Heart of England
NHS
NHS Foundation Trust

Heart of England NHS Foundation Trust

Annual Report and Accounts

2017/18

Building **healthier** lives

Heart of England NHS Foundation Trust
Annual Report and Accounts 2017/18
Presented to Parliament pursuant to Schedule 7, paragraph 25 (4) (a) of the
National Health Service Act 2006

Contents

Section 1 **Performance Report**

This covers the period 1 April 2017 to 31 March 2018

Performance Report

1. Overview

About the Trust

Historically, Heart of England NHS Foundation Trust (HEFT) was a well-respected, financially healthy organisation that provided quality care: hospitals and services where patients chose to be treated and where talented individuals chose to work. However, in 2012, HEFT suffered a decline in its operational and financial performance, resulting in its inability to deliver the quality of care, operational and financial performance that its patients, staff and the public expect. In October 2015, Monitor (now NHS Improvement) instigated a UHB-led intervention to stabilise the rapid operational and financial decline, as well as governance failures. This was the third attempt to put in place a recovery plan for the organisation.

Since October 2015, the interim Chair and executive management team from UHB, alongside the remaining HEFT Executive/Non-executive Directors (NEDs) and four newly-appointed NEDs, delivered the stability, structure, governance and financial leadership necessary to enable the Trust's staff to focus once again on delivering quality care for their patients. However, the interim arrangement was not sustainable; the improvements, while significant, were not embedded, and delivering the full range of potential benefits was not deemed possible unless the organisations came together as a single, legal entity.

HEFT was acquired by University Hospitals NHS Foundation Trust (UHB) on 1 April 2018. This merger process, which started in October 2015, was a result of Monitor's request to UHB to provide Director Services and other support services to HEFT to stabilise its demise.

This annual report covers all activities of HEFT, up until 31 March 2018, as a standalone Trust. A more detailed summary of the merger process is outlined from page 10.

Heart of England NHS Foundation Trust – the background

Heart of England NHS Foundation Trust (HEFT) was one of the largest acute hospital trusts in the country, operating from three acute hospital sites (Heartlands, Good Hope and Solihull) and the Birmingham Chest Clinic. The Trust also runs a number of community health services and smaller 'satellite' renal units, including Castle Vale, Balsall Heath, Solihull, Lichfield and Sutton Coldfield, enabling patients to be treated closer to home.

The Trust originally developed from Little Bromwich Hospital, a fever hospital and sanatorium in Yardley, which opened in 1895. Known as East Birmingham District General Hospital following a collaboration with Yardley Green Hospitals in 1963, the Marston Green Maternity Hospital was acquired and in 1992, the Birmingham Heartlands NHS Trust was formed and became the first acute trust in the city.

The following year it acquired Birmingham Chest Clinic. In 1995, after merging with Solihull Hospital, the Trust was renamed Birmingham Heartlands and Solihull NHS Trust (Teaching). In 2005, it achieved foundation trust status and took the name Heart of England NHS Foundation Trust. In 2007, Good Hope Hospital joined the fold.

Serving a diverse population of 1.2 million across Birmingham East and North, Solihull, Sutton Coldfield and South Staffordshire, in 2017/18, HEFT dealt with:

– 272,213 A&E attendances
– 90,623 day case and elective spells
– 1,015,956 outpatient attendances
– 78,839 emergency spells
– Supported 9,697 births

The Trust is continually developing facilities, opening a £4 million Hybrid Operating Theatre at Heartlands in 2016 and begun design and enabling works on a purpose-built Ambulatory Care and Diagnostics (ACAD) Centre for the Heartlands site in the same year.

HEFT has a workforce of 10,881 staff and is recognised as a centre of excellence for thoracic

surgery, vascular, bariatric and pathology services, as well as the treatment of MRSA and other infectious diseases. The Trust has a leading dermatology department and has regional centres for severe asthma and renal conditions as well as expertise in premature baby care and bone marrow transplants.

The Trust has five operational divisions that are led by a managerial triumvirate of a Divisional Director (doctor), Head of Operations and a Head Nurse.

As one of the region's most research-active hospitals, doctors and other medical staff are involved in over 500 clinical research trials aiming to find new and better ways of treating patients.

Services are funded mainly from local Clinical Commissioning Groups (CCGs) and NHS England. The Trust's income in 2017/18 was £690.8m.

Merger by Acquisition of HEFT by UHB - the process

The merger by acquisition of Heart of England NHS Foundation Trust (HEFT) by University Hospitals NHS Foundation Trust (UHB) was concluded successfully on 1 April 2018. The process started in October 2015 with Monitor's request to UHB to provide Director Services and other Support Services to HEFT to stabilise its operational and financial decline.

UHB's intervention at HEFT was successful and a range of options to provide a permanent solution for the management of HEFT was presented to the UHB Board on 23 June 2016 and the HEFT Board on 6 July 2016. Both Boards resolved that the case for change was substantiated, a more permanent and sustainable collaboration between the trusts should be explored, and the consolidation of the trusts into a single legal entity should be used as the focus for developing the business case.

The merger by acquisition of the two NHS Foundation Trusts was conducted within a regulatory framework with two principal components: a competition review by the Competition and Markets Authority (CMA), and a risk assessment of transactions by NHS Improvement (NHSI).

Following the Boards' decisions, a formal application and a Benefits Case were submitted to the CMA and NHSI on 12 April 2017 in order to determine if the adverse effects of a reduction in patient choice and competition were outweighed by benefits to patients or commissioners arising from the proposed merger or acquisition.

Following an initial review of the application, the CMA submitted three separate, sequential requests for additional information.

Once they had received this additional information, the CMA commenced phase one of their review on 5 July 2017. NHSI provided advice on the Benefits Case to the CMA on 25 July 2017, following which the CMA submitted an issues letter to the trusts on 3 August 2017. This letter set out the concerns the CMA had with the transaction. After meeting with the CMA to provide the additional detail required and, to make the case for the transaction, followed by a written response, the CMA conducted an internal review of the proposed transaction on 11 August 2017 and issued its determination on 30 August 2017. It concluded that whilst the merger would give rise to competition concerns across a number of elective specialties, these were outweighed by the substantial improvements to patient care that were expected to arise. In reaching this view, it placed significant weight on the advice from NHS Improvement, which strongly supported the proposed merger.

Following the development of a business case on 26 June 2017, the HEFT Board, and on 28 June 2017, the UHB Board, approved the business case and long-term financial models (LTFMs). They were submitted to NHS Improvement on 4 July 2017.

Following review of the documents, interviews with the Project Team, UHB and HEFT Executive and Non-executive Directors on 16 and 18 August 2017, and a Board to Board meeting between the UHB and NHS Improvement Boards on 29 September 2017, NHS Improvement's Provider Regulation Committee issued an indicative transaction risk rating of Amber; which was sufficient for the Trusts to conduct the merger.

Whilst NHS Improvement was able to approve the merger, the Trusts required further guarantees regarding financial support and indemnities that they judged vital to underpin the transaction. The guarantees had been articulated to NHS Improvement on 28 June 2017. Following protracted negotiation between the Trusts and NHS Improvement, sufficient financial support and indemnities were provided enabling the UHB and HEFT Boards of Directors and Councils of Governors to approve the acquisition of HEFT by UHB, at meetings held at Heartlands Hospital on 26 March 2018.

Following submission of a Joint Application on 27 March 2018, a Grant of Acquisition was issued by NHS Improvement on 28 March 2018, enabling UHB to acquire HEFT on 1 April 2018.

HEFT's Performance and the UHB Intervention

Benefits of a merged organisation:

* **Performance** Consolidate the extensive gains made at HEFT under a single Board
* **Patient Benefits** Deliver clinical benefits by standardising clinical practice, protocols and quality standards which, in turn, will reduce variation and improve patient safety and outcomes. Introduction of electronic patient systems
* **Workforce** Pool the talent of both organisations and use staff more effectively across all sites, providing greater career and developmental opportunities for staff – and better retention of staff
* **Investment in Clinical Services** Benefit from integration of the administrative, education and training, financial, logistic and procurement services of both trusts adopting best practice to further deliver efficiency savings. The single trust will re-invest these savings over and above national efficiency requirements into the development and sustainability of clinical services and sites
* **Research and Development (R&D)** Maximise our combined R&D potential, building on Birmingham's reputation for translational medicine with our combined, diverse patient population. Significant clinical benefit results from earlier access to new medicines and devices. Opportunity for innovation, driving growth, employment and inward investment
* **Improved Organisational Resilience** A more resilient organisation, better able to influence and act as a supportive partner within the Birmingham and Solihull Sustainability and Transformation Plan and the wider West Midlands' economy and healthcare market
* **Investment in capital developmen**t Plans/designs for a new Ambulatory Care and Diagnostic Centre (ACAD) have been developed by clinical teams over the last 18 months

HEFT and the Birmingham and Solihull Sustainability and Transformation Partnership (STP) Health and care leaders in Birmingham and Solihull are working together more closely than ever before to revise and update their plan of action for the Sustainability and Transformation Partnership.

The new STP strategy will show us working as an increasingly integrated system to shape the future of health and care.

The STP is led by Dame Julie Moore, Chief Executive of UHB and Interim CEO at Heart of England NHS Foundation Trust. The organisations involved in the STP firmly believe that by working together in a way that they have not done before they can deliver great changes to the health and wellbeing of their communities.

The priorities of the STP are based on a life course approach:

* A healthy start in life, including the implementation of a single Local Maternity System and the expansion of Child and Adolescent Mental Health Services (CAMHS) so that fewer children need to go out of area for their care
* Promoting health and well-being, and managing chronic disease, including expansion of social prescribing, and targeted screening based on risk profiles
* Staff health and well-being, including a scaled up and reciprocal approach to staff health, and making mental health first aid training more widely available
* Promoting skills and prosperity, including a joint staff bank protocol and the introduction of new professional roles for the workforce of the future
* Breaking the cycle for those stuck in severe and chronic deprivation, including a commitment to the Changing Futures and Fulfilling Lives initiative and more health checks for people with learning disabilities
* Improving health and care services for older people, including a new Ageing Well strategy and the development of four specialist care centres for older people
* Working together to achieve a good death for those at the end of their lives, including greater uptake of living wills and Respect Forms

These are supported by enabling priorities on clean air, urgent care, digital integration and a joint approach to estates.

In combination these priorities will help us to deliver our STP vision to help everyone in Birmingham and Solihull to live the healthiest and happiest lives possible.

HEFT and the Birmingham and Solihull United Maternity and Newborn Partnership (Bump)

Bump brings together services in Birmingham and Solihull for the first time to create a world-class maternity and newborn service which supports families through their pregnancy journey.

All expectant mums should access the same high quality services wherever they live in Birmingham and Solihull – whether that is a home birth service, home-from-home birth centre facilities or delivery suites.

Bump brings together services from Birmingham Women's and Children's NHS Foundation Trust, University Hospitals Birmingham NHS Foundation Trust and Birmingham and Solihull Mental Health NHS Foundation Trust as well as support from Birmingham and Solihull Clinical Commissioning Group, Birmingham City Council and Solihull Metropolitan Borough Council.

Over 200 maternity and neonatal staff from across Birmingham and Solihull came together in January 2018 for two days to discuss local maternity services in the area as part of Bump. Staff got involved in workshops to explore how access to services across the Local Maternity System (LMS) can be improved, ensuring that women benefit from continuity of care and the role of community hubs in future plans.

NHS England West Midlands met with Bump leaders in March 2018 to discuss the progress of the programme. NHSE rated the LMS in 11 key areas – from implementation and safety to finance – with Bump receiving seven green ratings, three amber ratings and just one red rating.

Going Concern

The Trust is not a going concern but the accounts have been prepared on a going concern basis on the grounds that services will continue to be delivered by University Hospitals Birmingham NHS Foundation Trust who acquired HEFT on 1 April 2018.

Dame Julie Moore
Interim Chief Executive Officer
24 May 2018

2. Performance Analysis

Performance during the year and performance against key health care targets

HEFT continued to perform well against national and local targets in 2017/18. HEFT met all its cancer targets each month of the year with one exception (December 62 day's referral from NHS screening to treatment) and is therefore one of the best performing trusts in the country in this area.

In common with all trusts nationally, the winter period was one of extreme pressure. Following national directives all elective work was cancelled in January 2018 in order to relieve pressure on beds, and this impacted on Referral To Treatment (RTT), which remained below 91% (against a target of 92%) from December onwards.

There has been a significant increase in Emergency Department (ED) and Ambulatory Emergency Care (AEC) activity levels through the year. The Trust has not delivered the maximum wait time of four hours in ED from arrival to admission, transfer or discharge indicator for a number of years and continues to perform below target. Performance was at 86.6% in April 2017 and has continued to decline.

With regards to infection control, the Trust had a full year trajectory of 64 c-difficile cases for the year. There was a total of 66 cases reported (76 in 2016/17). There is zero tolerance for MRSA cases; 3 were reported (7 in 2016/17).

The following table demonstrates the Trust's activity during this year

Patient Class	2016/17	2017/18	Variance	Variance
Accident & Emergency	267,793	272,381	4,588	1.7%
Assessment area	20,917	22,713	1,796	8.6%
Emergency Spells	76,674	79,392	2,718	3.5%
AEC	10,755	13,730	2,975	27.7%
Day case	75,331	78,346	3,015	4.0%
Elective	13,382	11,916	-1,466	-11.0%
Outpatient	856,556	843,806	-12,750	-1.5%

Progress towards targets as agreed with local commissioners and other key quality improvements

The Trust agreed a number of local key performance indicators with commissioners for improved and sustained performance of the key priority targets for 2017/18. Compliance against Key Performance Indicators (KPIs) was monitored through the monthly/quarterly contract review meetings with commissioners.

Some of the areas in which performance has been improved this year are:

- The proportion of temporary staff to complete mandatory training has improved from 70.5% in April 2017, to 89.32% in March 2018, and permanent staff from 90.03% to 93.60%.
- Complaints responded to within agreed timescales has much improved, in line with our agreed performance trajectory, and was at 88.1% at the end of the year.

Review of Emergency Medicine

The Trust did not achieve the planned performance trajectory for emergency access during 2017/18. High demand for inpatient care, reduced community capacity and increased time to arrange discharge care packages for patients with more complex needs all contributed to this deviation. Despite not meeting the access standard, there have been a number of positive improvements across the Emergency Care stream. These include:

- Frequent Attenders with Mental Health needs

The Trust has worked in conjunction with a wide range of stakeholders, including Birmingham and Solihull Mental Health NHS Foundation Trust, health and social care charity, Change Grow Live, Aquarius and local Clinical Commissioning Groups to work with patients who attend the Emergency Departments on a frequent basis. The personalised approach to addressing individual health requirements has reduced the volume of attendances from this cohort of patients by 54% over the course of the year. Further improvements are being planned over the next 12 months.

- Capital Works

The Trust has been successful in obtaining two separate streams of capital funding from central funds which have been used to increase cubicle capacity at both Heartlands and Good Hope Hospital's Emergency Departments. With the increased demand for emergency services, the additional capacity has been invaluable in facilitating earlier assessment of patients and improved patient care.

Funding was also provided for the creation of a separate entrance for all children who attend Heartlands Hospital as an emergency. It is anticipated that this will provide a calmer environment for children from the moment they attend the Emergency Department and also reduce the level of people needing to travel between areas.

- Ambulatory Emergency Care

Demand for inpatient care remains at very high levels on all sites. The Heartlands Ambulatory Emergency Care (AEC) facility was transferred to a purpose-built area during the year to help manage this demand, resulting in the numbers being treated within it doubling in six months. Through use of this facility, patients with a range of emergency presentations can be treated and safely discharged home the same day, instead of being admitted for an inpatient spell. There are plans to increase the number of patients being treated in AEC facilities across all sites during 2018/19.

Review of Cancer Services

In 2017/18, the Trust consolidated its excellent performance against all of the national cancer waiting times standards maintaining its record as one of the best-performing providers of cancer services in the country.

The Trust remains one of the largest and busiest providers of cancer care in the country, with more than 2,500 referrals received in a typical month. Despite sustained and significant levels of demand, HEFT delivered the 2 week wait GP referral to first seen, 2 week wait GP referral to first seen for breast symptoms and 62 day GP referral to first treatment targets in every month of the year. In sharp contrast to the national picture, where very few providers have consistently delivered against the 62 day GP referral-to-treatment target, HEFT has now achieved this important target in every month since July 2016. This further demonstrates that inspite of severe urgent

and elective care pressures, the organisation is continuing to ensure that patients with the highest clinical need are treated in a timely manner.

Building on the success of last year, the Trust is currently finalising the process for the next round of internal validation of its cancer services. This exercise has enabled teams to identify areas of good practice and develop plans to make further improvements, whilst ensuring there remains a focus on the quality of services.

Review of Referral to Treatment (RTT)

The Trust delivered the 92% incomplete standard for the majority of 2017/18, achieving the target from April to November 2017. More recently however, the pressures resulting from one of the most severe and enduring winters the NHS has yet faced have taken their toll on elective performance, and from December, the Trust has failed to achieve the 18-week referral-to-treatment waiting time standard.

The deterioration in 18-week performance was primarily caused by a forced reduction in routine activity resulting from extreme urgent care demand and high levels of medical patients being placed in surgical beds. The Day Case Unit at Good Hope Hospital was used throughout winter as a bedded medical flex area due to ongoing and severe bed pressures, and the position was compounded by a national directive issued in January 2018 to cancel all elective operating for non-urgent procedures.

In total, the Trust cancelled more than 3,000 operations for non-clinical reasons between December 2017 and March 2018 and as a result, the elective backlog (the number of patients on an inpatient waiting list that have been waiting longer than 18 weeks since referral) increased from 1,950 patients in November to approximately 3,300 patients by the end of March.

To ensure that the longest-waiting patients are treated, the Trust worked in collaboration with our commissioners and the independent sector to transfer a number of cases to alternative providers, where there was some capacity. This was undertaken via Inter-Provider Transfer arrangements and did not incur a cost to the Trust. In addition, many specialties sought to deliver additional outpatient capacity during the busiest periods, in order that the impact of winter pressures was mitigated as far as possible for patients on non-admitted pathways.

The Trust is currently finalising its elective care activity plans for 2018/19; these plans set out how the Trust will deliver the requirements of the NHS planning guidance and put the organisation in as strong a position as possible ahead of next winter.

Review of Diagnostics

The national diagnostic target is 99%, ensuring all patients receive their diagnostic test within six weeks of request. The Trust's diagnostic pathways support the wider delivery of urgent and elective services.

The Trust maintained its strong record of diagnostic performance this year, achieving the six week diagnostic standard in every month of 2017/18. This means that the Trust has now consistently delivered the 99% diagnostic standard in every month since February 2016.

Whilst diagnostic performance has been maintained throughout the year, including during Winter, it has not been without challenge. There remain significant capacity pressures within specialities such as radiology and endoscopy.

In November, the MRI scanner at Solihull Hospital was deemed to be clinically unsuitable for further use, which resulted in the scanner being decommissioned. A temporary mobile scanner was put in place at the Solihull site to mitigate the impact of this whilst plans were developed to seek a more permanent solution.

Endoscopy demand has remained high all year, both in terms of elective diagnostic care for routine and suspected cancer patients and from increased urgent care and inpatient demand during winter.

This has meant the service has had to regularly respond with additional capacity and has necessitated the continued use of the Vanguard mobile endoscopy unit, which has remained on the Heartlands site throughout the year. An additional endoscopy room was opened at Solihull Hospital and was at full capacity by June. This has supported ongoing operational delivery, by providing an additional ten lists per week.

Safeguarding

The Trust is committed to ensuring that the safeguarding needs of its patients are always reliably identified and effectively and proportionately responded to. It is of high priority within the organisation that patients have the best possible experience of safeguarding processes and that staff are well informed and adequately supported to perform this extremely challenging aspect of their role.

There is an annual review of strategic safeguarding priorities within the Trust with a continuous emphasis on improvement and regular internal oversight of safeguarding arrangements via safeguarding child and adult committees.

All safeguarding practice within the Trust is underpinned by the legislative framework provided by the Children Act 1989, Children Act 2004 and Care Act 2014 as well as the guidance provided in Working Together to Safeguard Children 2015.

The Trust has clear and accessible guidance for staff in the form of safeguarding policies for children and adults hosted on the Trust intranet.

A team of specialist safeguarding staff provide leadership, training, advice, support and safeguarding supervision to frontline professionals, building confidence and developing expertise throughout the workforce.

Safeguarding education is reviewed on an annual basis. The Trust reported the following compliance rates in relation to core safeguarding training modules for 2017/18:

Safeguarding Adult and Child Level 1	98 percent
Safeguarding Adult and Child Level 2	98 percent
Safeguarding Adult Level 3	93 percent
Mental Capacity Act	98 percent
Safeguarding Children Level 3	92 percent
Child Sexual Exploitation	83 percent
PREVENT	91 percent

An additional programme of education for safeguarding champions in the adult and the neonatal unit setting was delivered during 2017/18. The Trust has strong partnerships in Solihull, Birmingham and Staffordshire at strategic and operational levels and recently hosted a series of events for staff focusing on police holding powers. Moving forward, the Trust will continue to raise awareness of making safeguarding personal, the principles of partnership with patients and families ('doing with not to'), informed consent and effective communication between professionals and patients and families. The Trust has also invigorated interest in the Mental Capacity Act and its application in nursing. In addition, the team has embedded key messages in relation to 'Think Family' and 'Early Help' throughout the safeguarding education programme and has clarified its early help offer to key partners.

Review of Infection Prevention and Control

HEFT continued to implement a dynamic and challenging Infection Prevention and Control programme during 2017/18. There were several new and emerging priorities including gram negative organisms and a community outbreak of measles in the geographic area surrounding Heartlands Hospital.

A trajectory of zero post 48 hour MRSA bacteraemia was set. Two post 48 hour MRSA bacteraemia were reported. Both were deemed to be unavoidable and attributable to the Trust.

There were some common themes identified including failure to carry out MRSA screening and not implementing antimicrobial hair and body wash. One pre 48 hour MRSA bacteraemia was identified as unavoidable and attributed to the Trust. This makes a total of three unavoidable MRSA bacteraemia, all of which are attributable to the Trust.

A trajectory of 64 post 48 hour c-difficile cases continued this year. The Trust is within the trajectory with a total of 63 cases. Of these, ten cases were considered to be avoidable.

Key Issues and Risks that could affect the Trust in delivering its objectives

Pre-merger, the Trust had identified a number of key risks and uncertainties (listed below) that

could affect it in delivering its objectives which were included in its Board Assurance Framework. These risks will be reflected in the Board Assurance Framework of the merged Trust going forward, subject to the impact of the merger on the significance of the risks to the enlarged Trust and the additional controls and resilience that results from the merger.

- Clinical Quality
  - Failure to have in place a sustainable, embedded organisational governance infrastructure for all divisions set against the Trust's quality and safety strategy and assurance frameworks.
  - Inability of estates infrastructure and equipment to facilitate the provision of safe and effective care, due to deterioration of condition, poor space utilisation and functional suitability.
  - Failure to deliver access standards owing to rising volume of routine secondary care work, delayed Transfers of Care, rising Emergency Department attendances, gaps in community provision and lack of impact from better care fund.

- Workforce
  - Failure to have appropriate leadership skills and capacity at all levels to deliver new ways of working and appropriate ways of leading that promote the Trust safety culture.
  - Failure to retain staff and the inability to recruit sufficient numbers of appropriately skilled, trained and competent staff.

- Affordability
  - Significant deterioration of the Trust's underlying financial position resulting in the inability to deliver the Financial Recovery Plan.
  - Lack of a robust infrastructure: IT systems; metrics; workforce information systems; financial modelling and payment methods to allow the Board and management teams to deliver the required programme of change.
  - Further details of these risks and associated controls are set out in the Annual Governance Statement in Section 4. Further controls are currently under development to mitigate these risks.

Key Risks to Quality

The Trust's key risks with regard to Quality are included above.

In its Annual Plan submission to NHS Improvement (NHS Improvement), the Trust declared a risk to delivery of one key performance metric in the Risk Assessment Framework – the A&E 4 hour wait. Reductions in social care capacity, increases in discharge delays and reduced bed capacity all impact on 4 hour performance.

Research

Research portfolio and patient recruitment

Annually over 500 research projects are being undertaken across the Trust in various stages of activity from actively recruiting patients into new studies to long-term follow-up. There are 23 departments across the Trust currently taking part in research, with between one and six research-active consultants in each of these areas. Clinical trials remain the largest research activity performed at the Trust, in terms of project numbers. There is a mixed portfolio of commercial and academic studies, the majority of which are adopted by the National Institute for Health Research (NIHR) portfolio. Non-portfolio work is also undertaken and this comprises of student-based research or pilot studies for future grant proposals.

During 2017/18, 7,067 patients were recruited, of which 5,682 were entered into NIHR-adopted projects. This is a six% increase on the previous year. Within the West Midlands, the Trust is a major contributor to clinical trial activity, and along with UHB, were the leading secondary care providers for research.

Graph 1: Annual patient recruitment into NIHR research projects per year

Numbers of patients recruited into NIHR adopted studies per year
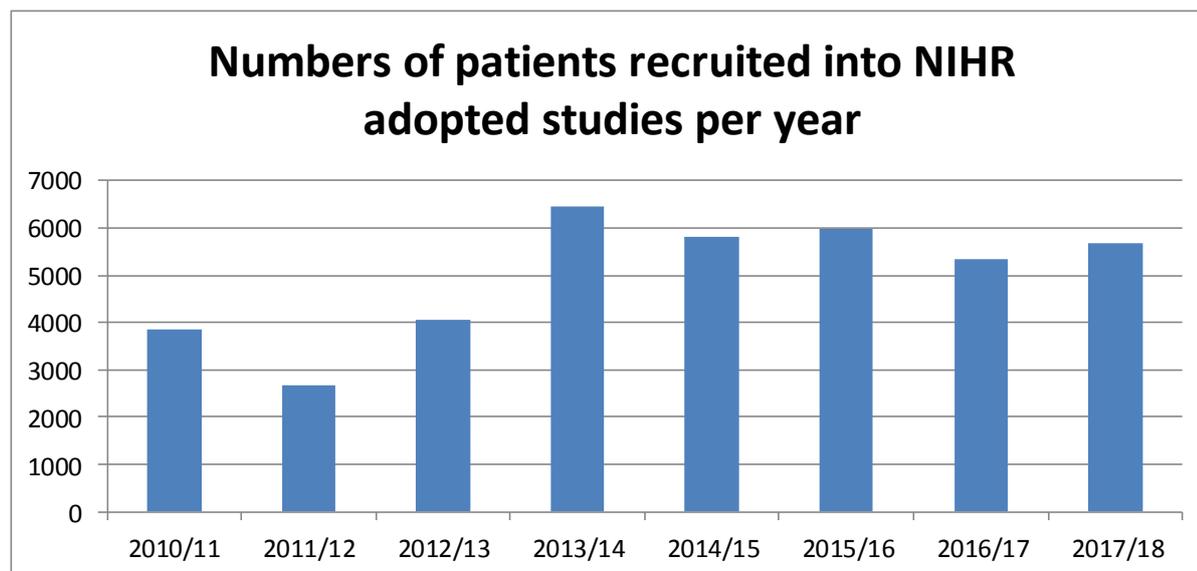
The NIHR annually ranks trusts based on patient recruitment into trials. HEFT ranked 23/449 out of all acute trusts in 2016/17.

During 2017/18, the Trust's highest recruiting specialities based on numbers of patients entered into research projects were anaesthetics, critical care, pain and resuscitation (1,485), diabetes (1,046), thoracic surgery (536) and cancer (403).

In paediatrics and reproductive health, the Trust has seen an increase in activity with over 400 babies, children and mothers being recruited into studies in 2017/18. The Trust recently secured additional funding from the West Midlands Clinical Research Network to expand its staffing infrastructure in these areas. During 2018, an additional Midwife and Paediatric Research Nurse will be joining the Research and Development Team.

Surgical research is another growth area for the Trust. A strategic funding investment by the West Midlands Clinical Research Nurse will see the Trust recruit its first Surgical Research Nurse during 2018. In anticipation of this post, research projects have been opened in trauma and orthopaedics, bariatric surgery, cancer services and other general surgical specialisms.

Diabetes remains a highly productive speciality for recruitment into research studies, working closely

with a number of commercial companies. This area recruited 858 patients in 2017/18 across its portfolio of studies. In addition HEFT researchers in renal medicine, respiratory medicine, vascular surgery and cancer services have undertaken the role of Chief Investigator for a number of our commercial partners. This has maintained HEFT's status as being one of the top recruiters for commercial research in the UK.

Graph 2: Activity by Directorate (2017/18):
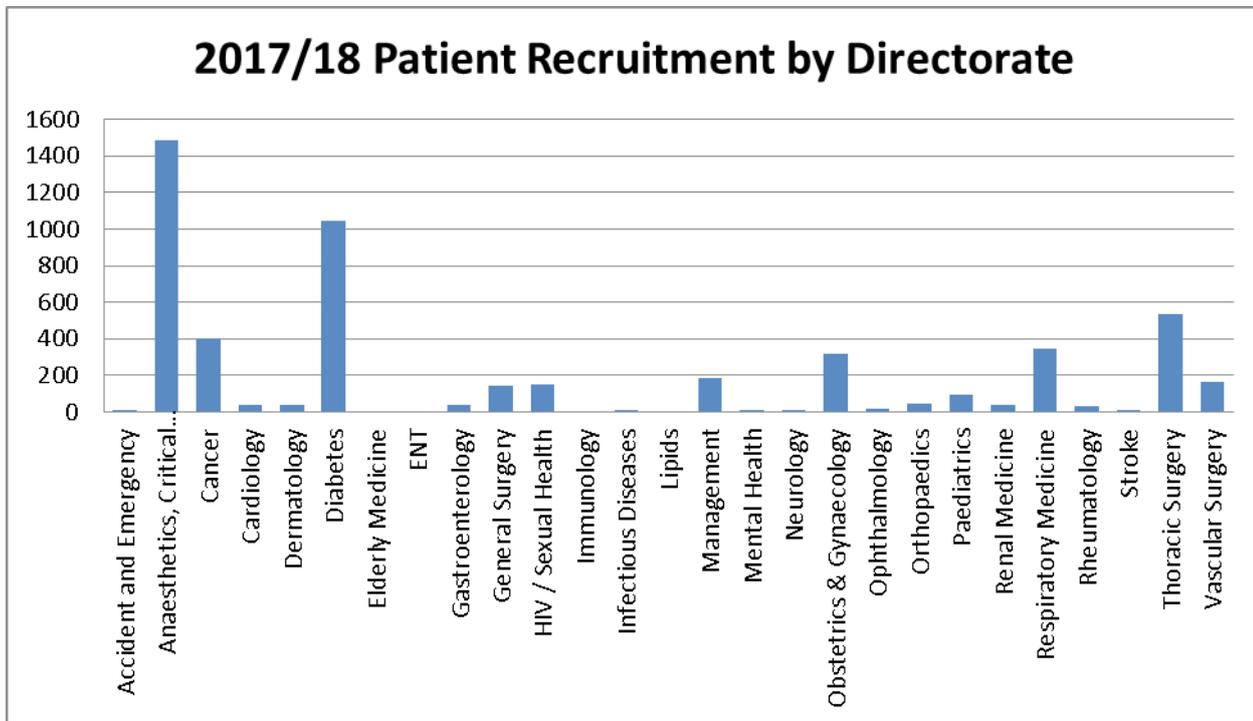
Graph 3: Three-year performance by Directorate (2017/18):
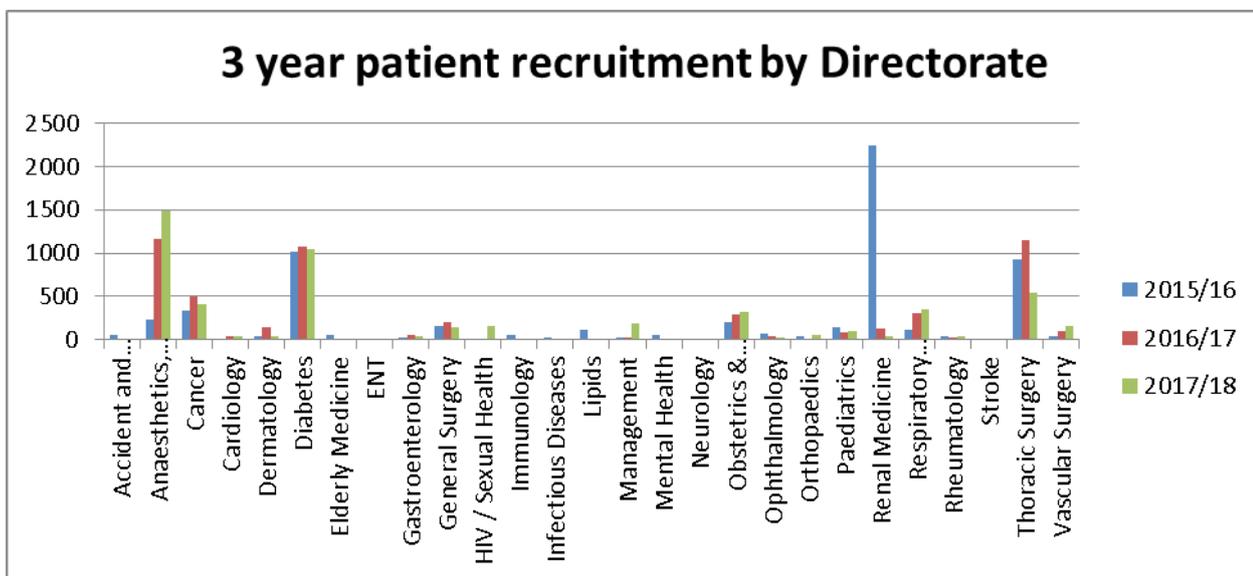
Academic activity

The Research Fellows Forum and Clinical Internship programme continue to deliver benefits in educational terms for researchers, and this year has also seen the appointment of five Trust-funded doctoral research fellows working in the areas of infectious disease, respiratory, geriatric, renal and diabetes medicine.

The Trust continued to support NHS Consultant Fellowship posts with new appointments this year in renal medicine, respiratory medicine and mental health. The Trust anticipates a portfolio of

projects from them in the areas of acute kidney injury, hypertension, chronic renal failure, and cystic fibrosis. A Research for Patient Benefit (RfPB) funded study has been developed to evaluate the effect cooling haemodialysis has on cognitive function in patients with end-stage kidney disease. The Trust has sponsored an innovative new study which examines models of care for patients with chronic obstructive pulmonary disease (COPD). The aim of the study is to improve adherence to guideline - care for COPD, increasing pulmonary rehabilitation referrals to the Trust and reducing hospital admissions, since good medical therapy has potential to do this, along with better local primary care engagement.

This year has also seen the participation of the Trust in a key NIHR/Clinical Research Network-led patient experience survey, the results of which demonstrated the value HEFT patients place on participation in research. A grant submission is also planned to work on ways in which patient involvement can be enhanced in future.

NIHR CRN West Midlands research awards

The Trust was successful in two out of the 13 categories of the awards, which recognise success and achievement in research across the West Midlands region. The Heartlands Elderly Care Trauma and Ongoing Recovery (HECTOR) project and the SNAP 2 study, which investigated the

epidemiology of critical care provision after surgery, won the awards. Prof Gavin Perkins and the Resuscitation Team were highly recommended for clinical research impact.

Research performance

As part of the Government's Plan for Growth (March 2011), HEFT became contractually obligated to publish research activity data. Each quarter, data is submitted to the Department of Health (DoH) under the categories of Performance in Initiating Research and Performance in Delivering Research. The Trust reports on the previous 12 months, publishing this information at: http://www.heartofengland.nhs.uk/research/nihr-performance-statistics/

Performance in Initiating Research (median review time in days)

This factor is a measure of the time it takes for the Trust to recruit the first patient in a clinical trial. Each trial has 70 days to be issued with NHS permission, consent and successfully recruit the first patient into a trial. This information is for any trial, regardless of whether it is a commercial or non-commercial trial, or whether it is adopted on to the NIHR portfolio or not. Where it is not possible to recruit a patient within 70 days, a reason for this is given.

Table 3: Proportion of trials meeting the 70 target for delivery in 2016/17 (Median date site confirmed to first patient recruited):

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Yearly average
2016/17	45.5	49	31	17	35
2017/18	64	35	43	Awaiting DoH figures	

Performance in Delivering Research

This factor is a measure of the performance in delivering the research and whether the

recruitment target is met in the agreed time. This information applies only to commercial trials activity both NIHR portfolio adopted or not.

Table 4: Performance in delivering research:

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Yearly average
2016/17	40.5%	38.9%	No trials with target	42.9%	30.58%
2017/18	44.4%	37.5%	22.2%	Awaiting DoH figures	

Patient Care

Arrangements for monitoring improvement in the quality of healthcare and progress towards meeting any national and local targets, incorporating Care Quality Commission assessments and reviews

The Trust continues to have a robust and effective framework in place to provide assurance around the quality of care it offers and to monitor organisational performance.

The Board of Directors and Executive Director-level groups receive monthly performance reports which present performance against national and local targets and priorities. These reports continue to adopt a risk-based approach to reporting to ensure that the consequences of underachievement are highlighted to the Executive Team and Board of Directors as well as the actions that are in place to improve performance. Findings from Care Quality Commission (CQC) assessments are also reported. The framework provides a robust level of assurance to support effective decision-making.

The Trust's operational divisions hold regular Quality and Safety meetings and the Interim Chief Nurse holds a monthly Nursing and Midwifery Quality Committee with Head Nurses and the Head of Midwifery. These groups report to the Board of Directors and provide additional assurance and effective accountability around clinical quality and the patient experience.

The Trust's key performance indicators and clinical quality priorities are collated and made available to clinical and management staff on its web-based dashboard.

The CQC report for the visit in October 2016 was received following their three-day inspection of all sites and community services. Their overall assessment was that they had seen "some significant progress in a number of areas, with a significant change across the Trust in staff attitude, culture and morale" since their last inspection in 2014.

Service improvements following patient surveys/ feedback and Care Quality Commission reports the Trust encourages and welcomes all feedback from its service users and visitors and acts to make improvements whenever possible. Feedback is received in many forms including verbal, written, Friends and Family Test, patient surveys, Patient Opinion and MP letters, to name a few. Many changes have been implemented to improve

patient and carer experience. These include:

- Chemotherapy unit to open at Solihull Hospital, easing the pressure at Heartlands Hospital
- New service launched by Solihull adult community nursing team to reduce unnecessary hospital admissions, working with care homes supporting their staff to learn skills by passing on expert knowledge
- Regional imaging sharing platform trialled by four clinical specialties, a quicker and more effective image sharing system
- The Frailty Ambulatory Emergency Care service is carrying out geriatric assessments to ensure patients receive the care they need in the best place for them
- Temporary expansion of the Clinical Practitioner service to support additional demands on capacity
- In conjunction with UHB, recruitment of a Carer Co-ordinator to support the needs of carers
- Promotion of the Octenisan hair and body wash across the Trust, which reduces bacteria on the skin and the risk of infection
- Technological advances in radiology, leading to a £3 million project to transform the Trust's imaging services including refurbishment of the interventional radiology suite, a digital x-ray room in the Emergency Department and a purpose-built general x-ray department and a new CT scanner at Heartlands Hospital
- Alignment of HEFT and UHB complaint processes and procedures
- Carer forum re-established and chaired by the Head Nurse for Patient Experience
- Public seminar by the the Trust's Dementia and Delirium Outreach Team (DaDOT)
- Opening of a remembrance garden for parents who experience miscarriage, still birth or neonatal death was opened at Heartlands Hospital
- Launch of innovative animated video by the Trust's Therapies directorate to convey important advice for people suffering with back pain
- Re-launch of the dress code and uniform policy
- Monthly Governor and patient services ward drop-in sessions to review patient, relative and staff experience
- Funding secured to provide lesbian, gay, bisexual and transgender (LGBT) awareness training to staff to support the needs of staff and patients
- Establishment of a service to provide MRI and CT scans under general anaesthesia aimed at patients who are unable to tolerate scans when awake
- Action planning workshop, facilitated by the Picker Institute with Heads of Division and Divisional staff, held to discuss the findings of

the national Emergency Department Survey 2016

The Trust has received the first patient surveys from the Picker Institute. These have been fed back to all divisions and action plans for improving patient care created.

Compliments and Complaints Handling

Patient Experience

The Trust measures patient experience feedback received in a variety of ways, including local and national patient surveys, the NHS Friends and Family Test, complaints, concerns and compliments.

Governor and patient panel drop-in sessions have been adopted across the Trust. These unannounced visits take place across the three sites and are attended by the Matron for the area, a Governor, a member of the Patient Panel and a senior member of the Patient Experience team. Patients, carers and staff are approached and aspects of patient care are discussed. A report of the visit, complete with summary of observations, and issues or concerns raised are included in the Interim Chief Nurse Care Quality report Board of Directors report and the Clinical Commissioning Groups' reports. To date the sessions have yielded very positive reports from all involved.

Inpatient Satisfaction

All inpatients are asked to comment on their experience as a patient. During 2017/18, 34,250 inpatients provided feedback via the Friends and Family Test cards. The questions have been changed slightly this year to align with the results from the inpatient survey. Patients are asked to rate their satisfaction with the care they received in regards to: feeling cared for; having confidence in staff treating them; did staff work well together; was their pain adequately controlled; were they treated with respect and was their dignity maintained; and was their discharge from hospital well-co-ordinated. The Friends and Family feedback card also asks patients if there is a member of staff that they would like to give feedback on. There has been a high level of positive feedback about members of staff and the care, kindness and compassion provided. This is fed back to the members of staff by the Ward Manager.

As an overall measure over the year patients reported 94% satisfaction with their care as a whole (average data April 2017 to March 2018). This data is available via the patient nursing and midwifery dashboard under the patient experience section and discussed at the Nursing and Midwifery Quality Committee which accounts for any exceptions in performance.

Friends and Family Test (FFT)

The FFT asks patients whether they would recommend the NHS service they have received to friends and family if they were in need of similar treatment or care. In line with national practice driven by NHS England, the Trust presents results as a percentage of respondents who would recommend the service (either likely, or extremely likely, to recommend the Trust's care) to their friends and family.

The Trust undertakes this feedback work across inpatient and maternity services care via the use of a feedback card; and the Emergency Department, outpatients, day case surgery and community services via a text message service.

Through its FFT feedback the Trust received 179,693 comments from patients, carers and relatives about their experiences of care during 2017/18.

The vast majority of these comments have been positive reflections of care and treatment and these comments are used at service level to reinforce these positive examples to follow with staff. Suggestions for service improvements and actions taken are displayed in wards and departments on the FFT Board under the 'You Said, We Did' section.

Positive Feedback

Compliments across the organisation are received in a variety of forms, from thank you cards, a verbal thank you or chocolates and biscuits given to the ward team. Compliments received via the FFT are also fed back to the individual staff members and managers. The Maternity Department and Critical Care Units have adopted Learning from Excellence. This is an electronic method of identifying and capturing learning from episodes of peer-reported excellence. Once reviewed, feedback is given to both the reporter and the recipient(s). The recipient then receives a certificate of appreciation and recognition which can be used as evidence for PDR's and revalidation.

National Survey Programme

The Trust participated in the national inpatient patient experience survey on behalf of the Care Quality Commission (CQC). For more details see the Quality Account.

How the Trust is using feedback

Feedback, including complaints, provides valuable information for the Trust Board of Directors and is used at all levels within the Trust to enhance the experience of patients and carers.

Over the last year, the patient experience team has continued to work closely with the Patient Community Panels (PCP) members. They have supported the Patient Experience Department with focussed surveys in the maternity departments and the discharge lounges and other bespoke projects (please see the table below). They provide invaluable information and support for the Trust bringing information to the table and sharing information with the communities they serve.

Projects PCP members were asked to assist with:

Date	Task	Details
March - May 2017	PLACE	Members assisted with PLACE (Patient Led Assessments of the Care Environment).
June 2017	Ambulatory Care and Diagnostics (ACAD) new building	Members of the Heartlands Patient Panel were invited to attend a meeting with the Trust's Estates Department and architects to discuss the new ACAD building at Heartlands Hospital. Member's views were sought before building commences. Three members of the panel assisted.
October 2017	Maternity Surveys	Following on from the Maternity Surveys that took place in May 2017, the Maternity Department asked for panel members' assistance in surveying maternity patients at Good Hope and Heartlands hospitals.
November 2017	Mystery shopper audits	The catering management team requested panel members' assistance in carrying out 'mystery shopper audits' in the coffee shops and restaurants at Good Hope and Solihull hospitals.
December 2017	Inclusion Steering Group Network	Members were invited to become a member of the Trust's Inclusion Steering Group Network if they had experience in one of the areas that come under the inclusion umbrella (disabled, ethnic minority, LGBT).
March/April 2018	PLACE inspections	Members, as in the previous four years, were asked to assist with PLACE inspections on all sites in the role as patient inspectors.

Complaints

The new and robust complaint policy and process is now embedded throughout the Trust with dedicated staff allocated to Divisions. During the year, 1,136 complaints were received and 1,222 complaints were closed. Complaints handling training has been provided across the Trust to senior managers, heads of nursing, matrons, and ward sisters/charge nurses. The number of live complaints has significantly reduced with an increase in face-to-face meetings. This early intervention and resolution is making a positive difference to complaint management. Actions pledged as a response to complaints are collated and provided to the Divisions for assurance.

