took more than five years to develop, includes:

- Centralisation of emergency surgery to Worcestershire Royal Hospital with skilled staff which will improve outcomes and patient experience
- Creation of centres of excellence for planned surgery at the Alexandra Hospital
- Retention of emergency and urgent care services at the Alexandra Hospital
- Centralisation of inpatient care for children at Worcestershire Royal Hospital with the majority of children's care remaining local
- Centralisation of births at Worcestershire Royal Hospital with ante-natal and post natal care remaining local.

Delivery of the clinical model requires a series of enabling works to be carried out. These include 81 additional beds, a High Dependency Unit and the creation of 141 new car parking spaces at the Worcestershire Royal Hospital. At the Alexandra Hospital in Redditch plans include the refurbishment and modernisation of operating theatres and improvements to endoscopy facilities.

An outline business case for £29.6m capital to support these enabling works was approved in December 2017, with the next step being further refinement into a Full Business Case (FBC).
Subject to the necessary approvals being received, an implementation plan is in place to deliver these improvements by May 2020. In early 2018, the Trust was able to access a £3 million capital loan to allow work to begin on the construction a link bridge between the main Worcester hospital building and the Aconbury buildings in advance of the approval of the FBC. Construction of that bridge was due to begin in May 2018 with completion by the end of 2018.

Engaging with public, patients and stakeholders

Developing our relationships with our partner organisations has continued throughout 2017/18.

The Trust works collaboratively wherever possible with the appropriate Local

Authorities, voluntary sector, Universities and other local education establishments as well as NHS Commissioners (CCGs and NHS England) and other NHS providers of services. The Trust has a range of formal and informal mechanisms in place to facilitate effective working with key partners in the Worcestershire Health Economy and is an active partner in the Herefordshire and Worcestershire Sustainability and Transformation Partnership (STP).

The Trust continues to benefit from a formal partnership arrangement with University Hospitals Coventry and Warwickshire NHS Trust.

We also continue to work closely with a wide range of external agencies, including the Health Overview and Scrutiny Committee and Healthwatch – as well as regional and national organisations who monitor and assess the Trust, including West Midlands Clinical Senate, Cancer Peer Review, Royal Colleges, Health Education West Midlands, NHS Improvement (NHS I), NHS England (NHS E), the Care Quality Commission, NHS Resolution and the Health and Safety Executive.

The Trust has continued to build relationships with a wide range of stakeholders including our local MPs and other elected representatives.

Volunteer Services

The patient experience continues to be greatly enhanced by the commitment of volunteers across the Trust.

Volunteer hours have remained in line with last year's total of approx. 59,000 hours which is a huge contribution to the life of the Trust. Providing an ever wider range of services and working alongside staff; volunteers enhance and add value to all that we do. We have continued to enjoy close working relationships with volunteers from a wide range of external organisations and partners coming into the Trust. This assists with building relationships across health and social care economy.

This year at Worcestershire Royal Hospital we have been able to re-instate the RVS ward trolley – providing papers, refreshments and small items to our patients. This service was missed greatly following retirement of one of the previous volunteers. A very different, but equally valuable initiative is visits to the wards from Therapy Dogs; enhancing communication and providing therapy for some of our most unwell patients. As a Trust we are extremely grateful to local people who volunteer – for whom the trust is their local healthcare provider. Reasons for volunteering are various. Many volunteers say they just want to "give something back".

Other volunteers travel a greater distance to be here but are equally committed to making a difference. All age ranges are represented across the volunteers, with the local University and sixth form students an increasing presence. The Trust considers it a privilege to be able to offer experience to younger volunteers often at the start of their careers.

Volunteer fundraising and contributions to the trust charitable funds has continued to make a significant contribution to enhancing the experience for patients.

The League of Friends across the trust continue to fundraise tirelessly, contributing to many projects both large and small across the trust that improve the patient experience. Contributions this year have included sensory equipment for the MRI scanner, new chairs for the renal unit and mirrors for tissue viability team.

The enormous commitment from volunteers across Worcestershire and beyond is a very clear sign of the support for our local hospitals, for which we remain extremely grateful.

Accountability Report

Corporate Governance Report

Directors Report

The Board of Worcestershire Acute Hospitals NHS Trust sets the strategic direction for the Trust.

The aim of the Board is to lead by example and to learn from experience and oversee the delivery of safe, effective, personalised and integrated care for local people, delivered consistently across all services by skilled and compassionate staff.

In 2017/18 the Board met in public on six occasions, with meetings covering all three of our main sites. In the period covered by this annual report, the Board also held development sessions covering a wide range of topics including Human Factors awareness, risk management and learning from mortality.

The Trust is committed to setting high standards and the whole board has signed up to the Nolan principles, requiring honesty and integrity in all matters.

The Trust Board

The voting members of Trust Board during 2017/18 were as follows:

- Caragh Merrick, Chairman
- Philip Mayhew, Non-Executive Director
- Bill Tunnicliffe, Non-Executive Director
- Chris Swan, Non-Executive Director
- John Burbeck, Non-Executive Director (until June 2017)
- Bryan McGinity, Non-Executive Director (until December 2017)
- Mark Yates, Non-Executive Director (from August 2017)
- Steve Williams, Non-Executive Director (from January 2018)
- Michelle McKay, Chief Executive
- Andrew Short, Interim Chief medical Officer (until May 2017)
- Suneil Kapadia, Chief Medical Officer (from May 2017)
- Vicky Morris, Chief Nursing Officer
- Stewart Messer, Chief Operating Officer (until February 2018)
- Jim O'Connell, Interim Chief Operating Officer (until October 2017)
- Inese Robotham, Interim Chief Operating Officer (from October 2017)
- Jill Robinson, Chief Finance Officer

Non-voting members of Trust Board

- Kay Darby, Interim Director of Governance Sept 2017 to March 2018
- Denise Harnin, Director of Human Resources and Organisational Development until September 2017

- Richard Haynes, Director of Communication and Engagement from September 2017
- Tina Ricketts, Director of People and Culture from January 2018
- Richard Oosterom, Associate Non-Executive Director from June 2017
- Kimara Sharpe, Company Secretary
- Sarah Smith, Director of Planning and Development
- Lisa Thomson, Director of Communications until April 2017
- Haq Khan, Acting Director of Performance until November 2017
- Kiran Patel, Medical Advisor until May 2017
- Steve Williams, Associate Non-Executive Director from November to December 2017
- Mark Yates, Associate Non-Executive Director from May to July 2017

Bryan McGinity retired from the Board at the end of December 2017 and we should like to thank him for his service on the Board and as Audit and Assurance Committee Chairman.

Details of all the Board members and their declaration of interests can be viewed on the Trust's website www.worcsacute.nhs.uk/our-trust/our-board

Non-Executive Directors

The non-executive directors (NEDs) bring a wealth of experience to the Trust Board, from private sector commercial business to management within a large public sector organisation. Associate non-executives were also appointed during the year to support the work of the board.

Clinical Engagement in decision making

Input from senior clinicians to the strategic direction of the Trust has been led by the five clinical divisions and the active engagement of their leadership teams.

The Trust Leadership Group (TLG) meets fortnightly to discuss the operational direction of the Trust. This Group, chaired by the chief executive, consists of the Board executive directors and the divisional leadership teams.

Governance

The Governance Structure for the Trust was revised during the year. The revised structure allows the board to gain assurance on the delivery of the corporate objectives, quality of services and the financial and operational performance of the Trust. A detailed diagram of the Trust's governance structure is available on the website http://www.worcsacute.nhs.uk/our-trust/corporate-information/freedom-of-information/freedom-of-information-publication-scheme

The Quality Governance Committee's purpose is to provide assurance to the board on matters relating to quality and safety. Dr Bill Tunnicliffe as chair of the Committee continues to constructively challenge the executives on issues relating to quality and safety and has taken an essential role in assuring the Board on the progress of the Trust's Quality Improvement Strategy.

The Finance and Performance Committee ensures robust monitoring of the financial health of the Trust and the performance metrics. This Committee is chaired by Phil Mayhew.

The Audit and Assurance Committee's role is to provide the Board with assurance that the governance and assurance processes upon which the Trust Board places reliance, operates effectively and meets the strategic objectives. The committee works closely with the external and internal auditors. The Board Assurance Framework is presented to the Committee at each meeting. This committee is chaired by Steve Williams.

The People and Culture Committee oversees the implementation of the trust's People and Culture Strategy and is chaired by Chris Swan.

There is overlap of membership of NEDs on the board subcommittees with one Audit and Assurance member also attending the Quality Governance Committee and People and Culture, and one member attending the

Finance and Performance Committee. The Chair of the Audit and Assurance Committee is a qualified accountant.

Full details of membership of the Trust Committees can be found on page 23 in the Annual Governance Statement section.

Personal Data Incidents 2017/18

Details of Information Governance related incidents can be found on page 23 in the Annual Governance Statement.

Statement on disclosure to auditors

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

Statement of the Chief Executive's responsibilities as the accountable officer of the Trust

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

- There are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance;
- Value for money is achieved from the resources available to the trust;
- The expenditure and income of the trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them;
- Effective and sound financial management systems are in place; and
- Annual statutory accounts are prepared

in a format directed by the Secretary of State to give a true and fair view of the state of affairs as at the end of the financial year and the income and expenditure, recognised gains and losses and cash flows for the year.

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

Statement of directors' responsibilities in respect of the accounts

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

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

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

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

By order of the Board.

Annual Governance Statement 2017-18

1.Scope of responsibility

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

I have a duty of partnership to discharge, and therefore work collaboratively with other partner organisations. The Trust is working collaboratively wherever possible with the appropriate Local Authorities, voluntary sector, University and other local education establishments as well as NHS Commissioners (CCGs and NHS England) and other NHS providers of services. The Trust has a range of formal and informal mechanisms in place to facilitate effective working with key partners in the Worcestershire Health Economy. We are an active partner in the Herefordshire and Worcestershire Sustainability and Transformation Partnership (STP), with a number of our Executives leading key bodies of work, such as the Herefordshire and Worcestershire Local Maternity Service development.

Other partnership groups have been operationally focussed due to the operational and financial challenges currently faced by the Health Economy. These groups include the A&E Delivery Board (which I chair) and the Quality Improvement Review Group. The Trust also has a formal partnership arrangement with University Hospitals Coventry and Warwickshire NHS Trust in relation to Oncology services for Worcestershire.

The Trust is monitored and assessed by a wide range of external agencies. These have included the three local Clinical Commissioning Groups, West Midlands Clinical Senate, Cancer Peer Review, Royal Colleges, Health Education West Midlands, NHS Improvement (NHS I), NHS England (NHS E), the Care Quality Commission (CQC), NHS Resolution and the Health and Safety Executive. This is not an exhaustive list of organisations that monitor and assess the Trust for assurance purposes.

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

Throughout the year 2017/18, the Trust has remained in special measures in relation to quality and the CQC rating has remained at inadequate. NHS Improvement has supported the Trust with an improvement director and the Trust has published actions being taken to improve the quality of care on its website.

As at 31 March 2018 the Trust's adjusted financial performance deficit for 2017/18 was £52.562m (adjusted for the 2016/17 post accounts STF reallocation) against a £29.988m planned deficit and its cumulative deficit against the break-even duty was £199.6m. The Trust did not achieve the financial control total in 2017/18 and has therefore foregone part of the Sustainability and Transformation Fund (STF) income. The Trust agreed a revised forecast outturn deficit with NHS I in December 2017, and has improved its financial control such that the revised trajectory was delivered in months 8 through 12. The Trust received £1.615m of core STF related to quarter 1 financial performance and operational metrics, and additional incentive STF funding of £3.288m as part of the general distribution at year end.