Focus on Dementia

The Trust recognises that carers and relatives play a vital role in the care of patients with dementia and is committed to improving how it works with, and supports, carers of patients with this condition. A regular carers' survey is utilised as an audit tool to measure carers/relatives' experiences and the support provided to them in both inpatient and outpatient areas. There has been an increasing recognition of the importance of delirium as a common, serious and potentially avoidable harm in the hospital for people with dementia Some highlights in activity undertaken during the year are as follows:

- Training - a one and a half hour training session on dementia is provided for all new nurses as part of induction and a full day programme on dementia and delirium is delivered once per month on all three sites. As part of the Trust's commitment to developing dementia as a specialism, two members of staff have undertaken the MSc in Dementia studies with Bradford University and the Trust is also to be the first to adapt the highly regarding FITS

into Practice approach (Worcester Association of Dementia Studies) to the acute hospital setting

- Wards 29 and 30 at Heartlands Hospital have signed up to the Royal College of Psychiatrists Quality Mark for elderly care
- Some 36 healthcare assistants have received training in supporting patients with dementia and delirium with complex and distressed behaviour and have been providing specialist care for patients on the Solihull site
- The Dementia and Delirium Outreach Team have completed a proof of concept pilot for the Enhanced Recovery at Home discharge route for patients with delirium. This innovative project won a Solihull Together for Better Lives award in the Dementia Friendly Service category. The Trust is working with Solihull CCG to see how the principles of this approach can be adopted more widely to ensure timely and safe discharge for patients with delirium
- A weekly carer support group for carers of patients with dementia and delirium has been provided on the Solihull site and links have been developed with the local admiral nurse service to provide their educational programme for carers at the hospital

End of Life Care

Documentation covering Recognition of Limited Prognosis, Uncertain Recovery and management of Very Last Days of Life was developed last year in-line with nationally available best practice guidance, and in order to support high quality End of Life Care delivery for patients affected by life-limited illness and for their carers. Following an audit against newly devised draft metrics, a number of significant improvements were evidenced, whilst also highlighting further work required. With phase one successfully tested on Ward 30 at Heartlands Hospital, phase two is set to commence in 2018 on the Acute Medical Unit at Solihull Hospital.

A business case is currently under development to establish an End of Life Care workforce across the Trust. This will enable a successful roll-out of the newly devised documentation and enable other vital End of Life Care priorities to be undertaken at the required pace.

A pilot project incorporating the use of Personal Health Budgets at End of Life is planned to commence in 2018 initially focussing on three key wards at Heartlands Hospital. This is a joint venture with the Trust working in partnership with John Taylor Hospice, Birmingham and Solihull CCG, the Local Authority, and other local partners in care, in order to support the delivery of personalised care and choice at the End of Life.

An End of Life Care Champion role has now been devised with study days and mechanisms for on-going support developed for staff in this role in order to facilitate End of Life Care delivery at ward and clinical area level.

Other key works include:

- Schwartz Rounds to enable experiential discussion of life in the workplace remain active within the Trust. Schwartz Rounds have been proven to maintain empathy and support resilience of staff
- On-going delivery of "Communication for ReSPECT" sessions. Positive feedback and improvement of self-rating scores have been received from attendees. Sessions focus on: identification of palliative patients, awareness of mental capacity code of practice, treatment escalation ladders, simulated patient role-play to cover level 1 psychological skills, and critique of video consultations involving "how long have I got" and "broaching dying" conversations. Oral presentation of this work has been delivered at the Edinburgh SPICT conference in February 2018
- Working with our partners in care to review opportunities for new End of Life models of care across the region
- Development of direct access beds to St Giles, with work under development with Marie Curie Hospice, West Midlands
- Mandatory training in End of Life Care is now in place across the Trust for all new nurses and consultants. Formalised training is also now in place for student nurses
- A portfolio of End of Life Care improvement work is undertaken through the Trust Length of Stay group
- Participation in 'Supporting the Care Giver in Hospital to Home' research project in conjunction with Southampton University
- Partnership work with Marie Curie Hospice, West Midlands and Solihull Community Services to devise an Authorisation to Administer Medication Chart for medications used at the End of Life to support safe and effective discharge
- Evaluation of renal "concern register" based on bereaved relatives' feedback is on-going, with a poster presented at the Patient and Family Centred care Improvement Programme event, hosted by The Health Foundation in February 2018
- Evolving work looking at the withdrawal of non-invasive ventilation in patients with respiratory disease. This has included a poster presentation of audit work at the Hospice

UK Conference 2018, the development of withdrawal guidelines, an audit tool and on-going training and education with the Trusts respiratory team, specialist trainees and critical care.

- Establishment of a joint discharge forum at Heartlands Hospital comprising of the Palliative Care Team, Macmillan Occupational therapy team and the Complex Discharge Liaison Nurses. Planned work streams include rapid discharge advice to wards, the Personal Health Budget pilot, and Multi-Disciplinary Team work to review ReSPECT forms on discharge.

Bereavement

HEFT has a centralised bereavement care service that coordinates the completion of final death certification documentation for patients who have died whilst in the care of the Trust. The Bereavement Team provide information and guidance for bereaved relatives on registration of death, funeral arrangements and Coroner involvement where necessary. This individualised service is respectful of the needs of deceased patients and their families of all faiths and none. Close working relationships have been developed between bereavement office staff and HM Coroner, Register Office, funeral directors and cemeteries, and crematoria staff at Birmingham City Council, to ensure there is effective communication along the whole of the bereavement pathway.

The Trust is an early adopter of the death certification reforms and has designated medical examiners (consultants) at each site. The role of the Medical Examiner involves reviewing the patients' episode of care, discussing the care with the junior doctors and discussing the care and any concerns with bereaved relatives. Any concerns regarding care are discussed at Divisional and speciality mortality and morbidity meetings and reports are provided to the Trust Board and Clinical Commissioning Groups in-line with the 'Learning from Deaths' requirements. The Trust also has an agreement with Cruse Bereavement Care to provide follow up bereavement support for bereaved relatives following the death of a loved one.

The Trust has appointed a Lead Nurse for bereavement who provides training, education and support for staff on the care of dying and deceased patients and their relatives, and undertakes audits of the service provided.

Multi-faith Chaplaincy Service

Religion is one of the equality monitoring data characteristics the Trust has routinely collected from patients. Please visit the following web link for more information: http://www.heartofengland. nhs.uk/wp-content/uploads/Copy-of-Copy-of-Religion-Data-2017.pdf

The multi-faith chaplaincy team provides services to the whole hospital community and the Trust's in-house male and female chaplaincy staff regularly visit the wards and departments to offer spiritual, pastoral and religious care to those in need. They also keep a list of contacts within other faith communities who can be called onto the hospital sites.

The Chaplaincy team offer a confidential listening and supportive ear to people of all faiths and none and can be contacted by patients, relatives and hospital staff at any time it is felt that spiritual support is needed. The chaplaincy team also provide:

- In/out-of-hours spiritual care
- Ward/department visits
- Pastoral care
- Holy Communion
- Anointings and prayers
- End of life care and prayers over the dead
- Baptisms and blessings of infants
- Infant funerals
- Staff support
- New staff induction
- Training sessions for staff

In 2017/18, the multi-faith chaplaincy team made contact 31,820 times with patients, family members and staff to cover a comprehensive range of activities. Patients, family and staff use a referral system to access the service.

The chaplaincy team also works closely with various Trust departments and services to organise memorial services and other annual Trust services. The team is supported by a number of chaplaincy volunteers from various faith backgrounds, who contribute to patient care and also regularly hold religious social events such as Eid celebrations. These events are open to all Trust staff and contribute to raising cultural and religious awareness of the diverse communities the Trust provide healthcare services to.

Equality and Diversity

The Board of Directors remains committed to promoting inclusion and diversity for both patients and staff, tackling all forms of discrimination and removing inequality in the provision of health services and employment. Meeting the diverse needs of diverse communities the Trust serves remains a key priority. The Trust continues to use the Equality Delivery System (EDS2) Framework to develop, implement and monitor its Equality Objectives to meet the requirements of the Public Sector Equality Duty and to identify areas for improvement.

In 2017/2018, the team's priorities were to:

• Work together with the local LGBT community to improve and expand the quality of the information, knowledge and understanding we have about our LGBT staff and service users
• Ensure that our patients are communicated with in a manner that is appropriate to their specific needs
• Introduce unconscious bias and inclusion training into the mandatory Equality and Diversity training for all staff and offer an Inclusive Leadership Course for managers in order to ensure all staff are managed fairly and equally

The highlights for patients and staff in 2017/2018 included:

• A series of regular internal engagement events for the staff LGBT (lesbian, gay, bisexual and transgender) network, Black And Minority Ethnic network, Disability and Long Term Health Condition network
• Inclusion Steering Group meetings for staff and patient representatives, and Patient Panel and Pan Birmingham Faith Advocacy Group meetings
• The Trust LGBT social and support group, Rainbow Friends participated in the Birmingham Pride parade. A member of the group participated in the Trust 'Role Models' campaign to promote inclusion, diversity and equality within the workforce and patient care areas
• The Trust held the Sexual Orientation and Gender Identity – Future Focus Conference for the first time
• The Trust secured funding to provide LGBT specific courses to improve awareness and provide a greater understanding of staff that deliver care to LGBT patients and manage staff
• An equality project was undertaken in the outpatients department at Heartlands Hospital in order to provide improved support for LGBT

patients attending hospital appointments in patient care areas
• A Communication Box Pilot was launched on six wards across three hospital sites to support patients who may have a communication need

Mainstreaming equality is central to the work undertaken by the Equality and Diversity leads within the Trust in patient care and workforce areas. The principles of fairness, equality, respect and dignity for patients and staff is widely promoted through training, equality and diversity services, and events to ensure patients and staff are not discriminated against.

Modern slavery and Human Trafficking

In May 2017, the Chief Executive signed the Trust's Slavery and Human Trafficking Statement, pursuant to section 54(1) of the Modern Slavery Act 2015. The Statement is renewed on an annual basis. The Trust supports and respects the protection of human rights for all its employees and workers within its supply chain. It believes in treating people with respect and dignity and does not condone the use of its products or services which infringe the basic human rights of others. The Trust expects its suppliers and business partners to adhere to the same high standards and to take reasonable steps to combat slavery and human trafficking. It is committed to prohibiting corruption in all its forms, including extortion and bribery.

Stakeholder Relations

The Board of Directors recognises the importance of effective communication with a wide range of stakeholders, including Birmingham City Council's and Solihull Metropolitan Council's Health, Wellbeing and the Environment Overview and Scrutiny Committees, whose members make occasional visits to the Trust.

Review of Environmental Matters

Energy and Sustainability

There was a decrease in energy consumption of 1% on 2016/17 and 3.5% on 2015/16 financial year compared to 2017/18. The full year report for 2017/18 shows an average energy increase of seven percent for the full year against the 2007/08 financial year, which is the baseline year for NHS Carbon Reduction Targets. The long-term investments in sustainability are complete; however there has been a rise in energy consumption on

the base year 2007/08 which is attributable to both changes in technology (more computers, scanners etc.) and increased patient activity.

The Trust's three hospital sites have recorded the following energy consumptions for 2017/18:

» Heartlands Hospital: 63.67 GJ/100m3
» Good Hope Hospital: 71.99 GJ/100m3
» Solihull Hospital: 70.55 GJ/100m3

Currently this is below the NHS Estates Department of Health target of 55-65 GJ/100 cu.m.

Energy costs and consumptions are monitored on a monthly basis and data is recorded on TEAM software, a proprietary industry recognised database. Energy costs for 2017/18 have fallen by two percent due mainly to a reduction in energy consumption.

Energy procurement is carried out via Crown Commercial Services (CCS), ensuring compliance with European Union legislative procurement rules together with competitive purchasing. Both gas and electric are procured on a flexible contract which is deemed to be the most effective procurement method of purchase. The Trust however is reviewing other frameworks that are available for the purchase of energy commodities.

The Trust has a legal obligation to comply with the European Union Emissions Trading Scheme (EU ETS), of which the Heartlands site is a registered participant along with the Carbon Reduction Scheme (CRC) for the other sites and premises. This requires reporting all fuel usage and is designed to encourage participants to reduce their CO2 emissions. The Trust has elected to opt out of the main scheme into the 'Small Emitters and Hospitals' scheme. It is anticipated that this will save the Trust in the order of £770k over a seven year period between 2013 and 2020.

The Trust has embarked on a long-term investment of energy and sustainable efficiency, which has resulted in the Trust providing Solar PV and high efficiency lighting along with the development of three Combined Heat and Power (CHP) schemes (one per site), each scheme having a contracted guaranteed saving.

Further energy initiatives are set to include: replacement of the Solihull Building Management System (BMS) and major upgrades of the existing BMS systems at Heartlands and Good Hope Hospitals. Annual energy awareness is provided for all staff.

Carbon Footprint

The Trust recognises its corporate responsibility to take care of the environment and reduce emissions of greenhouse gases. The NHS Sustainable Development Unit (SDU) and Department of Health set out an ambition for the NHS to be a leading low carbon and sustainable health care system in 2009. This included an interim target of 10 percent reduction in carbon emissions by 2015 levels and a further target of 80% by 2050. In order to meet these targets, the Trust has invested heavily in CHP at all three sites. A tri-generation CHP system, installed during 2006/7 at Heartlands, has guaranteed savings of £260k per annum and a reduction in carbon emissions of 1,600 tonnes per annum.

The Solihull Hospital CHP scheme launched in 2010. This enabled the site to generate guaranteed savings of £350k per annum and helped to reduce carbon emissions by 2,000 tonnes per annum. The final CHP scheme at Good Hope became operational in 2014, with guaranteed savings of £550k per annum and carbon emission savings of 2,600 tonnes per annum.

A four-year Sustainable Development Framework was commissioned in 2013 with two phases implemented. Both phases operate on guaranteed savings and Monitoring and Verification (M&V) reports have been completed for all schemes, which include major lighting upgrades, variable speed drives, pipe and valve insulation, high efficiency pumps, energy display meters and solar PV. All are set to deliver guaranteed savings in excess of £1m with carbon reduction of 2,400 tonnes per annum.

Facilities

Waste Management

In 2017/18, the Trust produced 1,134 tonnes of municipal waste, recycled 597 tonnes and produced 1,539 tonnes of clinical waste.

The Trust introduced the Stericycle Bio System in July/August 2016 to reduce the cost of sharps containers and to reduce the carbon footprint of burning plastics. During 2017, the Trust saved 49,906 containers saved from incineration and made carbon footprint savings of 271,862kgs.

Transport

During 2017, the Facilities Team continued to review the Trust's vehicle fleet, with the number of vehicles required for service delivery rising from

20 to 27 vehicles. This was to accommodate the service changes to the portering services contract at Heartlands Hospital from an external to internal contract.

Good Hope Hospital's internal ambulance was identified as beyond economical repair and was replaced with a new bariatric ambulance.

The Trust continues to work alongside Network Smart, participating in the smarter choice group; the group is run by Birmingham City Council, Solihull Council, and Transport for West Midlands. The aim is to identify and encourage both employees and visitors to explore alternative methods of travel to and from the hospitals.

Throughout the year the Trust has taken part in numerous cycle-to-work projects, some of which include bicycle maintenance courses, travel to work road shows and employee surveys.

Catering

The Central Production Unit at Solihull produces approximately 35,000 to 40,000 patient meals per week. Food is cooked fresh each day; it is then chilled and distributed to each hospital site. The cook chill method used is strictly controlled and monitored throughout the process using the HACCP (Hazard Analysis, Critical Control Points) system.

Following on from the refurbishment of the restaurants at Good Hope and Solihull Hospitals in 2016 and in addition to the initial coffee shop refurbishments, the coffee shops have been renamed as Coffee Hubs and rebranded. In February 2018, a loyalty card system was launched for customers using the Trust restaurants and Coffee Hubs.

Further offers linked to healthier eating options are being developed and promoted throughout the year to further the promotion of healthy eating to staff, patients and visitors using the Trust restaurants and coffee hubs.

The catering team continue to lead the way in reducing the amount of foods high in fat, sugar and salt that are available to patients, staff and visitors.

All Trust restaurants, coffee shops and ward based catering services have maintained the 5 star rating from the Local Environmental Health Department.

Portering and Housekeeping

In March 2017, a business case was agreed for Portering and Housekeeping services to be transferred from an outsourced contract to being managed by the NHS. This provided the Trust with an opportunity to harmonise the provision of Housekeeping and Portering services and achieve a consistent approach and delivery across all sites. The 500 Portering and Housekeeping staff transferred to the NHS in November 2017.

The Trust has invested in equipment during 2017/18, including in a new Micro Fibre cleaning mopping system. There are now plans to liaise with service users in order to identify where improvements to Portering and Housekeeping services can be made.

Security

Several additional CCTV cameras have been installed by G4S Secure Solutions, the Trust's security service provider, across the Trust's three hospital sites and upgrading of existing cameras and systems has continued.

The use of body worn cameras at the rear gate to Heartlands Hospital has proved successful with a view to extending their use where practicable.

Car Parking

Several improvements have been made to the Trust's car parking facilities over the 12 months, including to a new staff car park on Yardley Green Road, which will also cater for electric vehicle charging.

Improvements have also been made in line with the British Parking Association's recommendations, including relining of roadways and parking spaces, resurfacing, additional signage and grounds maintenance which, in turn, have helped the Trust maintain Park Mark Accreditation for all parking facilities.

Major Capital Developments

Ambulatory Care and Diagnostic Centre (ACAD)

The proposed plans for a new Ambulatory Care and Diagnostic centre (ACAD) at Heartlands Hospital have gained momentum, with Full Planning Permission having been granted by

Birmingham City Council on 4 January 2018. The new facility will provide an efficient, safe, sustainable and high quality environment for the delivery of many of the Trust's ambulatory, outpatient and imagery services.

The Trust has adopted the Department of Health's P22 procurement initiative and selected its Principal Supply Chain Partner for the construction works.

A detailed Outline Business Case submission has been passed to NHS Improvement for their review and to the Department of Health and HM Treasury; meanwhile the production of the Full Business Case has begun.

Designs have been outlined with a contemporary design incorporating glazing and non-combustible cladding intended for the exterior of the building. Internally, increased use of technology and a standardised layout is intended to aid efficiency and the patient experience, with the four floors and penthouse roof space incorporating the following key services:

Lower Ground Floor
• Outpatient Radiology (MRI, CT, Ultrasound and X Ray)
• General staff changing and dining facilities

Upper Ground Floor
• General Outpatient Clinics
• Vascular clinics
• Outpatient Phlebotomy
• Pre-operative assessment
• Cardiology ECCG and ECHO testing

First Floor
• Ear Nose and Throat (ENT) clinics
• Audiology
• Therapies
• Fracture clinic

Second Floor
• A three-theatre Day Surgery suite
• A two-room Interventional Radiology suite
• Six Endoscopy and Urology Treatment rooms
• A common recovery suite including en-suites and single room facilities to accommodate patients for up to 23 hours

Third Floor/Roof Space
• Decontamination facility for flexible scopes
• Bed storage facility

With Building Research Establishment Environmental Assessment Method (BREEAM) 'excellent' and 'A' rated energy efficiency ratings being targeted, the Trust is focussed on long-term sustainability.

Independent Design Quality Indicator (DQI) assessments are also being employed to ensure a fit-for-purpose building solution is being developed with full stakeholder engagement.

A series of transition projects are planned over the next two years to ensure that the new building, when open, is used to its optimum potential and provides a high quality patient experience.

Yardley Green Surface Car Parking

The ongoing construction of the new 240 space car park at Yardley Green Road, by Heartlands Hospital, is an ACAD-enabling project which will provide off site car parking capacity for staff. It will accommodate the spaces that will be displaced from the Heartlands site by the construction of the new development. The car park is due to open in April 2018.

Imaging Refurbishment Project

In May 2017, the Trust completed a £680,000 refurbishment of the interventional radiology suite at Heartlands Hospital along with a £270,000 digital x-ray room in its Emergency Department and £425,000 purpose-built general x-ray room. At Good Hope Hospital, a new digital x-ray room opened in the Emergency Imaging Department.

The modern facilities provide a continuous patient-centred service and enable the Trust to perform a wider range of procedures and see and treat more patients.

Solihull Haematology and Oncology Day Unit

Plans are in place to create a new Oncology Day Unit at Solihull Hospital to improve provision for cancer patients.

The empty Bruce Burns Ward at Solihull Hospital is being transformed into the modern new facility and will be designed to meet the needs of patients undergoing chemotherapy and supportive treatments.

The new unit, which will initially have 24 patient treatment chairs, will also ease pressure on Ward 19 at Heartlands Hospital. The project is expected to be completed by May 2018.

3. Finance Review

For the 2017/18 financial year, the Trust has delivered a total deficit of £53.8m excluding impairment gains (accounting adjustments to reflect an increase in asset values). This is £24.9m adverse to the Trust's control total maximum deficit of £28.9m prior to Sustainability and Transformation Funding (STP) that was set by NHS Improvement and represents a significant deterioration on the deficit of £11.3m excluding impairment losses that was reported in the previous financial year. A significant component of the year on year deterioration was the loss of STF where £5.0m funding was received in 2017/18 compared to £25.2m in 2016/17. The STF scheme was introduced in 2016/17 in an attempt to bring the provider sector back to a position of financial sustainability and is linked to the Trust hitting its control totals and agreed performance targets.

The net impact of asset impairments is a £6.4m reversal of prior year impairments and after this is included, the Trust has reported an overall income and expenditure deficit of £47.4m for the year.

The Trust prepares its accounts in accordance with International Financial Reporting Standards (IFRS) and International Finance Reporting Interpretations Committee (IFRIC) interpretations as endorsed by the European Union applicable at 31 March 2018 and appropriate to NHS Foundations Trusts. There have been no amendments to the accounting standards in 2017/18 and minimal changes to HM Treasury requirements. The Trust's accounting policies remain largely unchanged.

Income

There was a 2.6% decrease in the Trust's total income to £690.8m in 2017/18, due primarily to the reduction of STF income as detailed above, although this was partially offset by a 0.3% growth in clinical revenue.

The Health and Social Care Act 2012 requires that the Trust's principal activity is to deliver goods and services for the purposes of the National Health Service in England. The revenue generated from NHS clinical activity is £622.3m, which represents 90% of total income so is significantly ahead of the minimum 50% requirement.

The Trust's principal source of income is contracts with the Clinical Commissioning Groups (CCGs), which for 2017/18 were under the Payment by Results regime, where prices are based on the national tariff and planned volumes are paid for monthly by commissioners with subsequent adjustments for over or under performance.

There are a number of other income sources to the Trust. The Education and Training income of £23.3m supports the costs of training doctors, nurses and other healthcare professionals and in doing so supports the quality of care provided at the Trust. Research and Development income of £4.8m is a combination of Department of Health grants and income from commercial establishments and research institutions that contributes to the improvement of healthcare both in the Trust and in the wider healthcare environment. The remainder of the Trust's income sources are not directly linked to patient care and include items such as catering, accommodation revenues and other services provided to third parties.

Expenditure

The Trust's total expenditure in the year was £732.5m. As in previous years, staff costs are the largest component of expenditure, accounting for 63.5% of operating expenses.

As part of the financial recovery programme and implied efficiency in tariff, the Trust was required to deliver a significant programme of cash releasing efficiency savings in the 2017/18 year. A detailed programme of schemes across all divisions has been monitored throughout the year with reports to the Financial Recovery Programme Board leading to delivery of actual savings of £15.6m in the year.

The Trust has complied with the cost allocations and charging requirement set out in HM Treasury and Office of Public Sector information guidance.

Expenditure on Consultancy

During 2017/18, the Trust spent £0.6m (2016/17 £1.6m) on consultancy.

Statement of Financial Position

The Trust began the 2017/18 year with a cash balance of £19.2m, which was significantly lower than in previous years and was showing a decreasing trend due to the income and expenditure deficits. The Trust continued to manage its cash proactively throughout the year, but in September 2017 cash support was required via the Department of Health and NHS Improvement's interim revenue support regime.

Between September 2017 and March 2018 the Trust was provided with working capital loans that totalled £31.8m to support payment of staff and suppliers to enable continuity of services. The cash balance at the end of March 2017 was £11.3m.

In the 2017/18 year the Trust incurred £18.3m of capital expenditure, including £4.1m on ICT schemes to upgrade the data and voice infrastructure, £3.8m improving the estate and £0.8m on enabling works to improve radiology facilities across all three sites.

The Trust performed the five year full valuation of its land and buildings as at 31 March 2018 that is required under the accounting policies. This valuation was performed using the modern equivalent asset (MEA) valuation methodology.

This resulted in an overall increase of £14.8m in the value of the asset base compared to the value that it had previously been recorded at. Of this, £6.4m was released to the Statement of Comprehensive Income (SOCI), comprising an impairment charge of £0.2m, offset partially by reversals of previously charged impairments, where the asset has increased in value totalling £6.6m. The remainder of the valuation adjustment has been recognised as a £8.1m net increase in the revaluation reserve.

Further details can be seen in notes 11 and 21 of the Annual Accounts.

Future

As of 1 April 2018 the Trust has merged, by acquisition, with University Hospitals Birmingham NHS Foundation Trust.

Accountability Report
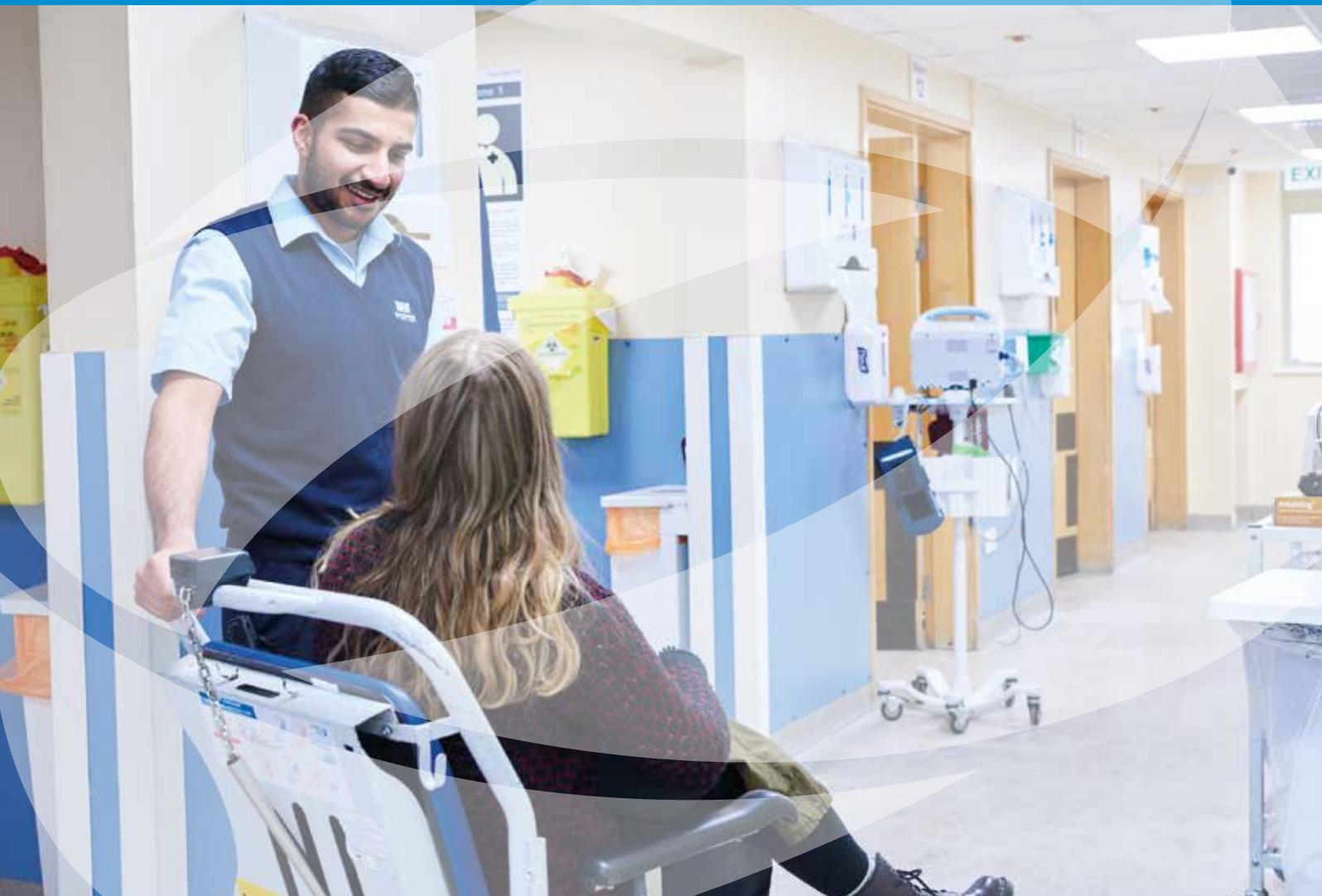
This report covers the period 1 April 2017 to 31 March 2018

1. Directors' Report

Overview

It is the responsibility of the Directors of the Trust to prepare the Annual Report and Accounts. The Board of Directors considers that Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy.

Audit Information

As far as each of the Directors are aware, there is no relevant audit information of which the auditors are unaware. Each of the Directors have taken all of the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Pensions

The accounting policy for pensions and other retirement benefits are set out in Notes 1.13 and 5.6 to the Financial Statements and details of senior employees' remuneration can be found in the Remuneration Report.

Disclosures in accordance with Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008

Disclosures regarding likely future developments are outlined in the Performance Report. Details of employment of disabled persons, and informing and engaging with staff are included within the Staff Report.

Other disclosures

Disclosures relating to NHS Improvement's well-led framework are included in the Annual Governance Statement.

Information on fees and charges are enclosed in the annual accounts.

The Board and Board Committees

The voting Directors serving on the Board during the year ended 31 March 2018 were:
Mr Jonathan Brotherton – Director of Operations
Mr Andrew Edwards – Non-executive Director \ † ‡ •
Mrs Sam Foster – Chief Nurse (left 1 September 2017)
Ms Margaret Garbett – Acting Chief Nurse – appointed 15 January 2018
Prof Jon Glasby – Non-executive Director \ † ‡ •
Mrs Jackie Hendley - Non-executive Director \ † ‡ •
Dr Mike Kinski - Non-executive Director \ † ‡ • (left 28 February 2018)
Ms Karen Kneller - Non-executive Director \ † ‡ •
Miss Mehrunnisa Lalani - Non-executive Director \ ‡ •
Mr Julian Miller – Interim Director of Finance
Dame Julie Moore – Interim Chief Executive •
Dr David Rosser – Interim Medical Director
Prof Michael Sheppard – Non-executive Director \ ‡ •
Rt Hon Jacqui Smith – Interim Chair \ ‡ •
Mrs Hazel Wyton – Director of Workforce and Organisational Development (left 31 January 2018)

\ Independent † Audit Committee ‡ Remuneration Committee • Nominations Committee

Mr Andrew Edwards was appointed Deputy Chair and Prof Jon Glasby was appointed Senior Independent Director, both with effect from 4 April 2016.

In addition to the Chair, the Board currently comprises five voting Executive Directors and six voting Non-executive Directors.

The Board is responsible for the overall management and performance of the Trust. There

is a formal schedule of matters that are reserved to the Board. That schedule provides a framework for the Board to oversee the Trust's affairs, and it is available to view on the Trust's website; it includes, amongst other things, (1) approval and variation of the Trust's long term objectives and strategy, operating and capital budgets, governance arrangements, systems of internal control, treasury policies, significant changes in accounting policies, standing orders and standing financial instructions, (2) changes to the Trust's capital structure, management and control structure and corporate structure, (3) the appointment and dissolution of Board committees and approval of their terms of reference, (4) oversight of the Trust's operations and review of its performance, and (5) approval of the annual report and accounts.

Any matters that are not reserved to the Board are delegated to the Chief Executive, who is responsible for the day-to-day management of the Trust. The role of the Governors is set out in the Constitution, which is also available to view on the Trust website, and summarised from page 42.

The Board normally meets in formal public sessions six times per year, and also on an ad hoc basis when necessary. It is given accurate, timely and clear information, so that it can maintain full and effective control over strategic, financial, operational, compliance and governance issues.

The Directors bring a range of skills and experience to their roles on the Board to ensure the balance, completeness and appropriateness of the Board to the requirements of the Trust. The biographical details of the Directors are as follows:

Chair and Voting Executive Directors

Dame Julie Moore, Interim Chief Executive Officer

Julie is a graduate nurse who worked in clinical practice before moving into management. After a variety of clinical, management and director posts, she was appointed as Chief Executive of University Hospitals Birmingham (UHB) in 2006 and then into the dual role of Interim Chief Executive of Heart of England NHS Foundation Trust in 2015.

Julie is a Governor of Birmingham City University and a Trustee of the Prince of Wales's Charitable Foundation. She is a founder member and past Chair of the Shelford Group, ten leading academic hospitals in England. She was an independent member of the Office for Strategic Co-ordination of Health Research (OSCHR) from 2009 to 2015 and has been a member of the following bodies: The International Advisory Board of the University

of Birmingham Business School, the Court of the University of Birmingham and the Faculty Advisory Board of the University of Warwick Medical School until 2015.

In April 2011 she was asked by the government to be a member of the NHS Future Forum to lead on the proposals for Education and Training reform and in August 2011 was asked to lead the follow up report. In September 2013, in recognition of the high quality of clinical care at UHB, Julie was asked by Secretary of State to lead a UHB team for the turnaround of two poorly performing Trusts in special measures and since helped two further trusts. In 2014 she chaired the HSJ Commission on Hospital Care for Frail Older People and she was a member of the expert panel for the 2014 Dalton Review into New Models of Hospital Provision. In 2015 was asked by Lord Victor Adebowale to join the NLGN Commission on Collaborative Health Economies.

In October 2015 she was appointed Interim Chief Executive of Heart of England NHS Foundation Trust to help lead it out of clinical and financial difficulties.

In March 2017 she was asked to take over leadership of the Birmingham and Solihull Strategic Transformation Partnership - a partnership of health bodies and local authorities.

Julie was made a Dame Commander of the British Empire in the New Year's Honours 2012. In 2013, she was awarded an Honorary Chair at Warwick University, was included in the first BBC Radio 4's Woman's Hour list of the 100 most powerful women in the UK and is included in the HSJ lists of the most influential clinical leaders, the top CEOs and a national LGBT role model in health. She has Honorary Doctorates from the University of Birmingham, Birmingham City University and Oxford Brookes University.

Rt Hon Jacqui Smith, Chair

Jacqui Smith has been Chair of University Hospitals Birmingham NHS Foundation Trust since December 2013. She now chairs the enlarged Trust following the acquisition of Heart of England NHS Foundation Trust. Jacqui also chairs the Birmingham Health Partnership which co-ordinates the research partnership with the University of Birmingham.

Jacqui grew up in Worcestershire and, after reading Philosophy, Politics and Economics at Hertford College, Oxford University, she returned to the county and had a successful teaching career for 11 years in Worcestershire schools.

In 1997, Jacqui was elected as the MP for Redditch and served for 13 years. After a period on the Treasury Select Committee, she was appointed as a Minister in 1999 and became one of the longest serving Ministers in the Labour government. In 2007, Jacqui was appointed as the first female Home Secretary.

Jacqui is also Chair of the newly formed Sandwell Children's Trust, of the Precious Trust – a Birmingham based charity supporting girls at risk of gang violence – and of the Lunar Society. She is a Trustee of the Kings Fund and also works in Jordan and Egypt supporting parliamentary and political development.

Dr David Rosser, Interim Deputy CEO (Clinical Quality) and Medical Director

David qualified from University College of Medicine, Cardiff in 1987 and worked in general medicine and anaesthesia in South Wales before moving to London in 1993 to be a Research Fellow in critical care and subsequently Lecturer in Clinical Pharmacology in UCLH.

He was appointed to a Consultant post in Critical Care at University Hospitals Birmingham in 1996. He was later appointed as Specialty Lead for Critical Care in 1998, as Group Director responsible for Critical Care, Theatres, CSSD and Anaesthesia in 1999 and as Divisional Director responsible for 10 clinical services in 2002. David was seconded two days per week to the NPfIT in 2004 and appointed as Senior Responsible Owner for e-prescribing from November 2005 to April 2007.

Appointed as Executive Medical Director of UHB in December 2006, David had responsibilities including Executive Lead for Information Technology. He led the in-house development and implementation of advanced decision support systems into clinical practice across the organisation. David took up the role of Interim Deputy CEO with responsibility for Clinical Quality at HEFT in November 2015, in addition to the Medical Director role at UHB, and was appointed as Executive Medical Director at HEFT in March 2016, retaining the responsibilities of the MD at UHB and Interim Deputy CEO at HEFT.

Jonathan Brotherton, Director of Operations

Jonathan Brotherton joined the Trust in September 2014 as Director of Operations and was appointed to the Board of Directors in March 2015.

He joined the NHS in 1992 as a trainee paramedic

in Worcestershire working operationally and managerially for 12 years. He graduated from the University of Worcester with a Master's degree in management studies in 2007 and worked in the National Emergency Care Intensive Support Team (ECIST), then at Burton Hospitals NHS Foundation Trust and more recently at University Hospitals Coventry & Warwickshire NHS Trust as Director of Performance before joining HEFT.

Sam Foster, Chief Nurse - left 1 September 2017

Sam Foster was appointed Chief Nurse at HEFT in September 2014 having been Acting Chief Nurse since September 2013. Prior to this she had been Deputy Chief Nurse at the Trust since 2009. In that post she delivered a key leadership role supporting the then Chief Nurse in professionally leading and enabling 5,500 nursing and midwifery staff to deliver a high standard of care.

Qualifying as a general nurse in 1993, Sam spent her early career working in general medicine, where she furthered her studies by undertaking a BSc in professional studies before moving into critical care and undertaking an MSc in advancing critical care practice. Sam has always had an interest in the development of nurses and nurse leaders, and developed her long-standing interest in the MAGNET accreditation which focuses on nurse retention. Sam has recently completed the Florence Nightingale Leadership scholarship, which included a study tour to America, and attained the Ashridge Business School Executive Programme.

Hazel Wyton, Director of Workforce and Organisational Development – left 31 January 2018

Hazel was appointed to the Trust in November 2007. Hazel is a highly experienced HR and OD Director who has over 35 years' experience working within a professional HR function and over 20 years' experience of working within the highly regulated healthcare industry spanning voluntary, private and NHS sectors.

Hazel has a diverse background of experience spanning HR, leadership, education and organisational development. She has held wide workforce portfolios as well as leadership delivery of integrated healthcare strategies and has had national experience working with organisations such as The Kings Fund on national projects. Her key responsibilities are to develop and lead on workforce strategy, education, organisational development, human resources and occupational health.

Margaret Garbett, Interim Chief Nurse

Margaret worked for 31 years at Birmingham's Queen Elizabeth Hospital before taking on the role of Interim Chief Nurse. She began her career training as a student nurse at Queen Elizabeth Hospital before qualifying in 1990. She went on to specialise in Neurology and Neuro Surgery and was a Clinical Nurse Specialist for over 10 years in neurosciences. She took on her first Matron role in Elderly Care at a time when frailty units were first being developed and later became Matron in the Emergency Department, where she stayed for about five years. After that, in 2014, she became Associate Director of Nursing Division B at University Hospitals Birmingham NHS Foundation Trust, the Division responsible for specialist surgery and transplants, a position she held until she took over her new role of Director of Nursing at Birmingham Heartlands Hospital.

Julian Miller, Interim Director of Finance

Julian Miller joined the Board at HEFT as Interim Director of Finance in November 2015 on secondment from University Hospitals Birmingham NHS Foundation Trust (UHB). Julian is a Business Studies graduate and joined the NHS in 1995 before qualifying as a Chartered Management Accountant (ACMA, CGMA) in 1998. He has worked at UHB since 2000 in a variety of roles including Divisional Finance Manager, Head of Financial Management and Planning, Deputy Director of Finance and most recently Director of Finance since 2012.

Voting Non-executive Directors

Andrew Edwards

Andrew Edwards started his career with West Midlands Regional Health Authority as a trainee engineer. He went on to complete a BEng Honours degree in environmental building services and became a chartered engineer and Fellow of the Institute of Healthcare Engineering & Estate Management. His career has spanned the public and private sectors and included time with a number of engineering design consultancies. Most recently he was a Director at the Couch Perry and Wilkes Partnership with responsibility for an engineering design business unit and general management. His key area of expertise is engineering design in healthcare. Andy joined the Board in October 2014.

Professor Jon Glasby

A qualified social worker by background, Professor Jon Glasby is Head of the School of Social Policy at the University of Birmingham. Prior to this, he was Director of the University's Health Services Management Centre for seven years, where he specialised in joint work between health and social care and was involved in regular policy analysis and advice.

He has previously served as a Non-Executive Director of Birmingham Children's Hospital and a trustee of the UK Social Care Institute for Excellence (SCIE). He is a Senior Fellow of the National Institute of Healthcare Research (NIHR) School for Social Care Research, and a Fellow of the Academy of Social Sciences and the Royal Society of Arts. Jon joined the Board in October 2015, and is also a Non-Executive Director of the Birmingham Children's Trust.

Jackie Hendley

Jackie offers the Trust over 30 years of professional services experience, 11 as a KPMG partner for clients in plcs and private equity across a varied range of sectors both in the private and public sector. She has advised a wide range of Boards on tax, structuring, strategy, risk management and governance including operational restructuring and dispute mitigation.

Combining a commercial, accounting, auditing and tax background with Boardroom experience to offer constructive challenge and strategic advice, her experience includes challenging what business will look like in the future and how to maximise potential.

Jackie also advises clients and teams in many industries, including: retail, manufacturing, automotive, property, not for profit, public sector and transport. Jackie is passionate about supporting her local community and has been involved with a number of schools and charities in the area and is committed to bringing people together to build capacity and opportunity. Jackie joined the Board in June 2016.

Dr Mike Kinski

Mike is a very experienced senior businessman who has worked in a range of business sectors in both the UK and overseas, which have been of considerable scale and complexity. He brings extensive Human Resources experience having led and operated in organisations both within the public and private sectors.

He has led major change programmes across the organisations he has worked in and has played a key role in transforming the workplace. Mike was Chair of the Advisory Group for the Government Task Force on Work Force Development, a member

of the TUC Partnership Institute Advisory Board and is a Past President of the Chartered Institute of Personnel and Development. He brings strong commercial acumen and well developed experience of managing multiple stakeholders and agendas and has considerable experience as a NED and Chair. Mike joined the Board in June 2016 and resigned on 28 February 2018.

Karen Kneller

Karen brings over 20 years' legal experience as a barrister as well as strong leadership, financial and audit skills developed in the public sector. Karen is based in Birmingham and is the Chief Executive of the Criminal Cases Review Commission. She is also a lay member of the General Dental Council's Fitness to Practise panel where decisions are taken regarding dental professionals' fitness to work. Karen brings experience of diversity and inclusion and is vice chair of brap, a national equalities charity based in Birmingham. She joined the Board in October 2014.

Mehrunnisa Lalani

Mehrunnisa has a diverse background having worked for a range of public sector organisations from local Government to HM Prison Service. She started her career working with older people and Black & Minority Ethnic (BME) communities experiencing mental health difficulties.

Mehrunnisa was Director of Inclusion for the Solicitors Regulation Authority (SRA) for 10 years leading on consumer affairs, corporate complaints and equality, diversity and inclusion. At the SRA, Mehrunnisa transformed complaint handling leading to an improvement in customer satisfaction and reduction in complaints. She led the establishment of 'Legal Choices', an online interactive platform where consumers of legal services can access information about legal services, standards and regulation.

Mehrunnisa has also held a number of non-executive positions in the health and voluntary sector. She has served as a Lay member on the Leicestershire, Northampton and Rutland Strategic Health Authority and was a member of the East Midlands ACCEA. In 2016 she completed a four year term as an Independent Lay Member of the Leicester City Clinical Commissioning Group (CCG) where she chaired the Quality and Clinical Governance Committee and the Patient and Community Engagement Group.

Mehrunnisa is currently a member of the Doctors and Dentist Pay Review Body (DDRB), Lay Adjudicator on the British Association of Counselling and Psychotherapists (BACP) Fitness to Practice Panel and an Independent Member on the Leicestershire, Leicester and Rutland Police and Crime Commissioners Panel. She works as a consultant providing advisory and training services on areas of organisational transformation, stakeholder engagement, equality and diversity and complaint handling.

Mehrunnisa has a Postgraduate Diploma in Health Studies, an MA in Health and Community Development and a JNC Qualification in Youth and Community Work. Mehrunnisa joined the Board on 1 February 2017.

Professor Michael Sheppard

After an early career as a clinical academic in South Africa, Michael received MBChB (Honours) and PhD degrees from the University of Cape Town. He was elected Founder Fellow of the Academy of Medical Sciences in 1998.

Michael took up a lectureship at the University of Birmingham where he remained until 2013 becoming Professor of Medicine and then headed up the Division of Medical Sciences whilst also building his academic endocrine practice. Michael served most recently as Dean of Medicine and Provost and Vice Principal at the University of Birmingham.

Michael has been a member of, and chaired, a number of UK and international committees and endocrine societies as well as roles at The Royal College of Physicians, Medical Research Council and WHO. Michael was previously a Non-executive Director (NED) at Birmingham Children's Hospital and UHB, and along with being a NED at Heart of England NHS Foundation Trust, he is also Chair of the West Midlands Academic Health Science Network Board. Michael joined the Board in June 2016.

Directors' Register of Interests

The Trust's Constitution and Standing Orders of the Board of Directors require the Trust to maintain a Register of Interests for Directors. Directors are required to declare interests that are relevant and material to the Board. These details are kept up-to-date by an annual review of the Register, during which any changes to interests declared during the preceding 12 months are incorporated. The Register has now been closed due to the merger with UHB but is available to the public on request to the Director of Corporate Affairs, University Hospitals Birmingham NHS Foundation Trust, Trust Headquarters, Queen Elizabeth Hospital Birmingham, Mindelsohn Way, Birmingham.

Board Committees

The principal Board committees comprise:

- Audit Committee
- Quality Committee
- Executive Appointments and Remuneration Committee

Their terms of reference are available from the Director of Corporate Affairs on request.

Directors' Attendance at Meetings

The table below shows the attendance of voting Directors at Board and key committee meetings during the year ended 31 March 2018.

	Board		Audit Committee		Executive Appointments and Remuneration Committee	
Meetings	11		6		3	
Director	Attended	Relevant number	Attended	Relevant number	Attended	Relevant number
J Brotherton	11	11	-	-	-	-
A Edwards	9	11	5	6	2	3
M Garbett	3	3	-	-	-	-
S Foster	5	5	-	-	-	-
J Glasby	8	11	-	-	-	-
J Hendley	10	11	5	6	3	3
M Kinski	6	10	4	5	3	3
K Kneller	10	11	4	6	3	3
M Lalani	11	11	0	6	3	3
J Miller	11	11	-	-	-	-
J Moore	11	11	-	-	-	-
D Rosser	11	11				
M Sheppard	9	11	-	-	3	3
J Smith	11	11	-	-	3	3
H Wyton	6	9	-	-	-	-

Note: The key committees are those identified in the NHS Foundation Trust Code of Governance.