The key drivers of the deficit include the material reliance on premium cost temporary

staff, slower than anticipated delivery of cost improvements and productivity and efficiency gaps. The Trust is working with partners across the STP to achieve financial balance across the footprint by 2021.

The Trust has complied this year with its statutory duties of External Funding Limit and Capital Resources Limit. However the Trust has not complied with its statutory Break Even Duty required by the National Health Service Act 2006. Grant Thornton, the Trust's external auditors, issued a referral to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014 in April 2018 due to the Trust's failure to comply with the Break Even Duty.

2. The purpose of the system of internal control

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

3. Capacity to handle risk

The Executive Lead for Risk Management is the Chief Nurse. The Chief Nurse is also the appointed Executive Lead on Clinical Governance. The Chief Medical Officer is the appointed lead for medical education, audit and effectiveness and research and development. The Chief Medical Officer has a remit to provide executive responsibility for patient safety and medical revalidation. The Chief Finance Officer leads on information governance, financial risk and anti-fraud and the Company Secretary on corporate governance. The Audit and Assurance Committee gives assurance on the implementation of the Risk Management Strategy. The Company Secretary is also the Data Protection Officer as required under the GDPR (General Data Protection Regulations).

The Risk Management Strategy (RMS) is an integral part of the Trust's approach to continuous quality improvement and is intended to support and assist the organisation in delivering its key objectives as well as meeting the requirements contained within the NHS Constitution. A revised RMS was presented to and approved by the Board in July 2017. There is continuous review of the risk registers and the Board Assurance Framework shows clear links to the risks on the corporate risk register.

Staff continue to be made aware of their risk management responsibilities as part of the induction process, and existing staff are required to attend a mandatory annual update in respect of risk management. Training needs of staff in relation to risk management are assessed through a formal training needs analysis process, staff receiving training appropriate to their authority and duties. The role of individual staff in managing risk is also supported by a framework of policies and procedures which promote learning from experience and sharing of good practice. Specific training targeted at executive directors, non-executive directors and managers has been undertaken. The Risk Management Group (meeting quarterly) was set up in July 2017. The Board Assurance Framework key risks and the relevant high level risks are reviewed bimonthly at Board Committees.

We have developed our monitoring and reporting of staff completing their mandatory training. We recognise that our systems and processes needed improving and during the last quarter of 2017/18 we rolled out the use of the self-serve option within the electronic staff record. Staff are also able to undertake a large part of mandatory training through e-learning. The monitoring of mandatory training levels takes place through the performance management system and is

monitored via the Trust Leadership Group and the People and Culture Committee. There has been significant improvement in the mandatory training levels attained by nursing and midwifery staff.

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

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

This is not an exhaustive list of organisations that provide us with reports from which we can learn lessons. Learning lessons is programmed into the weekly serious incident meeting and there is a regular newsletter on learning lessons.

Serious incidents and never events as well as complaints are thoroughly investigated and improvements made at local and corporate levels to reduce the likelihood or reoccurrence. The Trust recognises that response times for investigation could be better and have reviewed the way in which investigations are undertaken.

We have also committed to ensuring that we do not delay in responding to complaints and investigating serious incidents. By 31 March 2018, we had 20 complaints overdue which compares to over 100 in July 2017. We also had one serious incident overdue which compares to 13 in May 2017. We recognise that this performance needs to be embedded within the Divisions and we will ensure that this is undertaken in 2018/19.

A fundamental part of embedding a safety culture is ensuring robust identification and management of incidents and ensuring learning is shared at an organisational level. The Trust has weekly multi-disciplinary Serious Incident (SI) Learning and Review meetings in place chaired by the Chief Nurse and Chief Medical Officer. All incidents are categorised for level of harm by the divisional governance teams using a checklist and escalated to the SI group accordingly. The group reviews the root cause analyses of all SIs and assess whether any deaths as a consequence of the event, were avoidable or not through the mortality review process. They also consider Initial Case Reviews (ICRs) for all new incidents which Divisions have categorised the outcome as moderate harm or above, and those which may require external notification. In addition the group discuss compliance with Duty of Candour, whether the terms of reference are appropriate, and that an investigating officer has been allocated. Each meeting concludes with a lesson of the week for wider learning across the Trust. Once a month cases with important learning which affect multiple divisions are presented at the start of the meeting which is open to all staff to attend.

A quarterly report from the group is submitted to the Clinical Governance Group (CGG, an operational group consisting of all the senior clinical leaders) and then to the Quality Governance Committee (QGC). The report is also presented to a meeting of the Trust Leadership Group (TLG).

As part of strengthening governance the Trust has identified training needs within the Divisions around risk identification, grading, mitigation and management. Bespoke training is undertaken with Divisions in this area. The Trust has an on-going training programme around Datix and how to register incidents, risks and complaints that is open to all staff from Board to Ward on both a classroom based approach and 1-2-1

intensive training. Human Factors training continues and the Trust board had an awareness session on this topic in February 2018.

The Trust Board has regularly considered the Board Assurance Framework (BAF). Each Committee considers the strategic risks aligned to that Committee at each Committee meeting. During 2018/19 the BAF will be developed to align to the strategic intent of the Trust. Committees will consider the BAF on a bi-monthly basis to consider any revisions necessary prior to the Board receiving and agreeing any changes. The Audit and Assurance Committee continues to provide assurance to the Trust Board on the controls within the BAF.

The Safety and Quality Information Dashboard (SQuID) continues to be developed and is utilised at all levels within the Trust. The Quality Governance Committee views it at each meeting. The system is a ward to Board system which highlights performance around quality and safety, and when the Trust is not where expected to be, what is being done about it. It incorporates all our agreed key quality metrics, and is aligned to risks, gaps in controls and corrective actions. This can be viewed by all and will be used as part of the Trust's process to provide ward to Board assurance.

To support this, and to triangulate evidence of compliance, the Trust undertakes quality audits. These audits provide regular information at a ward level as to documentation completeness and identify areas where further training or support is required.

Safety and leadership walkabouts by the executive management team and visits by the non-executive directors have been introduced. These planned visits use a standard checklist to review compliance with professional standards. Feedback from these walkabouts is presented to the QGC.

In respect of Ward to Board line of sight, the Clinical Governance Group, meeting monthly, provides the forum for the senior clinical staff to discuss all issues relating to quality and safety. The CGG reports every month to the Quality Governance Committee and is supported by the Divisional Governance Forums and specialist groups covering areas such as infection control, clinical effectiveness and safeguarding. Attendance by the clinicians is now excellent and they present their quality exception reports, key risks and mitigations through the corrective action statements. Non-executive directors undertake ward visits both individually and with executive directors thus adding to the Ward to Board line of sight.

As part of the full review of the corporate governance structure to ensure that the Trust Leadership Group can drive the operational and performance agenda for the Trust, from 2018/19, the report from the Clinical Governance Group to the Quality Governance Committee will also be presented to the TLG. The Recruitment and Retention Group will also report to TLG. We are also introducing executive led groups for finance and performance and strategy and planning. These groups will report to TLG as well as providing assurance to the Finance and Performance Committee for reporting to the Trust board.

In July 2017, the Trust was served with a second Section 29A letter by the CQC. The Board responded to this by developing a comprehensive Quality Improvement Plan. This Plan is being monitored through the Quality Improvement Board which reports to the Trust Leadership Group and gives assurance to the QGC. QGC reports this to the Trust Board. The Quality Improvement Plan is published on the Trust website.

We have developed a Quality Improvement Strategy which was presented and approved by the Board in March 2018. This Strategy is supported by three plans. There are clear outcomes identified within the documents and these will be monitored by the QGC during the year and reported to the Trust Board.

We have refined and developed our process for ensuring that robust quality impact assessments are undertaken for all developments and cost improvement plans that could have an impact on quality. These are reported to the Quality Governance Committee.

The Trust risk management strategy was updated and approved in July 2017. The Trust identifies risks from a range of internal, external, proactive and reactive sources. The stages involved in risk management are defined in the Trust risk strategy as follows:

- Identify the risk and the owner
- Evaluate the risk
- Compare against tolerance
- Identify controls and actions required
- Implement controls
- Monitor/measure effectiveness

The strategic risks, controls and mitigations presented to the Board through the Board Assurance Framework, identified by the Board and monitored through the Committees, are shown on the following page. * the full controls, mitigations and assurances can be reviewed in the Board Assurance Framework approved at the Trust Board in May 2018.

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

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

Waiting time elective data and quality of data

The Trust has a Data Quality Framework to facilitate an understanding amongst Trust staff as to what 'Data Quality' means, the methodology to use when monitoring data quality, and to emphasise that any individual who creates, records or uses data is accountable for understanding and making transparent the level of confidence using the data quality domains. The Framework will be used alongside the Trust Data Quality Policy.

The clinically led Data Quality Steering Group meets bi monthly and has sight of the data quality log for the Trust. The Trust operates a Data Quality Kitemark for all key data items, highlighting known issues within the six domains as defined in the Data Quality Framework (accuracy, validity, reliability, timeliness, relevance and completeness). Internal audit provided moderate assurance in relation to the data quality of 18 week RTT reporting in 2017/18.

4. The risk and control framework

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

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

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

Priority/risk	Summary of controls/mitigations*
Priority 1. Deliver safe, high quality compassionate patient care	
Risk 1.1 If we do not have in place robust clinical governance for the delivery of high quality compassionate care, we may fail to consistently deliver what matters to patients- which may impact on patient experience (including safety & outcomes) with the potential for further regulatory sanctions	Patient, Carer and Community Plan approved by the Trust board, risk awareness sessions held, risk maturity review
Risk 1.2 If we do not have a clear improvement journey vision that engages staff and builds improvement capability, we may fail to deliver sustained change and improvements required	Quality Improvement Strategy and associated plans approved by the Trust Board; harm reviews embedded, safety walkabouts in place
Risk 1.3 There is a risk that patient safety and performance may be adversely affected due to weaknesses in systems and processes	Internal audit report monitored by Audit and Assurance Committee
Priority 2. Design healthcare around the needs of our patients, with our partners	
Risk 2 Unless we work with our health and social care partners to understand flow across the system, then we may have inadequate arrangements in place to manage demand (activity) - which may impact on the system resilience and internal efficiencies impacting on delivery of contractual performance (4hr access standard; RTT; Cancer etc)	Internal professional standards in place, work with system partners, weekly NHS I escalation meetings
Priority 3. Invest and realise the full potential of our staff to provide compassionate and personalised care	
Risk 3.1 If we do not have in place a suitably qualified and experienced leadership team (across sub board levels including Divisional and Directorate) then we may fail to deliver the required improvements at pace- with the potential for further deterioration in patient care & experience & escalated regulatory enforcement actions	Leadership team in place, culture change programme in place, People and Culture Strategy approved by the Trust Board
Risk 3.2 If we do not deliver a cultural change programme we may fail to attract and retain staff with the values and behaviours required to deliver the high quality care we aspire to	Culture change programme in place, People and Culture Strategy approved by the Trust Board, FTSU Guardian in place
Priority 4. Ensure the Trust is financially viable and makes the best use of resources for our patients	
Risk 4.1 If we do not have in place effective organisational financial management, then we may not be able to fully mitigate the variance and volatility in financial performance against the plan leading to failure to deliver the control total, impact on cash flow and long term sustainability as a going concern	Detailed financial recovery plan in place, confirm and challenge meetings being reviewed and strengthened, cost improvement programme integrated with model hospital
Risk 4.2 If we do not resource our clinical staff rotas at ward/ departmental level then we will not meet patient needs consistently- with the potential for reduced quality & co-ordination of care provision, negative impact on patient flow & access targets: long term impact on staff resilience; poor retention of staff & inability to attract staff.	Recruitment plan in place, strategic workforce plan in development
Risk 4.3 If we do not have a workforce strategy that addresses organizational development, values and behaviours as well as workforce development and recruitment we will not be able to provide care that meets the needs of our patients; meets the internal workforce demands and fills our vacancies	Risk removed May 2018 as strategy in place
Priority 5. Develop and sustain our business	
Risk 5 If we are unable to secure the support of our clinical workforce, community and STP stakeholders for the 5 year clinical strategy, we may not be able to make the changes required to ensure long term viability of services	Engagement with the STP Partnership board, development of a clinical strategy, Turnaround Director in place

The Board Assurance Framework is approved by the Board at each of its meetings held in public. Each Committee reviews the risks that have been allocated to that Committee on a bi monthly basis. The Audit and Assurance Committee reviews the process and controls at each meeting.

The Head of Internal Audit Opinion for 2017/18 is as follows:

My opinion is set out as follows:

- Overall opinion;
- Basis for the opinion;
- Commentary.

My overall opinion is that Limited assurance can be given as weaknesses in the design, and/or inconsistent application of controls, put the achievement of the organisation's objectives at risk.

The basis for forming my opinion is as follows:

- An assessment of the design and operation of the underpinning Assurance Framework and supporting processes; and
- An assessment of the range of individual opinions arising from risk based audit assignments, contained within internal audit risk based plans that have been reported throughout the year. This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses.
- Any reliance that is being placed upon third party assurances.

The commentary below provides the context for my opinion and together with the Opinion should be read in its entirety.

The design and operation of the Assurance Framework and associated processes

I have reviewed the overall arrangements the Board has in place to conduct its review of the system of internal control. This has entailed reviewing the way in which the Board has identified the principal risks to achieving its objectives, the identification of controls in operation to mitigate against these risks and the degree to which the organisation has received assurances that these risks are being effectively managed. I have approached this by examining the Assurance Framework documents that you have in place and also by giving consideration to the wider reporting to the Board that informs it's assessment of the effectiveness of the organisation's the system of internal control.

It is my view that an Assurance Framework has been established which is designed and operating to meet the requirements of the 2017/18 Annual Governance Statement, and enables the Accountable Officer to assess the effectiveness of the overall system of internal control. The Assurance Framework highlights a number of significant risks to the achievement of the Trust's strategic objectives, and these are monitored regularly by the Trust Board.

The system of internal control based on internal audit work undertaken

My Opinion also takes into account the range of individual opinions arising from the risk-based audit assignments that have been reported throughout the year. An internal audit plan for 2017/18 was developed to provide you with independent assurance on the adequacy and effectiveness of systems of control across a range of financial and organisational areas. To achieve this our internal audit plan was divided into two broad categories; work on the financial systems that underpin your financial processing and reporting and then broader risk focused work driven essentially by principal risk areas that you had identified in your Assurance Framework. I am satisfied that we have completed sufficient work during the course of the year to provide my Head of Internal Audit Opinion.

I should like to emphasise the importance of the Quality Governance Committee (QGC) and the Clinical Governance Group (CGG).

The CGG consists of the Trust senior clinical staff who then are able to assure the QGC on the work of the Trust wide Groups and Divisions. The Groups accountable to the CGG are as follows:

- Patient and Carer
- Research and Development
- Trust Infection, Prevention and Control
- Safeguarding
- Medicine optimisation
- Incident learning and review
- Medical devices
- Improving patient outcomes
- Avoidable mortality
- Blood transfusion
- Harm free

The Trust has put considerable effort into reviewing and streamlining the process for reviewing deaths. We have adopted a policy and appointed medical examiners in line with the recommendations within the publication Learning, candour and accountability: A review of the way NHS trusts review and investigate deaths of patients in England. We have started to report to each Board meeting on the learning from deaths. The Board also received a presentation by NHS I on the subject in September 2017.

During the year, the Trust received one Regulation 28 letter (a report to prevent future deaths) from the Coroner. We responded to the Coroner within the specified time, outlining the work in respect of the areas identified. These include improved awareness of better record keeping, reassurance on the escalation process for deteriorating patients and commitment to new working arrangements to ensure a higher proportion of patients are seen every 24 hours.

The Trust has been in the Trust Special Measures regime since December 2015.

During the year 2017/18, the Trust had the following conditions/warning notices from the CQC:

- Section 31 Condition placed on registration (requirement to report 15 minute triage breaches and Harm Reviews) emergency department, Worcestershire Royal Hospital (30 March 2015)
- Section 31 Condition, Radiology, trust wide (16 August 2016) this was lifted in May 2018
- Section 29A warning notice focussing on the systems, processes and the operation of the governance arrangements in place for identifying and mitigating risks to patients in relation to which significant improvement is required superseded by the warning notice below
- Section 29A warning notice focussing on the domains of Safe and Well Led (July 2017)

The CQC undertook an unannounced visit on 11 and 12 April 2017 to follow up the actions taken in respect of the first Section 29A warning notice received in January 2017. Following this inspection, a second Section 29A warning notice was issued which focussed on the following areas:

- Lack of learning from incidents
- Safeguarding training
- Fit and Proper Person Regulation compliance

The Trust responded to the Section 29A warning notice on 5 September 2017 with a detailed narrative setting out the actions being taken by the Trust in respect of every concern raised in the CQC letter, appendices which provided evidence relating to the actions described in the covering narrative and a comprehensive Quality Improvement Plan and all of its constituent plans and projects. The Plan has associated with it a dashboard which seeks to measure the progress being made on the action by the Trust, in the form of outcomes or outputs.

As the CQC inspection and subsequent section 29A warning notice focussed on systems, processes and the operation of the governance arrangements in place, mitigating risks to patients and highlighted that significant improvement was required in order to provide assurance that actions are taken to improve safety and quality of patient care, I appointed an interim Director of Governance for a six month period whose remit included to review and to recommend changes to the Governance Structure. These changes are now being embedded. The revised structures clearly identify the Board

Committees as having an assurance role. The CQC returned to visit the Trust in November 2017. On this occasion, they inspected the urgent care and medical care services at both major sites, with the report published in January 2018. All four services improved in the safe domain from 'inadequate' to 'requires improvement'. The urgent care service at the Worcester site improved in the effectiveness domain from 'requires improvement' to 'good'. These findings resulted in three of the services now having an overall rating of 'requires improvement', rather than 'inadequate'. The CQC visited again in mid-February and reviewed more core services across all three sites. The report relating to this visit is awaited. The Trust remains in special measures.

During the year we asked Oxford University Hospitals NHS Foundation Trust to update their risk maturity assessment. This update showed improvement. We undertook a self-assessment in respect of the Well Led Framework and in late February 2018 we had a CQC inspection focussing on the Well Led domain. This report is awaited. As part of our 4ward programme (see page 7 for further details), we have included elements of the Well Led programme and we self-assess against these three times a year. The last self-assessment was at the end of February 2018 and these results are awaited. This is the Trust's Culture Change programme.

The 2017 national staff survey results showed small improvement across two thirds of the questions asked, although the overall results were disappointing but understandable given the turmoil within the Trust in the past year. Pleasingly, the Trust is in the top 20% for reporting incidents. Engagement activities with staff are being implemented with the Trust wide culture change programme.

We have appointed a Freedom to Speak Up Guardian who is supported in his role by a non-executive director lead. There are regular reports to the People and Culture Committee and Trust Board on his work and the Audit and Assurance Committee have a role in reviewing the systems and processes in place to ensure staff have every opportunity to discuss workplace attitudes. The Clinical Lead for data quality is ensuring that the clinical voice is heard in respect of data issues. We are implementing a strategy to assure the complete, accurate and timely recording of all patient information.

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

The DQSG and the Health Records Committee report to the Information Governance Steering Group (IGSG) and through to the Trust Leadership Group on a regular basis.

The Trust works closely with public stakeholders to involve them in understanding and supporting the management of risks that impact upon them. Stakeholders are able to influence the Trust in a number of ways, including patient involvement groups and public involvement in the activities of the Trust. In addition, the Chief Executive and Chairman meet the local MPs regularly. There was a jointly owned risk register for the Future of Acute Hospital Services in Worcestershire Programme and the Trust was an active participant in the public engagement sessions throughout the consultation process in the summer of 2017. The Trust has directly engaged public stakeholders in the risk management process through the Patient and Public Forum and through PALS. In addition a patient and public forum member sits on the Quality Governance Committee. Public involvement also occurs through the Trust complaints procedure and summaries of complaints are reviewed at the Patient and Public Involvement Forum. There is an opportunity for questions from the public following each Trust Board meeting. The Board approved the Patient, Carer and Community Plan at its meeting in March 2018. This has been developed in conjunction with our patients and wider community.

The Trust is fully compliant with the registration requirements of the Care Quality Commission.

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

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

The Trust has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with. Additionally, based on UK Climate Projections 2009 (UKC P09), and to achieve mandatory improvements in energy consumption the Trust continues to implement the Sustainable Development Strategy and associated Implementation Plan which was approved by the Board in 2014. It has been challenging to generate savings when capital funding is limited therefore to achieve our targeted reductions we have engaged a specialist Energy Performance Contract (EPC). Our EPC is currently developing an Investment Grade Audit (IGA) to establish the optimum best practice approach to becoming more sustainable by identifying suitable schemes to progress which will generate the greatest savings in energy reduction and ongoing maintenance revenue expenditure including the identification of more innovative ways to secure funding for these schemes. We are also working closely with our PFI partners to establish a more robust energy management system of governance and training which will serve us extremely well going forward, this involves replacing lighting systems with LED technology, implementation of smart technologies to control lighting installations, improving our metering systems to identify discrepancies in our utilities consumption.

The Trust is committed to ensuring NHS resources are appropriately protected from fraud, bribery and corruption and follows the national anti-fraud strategy and the series of standards for providers of NHS services. As an NHS Provider the Trust ensures that NHS funds and resources are safeguarded against those minded to commit fraud, bribery or corruption. Failure to do so impacts on a provider's ability to deliver services and treatment, as NHS funds and resources are wrongfully diverted from patient care.

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

A Strategic Governance

This standard sets out the standards in relation to the organisation's strategic governance arrangements. The aim is to ensure that anti-crime measures are embedded at all levels across the organisation.

B Inform and involve those who work for, or use the NHS, about economic crime and how to tackle it.

NHS staff and the public should be informed and involved to increase everyone's understanding of the impact of economic crime against the NHS. This takes place through communications and promotion such as face to face anti-fraud presentations, public awareness campaigns and media management. The AFS presents as part of the Trust induction. Working relationships with stakeholders are strengthened and maintained through active engagement.

C Prevent and deter economic crime in the NHS to take away the opportunity for crime to occur or to re-occur and discourage those individuals who may be tempted to commit economic crime

Successes are publicised internally during anti-fraud presentations and using other media opportunities so that the risk and consequences of detection are clear to potential offenders. Those individuals who are not deterred should be prevented from committing economic crime by robust systems, which will be put in place in line with policy, standards and guidance.