Audit Committee

The work of the Audit Committee is to:

- Review the establishment and maintenance of an effective overall system of integrated governance, risk management and internal control, across the whole of the Trust's activities (both clinical and non-clinical), that supports the achievement of the Trust's objectives
- Ensure there is an effective internal audit function that provides appropriate independent assurance to the Audit Committee, Quality Committee, Chief Executive and Board
- Ensure there are effective counter-fraud arrangements established by management that provide appropriate independent assurance to the Audit Committee, Quality Committee, Chief Executive and Board

- Consider and make recommendations to Audit Appointments Committee of the Council of Governors in relation to the appointment, re-appointment and removal of the external auditor and to oversee the relationship with the external auditor
- Monitor the integrity of the financial statements of the Trust, reviewing significant financial reporting issues and judgements which they contain and review significant returns to regulators and any financial information contained in other official documents including the Annual Governance Statement
- Review the Trust arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and ensure that these arrangements allow proportionate and independent investigation of such matters and

appropriate follow up action.

In 2017/18, the Committee met six times and discharged its responsibilities as set out in its terms of reference. It operates to a clearly defined annual business programme that the Committee sets for itself annually in advance. It has received comprehensive reports from the Interim Director of Finance and the Director of Corporate Affairs, as well as reports from both the internal and external auditors.

The reports from the Interim Director of Finance have highlighted the key issues for the Trust with regards to financial reporting in the year. There were no changes required by NHS Improvement's Annual Reporting Manual (ARM) for 2017/18, so the Committee agreed to the Trust's accounting policies remaining largely unchanged.

The Trust does not have its own internal audit function, so appoints another organisation to provide this service. Deloitte LLP provides this service to the Trust and the contract has been extended, pending the outcome of the Case for Change. 2017/18 was year three of this contract.

An internal audit plan of work was agreed by the Committee in May 2017, following feedback from Executive and Non-executive Directors and senior managers, and regular updates have been provided to the committee on the progress and findings of the planned reviews.

In addition to the regulatory requirements for core internal audit reviews (including financial systems, IT controls, budgetary controls risk management and compliance arrangements), two performance reviews were carried out, Medical Equipment Library; and Quality Indicators (follow up review). For both these reviews a report with actions to address risks is agreed with the management team for that area before being presented to Audit Committee. The Committee tracks progress against these action plans and also reviews the implementation of previously agreed actions.

The Trust has a Board Assurance Framework which is used to continually evaluate the risks the Trust is facing.

The Trust's external auditors are KPMG, who were awarded a four-year contract commencing 1 April 2016 to 31 March 2020, following a tender process using a framework agreement. The Council of Governors Audit Appointments Committee agreed to appoint KPMG as external auditors for this period and the Council of Governors ratified this decision in March 2016. 2017/18 is the second year of their contract. KPMG presented its audit plan to the committee which set out its planned

approach, an assessment of the risks and controls and proposed areas of focus. KPMG is working with internal audit to identify areas where they could reply on work performed already as part of the internal controls work.

The Trust places reliance on the external auditor's own internal processes and procedures to ensure auditor objectivity and independence are safeguarded. As a matter of best practice, the external auditors will hold discussions with the Audit Committee on the subject of auditor independence and have confirmed their independence in writing. There has been no non-audit work proposed by external audit in the 2017/18 year.

The Trust has a duty, under the Health and Safety at Work Act 1974 and the Human Rights Act 2000, to provide a safe and secure environment for staff, patients and visitors; and the Committee regularly reviewed the activities of the counter fraud team. There were no concerns raised around the provision of counter fraud services by the central NHS Protect assessment team.

The Committee consists solely of independent Non-executive Directors and at least one member has recent and relevant financial experience. Karen Kneller is the Chair. The attendance of committee members is shown in the table on page 42.

Executive Appointments and Remuneration Committee

The Executive Appointments and Remuneration Committee met three times during this financial year to discuss Board Appointments.

No changes to executive remuneration or the Trust's remuneration policy were proposed.

Quality Committee

The Committee's duties include monitoring the performance of the Trust against the requirements of its clinical quality strategy, including:

• Reviewing, and monitoring action taken in relation to managing/exceptions
• Notifying the Board should any irregularities be identified
• Overseeing compliance with external and internal care standards
• Receiving quantitative and qualitative analyses reflecting all aspects of clinical governance, including complaints, claims, inquests and clinical incidents
• Ensuring that lessons are learned from

complaints, litigation, adverse incident reports and trends, and service enquiries and review
- Overseeing the Trust's responses to all relevant external assessment reports and the progress of their implementation
- Assuring itself that participation in clinical audit and relevant R&D activity by individuals and multi-professional teams is encouraged and supported as integral to the provision of high quality clinical care
- Overseeing the development of the annual Quality Report and Quality Account
- Scrutinising assurance on the performance of the Trust's divisions against the Quality Framework that includes the relevant Strategic Objectives and the priorities set out in the Quality Account
- Initiating and monitoring investigation of areas of serious concern as necessary and ensuring resulting action plans are implemented and
- Monitoring the key performance indicators relevant to areas of clinical quality

Political Donations

The Trust made no political donations during the year ended 31 March 2018.

Enhanced Quality Governance Reporting

The Performance Analysis, which can be found on pages 13 to 28, the Quality Account and Report, which can be found in Section 3 and the Annual Governance Statement, which can be found in Section 4, discuss quality governance and quality in further detail, supplementing the information on quality governance found in this report.

The Board is satisfied that, to the best of its knowledge and using its own processes and having had regard to NHS Improvement's Quality Governance Framework (supported by Care Quality Commission information, its own information on serious incidents, patterns of complaints, and including any further metrics it chooses to adopt), it has, and will keep in place, effective arrangements for the purpose of monitoring and continually improving the quality of health care provided to its patients.

Cost Allocation and Charging Guidance

The Trust complies with all of the cost allocation and charging guidance issued by HM Treasury.

Better Payment Practice Code

The Trust is obliged to report its performance against the Better Payment Practice Code which requires payment of undisputed invoices by the due date or within 30 days of receipt of goods or services or a valid invoice, whichever is later, for 90% of all invoices received by the Trust. The Trust's standard payment terms are 30 days.

However, cash management procedures introduced as part of the financial recovery programme, set out weekly payment allocations against which suppliers are prioritised, which can mean that invoices are paid after their due date. As a result the target has not been hit with 25% (26% 2016/17) of invoices being paid within the target timeframe in the full year.

2. NHS Foundation Trust Code of Governance Disclosures

Heart of England NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance ("the Code") on a comply, or explain, basis. The Code, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.

The Code is issued as best practice guidance, on a comply or explain basis; however, certain disclosure requirements apply in relation to the Code.

The Board considers that throughout the year it was fully compliant with the principles of the Code, save that:

1. The Trust has not carried out an externally facilitated evaluation of the board against the "Well-led framework for governance reviews" this year, as per provision B6.2 of the Code of Governance, for the following reasons:
   - As part of the Intervention, in November 2015, the Good Governance Institute was commissioned to deliver a governance evaluation and development programme, following which a programme of board development was commenced. This has included a restructuring of the Board's committees and changes to the risk and control framework and is continuing
   - The Trust was working with UHB to develop a business case for the two Trusts becoming a single legal entity through a merger by acquisition of the Trust by UHB, which took place on 1st April 2018. Because it was accepted that the outcome would result in a new board with new

governance structures and processes, it was considered that expenditure on an external review would be better spent following or in support of any such transaction

2. The Board of Directors did not complete a full risk assessment in relation to the departure of two executive directors. However, their departure was considered by the Nominations Committee, who approved the proposal made by the Chief Executive to temporarily cover these vacancies pending approval of the merger with UHB.

3. There has been no review by external professional advisers of the remuneration levels of the chairman and other non-executives. However, remuneration is benchmarked against other trusts and there has been no inflationary increase for NEDs in line with NHS pay generally.

The role of the Board is described from page 33. An outline of the role and responsibilities of the Council of Governors can be found from page 42. The identity of the Interim Chair, the deputy Chair, the Senior Independent Director, the Interim Chief Executive and members of the key committees of the Board can be found on page 34.

The identity of the members of the Council of Governors, their constituencies, details of their elections and appointments, the identity of the Lead and Deputy Lead Governor and the number of meetings and attendance are described in the Governors Report, which can be found from page 42.

The Board regards all of the Non-executive Directors as independent in character and judgement.

The Governors have not exercised their power under paragraph 10C** of schedule 7 of the NHS Act 2006 to require one or more Directors to attend a Council of Governors meeting; however, both Non-executive and Executive Directors routinely attend meetings of the Council of Governors.

The performance of the Board and its committees is evaluated through the appraisal process for the Chair and the Non-executive Directors. However, the Chair did not undertake appraisals with the Non-executive Directors during 2017/18 due to the merger by acquisition process taking place.

All Executive Directors are appraised annually by the Interim Chief Executive (and the Interim Chief Executive by the Interim Chair), as part of the Trust's evaluation process and appraisal policy. The Senior Independent Director appraises the Chair, in

consultation with and reporting to the Council of Governors via the Lead Governor.

The Directors fully explain their responsibility for preparing the Annual Report and Accounts on page 33.

Information concerning the effectiveness of the Trust's system of internal controls can be found in the Annual Governance Statement.

The Trust has extended its contract for its Internal Audit function to Deloitte LLP. The Internal Audit function reports to the Audit Committee. Clinical governance matters are reviewed on behalf of the Board by the Quality Committee (previously by the Quality and Risk Committee) of the Board.

By attending meetings of the Council of Governors and its committees, both Executive Directors and Non-executive Directors develop an understanding of the views of Governors and members. In addition, the Governors have direct access to the Chair and the Interim Director of Corporate Affairs, both at meetings and informally, which enables them to channel their views to and receive feedback from the Directors.

A report on Membership Strategy and Engagement can be found from page 44. This includes contact information, eligibility, membership numbers and a summary of the membership strategy.

The other significant commitments of the Interim Chair were:

- Chair – The Precious Trust
- Chair – Public Affairs Practice for Westbourne Communications
- Associate – Cumberledge Eden & Partners
- Associate - Global Partners Governance
- Chair – University Hospitals Birmingham NHS Foundation Trust
- Chair - Sandwell Children's Trust
- Chair - Lunar Society
- Trustee – The Kings Fund

A review of Directors' and Governors' material interests in organisations where those organisations or related parties likely to do business, or are possibly seeking to do business, with the Trust is carried out and there are no material interests to declare. To communicate with the directors or to obtain a copy of the Register of Directors' or Governors' Interests, contact: Interim Director of Corporate Affairs, Heart of England NHS Foundation Trust, Devon House, Bordesley Green East, Birmingham B9 5SS.

Governors

The Trust's Council of Governors continues to make a significant contribution to the success of the Trust and its commitment, support and energy is greatly valued.

The Council of Governors comprises 33 Governor posts. However, at the end of the 2017/18 year the Council of Governors comprised of 24 members, including the following:

• 18 Public Governors – three vacancies
• 3 Staff Governors – two vacancies
• 3 Stakeholder Governors – four vacancies

Governors are normally elected or appointed for a three-year period and are eligible for re-election or reappointment for a further two three-year terms.

Following the merger, elections to UHB's Council of Governors are due to be held in 2018 (public governors) and 2019 (staff).

The Council of Governors is responsible, amongst other things, for:

• Representing the interests of members as a whole and the public
• Holding the Non-executive Directors individually and collectively to account for the performance of the Board as a whole
• The appointment and, if appropriate, removal of the Chair, Non-executive Directors and the external auditor
• Determining the remuneration of the Chair and the Non-executive Directors

The Council of Governors met 10 times in the year ended 31 March 2018; the table below shows attendance levels:

Meeting date	Number of Governors in attendance	Number of eligible Governors	Number of Directors in attendance
24 April 2017	15	27	16
17 May 2017	15	27	14
26 June 2017	18	27	14
24 July 2017	16	27	14
25 September 2017 AGM	20	27	13
23 October 2017	19	27	17
27 November 2017	16	27	17
22 January 2018	15	25	16
19 February 2018	16	24	14
26 March 2018	15	24	16

During the year, no Governors were removed from office for persistent failure to attend meetings.

During the reporting year, the Governors of the Trust were:

Constituency Type	Full Name of Constituency	Name of Governor	Origin	Note	Number of Meetings	Meetings Attended
Public	Erdington	Mr Albert Fletcher	Elected (Contested)	re-elected 13 August 2016	10	9
Public	Erdington	Mr Thomas Webster	Elected (Contested)	elected 13 August 2016	10	9
Public	Hall Green	Ms Sarah Edwards	Elected (Contested)	elected 13 August 2016	10	4
Public	Hall Green	Mrs Susan Hutchings	Elected (Contested)	re-elected 13 August 2016	10	10
Public	Hodge Hill	Ms Attiqa Khan	Elected (Contested)	re-elected 13 August 2016	10	0
Public	Hodge Hill	Mr Gerry Moynihan	Elected (Contested)	elected 13 August 2016	10	6
Public	Rest of England & Wales	Mrs Kath Bell	Elected (Uncontested)	re-elected 13 August 2016	10	7
Public	Rest of England & Wales	Vacancy			-	-
Public	Solihull	Ms Anne McGeever	Elected (Contested)	re-elected 13 August 2016	10	5
Public	Solihull	Mr Stan Baldwin	Elected (Contested)	elected 13 August 2016	10	8
Public	Solihull	Mr David Wallis	Elected (Contested)	re-elected 13 August 2016	10	8
Public	Solihull	Mrs Jean Thomas	Elected (Contested)	re-elected 13 August 2016	10	10
Public	South Staffordshire (Lichfield District)	Mr Barry Orriss	Elected (Uncontested)	re-elected 13 August 2016	10	10
Public	South Staffordshire (Lichfield District)	Mr Phillip Johnson	Elected (Uncontested)	re-elected 13 August 2016	10	7
Public	Sutton Coldfield	Mr Tony Cannon	Elected (Contested)	elected 13 August 2016	10	8
Public	Sutton Coldfield	Mrs Louise E Passey	Elected (Contested)	elected 13 August 2016	10	1
Public	Tamworth	Mr Derek Hoey	Elected (Uncontested)	elected 13 August 2016	10	10
Public	Yardley	Mr Keith Fielding	Elected (Contested)	elected 13 August 2016	10	9
Public	Yardley	Mr David Treadwell	Elected (Contested)	re-elected 13 August 2016	10	8
Staff	Clinical Support	Mrs Suzanne Nicholl	Elected (Contested)	Left 30 November 2017	7	0
Staff	Medical & Dental	Mr Matthew Trotter	Elected (Uncontested)	Left 31 December 2017	7	5
Staff	Non Clinical Support	Mr Lee Williams	Elected (Contested)	elected 13 August 2016	10	8
Staff	Nursing & Midwifery	Mrs Veronica Morgan	Elected (Contested)	re-elected 13 August 2016	10	8
Staff	Nursing & Midwifery	Mrs Jane Teall	Elected (Contested)	elected 13 August 2016	10	4
Stakeholder	Birmingham City Council	Cllr Majid Mahmood	Appointed	Appointed 27 June 2017	8	1
Stakeholder	Solihull Metropolitan Borough Council	Cllr Mike Robinson	Appointed	Appointed 3 July 2017	8	5
Stakeholder	Birmingham City University	Mrs Carol Doyle	Appointed	Appointed 1 December 2012	10	4
Stakeholder	University of Warwick	Dr Nicola Burgess	Resigned 31 January 2018	Vacancy	8	0
Stakeholder	Aston University	Vacancy			-	-
Stakeholder	University of Birmingham	Vacancy			-	-

As a result of lack of nominations at the 2016 election, Perry Barr constituency has two vacancies and Tamworth constituency has one vacancy.

Aston University has not yet nominated anyone as a Stakeholder Governor. Following the resignation of Cllr Jo Fairburn in June 2017, Solihull Metropolitan Borough Council nominated Cllr Mike Robinson as Stakeholder Governor. Following the resignation of Cllr John Cotton in June 2017, Birmingham City Council nominated Cllr Majid Mahmood as Stakeholder Governor. Following the resignation of Dr Nicola Burgess in January 2018, University of Warwick has yet to nominate a replacement Stakeholder Governor. University of Birmingham and Aston University are also yet to nominate a Stakeholder Governors.

Public constituencies are representative areas mainly around each of the main hospital sites. Stakeholders are organisations that the Trust works alongside in running its estate and training its workforce for example. Staff constituencies are groups of the workforce divided into classes, dependent on the type of work performed.

The Constitution describes the duties and responsibilities of the Governors and the processes intended to ensure a successful and constructive relationship between the Council of Governors and the Board. It confirms the formal arrangements for communication, an approach to informal communications and sets out the formal arrangements for resolving conflicts between the Council of Governors and the Board. The Constitution is available on the Trust's website. A statement of duties and responsibilities of Governors that includes the arrangements for resolving conflicts is also available on the Trust's website. Both documents are also available on request from the Interim Director of Corporate Affairs.

Following the governor elections held in July 2016, Mrs Jean Thomas was elected as Lead Governor and Mr Albert Fletcher as Deputy Lead Governor. The role of the Lead Governor is to provide a communication channel for NHS Improvement in the exceptional circumstances that NHS Improvement finds it inappropriate to make contact with the Governors via the normal channels. Additionally, together with the Chair, the Lead Governor facilitates communications between the Governors and the Board and also contributes to the appraisal of the Chair.

Governors' Register of Interests

The Trust's Constitution and Standing Orders of the Council of Governors requires the Trust to maintain a Register of Interests for Governors. Governors are required to declare interests that are relevant and material to the Board. These details are kept up-to-date by an annual review of the Register, during which any changes to interests declared during the preceding 12 months are incorporated. The Register is available to the public on request to Interim Director of Corporate Affairs, Heart of England NHS Foundation Trust, Devon House, Bordesley Green East, Birmingham B9 5SS.

Membership

Overview

The Trust has two membership constituencies as follows:

- Public constituency
- Staff constituency

The public constituency is divided into nine geographic areas that correspond to the Parliamentary constituencies of Birmingham and Solihull and a tenth that covers 'the Rest of England and Wales' (this allows individuals who live outside of the local area to become members of the public constituency).

Public members must:

- Be age 16 or over
- Live in a membership area
- Have made an application for membership
- Not be eligible to become members of the Staff constituency

The Staff constituency is divided into four classes:

- Medical and dental
- Nursing and midwifery
- Clinical support
- Non-clinical support

A full listing of all the constituencies is available in Annex 1 to the Constitution, which is published on the Trust website and is available on request from the Interim Director of Corporate Affairs. This listing also shows the minimum number of members required and the number of Governors allocated for each constituency.

Membership Overview by Constituency

Membership Strategy

Constituency	31/03/18	%	31/03/17	%
Public	16,146	60%	15,668	59.7%
Staff	10,748	40%	10,565	40.3%
Total Membership	26,894	100%	26,233	100%

The Trust offers three levels of membership:

- Level 1 - a high level of engagement
- Level 2 - provided with regular communications and invitations to some seminars
- Level 3 - receive quarterly communications

This categorisation has enabled members to select the level of involvement they require to meet their needs.

The membership development plan underway will continue to enhance the engagement work already carried out. For 2018/19, the membership strategy will be to maintain current membership numbers of no less than 26,000. It will include targeted recruitment to ensure members are fully representative and well engaged, replacing those who have died or moved away.

Membership Profile

The Trust continues to monitor the Acorn profiling and socio-economic grouping of its membership database and can confirm that the membership is broadly representative.

Membership Engagement

Membership movement and engagement is reported to the Membership and Community Engagement Committee of the Council of Governors, which in turn reports on this to the full Council of Governors meetings that are attended by Executive and Non-executive Directors.

During 2017/18, the emphasis has been to maintain member numbers above 26,000 and continue with our member and community engagement programme, achieved through:

- Publication of four issues of the Heart and Soul members' magazine
- Publication of the monthly members' newsletter to active members
- Governor engagement drop-in sessions
- Monthly health seminars
- Inclusion of members on the Community Patient Panels

- Inclusion of members on the Carer's Forum and Carer's Conference
- Inclusion of members on CRAG (Clinical Research Ambassador Group)
- Staff and patient publication News@
- GP surgeries
- Patient Participation Groups (PPG)
- Youth engagement through partnerships with local schools, colleges and the Princes Trust scheme
- Further development of membership activities via social media and the Trust website

Community Engagement

The community engagement programme puts the Trust right into the heart of its community and this year has included "A Year On" events to keep our members and the public up to date with Trust news and developments.

Promoting health awareness at community events remains a key function in getting important health messages to the public, particularly to those harder to reach socio-economic groups. Trust Governors regularly attend membership community events to engage with their constituents.

Working with GP patient participation groups and their networks along with carer/support groups has played an important part in the community engagement programme this year.

Members and Governors continue to play a key role in developing and improving how we engage with our communities and this will continue into 2018/19.

Youth Engagement

The Trust's partnership with local schools and colleges continues to flourish and youth projects this year have included providing workshops for students working towards a career in the NHS. Work experience has played a key role in giving students an awareness of life in a working environment. The Trust has participated in Fresher's weeks at local universities and colleges to engage and recruit new young members.

The Trust has also worked closely with the Prince's Trust youth projects to provide young people with the opportunity to experience working in a hospital environment and work on the skills needed to prepare them for life after college. Developing links with local schools and colleges has been a real success for the Trust and will continue going forward into 2018/19.

The objectives for 2018/19 are:

- To ensure the Trust membership remains representative
- To foster a more engaged membership
- To continue the community and youth engagement programme of work

3. NHS Improvement's Single Oversight Framework

Explanation of the foundation trust's risk ratings

NHS Improvement (NHSI) is the regulator and licensor of foundation trusts and has a duty to ensure that foundation trusts are effective, efficient and economic and maintain or improve the quality of their services. Since 1 April 2013, all foundation trusts were required to have a licence from Monitor to operate. Under Monitor's Risk Assessment Framework (RAF), it published two risk ratings for each NHS foundation trust: the Financial Sustainability Risk Rating (FSRR), and the Governance Risk Rating.

In October 2016, NHS Improvement introduced its Single Oversight Framework (SOF) that replaced Monitor's Risk Assessment Framework (RAF) as the system for overseeing NHS foundation trusts. Unlike the RAF, the new Framework is also applicable to NHS trusts that do not have foundation trust status.

NHS Improvement's Single Oversight Framework provides the framework for overseeing providers and identifying potential support needs. The framework looks at five themes:

- Quality of care
- Finance and use of resources
- Operational performance
- Strategic change
- Leadership and improvement capability (well-led)

Based on information from these themes, providers are segmented from 1 to 4, where 4 reflects providers receiving the most support, and 1 reflects providers with maximum autonomy. A foundation trust will only be in segments 3 or 4 where it has been found to be in breach or suspected breach of its licence.

The Single Oversight Framework applied from Quarter 3 of 2016/17. Prior to this, Monitor's Risk Assessment Framework (RAF) was in place. Information for the prior year and first two quarters relating to the RAF has not been presented as the basis of accountability was different. This is in line with NHS Improvement's guidance for annual reports.

Segmentation

The Heart of England NHS Foundation Trust has been segmented as level 3, in information published by NHS Improvement, on their website, on 30 March 2017.

Although the Trust remained under a series of enforcement actions from Monitor (now part of NHS Improvement) during the reporting year, in August 2017, NHS Improvement issued a Certificate of Compliance confirming the Trust's compliance with Enforcement Undertakings accepted on 21 October and 29 January 2015. Furthermore, NHS Improvement accepted additional undertakings from the Trust. Information relating to these is available to view via the following link: https://www.gov.uk/government/groups/heart-of-england-nhs-foundation-trust

Finance and use of resources

The finance and use of resources theme is based on the scoring of five measures from '1' to '4', where '1' reflects the strongest performance. These scores are then weighted to give an overall score. Given that finance and use of resources is only one of the five themes feeding into the Single Oversight Framework, the segmentation of the Trust disclosed above is not the same as the overall finance score here.

Area	Metric	Explanation	2017/18 Scores				2016/17 Scores	
			Q4	Q3	Q2	Q1	Q4	Q3
Financial sustainability	Capital Service Cover	Can the Trust's income cover its longer term financial obligations	4	4	4	4	3	3
	Liquidity	Cash held to cover operating costs	4	4	4	4	4	4
Financial efficiency	I&E Margin	I&E surplus or (Deficit) as a proportion of total Income	4	4	4	4	4	4
Financial Controls	I&E Variance From Plan	Actual year to date surplus compared to plan	4	4	4	4	1	1
	Agency Spend	Distance of actual spend from the annual agency cap set by NHS Improvement	2	2	1	1	1	2
Overall scoring			**4**	**4**	**3**	**3**	**3**	**3**

4. Staff Report

Analysis of Staff Costs

The Trust has throughout the year focussed its efforts on reducing agency staff costs and complies with new stringent NHS Improvement requirements which relate to agency price caps and the use of approved agency frameworks.

Staffing Breakdown

The table below shows the average number of staff (whole time equivalent) breakdown in permanent positions and other staff types by staff group.

	Total	Permanent	Other	Total	Permanent	Other
	2017/18	2017/18	2017/18	2016/17	2016/17	2016/17
Medical and dental	1,020	1,020		1,037		
Ambulance staff	0			0		
Administration and estates	2,062	1,973	89	2,124		115
Healthcare assistants and other support staff	2,094	1,754	340	2,184		606
Nursing, midwifery and health visiting staff	3,412	2,985	428	3,515		443
Nursing, midwifery and health visiting learners	0			0		
Scientific, therapeutic and technical staff	1,122	1,060	62	1,090		49
Healthcare science staff	506	460	46	492		37
Social care staff	0			0		
Agency and contract staff	0			0		
Bank staff	0			0		
Other	0			0		
Total average numbers	10,217	9,253	964	10,442	9,192	1,250

Included in the above, there were 10 employees engaged on capital projects (12, 2016/17) and 0 staff engaged on the administration of the Charity (3, 2016/17).

Headcount by Gender

Senior managers are defined as per the Remuneration Report and the following numbers are as at 31 March 2018.

Workforce Groups	Female	Male	Grand Total
Senior Managers	6	5	11
Other Managers	174	96	270
Other staff	8,497	2,038	10,535
Grand Total	8,671	2,134	10,805

Workforce Performance

The Trust closely monitors workforce key performance indicators as this provides an indication of the effectiveness of workforce performance. The following highlights some of the main workforce indicators that are captured:

Sickness Absence

The Trust has seen a stable position in relation to sickness rates between April 2017 and March 2018, ending the year at 4.40% (moving annual average). During the year there has been a continued focus on staff well-being initiatives as well as active Operational HR management, contributing to attendance rates and overall well-being for staff.

Sickness absence data provided by Business Intelligence (based on the last financial year) show that 130,616 days were lost to sickness for 9,180 full-time equivalent staff.

Appraisal

The Trust continues to emphasise the importance of staff appraisals, ensuring that staff receive clear objectives aligned to providing the highest quality of care to patients and service users. Appraisal rates have remained stable across the year, remaining above a target of 85% between April 2017 (88.57%) and March 2018 (85.41%).

Turnover

The voluntary turnover rate has increased slightly over the course of the year from 10.79% in April 2017 to 10.87% in March 2018, above the target of 8.5%. The Trust's Retention Group has developed an action plan over the last year aimed at improving retention.

Mandatory Training

Mandatory training compliance has remained stable across the year, remaining above the target of 90% between April 2017 (91.28%) and March 2018 (93.65%).

Compliance in areas such as Information Governance and Conflict Resolution training has improved significantly since the introduction of revised e-learning and face-to-face teaching.

Time to Recruit

The time taken to recruit has increased from an average of 5.92 weeks in April 2017 to 6.92 weeks as at March 2018. Actions are being taken within the Workforce Directorate to manage the high volumes of recruitment and improve the time to complete the necessary clearances.

Workforce Planning

The Workforce Directorate facilitates divisional workforce plans, identifying the main workforce changes over a two to five-year period.

The plans are developed in conjunction with the Trust's operational and clinical management teams and are aligned to forecast changes within the service area and the financial remit of the Trust. The plans are designed to highlight any areas of risk and also areas of development, particularly around new roles.

In the last year, development of the Advanced Clinical Practitioner role has continued and demand for Trainee Nursing Associate and enhanced practitioner roles has increased, supporting future workforce sustainability.

Ambitions for 2018/19

In the next 12 months, the Trust will continue to make positive changes aimed at enhancing workforce performance, supported by the integration with University Hospitals Birmingham NHS Foundation Trust.

The continued development of new roles will provide different career opportunities, aimed at enhancing the Trust's clinical workforce and ultimately the patient experience.

Staff Survey

Staff Engagement

The Trust recognises and values its workforce, and regularly seeks staff feedback via quarterly and annual staff surveys. Staff survey results are published on the Trust intranet site and promoted through Trust-wide staff communications.

Summary of performance – results from the NHS staff survey

The National Staff Survey ran from October to November 2017 and included a full census of staff at the Trust. We achieved a 41% response rate (4,083 respondents), an increase from a 36% response rate to the 2016 survey.

The results show that, across the 32 key findings, the Trust maintained the same scores on 24 key findings, and deteriorated on eight key findings. Our staff engagement score is 3.69, which is lower than our 2016 score of 3.72, but not a significant change.

The details of the staff survey results for the Trust are:

	2016/17		2017/18		Trust improvement/Deterioration
Response Rate	Trust	National Average	Trust	National Average	
	36%	41%	41%	44%	Improved

	2016/17		2017/18		Trust improvement/Deterioration
Key findings (KF) - top 5 Ranking scores	Trust	National Average	Trust	National Average	
KF28. % of staff witnessing potentially harmful errors, near misses or incidents in last month	26%	31%	27%	31%	No significant change (lower score the better)
KF 22. % of staff experiencing physical violence from patients, relatives or the public in last 12 months	12%	15%	13%	15%	No significant change (lower score the better)
KF 11. % of staff appraised in last 12 months	90%	87%	90%	86%	No significant change
KF 16. % of staff working extra hours	71%	72%	70%	72%	No significant change (lower score the better)
KF 27. % of staff/colleagues reporting most recent experience of harassment, bullying or abuse	42%	45%	46%	45%	No significant change

Bottom 5 Ranking scores	2016/17		2017/18		Trust improvement/ Deterioration
	Trust	National Average	Trust	National Average	
KF 21. % believing the organisation provides equal opportunities for career progression/ promotion	83%	87%	79%	85%	Deteriorated
KF 15. % of staff satisfied with the opportunities for flexible working patterns	49%	51%	46%	51%	Deteriorated
KF 32. Effective use of patient/ service user feedback	3.57	3.72	3.56	3.71	No significant change
KF 19. Organisation and management interest in and action on health and wellbeing	3.52	3.61	3.47	3.62	Deteriorated
KF 1. Staff recommendation of the organisation as a place to work or receive treatment	3.59	3.76	3.56	3.75	No significant change

Future Priorities and Targets

The 2017 results show that we have maintained the improvements seen in the 2016 survey results in the majority of areas. In the year ahead, the Trust will be focusing on four key corporate priorities:

1. Staff wellbeing: Providing resilience workshops for staff and training managers on mental health issues
2. Staff recognition: Finding more regular ways to recognise and reward our staff and looking at ways to make it easier for staff to move into new roles across the Trust
3. Leadership: Running a series of leadership focus groups, to identify priorities for the year and then taking action on the key areas identified
4. Flexible working/work-life balance: Exploring new approaches to flexible working, to support staff wellbeing and staff retention

We will continue to monitor staff engagement through the quarterly Staff Friends & Family Test (FFT), with results and key themes reported to the Head of Operational HR for action.

Equality, Diversity and Fairness

The Trust has prioritised key areas of the equality and diversity agenda, including requirements covered within the national Equality Delivery System 2 (EDS2), Workforce Race Equality Standard (WRES) as well as working with external partners such as Stonewall and submitting to the Workplace Equality Index (WEI) to measure our progress on lesbian, gay, bisexual and transgender inclusion in the workplace and to understand areas for improvement in the future.

All of the HR policies set out the Trust's commitment to fairness and equality in the workplace and to ensure continued promotion of non-discriminatory practices in relation to the nine protected characteristics, including disability, sexual orientation and race. To support this commitment, the Trust has implemented a programme of unconscious bias training, for all staff, and it remains committed to employing people with a disability through the Disability Confident Employer Scheme.

Staff Involvement

The Trust has maintained positive relations with its Staffside partners and continues to involve them in discussions about Trust performance, organisational change, and other key issues impacting the future of the organisation. These forums have also allowed the Trust to maintain a positive employee relations climate.

Working collaboratively with UHB in respect of the equality and diversity agenda has supported actions to improve staff experience, notably Lesbian, Gay, Bisexual and Transgender (LGBT) workforce initiatives including training, improving the Trust's standing in the Stonewall index and hosting the first LGBT conference.

Trustwide communication mechanisms have been implemented for all staff to improve communication. Key messages are delivered via weekly email briefings, monthly Chief Executive Team briefings, and a monthly newspaper for staff and visitors.

Health and Safety

Maintaining and ensuring the health, safety and welfare of Trust staff, clients, patients, students, contractors, visitors and members of the general public is of paramount importance and is considered everyone's responsibility. The Trust, so far as is reasonably practicable, has established procedures and systems to implement and ensure compliance with their legal and statutory obligations. In addition to this, the adoption and embedding within the organisation of an effective health and safety policy and associated processes ensures that the reputation of the Trust is maintained and enhanced. Trust policies and procedures falling within the remit of health and safety continue to be monitored and reviewed.

Health and safety concerns are reported to the health and safety team and monitored by the Health and Safety Group through to resolution. A large proportion of accidents are preventable so teams are advised to remain vigilant.

The Trust operates a zero tolerance policy with regards to staff being verbally, physically, racially or sexually assaulted whilst they are carrying out their work duties.

In line with the Management of Violence and Aggression policy, the current sanctions and exclusions in place at the Trust are as follows:

- 37 Acknowledgment of Responsibility Agreements (yellow cards)

- Seven exclusions are in place - one is a continual exclusion for a patient and one is for a relative that has been excluded

Compliance towards the Health and Safety (Sharp instruments in healthcare) Regulations, monitored by the Sharps Safety Group, has been sustained.

In the past 12 months, the Health and Safety team has delivered a range of training interventions for staff including:

- Conflict resolution training and refresher course
- Risk assessment workshops
- Safety Champion Workshops
- Online Moodle courses

Countering Fraud and Corruption

The Trust has a Counter Fraud and Corruption Policy which was reviewed in the last financial year to reflect the newly created NHS Counter Fraud Authority. This can be found on the Trust's intranet together with the other policies for HEFT staff to access. The topic is also covered within staff mandatory training.

Regular counter fraud awareness messaging for staff via the Trust's regular communications channels, including the staff and patient newspaper, ensures staff remain vigilant to the risk of fraud and corruption within the NHS and know to report any concerns to the Trust's Local Counter Fraud Specialist.

Off Payroll Arrangements

These are detailed in the Remuneration Report on from page 53.

Exit packages: Non-compulsory Departure Payments

Exit Package band	Number of compulsory redundancies	Number of other departures agreed	Total
Less than £10k	0	1	1
£10k-£25k	0	0	0
£25k-50k	0	0	0
£50k-£100k	0	3	3
Total number	0	4	4
Total cost £k	0	£190	£190

Staff Experience

Indicator	2016/17	2017/18	National Average	Lowest reported Trust	Highest Reported Trust
KF1 Staff recommendation of the organisation as a place to work or receive treatment	3.59	3.56	3.75	3.34	4.12

The Trust considers that this data is as described for the following reasons:

This data shows that staff experience has been maintained over the last 12 months.

The Trust intends to take the following actions to improve this score and so the quality of its services, by:

- Focussing on actions to support staff wellbeing and staff retention.
- Continuing with regular opportunities for staff to give their feedback via the quarterly Staff Friends & Family Test and full census of National Staff Survey, reviewing key themes and taking action in response.

5. Remuneration Report

Annual statement on remuneration from the chair of the Executive Remuneration and Appointments Committee of the Board:

No major decisions on senior managers' remuneration were made during the year ended 31 March 2018; therefore there were no substantial changes relating to senior managers' remuneration during the year.
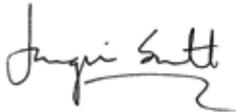
Rt Hon Jacqui Smith
Interim Chair
24 May 2018

Senior Managers' Remuneration Policy

For the purposes of this report, the Interim Chief Executive has determined that 'senior managers' comprise the voting Executive and Non-executive Directors and three non-voting Interim Executive Team Directors (Fiona Alexander – Interim Director of Communications, Kevin Bolger – Interim Deputy Chief Executive – Improvement, David Burbridge – Interim Director of Corporate Affairs) are providing services to the Trust under the UHB services agreement.

Voting and non-voting Executive Directors

Components of senior managers' remuneration	Commentary
Basic salary	The Committee normally determines senior managers' basic salaries with the aim of attracting, motivating and retaining high calibre employees who will deliver success for the Trust and high levels of patient care and customer service. Basic salaries are not performance related, except to the extent that increases are dependent on satisfactory annual appraisals. They support the strategic objectives of the Trust by encouraging long term stability of employees. They do this by keeping pace with general increases in NHS salaries. There are no provisions for recovery or withholding of basic salaries for senior managers or directors. The Executive Directors providing services to the Trust under the UHB services agreement are remunerated by UHB and, as such, the Committee does not determine their basic salaries; rather the Trust is re-charged for their services by UHB on a time and cost basis.
Pension contributions	These relate to pension benefits accrued under the NHS Pension Scheme. Contributions are made by both the employer and employees in accordance with the rules of the scheme which apply to all NHS staff in the scheme. Further details are disclosed in Notes 6.1 and 6.3 to the Financial Statements. Pension contributions are not performance related and therefore only support the strategic objectives of the Trust to the extent that they encourage long term stability of senior managers. There are no provisions for recovery or withholding of pension contributions for senior managers or directors. The Executive Directors providing services to the Trust under the UHB services agreement are remunerated by UHB and, as such, the Committee does not determine their pension arrangements.

The Committee has adopted a policy of providing six months' notice in senior managers' service contracts. The principle applied to determination of payments for loss of office is to honour contractual entitlements only, which typically include pay in lieu of notice and pro rata pay for accrued but not taken holiday entitlement, if applicable.

Given the contractual nature of these elements, the circumstances of the loss of office are generally unlikely to be relevant to the exercise of any discretion. This does not apply to Executive Directors providing their services under the UHB services agreement.

In considering remuneration policy for senior managers', the Committee is cognisant of director pay levels in the NHS generally and in pay levels of other NHS staff, including its own employees. Given that no major decisions on senior managers' remuneration were made during the year end 31 March 2018, the Trust did not consult with employees, nor were comparisons used, when considering remuneration policy during the year.

As of 31 March 2018, there were two executive directors who were paid more than £142,500 for their services during the reporting year.

The individuals concerned are substantially employed by University Hospitals Birmingham NHS Trust and, thus, their salaries were determined by that Trust.

The Trust is satisfied, through its Executive Appointments and Remuneration Committee, that this remuneration is reasonable taking into account that competition for suitably qualified and able individuals to serve as Senior Managers will come not only from within the NHS sector, but from other organisations, both public and private sector and in the UK and abroad.

Non-executive Directors

Non-executive Directors' fees are determined by the Council of Governors having received recommendations from the Council of Governors Remuneration Committee which is chaired by the Lead Governor, Mrs Jean Thomas.

Components of Non-executive Directors' fees	Commentary
Basic fee	The Trust pays a standard basic fee of £14,123 p.a. to all of its Non-executive Directors (NEDs), except the Interim Chair, who is paid a basic fee of £50,000 p.a. Basic fees are not performance related. They support the strategic objectives of the Trust by encouraging long term stability of the NEDs. They do this by keeping pace with NEDs' fees in the NHS. There are no provisions for recovery or withholding of basic fees for NEDs.
Additional fee	The Trust has historically paid some NEDs a standard additional fee of £3,000 p.a. reflecting additional responsibilities over and above standard NEDs' duties; no NEDs remaining in post at 31 March 2018 were receiving such additional fees. Additional fees are not performance related. They support the strategic objectives of the Trust by encouraging long term stability of the NEDs. They do this by keeping pace with NEDs fees in the NHS. There are no provisions for recovery or withholding of additional fees for NEDs.

Annual Report on Remuneration

The Board's Executive Remuneration and Appointments Committee, which is chaired by the Interim Chair and comprises the Non-executive Directors, determines the remuneration, allowances and other terms and conditions of the Executive Directors. Details of the membership of the Committee, the number of meetings held in the year and attendance of individual members is given from page 38.

Remuneration packages for Executive Directors, who are voting members of the Board, consist of basic salary and pension contributions. Salaries are reviewed with reference to director pay levels in the NHS and in the context of pay awards to other NHS staff. There are no performance-related elements to their remuneration. This does not apply to the Executive Directors providing services under the UHB services agreement.

The Committee has access to the advice and views of the Chief Executive, the Director of Workforce and Organisational Development and the Interim Director of Corporate Affairs. No director or employee is involved in the determination of, or votes on, any matter relating to their own remuneration. Performance is judged and reviewed as part of the annual appraisal and personal development review process in line with Trust policies. The appraisal of all Executive Directors is carried out by the Interim Chief Executive.

Details of remuneration, including the salaries and pension entitlements of the Executive Directors, are published on pages 59-62 to the Financial Statements.

All of the employed Executive Directors have a rolling six month termination notice period included in their contracts. This does not apply to Executive Directors providing services under the UHB services agreement.

Except for the Executive Directors providing services under the UHB services agreement, there were no other amounts payable to third parties for the services of the Executive Directors and they received no benefits in kind (2016/17 £nil).

The only non-cash element of the remuneration of Executive Directors is a pension-related benefit accrued under the NHS Pension Scheme.

Contributions are made by both the employer

and employee in accordance with the rules of the scheme which apply to all NHS staff in the scheme. The accounting policies for pensions and other retirement benefits are set out in Notes 1.13 and 5.6 to the Financial Statements.

The service contract details of the Executive Directors (except for the Executive Directors providing services under the UHB services agreement) in service at the end of the year are shown in the table below:

Name	First Appointment date	Note
Andrew Edwards	1 October 2014	
Jon Glasby	1 October 2015	
Jackie Hendley	13 June 2016	
Mike Kinski	13 June 2016	Left 28 February 2018
Karen Kneller	1 October 2014	
Mehrunnisa Lalani	1 February 2017	
Michael Sheppard	13 June 2016	
Jacqui Smith	1 December 2015	

The Non-executive Directors do not receive pensionable remuneration. There were no amounts payable to third parties for the services of the Non-executive Directors and they received no benefits in kind (2016/17 £nil).

The Non-executive Directors were not awarded a general increase in remuneration during the year. Expenses properly incurred in the course of the Trust's business by Directors and Governors are reimbursed in accordance with the Trust's policy on business expenses for employees and are published within the table on page 60.

Off Payroll Arrangements

Whilst the majority of the Trust's employees are paid via the payroll, there are occasionally situations where these arrangements are not suitable and the Trust pays for these services via an invoice. Following the guidance issued by Monitor (now NHS Improvement) in August 2013 relating to off payroll arrangements, all new suppliers that are anticipated to be paid more than £245 per day for more than six months are reviewed to ensure they have the appropriate arrangements in place and that the company is registered with HMRC for corporation tax purposes.

As per the following table, there are six (46, 2016/17) companies where these arrangements existed at 31 March 2018.

Duration of existence of arrangement	Number
Less than 1 year	1
1-2 years	0
2-3 years	0
3-4 years	0
Over 4 years	5
Total	6

All of these arrangements are where the Trust employs a number of individuals on an ad hoc basis to deliver training when Solihull Approach training courses have been booked. These arrangements have existed for several years and six of these suppliers have been used for more than six months and have been paid more than £245 per day when the courses are delivered.

As shown in the following table, in 2017/18 there has been one (2016/17, 5) off payroll arrangement which is new and has reached six months duration in the year.

	Number
New engagements, or those that reached six months in duration between 1 April 2017 and 31 March 2018	1
Of which:	
Number assessed as caught by IR35	0
Number assessed as not caught by IR35	1
Number engaged directly (via PSC contracted to department) and are on the departmental payroll	0
Number of engagements reassessed for assurance purposes during the year	0
Number of engagements that saw a change to IR35 status following review	0

As shown in the following table, the Trust does not have any Board members or senior officials with significant financial responsibility that are off payroll arrangements.

Off payroll engagements of board members, and/or senior officials with significant financial responsibility, between 01 April 2017 and 31 March 2018	Number
Board members	0
Number of individuals that have been deemed "board members and/or senior officials with significant financial responsibility". This figure should include both off payroll and on payroll engagements	15

Expenses

In addition, the Trust's governors and directors incur non-taxable expenses in association with activities that they undertake that support the objectives of the Trust. Listed as follows are the expenses paid directly to the individual via payroll. Any travel expenses, such as accommodation, are centrally paid via the Trust.

	Year ended 31 March 2018		
	Number in office	Number receiving expenses	Total £00
Directors	15	4	1
Governors	28	14	30

	Year ended 31 March 2017		
	Number in office	Number receiving expenses	Total £00
Directors	15	2	50
Governors	28	16	29

Fair Pay Multiple

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

	Year ended 31 March 2018	Year ended 31 March 2017
Band of highest paid director's total (£'000)	282.5	277.5
Median Total (£'000)	25.4	26.0
Ratio	11.1	10.6

Total salary includes salary, performance-related pay, benefits-in-kind, but not severance payments. It does not include employer pension contributions, the cash equivalent transfer value of pension nor any other accrued pension benefits not yet taken. In March 2018 the highest paid director shown above is based on the SLA value paid by the Trust.