D Hold to account those who have committed economic crime against the NHS.

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

The Trust Board

The voting members of Trust Board during 2017/18 were as follows:

Caragh Merrick	Chairman
Michelle McKay	Chief Executive
John Burbeck	Vice Chairman until June 2017
Suneil Kapadia	Chief Medical Officer from May 2017
Philip Mayhew	Non-Executive Director
Stewart Messer	Chief Operating Officer until Feb 2018
Bryan McGinity	Non-Executive Director until Dec 2017
Vicky Morris	Chief Nursing Officer
Jim O'Connell	Interim Chief Operating Officer until Oct 2017
Inese Robotham	Interim Chief Operating Officer from Oct 2017
Jill Robinson	Chief Finance Officer
Andrew Short	Interim Chief Medical Officer until May 2017
Chris Swan	Non-Executive Director
Bill Tunnicliffe	Non-Executive Director
Steve Williams	Non-Executive Director from Jan 2018
Mark Yates	Non-Executive Director from August 2017

Non-voting members of Trust Board

Kay Darby	Interim Director of Governance Sept 2017 to March 2018
Denise Harnin	Director of Human Resources and Organisational Development until September 2017
Richard Haynes	Director of Communication and Engagement from September 2017
Tina Ricketts	Director of People and Culture from January 2018
Richard Oosterom	Associate Non-Executive Director from June 2017
Kimara Sharpe	Company Secretary
Sarah Smith	Director of Planning and Development
Lisa Thomson	Director of Communications until April 2017
Haq Khan	Acting Director of Performance until November 2017
Kiran Patel	Medical Advisor until May 2017
Steve Williams	Associate Non-Executive Director from November to December 2017
Mark Yates	Associate Non-Executive Director from May to July 2017

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

The Board has been reviewed by through the Well Led self-assessment and external review by NHS I as part of this process and by the CQC. NHS I have also reviewed the Quality Governance, People and Culture and the Finance and Performance Committees. Audit and Assurance Committee has reviewed Finance and Performance and Quality Governance. Audit and Assurance Committee has undertaken a self-assessment in accordance with guidance in the Audit Committee handbook.

Board attendance

(maximum number of meetings – 6. Attendance is shown relative to the number of meetings that could have been attended)

		Attended
Caragh Merrick	Chairman	6/6
John Burbeck	Vice Chairman	1/1
Kay Darby	Interim Director of Governance	3/3
Denise Harnin	Director of HR/ OD	1/2
Richard Haynes	Director of Communica-tions	4/4
Suneil Kapadia	Chief Medical Officer	3/5
Haq Khan	Acting Director of Performance	4/4
Phil Mayhew	Non-executive director	5/6
Bryan McGinity	Non-executive director	4/4
Michelle McKay	Chief Executive	6/6
Stewart Messer	Chief Operating Officer	0/0
Vicky Morris	Chief Nurse	6/6
(cont)		Attended
Jim O'Connell	Interim Chief Operating Officer	3/3
Richard Oosterom	Associate Non-Executive Director	5/5
Jill Robinson	Chief Finance Officer	5/6
Inese Robotham	Interim Chief Operating Officer	3/3
Kimara Sharpe	Company Secretary	3/4
Andrew Short	Acting Chief Medical Officer	1/1
Sarah Smith	Director of Planning and Development	5/6
Chris Swan	Non-executive director	4/6
Lisa Thompson	Director of Communications	0/0
Bill Tunnicliffe	Non-executive director	6/6
Steve Williams	Non-executive director	3/3
Mark Yates	Non-executive director	6/6

Committees

During 2017/18, the Trust Board had the following Committees:

- Audit and Assurance
- Charitable Funds
- Finance and Performance
- Quality Governance
- Remuneration and Terms of Service
- People and Culture (established September 2017)

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

Each Committee reports to the Trust Board following a meeting. These reports highlight the activities of the Committee and draw the Board's attention to areas of concern. The highlights of the Quality Governance and Audit and Assurance Committee reports to

the Trust Board are follows (this is not an exhaustive list):

The purpose together with the attendance for each Committee is shown below: (maximum

Quality Governance	Audit and Assurance
▸ Learning from deaths ▸ Quality Improvement Plan oversight ▸ Fractured neck of femur – time to theatre ▸ Ward to Board reporting ▸ Divisional exception reports and deep dives ▸ Serious Incidents ▸ Complaints	▸ Review of effectiveness of Quality Governance/ Finance and Performance ▸ Board Assurance Framework ▸ Data quality ▸ Local Security Management Specialist ▸ Anti-Fraud ▸ Internal Audit Reports

number of meetings – 7. Attendance is shown relative to the number of meetings that could have been attended)

		Attended
Chairman (until Dec 2017)	Bryan McGinity	5/5
Chairman (from Jan 2018)	Steve Williams	2/2
Non-Executive Director (until July 2017)	Chris Swan	2/3
Non-Executive Director (from Sept 2017)	Mark Yates	3/4
Non-Executive Director	Phil Mayhew	7/7

Audit and Assurance Committee

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

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.

(maximum number of meetings – 1. Attendance is shown relative to the number of meetings that could have been attended)

		Attended
Chairman	Caragh Merrick	1/1
Non-Executive Director until Dec 2017	Bryan McGinity	1/1
Non-Executive Director from Jan 2018	Steve Williams	1/1
Non-Executive Director	Chris Swan	1/1

Finance and Performance Committee

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

(maximum number of meetings – 12. Attendance is shown relative to the number of meetings that could have been attended)

		Attended
Chairman (until June 2017)	John Burbeck	3/3
Chairman (from July 2017)	Phil Mayhew	9/9
Non-Executive Director	Phil Mayhew	3/3
Non-Executive Director (until Dec 2017)	Bryan McGinity	9/9
Director of HR/OD	Denise Harnin	1/5
Chief Medical Officer/Chief Nursing Officer	Suneil Kapadia/ Vicky Morris	9/12
Acting Director of Performance	Haq Khan	5/8
Chief Executive	Michelle McKay	11/12
Chief Executive (cont)	Michelle McKay	11/12
Chief Operating Officer	Stewart Messer	0/0
Chief Finance Officer	Jill Robinson	12/12
Interim Chief Operating Officer	Inese Roboth-am	6/7
Interim Chief Operating Officer	Jim O'Connell	4/5
Associate Non-Executive Director	Richard Oost-erom	7/9
Interim Chief Medical Office	Andrew Short	0/1
Director of Planning and Development	Sarah Smith	5/12
Non-Executive Director (from Jan 2018)	Steve Williams	5/5

Quality Governance Committee

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

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

clinical practice.

The Committee oversees clinical audit activities within the Trust. Clinical audit provides assurance that the Trust is measuring patient care against best practice standards and continuously improving where necessary and is an important feature of our induction and training programme in clinical governance. Compliance with NICE guidance is also monitored.

The Quality Governance Committee is key to the assurance to the Trust Board in respect of the Quality Improvement Plan and has received monthly updates from the Quality Improvement board.

There were two never events reported in the Trust between 1 April 2017 and 31 March 2018. One was wrong site surgery which involved removal of the wrong tooth and one was a misplaced nasogastric tube. The former caused minimal harm and the patient involved in the latter incident sadly died. Duty of Candour was applied in both cases.

Both reports have been discussed at the serious incident meeting, the Clinical Governance Group and the Quality Governance Committee and were presented via the QGC report to the Trust Board in March 2018. The QGC has requested on-going oversight of the action plans. Learning from the events are shown below:

- Wrong site surgery: actions being taken to minimise the risk of another event have been undertaken including treating each tooth extraction as a separate procedure and the WHO checklist will be used for dental surgery.
- Misplaced nasogastric tube: The NHS I tool was used in relation to the investigation which ensured all staff were involved in a discussion about the incident. The policy is currently being updated to reflect best practice and the NHS I tool.

There will be a round table discussion in relation to both never events. Learning has taken place in relation to the dental procedure and the Chief Medical Officer is considering how the wider learning can be disseminated, particularly in relation to new junior staff.

QGC reviews the details associated with avoidable mortality at its monthly meetings. QGC reports these details to the Trust Board. In addition, there is a separate report to Trust Board which focusses specifically on learning from deaths.

There were 141 serious incidents reported between 1 April 2017 and 31 March 2018 (compared to 109 the previous year).

Of these 141, 28 are still within the timescales for reporting and one exceeds the 60 day deadline. Of the 112 that were closed, 57 were closed within the required timeframe of 60 days. The Trust has made considerable progress in closing SIs within the 60 days and will continue to ensure that this target is met during 2018/19. The Serious Incident Review and Learning Group reviews the reports due for closure every week and additional support workshops have recently been established to help investigating officers in the investigation process.

All serious incidents are managed and reviewed at the weekly Serious Incident Review and Learning Group, which is chaired by the Chief Nursing Officer or Chief Medical Officer. These meetings allow for cross divisional clinical scrutiny.

Work needs to continue to ensure that the actions are completed and documented appropriately so that lessons can be learnt across the Trust.

As well as this, a ‘lesson of the week’ is communicated via the weekly brief and some lessons communicated have been in relation to: reviewing of blood results in a timely fashion, learning from never events, effective escalation of deteriorating patients and guidance around informing next of kin about ‘do not attempt resuscitation’ policies.

During the last year, there has been further training into investigating incidents, which has allowed for more investigating officers to understand and apply the techniques in ensuring an investigation is robust, credible and thorough.

QGC discussed the draft Research and Development Strategy 2018-21 at its meeting in March 2018. This strategy lays out plans and priorities for research within the Trust over the next three years in order to make research a quality-driven, self-funding department that benefits staff and patients. Further work will be undertaken to ensure that it aligns with the Quality Improvement Strategy.

Membership and attendance at the QGC is shown below. The QGC also has regular attendance by a patient forum representative, HealthWatch and the CCGs (maximum number of meetings – 12. Attendance is shown relative to the number of meetings that could have been attended).

Remuneration and Terms of Service Committee

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

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

The Committee is responsible for setting the remuneration of executive members of staff senior managers earning over £70,000 or accountable directly to an executive director

		Attended
Chairman	Bill Tunnicliffe	12/12
Non-executive director	John Burbeck	3/3
Chief Medical Officer	Suneil Kapadia	10/11
Non-Executive Director	Phil Mayhew	8/9
(cont)		Attended
Chief Executive	Michelle McKay	9/12
Chief Operating Officer	Stewart Messer	0/0
Chief Nurse	Vicky Morris	10/12
Interim Chief Operating Office	Jim O'Connell	4/5
Interim Chief Operating Office	Inese Robotham	1/7
Interim Chief Medical Officer	Andrew Short	1/1
Non-Executive Director	Chris Swan	2/6
Non-Executive Director	Mark Yates	7/9

and on locally-determined pay. (maximum number of meetings – 6. Attendance is shown relative to the number of meetings that could have been attended)

People and Culture Committee

This Committee has set the strategy for People and Culture and is monitoring and reviewing its implementation. It was formed in September 2017.

Purpose

The People and Culture Committee assesses the workforce implications of the Trust strategic objectives, national HR workforce strategies, employment legislation and local initiatives. It oversees the development and implementation of the Trust's People and Culture Strategy and associated plans and monitors the effectiveness of the strategy and reports on progress against plan. It also provides assurance to the Board on the operation of effective and robust HR Workforce & organisational development practices and

governance frameworks.

(maximum number of meetings – 6.

		Attended
Chairman	Caragh Merrick	6/6
Vice Chairman	John Burbeck	0/1
Non-executive director	Bryan McGinity	3/3
Non-executive director	Mark Yates	5/5
Non-Executive director	Steve Williams	3/3

Attendance is shown relative to the number of meetings that could have been attended).

* or representative

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

The External Auditor has indicated that he intends to issue a qualified Value for Money (VfM) Conclusion for 2017/18. This is due to the Trust's financial deficit, performance management metrics, the CQC inspection and the Trust remaining in Special Measures. The qualified VfM Conclusion means that External Audit will not be providing assurance on effective use of resources for the year 2017/18. Similarly, the Head of Internal Audit's limited assurance opinion indicates that there are caveats to his opinion with respect to the Trust's use of resources.

For 2017/18, the Board set five strategic objectives. The objectives linked the financial strategy to the corporate objectives, scrutiny of cost savings plans both to ensure achievement and their impact upon the quality of patient care, compliance with terms of authorisation and co-ordination of individual objectives with corporate objectives as identified in the Annual Plan.

		Attended
Chairman	Chris Swan	6/6
Non-executive director	Mark Yates	5/6
Director of People and Culture	Tina Ricketts	2/2
Associate Non-Executive Director	Richard Oosterom	3/6
Chief Executive	Michelle McKay	4/6
Director of Communications	Richard Haynes	4/5
Chief Medical Officer*	Suneil Kapadia	3/5
Chief Nurse*	Vicky Morris	6/6
Chief Financial Officer*	Jill Robinson	5/6

The safe management of the operational pressures has led to significant levels of expenditure on temporary staffing. A combination of these factors resulted in the Trust setting a deficit plan of £29.988m for 2017/18 which was not met as a result of risks materialising that could not be fully mitigated. Performance against objectives is monitored and actions identified through a number of channels:

- Approval of annual budget by the Trust Board.
- Detailed Monthly review by the Finance and Performance Committee on key performance indicators covering finance and activity
- Monthly reporting to the Quality Governance Committee on patient safety and quality.
- Bimonthly reporting to the People and Culture Committee on human resource performance indicators
- Reporting by the Committees to the Trust Board at each meeting
- Monthly review of the delivery of Cost Improvement Plans by the Finance and Performance Committee to ensure that savings targets are being met.
- Monthly divisional performance meetings
- Fortnightly Trust Leadership Group meetings where key operational decisions are made

The Trust reported a £52.562m deficit against its control total for the year ended 31 March 2018. The deficit is adjusted for the 2016/17 post accounts STF reallocation. The Trust still has a number of financial pressures linked to operational pressures. Demand for services remains particularly high, with an increased number of ambulance conveyances. The Trust achieved CIP savings of £9.5m against a £20.9m target, however also delivered a £7m financial recovery programme (FRP) resulting in a total efficiency savings of £16.5m. Financial Recovery actions were taken in year to mitigate the CIP shortfall and stabilise the financial run rate.

The financial deficit position for 2017/18 has required the Trust to access £57.070m of cash support from the Department of Health to be able to maintain the payment of creditors through the year. The Trust also received a capital loan of £2.4m, making the total borrowings of £59.47m.

The 2017/18 Internal Audits gave the Trust significant assurance for Medical revalidation, Budget setting, monitoring and reporting, and Financial systems. Full assurance was provided in respect of IR35.

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

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

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

The emphasis in Internal Audit work is providing assurances on internal controls, risk management and governance systems to the Audit and Assurance Committee and to the Board. Where scope for improvement, in terms of value for money was identified during an Internal Audit review, appropriate recommendations were made and actions were agreed with management for implementation. We introduced a new process for the management of internal audit reports during the year. This process gives more accountability for the actions identified by the auditors by presenting the reports to a Trust Leadership Group meeting.

As part of the annual accounts review, the Trust's efficiency and effectiveness of its use of resources in delivering clinical services are assessed by its External Auditors and the auditor's qualified Value for Money Conclusion is published with the Trust's 2017/18 accounts.

6. Information Governance

The Trust places a high priority on the secure handling and accurate recording of personal identifiable information (PII) on behalf of its patients and staff. The new GDPR, coming into force on 25 May 2018, has provided the opportunity for a revision of the data security measures and to review all aspects of data security against a range of new requirements. A Data Protection Officer has been appointed who is trained to Practitioner level. She is accountable to the highest level of management. A GDPR working group, accountable to the Information Governance Steering Group has a comprehensive action plan which is being worked through. We are introducing comprehensive data impact assessments for all business cases involving personal identifiable information. We are confident that by 25 May we will have made considerable progress towards being compliant with the new GDPR. There was a Board awareness session in May 2018 on this issue.

The Trust continues to achieve an overall satisfactory status in the Information Governance Toolkit with a level 2 for all 45 standards. The last submission of the toolkit in its previous form was on the 31st March 2018 and the transition to the new the Data Security and Protection Toolkit is now taking place. The new toolkit incorporates the 10 National Data Guardian Standards. There are 40 assertions for which the Trust has to provide evidence.

Action plans are in place to support the transmission of the toolkits and these are monitored by the Information Governance Steering Group (IGSG), chaired by the Senior Information Risk Owner (SIRO).

The Trust has reported to the Information Commissioner's Office (ICO) zero Information Governance Serious Incidents during 2017/18. Lessons learned in respect of IG incidents have been shared within the Trust along with the regular support and guidance which is published via the Weekly Brief. A booklet covering all the key IG messages was sent to every member of staff with their electronic payslips in the first quarter of 2018/19. As at 31 March 2018, the Trust had trained 94.27% of staff in IG awareness. Staff are also provided with guidance in the Weekly Brief and awareness sessions at the Trust Induction.

7 Annual Quality Account

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year.

The Quality Governance Committee assures the Trust Board in relation to quality is overseeing the production of the 2017/18 Quality Account. The contents of the Quality Account were discussed and agreed at the December meeting of the Committee and an early draft was presented to the Committee at its April meeting.

8 Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the information provided in this annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports.

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

The Assurance Framework provides me with evidence that the effectiveness of controls

put in place to manage the risks to the organisation achieving its principal objectives have been reviewed. The Assurance Framework will be reviewed in 2018/19 to ensure that it aligns with the strategic objectives of the Trust.

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

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

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

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

All internal audit reports are reported to the Audit and Assurance Committee for consideration and further action if required. A follow up process is in place to ensure that agreed actions are implemented. Internal Audit is required to identify any areas at the Audit and Assurance Committee where it

is felt that insufficient action is being taken to implement recommendations to address identified risks and weaknesses.

The Head of Internal Audit's overall opinion for 2017/18 is that only limited assurance can be given as weaknesses in the design and/or inconsistent application of controls put the achievement of the Trust's objectives at risk in a number of areas reviewed.

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

- Delayed discharges and stranded patients
- Complaints

Moderate assurance was provided with respect of:

- Mandatory training
- Patients Property and Monies
- Referral to Treatment (RTT)
- Serious Incidents
- Financial sustainability and outcomes
- Risk management
- Medicine storage and patient group directions

Significant assurance was provided with respect of

- Medical revalidation
- Budget setting, monitoring and reporting
- Financial systems

Full assurance was provided in respect of IR35.

Assurance statements were not provided against the following reviews, due to the scope and nature of work undertaken:

- Risk Assessment of Clinical Information Systems – advisory review where a number of high level issues were noted
- EDU Practices at the Alexandra Hospital - advisory review where areas of non-compliance were noted.

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

I am supported by the Executive Team, consisting of the Executive Directors. The Divisional Structure ensures that the Trust is clinically led. This structure enables me to ensure that clinical leadership and management arrangements are in place supported by robust and clear governance and accountability processes.

Caragh Merrick, the Chairman resigned with effect from 30 April 2018 as did Chris Swan, Non-Executive Director. Mark Yates was the Acting Chairman from 1 May to 13 May 2018. Sir David Nicholson took up the position of Chairman on 14 May.

NHS Improvement appointed an Improvement Director to support the Trust in turning around its performance. This post has been in place throughout 2017/18. The Trust also received an assessment of risk maturity from Oxford University Hospitals Foundation Trust which showed improvement.

NHS bodies are not required to comply with the UK Code of Corporate Governance. However, we have reported on our corporate governance arrangements by drawing upon the best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the Trust and best practice.

Compliance with key national targets and standards

The Trust is committed to delivering all national and contractual targets and standards. On 31 March 2018, the Trust was non-compliant with the following key targets:

- Emergency Access Target
- 18 weeks referral to treatment – incomplete pathways
- Cancer performance (2 weeks and 62 days) and
- Diagnostics waiting time.

8 Conclusion

Significant issues

I consider that the Trust had four significant issues during the year 2017/18 as detailed below.

Issue 1

The Trust has remained in quality Special Measures throughout the year. In addition, during 2017/18, the Trust had the following conditions/warning notices in place:

- Section 31 Condition placed on registration (requirement to report 15 minute triage breaches and Harm Reviews) emergency department, Worcestershire Royal Hospital (30 March 2015)
- Section 31 Condition, Radiology, Trust wide (16 August 2016) this was lifted in May 2018
- Section 29A warning notice focussing on the systems, processes and the operation of the governance arrangements in place for identifying and mitigating risks to patients in relation to which significant improvement is required superseded by the warning notice below
- Section 29A warning notice focussing on the domains of Safe and Well Led (July 2017)

The Trust had an unannounced visit by the CQC on 11/12 April 2017 which resulted in the section 29A notice received by the Trust in July 2017 where concerns were outlined relating to the domains of safe and well led.

The Trust provided the CQC with the Quality Improvement Plan, comprising six domains of focus, following Board approval in July.

The Trust responded to the CQC as required by the section 29A notice on 5 September with a detailed narrative setting out the actions being taken by the Trust in respect of the concerns raised in the letter from the CQC including appendices which provided evidence relating to the actions taken.

There have been further visits by the CQC during the year. The November visit has reported with the improved ratings in several core areas. The reports from the visits in January and February (three in total) are awaited.

No further section 29A notice has been received by the Trust.

Issue 2

The Trust ended financial year 2017/18 with a significant deficit above the level originally planned. The adverse position is driven largely by the non-delivery of the planned CIP, the provision of additional capacity and workforce pressures. There is a robust financial recovery plan in place which has brought the underlying run rate down over the latter part of the financial year, and monthly meetings with NHS I are taking place.

Issue 3

The Trust continues to have significant challenges in delivering key national standards as at 31 March 2018. These include the 4 hour Emergency Access Target, 18 weeks referral to treatment – incomplete pathways, 62 day cancer performance standard and the 6 week wait diagnostics standard. There were four patients who were waiting over 52 weeks for an appointment as at 31 March. This compares to 21 waiting in March 2017.

The Trust has put in place a number of initiatives over the year to improve performance including;

- Countywide frailty model at Alexandra Hospital. Up to 18 February 2018 (inclusive) the Frailty Assessment Unit has had 576 attendances and discharged 244 patients (42.36%) directly from the unit back to their usual place of residence.

- Expanded Ambulatory Emergency Care model at Worcestershire Royal Hospital. The medical Ambulatory Emergency Care containing 6 trolleys and 10 chairs opened on 20 November 2017. On 13 December 2017 the GP out of

hours service was co-located with AEC as planned. Up to 14 February 2018 inclusive the unit had seen 1025 patients (both new and follow up) with admission rate of new patients of circa 41%.