Senior Managers' Salaries and Entitlements

The following tables show the senior managers' pay and entitlement for 2017/18 and the prior year, 2016/17:

Name and title	Year ended 31 March 2018					
	Salary	Expense payments (Taxable)	Performance pay and bonuses	Long term performance pay and bonuses	All pension related benefits	Total
	Bands of £5,000	Total to nearest £100	Bands of £5,000	Bands of £5,000	Bands of £2,500	Bands of £5,000
	£'000		£'000	£'000	£'000	£'000
Senior managers						
Dame Julie Moore (1) Interim Chief Executive	280-285					280-285
Kevin Bolger (2) Interim Director of Improvement and Deputy Chief Executive	105-110				7.5-10	115-120
David Rosser (2) Interim Medical Director	115-120				40-42.5	155-160
Sam Foster Chief Nurse to September 2017	50-55				7.5-10	60-65
Julian Miller (3)(4) Interim Director of Finance	150-155				60-62.5	210-215
Julie Tunney (5) Acting Chief Nurse September 2017 to January 2018	50-55	0.2			430-432.5	480-485
Margaret Garbett (3)(5) Interim Chief Nurse from January 2018	35-40				190-192.5	225-230
Jonathan Brotherton Director of Operations	130-135	0.2			30-32.5	165-170
Hazel Wyton (Nee Gunter) to January 2018	210-215				27.5-30	240-245
David Burbridge (2) Interim Director of Corporate Affairs	50-55				15-17.5	65-70
Fiona Alexander (2)(4) Interim Director of Communications	60-65				27.5-30	90-95
NON-EXECUTIVE DIRECTORS						
Rt Hon Jacqui Smith Chair	50-55					50-55
Jackie Hendley	10-15					10-15
Mike Kinski to February 2018	10-15	0.3				10-15
Michael Sheppard	10-15					10-15
Mehrunnisa Lalani	10-15					10-15
Karen Kneller	10-15	0.1				10-15
Andrew Edwards	10-15					10-15
Jon Glasby	10-15					10-15

Name and title	Year ended 31 March 2017					
	Salary	Expense payments (Taxable)	Performance pay and bonuses	Long term performance pay and bonuses	All pension related benefits	Total
	Bands of £5,000	Total to nearest £100	Bands of £5,000	Bands of £5,000	Bands of £2,500	Bands of £5,000
	£'000		£'000	£'000	£'000	£'000
Senior managers						
Dame Julie Moore (1) Interim Chief Executive	275-280					275-280
Kevin Bolger (2) Interim Director of Improvement and Deputy Chief Executive	85-90				32.5-35	120-125
David Rosser (2) Interim Medical Director	90-95				35-37.5	125-130
Sam Foster Chief Nurse to September 2017	130-135				90-92.5	225-230
Julian Miller (3) Interim Director of Finance	150-155				152.5-155	300-305
Jonathan Brotherton Director of Operations	120-125				60-62.5	180-185
Hazel Wyton (Nee Gunter) to January 2018	120-125				32.5-35	155-160
David Burbridge (2) Interim Director of Corporate Affairs	55-60				17.5-20	75-80
Fiona Alexander (2) Interim Director of Communications	20-25				0-2.5	20-25
NON-EXECUTIVE DIRECTORS						
Rt Hon Jacqui Smith Chair	50-55					50-55
Jammi Rao to June 2016	0-5					0-5
Mike Kinski from June 2016	10-15	0.3				10-15
Jackie Hendley from June 2016	10-15	0.2				10-15
Michael Sheppard from June 2016	10-15					10-15
Mehrunnisa Lalani from February 2017	0-5					0-5
Karen Kneller	10-15					10-15
Andrew Edwards	10-15					10-15
Jon Glasby	10-15					10-15

Notes

(1) Dame Julie Moore is paid by University Hospitals Birmingham NHS Foundation Trust. Her services are recharged to the Trust in line with an SLA between UHB and the Trust agreed in October 2015.This charge reflects the charge made by UHB and not the salary paid to Dame Julie Moore. The salary paid to her is in the £255k-£260k banding. Her full pension details are also recorded within the accounts of University Hospitals Birmingham NHS Foundation Trust.

(2) These directors are employed by UHB and share their time between HEFT and UHB. The costs included in the table above are for the portion of the time spent at HEFT which equates to approximately half of the time. Their full salary, paid by UHB, to these directors is:

	Bands of £5'000
Kevin Bolger	160-165
David Rosser	220-225
David Burbridge	125-130
Fiona Alexander	125-130

The Interim Medical Director, Dr David Rosser, receives remuneration in both his capacities of board director and medical consultant, the combined total is disclosed in the table above. The banding disclosure of the latter clinical role equates to £110-115k (2016/17: £110-115k).

Pension details will be recorded in the accounts of UHB.

(3) Julian Miller and Margaret Garbett are paid by University Hospitals Birmingham NHS Foundation Trust (UHB) and their salary is recharged to the Trust.

(4) Julian Miller and Fiona Alexander's pension figures for 2016/17 have been adjusted to include the 2015 pension scheme not disclosed in the 2016/17 annual report.

(5) Julie Tunney and Margaret Garbett – Pension movement column shows balances as at 31 March 2018 as no information as at March 2017 available.

Senior Managers' Pensions
Pension Benefits

Name and current title	Real increase in pension at age 60 (bands of £2,500) £000	Real increase in lump sum at age 60 (bands of £2,500) £000	Total accrued pension at age 60 at 31 March 2018 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 31 March 2018 (bands of £5000) £000	Cash Equivalent Transfer Value at 31 March 2018 £000	Cash Equivalent Transfer Value at 31 March 2017 £000	Real Increase in Cash Equivalent Transfer Value £000	Employers Contribution to Stakeholder Pension To nearest £100
Sam Foster Chief Nurse to September 2017	0-2.5	(0)-(2.5)	15-20	40-45	243	222	13	0
Julian Miller Interim Director of Finance	2.5-5	0-2.5	45-50	110-115	682	631	31	0
David Rosser Interim Medical Director	0-2.5	2.5-5	50-55	150-155	1,031	745	59	0
David Burbridge Interim Director of Corporate Affairs	0-2.5	0-2.5	10-15	35-40	267	267	19	0
Fiona Alexander Interim Director of Communications	0-2.5	0-2.5	10-15	20-25	171	147	16	0

Kevin Bolger Interim Director of Improvement & Deputy CEO	0-2.5	2.5-5	45-50	135-140	1,071	855	41	0
Jonathan Brotherton Director of Operations	0-2.5	(0)-(2.5)	30-35	80-85	469	322	30	0
Julie Tunney Acting Chief Nurse September 2017 to January 2018	17.5-20	50-52.5	17.5-20	50-55	348	0	244	
Margaret Garbett Interim Chief Nurse from January 2018	7.5-10	25-27.5	7.5-10	25-30	152	0	107	
Hazel Wyton (nee Gunter) Director of Workforce and Organisational Development to January 2018	0-2.5	2.5-5	10-15	40-45	286	243	29	0

As non-executive members do not receive pensionable remuneration, there are no entries in respect of pensions for non-executive members. The details above have been provided by the NHS Pensions Agency.

Subject to Audit

The elements of the Remuneration Report designated as subject to audit are:

- Single total figure table of remuneration for each senior manager
- Pension entitlement table and other pension disclosures for each senior manager
- Fair pay disclosures
- Payments to past senior managers, if relevant
- Payments for loss of office, if relevant (see the Staff Report)

Dame Julie Moore
Interim Chief Executive Officer
Date: 24 May 2018

6: Statement of Accounting Officer's Responsibilities

Statement of the Chief Executive's responsibilities as the accounting officer of Heart of England NHS Foundation Trust

The National Health Service Act 2006 (NHS Act 2006) states that the Chief Executive is the Accounting Officer of Heart of England NHS Foundation Trust. The relevant responsibilities of the Accounting Officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the NHS Foundation Trust Accounting Officer Memorandum issued by NHS Improvement.

NHS Improvement, in exercise of powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Heart of England NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis set out by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Heart of England NHS Foundation Trust and of its income and expenditure, items of other comprehensive income and cash flows for the financial year.

In preparing the accounts, the accounting officer is required to comply with the requirements of the Department of Health Group Accountings Manual and the NHS Foundation Trust Annual Reporting Manual and in particular to:

• observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
• make judgements and estimates on a reasonable basis
• state whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual and the Department of Health Group Accounting Manual have been followed, and disclose and explain any material departures in the financial statements
• assess the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and
• use the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity

The accounting officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned Act. The accounting officer is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for safeguarding the assets of the NHS foundation trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The accounting officer is also responsible for ensuring the use of public funds complies with the relevant legislation, delegated authorities and guidance.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in the NHS Foundation Trust Accounting Officer Memorandum.

Dame Julie Moore
Interim Chief Executive Officer
24 May 2018

7: Annual Governance Statement

1. Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Heart of England NHS Foundation 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 Foundation 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 Foundation Trust Accounting Officer Memorandum.

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 Heart of England NHS Foundation 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 Heart of England NHS Foundation Trust for the year ended 31 March 2018.[1]

3. Capacity to Handle Risk

Heart of England NHS Foundation Trust has a Board approved Risk Management Policy and Procedure that provides explicit guidance for all staff concerning:

- Leadership and accountability
- Roles and responsibilities for managing risk
- Processes for risk management
- Risk management education and training

The risk management policy sets out the Trust's approach to risk, defining the structures for the reporting, ownership, management and escalation of risk at all levels within the organisation. It includes everybody's responsibility for handling risk.

The risk management policy clearly details that it is the Chief Executive who has overall responsibility for the Trust's risk management programme. Operational responsibility is delegated to the Director of Corporate Affairs. Each Executive Director is responsible for overseeing risk management activities in their respective directorates.

The Board is responsible for overseeing the delivery of the risk management strategy and is supported by the work of its sub-committees. The Board gains independent assurance on the effectiveness of its risk management processes through the work of its internal audit programme, which is reported to the Audit Committee.

The risk management policy provides further detailed guidance for staff regarding their role in the whole risk management lifecycle. Staff training for the identification and management of risk is available from the Safety and Governance Directorate. This training is also supported by a corporate induction and mandatory training programme for all staff which provides training in the management of specific clinical and non-clinical risks.

4. The Risk and Control Framework

The Board of Directors is responsible for the strategic direction of the Trust in relation to Risk Management. The Trust has a risk management strategy which includes details of the key frameworks that the Trust uses to assess overall risk within the organisation. This includes Care Quality Commission (CQC) compliance; the Board Assurance Framework (BAF); external reviews and assessments; incidents, complaints, claims and lessons learned. The strategy aims to triangulate information from each of these sources to provide a detailed picture of its key risks and how they should be managed. Since January 2016, the Trust Executive and Non-executive Directors have carried out unannounced Board of Directors' Governance visits. These are reported to the Clinical Quality Committee by the Executive Medical Director.

The risk management policy focuses on the risk management lifecycle and how risks are identified through risk assessments, are recorded through risk registers and how they are controlled and managed – through the Board and relevant Committees. There is a standard risk matrix used across the Trust to ensure a standard scoring

[1] Heart of England NHS Foundation Trust was acquired by the University Hospitals Birmingham NHS Foundation Trust on 1 April 2018.

system is applied to all risks. The Trust has a Trust-wide electronic system for recording risks, (Datix) allowing more transparency regarding what risk there is and also improvements to managing risk trends and themes. This policy forms the key control for defining the Trust's appetite for risk and it is used to manage and escalate risks. The policy contains clear processes for risk escalation.

The escalation of risks is from Directorate through the division quality and safety committee structure and ultimately to the Executive Team. Non-clinical risks (excluding financial risks) are escalated through similar structures, though this is through corporate departmental meetings rather than site and division meetings.

The Trust has an internal compliance framework in respect of the Health and Social Care Act regulations – which are monitored by the Care Quality Commission (CQC).

The Trust has arrangements in place for recording and managing risks associated with data security. There is an Information Governance risk register. Information Governance issues and risks are managed by the Information Governance Group, which is chaired by the Trust's Senior Information Risk Officer, who reports to the Board and the Audit Committee.

The BAF identifies key risks to the Trust's corporate aims and objectives and is reviewed on a quarterly basis by Executive Directors and the Board of Directors. A recent internal audit review of the BAF and risk management systems gave moderate assurance.

There was one high priority recommendation re-raised from 2016-17 which was the need for more robust and SMART action plans.

In the absence of an agreed strategy, the Board has identified the current strategic risks facing the Trust. These risks are formally reviewed on a quarterly basis, first by the Executive Management team - then the Board. There are currently 13 risks identified on the Board Assurance Framework and appropriate risk management and mitigation plans are in place for each.

Strategic risks at 31 March 2018 are:

SRR 1/15	Delivery of clinical operational standards
SRR 2/15	Leadership skills and capacity
SRR 3/15	IT Infrastructure
SRR 1/16	Sustainable medical workforce model
SRR 2/16	Sustainable nursing workforce model
SRR 3/16	Physical estate
SRR 6/16	BREXIT
SRR 7/16	Case for change
SRR 8/16	Increasing delays in transfer of care (DTOC)
SRR 1/17	Financial plan 2017/18
SRR 2/17	Cash position
SRR 3/17	Regulatory action
SRR 4/17	High profile cases

The requirements of the Monitor condition FT4 (Foundation Trust governance) and the corporate governance statement were monitored through the committee structure outlined above, with the aim that the Trust is assured that the required elements are monitored appropriately. This Annual Governance Statement provides an outline of the structures and mechanisms that the Trust has in place to maintain a sound system of governance and internal control, amongst other things, to meet the requirement of the Monitor FT4 (Governance) requirement. It takes assurance from these structures and its various committees, as well as feedback from internal and external audit and other internal and external stakeholders regarding the robustness of these governance structures. These same mechanisms are used by the Board to ensure that the content of its Corporate Governance Statement is valid.

Changes to the Trust's governance framework have been introduced prior to the merger, having had regard to the NHSI Well-Led Framework, with the intention of ensuring inclusive and effective leadership. Progress in this direction was confirmed in 2016 by the CQC who declared the Trust to be "Good" for the Well-led domain. Following the merger with UHB, it is planned that a full external review of the enlarged Trust against the well-led framework will be undertaken in the next financial year.

The Trust uses an online incident reporting system (Datix) for all clinical and non-clinical incidents. The Trust actively encourages the reporting of incidents. There is a supporting policy and procedure in place for incident reporting and the Trust's commitment to having an open culture ensures that the reporting of incidents is actively encouraged by all staff. This policy also supports a range of on-going initiatives to encourage learning and feedback from incidents. The Trust provides regular uploads of incident data to the National Reporting and Learning Service (NRLS). There is a separate Trust policy for the management and investigation of serious incidents (SIs). The Trust policy framework mandates the completion of an equality impact assessment for all Trust policies and procedures.

Performance data is reported through the Divisional structure and for assurance to the Chief Executive's group and the Board. For quality governance purposes, this is triangulated with patient experience information, nursing metrics and the quality dashboard and is reviewed at the Quality Committee.

Risk Management is embedded throughout the organisation. Risks are reported locally through the local risk registers or directorate meetings. This is reflected in the Risk Management policy and procedure. The Board of Directors establishes which risk tolerance is deemed to be acceptable to the Trust.

The Trust has an incident management policy and the Datix system allows for the robust reporting and management of those incidents. The Trust also uses the Datix system for the reporting and management of risks which allows triangulation and aggregation of risks and incidents for reporting to Trust committees.

Any incidents identified to involve moderate harm or above are presented to the Clinical and Professional Review of Incidents Group (CaPRI). This group meets on a weekly basis to agree the level of investigation required in relation to the incident. Investigations are reported back to CaPRI, and completed action plans are signed off by the Chief Executive's Advisory Group (CEAG). The Clinical Quality Monitoring Group (CQMG) meets on a monthly basis and monitors overall incident trends across the enlarged organisation. All SIs are investigated using the Root Cause Analysis (RCA) methodology. All SIs are reported and managed in accordance with the national framework.

The Trust has an executive led Policy Review Group and all new and revised policies undergo an equality impact assessment as part of the approval process.

The Trust informs and, where appropriate consults with, relevant stakeholders, including staff, on the management of risks faced by the organisation. The Trust engages its stakeholders through the following forums:

• Council of Governors
• Patient panels
• Overview and scrutiny committees
• Commissioners
• NHS Improvement

The Foundation Trust is fully compliant with the registration requirements of the Care Quality Commission. The Trust received an unannounced responsive inspection in October 2016 by the Care Quality Commission (CQC).

The CQC has not taken enforcement action against Heart of England NHS Foundation Trust during 2017/18.

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

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

The Foundation 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.

In 2017/18 the Trust has embedded the operational structure implemented in 2016/17 and has maintained rigorous financial reporting across the organisation. This ensures that all significant financial matters are reported to the Board of Directors, underpinned by a detailed review and challenge at a divisional and specialty level. A comprehensive monthly report highlighting the financial position, variances to Annual Plan and updating on savings plans, cash flow and capital issues is presented to the Board of Directors and the Chief Executives Group by the Interim Director of Finance. This is supported by discussions at the twice monthly Financial Recovery Programme Board which is chaired by the Interim Director of Finance and attended by executive directors together with divisional senior management teams including operational, nursing, medical and finance representatives, and focusses on overall financial performance and trust-wide efficiency schemes. In addition, financial performance is reviewed by the executive directors at the quarterly divisional Performance Reviews.

The quarterly Cost Improvement Plan (CIP) Steering Group, also chaired by the Interim Director of Finance, focusses primarily on the delivery of efficiency targets specific to the divisions and corporate departments. The group is responsible for monitoring the development and implementation of plans to fully deliver the £14.3m of local efficiency savings in 2017/18, as identified

in the Plan submitted to NHS Improvement in March 2017. This process included ensuring that a Quality Impact Assessment had been completed. The savings database that was implemented in 2016/17 has continued to be used to ensure there is visibility of performance against plans as well as recording the outcome of quality impact assessments and details of required actions and milestones in order to deliver the scheme.

At the operational level, there are Divisional Rectification Meetings, held at least once a month in each division to identify financial performance issues at a more granular level and ensure mitigating actions are taken against any risks identified. The financial discussions take place alongside discussions relating to activity and performance against NHS Improvement access targets. The Director of Operations and Chief Nurse or their representatives attend these meetings ensuring the balance between financial and operational risk is maintained. The Council of Governors are kept informed of the financial position by a monthly update from the Interim Director of Finance.

5. Review of Economy, Efficiency and Effective Use of Resources

The Board of Directors approved an Annual Plan for 2017/18 which was submitted to NHS Improvement in March 2017. The Trust submits financial, workforce and performance data to NHS Improvement on a monthly basis comparing actual performance against this plan. The level of detail required by NHS Improvement has increased over the year, including details on agency staff costs and efficiency metrics as recommended by Lord Carter. NHS Improvement has held regular review meetings with the Trust throughout the year and has taken no further regulatory actions.

At the time that the 2017/18 plan was approved, it was anticipated that the Trust would require cash support from the Department of Health in the year and the Board of Directors approved the terms for a revenue loan. Despite careful cash planning, applying strict working capital controls, and a relatively low value capital plan, the income and expenditure deficit has resulted in the Trust requiring interim revenue support from September 2017 through to March 2018 with total year-end loans of £31.8m. The Trust has also borrowed £3.1m via a capital loan to support the ACAD project.

In March 2018, the Trust was required to resubmit a draft 2018/19 Plan to NHS Improvement. The control total set by NHS Improvement required a small surplus to be delivered after receipt of central support in the form of Provider Sustainability Funding (previously Sustainability and Transformation Funding). In order to meet this, the Trust would be required to deliver exceptionally high values of efficiency savings and would therefore be likely to require another large revenue loan. As a consequence of the acquisition by UHB there is not likely to be a requirement for new working capital loans in 2018/19.

In December 2016, the Trust signed a two year contract with commissioners based on payment by results for 2017/18 and 2018/19. Monthly meetings are held between senior members of the Trust and commissioners to discuss and agree actions in relation to meeting performance targets and dealing with any contractual queries. The performance against activity targets are reviewed monthly by executives and senior managers at the monthly Chief Executives Group and the Demand and Capacity Group and issues, risks, mitigations and actions plans are reported to NHS Improvement on a regular basis.

The Audit Committee, which includes representatives from the Trust's internal and external auditors, meets bi-monthly. It ensures that the recommendations contained in the reports from the annual internal and external audit programmes are being implemented. This committee provides additional scrutiny on behalf of the Board of Directors regarding the governance processes within the Trust and is also responsible for reviewing the Board Assurance Framework.

Internal Audit has performed audits on the core financial systems and gave significant assurance ratings for all areas except in the area of budgetary control where a moderate assurance rating was reported due to the Trust not meeting its financial plan.

6. Information Governance

The Trust's Information Governance Assessment Report overall score for 2017/18 was 53% and was graded as not satisfactory. This is addressed further below.

The following table includes details of information governance level 2 incidents:

Summary of serious incidents requiring investigations involving personal data as reported to the information commissioner's office in 2017-18				
Date of incident (month)	Nature of incident	Nature of data involved	Number of data subjects potentially affected	Notification steps
June 2016 (reported June 2017)	Unauthorised access	Patient information	9	Individuals informed/aware
Further action on information risk		Member of staff dismissed		
February 2017 (reported April 2017)	Unauthorised access	Patient information	7	Individuals informed/aware
Further action on information risk		Member of staff resigned/reported to professional body		
April 2017	Unauthorised access	Patient information	2	Individuals informed/aware
Further action on information risk		Member of staff received a final written warning		
May 2017	Unauthorised access	Patient information	18	Individuals informed/aware
Further action on information risk		Member of staff dismissed		
July 2017	Unauthorised access	Patient information	3	Not informed
Further action on information risk		Member of staff dismissed		
July 2017	Unauthorised access	Patient information	10	Individuals informed/aware
Further action on information risk		Member of staff dismissed		
August 2017	Unauthorised access	Patient information	11	Individuals informed/aware
Further action on information risk		Member of staff dismissed		
September 2017	Ward handover document disclosed in error to patient	Patient information	19	Individuals informed/aware
Further action on information risk		Printing arrangements reviewed, communication sent to all staff		
October 2017	Unauthorised access and sharing of systems	Patient information	4	Not informed
Further action on information risk		Member of staff received a final written warning		
November 2017	Unauthorised access	Patient information	1	Data subject informed
Further action on information risk		Member of staff dismissed		
November 2017	Unauthorised access	Staff information	24	Decision pending
Further action on information risk		Disciplinary case ongoing		
March 2018	Lost or stolen hardware	Patient information	Not yet confirmed	Decision pending
Further action on information risk		Processes to be reviewed		

Incidents classified at lower severity level (Level 1)

Summary of other personal data related incidents in 2017-18		
Category	Breach Type	Total
A	Corruption or inability to recover electronic data	
B	Disclosed in error	43
C	Lost in transit	1
D	Lost or stolen hardware	1
E	Lost or stolen paperwork	10
F	Non-secure disposal – hardware	
G	Non-secure disposal – paperwork	5
H	Uploaded to website in error	
I	Technical security failing (including hacking)	7
J	Unauthorised access/disclosure	23
K	Other	5

7. 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. NHS Improvement (in exercise of the powers conferred on Monitor) has issued guidance to NHS foundation trust boards on the form and content of annual Quality Reports which incorporate the above legal requirements in the NHS Foundation Trust Annual Reporting Manual.

Operational responsibility for the development of the Quality Account and Report lies with the Medical Director. The process of development is managed through an Annual Report project group that meets regularly in the run up to publication, to review progress with the three main elements of the Annual Report: the Annual Report; Quality Account and Report and Financial Statements.

This provides assurance that the Quality Account and Report is being prepared in accordance with applicable national guidance and also that it provides a balanced account of the activities of the previous year. Future priorities are agreed by the Board.

The Trust has a number of policies in place that are regularly reviewed to ensure that quality care is provided to patients, including infection control, safeguarding, complaints and falls, for example. Information regarding the effectiveness of these policies is reflected in the Quality Account and Report and is used to develop plans to drive further improvement.

The Trust uses the same systems and processes to collect, validate, analyse and report on data for the annual Quality Reports as it does for other clinical quality and performance information. Information is subject to regular review and challenge. The Quality Account and Report is subject to extensive internal and external scrutiny to ensure that is provides a balanced view of the organisation's progress during the year. The scrutiny process includes the Trust members and Governors, commissioners, Health watch and the relevant Overview and Scrutiny Committees who are all invited to provide comments on the report. These commentaries are included in the final document.

The Quality Account and Report is subject to audit by the Trust's external auditors. This includes data testing on specific indicators, as well as an audit of the content of the report itself – in line with the requirements of Monitor's Annual Reporting Manual. Further detail on the data quality processes are outlined in the Quality Account and Report itself.

The performance data and reporting contained in the Quality Account and Report is scrutinised during the year by Trust committees, external stakeholders and the Trust's internal auditors. This is to ensure that metrics are being recorded accurately and that the integrity of the data quality is maintained.

8. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of

the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Foundation Trust who have the responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the Quality Report in the Annual Report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee, the Quality Committee. It is planned that weaknesses will be addressed and continuous improvement will be ensured by the transaction with University Hospitals Birmingham NHS Foundation Trust.[2]

My review is informed in a number of ways. The head of internal audit provides an overall opinion of the arrangements for gaining assurance through the Board Assurance Framework and on the controls reviewed as part of the internal audit work. My review is also informed by:

- NHS Improvement reporting
- CQC fundamental standards
- Health and Safety Executive
- Patient experience metrics
- Nursing metrics

- Dr Foster Intelligence information
- Staff surveys
- Internal Audit
- External Audit and
- Peer reviews

Each level of management, including the Board, reviews the risks and controls for which it is responsible. This is monitored through a robust reporting structure, defined by the risk management strategy and Board Assurance Framework.

Control Weaknesses

The Head of Internal Audit has provided an overall opinion on the Core Internal Audit Programme. Six core internal audit reports were issued which covered:

- Cash management
- Income and debtors
- Payments and creditors
- Budgetary control
- Computer based IT controls and
- Fixed Assets Review

Based on the assurances given for the core reports, and the financial position of the Trust, an overall opinion of Moderate was given for the year.

Report	Assurance	High Findings	Medium Findings	Low Findings
Cash Management	Substantial	0	0	1
Income & Debtors	Substantial	0	0	2
Payments & Creditors	Substantial	0	1	0
Budgetary Control Moderate	Moderate	1	0	3
Fixed Assets Review	Moderate	0	4	2
IT Controls Moderate	Moderate	1	5	0

The Trust's Board Assurance Framework and Risk Management, the Head of Internal Audit Opinion is one of Moderate assurance, with recommendations being made again regarding the development of actions to address identified risks, review and reporting.

The Interim Director of Corporate Affairs has continued to lead the implementation of new processes following a restructuring of the Trust's governance and assurance framework. This work has included a review of the compliance framework for the Trust and the effectiveness

of associated controls, a restructuring of the governance support teams and establishment of a clear chain of assurance from ward to Board.

In addition, the Trust's self-assessment against the Information Governance Toolkit has confirmed a weakness in controls regarding Information Governance. Training has been reviewed and an improved level of compliance has been achieved. An action plan developed in the last year continues to be implemented to strengthen controls in this area.

[2] Heart of England NHS Foundation Trust was acquired by the University Hospitals Birmingham NHS Foundation Trust on 1 April 2018.

Monitor Undertakings

The Trust continues to operate under a number of section 106 enforcement undertakings and an additional licence condition imposed under section 111, as set out below.

The Trust signed the first Section 106 undertaking in December 2013 and at the beginning of the 2014/15 year was implementing the agreed plans to deliver against the A&E four hour target and was rated red in relation to governance. At this point the Trust anticipated that it would meet all other targets.

At the end of Quarter 1 of 2014, the Trust remained red rated because it had not achieved the A&E target for more than three successive quarters, as well as not achieving the Referral to Treatment (RTT) (admitted) target, 2-week wait (all cancers) target, the 2-week wait (breast) target and the 62 day wait target.

For the remainder of the year, the Trust also failed to achieve these targets with the exception of the 62 day standard which has been achieved since Quarter 2 of 2014/15. These persistent target breaches were viewed by Monitor as a failure of governance arrangements.

As a result, in October 2014, the December 2013 section 106 undertaking was updated to reflect the latest plans to improve performance against the A&E four hour target. A new section 106 undertaking was agreed that recorded, amongst other things, the actions intended to address the RTT, and all cancer wait time targets.

During the year ending 31 March 2016, Monitor was satisfied that the Trust was in breach of the additional licence condition imposed in January 2015 and a further additional licence condition under section 111 was imposed on the Trust, requiring it to make certain appointments to the posts of Chair and Chief Executive. In addition, the Trust gave further enforcement undertakings under section 106, relating to the Trust's financial position. These were without prejudice to the previous undertakings.

In August 2017, NHS Improvement issued a Certificate of Compliance to HEFT. The certificate confirmed HEFT's compliance with the Enforcement Undertakings accepted on 21 October 2014:

• The RTT and Cancer improvement plans

• Governance (governance, quality improvement, mortality and Kennedy reviews and CQC plan) and
• Implementation of programme management and governance arrangements

In addition the Undertaking was accepted on 29 Jan 2015 regarding cooperation with a Monitor appointed Improvement Director.

Also on 23 August 2017, NHS Improvement accepted the following Undertakings from HEFT:

• A&E – the production of an updated Emergency Care Action Plan (ECAP)
• Finance – the development of a five-year long term recovery plan
• Funding conditions and spending approvals – compliance with approvals processes, terms and conditions and reporting requests
• Attendance at regular meetings with NHS Improvement; and
• The implementation of arrangements that will enable the Board to obtain oversight of delivery of the ECAP and financial recovery plan, an understanding of the risks to achievement of the plans, and that will hold individuals to account for delivery of the plans

Conclusion

With the exception of the internal control issues that have been outlined above, no further significant internal control issues have been identified. It is planned that those internal control issues will be addressed and continuous improvement will be ensured by the transaction with University Hospitals Birmingham NHS Foundation Trust.[3]

Dame Julie Moore
Interim Chief Executive Officer
24 May 2018

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[3] Heart of England NHS Foundation Trust was acquired by the University Hospitals Birmingham NHS Foundation Trust on 1 April 2018.

Section 2 **Quality Account**

This report covers the period 1 April 2017 to 31 March 2018

Contents

Quality Account

Part 1: Chief Executive's Statement

During 2017/18, Heart of England (HEFT) has maintained its focus on delivering high quality care and treatment to patients. In line with national trends, the Trust continued to see unprecedented demand in Emergency Department attendances and admissions which has put significant pressure on our ability to deliver planned treatments.

A wide range of omissions in care were reviewed in detail during 2017/18 at the regular Executive Care Omissions Root Cause Analysis (RCA) meetings chaired by the Chief Executive. Cases are selected for review from a range of sources including those put forward by senior medical and nursing staff, e.g., missed or delayed medication, serious incidents, serious complaints, infection incidents and cross-divisional issues.

Information is subject to regular review and challenge at specialty, divisional and Trust levels by the Clinical Quality Monitoring Group, Care Quality Group and Board of Directors for example. An essential part of improving quality at the Trust continues to be the scrutiny and challenge provided through proper engagement with staff and other stakeholders. These include the Trust's Council of Governors and local Clinical Commissioning Groups (CCGs).

The Trust's external auditors provide an additional level of scrutiny over key parts of the Quality Report. The Trust's external auditor, KPMG, has reviewed the content of the 2017/18 Quality Report and carried out testing for three areas in line with the NHS Improvement guidance on external assurance:

1. Percentage of patients with a total time in A&E of four hours or less from arrival to admission, transfer or discharge
2. Reducing grade 2 hospital-acquired pressure ulcers (local indicator)
3. Percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period

No significant issues were identified with the content review or the testing for the first two indicators. KPMG has however issued a modified (qualified) opinion on the third indicator – 18 weeks (unfinished pathways) – and the Trust is currently reviewing the recommendations. The implementation of recommendations will be monitored via the Trust's Audit Committee. The report provided by our external auditor is included in Annex 3 of this report.

During 2017/18, University Hospitals Birmingham NHS Foundation Trust (UHB) continued to support (HEFT) in order to share learning and best practice. The work to bring the two Trusts together was in progress for many months, and on 1 April 2018, the merger by acquisition of HEFT by UHB was formally agreed. The decision was given the green light by the Trusts' respective Boards of Directors, with the decision cleared by both Councils of Governors. The enlarged organisation will use the University Hospitals Birmingham NHS Foundation Trust name. All individual hospital and clinic names remain the same.

The vision of the enlarged Trust is to 'build healthier lives', improving the lives of patients and communities through delivering the best in clinical care, research, innovation and education. The culture within the single Trust will be one of quality, reducing errors to a minimum, accountability and responsibility. The combined expertise of the two trusts will benefit patients and bring added benefits to the local health economy.

The Board of Directors has chosen six quality improvement priorities for 2018/19 which became the priorities for the new, enlarged University Hospitals Birmingham NHS Foundation Trust. The Trust will continue working with regulators, commissioners, healthcare providers and other organisations to influence future models of care delivery and deliver further improvements to quality during 2018/19.

On the basis of the processes the Trust has in place for the production of the Quality Report, I can confirm that to the best of my knowledge the information contained within this report is accurate.

Dame Julie Moore
Interim Chief Executive Officer
24 May 2018

Note regarding merger by acquisition of Heart of England NHS Foundation Trust by University Hospitals Birmingham NHS Foundation Trust

On 1 April 2018, the merger by acquisition of Heart of England NHS Foundation Trust (HEFT) by University Hospitals Birmingham NHS Foundation Trust (UHB) was formally agreed. The decision was made the Trusts' respective Boards of Directors, with the decision cleared by both Councils of Governors.

The enlarged Trust will use the University Hospitals Birmingham NHS Foundation Trust name (UHB). All individual hospital and clinic names will remain the same.

As this report is for 2017/18, i.e., pre-merger, it covers and refers to Heart of England NHS Foundation Trust (HEFT). Next year there will be one report, covering the enlarged UHB.

Part 2: Priorities for Improvement and Statements of Assurance from the Board of Directors

2.1 Priorities for Improvement

The Trust's 2016/17 Quality Report set out four priorities for improvement during 2017/18.

As part of the work to align the processes of HEFT and UHB, the Board of Directors chose to continue with the priority around recognition and management of sepsis, and replace the other three with five new priorities:

Quality Improvement Priorities for 2017/18		
1	Reducing avoidable harm to patients from omission and delay in receiving Parkinson's disease medication	Remove
2	Improving early recognition and management of sepsis and reduce hospital acquired sepsis	Keep – to become priority 6
3	Reducing surgical site infection after major surgery	Remove
4	Improve infection rates for *Clostridium difficile* and MRSA	Remove

The Trust has made progress in relation the priority on 'infection prevention and control', with numbers of Methicillin-resistant Staphylococcus Aureus (MRSA) bacteraemia and Clostridium difficile infections lower than the previous year. Work on the roll out of the 'surgical site bundle' continues. Performance for the remaining two priorities – 'Parkinson's medication' and 'timely treatment of sepsis' has been mixed.

For performance and details on each of these please see the sections below.

Quality Improvement Priorities for 2018/19	
Reducing grade 2 hospital-acquired pressure ulcers	New priority – data provided, to use targets agreed with CCG
Improve patient experience and satisfaction	
Timely and complete observations	To review available data and develop indicators during 2018/19
Reducing missed doses	
Reducing harm from falls	New priority – data provided, to maintain previous performance
Timely treatment of sepsis	Previously priority 2 – continues from 2017/18

The improvement priorities for 2018/19 were discussed with senior staff and then confirmed by the Trust's Clinical Quality Monitoring Group chaired by the Executive Medical Director, following consideration of performance in relation to patient safety, patient experience and effectiveness of care. The priorities for improvement in 2018/19 were then finally approved by the Board of Directors in March 2018.

The performance for 2017/18 and the rationale for changes to the priorities are provided in detail below. It might be useful to read this report alongside the Trust's Quality Report for 2016/17.

Priority 1: Reduce avoidable harm to patients from omission and delay in receiving Parkinson's disease medication

Background

Since June 2015, the Trust has focused on reducing the number of omitted and delayed doses of Parkinson's disease (PD) medication.

Parkinson's medications are time critical. If medications are delayed or omitted, patients can rapidly deteriorate in terms of their ability to move, speak and swallow. When this happens, patients are at risk of falls, pressure ulcers, aspiration pneumonia and neuroleptic malignant syndrome. This is distressing for patients, and can

be life-threatening. The importance of timely Parkinson's medication in hospital is recognised nationally in the Parkinson's UK "Get it on time" campaign.

Baseline data (2015) at HEFT showed 14,000 delayed doses and 3,500 missed doses of Parkinson's medication annually across the three Trust sites. The data also identified that only 53% of inpatients were receiving their Parkinson's medication within 30 minutes of the prescribed time.

This data, combined with several clinical incidents, formed the impetus for the development of a Quality Improvement (QI) team to address this issue. The Trust aim is for 90% of PD medication to be administered within 30 minutes.

Performance

Overall Trust performance has dropped during the year and is at 72% for Quarter 4, 2017/18.

Performance by quarter for the last three financial years is shown in the table below.

	2015/16				2016/17				2017/18			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Overall Trust % (Target 90% PD medication administered within 30 minutes)	51%	58%	54%	59%	71%	75%	75%	76%	81%	82%	77%	73%
Total doses prescribed	9106	10320	9891	9251	9689	9012	11683	12692	12784	12613	10979	11327
Total doses administered within 30 minutes	4306	5967	5441	5500	6849	6734	8740	9653	10344	10346	8496	8291
Total doses administered late	3499	3467	3507	3024	2268	1897	2368	2364	1969	1780	1796	2469
Total doses non-administered (omitted)	926	886	943	727	572	381	575	675	471	487	687	567

Initiatives implemented in 2017/18

Monitoring of omissions and delays has continued throughout 2017/18.

- The patient safety team visited every ward in the Trust to identify reasons for omissions and delays, and to check if initiatives that had been previously implemented were still in place. The findings were in relation to increased clinical pressures, staffing shortages and agency nurses who are unable to use the Trust Electronic Prescribing (EP) system.

- To raise further awareness and to ensure all staff are aware of all available Parkinson's resources, additional communications of the importance of timely administration of Parkinson's administration have been re-distributed. This includes a nil by mouth flowchart, bleep holders' roles and responsibilities and the emergency Parkinson's medication poster.

- Ward based pharmacists have reviewed their Parkinson's medication stock levels.

- A Lesson of the Month for 'Reducing avoidable omissions and delays in Parkinson's medication' was cascaded Trust-wide to continue to raise awareness and signpost staff to best practice.

- An audit of omissions and delays in Parkinson's medication was carried out in the Emergency Department (ED) at Heartlands Hospital. Following the audit, a specific Parkinson's sticker was developed and is being piloted in the ED. The aim of the sticker is to prompt staff (both nurses and doctors) to think and act on Parkinson's medication at the time of triage.

- The junior doctors' memory bank has been disseminated to new junior doctors. This has included a section on how can junior doctors help Parkinson's Disease patients get their medication on time and also includes links and signposting to relevant Parkinson's resources available in the Trust.

Initiatives to be implemented in 2018/19

- Following feedback from the Patient Experience team about the in hospital experiences of patients with Parkinson's

disease, the Trust's patient self-administration policy is currently under review. A working group has been established to look at how improvements can be made for patients to self-administer their own medication

• A Parkinson's disease study day is planned in October 2018 to include the patient voice

• A flow chart to advise staff of what action to take when the bleep is not working will be developed and circulated to ward managers to share with their staff

How progress will be monitored, measured and reported

It has been identified that the clinical IT system looks at when a dose was due based on the original times prescribed, however it cannot currently monitor whether a dose has been given at the correct time in reference to previous doses – the time between doses is vital for Parkinson's medication. Therefore the Board of Directors have agreed to remove this priority for 2018/19. Progress will continue to be measured at ward, specialty, divisional and Trust levels via the live electronic medication dashboard which links directly to the Trust Electronic Prescribing (EP) system.

The Board of Directors have chosen to add a new priority looking at missed doses as a whole, which will incorporate medications for Parkinson's.

Ward and divisional performance continues to be monitored via the Nursing and Midwifery Care Quality Dashboard and exception reports.

The PD Quality Improvement team will continue to meet regularly to monitor progress and report to the Safer Medicines Practice Group (SMPG) and Sign up to Safety work stream lead.

Update following external audit in 2016/17

Following a review by the Trust external auditors of the antibiotics improvement priority in 2016/2017 quality account, it was recommended that Trust's local indicators which are reported to the Trust Board and sub-committees should have clear definitions. Definition for Statum (STAT)dose antibiotics and Parkinson's medication have been developed; these include the names of the drugs and where there are any exclusions, e.g., if the drug has been charted as not required or as a pro re nata (PRN) dose (when required).

Priority 2: Improving early recognition and management of sepsis and reduce hospital acquired sepsis

Background

Sepsis is a potentially life-threatening condition which is the result of a bacterial infection in the blood. It affects an estimated 260,000 people per year in the UK and is a significant cause of preventable mortality. Approximately 44,000 people die each year as a result of sepsis, a quarter of which are avoidable.

Although there are certain groups in whom sepsis is more common, the very young and very old, people with multiple co-morbidities, people with impaired immunity and pregnant women, it can occur in anybody, regardless of their age or health status.

Though sepsis is common, it is poorly addressed. It is important to understand that if sepsis is recognised early and appropriately managed it is treatable. However, if recognition is delayed and appropriate treatment not instituted (usually oxygen, intravenous fluids and antibiotics), significant harm or even death can occur.

Sepsis has been on the national agenda as a high priority area for the Commissioning for Quality and Innovation (CQUIN) system. In 2016/17 certain trusts had a key target to implement systematic screening for sepsis of appropriate patients and where sepsis is identified, to provide timely and appropriate treatment and review. This CQUIN has been extended in the 2017–19 plan, which HEFT is participating in.

HEFT has had well publicised clinical pathways for sepsis management in place for several years. These have been updated and now take account of recent NICE guidance changes which broadened the clinical criteria for sepsis. The aim is to improve:

• Reliable recognition and screening of sepsis
• Timely and reliable escalation and sepsis treatment
• Reviewing and de-escalating antibiotics where possible.

Performance

Indicator 2a Timely identification of sepsis

	(i) Emergency departments		
	Patient NEEDED sepsis screening according to the local protocol and RECEIVED sepsis screening	Patient NEEDED sepsis screening according to the local protocol	%
Quarter 1	53	101	52.5%
Quarter 2	46	96	47.9%
Quarter 3	23	51	45.1%
Quarter 4	26	48	54.2%
	(ii) Acute inpatient departments		
	Patient NEEDED sepsis screening according to the local protocol and RECEIVED sepsis screening	Patient NEEDED sepsis screening according to the local protocol	%
Quarter 1	110	124	88.7%
Quarter 2	103	117	88.0%
Quarter 3	83	95	87.4%
Quarter 4	32	60	53.3%

Indicator 2b: Percentage of patients diagnosed with sepsis who received antibiotics within one hour

	(i) Emergency departments		
	Patient was diagnosed with sepsis and received IV antibiotics within one hour of diagnosis	Patients diagnosed with sepsis	%
Quarter 1	18	47	38.3%
Quarter 2	10	40	25.0%
Quarter 3	9	23	39.1%
Quarter 4	7	16	43.8%

	(ii) Acute inpatient departments		
	Patient was diagnosed with sepsis and received IV antibiotics within 1 hour of diagnosis	Patients diagnosed with sepsis	%
Quarter 1	45	59	76.3%
Quarter 2	45	55	81.8%
Quarter 3	27	34	79.4%
Quarter 4	15	21	71.4%

Initiatives implemented 2017/18

Admitting areas and inpatient wards

- CQUIN re-audit identified some issues with data quality and true performance for screening. One hr antibiotics was around 70% in emergency areas rather than the <50% reported by auditors. Measures have been put in place to address these issues and sought and gained permissions from NHS England to count those patients managed and treated within one hour in ED as screening successes as well as treatment successes.
- More robust reporting systems to the Patient Safety Group are now in place.
- New audit database launched in quarter 1 to facilitate identifying precise point where delays occur.

Maternity

- SSI prevention is an ongoing QI project
- Maternity is part of the Trust SSI prevention bundle
- Sepsis training has been introduced in the obstetrics emergency training - 412 midwives and 88 doctors underwent training in 2017
- A new maternity sepsis tool has been launched and will be integrated into ongoing training in 2018
- The sepsis CQUIN will now be fulfilled by the division and more detailed rolling audit in diagnosis and management of sepsis is planned

Initiatives to be implemented in 2018/19

- The sepsis team are aiming to work with colleagues at QEHB to create electronic tools suitable for all sites
- Teaching on maternity sepsis for AMU (Acute Medical Unit) staff

How will progress be monitored, measured and reported

The national sepsis CQUIN is monitored by the Trust's performance team. The CQUIN has 3 key elements for audit and ultimately we need to achieve 90% in each area:

- The percentage of patients who meet the criteria for sepsis screening and are screened for sepsis using the Trust recognised screening tool.
- The percentage of patients defined as septic who receive their IV antibiotics within 1 hour
- The percentage of patients having a documented antibiotic review within 24-72 hours by a senior decision maker

This Quality Improvement priority will continue for 2018/19 – renumbered as #6 to align with the UHB priorities.

- Progress will be publicly reported in the quarterly Quality Account updates published on the Trust's quality web pages
- Performance will be reported to the Clinical Quality Monitoring Group as part of the quarterly Quality Account update reports

[1]https://www.nice.org.uk/guidance/cg74/chapter/introduction
[2]http://www.who.int/gpsc/ssi-prevention-guidelines/en/

Priority 3: Reducing surgical site infection after major surgery

Background

Surgical Site Infections (SSI) comprise up to 20% of all of healthcare-associated infections. At least 5% of patients undergoing a surgical procedure develop a SSI and they represent the second most common hospital acquired infection after Urinary Tract Infections (UTI). SSI's range in severity from a spontaneously limited wound discharge within a few days of an operation to a life-threatening postoperative complication. Most surgical site infections are caused by contamination of an incision with microorganisms from the patient's own body during surgery, NICE states that the majority of SSI's are preventable.[1] SSI can severely affect the patient's experience after surgery and quality of life; they are costly and are associated with considerable morbidity, extended hospital stays and increased rates of readmission.

A care bundle is a small set of evidence-based practices that can be delivered together to improve patient outcomes. Based on NICE and WHO guidelines[2], a SSI Bundle was established and introduced to Theatres 1 and 3 at Heartlands Hospital for a trial period in 2016. 170 patients undergoing major abdominal surgery were evaluated and a dedicated, independent nurse evaluated the patients for SSI. The overall SSI rate at 30 days was 29% and 28% in the standard group and the bundle group respectively. However, surgical readmissions within 30 days were 6% in the bundle group compared to 20% in the standard care group. This suggests that the trialled bundle needs to be used 7 times to prevent one readmission. A revised bundle has been developed and will be introduced with additional efforts made to ensure compliance.

Update

The SSI bundle pilot for a specific patient cohort is now live. The pilot commenced in December 2017.

Use of the skin product Chloraprep has been aligned across all theatres at Heartlands, Good Hope, Solihull and Queen Elizabeth hospitals, including relevant staff training which was supported by the product representative. A skin preparation protocol is been developed by theatre matrons and infection control.

Infection Control audits commenced in late January. Findings from the pilot and Infection Control audit will inform next steps, these are expected in early 2018/19.

Reporting in 2018/19

Although this will not be reported as a Quality Improvement Priority in next year's Quality Account, further development of the bundle, updates and progress will continue to be monitored via the Infection Prevention and Control Team.

Priority 4: Improve infection rates for Clostridium difficile and MRSA

MRSA Bacteraemia

The national objective for all Trusts in England in 2017/18 is to have zero avoidable MRSA bacteraemia. During 2017/18, there were three avoidable MRSA bacteraemia apportioned to HEFT.

Time period	2015/16	2016/17	2017/18
HEFT apportioned	4	7	3
Agreed trajectory	0	0	0

Clostridium difficile Infection (CDI)

The Trust's annual agreed trajectory was a total of 64 cases during 2017/18. Each case is also reviewed to see whether there were any lapses in care – a lapse in care means that correct processes were not fully adhered to, therefore the Trust did not do everything it could to try to prevent a CDI. During 2017/18, HEFT reported 66 cases in total, of

All MRSA bacteraemias are subject to a post infection review (PIR) by the Trust in conjunction with the Clinical Commissioning Group (CCG). MRSA bacteraemias are then apportioned to HEFT, the CCG or a third party organisation, based on where the main lapses in care occurred.

The table below shows the Trust-apportioned cases reported to Public Health England for the past three financial years:

which eleven had a lapse in care. The Trust uses a post infection review (PIR) tool with the local CCG to identify whether there were any lapses in care which the Trust can learn from.

The table below shows the total Trust-apportioned cases reported to Public Health England for the past three financial years:

Time period	2015/16	2016/17	2017/18
Lapses in care	14	18	11
Trust-apportioned cases*	61	76	66
Agreed trajectory	64	64	64

* post-48 hour, toxin positive

Initiatives implemented in 2017/18

A robust action plan has been developed to tackle Trust-apportioned MRSA bacteraemias and CDI:

- Strict attention to hand hygiene and the correct and appropriate use of PPE (Personal Protective Equipment). Ensuring all staff are compliant in performing hand hygiene and adhere to PPE policy
- Ensuring all relevant staff understand the correct procedure for screening patients for MRSA before admission, on admission and the screening of long stay patients

- Ensuring the optimal management of all patients with MRSA colonisation and infection, including decolonisation treatment, prophylaxis during procedures, and treatment of established infections
- Ensure appropriate antimicrobial use including use of Octenisan hair and body wash
- Optimise patient outcomes and reduce the risk of adverse events and antimicrobial resistance through prudent antimicrobial prescribing and stewardship
- Careful attention to the care and documentation of any devices, ensuring all procedures are being followed as per Trust policy
- Ensure all relevant staff are performing infection prevention and control audits and acting on the results
- Providing and maintaining a clean environment throughout the Trust including the implementation of the deep cleaning programme
- Ensure all staff are aware of their responsibility for preventing and controlling infection through mandatory training attendance
- Ensure post infection review investigations are completed and lessons learnt are fed back throughout the Trust
- Continuation of the reviews by the infection prevention and control team of any area reporting two or more cases of CDI

Initiatives to be implemented in 2018/19

All of the initiatives and activities implemented in 2017/18 will continue during 2018/19. Additional and enhanced initiatives planned for 2018/19 include:

- Introduction of ultraviolet light for enhanced cleaning in areas where hydrogen peroxide vapour cannot be deployed due to time constraints and safety issues
- Review of hydrogen peroxide cleaning to upgrade the current system to a more effective technology
- The Trust Infection Prevention Committee will become the HGS infection control group and will meet monthly. This will ensure more timely feedback regarding infection control issues and concerns within individual divisions. Improvement action plans are to be developed and implemented to prevent and reduce the occurrence of both CDI and MRSA
- Relaunch of the infection prevention and control link worker programme to ensure that key messages relating to infection control are feedback to clinical staff

- Joint working with infection prevention and control colleagues at Queen Elizabeth Hospital Birmingham (QEHB) to develop new and innovative ways of working and to align policies and procedures across the sites.
- Infection prevention and control teams from HEFT and QEHB facilitating a study day for clinical staff in July 2018.

How progress will be monitored, measured and reported

The Board of Directors have agreed to remove this priority for 2018/19, as data is presented elsewhere in the Quality Report (see Section 3.1), and performance is widely monitored and reported both internally at the Trust and to other external bodies:

- The number of cases of MRSA bacteraemia and CDI will be submitted monthly to Public Health England and measured against the 2017/18 trajectories
- Performance will be monitored via the clinical dashboard. Performance data will be discussed at divisional quality and safety meetings, the nursing and midwifery quality meetings and the Trust Infection Prevention Committee (TIPC) meetings
- Any death where an MRSA bacteraemia or CDI is recorded on part one of the death certificate and any outbreaks of CDI and MRSA will continue to be reported as serious incidents (SIs) to the Clinical Commissioning Group (CCG).
- Post infection review (PIR) and root cause analysis will continue to be undertaken for all MRSA bacteraemia and CDI cases
- Progress against the Trust infection prevention and control annual programme of work will be monitored by the infection prevention and control strategic management group and reported to the Board of Directors via the infection prevention and control quarterly and annual reports. Progress will also be shared with commissioners

NEW Priority 1: Reduce grade 2 hospital-acquired pressure ulcers

This priority was agreed for 2018/19 at the Clinical Quality Monitoring Group meeting, which took place in March 2018.

Background

This quality improvement priority was approved by the Board of Directors for inclusion in March 2018. It was chosen because pressure ulcers can affect patients from many different clinical specialties, and can have a significant impact on patients.

Pressure ulcers are caused when an area of skin and the tissues below are damaged as a result of being placed under pressure sufficient to impair its blood supply (NICE, 2014). They are also known as bedsores or pressure sores and they tend to affect people with health conditions that make it difficult to move, especially those confined to lying in a bed or sitting for prolonged periods of time. Some pressure ulcers also develop due to pressure from a device, such as tubing required for oxygen delivery.

Pressure ulcers are painful, may lead to chronic wound development and can have a significant impact on a patient's recovery from ill health and their quality of life. They are graded from 1 to 4 depending on their severity, with grade 4 being the most severe.

Grade	Description
1	Skin is intact but appears discoloured. The area may be painful, firm, soft, warmer or cooler than adjacent tissue.
2	Partial loss of the dermis (deeper skin layer) resulting in a shallow ulcer with a pink wound bed, though it may also resemble a blister.
3	Skin loss occurs throughout the entire thickness of the skin, although the underlying muscle and bone are not exposed or damaged. The ulcer appears as a cavity-like wound; the depth can vary depending on where it is located on the body.
4	The skin is severely damaged, and the underlying muscles, tendon or bone may also be visible and damaged. People with grade 4 pressure ulcers have a high risk of developing a life-threatening infection.
Ungradable (Depth unknown)	Full thickness tissue loss in which the base of the ulcer is covered by slough (yellow, tan, grey, green or brown) and/or eschar (tan, brown or black) in the wound bed.
Suspected Deep Tissue Injury (SDTI) (depth unknown)	Purple or maroon localised area of discoloured intact skin or blood-filled blister due to damage of underlying soft tissue from pressure and/or shear. The area may be preceded by tissue that is painful, firm, mushy, boggy, warmer or cooler as compared to adjacent tissue.

National Pressure Ulcer Advisory Panel / European Pressure Ulcer Advisory Panel / Pan Pacific Pressure Injury Alliance (2014)

As well as the categories above, it the Trust also records whether the pressure ulcer was caused by medical device (e.g., nasogastric tubes, urinary catheters), or not.

Due to very low numbers of hospital-acquired grade 3 and grade 4 ulcers, the Trust focus is on further reducing grade 2 ulcers. This in turn should help towards aiming for zero avoidable hospital-acquired grade 3 and grade 4 ulcers, as grade 2 ulcers will be less likely to progress.

Performance

The target agreed with the CCG was a two year reduction plan of 20% by the end of March 2019.

During 2017/18, HEFT has reported 104 avoidable grade 2 pressure ulcers. This equates to a 19% reduction at the end of year one. The data is currently being validated and may change slightly upon final validation at the end of April 2018.

This compares to 128 avoidable grade 2 pressure ulcers reported in 2016/17, and 196 reported in 2015/16.

As an addition to the information above, during 2017/18 HEFT reported 13 avoidable Grade 3 pressure ulcers, compared to 45 reported during 2016/17. This is a 71% reduction in avoidable Grade 3 pressure ulcers.

Number of patients with grade 2 hospital-acquired, avoidable pressure ulcers, by quarter
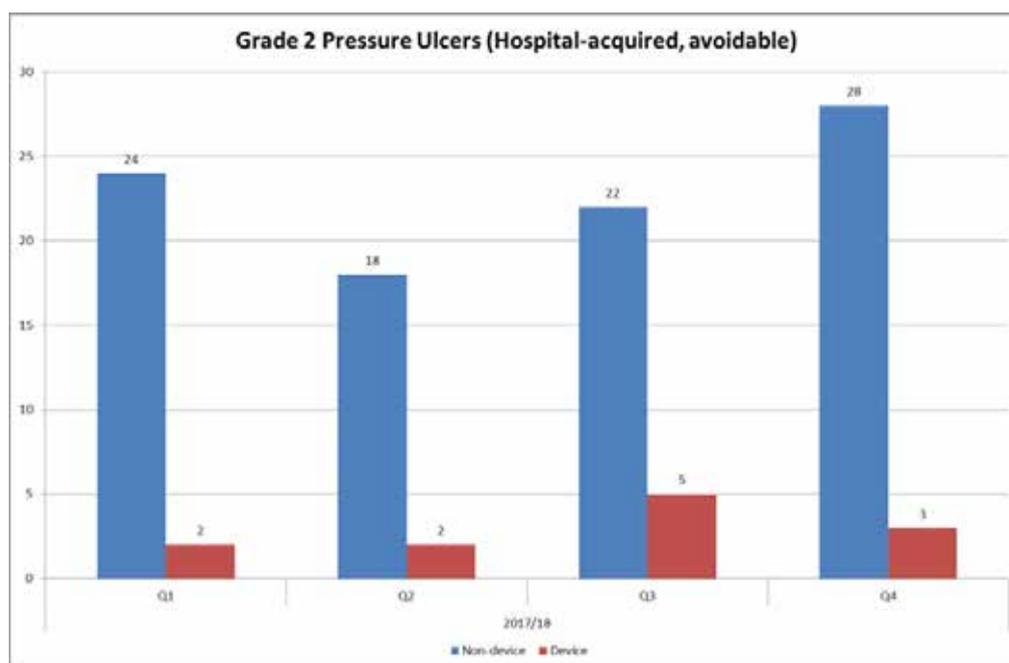
Initiatives to be implemented during 2018/19

To continue to build on the improvements seen in 2017/18, to further identify any common causes or reasons behind hospital-acquired pressure ulcers, and to target training and resources accordingly, the following initiatives to aid improvements will include:

- Develop and launch seating leaflet and detailed seating guidelines in conjunction with Therapies
- Set up a task and finish group to determine the changes required to refocus on repositioning.
- Ensure all wards have React to RED discs, key rings and grading cards
- Continue to promote the prevention of heel drag through educational activities and clinical practice
- To trial new and innovative pressure relieving equipment including mattresses, trolley mattresses and cushions through the Equipment Standardisation group
- To re-devise and re-launch the Equipment

Selection Flowchart to promote effective utilisation of equipment
- Work in conjunction with other disciplines to link in with national campaigns, e.g., "get up, get dressed, get moving"

How progress will be monitored, measured and reported

- All grade 2, 3 and 4 pressure ulcers are reported via the Trust's incident reporting system, Datix, and then reviewed by a Tissue Viability Specialist Nurse
- Monthly reports are submitted to the Trust's preventing harms meeting, which reports to the Chief Nurse's Care Quality Group
- Data on pressure ulcers also forms part of the clinical risk report to the Clinical Quality Monitoring Group
- Staff can monitor the number and severity of pressure ulcers on their ward via the clinical dashboard

NEW Priority 2: Improve patient experience and satisfaction

This is a new priority, to be reported on in the 2018/19 report; this was agreed at the Clinical Quality Monitoring Group in March 2018. During 2018/19, the Trust will review the available data, indicators will be chosen, developed and measured. These will be reported in the 2018/19 Quality Account.

For information, for the 2017/18 we have included information on how patient feedback is collected, analysed and used across the Trust.

Background

The Trust measures patient experience feedback received in a variety of ways, including local and national patient surveys, the NHS Friends and Family Test, complaints, concerns and compliments. This vital feedback is used to make improvements to our services and we are monitoring how these improvements are embedded throughout the Trust.

Local surveys

On all inpatient wards, patients are asked to comment on their experience with us. During 2017/18, 77,808 inpatients provided feedback. Patients are asked to rate their satisfaction with the care they received during the daytime and at night. Patients' experiences of services and care at the weekend are also monitored.

As an overall measure over the year patients reported 90% satisfaction (average data April 2017 – March 2018) to the question 'Did you feel well cared for?'

The divisional triumvirates are asked to report their patient experience data monthly via ward to Board reporting mechanisms and account for any exceptions in performance.

National survey

The Trust participated in the national inpatient experience survey on behalf of the Care Quality Commission (CQC).

Areas highlighted for improvement included:
- Planned admission: Not offered a choice of hospitals
- Admission: Had to wait a long time to get a bed on a ward
- Discharge: Did not feel involved about decisions about discharge from hospital

A series of sessions were held with senior clinical staff in conjunction with the Picker Institute to understand the reason for the scores report and to develop action plans for each of the areas mentioned above.

For information on specific questions, please see the Patient Experience Indicators in Part 3.

Initiatives implemented during 2017/18

- Safety in healthcare has traditionally focused on avoiding harm by learning from error. This approach may miss opportunities to learn from excellent practice. Learning from Excellence (LfE) will provide a way of identifying, capturing, celebrating and learning from episodes of excellence. This is being implemented in a number of Directorates across the Trust, including the maternity department.

Friends and Family Test (FFT)

The FFT is a single question survey which asks patients whether they would recommend the NHS service they have received to friends and family if they were in need of similar treatment or care. In line with national practice driven by NHS England, the Trust presents results as a percentage of respondents who would recommend the service (either likely or extremely likely to recommend the Trust's care) to their friends and family.

The Trust undertakes this feedback work across inpatient care, the emergency department, maternity services, outpatients and community services.

In the graphs below the solid lines represent the proportion of patients who responded positively about their care. The dotted lines represent the proportion of patients who participated. The grey lines represent the regional picture; the coloured lines represent the Trust's performance.

At the time of writing this report the Trust data for March and the regional data for February and March were not available. The graphs will be updated when the data becomes available.

Note: in the graphs across, "HOE" is HEFT.

Inpatients

The Trust achieved an average during the year of 93.9% positive recommendation for inpatients. The average score during 2016 / 17 was 94%. The average score for the region was 95%.
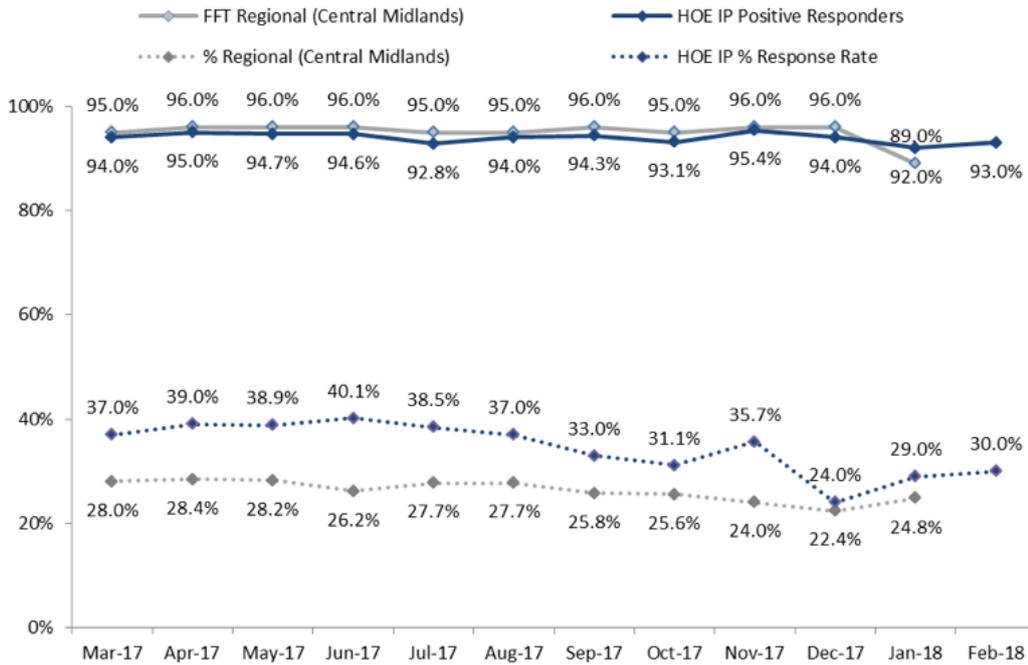
Emergency Departments

The Trust achieved an average during the year of 82% positive recommendation in the Emergency Departments. The average score during 2016 / 17 was 79%. The average score for the region was 85.6%.
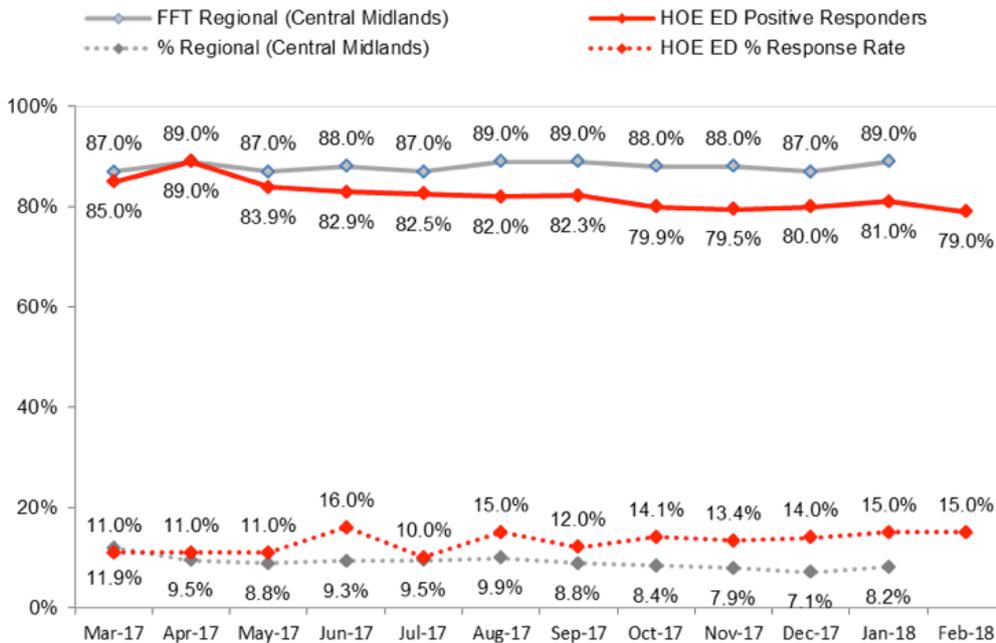
Maternity

The Trust achieved an average during the year of 91% positive recommendation for maternity. The average score for the region was 95%.
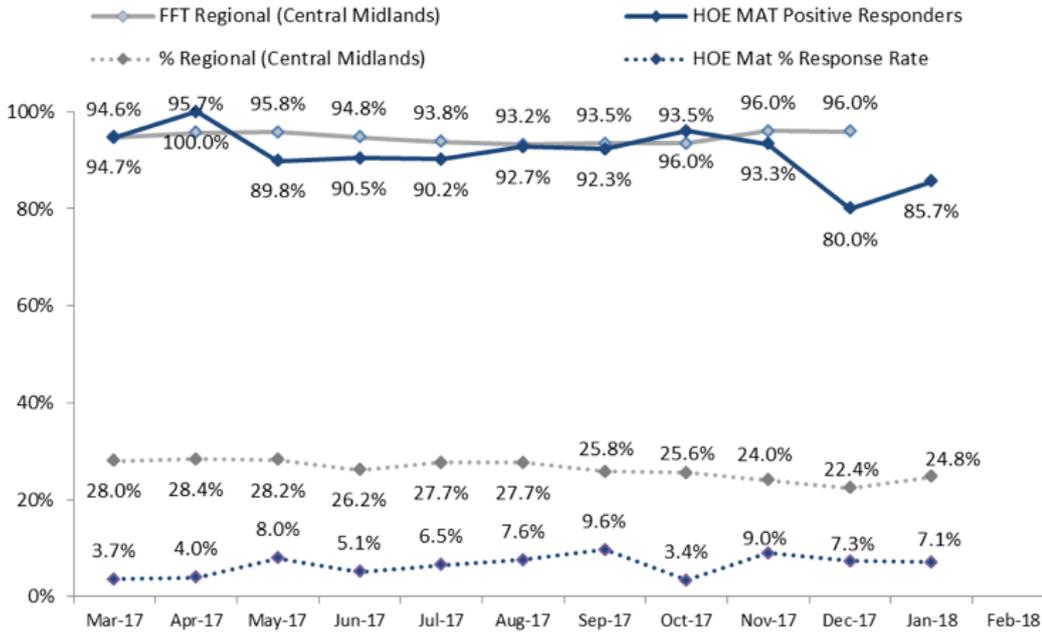
Outpatients

The Trust achieved an average during the year of 91.2% positive recommendation. The average score for the region was 93.9%.
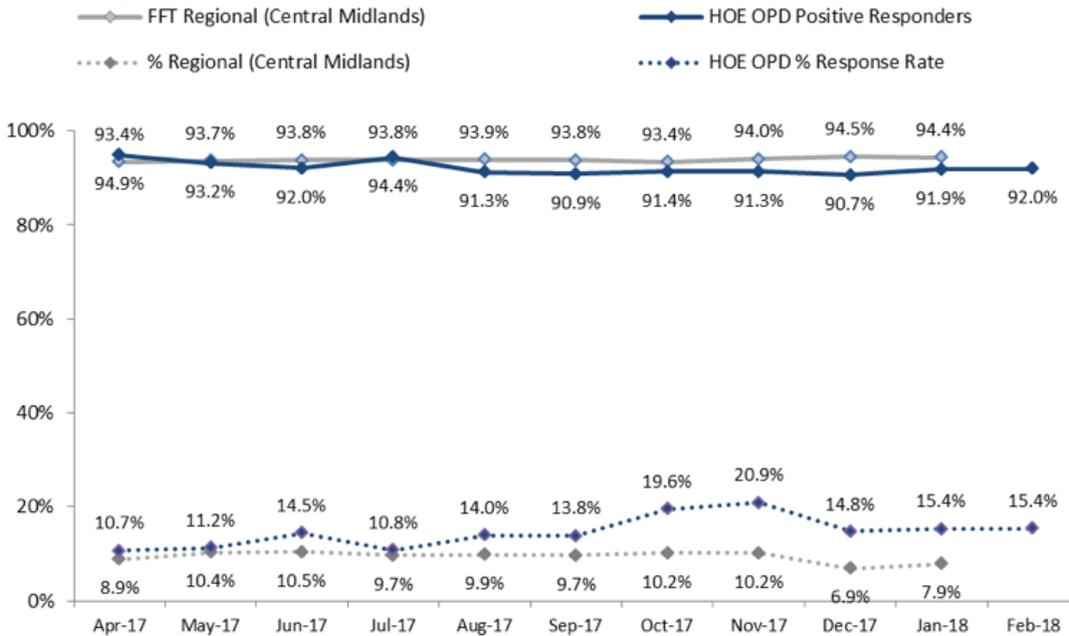
Community
The Trust achieved an average during the year of 98.7% positive recommendation. The average score for the region was 94.8%.

Legend: FFT Regional (Central Midlands) · % Regional (Central Midlands) · HOE Comm Positive Responders · HOE Comm % Response Rate

	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18
HOE Comm Positive Responders	96.8%	97.3%	94.8%	94.4%	95.2%	93.4%	94.7%	94.1%	93.5%	93.6%	100.0%
FFT Regional	98.0%	98.6%	97.9%	98.0%	97.2%	99.2%	100.0%	100.0%	100.0%	96.9%	
HOE Comm % Response Rate	3.3%	2.9%	2.7%	0.9%	2.9%	2.4%	1.3%	1.0%	1.1%	1.3%	1.0%
% Regional	3.0%	3.5%	3.6%	4.2%	4.0%	4.0%	3.6%	2.8%	3.5%	3.6%	

Feedback from FFT

Via FFT, the Trust received 129,946 comments from patients, carers and relatives about their experiences of care during 2017 / 18. The vast majority of these comments, 89.3%, have been positive reflections of care and treatment. These comments are used at service level to reinforce these positive examples to follow with staff.

The online dashboard where these comments can be accessed is embedded in practice across the organisation. The most common themes identified for improvement are shown in the table below:

Service	Positive comments	Improvement comments	Top three Improvement themes
Outpatients	42,240	2,887	Communication, staff attitude, implementation of care
Emergency	36,763	9,397	Staff attitude, communication, waiting time
Inpatient	34,813	1,606	Staff attitude, implementation of care, communication
Maternity	2,180	60	Staff attitude, environment, implementation of care

The comments provided by patients are used locally to understand why patients have provided a particular rating though the FFT. The positive nature of most of the comments are also used to assist in staff morale and motivation in understanding what it is that patients have appreciated most about their care and treatment. In conjunction with other feedback such as the complaints and concerns, the suggestions for improvement provide local areas with some narrative about what patients would like to see improved.

A Patient Expertise steering group is being established with matrons from divisions and specialties to review patient feedback and develop work streams to improve patient experience across the Trust.

Complaints

During the year 1136 complaints were received.

The most common themes evident were in complaints were around clinical care or communication. This is the same as for the previous year.

	2015/16	2016/17	2017/18
Total number of all complaints	1,075	1,120	1,136

The table below compares complaints received against activity data.

Rate of all complaints to activity		2015/16	2016/17	2017/18
Inpatients	FCEs*	352,127	358,937	361,321
	Complaints	523	548	539
	Rate per 1000 FCEs	1.5	1.5	1.5
Outpatients	Appointments	977,210	1,023,486	1,016,800
	Complaints	201	230	284
	Rate per 1000 appointments	0.2	0.2	0.3
Emergency Department	Attendances	260,508	266,941	271,673
	Complaints	175	217	162
	Rate per 1000 attendances	0.7	0.8	0.6

Note – the above table does not cover all complaints locations
* FCE = Finished Consultant Episode – which denotes the time spent by a patient under the continuous care of a consultant

Part of the quality review of each complaint, prior to a final response being sent to the complainant, focuses on the rigour of any actions to be implemented as a result of each complaint and whether actions are sufficient in order to address the complaint. Divisional leads are working with the complaints team to compile details of all actions pledged as a result of complaint investigations to allow them to monitor and ensure lessons are learnt from complaints and provide assurance that improvement to enhance patient experience is taking place.

Where failings in care and service are identified through a complaint investigation, the division will provide an action plan detailing the measures being taken to minimise the likelihood of a recurrence. These actions are feedback to the complainant either through the complaint response or through a meeting with key senior staff.

Assurance of action plan implementation is delivered locally through divisional governance structures and examples of action plans are provided through contractual reporting to the CCG. During the coming year divisions will be provided with a quarterly log of all actions, which have been pledged through compliant investigations. They will be asked to provide assurance of the implementation of these actions.

Examples of this learning are customer care study days facilitated by NHS Elect and the education team, complaints training provided Trust wide on an ongoing basis by the heads of patient experience.

Learning from complaints

Our feedback, including complaints, tells us that a large proportion of patient experience improvements centre around how well we communicate with patients, relatives and carers and how we build our systems and provide care and treatment with the patient in mind.

The continued development of the nursing quality dashboard and the ward to Board assurance framework will assist the divisions by highlighting feedback received and themes for action.

Initiatives / improvements undertaken in the last year include:

• Purchase of a Fusion Prostate Biopsy Machine to increase the early detection and treatment of prostate cancer, following £200k charitable donation
• Palliative therapy team highlighted as an example of best practice in a national report In conjunction with occupational therapists, reductions in hospital admissions and discharge delays have been achieved. The service was established in 2015
• Chemotherapy unit to shortly open at Solihull hospital, easing the pressure at Heartlands hospital
• New service launched by Solihull adult community nursing team to reduce unnecessary hospital admissions, working with care homes supporting their staff to learn skills by passing on expert knowledge

Other examples of improvements made as a result of patient complaints include: tissue viability training; information notice boards in place; changes in practice to improve patient hygiene; auditing buzzer proximity to patients; and a broad range of training and refresher activities.

The Trust also commenced a programme of scheduled visits to clinical areas led by Governors to assess aspects of quality and patient experience. Feedback is provided to managers in these clinical areas.

The third annual Recognising the Carer Conference was held in 2017 and the fourth, focussing on the carer experience in an acute hospital setting, is planned for June 2018. Funded by Birmingham City Council, the Trust recruited a Carer Co-ordinator to improve the support the Trust provides to carers who look after patients admitted to hospital.

Accessible complaints

The Trust makes every effort to ensure that our complaints process is accessible to all. Complaints can be made by telephone, by email, via our website, in writing or in person (at the PALS office). Feedback leaflets with contact details are located on every ward and department. We have an easy read complaints leaflet, which explains the process in simple terms. When we are contacted by someone who has difficulties with the process, we provide clear contact details for the local NHS complaints advocacy service, who can support the individual and make the complaint on their behalf. We have provided complaints responses in alternative formats to accommodate specific requests including large font and braille.

Serious complaints

The Trust uses a matrix to assess the seriousness of every complaint on receipt. Those deemed most serious, which score either 4 or 5 for consequence on a 5 point scale (red complaints) are highlighted. The number of serious complaints is reported to the Chief Nurse and details provided in the Quality Performance Report. It is the Divisional Management Teams' responsibility to ensure that, following investigation of the complaint, appropriate actions are put in place to ensure that learning takes place and that every effort is made to prevent a recurrence of the situation or issue which triggered the complaint being considered serious.

Parliamentary and Health Service Ombudsman (PHSO): Independent review of complaints

The PHSO provides a service to the public by undertaking independent investigations into complaints that government departments, a range of other public bodies in the UK, and the NHS in England, have not acted properly or fairly or have provided a poor service. The aim of the PHSO is to provide an independent high quality complaint handling service that rights individual wrongs, drives improvement in public services and informs public policy.

The complaints department is currently in the process of mapping the correlation between re-opened complaints and those referred to the PHSO to gain a more in-depth understanding of why complainants may remain dissatisfied with the initial responses to their complaints.

PHSO Involvement	2015/16	2016/17	2017/18
Cases referred to PHSO by complainant for investigation	27	20	22
Cases which then required no further investigation	3	2	0
Cases which were then referred back to the Trust for further local resolution	3	0	0
Cases which were not upheld following review by the PHSO	5	9	3
Cases which were partially upheld following review by the PHSO	8	10	5
Cases which were fully upheld following review by the PHSO	1	1	0

NB outcome numbers may not match the cases referred in any year as these may span different periods, e.g., cases received in one year may be finalised in another.

Compliments

Any compliments received centrally in the patient services department are recorded on a Trust database. 123 compliments were recorded during 2017/18. These compliments have either been made within a letter of complaint or as a letters of thanks forwarded to the patient services team. The main themes in these compliments point to the kindness, compassion and expertise of staff.

It should be noted that compliments are received in a variety of ways across the Trust from a thank you card, a verbal thank you, boxes of chocolates for the ward staff through to letters to the Chief Executive. At present there is no overall collation of these, however the comments received via the FFT referred to above, do provide a useful indicator of what drives compliments.

Examples of compliments:
• Good Hope Hospital – All staff had a smile on their face, so kind and my room was clean.
• Heartlands Hospital – Always someone available when assistance required, good at helping ensure patient hygiene
• Solihull Hospital – the consultant and his team were excellent, and ward staff and nurses. Also theatre staff make you feel reassured and in safe hands. Considering the serious funding cuts, the consultant, his colleagues and team manage to be thoroughly good and seriously appreciated! Thanks
• Community Services (Occupational Therapy) – I was impressed with the amount of detail and information given both during the telephone consultation and OT appointment. I appreciated the reassurance and positivity I received regarding the possibility of a diagnosis for my daughter. I am no longer afraid of the outcome of paediatric assessment

Feedback via NHS Choices.

The Trust has a system in place to monitor feedback posted on three external websites; NHS Choices, Patient Opinion and Healthwatch. Feedback is sent to the relevant service / department manager for information and action. A response is posted to each comment received which acknowledges the comment and provides general information when appropriate. The response also promotes the Patient Advice and Liaison Service (PALS) as a mechanism for obtaining a more personalised response, or to ensure a thorough investigation into any concerns raised. Whilst there has been a further increase in the number of comments posted on each of these three websites, the numbers continue to be extremely low in comparison to other methods of feedback received. The majority of feedback received via this method is extremely positive, negative comments tending to be reflective of feedback received via more direct methods, for example concerns raised via PALS, complaints or locally received verbal feedback.

Patient Community Panels

Over the year we have continued to work closely with the Patient Community Panels (PCP) members who have kindly contributed to a number of work streams, including:

• Discussion of the new Ambulatory Care and Diagnostics building at Heartlands Hospital
• Assistance with Maternity surveys
• 'Mystery shopper audits' in the coffee shops and restaurants at Good Hope and Solihull Hospitals
• Being invited to become a member of the Trust's Inclusion Steering Group Network if they had experience in one of the areas that come under the Inclusion umbrella, i.e., people with disabilities, ethnic minority, LGBT, etc
• Assistance with PLACE (Patient Led Assessments of the Care Environment) inspections

NEW Priority 3: Timely and complete observations

This priority was agreed for 2018/19 at the Clinical Quality Monitoring Group meeting, which took place in March 2018.

Background

When nursing staff carry out patient observations, it is important that they complete the full set of observations (temperature, pulse, blood pressure, respiratory rate, oxygen saturations, level of consciousness and urine output). An aggregated score called the MEWS (Modified Early Warning System) is then calculated from all seven parameters. There is an identified threshold score which, when reached, activates an escalation pathway, which outlines actions required for timely review, ensuring appropriate interventions for patients.

Plans for 2018/19

The Trust currently monitors compliance with observations via a monthly audit of patients' notes.

During 2018/19, the Trust will look to develop indicators based on electronic data. This will be dependent on the introduction of electronic systems across the hospital sites. Progress on this will be reported on in the 2018/19 Quality Account.

NEW Priority 4: Reduce missed doses

This priority was agreed for 2018/19 at the Clinical Quality Monitoring Group meeting, which took place in March 2018.

Background

Giving patients the correct medication at the right time is a vital aspect of patient care and treatment. It maintains optimal drug levels, helping to ensure that patients recover as quickly as possible, or their pain and symptoms are managed as well as possible.

It is important to remember that some drug doses are appropriately missed due to the patient's condition at the time. There is no national consensus on what constitutes an expected level of drug omission, so targets will be based on Trust performance.

Plans for 2018/19

During 2018/19, the Trust will look to develop

indicators based on the available electronic data. Progress on this will be reported on in the 2018/19 Quality Account.

NEW Priority 5 – Reducing harm from falls

This Priority was agreed for 2018/19 at the Clinical Quality Monitoring Group meeting, which took place in March 2018.

Background

Inpatient falls are common and remain a great challenge for the NHS. Falls in hospital are the most common reported patient safety incident, with more than 240,000 reported in acute hospitals and mental health trusts in England and Wales every year (Royal College of Physicians, National Audit of Inpatient Falls, 2015). About 30% of people 65 years of age or older have a fall each year, increasing to 50% in people 80 years of age or older (National Institute of Health and Clinical Excellence - NICE).

All falls can impact on quality of life, they can cause patients distress, pain, injury, prolonged hospitalisation and a greater risk of death due to underlying ill health. Falls can result in loss of confidence and independence which can result in patients going into long-term care. Falling also affects the family members and carers of people who fall.

When a fall occurs at HGS, the staff looking after the patient submit an incident form via Datix, the Trust's incident reporting system. The lead for the area where the fall happened, usually the senior sister / charge nurse, investigates the fall and reports on the outcome of the fall, and whether there is any learning or if any changes in practice / policy need to be made prior to the incident being closed.

Most falls do not result in any harm to the patient. Any falls that result in severe harm undergo an RCA (root cause analysis) process to identify any issues or contributory factors. Severe falls resulting in a specific harm, e.g., a fractured neck of femur are also reported to the local CCG and externally reported via STEIS. For all severe falls a round table clinical review is held within 48-72 hours of the fall occurring, the review includes the senior nurse for the clinical area, the matron and the falls co-ordinator. Details from this review are then incorporated into the detailed RCA that is signed off at the relevant divisional harm free care forum where the senior nurse is challenged by the head nurse to ensure that all learning from the incident has been incorporated into the RCA and

implemented across the clinical team.

Falls prevention

All inpatients should undergo a falls assessment on admission/transfer to a ward or if their clinical condition changes. If a patient is found to be at risk at of falls, staff will identify the risk factors and the precautions that can be taken to reduce these risks. These may include a medication review by pharmacy staff, provision of good-fitting footwear, ensuring chairs are the correct height and width for the patient, or moving the patient to a height-adjustable bed.

The falls Co-ordinator receives information on patients who have fallen more than once during their hospital stay. These patients are reviewed, taking account of mobility, medication, continence and altered cognition. The falls co-ordinator will make suitable recommendations to the ward staff around intervention and prevention of further falls.

The falls co-ordinator provides training on falls assessment, prevention and management to ward staff, junior doctors and students.

Performance

The Trust has chosen to measure 'percentage of all falls that are injurious', i.e., the number of falls that result in harm that must be reported nationally; these include falls that result in a fractured neck of femur (broken hip), and certain head injuries.

While staff take precautions to prevent falls from occurring, it is not possible to prevent all falls. Therefore it is also important in minimise the harm that occurs due to falls.

Data for the last two years is presented below:

Year	Quarter	Percentage (%) of all falls that are injurious
2016/17	Q1	1.3%
	Q2	1.1%
	Q3	1.5%
	Q4	2.0%
	Year	**1.5%**
2017/18	Q1	1.4%
	Q2	2.5%
	Q3	1.9%
	Q4	1.1%
	Year	**1.7%**

As the injurious harm rate at HEFT is already low, the Trust has chosen to set a maintenance target for 2018/19, i.e., to stay at or below the performance reported for 2017/18 (1.7%).

(Please note this is a different measure of falls from that reported in the UHB Quality Report).

It should also be noted that there has been an increase in activity across the Trust, so when other measures are used (for example, number of falls as a rate against 1000 bed days), performance has improved, i.e., the rate has dropped.

Initiatives to be implemented during 2018/19
(These apply to the new UHB as a whole)

· Work with divisions on their plans for 2018/19
· Continue providing falls training to all divisions on their mandatory training days and also FY1

(junior doctor) training induction days
· Collaborate with QEHB colleagues to explore the potential for providing a joint falls study day and joint falls prevention initiatives
· Work in collaboration with the Health and Safety team and QE colleagues to update the Trust Falls procedures
· Work with a nominated consultant in Geriatric Medicine to implement actions following the Royal College of Physicians' National Audit of Inpatient Falls in May 2017
· Assist with the development and implementation of a combined UHB Falls Datix and RCA tool, and explore how to further improve serious incident learning and sharing across teams

How progress will be monitored, measured and reported

· Data on falls is presented to the monthly Trust

Preventing Harm group, which reports to the Chief Nurse's Care Quality Group. Data on falls is also provided to the Medical Director's monthly Clinical Quality Monitoring Group
· Data on falls is also analysed using the 1000 occupied bed day run rates so that they can be compared nationally. In addition the total number of falls are monitored and injurious falls (those categorised as severe on the Datix) are reported through monthly dashboards
· Falls with specific outcomes, e.g., a fractured neck of femur (broken hip), are reported to the local Clinical Commissioning Group
· Progress will be publicly reported in the quarterly Quality Report updates published on the Trust's quality web pages

Priority 6 – Timely treatment for sepsis

(Previously priority 2 – please see earlier section for update).

2.2 Statements of assurance from the Board of Directors

2.2.1 Service income

During 2017/18 the Heart of England NHS Foundation Trust* provided and/or sub-contracted 128 relevant health services, including acute, specialised public health and community services**.

The Trust has reviewed all the data available to them on the quality of care in 128 of these relevant health services***.

The income generated by the relevant health services reviewed in 2017/18 represents 100 per cent of the total income generated from the provision of relevant health services by the Trust for 2017/18.

* Heart of England NHS Foundation Trust will be referred to as the Trust/HEFT in the rest of the report.

**Acute and specialised services – a count of the

number of national treatment function codes against which HEFT has recorded activity.
Public Health – the services listed by NHS England on the contract schedule for which income is received.
Community Services – this is a block contract, so the number of services is based on the individual service lines included on the price activity matrix.

*** The Trust has appropriately reviewed the data available on the quality of care for all its services. Due to the sheer volume of electronic and paper-based data the Trust holds in various information systems, this means that HEFT uses automated systems and processes to prioritise which data on the quality of care should be reviewed and reported on.

Data is reviewed and acted upon by clinical and managerial staff at specialty, divisional and Trust levels by various groups including the Clinical Quality Monitoring Group chaired by the Executive Medical Director.

2.2.2 Information on participation in clinical audits and national confidential enquiries

During 2017/18, 40 national clinical audits and 6 national confidential enquiries covered relevant health services that HEFT provides. During that period HEFT participated in 97.5% (39 of 40) national clinical audits and 83% (5 of 6) national confidential enquiries of the national clinical audits and national confidential enquiries which it was eligible to participate in.

The national clinical audits and national confidential enquiries that HEFT was eligible to participate in during 2017/18 are as follows: (see tables below).

The national clinical audits and national confidential enquiries that HEFT participated in during 2017/18 are as follows: (see tables below).

The national clinical audits and national confidential enquiries that HEFT participated in, and for which data collection was completed during 2017/18, are listed below alongside the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry.

National Clinical Audits

National Audit HEFT eligible to participate in	HEFT participation 2017/18	Percentage of required number of cases submitted
Acute Coronary Syndrome or Acute Myocardial Infarction (MINAP)	Yes	100%
BAUS Urology Audits: Cystectomy	Yes	100%
BAUS Urology Audits: Nephrectomy	Yes	100%
BAUS Urology Audits: Percutaneous nephrolithotomy	Yes	100%
BAUS Urology Audits: Radical prostatectomy	Yes	100%
Bowel Cancer (NBOCAP)	Yes	108%
Cardiac Rhythm Management (CRM)	Yes	>80%
Case Mix Programme (CMP)	Yes	100%
Coronary Angioplasty/National Audit of Percutaneous Coronary Interventions (PCI)	Yes	98.27%
Diabetes (Paediatric) (NPDA)	Yes	100%
Endocrine and Thyroid National Audit	Yes	100%
Falls and Fragility Fractures Audit programme (FFFAP)	Yes	100%
Fractured Neck of Femur	Yes	91.2%
Head and Neck Cancer Audit (HANA) (TBC)	Yes	100%
Inflammatory Bowel Disease (IBD) programme	Yes	100%
Learning Disability Mortality Review Programme (LeDeR)	Yes	100%
Major Trauma Audit	Yes	43 – 51%
Maternal, Newborn and Infant Clinical Outcome Programme	Yes	100%
National Audit of Breast Cancer in Older Patients (NABCOP)	Yes	100%
National Bariatric Surgery Registry (NBSR)	Yes	100%
National Cardiac Arrest Audit (NCAA)	Yes	100%
National Chronic Obstructive Pulmonary Disease Audit programme (COPD)	Yes	100%

National Audit HEFT eligible to participate in	HEFT participation 2017/18	Percentage of required number of cases submitted
National Comparative Audit of Blood Transfusion programme	Yes	100%
National Diabetes Audit - Adults	No	0%
National Emergency Laparotomy Audit (NELA)	Yes	100%
National End of Life care Audit	Yes	100%
National Heart Failure Audit	Yes	36%
National Joint Registry (NJR)	Yes	100%
National Lung Cancer Audit (NLCA)	Yes	100%
National Maternity and Perinatal Audit	Yes	100%
National Neonatal Audit Programme (NNAP) (Neonatal Intensive and Special Care)	Yes	94%
National Ophthalmology Audit	Yes	100%
National Vascular Registry	Yes	100%
Oesophago-gastric Cancer (NAOGC)	Yes	81-90%
Pain in Children	Yes	100%
Procedural Sedation in Adults (care in emergency departments)	Yes	100%
Prostate Cancer	Yes	100%
Sentinel Stroke National Audit programme (SSNAP)	Yes	100%
Serious Hazards of Transfusion (SHOT): UK National haemovigilance scheme	Yes	100%
UK Parkinson's Audit	Yes	100%

National Confidential Enquiries (NCEPOD)

National Confidential Enquiries (NCEPOD)	HEFT participation 2017/18	Percentage of required number of cases submitted
Chronic Neurodisability	Yes	100%
Young People's Mental Health	Yes	>95%
Cancer In Children, Teens and Young Adults	No	0%. Reasons for non-participation under investigation.
Acute Heart Failure	Yes	100%
Perioperative Diabetes	Yes	Ongoing Study
Pulmonary Embolism	Yes	Ongoing Study – commenced March 2018. Datasheet submitted ready for patient selection

Percentages given are the latest available figures.