- Additional bed capacity on Evergreen 2 ward at Worcestershire Royal Hospital

The Trust is currently being support by NHS I Intensive Support Team working on developing cancer pathways and refining Demand and Capacity Modelling. This will contribute to developing cancer site related trajectories in the next few months.

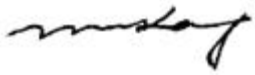
Issue 4

A former member of staff was jailed for six years following a court appearance in January 2018. He was found guilty of falsifying information at interview in 2011. There are four inquests relating to this consultant outstanding which will be heard during 2018/19. The Trust is fully cooperating with the external agencies involved in this case.

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

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

Signed:



Michelle McKay
Chief Executive
Date 24 May 2018

Staff Report - Creating a Great Place to Work

The Board has made cultural improvement a significant priority. A Cultural Improvement Programme commenced in October 2017 to help move the Trust forward and out of special measures. This follows a number of years of instability, during which the Trust has experienced higher than average levels of staff turnover.

During this period, the Trust has also struggled with culture and engagement. A number of Trust-run failed initiatives in combination with a high level of external scrutiny from both the media and Trust regulators has left staff feeling undervalued, unmotivated and disengaged. The focus of the new Trust Board has placed creating an intentional staff culture at the heart of our priorities to improve the reputation of the organisation and make it a great place to work.

Staff Engagement

All staff have access to information through a number of different communication channels. Our Chief Executive provides a weekly email update to all staff, and a weekly staff e-bulletin 'Worcestershire Weekly' shares key information about Trust initiatives and news. We also publish comprehensive news updates, policies and other information of relevance and interest to staff on the Trust intranet.

There are a number of other Trust gatherings, such as our Senior Leadership Group which act as an opportunity for leaders to be consulted on policy and performance issues.

We work in partnership with Staff Side colleagues through the formal Joint Negotiation and Consultative Committee, which meets monthly. In addition, we encourage participation from Staff Side representatives, and staff at all level from across the Trust, to take a role within our People and Culture Committee Group including, 4ward Culture Change Group and Recruitment and Retention Groups; as well as underpinning task and finish groups.

This year saw the introduction of the independent Freedom to Speak Up Guardian. Our Freedom to Speak Up Guardian, Bryan McGinity, has the role of supporting and encouraging colleagues to 'speak up' if they have concerns about safety, quality and issues that have Trustwide impact and may jeopardise patient or staff safety.

Our Workforce

Our workforce have been commended for the care that they provide to service users and the Board is proud of the commitment and contribution of every member of staff. We want our colleagues to be proud to work for the Trust, acting as ambassadors for the services that we provide, and therefore we have set the following vision for our people:

Vision

We want our colleagues to feel fulfilled, listened to, fairly treated, valued and recognised.

The Trust launched its new People and Culture Strategy in November and Recruitment and Retention Plan in February. The recruitment and retention of our staff remains a key priority and focus has been given to the challenging areas this year, of doctors and nurses. Significant reductions in vacancy numbers and staff turnover have been achieved in both staff groups following various campaigns which have included showcasing the Trust as an Employer of Choice through social media campaigns, targeted local recruitment within specialist areas, open days and an overseas recruitment project for doctors.

There are a number of service changes that have taken place this year:

- Frailty Service –Redesign of the frailty pathway with centralisation of service at the Alexandra Hospital to reduce bed occupancy at Worcestershire Royal Hospital and enable better flow in support of the winter plan.
- Radiology – Development of a countywide diagnostic radiology out of hours rota
- Physiotherapy – Out of hours rota established
- Permanent relocation of Paediatric staff from the Alexandra Hospital to Worcestershire Royal Hospital following conclusion of public consultation.

Sickness Absence

In the last year the cumulative absence rate has improved by 0.10% from last year to 4.17% which is in line with national average. Sickness improved in February (3.96%) and March 2018 (3.84%) and was below the Model Hospital benchmark of 4.17% (October 2017 benchmark).

Staff Turnover

We have been closely monitoring overall Trust turnover since it started steadily increasing in July 2015 peaking at 13.03% in November 2016. Our overall staff turnover has been reducing since a peak in July 2015. Turnover at the end of March 2018 is 11.04% which is within Trust target of 10-12%. Our breakdown of staff by group as at 31st March 2018 is as follows:

Health and Wellbeing

Our Working Well Centre is our Occupational Health Service. The service promotes and helps improve the health and wellbeing of people in work – both within our Trust and for external public and private sector organisations.

The service offers independent advice both to managers and employees, which includes staff counselling, physiotherapy, return to work guidance, the working environment; and assessment of health risks associated with the workplace. In addition, the team offer a range of services including a ‘Self Care Course’ to help staff to make lifestyle changes and improve their health and wellbeing.

Staff Appraisals

The Trust believes appraisals are vital in valuing staff as the Trust prepares to manage significant change within the organisation. All staff should have an appraisal every year. The Trusts appraisal rate for non-medical staff as at 31 March 2018 has dropped to 65% from 76% last year. Some of this reduction is due to a decision to remove exclusions from our data to enable alignment with the new Electronic Staff Record portal which affords Employee and Manager Self Service. We had previously excluded staff who were on long term absence and those who have started in the last 12 months. It is clear that there is still much to do to improve our compliance in this area and Divisions are required to drive this forward to ensure that all staff meet with their manager formally at least once a year.

Sickness Absence

	2014/15	2015/16	2016/17	2017/18
Cumulative Sickness Absence Rate (12 Months)	4.09%	4.35%	4.27%	4.17%
Actual staff in post in full-time equivalent (FTE)	5079.14	5083	5106.18	5,199.57
Headcount staff in post	5959	5935	5951	6055
Mandatory Training Compliance	78%	76%	89%	89%
Appraisal Completion %	78%	80%	76%	65%
Staff Turnover	10.42%	12.97%	12.57%	11.04%

Staff Sickness	2016-2017	2017-2018
Total Days lost	80,277	76,071
Total staff (headcount)	5951	6055
Average number of working days lost	13.48	12.56

Staff Turnover

	FTE		
Staff Group	31 March 2016	31 March 2017	31 March 2018
Add Prof Scientific and Technic	169.96	179.43	174.00
Additional Clinical Services	942.48	950.72	977.43
Administrative and Clerical	913.58	957.75	966.76
Allied Health Professionals	339.21	332.92	344.64
Estates and Ancillary	256.12	246.11	259.68
Healthcare Scientists	175.17	176.75	178.88
Medical and Dental	590.93	553.15	581.88
Nursing and Midwifery Registered	1,673.65	1,678.35	1,692.29
Students	19.00	29.00	24.00
Grand Total	5,080.09	5,104.18	5,199.57

Staff Category	Band 8	Band 9	Consultant	Personal Salary	Trust Board	Total
Trust Board (Male)					8	8
Trust Board (Female)					7	7
Senior Managers (Male)	19		27	2		48
Senior Managers (Female)	54	4	5	2		65
Total	73	4	32	4	15	128

Headcount by Contract Type as at 31 March 2018	
Assignment Category	
Fixed Term Temp	437
Locum	3
Permanent	5615
Grand Total	6055

Electronic Staff Record – Self Service

The Trust rolled out ESR Employee Self Service in October 2017. This enables all staff to view the information that is recorded about them on the payroll system and to update their own personal information. It also enables them to view their training compliance via a Competency Matrix which is RAG rated.

Employee Policies

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

We regularly monitor our workforce KPIs at JNCC, People and Culture Committee Group and Trust Board.

The Equality and Diversity Committee monitors our performance in terms of the Equality Act 2010 and the 9 protected characteristics. This includes monitoring recruitment, access to training and development, and parity of pay for staff from all protected groups including those with a disability. The Trust expects all staff to be treated fairly regardless of any disability or any other protected characteristic.

We monitor our use of the Disciplinary, Grievance and Dignity at Work Policies to ensure that staff with disabilities, or those from other protected characteristics, are not disproportionately involved in formal processes. We also monitor the results of our annual Staff Opinion Survey and quarterly Staff Friends and Family Tests to identify any problems.

Equality and Diversity

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

We have an Equality, Diversity and Inclusion Policy, Dignity at Work Policy and Freedom to Speak Up Policy which all cover fair and equitable treatment of staff. We offer guaranteed interviews to all disabled applicants who meet the minimum criteria. We also offer proactive return to work plans and redeployment opportunities or reasonable adjustments, for staff who develop health problems or disabilities during their career.

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

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

We have published our Workforce Race Equality Scheme data on the national portal and on our intranet and website.

Gender Pay

In accordance with the Equality Act 2010 (Gender Pay Gap Information Regulations 2017), the Trust has undertaken a gender pay gap review as at 31 March 2017. The results have been uploaded into the designated government website and on the Trust’s website.

As at 31st March 2017, the Trust had 5,951 employees of which 4,936 (82.94%) were female and 1,015 (17.06%) were male. However, this ratio is almost reversed when we look at the composition of our medical

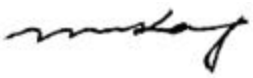
Headcount by Ethnicity as at 31 Mar 2018			
Ethnicity	Female	Male	Total
Asian or Asian British	349	202	551
Black or Black British	74	24	98
Mixed Race	36	17	53
Not Stated/Undisclosed	38	9	47
Other	62	43	105
White	4438	763	5201
Total	**4997**	**1058**	**6055**

workforce who are the most expensive staff group. Of the 583 doctors employed by the Trust at that point in time, 62.26% were male, with male consultants making up 69.78% of this staff group.

The Trust's average hourly rate of pay is £23.02 for males and £14.89 for females which gives a Mean Gender Pay Gap of 35.32% The mean pay calculation indicates that there is a substantial difference between the average pay of the Trust's male and female staff. However, it should be noted that this information is skewed by the numbers of male employees in senior Consultant posts and particularly bank/agency doctor posts. More than 69% of our consultant workforce is male. When we remove all doctors (including agency/bank doctors) from the calculation the gender pay gap reduces from 35.32% to 0.74%, and the average hourly rate shows a difference of only 10p.

The Trust acknowledges that there could be greater female representation in its senior medical roles. However, in general the consultant workforce has a greater proportion of males to females across the NHS, which limits the pool of available applicants for these roles. To address this the Trust has developed and implemented leadership development training to strengthen the skills of existing staff to support career development both within the organisation and the wider NHS. Training which is specifically targeted at women and minority groups is also offered to colleagues within the organisation. The Trust recruits through NHS jobs and it is our policy to remove any personal information from applications which avoids gender or other bias at the shortlisting stage. We train our recruiting managers in equality and diversity to emphasise the need to ensure that all applicants are recruited in a fair, open and transparent manner. We monitor our recruitment and other aspects of equality which form part of our equality and diversity annual report which is published on our website.

Signed:



Michelle McKay
Chief Executive

Date 24 May 2018

Remuneration Report

Role of the Remuneration Committee

The Committee establishes pay ranges, progression and pay uplifts for the Chief Executive, Executive Directors and other Senior Manager posts including their terms of employment.

Membership of the Remuneration Committee

The membership of the Trust's Remuneration Committee comprises of two Non-Executive Directors, plus the Chairman and Chief Executive (except when the matter under discussion relates to the Chief Executive).

Chairman Ms Caragh Merrick (Chair of the Committee) (Resigned 30th April 2018)
Chairman Sir David Nicholson (fixed-term contract from 14th May 2018 to 13th May 2019)

Non-Executive Directors:
Mr Mark Yates (from 1st August 2017, Acting Chairman from 1st May 2018 until 13th May 2018)
Mr John Burbeck (until 30th June 2017)
Mr Stephen Williams (from 1st January 2018)
Mr Bryan McGinity (until 31st December 2017)

Chief Executive Mrs Michelle McKay

Senior Manager's Remuneration Policy

Seniors Manager's Remuneration is determined by the Remuneration Committee with reference to national guidance, pay awards made to other staff groups through national awards and by obtaining intelligence from independent specialists in pay and labour market research. In line with NHS Improvement requirements the Committee also undertakes a review of executive director performance each year which includes benchmarking pay against comparative roles within the NHS.
All Executive Directors are on permanent contracts with the exception of the Interim Chief Operating Officer who is covering the role on a fixed term basis. Notice and termination payments are made in accordance with NHS Improvement guidance and contracts of employment.

New Executive Directors were appointed this year: Jill Robinson (Chief Finance Officer); Suneil Kapadia (Chief Medical Officer); and Tina Ricketts (Director of People and Culture). The Chief Operating Officer (Mr S Messer) ceased employment on the 5th February 2018. Ms D. Harnin terminated as the Director of Workforce and Organisational Development on the 31st August 2017. Ms K Darby was appointed at the Interim Director of Governance from the 12th September 2017 until the 11th March 2018.

The following disclosures in respect of Executive remuneration are made in accordance with the Department of Health and Social Care (DHSC) Group Accounting Manual.

Notes

Chair

Ms C. Merrick commenced as Chairman on 12th September 2016 (Resigned 30th April 2018). Mr Mark Yates was acting Chairman from 1st May 2018 until 13th May 2018. Chairman Sir David Nicholson appointed from 14th May 2018 (fixed-term contract until 13th May 2019).

Chief Executive

Mrs M. McKay commenced as Chief Executive on 27th March 2017.

Chief Finance Officer

Ms J. Robinson was appointed on a permanent basis from 1st April 2017 as the Chief Finance Officer.

Chief Operating Officer

Mr J. O'Connell commenced as the Trust's Interim Chief Operating Officer on 3rd April 2017 and left the Trust on 5th September 2017. Ms I. Robotham commenced as the Interim Chief Operating Officer on the 6th

		2017/18									2016/17								
		Salary & fees (in bands of £5k)			All taxable benefits (total to the nearest £100)	All pension-related benefits (in bands of £2.5k)			Total (bands of £5k)			Salary & fees (in bands of £5k)			All taxable benefits (total to the nearest £100)	All pension-related benefits (in bands of £2.5k)			Total (bands of £5k)		
Name of senior manager	Job title (and period of office if relevant)	£000s			£s	£000s			£000s			£000s			£s	£000s			£000s		
Ms C Merrick	Chairman	40	-	45	0		-		40	-	45	20	-	25	0				20	-	25
Ms M McKay	Chief Executive	200	-	205	0	45	-	47.5	250	-	255	0	-	5	0				0	-	5
Ms J Robinson	Chief Finance Officer	140	-	145	0	82.5	-	85	220	-	225	45	-	50	0				45	-	50
Mr S Messer	Chief Operating Officer (to 05/02/18) *	345	-	350	0	5	-	7.5	350	-	355	120	-	125	0	75	-	77.5	195	-	200
Mr J O'Connell	Interim Chief Operating Officer (to 05/09/17)	85	-	90	0		-		85	-	90				0				0	-	5
Ms I Robotham	Interim Chief Operating Officer (from 06/09/17)	75	-	80	0	117.5	-	120	190	-	195				0				0	-	5
Ms V Morris	Chief Nursing Officer	120	-	125	0	152.5	-	155	275	-	280	5	-	10	0				5	-	10
Mr A Short	Interim Medical Director (to 14/05/17)	20	-	25	0		-		20	-	25	160	-	165	0				160	-	165
Mr S Kapadia	Chief Medical Officer (from 15/05/17)	160	-	165	0		-		160	-	165				0				0	-	5

		2017/18										2016/17									
		Salary & fees (in bands of £5k)			All taxable benefits (total to the nearest £100)	All pension-related bene-fits (in bands of £2.5k)			Total (bands of £5k)			Salary & fees (in bands of £5k)			All taxable benefits (total to the nearest £100)	All pension-related benefits (in bands of £2.5k)			Total (bands of £5k)		
Name of senior manager	Job title (and period of office if relevant)	£000s			£s	£000s			£000s			£000s			£s	£000s			£000s		
Ms D Harnin	Director of Workforce & Organisational Development (to 31/08/17)*	110	-	115	0	37.5	-	40	150	-	155	105	-	110	0	10	-	12.5	115	-	120
Ms T Ricketts	Director of People and Culture (from 29/01/18) **	45	-	50	0		-		45	-	50				0				0	-	5
Ms S Smith	Director of Strategy, Planning & Improvement	95	-	100	0	25	-	27.5	120	-	125	95	-	100	0				95	-	100
Ms L Thomson	Director of Communications (to 23/04/17)	5	-	10	0		-		5	-	10	95	-	100	0				95	-	100
Ms S Smith	Acting Director of Communications (from 24/04/17 to 05/09/17)	0	-	5	0		-		0	-	5				0				0	-	5
Mr R Haynes	Director of Communications and Engagement (from 06/09/17)	50	-	55	0	247.5	-	250	300	-	305				0				0	-	5
Ms K Darby	Interim Director of Governance (from 12/9/17 to 11/3/2018)	65	-	70	0	492.5		495	560	-	565								0	-	5
Mr H Khan	Acting Director of Performance (to 30.11.17)	75	-	80	0	102.5	-	105	180	-	185	20	-	25	0				20	-	25

There are no performance pay, long-term performance pay or bonuses for the directors in either 2016/17 or 2017/18.* includes exit package costs detailed below.
**Prior to commencement in the Trust there was a period of secondment which is included in these figures.

September 2017 until the present date. Mr S. Messer, Chief Operating Officer ceased employment with the Trust on the 5th February 2018.

Chief Nursing Officer

Ms V. Morris commenced with the Trust as Chief Nursing Officer from 13th March 2017.

Chief Medical Officer

Dr A. Short commenced as the Trust's Interim Medical Director from 1st June 2016 until 14th May 2017. Dr S. Kapadia commenced as Chief Medical Officer on 15th May 2017.

Other Executive Post Changes in 2017/18
Ms D. Harnin terminated as the Director of Workforce and Organisational Development on the 31st August 2017. Mrs T. Pitt (known as Ricketts) commenced as Director of People and Culture on the 29th January 2018.

Ms L. Thomson commenced with the Trust as Director of Communications on 26th October 2015 and left the Trust on 23rd April 2017.
Ms S. Smith was the Acting Director of Communications as well as the Director of Strategy, Planning & Improvement from 24th April 2017 to 5th September 2017.
Mr R. Haynes commenced as the Director of Communications and Engagement from 6th September 2017.

Ms K Darby commenced as the Interim Director of Governance from the 12th September 2017 until the 11th March 2018.
Mr H. Khan was the Deputy Director of Finance until 29th January 2017.
He commenced as Acting Director of Performance on 30th January 2017 and left the Trust on the 30th November 2017.

Pension Benefits

Pension related benefits represent the benefit in year from participating in the NHS Pension Scheme, including any previous posts held in the Trust prior to becoming a Very Senior Manager (Board Member). The amount is calculated by taking the full pension due to the Director upon retirement if they were to retire at 31 March 2018 and deducting the equivalent value from the amount due at 31 March 2017. This includes lump sum and annual pension entitlement and uses a factor of 20 for grossing up purposes in accordance with the HMRC method (derived from section 229 of the Finance Act 2004). Where no figures are calculated for 2017/18 the Director was either not a Director at the beginning of the year or is not a member of the NHS Pension Scheme.

Trust employees are covered by the provisions of the NHS Pension Scheme which is a defined contribution scheme and provides pensions related to final salary. No payments are made to any other pension scheme on behalf of Executive Directors.
The table above details the current pension benefits of the Trust's senior managers.
As Non-Executive Directors do not receive pensionable remuneration, there are no entries in respect of Non Executives. Where the Executive Director in post at 31 March 2018 is not a member of the NHS Pension Scheme, there are no pension benefits to be disclosed.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the Scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the NHS Pension Scheme, not just their service in a senior capacity to which the disclosure applies.

The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS Pension Scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the Scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Name and title	Real increase in pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at pension age at 31 March 2018 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2018 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2018	Cash Equivalent Transfer Value at 31 March 2017	Real increase in Cash Equivalent Transfer Value	Employer's contribution to stakeholder pension
	£000	£000	£000	£000	£000	£000	£000	£000
Ms M McKay - Chief Executive	5-7.5	0-2.5	5-10	0-5	46	0	46	30
Ms J Robinson – Chief Finance Officer	5-7.5	0-2.5	20-25	0-5	307	223	84	21
Mr S Messer – Chief Operating Officer (to 05/02/18)	2.5-5	5-7.5	60-65	175-180	1253	1158	95	28
Ms I Robotham - Interim Chief Operating Officer (from 06/09/17)	5-7.5	12.5-15	25-30	60-65	360	258	102	17
Ms V Morris - Chief Nursing Officer	7.5-10	22.5-25	45-50	130-135	850	687	163	18
Ms D Harnin - Director of Workforce & Organisational Development (to 31/08/17)	2.5-5		20-25	30-35	404	361	43	9
Ms T Ricketts - Director People and Culture (from 01/09/17)	0-2.5	0-2.5	0-5	0-5				
Ms S Smith - Director of Strategy, Planning & Improvement	2.5-5	5-7.5	35-40	100-105	728	672	56	14
Mr R Haynes – Director of Communications and Engagement (from 06/09/17)	10-12.5	30-32.5	10-15	30-35	208	0	208	8
Ms K Darby Interim Director of Governance (from 12/9/17 to 11/3/2018)	22.5-25	62.5-65	20-25	60-65	454	0	454	11
Mr H Khan – Acting Director of Performance (to 30/11/17)	5-7.5	7.5-10	30-35	70-75	446	354	92	11

The Real Increase in CETV does not include the effects of inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Exit Packages

The figures disclosed below relate to exit packages agreed in the year. The actual date of departure might be in a subsequent period, and the expense in relation to the departure costs may have been accrued in a previous period. The data here is therefore presented on a different basis to other staff cost and expenditure notes in the accounts.

A single Exit Package can be made up of several components, each of which is counted separately in this note.
No non-contractual payments were made to employees where the payment value was more than 12 months' of their annual salary.
The Remuneration Report includes disclosure of exit payments made to individuals named in that report.

Exit Package Cost Band (including any special payment element)	Number of Compulsory Redundancies	Cost of Compulsory Redundancies £	Number of Other Departures Agreed	Cost of Other Departures Agreed £	Total Number of Exit Packages	Total Cost of Exit Packages £	Number of Departures Where Special Payments Have Been Made	Cost of Special Payment Element Included in Exit Packages £
Less than £10,000								
£10,000 to £25,000								
£25,001 to £50,000								
£50,001 to £100,000			1	69,296	1	69,296		
£100,001 to £150,000			1	127,259	1	243,468	1	116,209
£150,001 to £200,000								
>£200,000								

Other Exit Packages – disclosures (excluding compulsory redundancies)	Number of Exit Package Agreements	Total Value of Agreements £
Voluntary Redundancies Including Early Retirement Contractual Costs		
Mutually Agreed Resignations (MARS) Contractual Costs		
Early Retirements in the Efficiency of the Service Contractual Costs		
Contractual Payments In Lieu Of Notice	2	196,555
Exit Payments Following Employment Tribunals or Court Orders		
Non-Contractual Payments Requiring HM Treasury Approval *	1	116,209

Note * this includes any non-contractual severance payment following judicial mediation and amounts relating to non-contractual payments in lieu of notice.