The reports of 14 national clinical audits were reviewed by the provider in 2017/18 and HEFT intends to take the following actions to improve the quality of healthcare provided: (see separate clinical audit appendix published on the quality web pages: http://www.uhb.nhs.uk/quality.htm).

The reports of 142 local clinical audits were reviewed by the provider in 2017/18 and HEFT intends to take the following actions to improve

the quality of healthcare provided (see separate clinical audit appendix published on the quality web pages: http://www.uhb.nhs.uk/quality.htm).

At HEFT a wide range of local clinical audits are undertaken. This includes Trust-wide audits and specialty-specific audits that reflect local interests and priorities. A total of 350 clinical audits were registered with HEFT's clinical audit team during 2017/18. Of these audits, 142 were completed during the financial year (see separate clinical audit appendix published on the quality web pages: http://www.uhb.nhs.uk/quality.htm).

2.2.3 Information on participation in clinical research

The number of patients receiving relevant health services provided or sub-contracted by HEFT in 2017/18 that were recruited during that period

to participate in research approved by a research ethics committee was 5682 (final year figures to be ratified).

Annually over 400 research projects are being undertaken across the Trust in various stages of activity from actively recruiting patients into new studies to long-term follow-up. Twenty three departments across the Trust currently take part in research with between one and six research active consultants in each of these areas. Clinical trials remain the largest research activity performed at the Trust, in terms of project numbers. We have a mixed portfolio of commercial studies and academic studies, the majority of which are adopted by the National Institute for Health Research (NIHR) portfolio. Non-portfolio work is also undertaken and this comprises mainly of student based research or pilot studies for future grant proposals.
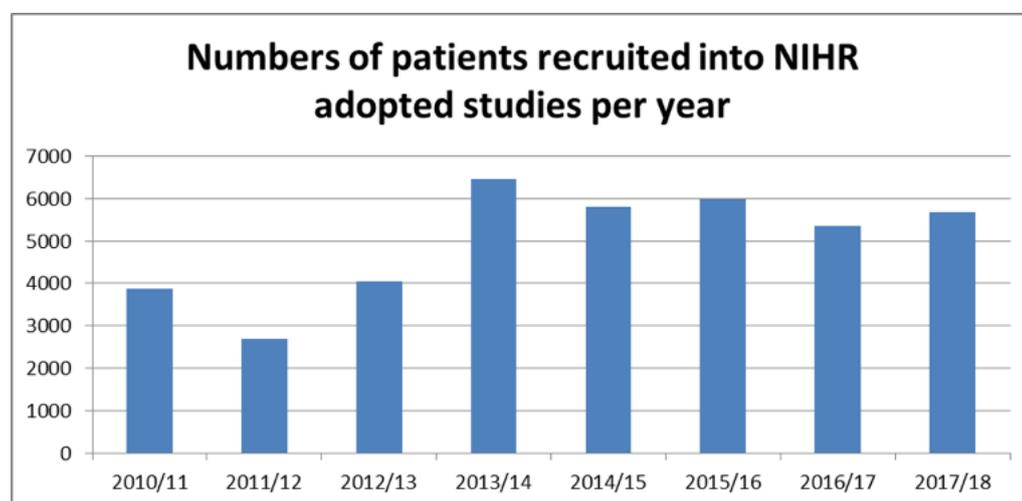
(Final year figures for 2017/18 to be ratified)

The NIHR research table published annually ranks Trusts based on patient recruitment into trials. For an acute Trust, HEFT ranked 23/449 in 2016/17.

Areas to highlight research growth in 2017/18 and beyond are:

The highest recruiting specialities based on numbers of patients entered into research projects are anaesthetics, critical care, pain & resuscitation (1485); diabetes (1,046), thoracic surgery (536) and cancer (403).

Paediatrics and reproductive health research is increasing with over 400 babies, children and mother's being recruited into studies in 2017/18. The Trust recently secured additional funding from the West Midlands clinical research network to

expand its staffing infrastructure in these areas. During 2018 an additional midwife and paediatric research nurse will be joining the research and development Team.

Surgical research is another growth area for the Trust. Another strategic funding investment by the West Midlands clinical research nurse will see the Trust recruit its first surgical research nurse during 2018. In anticipation of this post, research projects have been opened in trauma and orthopaedics, bariatric, cancer and other general surgical specialisms.

Diabetes remains a highly successful department for recruitment into commercial research studies. The department works closely with a number of commercial companies and recruited 858

patients in 2017/18 across its portfolio of studies. In addition HEFT researchers in renal medicine, respiratory medicine, vascular surgery and cancer have undertaken the role of Chief Investigator for a number of our commercial partners. This has maintained HEFT's status as being one of the top recruiters for commercial research in the UK.
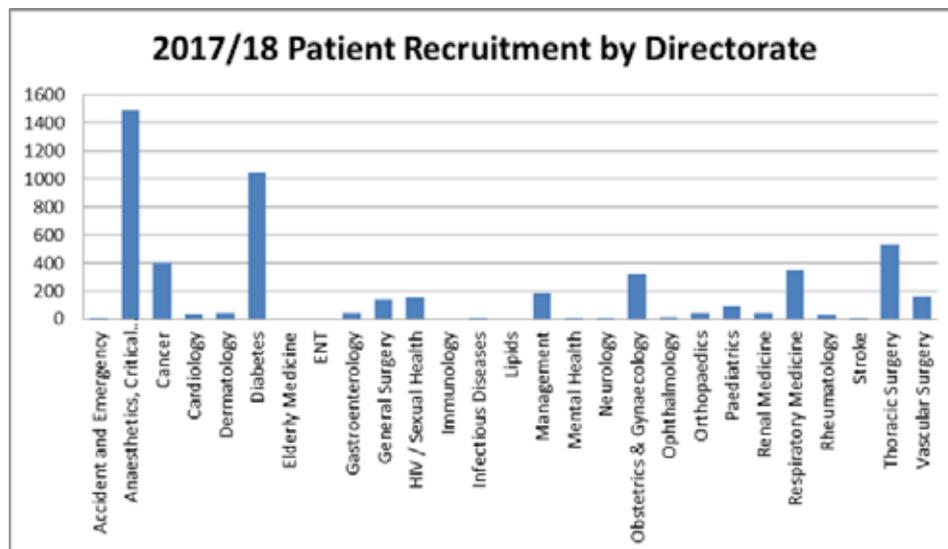
(Final year figures for 2017/18 to be ratified)

NIHR Clinical Research Network West Midlands research awards

These awards recognise success and achievement in research across the West Midlands region. The Network's Clinical Director Professor Jeremy Kirk, who presented the Awards, said: 'The aim of the event is to celebrate the wide range of high quality clinical research taking place in our region and it was great to see so many Trusts represented amongst the winners." HEFT was successful in two out of the thirteen categories and was highly commended in a third:

Won: Improvement project of the year: HECTOR (Dr David Raven, ED): project implemented a new pathway for the treatment of elderly patients who had significant trauma injuries in order to improve their recovery. The project offered a structured training programme using up to date evidence of what best works for these patients, monitoring outcomes such as hydration, infection, eating and toilet habits.

Won: Creative recruitment: SNAP 2. This was a study looking at the epidemiology of critical care provision after surgery. This was a globally recruiting study across a one-week period. HEFT was the top recruiter for the UK. This was made possible owing to the teamwork across multiple research teams at HEFT which enabled all eligible patients to be approached to participate across all three hospital sites.

Highly recommended: Clinical Research Impact: Prof Gavin Perkins & Resuscitation Team.

2.2.4 Information on the use of the Commissioning for Quality and Innovation (CQUIN) payment framework

A proportion of HEFT income in 2017/18 was conditional on achieving quality improvement and innovation goals agreed between HEFT and any person or body they entered into a contract, agreement or arrangement with for the provision of relevant health services, through the Commissioning for Quality and Innovation payment framework.

Further details of the agreed goals for 2017/18 and for the following 12-month period are available electronically at http://www.uhb.nhs.uk/quality-reports.htm

The amount of HEFT income in 2017/18 which was conditional upon achieving quality improvement and innovation goals was £12,753,973*.
Final payment for 2017/17 will not be known until June 2018.

* This represents the amount of income achievable based on the contract plans for NHS England and West Midlands CCGs. It isn't a precise figure for the following reasons;

- CQUIN would also be payable on any over-performance against these contracts
- CQUIN is also payable on out of area contracts
- A provision has been made in the accounts for non-delivery of some CQUINS
- CQUIN adjustments will also be applied for any adjustments made to the final outturn positions agreed with commissioners for 2017/18

For 2016/17, the CQUIN value within the contract was £12,281,895 of the Trust's income.

2.2.5 Information relating to registration with the Care Quality Commission (CQC) and special reviews/investigations

HEFT is required to register with the Care Quality Commission (CQC) and its current registration status is registered without requirement notices. HEFT has the following conditions on registration: the regulated activities HEFT has registered for may only be undertaken at the sites speculated on their registration documents.

The Care Quality Commission has not taken enforcement action against HEFT during 2017/18.

HEFT has not participated in any special reviews or investigations by the CQC during 2017/18.

During 2017/18, the Secretary of State for Health commissioned the CQC to carry out a whole system review of older people's services in England, by looking at twelve local health and social care systems. Birmingham was one of the areas chosen; the review (Birmingham Local System Review) took place in January 2018, it was led by the council and UHB contributed along with partners including the CCG. The review's focus was on how well people move through the health and social care system, including where there are delayed transfers of care, and what improvements could be made. The CQC's recommendations will be built into "Ageing Well" – one of the Priority Work Programmes in the Sustainable and Transformation Partnership (STP).

The Trust was last inspected in Quarter 3, 2016/17 by the CQC. During this inspection there was no enforcement action taken. The CQC did not rate the Trust overall for this inspection as they did not inspect the exact same services and domains as in December 2014. However they did give the "well-led" section a rating as they felt they had sufficient information to do so at an overall level.

The overall rating for the Trust on the CQC website remains 'requires improvement'. This is the same as the 2014 inspection despite the improvements noted during the 2016 inspection:

Care Quality Commission: Heart of England NHS Foundation Trust Overall Rating					
Safe	Effective	Caring	Responsive	Well-led	Overall
Requires improvement	Good	Requires improvement	Requires improvement	Good	Requires improvement

2.2.6 Information on the quality of data

HEFT submitted records during 2017/18 to the secondary uses service for inclusion in the Hospital episode statistics which are included in the latest published data. The percentage of records in the published data:

- which included the patient's valid NHS Number was:
99.73% for admitted patient care
99.89% for outpatient care; and
98.41% for accident and emergency care

- which included the patient's valid general medical practice code was:
100% for admitted patient care
100% for outpatient care; and
100% for accident and emergency care

HEFT information governance assessment report overall score for 2017/18 was 53% and was graded red (not satisfactory).

HEFT was not subject to the payment by results clinical coding audit during 2017/18 by the Audit Commission.
(Note: the Audit Commission has now closed and responsibility now lies with NHS Improvement).

HEFT will be taking the following actions to improve data quality (DQ):

- A suite of DQ indicators form part of monthly directorate reports with action plans being put in place to improve on performance. Sections of which are reported on a quarterly basis to the Information Governance Group
- Reports monitoring the timeliness against the target of within two hours for Admissions, Discharges and Transfers (ADT) have been set up with links on the Data Quality SharePoint site for use by all operational inpatient areas. A monthly DQ ADT matrix report detailing the top three areas of concern across all divisions is reported monthly to matrons and lead nurses and is monitored via the nursing committee meeting
- The Trust employs a team of data quality staff within the finance performance directorate who raise the importance of good Data quality, validate activity on a daily basis and also participate in the training of staff in regards to the impacts of inaccurate data as well as what good data quality looks like for the Trust's main systems
- A data quality strategy and data quality policy are in place. The DQ team focuses on any areas of concern that require improvement and

ensures actions are put in place to enable the accurate reporting of data in a timely fashion using the six dimensions of data quality model

2.2.7 Learning from deaths

During 2017/18, there has been a national drive to improve the processes trusts have in place for identifying, investigating and learning from inpatient deaths. HEFT has introduced the medical examiner role over the past financial year. The Trust currently has a team of medical examiners who are consultant-level staff and are required to review the vast majority of inpatient deaths. The role includes reviewing medical records and liaising with bereaved relatives to assess whether the care provided was appropriate and whether the death was potentially avoidable.

The Trust implemented the reviewing inpatient deaths policy and associated procedure in October 2017. All deaths must be given a stage one review by a medical examiner except for those meeting defined exception criteria such as forensic deaths where the medical records will not be available to Trust staff.

Any death where a concern has been raised by the medical examiner will be escalated to the specialty mortality and morbidity meeting for in-depth specialist review (stage two). The outcomes of stage two reviews are reported to the Trust's Clinical Quality Monitoring Group where a decision will be made on whether further review or investigation is required.

Data on learning from deaths is shown in the table below for Quarters 3 and 4 2017/18. Data is not included for previous quarters or financial years as trusts were only required to collate this information from September 2017 onwards.

During quarters 3 and 4 2017/18 1,909 of HEFT's patients died. This comprised the following number of deaths which occurred in each quarter of that reporting period:
888 in the third quarter
1021 in the fourth quarter

By 31/03/2018, 1,312 case record reviews and 12 investigations have been carried out in relation to 1,318 of the deaths included in item 1
In 6 cases a death was subjected to both a case record review and an investigation. The number of deaths in each quarter for which a case record review or an investigation was carried out was:
696 in the third quarter
628 in the fourth quarter

One, representing 0.05%, of the patient deaths during the reporting period are judged to be more likely than not to have been due to problems in the care provided to the patient
In relation to each quarter, this consisted of
1 representing 0.14% for the third quarter
0 representing 0% for the fourth quarter

These numbers have been estimated using the processes outlined in the Trust's Reviewing Inpatient Deaths Policy and related procedure. Thorough independent investigations of all deaths considered to be potentially avoidable after case record review have been undertaken using recognised root cause analysis techniques.

As part of every investigation, a detailed report that includes all learning points and an in-depth action plan is produced. Each investigation can produce a number of recommendations and changes, and each individual action is specifically designed on a case by case basis to ensure that the required changes occur. The implementation of these actions and recommendations is robustly monitored to ensure ongoing compliance.
Similarly, the outcomes of every case record review are monitored with ongoing themes and trends reported and escalated as required to ensure all required changes are made.

The following specific actions are being implemented following the death identified in 3. above:
To improve the induction process so that all new medical staff in Acute Medicine are informed of the handover processes
A review of medical cover at weekends will be undertaken to ensure that there is a safe workload for consultants and junior medical staff
Teaching sessions will be provided by the dermatology department on the recognition and treatment of dermatological emergencies.
Clinical guidelines for the management of acute kidney injury will be written and shared via the Trust intranet
Teaching will be provided to nursing staff in relation to the management of fluid balance

As described above, each investigation involves the creation of a detailed, thorough action plan which will involve numerous actions per investigation. These actions are specifically tailored to individual cases and monitored on an ongoing basis to ensure the required changes have been made.

All actions are monitored to ensure they have had the desired impact. If this has not happened, actions will be reviewed and altered as necessary to ensure that sustainable and appropriate change has been implemented.

2.3 Performance against national core set of quality indicators

A national core set of quality indicators was jointly proposed by the Department of Health and Monitor (now NHS Improvement) for inclusion in trusts' Quality Reports from 2012/13. The data source for all the indicators is NHS Digital (formerly the Health and Social Care Information Centre, or HSCIC). The Trust's performance for the applicable quality indicators is shown in Appendix A for the latest time periods available. Further information about these indicators can be found on the NHS Digital website: http://content.digital.nhs.uk/

Part 3: Other information

3.1 Overview of quality of care provided during 2017/18

The tables below show the Trust's latest performance for 2017/18 and the last two financial years for a selection of indicators for patient safety, clinical effectiveness and patient experience. The Board of Directors has chosen to include the same selection of indicators as reported in the Trust's 2016/17 Quality Report to enable patients and the public to understand performance over time.

The patient safety and clinical effectiveness indicators were originally selected by the Clinical Quality Monitoring Group because they represent a balanced picture of quality. The patient experience indicators were selected in consultation with the Care Quality Group which has Governor representation to enable comparison with other NHS trusts.

The latest available data for 2017/18 is shown below and has been subject to the Trust's usual data quality checks by the health informatics team. Benchmarking data has also been included where possible. Performance is monitored and challenged during the year by the Clinical Quality Monitoring Group and by the Board of Directors.

Patient safety indicators

Indicator	Data source	2015/16	2016/17	2017/18	Peer Group Average (where available)
1a. Patients with MRSA infection /100,000 bed days (includes all bed days from all specialties) Lower rate indicates better performance	Trust MRSA data reported to PHE, HES data (bed days)	0.9	1.9	0.4	**0.58** April 2016 – March 2017 Acute trusts in West Midlands
1b. Patients with MRSA infection /100,000 bed days (aged >15, excluding obstetrics, gynaecology and elective orthopaedics) Lower rate indicates better performance	Trust MRSA data reported to PHE, HES data (bed days)	0.4	0.4	0.4	**0.64** April 2016 – March 2017 Acute trusts in West Midlands
2a. Patients with C. difficile infection /100,000 bed days (includes all bed days from all specialties) Lower rate indicates better performance	Trust CDI data reported to PHE, HES data (bed days)	13.5	16.0	12.4	**13.77** April 2016 – March 2017 Acute trusts in West Midlands
2b. Patients with C. difficile infection /100,000 bed days (aged >15, excluding obstetrics, gynaecology and elective orthopaedics) Lower rate indicates better performance	Trust CDI data reported to PHE, HES data (bed days)	5.9	6.8	13.5	**15.27** April 2016 – March 2017 Acute trusts in West Midlands

Indicator	Data source	2015/16	2016/17	2017/18	Peer Group Average (where available)
3a. Patient safety incidents (reporting rate per 1000 bed days) Higher rate indicates better reporting	Provisional Datix and Trust admissions data (not validated)	34[1]	34[2]	49.4 (Q1-Q3)	**62.25** April – September 2017 Acute (non-specialist) hospitals NRLS website (Organisational Patient Safety Incidents Workbook)
3b. Never events Lower number indicates better performance	Datix	6	2	8	Not available
4a. Percentage of patient safety incidents which are no harm incidents Higher % indicates better performance	Provisional Datix	73%[3]	75%[4]	97.6%	**90.3%** April – September 2017 Acute (non-specialist) hospitals NRLS website (Organisational Patient Safety Incidents Workbook)
4b. Percentage of patient safety incidents reported to the National Reporting and Learning System (NRLS) resulting in severe harm or death Lower % indicates better performance	Provisional Datix	0.65%[5]	0.6[6]	0.84%	**0.26%** April – September 2017 Acute (non-specialist) hospitals NRLS website (Organisational Patient Safety Incidents Workbook)
4c. Number of patient safety incidents reported to the National Reporting and Learning System (NRLS) Higher number indicates better reporting culture	Provisional Datix	15,44[9]	7,899	19,664	**11,792** (6 months) April – September 2017 Acute (non-specialist) hospitals NRLS website (Organisational Patient Safety Incidents Workbook)

(Footnotes)
[1] NRLS data
[2] NRLS data April – September 2016
[3] NRLS data
[4] NRLS data April – September 2016
[5] NRLS data
[6] NRLS data April – September 2016

Indicator	Data Source	2015/16	2016/17	2017/18	Peer Group Average (where available)
5a. Emergency readmissions within 28 days (%) (Medical and surgical specialties - elective and emergency admissions aged >15) Lower % indicates better performance	HED data	7.63%	7.90%	7.98% April – December 2017	England: **7.23%** April – December 2017
5b. Emergency readmissions within 28 days (%) (all specialties) Lower % indicates better performance	HED data	7.99%	8.23%	8.28% April – December 2017	England: **7.41%** April – December 2017
5c. Emergency readmissions within 28 days of discharge (%) Lower % indicates better performance	PMS 2	15.15%	15.09%	15.19%	Not available This is the information used in the Trust's LOS Board reporting. Latest Position YTD (April 2017 – January 2018): **15.12%**
6. Falls (incidents reported as % of patient episodes) Lower % indicates better performance	Datix and Trust admission data	Not available	0.98%	1.00%	Not available
7. Stroke in-hospital mortality Lower % indicates better performance	SSNAP data	11.6%	11.0%	12.23%	Not available

[9]NRLS Data
[10]NRLS data April – September 2016

Notes on patient safety and clinical effectiveness indicators

The data shown is subject to standard national definitions where appropriate.

1a, 1b, 2a, 2b: Receipt of HES data from the national team always happens two to three months later; these indicators will be updated in the next quarterly report.
For further information on action taken at UHB around MRSA and CDI, please refer to Priority 4 in Section 2 above.

3a: The NHS England definition of a bed day ("KH03") can be found at this link: http://www.england.nhs.uk/statistics/statistical-work-areas/bed-availability-and-occupancy/

3b: During 2017/18, HEFT has had eight never events (two misplaced nasogastric tubes, two wrong implant/prosthesis, one retained foreign object, one wrong site surgery, one overdose of methotrexate, one wrong use of medical air). All of the never events have been (or are being) investigated, action plans developed and learning

from them shared with the staff and family.

4c: The number of incidents shown only includes those classed as patient safety incidents and reported to the National Reporting and Learning System.

5a, 5b, 5c: Readmissions data is available 28 days after the end of the quarter and will be updated in the next quarterly report. Any changes in previously reported data are due to long-stay patients being discharged after the previous years' data was analysed.

Patient experience indicators

The National Inpatient Survey is run by the Picker Institute on behalf of the CQC; the HEFT results of selected questions are shown below. The 2017 survey report has not been published at the time of writing so the text and table below refer to the latest available results, which are from the 2016 survey. Information on the 2017 results will be added to the published Quality Account once it is available. Alternative patient experience data and information is also available in the new Priority 2: Improving patient experience, above.

The results of the 2016 National Inpatient Survey for HEFT were based on answers from 397 respondents, which is a response rate of 33% (compared to a national response rate of 44%). The findings report that the Trust was 'about the same' as other Trust for all the questions in the survey, with none scoring 'better' or 'worse' than other Trusts. In comparison, in the 2015 survey four questions scored 'worse' than other Trusts and in the 2014 survey there were three.

Patient survey question	2014/15		2015/16		2016/17	
	Score	Comparison with other NHS trusts in England	Score	Comparison with other NHS trusts in England	Score	Comparison with other NHS trusts in England
9. Overall were you treated with respect and dignity	8.6	About the same	8.8	About the same	8.9	About the same
10. Involvement in decisions about care and treatment	6.9	About the same	7.1	About the same	7.2	About the same
11. Did staff do all they could to control pain	7.9	About the same	7.9	About the same	7.9	About the same
12. Cleanliness of room or ward	8.6	About the same	8.7	About the same	8.8	About the same
13. Overall rating of care	7.7	About the same	7.9	About the same	8.0	About the same
Time period and data source	2014, Trust's Survey of Adult Inpatients 2014 Report, CQC		2015, Trust's Survey of Adult Inpatients 2015 Report, CQC		2016, Trust's Survey of Adult Inpatients 2016 Report, CQC	

Note: Data is presented as a score out of 10; the higher the score for each question, the better the Trust is performing.

3.2 Performance against indicators included in the NHS Improvement Single Oversight Framework

Indicator	Target	Performance		
		2015/16	2016/17	2017/18
A&E maximum waiting time of 4 hours from arrival to admission/transfer/discharge[1]	95%	88.13%	85.52%	79.80%
Maximum time of 18 weeks from point of referral to treatment (RTT) in aggregate – patients on an incomplete pathway[1]	92%	90.28%	92.45%	91.49%
All cancers – maximum 62-day wait for first treatment from urgent GP referral for suspected cancer	85%	82.91%	88.87%	86.55%[2]
All cancers – maximum 62-day wait for first treatment from NHS cancer screening service referral	90%	95.93%	87.82%	97.59%[2]
C. difficile – variance from plan[3]	<=64	61	76	66
Maximum 6-week wait for diagnostic procedures	99%	99.23%	99.70%	99.32%
Venous thromboembolism (VTE) risk assessment	95%	-	97.37%	95.92%

For the Summary Hospital Mortality Indicator (SHMI), please refer to the mortality section of this Quality Report (3.3)

Note:
1: Indicators audited by the Trust's external auditor KPMG as part of the external assurance arrangements for the 2017/18 Quality Report.
2: Data covers April 2017 – February 2018
3: See also Quality improvement priority 4 for more detail on C. difficile, how it is managed and measured.

3.3 Mortality

The Trust continues to monitor mortality as close to real-time as possible with senior managers receiving daily emails detailing mortality information and on a longer term comparative basis via the Trust's Clinical Quality Monitoring Group. Any anomalies or unexpected deaths are promptly investigated with thorough clinical engagement.

The Trust has not included comparative information due to concerns about the validity of single measures used to compare trusts.

Summary Hospital-level Mortality Indicator (SHMI)

The Health and Social Care Information Centre (HSCIC, now NHS Digital) first published data for the Summary Hospital-level Mortality Indicator (SHMI) in October 2011. This is the national hospital mortality indicator which replaced previous measures such as the Hospital Standardised Mortality Ratio (HSMR). The SHMI is a ratio of observed deaths in a trust over a period time divided by the expected number based on the characteristics of the patients treated by the trust. A key difference between the SHMI and previous measures is that it includes deaths which occur within 30 days of discharge, including those which occur outside hospital.

The SHMI should be interpreted with caution as no single measure can be used to identify whether hospitals are providing good or poor quality care[11]. An average hospital will have a SHMI around 100; a SHMI greater than 100 implies more deaths occurred than predicted by the model but may still be within the control limits. A SHMI above the control limits should be used as a trigger for further investigation.

The Trust's latest SHMI is 88 for the period from April – December 2017, this implies the mortality numbers are lower than expected but remain within tolerance control limits. The latest SHMI value for the Trust, which is available on the NHS

Digital (formerly HSCIC) website, is 90 for the period from April – September 2017. This is within tolerance.

The Trust has concerns about the validity of the Hospital Standardised Mortality Ratio (HSMR) which was superseded by the SHMI but it is included here for completeness. HEFT's HSMR value is 100 for the period from April – December 2017 as calculated by the Trust's Health Informatics team. The validity and appropriateness of the HSMR methodology used to calculate the expected range has however been the subject of much national debate and is largely discredited[12][13] . The Trust is continuing to robustly monitor mortality in a variety of ways as detailed above.

Crude Mortality

The first graph below shows the Trust's crude mortality rates for emergency and non-emergency (planned) patients. The second graph shows the Trust's overall crude mortality rate against activity (patient discharges) by. The crude mortality rate is calculated by dividing the total number of deaths by the total number of patients discharged from hospital in any given time period. The crude mortality rate does not take into account complexity, case mix (types of patients) or seasonal variation.

The Trust's overall crude mortality rate for Quarters 1 to 3 (April to December) 2017/18 is 2.79%, this is a slight increase on 2016/17 (2.98%) and 2015/16 (3.09%).

Emergency and Non-emergency Mortality Graph
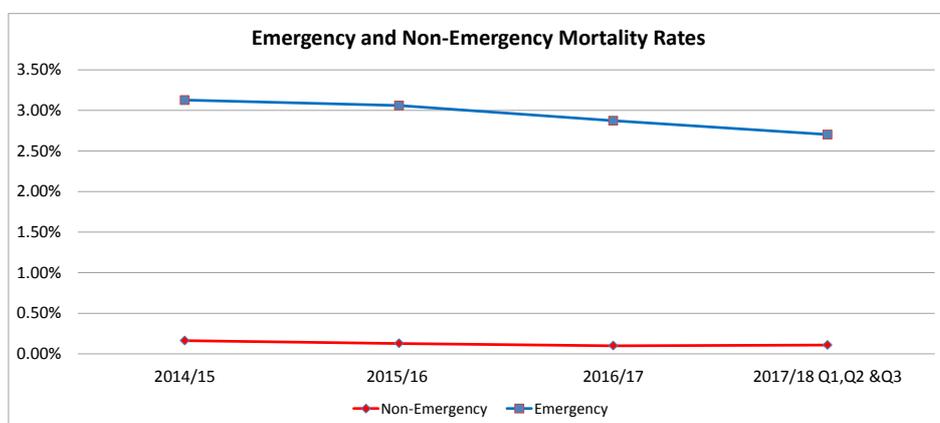
Emergency Crude Mortality Graph

[11]Freemantle N, Richardson M, Wood J, Ray D, Khosla S, Sun P, Pagano, D. Can we update the Summary Hospital Mortality Index (SHMI) to make a useful measure of the quality of hospital care? An observational study. BMJ Open. 31 January 2013.

[12]Hogan H, Healey F, Neale G, Thomson R, Vincent C, Black, N. Preventable deaths due to problems in care in English acute hospitals: a retrospective case record review. BMJ Quality & Safety. Online First. 7 July 2012.

[13]Lilford R, Mohammed M, Spiegelhalter D, Thomson R. Use and misuse of process and outcome data in managing performance of acute and medical care: Avoiding institutional stigma. The Lancet. 3 April 2004.

3.4 Safeguarding

Heart of England NHS Foundation Trust is committed to ensuring that the safeguarding needs of its patients are always reliably identified and effectively and proportionately responded to. It is of high priority within the organisation that patients have the best possible experience of safeguarding processes and that staff are well informed and adequately supported to perform this, extremely challenging, aspect of their role.

There is an annual review of strategic safeguarding priorities within the Trust with a continuous emphasis on improvement and regular internal oversight of safeguarding arrangements via safeguarding child and adult committees.

All safeguarding practice within the Trust is underpinned by the legislative framework provided by the: Children Act 1989; Children Act 2004 and Care Act 2014 and the guidance provided in Working Together to Safeguard Children (2015).

The Trust has clear and accessible guidance for staff in the form of safeguarding policies for children and adults. These are hosted on the Trust safeguarding web pages that have been designed to provide staff with a range of additional resources on relevant local and national safeguarding issues. These are under continuous review to ensure they are current and easy to navigate.

There is a team of specialist safeguarding staff who have a high visibility within the organisation and who provide leadership, training, advice, support and safeguarding supervision to frontline professionals, building confidence and developing expertise throughout the workforce. Supervision is provided to Trust staff in the following settings: paediatrics; neonatal unit, maternity; community; emergency department and it is about to be implemented for the Safeguarding adult champions.

Staff evaluate safeguarding supervision very favourably as a process that provides supportive challenge, professional development and that increases their knowledge and skill.

Safeguarding education is reviewed annually based on a comprehensive Training Needs Analysis (taking into account learning from incidents and reviews and local and national priorities). The safeguarding programme has been designed to provide staff with core competences required by health professionals.

The Trust has developed a suite of complimentary e-learning modules for safeguarding which can be accessed via moodle (an e-learning platform).

There is an additional programme of education for safeguarding champions in the adult and the neonatal unit setting which has been delivered during 2017/18.

There is an annual safeguarding audit programme which tests out the effectiveness of the safeguarding arrangements and provides assurance and a focus for learning and further improvements.

A variety of safeguarding data is reported and analysed as part of the internal and external safeguarding governance arrangements.

The Trust safeguarding team work closely with the patient experience team to learn about the impact of safeguarding processes and to ensure that practice is informed by the voice of patients. This has led to the development of patient stories and significant changes in the way that safeguarding training is delivered and to the development of resources to aid communication between staff and patients when safeguarding concerns arise.

The Trust continues to raise awareness about making safeguarding personal, the principles of partnership with patients and families ('doing with not to'), informed consent and effective communication between professionals and patients and families. During 2017/18, the Trust has invigorated interest in the Mental Capacity Act and its application in nursing. The Trust has embedded key messages in relation to 'Think Family' and 'Early Help' throughout the safeguarding education programme and has clarified its early help offer to key partners.

The Trust can demonstrate strong partnerships with local safeguarding boards and with the police and local authorities in Solihull, Birmingham and Staffordshire at strategic and operational levels. Trust safeguarding specialist staff rotate into the multi-agency safeguarding hubs in both Birmingham and Solihull to support timely information sharing and multi-agency decision making. A wide variety of multi-agency meetings as part of safeguarding processes are prioritised and attended by all levels of staff throughout the organisation.

The Trust recently hosted a series of events for staff focusing on police and mental health holding powers and use of restraint. The aim was to challenge myths and misconceptions and build relations with other agencies so that ultimately the patients experience could be improved.

A more detailed report in relation to safeguarding

developments can be accessed via the Heart of England Safeguarding Annual Report which is reported to the Board of Directors.

3.5 Staff Survey

The Trust's Staff Survey results for 2017 show that performance was average or better for 10 of the 32 key findings and below average for 22 key findings, when compared to other acute trusts.

The results are based on responses from 4,083 staff which represents an increase in responses from 3619 last year. The response rate has also increased from 36% last year to 41% this year, but is slightly below the average for acute trusts in England (44%).

HEFT performed in the highest (best) 20% of trusts for:
- Percentage of staff witnessing potentially harmful errors, near misses or incidents in the last month
- Percentage of staff experiencing physical violence from patients, relatives or the public in the last 12 months
- The two indicators above were also in the best

20% in the 2016 survey

The results for the key findings of the Staff Survey which most closely relate to quality of care are shown in the table below.

To target lower performing areas identified by the survey, a number of actions have been put in place or are in the process of being developed. These include:
- Resilience / mindfulness workshops for staff, to improve personal resilience to help with work pressures and stress
- Implementation of a mental health line manager training programme, to ensure managers can effectively support staff
- Exploring ways to recognise and reward staff
- Development of a 'careers clinic' process to encourage internal moves and career progression, in order to retain and develop staff
- Running a series of leadership focus groups, to identify leadership priorities for the year and supporting behaviours
- Explore new approaches to flexible working, to support staff wellbeing and staff retention

Key Finding from the Staff Survey	2015/16	2016/17	2017/18	Comparison with other acute NHS trusts 2017/18
1. Staff satisfaction with the quality of work and patient care they are able to deliver (KF2)	3.90	3.98	3.92	Average
2. Percentage of staff agreeing their role makes a difference to patients (KF3)	90%	91%	90%	Below (worse than) average
3. Staff recommendation of the trust as a place to work or receive treatment (KF1)	3.47	3.59	3.56	Lowest (worst) 20%
4. Percentage of staff reporting errors, near misses or incidents witnessed in the last month (KF29)	87%	91%	89%	Below (worse than) average
5. Effective use of patient / service user feedback (KF32)	3.50	3.57	3.56	Lowest (worst) 20%
6. Percentage of staff experiencing harassment, bullying or abuse from staff in the last 12 months (KF26) (Lower score is better)	27%	24%	24%	Average
7. Percentage of staff believing that the trust provides equal opportunities for career progression or promotion (KF21)	80%	83%	79%	Lowest (worst) 20%
Data source	Trust's 2015 Staff Survey Report, NHS England	Trust's 2016 Staff Survey Report, NHS England	Trust's 2017 Staff Survey Report, NHS England	

Notes on staff survey
1, 3 & 5: Possible scores range from 1 to 5, with a higher score indicating better performance.
4: in the 2016 report, the score for 2016 was 90%. In the 2017 report, the 2016 score was reported as 91% - this was due to a data cleaning exercise by the Picker Institute, which was done for all organisations.

3.6 Use of Specialty Quality Indicators - Copeland's Risk Adjusted Barometer (CRAB)

Copeland's Risk Adjusted Barometer (CRAB) demonstrates the quality of medical and ward-based care by estimating the incidence of key triggers, including hospital-acquired pneumonia, rising urea or creatinine, returns to theatre and readmissions. These are events during a patient's hospital admission which may have resulted from care-related harm. They are produced from coded data. Trends are identified which can indicate potential problems for early investigation and also any response to interventions that have previously been taken.

During 2017/18, CRAB updates were provided to the Trust's Joint Clinical Quality Monitoring Group.

3.7 Sign Up to Safety

The national Sign up to Safety campaign was launched in 2014 and aims to make the NHS the safest healthcare system in the world. The ambition is to reduce avoidable harm by half in the NHS over the next three years.

The Trust joined the Sign up to Safety campaign in December 2015. The Trust has committed to the actions it will undertake in response to the five National Sign up to Safety pledges:

Put safety first
Commit to reduce avoidable harm in the NHS by half and make public the goals and plans developed locally

Continually learn
Make organisations more resilient to risks, by acting on the feedback from patients and by constantly measuring and monitoring how safe services are

Honesty
Be transparent with people about progress to tackle patient safety issues and support staff to be candid with patients and their families if something goes wrong

Collaborate
Take a leading role in supporting local collaborative learning, so that improvements are made across all of the local services that patients use

Support
Help people to understand why things go wrong and how to put them right. Give staff the time and support to improve and celebrate the progress

Staff were consulted and four Sign up to Safety priorities were identified to reduce avoidable harm: Improvement work concerning each of the priorities is led by a designated safety improvement lead supported by a multi-disciplinary safety improvement team. The teams work with relevant clinical areas to involve patients and the public. Each priority has additional work streams which focus on areas for improvement.

The Sign Up to Safety group meet quarterly to monitoring the progress of the Sign Up to Safety Priorities. Progress reports are submitted every six months to the patient safety group.

1. Reducing harm from deterioration including sepsis

- To improve early recognition and management of sepsis and reduce hospital acquired sepsis
- To improve early recognition, appropriate monitoring and management of patients at risk of deterioration

We will: review early warning charts and pathways for sepsis and the deteriorating patient for adults, paediatrics and maternity and update in line with national guidance. Share learning trust wide from serious incidents related to sepsis and the deteriorating patient. Support the work towards the implementation of an electronic observation system.

2. Reducing medication related harm

- To reduce avoidable harm from omissions and delays in medication
- To reduce avoidable harm from medication errors
- To reduce avoidable harm from high risk medicines

We will: continue to monitor and improve medication safety around Parkinson's medication and antibiotics. Support pilot improvement projects for the timely administration of insulin and Parkinson's medication in the emergency department.

3. Reducing harm from pressure ulcers

- To reduce the number of avoidable grade 3
- To reduce the number of avoidable grade 2 pressure ulcers
- To reduce the number of grade 2 pressure ulcers deteriorating to become avoidable grade 3 pressure ulcers
- To reduce device related pressure ulcers

We will: continue to educate staff using the HEFT e-learning grading package. Continue to use the revised pressure ulcer grading tool and pressure ulcer prevention pathway.

4. Reducing harm in maternity services

- To reduce avoidable harm to mothers and babies resulting from suboptimal telephone advice and triage of women within the community
- To reduce avoidable harm to mothers and babies from failure to deliver babies within the recommended decision to deliver interval (DDI) time for category 1 caesarean sections

We will: work in partnership with Birmingham and Solihull United Maternity and Newborn Partnership (BUMP), to create a single point of access for all women across a maternity system (Birmingham and Solihull) provide advice and direct women to the most appropriate hospital. Include the DDI (Decision to Delivery Interval) safety priority as part of NHS Improvement's Maternal and Neonatal Health Safety Collaborative. A system to record DDI compliance has been established. Work on developing an anaesthetic decision tool is in progress. Simulation training is being created as a training resource for TeamSTEPPS events.

HEFT's Sign up to Safety pledges can be found on the Trusts internet page: http://www.heartofengland.nhs.uk/sign-up-to-safety/

Further information about Sign Up to Safety can be found on the NHS England website: http://www.england.nhs.uk/signuptosafety/

3.8 Duty of Candour

In line with our Trust values, promoting a culture of openness is a prerequisite to improving patient safety and the quality of our services. It involves apologising and explaining what happened to patients or their representatives who have been harmed though an unexpected or unintended adverse event where moderate, severe or catastrophic harm have occurred.

The being open policy defines how the Trust complies with the statutory Duty of Candour published by the CQC (Regulation 20).

The Trust uses the incident reporting system Datix to identify incidents where Duty of Candour should be fulfilled. The governance facilitation teams work closely with healthcare professionals to provide advice and support the Trust's duty of candour process.

This process involves acknowledging that an adverse event has occurred and notifying the patient or relevant person. This should be verbal in the first instance, as soon as reasonably practicable after becoming aware that the incident has occurred. During this discussion, staff will offer an apology, provide an account of the incident and explain what further investigation will be considered. The process also ensures

that the patient or relevant person receives a written apology and a summary of such verbal discussions and maintaining written records of all correspondence with them on the Trust's Datix system. Following any investigation, the report is made available to patient and patient representative to provide assurance that lessons will be learned to help prevent such incidents reoccurring.

Compliance with the Trust's duty of candour compliance process is monitored by the divisional management teams through their quality and safety group meetings with support from the governance facilitation teams. Compliance is also reported on a monthly basis to the Clinical Commissioning Group (CCG).

3.9 Statement on the implementation of the priority clinical standards for seven day hospital services

The Academy of Medical Royal Colleges have agreed a number of principles which are set out in three patient-centred standards to deliver consistent inpatient care irrespective of the day of the week. Sir Bruce Keogh, NHS England's National Medical Director, set out a plan to drive seven day services across the NHS, starting with urgent care services and supporting diagnostics.

Ten clinical standards have been identified, of which four are priority standards:

1) Time to consultant review
2) Diagnostics
3) Interventions
4) On-going review

HEFT has taken the following actions to implement the above standards:

Provision for consultant review
Consultant job planning in the trust makes provision for a consultant-led ward round on every ward every day through formal provision which includes on-call out of hours (OOHs).

Consultant directed diagnostics
For patients admitted as an emergency with critical care and urgent needs the following diagnostic tests are usually or always available on site: CT, microbiology, echocardiograph, upper GI endoscopy, MRI and ultrasound.

Consultant directed interventions
Patients have 24 hour access to consultant directed interventions 7 days a week either on site or via formal network arrangements for the following Interventions: critical care, PPCI, cardiac pacing, thrombolysis stroke, emergency general surgery, interventional endoscopy, interventional radiology, renal replacement and urgent radiotherapy.

On-going review
Daily board reviews (using live interactive boards with details regarding patients each ward) and daily consultant reviews are in place meaning sick patients are identified and reviewed daily.

Term	Definition
A&E	Accident & Emergency – also known as the Emergency Department
Acute Trust	An NHS hospital trust that provides secondary health services within the English National Health Service
Administration	When relating to medication, this is when the patient is given the tablet, infusion or injection. It can also mean when anti-embolism stockings are put on a patient
ADN	Associate Directors of Nursing – now known as Divisional Heads of Nursing
ADT	Admissions, Discharges and Transfers
Alert organism	Any organism which the Trust is required to report to Public Health England
AMU	Acute Medical Unit
Analgesia	A medication for pain relief
Bed days	Unit used to calculate the availability and use of beds over time
Benchmark	A method for comparing (e.g.) different hospitals
Beta blockers	A class of drug used to treat patients who have had a heart attack, also used to reduce the chance of heart attack during a cardiac procedure
BHH	Birmingham Heartlands Hospital
Birmingham Health & Social Care Overview Scrutiny Committee (OSC)	A committee of Birmingham City Council which oversees health issues and looks at the work of the NHS in Birmingham and across the West Midlands
BTTF	Back to the Floor; Senior members of staff taking on junior, patient facing roles for a shift or period of time

Term	Definition
CABG	Coronary Artery Bypass Graft
CCG	Clinical Commissioning Group
CDI	*Clostridium difficile* infection
Chief Executive's Advisory Group	An internal group, chaired by the Chief Executive
Chief Operating Officer's Group	An internal group for senior management staff
Clinical Audit	A process for assessing the quality of care against agreed standards
Clinical Coding	A system for collecting information on patients' diagnoses and procedures
Clinical Dashboard	An internal website used by staff to measure various aspects of clinical quality
CMP	Case Mix Programme
Commissioners	See CCG
Congenital	Condition present at birth
COPD	Chronic Obstructive Pulmonary Disease
CQC	Care Quality Commission
CQG	Care Quality Group; a group chaired by the Chief Nurse, which assesses the quality of care, mainly nursing
CQMG	Clinical Quality Monitoring Group; a group chaired by the Executive Medical Director, which reviews the quality of care, mainly medical
CQUIN	Commissioning for Quality and Innovation payment framework
CRAB	Copeland's Risk Adjusted Barometer; demonstrates quality of medical and ward based care
CRIS	Radiology database
CRM	Cardiac Rhythm Management
Datix	Database used to record incident reporting data
Day case	Admission to hospital for a planned procedure where the patient does not stay overnight
DDI	Decision to Deliver Interval
Division	Specialties are grouped into divisions
DQ	Data Quality
DOLs	Deprivation of Liberty Safeguards; Provide protection for vulnerable people who lack capacity to consent to care
DTI	Deep Tissue Injuries
Duty of Candour	Requirement for Trusts to be open and transparent with services users about care and treatment, including failures
Echo / echocardiogram	Ultrasound imaging of the heart
ED	Emergency Department (also known as A&E)
Elective	A planned admission, usually for a procedure or drug treatment
EP	Electronic Prescribing system
Episode	The time period during which a patient is under a particular consultant and specialty. There can be several episodes in a spell
Equipment Selection flowchart	Promotes effective utilisation of equipment
Equipment Standardisation Group	An internal group dealing with trialling new and innovative equipment
FCE	Finished/Full Consultant Episode – the time spent by a patient under the continuous care of a consultant
FFFAP	Falls and Fragility Fractures Audit Programme

Term	Definition
FFT	The Friends and Family Test; a questionnaire to determine how likely a patient is to recommend the services used
Foundation Trust	Not-for-profit, public benefit corporations which are part of the NHS and were created to devolve more decision-making from central government to local organisations and communities
FY1	Junior Doctor
GI	Gastro-intestinal
GP	General Practitioner
HANA	Head and Neck Cancer Audit
Healthwatch	An independent group who represent the interests of patients
HEFT	Heart of England NHS Foundation Trust
HEFT infection control group	Formally known as Infection prevention committee
HES	Hospital Episode Statistics
HPIP	Healthcare Practitioner Induction Programme
HSCIC	Health and Social Care Information Centre – now known as NHS Digital
HSMR	National Hospital Mortality Indicator
ICNARC	Intensive Care National Audit & Research Centre
Infection Prevention Committee	An internal committee focusing on the reduction of infection within the hospital, now known as HEFT infection control group
Informatics	Team of information analysts
IT	Information Technology
ITU	Intensive Treatment Unit (also known as Intensive Care Unit, or Critical Care Unit)
IV	Intravenous
KPMG	The Trust's external auditors
LeDeR	Learning Disability Mortality Review Programme
LfE	Learning From Excellence; a system to identify, capture and celebrate excellent performance
Lorenzo	Patient administration system
LMW	Low Molecular Weight
MEWS	Modified Early Warning System
MINAP	Myocardial Ischaemia National Audit Project
Monitor	Independent regulator of NHS Foundation Trusts – now replaced by NHS Improvement
Mortality	A measure of the number of deaths compared to the number of admissions
MRI	Magnetic Resonance Imaging – a type of diagnostic scan
MRSA	Meticillin-resistant Staphylococcus aureus
MSP	Making Safeguarding Personal; Initiative to ensure the safeguarding process is personal for every patient
Myocardial Infarction	Heart attack
mystay@QEHB	An online system that allows patients to view information / indicators on particular specialties
NABCOP	National Audit of Breast Cancer in Older Patients
NBSR	National Bariatric Surgery Registry
NBOCAP	National Bowel Cancer Audit Project
NCAA	National Cardiac Arrest Audit
NCEPOD	National Confidential Enquiry into Patient Outcome and Death - a national review of deaths usually concentrating on a particular condition or procedure
NELA	National Emergency Laparotomy Audit
Never Events	Has the potential to cause serious harm/death
NCEPOD	National Confidential Enquiries
NHS	National Health Service

Term	Definition
NHS Choices	A website providing information on healthcare to patients. Patients can also leave feedback and comments on the care they have received
NHS Digital	Formerly HSCIC - Health and Social Care Information Centre. A library of NHS data
NHS Improvement	The national body that provides the reporting requirements and guidance for the Quality Accounts
NICE	The National Institute for Health and Care Excellence
NIHR	National Institute for Health Research
NJR	National Joint Registry
NLCA	National Lung Cancer Audit
NNAP	National Neonatal Audit Programme
NPDA	National Paediatric Diabetes Audit
NRLS	National Reporting and Learning System
Observations	Measurements used to monitor a patient's condition e.g. pulse rate, blood pressure, temperature
Octenisan	Antimicrobial hair and body wash
OOH	Out Of Hours
OT	Occupational Therapy
PALS	Patient Advice and Liaison Service
Patient Experience Group	Internal committee to evaluate and improve patient experience
Patient Opinion	A website where patients can leave feedback on the services they have received. Care providers can respond and provide updates on action taken.
PCI	Percutaneous Coronary Interventions
PCP	Patient Community Panels
PD	Parkinson's Disease
Peri-operative	Period of time prior to, during, and immediately after surgery
PHE	Public Health England
PHSO	Parliamentary and Health Service Ombudsman
PICS	Prescribing Information and Communication System
PIR	Post Infection Review
PLACE	Patient Led Assessments of the Care Environment
Plain imaging	X-ray
PPCI	Primary Percutaneous Coronary Intervention; a surgical treatment for myocardial Infarction (heart attack)
PPE	Personal Protective Equipment
Preventing Harms Meeting	Internal group to review incidents reported through Datix
PRN	Pro Re Nata; The administration of prescribed medication where timing is not fixed or scheduled
PROMs	Patient Reported Outcome Measures
Prophylactic / prophylaxis	A treatment to prevent a given condition from occurring
QEHB	Queen Elizabeth Hospital Birmingham
QuORU	Quality and Outcomes Research Unit
R&D	Research and Development
RCA	Route Cause Analysis
Readmissions	Patients who are readmitted after being discharged from hospital within a short period of time e.g., 28 days
RTT	Referral to Treatment
Safeguarding	The process of protecting vulnerable adults or children from abuse, harm or neglect, preventing impairment of their health and development
Sepsis	A potentially life-threatening condition resulting from a bacterial infection of the blood
SEWS	Standardised Early Warning System

Term	Definition
SHMI	Summary Hospital-level Mortality Indicator
SHOT	Serious Hazards of Transfusion
SMPG	Safer Medicines Practice Group
SSI	Surgical Site Infections
SSNAP	The Sentinel Stroke National Audit Programme
Trajectory	In infection control, the maximum number of cases expected in a given time period
Divisional triumvirates	A group within a division consisting of the most senior managers (divisional director, director of operations, head of nursing)
Trust-apportioned	A case (e.g. MRSA or CDI) that is deemed as 'belonging' to the Trust in question
Trust Partnership Team	Attendees include Staff Side (Trade Union representatives), directors, directors of operations and human resources staff. The purpose of this group is to provide a forum for Staff Side to hear about and raise issues about the Trust's strategic and operational plans, policies and procedures.
UHB	University Hospitals Birmingham NHS Foundation Trust
UTI	Urinary Tract Infection
VTE	Venous thromboembolism – a blood clot
WHO	World Health Organisation
YPC	Young Person's Council

Appendix A: Performance against core indicators

The Trust's performance against the national set of quality indicators jointly proposed by the Department of Health and Monitor (now NHS Improvement) is shown in the tables below. There are eight indicators which are applicable to acute trusts. The data source for all the indicators is NHS Digital (formerly the Health and Social Care Information Centre, or HSCIC) and the indicators below have been updated to the most recent data available. Data for the latest two time periods is therefore included for each indicator and is displayed in the same format as NHS Digital. National comparative data is included where available. Further information about these indicators can be found on the NHS Digital website: http://content.digital.nhs.uk/qualityaccounts

Mortality	Previous period (April 2016 - March 2017)	Current period (July 2016 - June 2017)			
	HEFT	HEFT	National performance		
			Overall	Best	Worst
(a) Summary Hospital-level Mortality Indicator (SHMI) value	0.958	**0.96**	100	0.72	1.16
(a) SHMI banding	2	**2**	-	3	1
(b) Percentage of patient deaths with palliative care coded at diagnosis or specialty level	-	**27.43**	30.49	11.09	56.88

The Trust considers that this data is as described for the following reasons as this is the latest available on the NHS Digital website.
The Trust intends to take the following actions to improve this indicator, and so the quality of its services. By continuing to adopt the technical approach that University Hospital Birmingham NHS Foundation Trust (UHB) takes to improving quality, detailed throughout this report. The Trust does not specifically try to reduce mortality as such but has robust processes in place, using more recent data, for monitoring mortality as detailed in part 3 of this report. It is important to note that palliative care coding has no effect on the SHMI.

Patient Reported Outcomes Measures (PROMs) – Average Health Gain	Previous period (April 2015 - March 2016)	Current period (April 2016- March 2017)			
	HEFT	HEFT	National Performance		
			Overall	Best	Worst
(i) Groin hernia surgery	0.099	**0.092**	0.086	0.135	0.006
(ii) Varicose vein surgery	0.130	**0.116**	0.092	0.154	0.01
(iii) Hip replacement surgery	0.409	**0.400**	0.075	0.533	0.328
(iv) Knee replacement surgery	0.287	**0.314**	0.324	0.398	0.237

The Trust considers that this data is as described for the following reasons as it is the latest available on the NHS Digital (HSCIC) website.

The Trust intends to take the following actions to improve this data, and so the quality of its services, by continuing to focus on improving participation rates for the pre-operative questionnaires which we have control over. Participation is shown in part 2 as part of the audit section of this report.

Readmissions to hospital within 28 days	Previous period (April 2010 – March 2011)*	Current period (April 2011 – March 2012)*			
	HEFT	HEFT	National Performance		
			Overall (England)	Best (Acute Teaching Providers)	Worst (Acute Teaching Providers)
(i) Patients aged 0-15 readmitted to a hospital which forms part of the trust within 28 days of being discharged from a hospital which forms part of the trust (Standardised percentage)	11.39	**10.85**	10.01	5.86	12.50
(ii) Patients aged 16 or over readmitted to a hospital which forms part of the trust within 28 days of being discharged from a hospital which forms part of the trust (Standardised percentage)	14.06	**12.81**	11.45	10.64	13.55

The Trust considers that this data (standardised percentages) is as described for the following reasons as this is the latest available on the NHS Digital (HSCIC) website.

The Trust intends to take the following actions to improve this data (standardised percentages), and so the quality of its services: HEFT is now part of the University Hospitals Birmingham NHS Foundation Trust, which reviews readmissions which are similar to the original admission on a quarterly basis. UHB monitors performance for readmissions using more recent Hospital Episode Statistics (HES) data as shown in part 3 of this report

* The Trust has included the latest data available on the NHS Digital/HSCIC website – this has not been updated since the previous Quality Report.

Responsiveness to the personal needs of patients	Previous period (2015/16)	Current period (2016/17)		
	HEFT	HEFT	National Performance		
			Overall	Best	Worst
Trust's responsiveness to the personal needs of its patients – average weighted score of 5 questions from the National Inpatient Survey (Score out of 100)	64.2	**65.1**	68.1	85.2	60

The Trust considers that this data is as described for the following reasons as it is the latest available on the NHS Digital (HSCIC) website.

The Trust intends to take the following actions to improve this data, and so the quality of its services: By continuing to collect feedback from our patients. The Board of Directors has selected improving patient experience and satisfaction as a Trust-wide priority for improvement in 2018/19 (see part 2 of this report for further details).

Staff who would recommend the trust as a provider of care to their family and friends	Previous period (2016)	Current period (2017)	
	HEFT	HEFT	National Performance
			Average (median) for acute trusts
Staff employed by, or under contract to, the Trust who would recommend the Trust as a provider of care to their family or friends. Performance shown is based on staff who agreed or strongly agreed.	62%	**60%**	71%

The Trust considers that this data (scores) is as described for the following reasons as it is the latest available on the NHS Digital (HSCIC) website.

The Trust intends to take the following actions to improve this data, and so the quality of its services. By trying to maintain performance for this survey question. For more information on response to staff feedback, see the Staff Survey section in part 3.

Venous thromboembolism (VTE) risk assessment	Previous Period (Q2 2017/18)	Current period (Q3 2017/18)		
	HEFT	HEFT	National Performance		
			Overall	Best	Worst
Percentage of admitted patients risk-assessed for VTE	97.26%	**99.37%**	95.35%	100%	76.08%

The Trust considers that this data (percentages) is as described for the following reasons – this data is monitored

The Trust intends to take the following actions to improve this data, and so the quality of its services: By continuing to ensure our patients are risk assessed for venous thromboembolism (VTE) on admission via the Trust's EP (electronic prescribing) system, and monitoring compliance with this expectation with feedback to the Divisions and ultimately the Executive Medical Director. Clinicians are reminded of any outstanding VTE risk assessments to be made when accessing either the prescribing option or pathology results option of the electronic patient record. A monitoring system of users has been introduced.

C. difficile infection	Previous period (2015/16)	Current period (2016/17)		
	HEFT	HEFT	National Performance		
			Overall (England)	Best	Worst
C. difficile infection rate per 100,000 bed-days (patients aged 2 or over)	13.54	**16.0**	13.19	0	82.71

The Trust considers that this data is as described for the following reasons as it is the latest available on the NHS Digital (HSCIC) website.
The Trust intends to take the following actions to improve this rate, and so the quality of its services: By continuing to reduce C. difficile infection through the measures outlined in Priority 4: Infection prevention and control in this report

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Patient safety incidents	Previous period (October 2016 - March 2017)	Current period (April 2017 - September 2017)		
	HEFT	HEFT	National Performance (Acute Teaching Providers)		
			Overall	Best	Worst
Incident reporting rate per 1,000 bed days	33.78	**38.51**	-	23.47	112
Number of patient safety incidents that resulted in severe harm or death	60	**76**	-	0	121
Rate of patient safety incidents that resulted in severe harm or death rate per 1,000 bed days*	-	**-**	-	-	-

The Trust considers that this data is as described for the following reasons as the data is the latest available on the NHS Digital (HSCIC) website.
The Trust intends to take the following actions to improve this data and so the quality of its services: By continuing to have a high incident reporting rate by actively encouraging staff to report both clinical and non-clinical incidents. Although this table refers to 'best' and 'worst', a high incident reporting rate can be reflective of a good, open reporting culture. The Trust routinely monitors incident reporting rates and the percentage of incidents which result in severe harm or death as shown in part 3 of this report.

*at the time of writing, the Trust was not able to find the bed days data to make this calculation.

Annex 1: Statements from commissioners, local Healthwatch organisations and Overview and Scrutiny Committees

The Trust has shared its 2017/18 Quality Report with Birmingham and Solihull Clinical Commissioning Group, Healthwatch Birmingham, Healthwatch Solihull, Birmingham Health & Social Care Overview and Scrutiny Committee and Solihull Health & Social Care Overview and Scrutiny Committee.

These organisations have provided the statements below.

Statement provided by Birmingham and Solihull Clinical Commissioning Group

1.1   Birmingham and Solihull Clinical Commissioning Group (CCG), as coordinating commissioner for Heart of England NHS Foundation Trust (HEFT), welcomes the opportunity to provide this statement for inclusion in the Trusts 2017/18 Quality Account.

1.2   A draft copy of the quality account was received by the CCG on 27th April 2018 and the review has been undertaken in accordance with the Department of Health Guidance. This statement of assurance has been developed in consultation with neighbouring CCGs.

1.3   In the version of the quality account we noted that some information was not yet available, for example the section on 'learning from deaths', so we have been unable to comment on those areas. We assume, however, that the Trust will be populating these gaps in the final published edition of this document.

1.4   The Trust's 2017/18 quality account is representative of the work that has been undertaken with regards to quality improvements. Commissioners consider it to be really positive to note the significant reduction (70%) in grade 3 pressure ulcers, which represents a significant improvement in terms of patient safety across the Trust.

1.5   The 18/19 priorities include 'Reduction of harm from falls', as there has already been significant improvement work undertaken to reduce falls, following a themed review in 2015/16, which has been largely sustained, the priority is described as being to 'maintain' the improvement. Commissioners suggest this may be worth review, as stating it as a 'new priority' may be perceived as inaccurate, especially given that the improvement

has already been made. The CCG does, however, acknowledge that there is an opportunity for good practice, in terms of the falls prevention work being shared with UHB, following the merger of HEFT and UHB as a single organisation.

1.6   The CCG supports the Trust in its continued focus on the issue of sepsis in the coming year, as this remains a considerable challenge for clinicians in terms of timely assessment and treatment of patients. Improving performance in this area and therefore reducing the risk to life needs to be a priority for the Trust in 2018/19.

1.7   The CCG is pleased to note the reduction in MRSA and CDI, however there is no mention of a reduction in E. coli which is a national priority. Commissioners' would like to see this included and acknowledged as a joint priority, across all parts of the system.

1.8   New priority 3, has been identified as 'Timely and complete observations' and refers to MEWS scores and documentation. Commissioners would request clarification with regards to whether the Trust is aware that there is a requirement to roll out NEWS2, scoring for all Trusts in the next financial year, as this is not mentioned in the current version of the quality account?

1.9   It would be helpful to have some acknowledgement of the workforce issues and the actions being undertaken, to demonstrate transparency. Particularly with the recognised impact that workforce has on the quality of patient care.

1.10   We are pleased to note that the Trust has improved the response rate for the staff survey; it was encouraging to read that the Trust has performed in the highest % of Trusts in terms of staff witnessing potentially harmful errors, near misses or incidents and percentage of staff experiencing physical violence from patients, relatives or the public in the last 12 months. However, performance in 22 of the key indicators is below average. We hope that the actions to target lower performing areas assist in making the necessary improvements.

1.11   The Trust makes brief reference to eight never events over the past year, further information could be provided regarding what lessons have been learnt and embedded from serious incidents to demonstrate commitment to continuous improvement.

1.12   Commissioners would like to see some reference/discussion regarding the increasing numbers of emergency readmissions within 28

days, as provided in the data. What does the Trust understand as being the key issues and how are they addressing them with their system- wide partners?

1.13   Overall the patient experience section was very informative. However, given the number of PALS contacts received there is no mention in terms of actions taken, regarding the patient experience survey.

1.14   The information in the account appears to be accurate and is otherwise representative of Commissioners' findings.

Paul Jennings
Chief Executive Officer

Statement provided by Healthwatch Birmingham

Healthwatch Birmingham welcomes the opportunity to provide our statement on the Quality Account for Heart of England NHS Foundation Trust. We are pleased to see that the Trust has taken on board some of our comments regarding the previous Quality Account. For example, the Trust has:

- Given some examples of changes in practice or improvement to services that have been made as a result of patient feedback and experiences.
- Given some examples of learning from safety incidents and actions taken as a result.

Patient and Public Involvement

It is positive to see that the Trust continues to use varied methods to measure patient feedback in order to improve services. This includes local and national patient surveys, the NHS Friends and Family Test, complaints and compliments. In addition the use of online sources, including not only NHS choices but feedback received by Patient Opinion and local Healthwatch. We note that the Trust has added a new priority for 2018/19 – improve patient experience and satisfaction.

Healthwatch Birmingham welcomes the inclusion of this priority, as it will help the Trust develop a better focus on the use of patient experiences and feedback to improve services. In our response to the 2016/17 Quality Accounts, we asked the Trust to consider developing a strategy for involving patients, carers and the public in decision-making. We argued that such a strategy would outline how and why patients, the public and carers are engaged, to improve health outcomes and reduce health inequality. In particular, a strategy would make clear arrangements for collating feedback and experience. It would also ensure that there is commitment across the Trust to using patient and public insight, experience and involvement.

We note that patient feedback from local surveys and the Friends and Family Test show positive feedback about the care received. It is positive that the Trust received 77,808 pieces of inpatient feedback through local surveys. Ninety percent of this feedback indicated that patients were happy with the care received. Regarding the Friends and Family Test, we note that for inpatients, 93.9% positive recommendations were received and for the Emergency Departments, 82% positive recommendations were received. This is an increase on the 2016/17 score of 79%. For maternity, outpatients and community, the positive recommendations scores are above 90%

(91%, 91.2% and 98.7% respectively). Whilst we commend the Trust on these scores, we see that these are still below the regional score. We would like to see a further improvement towards this goal in the 2018/19 Quality Accounts.

Healthwatch Birmingham recognises that the Trust received 129,946 comments from patients, carers and relatives about their experiences of care during 2017/18. It is positive that 89.3% of these comments were positive reflections of care and treatment. We welcome that the Trust receives more positive comments than it does improvement/ negative comments across its services. We note the use of these to either change or improve services and practice; or use of compliments to build staff morale and motivation. The Trust should consider demonstrating how it uses compliments to share good practice across the Trust and the impact of this on services.

Regarding the National Survey, we note that the Trust participated in the national inpatient experience survey on behalf of the CQC. The survey highlighted the following areas for improvement:

- Planned admission – not offered choice of hospitals
- Admission – waiting a long time to get a bed on a ward
- Discharge – not feeling involved about decisions about discharge from hospital

These issues are among those that Healthwatch Birmingham receives through its feedback system. We note following these findings the Trust consulted with clinical staff to understand these scores and develop action plans. We believe that the Trust should also be involving patients, carers and the public in not only identifying, but in understanding the issue, and developing actions. We would like to read in the 2018/19 Quality Accounts how the Trust has involved patients, carers and the public to understand issues around discharge, waiting times, and lack of choice.

We welcome the work that the Trust has carried out through 'patient community panels' and the work streams members of the panel have contributed to. For instance, assistance with PLACE (patient led assessments of the care environment), assistance with maternity surveys, mystery shopper audits, discussions of the new ambulatory care and diagnostics building at Heartlands. These panels can be a useful platform where the Trust can discuss findings from the national survey with patients.

In relation to patient and public involvement, Healthwatch Birmingham would like to read in the 2018/19 Quality Accounts more examples of how

the Trust uses feedback and experiences, across the Trust, to make changes to services and practice. Second, we would like to read more about how the Trust uses service user and carer's insight and experience to identify barriers to improved health outcomes and to identify, understand and address health inequality. Ensuring that health and social care organisations are addressing health inequality is a key priority for Healthwatch Birmingham. We look forward to reading in the 2018/19 Quality Account how the Trust is meeting the needs of patients with differing needs.

We would also like to read more about the impact of feedback, and how the Trust communicates with patients about how they are using their feedback to make changes. At Healthwatch Birmingham, we believe that demonstrating to patients how their feedback is used to make changes or improvements shows service users and the public that they are valued in the decision-making process. Consequently, this has the potential to increase feedback

Learning from death, complaints and patient safety incidents

We commend the Trust for implementing the 'Reviewing Inpatient Deaths Policy and associated procedures'. We note the process the Trust takes when a death occurs. Especially, the identification of key points where care did not meet the required standard through case reviews and investigations. Consequently, using findings from case reviews and investigations, to review practice and improve quality of care. We commend the Trust for the actions it has taken in response to lessons from Deaths. We look forward to reading in the 2018/19 Quality Accounts the impact of these actions.

We note that the role of Medical Examiners includes liaising with bereaved relatives to assess whether the care provided was appropriate and whether the death was potentially avoidable. However, it is not clear how and when the

Trust involves families and carers in the review or investigation process. We ask that the Trust follows the NHS National Guidance on Learning from Deaths regarding family and friends. The guidance states: "Providers should have a clear policy for engagement with bereaved families and carers, including giving them the opportunity to raise questions or share concerns in relation to the quality of care received by their loved one. Providers should make it a priority to work more

closely with bereaved families and carers and ensure that a consistent level of timely, meaningful and compassionate support and engagement is delivered and assured at every stage, from notification of the death to an investigation report and its lessons learned and actions taken"

Involving families and carers in case reviews and investigations offers a more rounded view and understanding of patient experience. We would like to read in the 2018/19 Quality Accounts, how families and patients have been involved in various stages of case reviews and investigations. In addition, how the Trust weights families and patient's views, compared with how they weight the views of clinical staff.
We are concerned that the number of complaints the Trust receives has continued to increase over the last three periods from 1075 in 2016/17; 1120 in 2016/17 to 1136 in 2017/18. We welcome the initiatives that the Trust has taken to address complaints:

- Divisional leads are working with the complaints team to compile details of all actions pledged as a result of complaint investigation, to allow them to monitor and ensure lessons are learnt from complaints, and provide assurance that improvement to enhance patient experience is taking place
- Providing divisions with quarterly logs of all actions pledged through complaints investigations. Divisions then have to provide assurance of the implementation of these actions.

We would like to read more about the impact of these actions in the 2018/19 Quality Account. We acknowledge the examples of improvements made as a result of patient complaints that the Trust has provided in the Quality Account. For example, purchase of a fusion prostate biopsy machine to increase early detection and treatment of prostate cancer; tissue viability training; information notice boards in place; changes in practice to improve patient hygiene; auditing buzzer proximity to patients and various training for staff.

We welcome the Trust's plans for the fourth annual Recognising Carer conference in June 2018, whose focus will be on the carer experience in an acute hospital setting. We would like to read in the 2018/19 Quality Accounts how feedback from the conference has led to changes in how the Trust supports and involves carers. We also recognize the Trust's plans to map the correlation between re-opened complaints and those referred to the PHSO.

[14]Two misplaced nasogastric tubes, two wrong implant/prosthesis, one retained foreign object, one wrong site surgery, one overdose of methotrexate, one wrong use of medical air

This will provide a more in-depth understanding of why complainants may remain dissatisfied with the initial responses to their complaints. We believe that the Trust would benefit from collecting feedback from complainants about the complaints process in order to understand why patients are dissatisfied with the outcome. A recent investigation by Healthwatch Birmingham into 'patient involvement and the complaints system' looked at the barriers to and benefits of using complainant's feedback to improve the quality of complaints systems.

Regarding patient safety incidents, the 2017/18 Quality Account has stated that the Trust has had eight never events[14]. In addition, the percentage of patient safety incidents reported to the National Reporting and Learning System (NRLS) has increased from 0.6% in 2016/17 to 0.91% in 2017/18. We note the duty of candour the Trust follows when an incident occurs. However, we would like to know how the Trust learns from never events and other safety incidents, and examples of actions taken in response to lessons learnt. The Trust should also consider reporting on how it involves patients, carers and families in the review or investigation process.

We note that the Trust will supplement Safety in Healthcare approach with Learning from Excellence to identify, capture, celebrate and learn from episodes of excellence. As per our comment in the 2016/17 Quality Account, the Trust should include examples of learning from excellence and the impact on service delivery, access and quality. We would like to see these examples in the 2018/19 Quality Account.

Quality of Care

Reduce Avoidable harm to patients from omission and delay in receiving Parkinson's disease medication

In our response to the 2016/17 Quality Accounts, we expressed concern that the Trust had not met its target of 90% of inpatients receiving their Parkinson's disease medication within thirty minutes. We note that for 2017/18, the percentage has further decreased to 73% from 75% in 2016/17 against a target of 90%. We acknowledge the various initiatives that were implemented over the last year and the actions taken as a result. For instance, the audit of delays and omissions at Heartlands Hospital and the development of a Parkinson's sticker to prompt staff to act.

We note the initiatives planned for 2018/19, such as the review of a patient self-administration policy and the establishment of a working group to look at how improvements can be made for patients to self-administer their own medication. The Trust should consider getting feedback from patients to identify factors that might hinder some patients from being able to self-administer. Therefore, ensuring that the policy addresses this and puts solutions in place to capture these groups. We also welcome the Parkinson' disease study in October 2018 that will include the patient voice. We look forward to reading more about the impact of this on services and practice in the 2018/19 Quality Accounts. We note that whilst this is no longer a standalone priority for 2018/19, it will be reported under the missed doses priority.

Timely Treatment of Sepsis

We are concerned that the 2017/18 Quality Account shows that the timely identification of sepsis in emergency departments and acute inpatient settings was 56.1% in quarter four; well below the target of 90%. The percentage for those diagnosed with sepsis who received IV antibiotics within one hour of diagnosis was below 50% for all quarters (Q1 – 38.3%; Q2 – 25%; Q3 – 39.1%; Q4 – 46.2%) in 2017/18. For the acute department, we note that identification was at 88.7% in quarter one and dropped to 50% by quarter four. The percentage for those diagnosed with sepsis who received IV antibiotics within one hour of diagnosis was above 50% (Q1 – 76.3%; Q2 – 81.8%; Q3 – 79.4%; and 68.8% for Q4).

We note that a CQUIN re-audit of the emergency department found issues with data quality and found that true screening performance was 70% rather than the 50% reported by auditors. We note that more robust reporting systems are being put in place and a new audit database will help identify precise points where delays occur. We also note that HEFT's sepsis team is working to develop electronic tools suitable for all its services. We would like to read more on the impact of these actions in the 2018/19 Quality Account.

Patient Experience

Healthwatch Birmingham is pleased that 'improving patient experience and satisfaction' is a priority for the Trust. Considering that HEFT and University Hospitals Birmingham NHS Trust (UHB) will be producing a single Quality Account in 2018/19, we would like to see the Trust incorporate into their plans some of the initiatives being planned by UHB. Such as:

- Increased identification and support for carers
- Develop feedback methods to give a voice to hard to reach groups
- Continued staff engagement in relation to

patient experience
- Introduce Android tablets to wards for patients to feedback more easily
- Information screen in A&E to include pathways that will explain waiting times
- Engaging with staff on the effective use of patient feedback

Healthwatch Birmingham has been working in partnership with Trusts in Birmingham through our 'Patient and Public Involvement Quality Standard'. Through this project, Healthwatch Birmingham is supporting providers in Birmingham to meet their statutory role of consulting and engaging with patients and the public. Consequently, we are helping Trusts ensure they are using public and patient feedback to inform changes to services, improve the quality of services and understand inequality in access to services and health outcomes. We have worked with Trusts to review their patient and public involvement processes (PPI), identify areas of good PPI practice and recommended how they can make PPI practice more effective. We look forward to establishing how we could partner with the Trust on PPI and building best practice.

Andy Cave
CEO
Healthwatch Birmingham

Statement provided by Healthwatch Solihull

Firstly I would like to congratulate the authors on the clarity of the document and the lack of "corporate/ management speak". Although a fairly long document it is necessarily so and is no way too "wordy". So a well done!

The report on the 17/18 targets is clear on where there has been success and where needs to be done.

Targets for 18/19 seem logical and their reasons for prioritising are logical.

Priority 2 Improvement of Patient Experience and Satisfaction is particularly welcomed by Solihull Healthwatch. How this is measured and evaluated will be a challenge which we will follow with interest.

Would it be possible to include more specific identification of locations of complaints and compliments? E.G. a particular Ward in a specific hospital? Frequency of compliments/ complaints would enable further investigation.

One of the common complaints referred to was "Staff Attitude". Such a broad term needs breaking down more to make it more meaningful I feel.

We also note that next year's report will come under the banner of the newly combined trust. This is logical and sensible but we would hope the report will enable readers to identify individual hospitals/ departments/ wards. It is important that an element of localisation of reporting remains and develops further.

Thank you for the opportunity to comment. If we at Solihull Healthwatch can assist you (especially in experience and satisfaction) please do not hesitate to contact Emma, our Chief Officer.

Best wishes
Chris Warne
Chair Solihull Healthwatch

Statement provided by Birmingham Health & Social Care Overview and Scrutiny Committee

The Birmingham Health & Social Care Overview and Scrutiny Committee has confirmed that it is not in a position to provide a statement on the 2017/18 Quality Report.

Statement provided by Solihull Health & Social Care Overview and Scrutiny Committee

Owing to the Council's Health and Adult Social Care Scrutiny Board meetings programme completing in March 2018, the Scrutiny Board was not in a position to formulate a formal response for the Quality Accounts 2018.

Annex 2: Statement of directors' responsibilities for the quality report

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

NHS Improvement has issued guidance to NHS foundation trust boards on the form and content of annual quality reports (which incorporate the above legal requirements) and on the arrangements that NHS foundation trust boards should put in place to support the data quality for the preparation of the quality report.

In preparing the Quality Report, directors are required to take steps to satisfy themselves that:

- the content of the Quality Report meets the requirements set out in the NHS foundation trust annual reporting manual 2017/18 and supporting guidance
- the content of the Quality Report is not inconsistent with internal and external sources of information including:
  - board minutes and papers for the period April 2017 to May 2018
  - papers relating to quality reported to the board over the period April 2017 to May 2018
  - feedback from the commissioners dated 16/05/2018
  - feedback from governors dated 19/02/2018 and 26/03/2018
  - feedback from local Healthwatch organisations dated 12/05/2018 (Solihull) and 16/05/2018 (Birmingham)
  - feedback from Overview and Scrutiny Committee dated 22/03/2018 (Birmingham)
  - the trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated May 2018
  - the 2016 national patient survey June 2017; this is the latest available survey.
  - the 2017 national staff survey March 2018
  - the Head of Internal Audit's annual opinion of the trust's control environment dated 17/05/2018
  - CQC inspection report dated 02/08/2017
- the Quality Report presents a balanced picture of the NHS foundation trust's performance over the period covered
- the performance information reported in the Quality Report is reliable and accurate
- there are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report, and these controls are subject to review to confirm that they are working effectively in practice
- the data underpinning the measures of performance reported in the Quality Report is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review and
- the Quality Report has been prepared in accordance with NHS Improvement's annual reporting manual and supporting guidance (which incorporates the Quality Accounts regulations) as well as the standards to support data quality for the preparation of the Quality Report.

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

By order of the board

Dame Julie Moore
Interim Chief Executive Officer
24 May 2018

Rt Hon Jacqui Smith
Interim Chair
24 May 2018

Auditor's Report

This Annual Report covers the period 1 April 2017 to 31 March 2018

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS OF UNIVERSITY HOSPITALS BIRMINGHAM NHS FOUNDATION TRUST IN RESPECT OF HEART OF ENGLAND NHS FOUNDATION TRUST ON THE QUALITY REPORT

We have been engaged by the Council of Governors of Heart of England NHS Foundation Trust ('the Trust') to perform an independent assurance engagement in respect of the Trust's Quality Report for the year ended 31 March 2018 (the 'Quality Report') and certain performance indicators contained therein.

Scope and subject matter

The indicators for the year ended 31 March 2018 subject to limited assurance consist of the following two national priority indicators:

- percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period ('18 week RTT indicator'); and

- A&E: maximum waiting time of four hours from arrival to admission, transfer or discharge ('A&E indicator').

We refer to these national priority indicators collectively as the 'indicators'.

Respective responsibilities of the Directors and auditors

The Directors are responsible for the content and the preparation of the Quality Report in accordance with the criteria set out in the *NHS Foundation Trust Annual Reporting Manual* issued by NHS Improvement.

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that:

- the Quality Report is not prepared in all material respects in line with the criteria set out in the *NHS Foundation Trust Annual Reporting Manual* and supporting guidance;

- the Quality Report is not consistent in all material respects with the sources specified in the *Detailed requirements for quality reports for foundation trusts 2017/18* ('the Guidance'); and

- the indicators in the Quality Report identified as having been the subject of limited assurance in the Quality Report are not reasonably stated in all material respects in accordance with the NHS Foundation Trust Annual Reporting Manual and the six dimensions of data quality set out in the *Detailed Requirements for external assurance for quality reports for foundation trusts 2017/18* ("the guidance").

We read the Quality Report and consider whether it addresses the content requirements of the NHS Foundation Trust Annual Reporting Manual and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the Quality Report and consider whether it is materially inconsistent with:

- Heart of England NHS FT Board minutes and papers for the period April 2017 to March 2018;

- feedback from commissioners, dated 16 May 2018;

- feedback from governors, dated 19 February 2018 and 26 March 2018;

- feedback from local Healthwatch organisations, dated 12 May 2018 and 16 May 2018;

- feedback from Overview and Scrutiny Committee, dated 22 May 2018;

- the Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009;

- the 2016 national patient survey, dated June 2017;

- the 2017 national staff survey, dated March 2018;

- Care Quality Commission Inspection, dated 02 August 2017;

- the 2017/18 Head of Internal Audit's annual opinion over the Trust's control environment, dated 17 May 2018; and

- any other information included in our review.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with those documents (collectively, the 'documents'). Our responsibilities do not extend to any other information.

We are in compliance with the applicable independence and competency requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics. Our team comprised assurance practitioners and relevant subject matter experts.

This report, including the conclusion, has been prepared solely for the Council of Governors of University Hospitals Birmingham NHS Foundation Trust in respect of Heart of England NHS Foundation Trust as a body, to assist the Council of Governors in reporting the NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2018, to enable the Council of Governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicator. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors as a body and University Hospitals Birmingham NHS Foundation Trust for our work or this report, except where terms are expressly agreed and with our prior consent in writing.

Assurance work performed

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', issued by the International Auditing and Assurance Standards Board ('ISAE 3000'). Our limited assurance procedures included:

- evaluating the design and implementation of the key processes and controls for managing and reporting the indicator;

- making enquiries of management;

- testing key management controls;

- limited testing, on a selective basis, of the data used to calculate the indicator back to supporting documentation;

- comparing the content requirements of the NHS Foundation Trust Annual Reporting Manual to the categories reported in the Quality Report; and

- reading the documents.

A limited assurance engagement is smaller in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw allows for the selection of different, but acceptable measurement techniques which can result in materially different measurements and can affect comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision of these criteria, may change

over time. It is important to read the Quality Report in the context of the criteria set out in the *NHS Foundation Trust Annual Reporting Manual* and supporting guidance.

The scope of our assurance work has not included governance over quality or the non-mandated indicator, which was determined locally by Heart of England NHS Foundation Trust.

Basis for qualified conclusion on the 18 week RTT indicator

In testing a sample of 25 records included within the 18 week RTT indicator, we identified four cases where the RTT clock had been stopped before the patient had commenced their first definitive treatment. This was a result of inaccurate coding within outpatient clinics. In two cases these would have been recorded as an 18 week breach.

Qualified conclusion

Based on the results of our procedures, except for the effects of the matters described in the 'Basis for qualified conclusion on the 18 week RTT indicator' section above, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2018:

- the Quality Report is not prepared in all material respects in line with the criteria set out in the NHS Foundation Trust Annual Reporting Manual;

- the Quality Report is not consistent in all material respects with the sources specified in the Guidance; and

- the indicators in the Quality Report subject to limited assurance have not been reasonably stated in all material respects in accordance with the NHS Foundation Trust Annual Reporting Manual and the six dimensions of data quality set out in the Guidance.

KPMG LLP.

KPMG LLP
Chartered Accountants
One Snowhill
Snowhill Queensway
Birmingham
B4 6GH

24 May 2018

Section 3 **Annual Accounts**

This Annual Report covers the period 1 April 2017 to 31 March 2018

Section 3

Annual Accounts 31 March 2018

These Accounts for the year ended 31 March 2018 have been prepared by the Heart of England NHS Foundation Trust (the Trust) in accordance with paragraphs 24 and 25 of Schedule 7 within the National Health Service Act 2006.

Dame Julie Moore
Interim Chief Executive

Date: 24 May 2018

KPMG

Independent auditor's report

to the Council of Governors of University Hospitals Birmingham NHS Foundation Trust in respect of Heart of England NHS Foundation Trust

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. Our opinion is unmodified

We have audited the financial statements of Heart of England NHS Foundation Trust ("the Trust") for the year ended 31 March 2018 which comprise the of Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes In Taxpayers' and Others' Equity, Statement Of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion:

— the financial statements give a true and fair view of the state of the Trust's affairs as at 31 March 2018 and of its income and expenditure for the year then ended; and

— the Trust's financial statements have been properly prepared in accordance with the Accounts Direction issued under paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006, the NHS Foundation Trust Annual Reporting Manual 2017/18 and the Department of Health Group Accounting Manual 2017/18.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview		
Materiality: financial statements as a whole		£10m (2017:£10m) 1.4% (2017: 1.4%) of total income from operations

Risks of material misstatement		vs 2017
Recurring risks	Valuation of land and buildings	◄►
	Recognition of NHS and non-NHS income	◄►

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below, the key audit matters (unchanged from 2017), in decreasing order of audit significance, in arriving at our audit opinion above together with our key audit procedures to address those matters and our findings from those procedures in order that the Trust's governors as a body may better understand the process by which we arrived at our audit opinion. These matters were addressed, and our findings are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Land and buildings (£216 million; 2017: £207.4 million) *Refer to page 150 of the financial statements (accounting policy) and page 168 of the financial statements (financial disclosures).*	**Valuation of land and buildings** Land and buildings are required to be held at current value in existing use (EUV). As hospital buildings are specialised assets and there is not an active market for them they are valued on the basis of the cost to replace them with an equivalent asset (Depreciated Replacement Cost or DRC). There is significant judgment involved in determining the appropriate basis (EUV or DRC) for each asset according to the degree of specialisation, as well as over the assumptions made in arriving at the valuation of the asset. In particular the DRC basis of valuation requires an assumption as to whether the replacement asset would be built to the same specification or in the same location as the existing asset. Assets may also be impaired if the Trust is no longer able to derive as much future benefit from their use as anticipated. Valuation is completed by an external expert engaged by the Trust using construction indices and so accurate records of the current estate are required to inform the valuation. Full valuations are completed every five years, with interim desktop valuations completed in interim periods. During 2017/18 a full valuation was completed.	Our procedures included: — **Methodology choice:** We assessed the Trust's valuation report and considered the revaluation basis used and its appropriateness (including the continued use of Alternative Site Methodology). We engaged our property team experts to undertake an assessment of the revaluation; — **Assessing the valuer's credentials:** We carried out an assessment of the expertise of the valuer commissioned by the Trust to perform the revaluation exercise by ensuring that the valuer was appropriately qualified. We obtained the instructions provided to the valuer and assessed the independence and objectivity of the valuer and the terms under which they were engaged by management; — **Data comparisons:** We considered the source of the information provided to, and used by, the valuer, and undertook testing to ensure both its completeness and accuracy, including the existence of assets and floor area measurements; — **Management adjustments:** We confirmed the appropriateness of any amendments made by management to the information received from the valuer before being incorporated into the financial statements; and — **Impairment review:** We considered management assessment of any need for an impairment across its asset base either due to loss of value or reduction in future benefits that would be achieved. **Our findings** — We found the resulting valuation of land and buildings to be balanced.

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	The risk	Our response
NHS and non-NHS Income (£690.7 million; 2017: £709.1 million) *Refer to page 149 of the financial statements (accounting policy) and pages 160-161 of the financial statements (financial disclosures).*	**Subjective estimate** Of the Trust's reported total income, £620.5million (2016/17, £617.4million) came from Clinical Commissioning Groups (CCGs) and NHS England. Four CCGs and NHS England make up 90% of this balance. The Trust invoices these commissioners throughout the year and accrues for activity in the final quarter of the year. Invoices for this activity are not agreed until after the accounts are produced for audit. There is therefore a risk that income from healthcare may be overstated. An agreement of balances exercise is undertaken between NHS bodies to agree the value of transactions during the year and the amounts owed at the year end. 'Mismatch' reports are available setting out discrepancies between the submitted balances from each party in transactions and variances over £300,000 are required to be reported to the National Audit Office to inform the audit of the Department of Health consolidated accounts. The Trust reported total other operating income of £63.4 million (2016/17: £84.5 million) from other activities, primarily education and training, research and development, or other activities. Much of this income is contracted from NHS and non-NHS bodies under contracts that indicate when income will be received; on delivery, milestones, or periodically. There is a greater risk that the income has not been recognised under the accruals basis, and instead on a cash basis. Some sources of income require independent confirmations which can impact the amount of income the Trust will actually receive.	Our procedures included the following tests of detail: — We assessed the outcome of the agreement of balances exercise with other NHS bodies. Where there were mismatches over £300,000 we obtained evidence to support the Trust's reported income figure; — For the five largest commissioners of the Trust's activity we agreed that signed contracts were in place;. — We investigated a sample of contract variations for commissioners and sought explanations from the Trust; — We discussed with Trust staff and reviewed income variances resulting from the agreement of balances exercise and confirmed whether the Trust was in formal dispute or arbitration in relation to any material income balances. We examined the supporting correspondence, including if appropriate any legal advice given, in relation to the expected outcome as recorded within the financial statements; — We confirmed the basis upon which any provisions for bad debt had been made, including the completeness and accuracy of the aged receivables analysis. We tested the assumptions taking into account both past performance and any circumstances specific to the year ended 31 March 2018; and — We tested a sample of income and expenditure transactions within the bank statements for March 2018 and April 2018 to support the completeness of both NHS and non-NHS income balances. We tested the sample to ensure that they were recorded within the correct financial year. **Our findings** — We found the resulting estimates made by the Trust in relation to NHS and non-NHS income to be balanced.

3. Our application of materiality

Materiality for the Trust financial statements as a whole was set at £10 million (2016/17: £10 million), determined with reference to a benchmark of income from operations (of which it represents approximately 1.4% (PY: 1.4%)). We consider income from operations to be more stable than a surplus or deficit related benchmark.

We agreed to report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £300,000 (2016/17:(£250,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Trust was undertaken to the materiality level specified above and was all performed at the Trust's admin base, Regent Court in Birmingham.

Total income from operations
£690.8m (2017: £709.1m)

Materiality
£10m (2017: £10m)

£10m
Trust whole financial statements materiality (2017: £10m)

£0.3m
Misstatements reported to the audit committee (2017: £0.25m)

■ Total income
■ Materiality
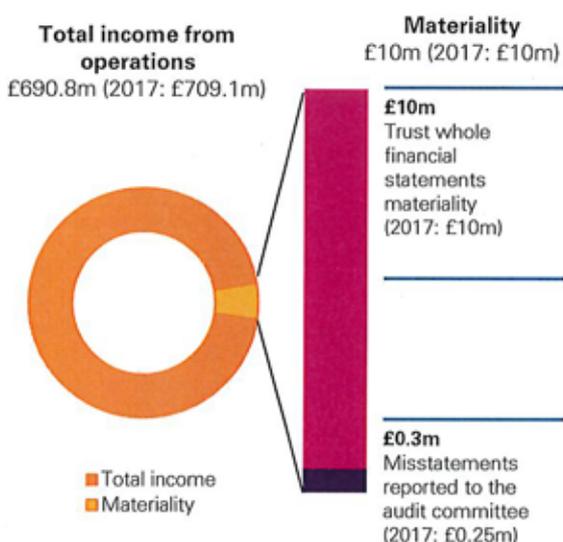
4. We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

In our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements

Remuneration report

In our opinion the part of the remuneration report to be audited has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2017/18.

Corporate governance disclosures

We are required to report to you if:

— we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Trust's position and performance, business model and strategy; or

— the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or

— the Annual Governance Statement does not reflect the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2017/18, is misleading or is not consistent with our knowledge of the Trust and other information of which we are aware from our audit of the financial statements.

We have nothing to report in these respects.

6. Respective responsibilities

Accounting Officer's responsibilities

As explained more fully in the statement set out on page 84, the Accounting Officer is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

We have nothing to report on the statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice issued by the Comptroller and Auditor General ('the Code of Audit Practice') to report to you if:

— any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006.

— any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit.

We have nothing to report in these respects.

Our conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources is qualified

Under the Code of Audit Practice we are required to report to you if the Trust has not made proper arrangements for securing economy, efficiency and effectiveness in the use of resources.

Qualified conclusion

Subject to the matters outlined in the basis for qualified conclusion paragraph below we are satisfied that in all significant respects Heart of England NHS Foundation Trust put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2018.

Basis for qualified conclusion

During 2017/18 the Trust was operating under a number of enforcement undertakings and an additional licence condition imposed by NHS Improvement (NHSI).

In August 2017, NHSI issued a Certificate of Compliance to the Trust. The certificate confirmed compliance with the Enforcement Undertakings accepted in October 2014 and January 2015. At the same time NHSI accepted further undertakings from the Trust relating to its emergency care plan and its financial recovery plan.

Following the acquisition of the Trust by University Hospitals Birmingham NHS FT on 1 April 2018, these enforcement undertakings no longer remain in place.

In addition, the Trust reported a deficit of £47.3m from continuing operations, increasing to £58.8m once revaluation gains (£6.4m), and non-recurrent bonus Sustainability and Transformation Funding (£5.1m) are taken into account. This represents an adverse budget variance of £29.9m against the pre-STF financial plan of £28.8m (deficit) at the start of the year.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

The Trust is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources

Under Section 62(1) and Schedule 10 paragraph 1(d), of the National Health Service Act 2006 we have a duty to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We planned our work in accordance with the Code of Audit Practice and related guidance. Based on our risk assessment, we undertook such work as we considered necessary.

Report on our review of the adequacy of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required by guidance issued by the C&AG under Paragraph 9 of Schedule 6 to the Local Audit and Accountability Act 2014 to report on how our work addressed any identified significant risks to our conclusion on the adequacy of the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources. The 'risk' in this case is the risk that we could come to an incorrect conclusion in respect of the Trust's arrangements, rather than the risk of the arrangements themselves being inadequate.