Non executive directors

		2017/18									2016/17								
		Salary & fees (in bands of £5k)			All taxable benefits (total to the nearest £100)	All pension-related benefits (in bands of £2.5k)			Total (bands of £5k)			Salary & fees (in bands of £5k)			All taxable benefits (total to the nearest £100)	All pension-related benefits (in bands of £2.5k)			Total (bands of £5k)		
Name of senior manager	Job title (and period of office if relevant)	£000s			£s	£000s			£000s			£000s			£s	£000s			£000s		
Mr W Tunnicliffe	Non-Executive Director	5	-	10	0				5	-	10	5	-	10			-		5	-	10
Mr P Mayhew	Non-Executive Director	5	-	10	1,100				5	-	10	0	-	5	200				0	-	5
Mr C Swan	Non-Executive Director	5	-	10	900				5	-	10	0	-	5					0	-	5
Mr M Yates	Non-Executive Director (from 01.05.17)	5	-	10	1,400				5	-	10								0	-	5
Mr R Oosterom	Associate Non-Executive Director (from 01.06.17)	5	-	10	0				5	-	10								0	-	5
Mr S Williams	Non-Executive Director (from 01.11.17)	5	-	10	700				5	-	10								0	-	5
Mr J Burbeck	Non-Executive Director (to 30.06.17)	0	-	5	500				0	-	5	0	-	5	800				0	-	5
Mr B McGinity	Non-Executive Director (to 31.12.17)	10	-	15	2,000				10	-	15	5	-	10	1,700				5	-	10

Off Payroll Engagements

When a vacancy or project post is to be filled, the Trust considers if an off-payroll Business Case Approval needs to be completed and submitted to NHS Improvement to gain their approval before the worker is engaged. With the changes to IR35 rules in April 2017 the Trust established a review process for all posts that were previously paid off payroll. The majority of those were doctors employed through Personal Service Company's (PSC's). As part of the review process, 58 appeals were considered by our IR35 panel with all but 11 falling inside IR35. However, the majority of these off-payroll engagements did not materialise as the individual moved onto the Trust's medical bank (Direct Engagement) or chose not to continue with the engagement. Subsequently, our locum doctor appointments are predominantly made as Direct Engagement rather than off payroll hence the low numbers in the tables below. The Trust was audited in 2017 by CW Audit around its IR35 processes and received "full assurance".

Off-payroll engagements of engagements as at 31st March 2018, for more than £245 per day and last longer than six months	Number of engagements
Number of existing engagements as at 31st March 2018	12
No that have existed for less than on year at a time of reporting	9
No that have existed for between one and two years at a time of reporting	1
No that have existed for between two and three years at a time of reporting	1
No that have existed for between three and four years at a time of reporting	1
No that have existed for between three and four years at a time of reporting	0

When an engagement is agreed whereby the worker is not directly employed by the Trust, then the relevant checks are made to assess against the IR35 rules using HMRC guidance and the online assessment tool.

Off-payroll engagements as of March 2018 (more than £245 per day for longer than six months)	Number of engagements
Number of new engagements, or those that reached six months duration between 1st April 2017 and 31st March 2018	9
Number assessed as within the scope of IR35	6
Number assessed as not within the scope of IR35	3
Number engaged directly (via PSC contracted to trust) and are on the trust's payroll	6
Number of engagements reassessed for consistency/assurance purposes during the year	0
Number of engagements that saw a change to IR35 status following the consistency review	0

During 2017/18, NHS Improvement approved business cases for two off-payroll engagements to provide support to the Financial Recovery Programme. One engagement was to secure delivery of the 2017/18 in year Financial Recovery Plan, and the other engagement was of a Turnaround Director.

Additional experienced, senior financial recovery expertise was necessary to mitigate the risk of a deteriorating financial position and to develop the medium term recovery plan. There is an on-going requirement for a Turnaround Director to drive the challenging Recovery programme.

Off-payroll engagements of board members, and/or senior officials with significant financial responsibility of 31 March 2018	Number of engagements
Number of off –payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year	0
Number of individuals that have been deemed 'board members and /or senior official's with significant financial responsibility' during the financial year, including both off-payroll and on-payroll engagements	15

Fair Pay Disclosure

The Trust is required to disclose the relationship between the remuneration of the highest paid director and the median remuneration of the workforce.

The banded remuneration of the highest paid Director at Worcestershire Acute Hospitals NHS Trust in the financial year 2017/18 was between £205-£210k. This was 7.9 times the median remuneration of the workforce, which was £25,800.

In 2016/17 the banded remuneration highest paid Director was £230-£240k which was 9.3 times the median remuneration of £25,714. There has been a change to the most highly paid Director due to a new appointment in 2017/18.

Calculations are based on the full time equivalent of all staff in post at 31 March and salaries have been annualised. Total remuneration of the highest paid director includes salary and benefits in kind. It does not include employer pension contributions or the cash equivalent transfer value of pensions and also excludes any severance payments. During the year 5 employees received remuneration in excess of the highest paid director. In 2016/17 no employees received remuneration in excess of the highest paid director.

Remuneration ranged from £15,700 and £274,700 for 2017/18. The range of remuneration for 2016/17 was between £15,500 and £230,400.

Notice of the Trust's Annual Members and Public Meeting

The Annual Members and Public Meeting of Worcestershire Acute Hospitals NHS Trust will take place on Tuesday, July 17, 2018 from 10am in the Board Room at the Alexandra Hospital, Redditch.

Further information can be obtained by writing to:

Mrs Kimara Sharpe
Company Secretary
Worcestershire Acute Hospitals NHS Trust
Charles Hastings Way
Newtown Road
Worcester
WR5 1DD

Alternatively further information can be obtained from our website www.worcsacute.nhs.uk

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Independent auditor's report to the Directors of Worcestershire Acute Hospitals NHS Trust

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Worcestershire Acute Hospitals NHS Trust (the 'Trust') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the Department of Health and Social Care Group Accounting Manual 2017-18 and the requirements of the National Health Service Act 2006.

In our opinion the financial statements:

- Give a true and fair view of the financial position of the Trust as at 31 March 2018 and of its expenditure and income for the year then ended; and
- Have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2017-18; and
- Have been prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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

responsibility to anyone other than the Trust and the Trust's Directors, as a body, for our audit work, for this report, or for the opinions we have formed.

Material uncertainty related to going concern

We draw attention to note 1.1.2 in the financial statements, which indicates that the Trust incurred a deficit of £50.97 million during the year ended 31 March 2018 and, at that date had net current liabilities of £45.14 million. The note also indicates that £39.5 million of revenue loans are repayable in 2018/19 and that the Trust will require further loans in 2018/19 to support the planned deficit of £22.2 million. A further £69.0 million of revenue loans are repayable in 2019/20 and ongoing cash support will be required into 2019/20. As stated in note 1.1.2, the Trust is in discussion with NHS Improvement in relation to loan repayments. NHS Improvement has not, at the date of our report, confirmed that the required support is available. These events or conditions, along with the other matters explained in note 1.1.2, indicate that a material uncertainty exists that may cast significant doubt about the Trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report set out on pages 6 to 70, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of our work including that gained through work in relation to the Trust's arrangements for securing value for money through economy, efficiency and effectiveness in the use of its resource or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the guidance issued by NHS Improvement or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion:

- The parts of the Remuneration Report and Staff Report to be audited have been properly prepared in accordance with IFRSs as adopted by the European

Union, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2017-18 and the requirements of the National Health Service Act 2006; and

- Based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust gained through our work in relation to the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements 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 are required to report by exception

Under the Code of Audit Practice we are required to report to you if:

- We have reported a matter in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- We have referred a matter to the Secretary of State under Section 30 of the Local Audit and Accountability Act 2014 because we had reason to believe that the Trust, or an officer of the Trust, was about to make, or had made, a decision which involved or would involve the body incurring unlawful expenditure, or was about to take, or had begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency; or
- We have made a written recommendation to the Trust under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters except on 30 April 2018 we referred a matter to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014 in relation to Worcestershire Acute Hospitals NHS Trust breach of its break-even duty for the three-year period ending 31 March 2018.

Responsibilities of the Directors and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Director's Responsibilities in Respect of the Accounts set out on page 28, the Directors are responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions, for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trust lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the Trust.

The Audit and Assurance Committee is Those Charged with Governance.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements – Conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Adverse conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller & Auditor General in November 2017, because of the significance of the matters described in the basis for adverse conclusion section of our report, we are not satisfied that, in all significant respects, Worcestershire Acute Hospitals NHS Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Basis for adverse conclusion

Our review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources identified the follow matters:

- The Trust's outturn position for 2017/18 was a £50.97 million deficit and it has set a deficit budget of £22.2 million for 2018/19;
- The Trust's adjusted retained cumulative deficit is £199.58 million at 31 March 2018 and it does not yet have a financial recovery plan in place to achieve an in-year break-even position;
- During the year the Trust reported that it had failed to meet the national priority targets in relation to the Emergency Access Standard (4 hour waits in Accident and Emergency), Cancer Waiting Times (including 62 day waits for first treatment), and Referral to Treatment (both 18 week and 52 week waits); and
- Following an inspection by the Care Quality Commission in November 2017, the Trust continued to be assessed as inadequate overall. It was rated as inadequate in three of the five inspection domains and remains in "Special Measures".

This demonstrates that the Trust still has weaknesses in its arrangements for setting and agreeing its budget, monitoring and managing delivery of its budget, and responding to service delivery issues raised by regulators.

These issues are evidence of weaknesses in proper arrangements for sustainable resource deployment and informed decision making in:

- Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions; and

- Understanding and using appropriate financial and performance information to support informed decision making and performance management, respectively.

Responsibilities of the Accountable Officer

As explained in the Statement of the Chief Executive's Responsibilities, as the Accountable Officer of the Trust, the Accountable Officer is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

Auditor's responsibilities for the review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 21(3)(c) and Schedule 13 paragraph 10(a) of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report where we have not been able to satisfy ourselves that it has done so. 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.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects, the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that 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 2018, and to report by exception where we are not satisfied.
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 be satisfied that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements – Certificate

We certify that we have completed the audit of the financial statements of Worcestershire Acute Hospitals NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Richard Percival

Richard Percival
Associate Director
for and on behalf of Grant Thornton UK LLP

The Colmore Building
20 Colmore Circus
BIRMINGHAM
West Midlands
B4 6AT

24 May 2018

Acknowledgements and feedback

Acknowledgements

Worcestershire Acute Hospitals NHS Trust wishes to thank its entire staff and the contributors to the Annual Report.

Feedback

Readers can provide feedback on the report and make suggestions for the content of future reports to the Communications Department.

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WR5 1DD

01905 760453

Wah-tr.communications@nhs.net

Quality Account

Our Quality Account for 2017/18 can be found on our website

www.worcsacute.nhs.uk/our-trust/corporate-information/annual-report-and-review-of-the-year/quality-reports

NHS

Worcestershire
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