We carry out a risk assessment to determine the nature and extent of further work that may be required. Our risk assessment includes consideration of the significance of business and operational risks facing the Trust, insofar as they relate to 'proper arrangements'. This includes sector and organisation level risks and draws on relevant cost and performance information as appropriate, as well as the results of reviews by inspectorates, review agencies and other relevant bodies.

The significant risks identified during our risk assessment are set out overleaf together with the findings from the work we carried out on each area.

Significant Risk	Description	Work carried out and judgements
Enforcement Action including Financial Sustainability:	The Trust operated under a number of enforcement undertakings and an additional licence condition imposed by NHSI. These covered a number of areas including financial sustainability, operational performance, and governance. In regards to financial performance the Trust agreed a deficit control target at the start of year of £28.8m (pre-Sustainability and Transformation Funding) for 2017/18. The Trust required revenue support from September 2017, in the form of a working capital facility to support its cash position.	Our work included: — considering the findings of NHS Improvement, in respect of the Trust, in year, along with the findings from other regulators in so far as it is relevant to our statutory functions; — performing work to assess the Trust's financial sustainability and progress against the financial plan and delivery of savings plans; — reviewing the Trust's operational performance in year, notably compliance with national target and other key indicators, including RTT and A&E; and — considering the appropriateness of going concern disclosures within the Trust's financial statements. **Our findings on this risk area:** — the Trust reported a deficit of £47.3m from continuing operations, increasing to £58.8m once revaluation gains (£6.4m), and non-recurrent bonus Sustainability and Transformation Funding (£5.1m) are taken into account. This represents an adverse budget variance of £29.9m against the pre-STF financial plan of £28.8m (deficit) at the start of the year: — the Trust has been transparent in its reporting from early on in the year regarding financial challenges. This has included reporting throughout the year to Trust Board, NHS Improvement, and the Trust's Council of Governors; — the Trust had in place an ambitious savings target for the year of £33.2m, of which £15.8m was delivered in year; — the Trust required injections of revenue support from the Department of Health during 2017/18, in the form of interest bearing loans totalling £31.8m; — in August 2017, NHS Improvement issued a Certificate of Compliance to the Trust. The certificate confirmed compliance with enforcement undertakings accepted in October 2014 and January 2015. At the same time NHS Improvement accepted further undertakings from the Trust predominately regarding an emergency care plan and a financial recovery plan; — following the merger by acquisition of the Trust by University Hospitals Birmingham NHS FT on 1 April 2018, Enforcement Undertakings no longer remain in place; and — as a result of enforcement undertakings and an additional licence condition being in place during the year, and the financial year-end deficit, we have issued an 'except for' VFM conclusion.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006 and the terms of our engagement by the Trust. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust, as a body, those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Trust, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors of the Trust, as a body, for our audit work, for this report, or for the opinions we have formed.

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of Heart of England NHS Foundation Trust in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice issued by the National Audit Office.

Andrew Bostock for and on behalf of KPMG LLP (Statutory Auditor)

Chartered Accountants

One Snowhill, Snowhill Queensway, Birmingham, B4 6GH
24 May 2018

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PRIMARY STATEMENTS
Statement of Comprehensive Income
for the year ended 31 March 2018

	Note	2017/18 £000	2016/17 £000
Operating income from patient care activities	4.1	630,513	628,017
Other operating income	4.5	60,266	81,120
Total Operating Income from continuing operations		690,779	709,137
Operating Expenses	5.1	(732,529)	(725,638)
OPERATING (DEFICIT) FROM CONTINUING OPERATIONS		**(41,750)**	**(16,501)**
Finance income	7	67	69
Finance Expenses	8	(381)	(223)
PDC Dividends payable		(5,112)	(5,983)
NET FINANCE COSTS		**(5,426)**	**(6,137)**
Other Gains/(losses)		(163)	(134)
(DEFICIT) FOR THE YEAR FROM CONTINUING OPERATIONS		**(47,339)**	**(22,772)**
Other comprehensive income			
Will not be reclassified to income and expenditure;			
Impairments		(603)	(1,774)
Revaluations		8,951	0
Total Other comprehensive income		8,348	(1,774)
TOTAL COMPREHENSIVE (EXPENSE) FOR THE YEAR		**(38,991)**	**(24,546)**

PRIMARY STATEMENTS
Statement of Financial Position as at 31 March 2018

	Note	31 Mar 18 £000	31 Mar 17 £000
Non-current assets			
Intangible assets	9	2,233	2,005
Property, plant and equipment	10	271,764	251,824
Trade and other receivables	14	1,044	973
Other financial assets	29	0	0
Total non-current assets		275,041	254,802
Current assets			
Inventories	13	10,370	10,749
Trade and other receivables	14	32,055	40,312
Cash and cash equivalents	22	11,305	19,206
Total current assets		53,730	70,267
Current liabilities			
Trade and other payables	15	(112,533)	(102,115)
Borrowings	17	(600)	(480)
Provisions for liabilities and charges	20	(1,383)	(3,189)
Other liabilities	16	(4,837)	(6,296)
Total current liabilities		(119,353)	(112,080)
Total assets less current liabilities		209,418	212,989
Non-current liabilities			
Trade and other payables	15	0	0
Borrowings	17	(37,710)	(3,301)
Provisions for liabilities and charges	20	(6,695)	(6,172)
Other liabilities	16	0	0
Total non-current liabilities		(44,405)	(9,473)
Total assets employed		165,013	203,516
Financed by			
Taxpayers' equity			
Public Dividend Capital		197,197	196,709
Revaluation reserve	21	60,131	52,928
Other reserves		(169)	(169)
Income and expenditure reserve		(92,146)	(45,952)
Total taxpayers' and others' equity		165,013	203,516

The annual accounts on pages 145 to 190 were approved by the Board of Directors on 24 May and signed on its behalf by:

Dame Julie Moore, Chief Executive

PRIMARY STATEMENTS
Statement of Changes In Taxpayers' and Others' Equity
for the year ended 31 March 2018

	Note	Total taxpayers' equity	Public Dividend Capital	Revaluation Reserve	Other Reserves	Income and Expenditure Reserve
2017/18		**£000**	**£000**	**£000**	**£000**	**£000**
Taxpayers' Equity at 1 April 2016		**203,516**	**196,709**	**52,928**	**(169)**	**(45,952)**
(Deficit) for the year		**(47,339)**				(47,339)
Transfers between reserves	21	**0**	0	(1,145)	0	1,145
Impairments	21	**(603)**		(603)		0
Revaluations	21	**8,951**		8,951		
Other recognised gains and losses		**0**		0	0	0
Public Dividend Capital received		**488**	488			
Public Dividend Capital repaid		**0**	0			
Public Dividend Capital written off		**0**	0			
Other reserve movements		**0**	0	0	0	0
Taxpayers' Equity at 31 March 2017		**165,013**	**197,197**	**60,131**	**(169)**	**(92,146)**

	Note	Total taxpayers' equity	Public Dividend Capital	Revaluation Reserve	Other Reserves	Income and Expenditure Reserve
2016/17		**£000**	**£000**	**£000**	**£000**	**£000**
Taxpayers' Equity at 1 April 2016		**228,062**	**196,709**	**55,957**	**(169)**	**(24,435)**
(Deficit) for the year		**(22,772)**				(22,772)
Transfers between reserves	21	**0**	0	(1,255)	0	1,255
Impairments	21	**(1,774)**		(1,774)		0
Revaluations	21	**0**		0		
Other recognised gains and losses		**0**		0	0	0
Public Dividend Capital received		**0**	0			
Public Dividend Capital repaid		**0**	0			
Public Dividend Capital written off		**0**	0			
Other reserve movements	21	**0**	0	0	0	0
Taxpayers' Equity at 31 March 2017		**203,516**	**196,709**	**52,928**	**(169)**	**(45,952)**

PRIMARY STATEMENTS
Statement Of Cash Flows
for the year ended 31 March 2018

	Note	2017/18 £000	2016/17 £000
Cash flows from operating activities			
Operating (deficit)		(41,750)	(16,501)
Non-cash income and expennse			
Depreciation and amortisation		13,019	14,192
Net Impairments		(6,419)	11,466
Income recognised in respect of capital donations		(339)	(715)
(Increase) / decrease in Trade and Other Receivables	14	7,171	(10,233)
Movement in Other Assets		0	0
(Increase)/ decrease in Inventories	13	379	(1,605)
(Increase) in Trade and Other Payables	15	9,044	12,437
Decrease in Other Liabilities	16	(1,459)	(175)
Decrease in Provisions	20	(1,284)	(2,552)
Other movements in operating cash flows		0	0
Net cash (used in)/generated from operating activities		**(21,638)**	**6,314**
Cash flows from investing activities			
Interest received		62	74
Purchase of intangible assets		(944)	(181)
Purchase of Property, Plant and Equipment		(16,451)	(11,069)
Sales of Property, Plant and Equipment		997	0
Receipt of cash donations to purchase capital assets		0	0
Net cash generaed from/ (used) in investing activities		**(16,336)**	**(11,176)**
Cash flows from financing activities			
Public dividend capital received		488	0
Public dividend capital repaid		0	0
Movement on loans from the Department of Health and Social Care		34,892	0
Capital element of finance lease rental payments	18	(257)	(152)
Capital element of Private Finance Initiative payments	19	(303)	(206)
Other Interest paid		(102)	0
Interest paid on finance lease liabilities.	8	(92)	(105)
Interest paid on Private Finance Initiative obligations	8	(105)	(115)
PDC Dividend (paid)		(4,448)	(6,838)
Cash flows from other financing activities		0	11
Net cash generated from/ (used in) financing activities		**30,073**	**(7,405)**
(Decrease)/increase in cash and cash equivalents		**(7,901)**	**(12,267)**
Cash and Cash equivalents at 1 April		**19,206**	**31,473**
Cash and Cash equivalents at 31 March	22	**11,305**	**19,206**

NOTES TO THE ACCOUNTS ACCOUNTING POLICIES

1.1 Basis of Preparation of Accounts

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of Heart of England NHS FoundationTrust (the Trust) should meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM) which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2017/18 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards (IFRS) to the extent that they are meaningful and appropriate to the Trust. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories, and certain financial assets and financial liabilities.

1.2 Going Concern

These financial statements have been prepared on a going concern basis. See note 2 for further information.

1.3 Income

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the Trust is contracts with commissioners in respect of healthcare services. At the year end, the Trust accrues income relating to activity delivered in that year, where a patient spell is incomplete. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

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

1.4 Expenditure on goods and services

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

1.5 Intangible assets
Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Trust's business or which arise from contractual or other legal rights where expenditure of at least £5,000 is incurred. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Trust and where the cost of the asset can be measured reliably.

Internally generated intangible assets

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

Expenditure on research is not capitalised.

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

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
- the Trust intends to complete the asset and sell or use it;
- the Trust has the ability to sell or use it;
- how the intangible asset will generate probable future economic or service delivery benefits e.g. the presence of a market for it or its output or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the Trust to complete the development and sell or use the asset; and
- the Trust can measure reliably the expenses attributable to the asset during development.

Software

Software which is integral to the operation of hardware e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware e.g. application software, is capitalised as an intangible asset.

Measurement

Intangible assets are recognised initially at cost,

NOTES TO THE ACCOUNTS
ACCOUNTING POLICIES (continued)

comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at fair value. Revaluation gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 of IFRS 5. Intangible assets held for sale are measured at the lower of their carrying amount or 'fair value less costs to sell'.

Amortisation

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. The amortisation periods for intangible assets are, in general, 5-10 years for software licences.

1.6 Property, Plant and Equipment

Recognition

Property, Plant and Equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential be provided to, the Trust;
- it is expected to be used for more than one financial year; and
- the cost of the item can be measured reliably. The cost must be where;
  - individually items have a cost of at least £5,000; or
  - collectively they have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, had broadly similar purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
  - form part of the initial equipping and setting-up cost of a new building, ward or unit irrespective of their individual or collective cost.

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

and depreciated over their own useful economic lives.

Measurement

Valuation

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

All assets are measured subsequently at fair value. For freehold and leasehold properties fair value is based on periodic, but at least quinquennial, rolling valuations performed by external independent valuers less subsequent depreciation and impairment losses.   The valuations are performed with sufficient regularity to ensure that the carrying value does not differ significantly from fair value at the reporting date.

Short life equipment is valued at Depreciated Historic Cost due to the individually short life and low value of each asset. Non Short life equipment is assessed for fair value using depreciated replacement cost as a proxy. The Trust has concluded that there is no material difference between depreciated replacement cost and fair value for this class of assets.

An item of property, plant and equipment which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS 5.

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Revaluation gains and losses

Increases in asset values arising from revaluations

NOTES TO THE ACCOUNTS
ACCOUNTING POLICIES (continued)

are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised as a reduction in operating expenses. Decreases in asset values and impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses. Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

On an annual basis the Trust will transfer an amount from the revaluation reserve to the Income and Expenditure reserve to transfer the excess of current cost depreciation over historical cost depreciation to the Income and Expenditure Reserve.

Impairments

In accordance with the GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss are reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

Depreciation

Items of Property, Plant and Equipment are depreciated on a straight line basis over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated. Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification. Depreciation is applied in the quarter after the asset is brought into use.

Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively. Assets held under finance leases are depreciated over their estimated useful lives or, where shorter, the lease term.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by the Trust's valuer, currently GVA. Leaseholds are depreciated over the primary lease term.

Equipment is depreciated evenly over the estimated life of the asset.

In assessing estimated useful economic lives, consideration is given to any contractual arrangements and operational requirements relating to particular assets. Unless otherwise determined by operational requirements, the depreciation periods for the principal categories of property, plant and equipment are, in general, as follows:

plant & machinery	5-15 years
transport equipment	7 years
information technology	5-8 years
furniture & fittings	5-10 years
dwellings	up to 60 years
other buildings	up to 60 years

De-recognition of Property, Plant & Equipment

Assets planned to be scrapped or demolished are held as operational assets with revised lives to reflect the period over which the assets economic life has been shortened. Once the asset has been disposed of it ceases to be recognised and is removed from the Trust's Fixed Asset Register.

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

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- there is documented management intent and approval in line with the Trust's Standing

NOTES TO THE ACCOUNTS
ACCOUNTING POLICIES (continued)

Financial Instructions to sell the asset;
- an active programme has begun to find a buyer and complete the sale;
- the asset is being actively marketed at a reasonable price;
- the sale is expected to be completed within 12 months of the date of classification as 'Held for Sale'; and
- it is highly unlikely that the plan to sell the asset will be cancelled or materially changed so as to delay or impair the process such that the sale will take longer than 12 months or cease completely.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

Donated assets

Donated non-current assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met. The donated assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

Private Finance Initiative (PFI) transactions

PFI transactions which meet the International Financial Reporting Interpretations Committee 12 (IFRIC 12 - Service Concession Arrangements) definition of a service concession, as interpreted in HM Treasury's Financial Reporting Manual, are accounted for as 'on-Statement of Financial Position' by the Trust. The underlying assets are recognised as Property, Plant and Equipment at their fair value which is periodically assessed in line with the Trust's valuation policy. An equivalent financial liability is recognised in accordance with International Accounting Standard 17 (IAS 17 - Leases). The annual contract payments are split into the repayment of the liability, a finance cost and the charges for services. The finance cost is calculated using the effective interest rate for the scheme. The service charge is recognised in operating expenses and the finance cost is charged to Finance Costs in the Statement of Comprehensive Income.

For PFI transactions which do not meet the IFRIC12 definition of a service concession, as interpreted in HM Treasury's Financial Reporting Manual, the PFI payments are recorded as an operating expense. Where the Trust has contributed to land and buildings, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by charge to the Statement of Comprehensive Income. Where, at the end of the PFI contract, a property reverts to the Trust, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year, as property, plant and equipment.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

a) Payment for the fair value of services received;
b) Payment for the PFI asset, including finance costs; and
c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within operating expenses.

PFI Asset

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17 (Leases). Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the Trust's approach for each relevant class of asset in accordance with the principles of IAS 16 (Property, Plant and Equipment).

PFI liability

The PFI liability is measured initially at the same amount as the fair value of the PFI asset and is subsequently measured as a finance lease liability in accordance with IAS 17 (Leases).

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Income.

NOTES TO THE ACCOUNTS
ACCOUNTING POLICIES (continued)

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their cost and depreciated over the shorter of either remaining life of the contract or the life of the individual asset.

Assets contributed by the Trust to the operator for use in the scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the Trust's Statement of Financial Position.

1.7 Transfers of functions (to /from) other NHS bodies/Local government bodies

For functions that have been transferred to the Trust from another NHS/Local government body, the assets and liabilities transferred are recognised in the accounts as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition. The net gain/loss corresponding to the net assets/liabilities transferred is recognised within income/expenses but not within operating activities.

For property plant and equipment assets and intangible assets, the Cost and Accumulated Depreciation/Amortisation balances from the transferring entity's accounts are preserved on recognition in the Trust's accounts.

For functions that the Trust has transferred to another NHS / Local government body, the assets and liabilities transferred are de-recognised from the accounts as at the date of transfer. The net loss / gain corresponding to the net assets/liabilities transferred is recognised within expenses / income, but not within operating activities. Any revaluation reserve balances attributable to assets de-recognised are transferred to the income and expenditure reserve. Adjustments to align the acquired function to the Foundation Trust's accounting policies are applied after initial recognition and are adjusted directly in taxpayers' equity.

1.8 Inventories

Inventories are valued at the lower of cost and net realisable value, on a first in first out basis. Each year end stock is assessed for slow moving, obsolete and defective stock and a provision made for this.

1.9 Research and Development

Expenditure on research is not capitalised, it is charged as an expense through the Statement of Comprehensive Income. Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
- the Trust intends to complete the asset and sell or use it;
- the Trust has the ability to sell or use the asset;
- how the intangible asset will generate probable future economic or service delivery benefits e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the Trust to complete the development and sell or use the asset; and
- the Trust can measure reliably the expenses attributable to the asset during development.

1.10 Cash and Cash Equivalents

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

1.11 Provisions

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

NOTES TO THE ACCOUNTS
ACCOUNTING POLICIES (continued)

Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution to the NHSLA, which, in return, settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at Note 20 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to the NHS Litigation Authority and in return receives assistance with the costs of claims arising. The annual membership contributions, and any 'excesses' payable in respect of particular claims are charged to operating expenses when the liability arises.

1.12 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in Note 25 where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are instead disclosed in Note 25. Contingent liabilities are defined as:

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

1.13 Expenditure on Employee Benefits

Short-term Employee Benefits

Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as a defined contribution schemes. All eligible Trust employees are automatically registered to this qualifying workplace pension scheme without them needing to make an active decision to join.

Employer's pension cost contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the trust commits itself to the retirement, regardless of the method of payment.

NEST scheme

NEST (National Employment Savings Trust) is an automatic enrolment pension scheme available for Trust employees not eligible to join the NHS Pension scheme. They automatically become a member of this qualifying workplace pension scheme without them needing to make an active decision to join. It is a defined contribution pension scheme which enables the Trust to comply with it's legal duties from the Pensions Act 2008 regarding all staff having access to a workplace pension scheme.
Employer's pension cost contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the Trust commits itself to the retirement, regardless of the method of payment.

NOTES TO THE ACCOUNTS
ACCOUNTING POLICIES (continued)

1.14 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

1.15 Critical judgements in applying accounting policies

The Trust is required under IAS1 (Presentation of Financial Statements) to disclose the critical judgements, apart from those involving estimations (see note 1.14) that management has made in the process of applying the Trust's accounting policies and that have the most significant effect on the amounts recognised in the annual report and accounts. The following areas are where the application of the Trust's accounting polices involved significant judgements;

(a) The assumption within the Research and Development business unit is that it breaks even in any financial year. The head of the business unit regularly reviews the income and costs and flexes resource and obtains sources of income depending on the activity of the department.

(b) The Trust's policy on stock valuation is based on a first in first out basis. Some of the stock is valued manually and in some cases it has been necessary to value this stock on an average cost basis of stock purchased during the year. This has no material impact on the year end stock valuation.

1.16 Key sources of estimation uncertainty

The Trust is required under IAS1 (Presentation of Financial Statements), to disclose key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Trust has reviewed the areas where there

are sources of estimation uncertainty, including provision balances, PFI transactions, NHS injury scheme income and balances, income and debtor balances relating to contracted NHS income, debtor balances and asset valuations.

Within Provisions is an estimate of the value of the costs of putting right an environmental issue and the costs of employment issues. The environmental provision is based on a specialist report and an assessment of the areas where the issue is required to be rectified over the next five years. In all of these cases, the actual cost could be different to the estimated values.

With the exception of the point above, the Trust has not made any further estimations or judgements that could have a significant risk of materially adjusting the carrying values of any other assets or liabilities within the next financial year.

1.17 Value Added Tax

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

1.18 Foreign exchange

The functional and presentational currencies of the Trust are sterling. A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction. There are minimal foreign currency transactions.

1.19 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts (Note 22.1) in accordance with the requirements of the GAM.

1.20 Leases

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Trust, the asset is recorded as Property, Plant and Equipment and a corresponding liability is

NOTES TO THE ACCOUNTS
ACCOUNTING POLICIES (continued)

recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability and is charged to Finance Costs in the Statement of Comprehensive Income.

Operating leases

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received (e.g. reduced rentals or rent free periods) are added to the actual lease rentals invoiced and charged to operating expenses over the life of the lease to give a similar rental charge per year across each year of the lease.

Leases of land and buildings

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

Lessor

Where the Trust acts as the lessor, the income due to the Trust is accounted for on an accruals basis.

1.21 Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS Trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32 (Financial Instruments: Presentation). A charge, reflecting the forecast cost of capital utilised by the Trust, is paid over as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the actual average relevant net assets of the Trust during the financial year as set out in the "pre-audit" version of the annual accounts.

Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for:

- donated assets;
- average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits with the exception of cash balances held in GBS accounts that relate to a short-term working capital facility;
- net assets and liabilities transferred from bodies which ceased to exist on 1 April 2015; and
- any PDC dividend balance receivable or payable.

The calculated dividend is not revised if any adjustments to net relevant assets are identified during the final audit process.

1.22 Other reserves

Other reserves were created to account for any differences between the value of fixed assets taken over by the Trust at inception and the corresponding figure in the opening capital debt.

1.23 Losses and Special Payments

Losses and special payments are incurred when there is an excess to pay on claims made through the NHS Litigation Authority for non-clinical claims or where the amount is below the excess in which case it is paid directly to the individual or organisation. This would be the case for small monetary value items such as spectacles, cash and clothing.

Losses and special payments are reported on an accruals basis, but exclude provisions for future losses.

1.24 Corporation Tax

NHS Foundation Trusts are potentially liable to corporation tax in certain circumstances. A review of other operating income is performed annually to assess any potential liability in conjunction with guidance on the HMRC website. As a result of this review it is concluded that the Trust did not have a corporation tax liability in 2017/18 or 2016/17.

1.25 Financial instruments and financial liabilities

Recognition

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which

NOTES TO THE ACCOUNTS
ACCOUNTING POLICIES (continued)

are entered into in accordance with the Trust's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs i.e. when receipt or delivery of the goods or services is made. Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described above. All other financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

De-recognition

All financial assets are de-recognised when the rights to receive cash flows from the assets have expired or the Trust has transferred substantially all of the risks and rewards of ownership. Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Classification and Measurement

Financial assets are categorised as 'Fair Value through Income and Expenditure', 'Loans and receivables', 'Available-for-sale' assets or assets 'Held to maturity'. Financial liabilities are classified as 'Fair value through Income and Expenditure' or as 'Other Financial liabilities'.

Financial assets and financial liabilities at 'Fair Value through Income and Expenditure'

Financial assets and financial liabilities at 'fair value through income and expenditure' are financial assets or financial liabilities held for trading. A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Derivatives which are embedded in other contracts but which are not 'closely-related' to those contracts are separated-out from those contracts and measured in this category. Assets and liabilities in this category are classified as current assets and current liabilities. These financial assets and financial liabilities are recognised initially at fair value, with transaction costs expensed in the income and expenditure account. Subsequent movements in the fair value are recognised as gains or losses in the Statement of Comprehensive Income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets and liabilities. The Trust's loans and receivables comprise: cash and cash equivalents, receivables, accrued income, and other debtors. Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset. Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Comprehensive Income.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, and there is a positive intention and ability to hold to maturity. After initial recognition, they are held at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets which are either designated in this category or not classified in any of the other categories. They are included in long-term assets unless the Trust intends to dispose of them within 12 months of the Statement of Financial Position date.

Available-for-sale financial assets are recognised initially at fair value, including transaction costs, and measured subsequently at fair value, with gains or losses recognised in reserves and reported in the Statement of Comprehensive income as an item of 'Other comprehensive income'. When items classified as 'available-for-sale' are sold or impaired, the accumulated fair value adjustments recognised are transferred from reserves and recognised in Finance Costs in the Statement of Comprehensive Income.

Other financial liabilities

All other financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability. They are included in current liabilities except for amounts payable more than 12 months after the Statement of Financial Position

NOTES TO THE ACCOUNTS
ACCOUNTING POLICIES (continued)

date, which are classified as long-term liabilities. Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to Finance Costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the cost of those assets.

Impairment of financial assets

At the Statement of Financial Position date, the Trust assesses whether any financial assets, other than those held at 'fair value through income and expenditure' are impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset. For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the

asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced directly.

1.26 Accounting standards that have been issued but have not yet been adopted

IASB standard and IFRIC interpretations

The accounting standards listed below have been issued by the International Accounting Standards Board (IASB) but have not yet been adopted in the NHS in 2017/18. NHS bodies cannot adopt new standards unless they have been adopted in the HM Treasury FReM. The HM Treasury FReM generally does not adopt an international standard until it has been endorsed by the European Union for use by listed companies.

In some cases, the standards may be interpreted in the HM Treasury FReM and therefore may not be adopted in their original form. The following table lists changes issued by the IASB which have not yet been adopted:

Change published	Financial year in which the change first applies
IFRS 9 Financial Instruments	Application required for accounting periods beginning on or after 1 January 2018 but not yet adopted by the FReM: early adoption is not therefore permitted.
IFRS 14 Regulatory Deferral Accounts	Not yet EU Endorsed. Applies to first time adopters of IFRS after 1 January 2016. Therefore not applicable to DH group bodies.
IFRS 15 Revenue from contracts with customers	Application required for accounting periods beginning on or after 1 January 2018 but not yet adopted by the FReM: early adoption is not therefore permitted.
IFRS 16 Leases	Application required for accounting periods beginning on or after 1 January 2019 but not yet adopted by the FReM: early adoption is not therefore permitted.
IFRS 17 Insurance Contracts	Application required for accounting periods beginning on or after 1 January 2021 but not yet adopted by the FReM: early adoption is not therefore permitted.
IFRIC 22 Foreign Currency Transactions and Advance Consideration	Application required for accounting periods beginning on or after 1 January 2018.
IFRIC 23 Uncertainty over Income Tax Treatments	Application required for accounting periods beginning on or after 1 January 2019.

The Trust has not adopted any of these policies early.

Note 2 Going Concern

HM Treasury's Financial Reporting Guidelines (FReM), issued for the interpretation of paragraphs 25 to 26 of IAS 1 for the public sector context, requires the Trust's directors to assess and satisfy themselves that it is appropriate to prepare financial statements on a going concern basis. The Trust is not a going concern but the accounts have been prepared on a going concern basis on the grounds that services will continue to be delivered by University Hospitals Birmingham NHS Foundation Trust who acquired the functions, assets and liabilities of the Trust on 1 April 2018, at which point the Trust was dissolved. University Hospitals Birmingham NHS Foundation Trust is deemed the successor body per the grant of application for acquisition signed in accordance with the National Health Service Act 2006. The Trust's services will continue into the future, utilising existing assets and liabilities in the successor body following the acquisition. Taking all this into consideration the financial statements for the twelve month period ending 31 March 2018 have been prepared on a going concern basis under the historical cost convention, modified by the revaluation of property, plant and equipment. This is the same basis that would be applied if the Trust was expected to continue to exist and provide services into the future.

The Directors have performed their own internal review of the situation and all of the pertinent factors that need to be considered and have concluded that preparing the accounts on a going concern basis is reasonable.

The Trust had planned to reduce its deficit in 2017/18 to £7,550k compared to £13,600k planned in 2016/17. However, significant operational pressures during the period and other factors have resulted in reduced income and increased cost above planned levels, leading to a deficit of £47,339k which is higher than the planned deficit of £7,550k. As a consequence, despite proactive cash management, the Trust has required external funding of £31,192k to ensure its services were maintained in 2017/18. The Board of Directors approved a funding application to the Department of Health and Social Care (DHSC) in 2017/18 which was utilised from September 2017. This included the agreement of the terms set out in the DHSC funding agreement. The cash position of the Trust was monitored weekly and a monthly assessment was made in advance of the cash support draw down deadlines. The Trust stayed in regular contact with the NHSI cash support team.

The acquisition of the Trust by University Hospitals Birmingham NHS Foundation Trust on 1 April 2018 means that further external cash support is not expected to be required during 2018/19. The financial plan indicates that University Hospitals Birmingham NHS Foundation Trust will have sufficient cash to ensure that functions and activities performed on the Trust sites will continue and employees and suppliers will be paid. Therefore the going concern basis is appropriate.

Note 3 Operating Segments

IFRS 8 Operating Segments requires the Trust to set out the segments included in these acocunts. The Trust is reporting one segment, Operational Healthcare which contains the core activities of the Trust that fall under the remit of the Clinical Sites and Divisions ('Divisions'). This activity is primarily the provision of NHS healthcare, either to patients and charged to the Clinical Commissioning Groups (CCGs) via the local delivery plan (LDP), or where healthcare related services are provided to other Trusts, Foundations Trusts, NHS England, CCGs and Local Councils and charged at service level agreement (SLA) prices.

The Operational Healthcare segment comprises the five clinical Divisions which in 2017/18 were CSS, Womens and Children's,Emergency Care, Medicine and Surgery. These Divisions existed from April 2016, and have similar economic characteristics, the nature of the services they offer are the same (free NHS care), they have similar customers (the general public from the surrounding geographical areas) and have the same regulators (NHSI, Care Quality Commission and the Department of Health). The Divisions are managed by the Director of Operations who works closely with the Medical Director and Chief Nurse. This group of individuals make decisions alongside the Director of Finance and the Deputy Chief Executive about the allocations of budgets, capital funding and other financial decisions and the Chief Operating Decision maker for the Operational Healthcare segment is the Board of Directors.

All of the Trust's activities are based in the UK and its principal activity is healthcare. The Trust's registered address was Devon House, Heartlands Hospital, Bordesley Green East, Birmingham, B9 5SS.

NOTES TO THE ACCOUNTS

Note 4.1 Income from patient care activities

	2017/18 Total £000	2016/17 Total £000
NHS Foundation Trusts	1,532	1,626
NHS Trusts	1,631	1,780
CCGs and NHS England	620,518	617,390
Local Authorities	1,525	3,573
NHS Other	637	5
Non NHS: Private patients	772	706
Non-NHS: Overseas patients (non-reciprocal)	230	404
NHS injury scheme (was RTA)	3,197	2,533
Non NHS: other	471	0
TOTAL	630,513	628,017

NHS Injury Scheme income is subject to a provision for doubtful debts of 22.84% (22.94% in 2016/17) to reflect expected rates of collection.

Note 4.2 Income from patient care activities by type

	2017/18 Total £000	2016/17 Total £000
Elective income	84,839	95,003
Non elective income	205,310	191,088
First outpatient income	55,374	56,580
Follow up outpatient income	34,999	40,920
A & E income	30,878	27,219
High cost drugs income from commissioners (excluding pass-through costs)	65,648	63,706
Other NHS clinical income	130,930	131,197
Community services income from CCGs and NHS England	18,336	18,661
Private patient income	772	706
Other clinical income	3,427	2,937
TOTAL	630,513	628,017

Note 4.3 Split of income from activities arising from Commissioner Requested Services

Of the total income from activities, £623,151k (2016/17 £620,963k) is commissioner requested services income. Commissioner requested services are defined in the provider licence and are services that the commissioners believe would need to be protected in the event of provider failure.

Note 4.4 - Overseas Visitor's Patient's Income

	2017/18 Total £000	2016/17 Total £000
Income recognised this year (1)	230	404
Cash payments received in-year (relating to invoices raised in current and previous years)	190	340
Amounts added to provision for impairment of receivables (relating to invoices raised in current and prior years)	210	444
Amounts written off in-year (relating to invoices raised in current and previous years)	295	0

(1) This income £230k (2016/17 £404k) is charged by the Trust directly to patients who are not entitled to free NHS care under the Department of Health 'Guidance on implementing overseas visitor hospital charging regulations 2015'.

Note 4.5 Other Operating Income

	2017/18 Total £000	2016/17 Total £000
Sustainability and transformation fund income	5,030	25,192
Research and development	4,756	4,589
Education and training	23,328	22,607
Charitable and other contributions to expenditure	339	715
Non-patient care services to other bodies	4,587	7,038
PFI support Income	448	448
Car parking income	5,143	4,865
Staff accommodation rentals	278	290
Clinical excellence awards	439	580
Catering income	1,445	1,259
Property rentals	1,616	1,986
Pharmacy sales	16	0
Amortisation of PFI deferred credits	0	0
Other	12,841	11,551
TOTAL	**60,266**	**81,120**

In 2017/18 the Department of Health and Social Care provided £5,030k (2016/17 £25,192k) in Sustainability and Transformation Fund (STF) income. The STF scheme was introduced in an attempt to bring the provider sector back into financial sustainability and is linked to individual trusts hitting specific financial targets and performance targets. The Trust received its full allocation for 2016/17 following successful delivery of required targets as well as incentive and bonus allocations. Whilst the Trust did not meet its financial target in 2017/18 and therefore was not eligible to access the STF throughout the year, it was allocated funds as part of the year end distributions.

Car Parking includes £1,394k (2016/17 £1,296k) of income from charging staff who park on Trust Premises. Car parking income covers the cost of the car park and security staff, ground maintenance, services and utility and capital charges.

Other income for 2017/18 of £12,841k (2016/17 £11,551k) includes £546k (2016/17 £0.5m) of Community Services income. The remaining income is for many smaller income stream services that are not individually material.

Property rentals of £1,616k (2016/17 £1,986k) comprises a number of agreements with third party organisations of both a formal and informal nature for the rental of Trust space.

NOTES TO THE ACCOUNTS
Note 5.1 Operating Expenses

	2017/18 Total £000	2016/17 Total £000
Purchase of healthcare from NHS and DHSC bodies	7,868	7,514
Purchase of healthcare from non-NHS and non-DHSC bodies	6,812	6,078
Staff and executive directors costs	465,233	443,116
Remuneration of non-executive directors	160	151
Supplies and services - clinical (excluding drugs costs)	71,364	70,598
Supplies and services - general	15,671	18,988
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	76,444	72,883
Inventories written down	190	451
Consultancy costs (1)	585	1,553
Establishment	3,541	4,829
Premises	29,936	26,891
Transport (business travel only)	4,005	3,547
Transport (including patient travel)	1,770	4,356
Depreciation on property, plant and equipment	12,303	13,269
Amortisation on intangible assets	716	923
Net impairments (2)	(6,419)	11,466
Increase/(decrease) in provision for impairment of receivables	6,273	2,766
Increase/(decrease) in other provisions	0	0
Change in provisions discount rate(s)	56	261
Audit fees payable to the external auditor (3)		
audit services- statutory audit	96	96
other auditor remuneration (external auditor only)	18	18
Internal audit costs (4)	180	445
Clinical negligence	24,056	21,913
Legal fees	490	(254)
Insurance	385	416
Research and development	3,108	2,937
Education and training	2,184	3,356
Rentals under operating leases	724	1,343
Early retirements	0	102
Redundancy	190	74
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT) on IFRS basis	146	656
Charges to operating expenditure for off-SoFP IFRIC 12 schemes	95	704
Car parking & security	1,688	1,602
Hospitality	33	5
Losses, ex gratia & special payments	22	21
Other services, eg external payroll	93	275
Other	2,513	2,289
Total	732,529	725,638

(1) The large reduction in consultancy costs is because in 2017/18 there were no costs paid to Ernst and Young whereas in 2016/17 they were paid £593k for work done up to July 2016 to provide support to the financial recovery programme.
(2) Relates to the revaluation of assets. These impairments and reversals of impairments are due to a change in market price. Further details can be found in note 11.
(3) The audit fee of £96k (2016/17 £96k) relates to statutory audit work and includes VAT of £16k. Regulatory reporting fees are for Quality Accounts and includes £3k of VAT. There has been £0k (2016/17 £0k) of Other Audit work. The Trust's contract with its auditors provides for a limitation on the auditor's liability of £2m (2016/17 £2m).
(4) In 2016/17 and 2017/18 Deloitte provided internal audit and counter fraud work.

NOTES TO THE ACCOUNTS
Note 5.2 Analysis of Operating leases

	2017/18 Total £000	2016/17 Total £000
Minimum lease payments	724	1,343
Contingent rents	0	0
Less sublease payments received	0	0
TOTAL	**724**	**1,343**

	31 Mar 18	31 Mar 17 £000
Future minimum lease payments due:		
not later than one year;	1,446	1,425
later than one year and not later than five years;	1,626	1,927
later than five years.	0	0
TOTAL	**3,072**	**3,352**

The Trust holds various non-cancellable operating lease agreements within a lease portfolio which covers assets including medical equipment, vehicles, several short term leasehold buildings and land.

At the end of the 2017/18 year there were 23 (2016/17, 23) lease agreements in place for various items of medical equipment ranging from mattresses to CT scanners. The length of these leases ranges between five to fifteen years. There are 9 (2016/17, 7) leases for motor vehicles for Community health workers and the facilities department. In addition, there are 7 (2016/17, 8) operating contracts in place for the lease of land and buildings which includes Renal dialysis units. The lease agreements range from 10 to 15 years in duration.

The Trust utilises Leaseguard to support the renewal of the majority of the lease portfolio. The Trust does not have pre-determined purchase options written into the current lease agreements, but the right to purchase the leased assets is assessed at the decision point within each lease.

NOTES TO THE ACCOUNTS
Note 6.1 Employee Expenses

	2017/18 Total £000	2016/17 Total £000
Wages and salaries	361,134	348,828
Social security costs	34,670	32,210
Apprenticeship Levy	1,795	0
Pension costs - defined contribution plans Employers contributions to NHS Pensions	40,775	40,117
Pension Cost - other contributions	0	0
Termination benefits	0	0
Agency/contract staff	29,145	22,542
TOTAL	**467,519**	**443,697**

In addition to the costs above, the Trust has incurred capitalised staff costs of £574k (£581k, 2016/17). Included in this value is £2,286k of staff costs that relate to research and development.

Total employee expenses do not include non executive director costs but include restructuring and early retirement costs as disclosed in Note 5.1.

Note 6.2 Employee Benefits in kind

Other than Trust contributions to the NHS Pension Scheme, there were no employee benefits in kind in 2017/18 or 2016/17.

NOTES TO THE ACCOUNTS
Note 6.3 Pension costs

Past and present employees are covered by the provisions of the two NHS Pensions Schemes. Details of the benefits payable and rules of the schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in each scheme is taken as equal to the contributions payable to the scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that ''the period between formal valuations shall be four years, with approximate assessments in intervening years''. An outline of these is as follows:

a) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2018, is based on valuation data as 31 March 2017, updated to 31 March 2018 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.

The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2017. This will set the employer contribution rate payable from April 2019 and will consider the cost of the scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contrubtion rates will be determined by the Secretary Of State for Health after consultation with the relevant stakeholders.

NOTES TO THE ACCOUNTS

Note 7 Finance income

	2017/18 £000	2016/17 £000
Interest on bank accounts	67	69
TOTAL	**67**	**69**

Note 8 Finance costs- financial liabilities

	2017/18 £000	2016/17 £000
Finance leases	92	105
Finance Costs in PFI obligations:		
Main Finance Costs	105	115
Unwinding of discount	1	3
Interest on loans from the Department of Health and Social Care	183	0
Other	0	0
TOTAL	**381**	**223**

The Trust holds three Finance lease contracts all of which relate to building assets and in duration range from 25 years to 99 years. The buildings held under finance lease are the Birmingham Chest Clinic, The Glaxo Renal Unit and the Heartlands Education Centre Limited. Within these agreements the Trust does not have a contingent rent liability and does not have any outstanding sublease payments to be received.

The finance lease contracts held by the Trust do not contain any potential for the Trust to be exposed to contingent rent liabilities. The Birmingham Chest Clinic lease does not contain an option to purchase the building due to the part occupancy nature of the tenancy. Heartlands Education Centre Limited reverts to Trust ownership at the end of the lease term.

The finance leases held by the Trust do not restrict the Trust in any way due to relatively small size and structure of the borrowing.

NOTES TO THE ACCOUNTS
Note 9 Intangible assets
Note 9.1 Intangible assets 2017/18

	Total	Software licences (purchased)	Licences & trademarks (purchased)	Other (purchased)	Intangible Assets Under Construction
	0	£000	£000	£000	£000
Gross cost at 1 April 2017	**13,501**	13,309	0	0	192
Additions - purchased	**944**	944	0	0	0
Additions - donated	**0**	0	0	0	0
Transfers by Normal absorption	**0**	0	0	0	0
Impairments	**0**	0	0	0	0
Reclassifications	**0**	0	0	0	0
Disposals	**0**	0	0	0	0
Gross cost at 31 March 2018	**14,445**	14,253	0	0	192
Accumulated Amortisation at 1 April 2017	**11,496**	11,496	0	0	0
Provided during the year	**716**	716	0	0	0
Impairments	**0**	0	0	0	0
Reclassifications	**0**	0	0	0	0
Revaluation surpluses	**0**	0	0	0	0
Disposals	**0**	0	0	0	0
Accumulated Amortisation at 31 March 2018	**12,212**	12,212	0	0	0
Net book value					
NBV - Purchased at 1 April 2017	**2,005**	1,813	0	0	192
NBV - Donated at 1 April 2017	**0**	0	0	0	0
NBV total at 1 April 2017	**2,005**	1,813	0	0	192
Net book value					
NBV - Purchased at 31 March 2018	**2,233**	2,041	0	0	192
NBV - Donated at 31 March 2018	**0**				
NBV total at 31 March 2018	**2,233**	2,041	0	0	192

The intangible asset base held by the Trust is currently valued using a depreciated cost model due to the individually low value of the assets and also due to the lack of evidence to suggest a fall in value. An active market does not exist and, as the Trust's intangibles are not income generating, the depreciated replacement cost model has been applied.

The Trust's intangible asset base has a finite life ranging from five to ten years and each asset is being amortised over this period. The Trust does not hold intangible assets funded by government grants.

Note 9.2 Intangible assets 2016/17

	Total	Software licences (purchased)	Licences & trademarks (purchased)	Other (purchased)	Intangible Assets Under Construction
	£000	£000	£000	£000	£000
Gross cost at 1 April 2016	**21,268**	13,282	0	0	7,986
Additions - purchased	**27**	27	0	0	0
Additions - donated	**0**	0	0	0	0
Transfers by Normal absorption	**0**	0	0	0	0
Impairments	**(7,794)**	0	0	0	(7,794)
Reclassifications	**0**	0	0	0	0
Disposals	**0**	0	0	0	0
Gross cost at 31 March 2017	**13,501**	13,309	0	0	192
Accumulated Amortisation at 1 April 2016	**10,573**	10,573	0	0	0
Provided during the year	**923**	923	0	0	0
Impairments	**0**	0	0	0	0
Reclassifications	**0**	0	0	0	0
Revaluation surpluses	**0**	0	0	0	0
Disposals	**0**	0	0	0	0
Accumulated Amortisation at 31 March 2017	**11,496**	11,496	0	0	0
Net book value					
NBV - Purchased at 1 April 2016	**10,695**	2,709	0	0	7,986
NBV - Donated at 1 April 2016	**0**	0	0	0	0
NBV total at 1 April 2016	**10,695**	2,709	0	0	7,986
Net book value					
NBV - Purchased at 31 March 2017	**2,005**	1,813	0	0	192
NBV - Donated at 31 March 2017	**0**				
NBV total at 31 March 2017	**2,005**	1,813	0	0	192

NOTES TO THE ACCOUNTS
Note 10 Property, plant and equipment
Note 10.1 Property, plant and equipment 2017/18

	Total	Land	Buildings excluding dwellings
	£000	£000	£000
Cost or valuation at 1 April 2017	**374,676**	24,427	221,926
Additions - purchased	**17,402**	0	634
Additions - leased	**0**	0	0
Additions - donated	**339**	0	12
Transfers by Modified absorption	**0**	0	0
Impairments charged to operating expenses	**(593)**	0	(593)
Impairments charged to revaluation reserve	**(971)**	0	(971)
Reversal of impairments	**1,523**	0	1,523
Reclassifications	**(32,563)**	0	(33,626)
Revaluation surpluses	**2,686**	222	2,464
Disposals	**(3,175)**	0	0
Cost or valuation at 31 March 2018	**359,324**	24,649	191,369
Accumulated depreciation at 1 April 2017	**122,852**		38,919
Provided during the year	**12,303**		5,354
Impairments recognised in operating expenses	**(432)**		(432)
Impairments charged to the revaluation reserve	**(368)**		(368)
Reversal of impairments	**(5,057)**		(5,057)
Reclassifications	**(32,563)**		(32,151)
Revaluation surpluses	**(6,265)**		(6,265)
Disposals	**(2,910)**		0
Accumulated depreciation at 31 March 2018	**87,560**	0	0
Net book value			
NBV - Owned at 1 April 2017	**231,899**	24,427	165,388
NBV - Finance lease & PFI Assets at 1 April 2017	**13,691**	0	13,691
NBV - Donated at 1 April 2017	**6,234**	0	3,928
NBV total at 1 April 2017	**251,824**	24,427	183,007
Net book value			
NBV - Owned at 31 March 2018	**251,996**	24,649	173,913
NBV - Finance lease & PFI Assets at 31 March 2018	**13,614**	0	13,614
NBV - Donated at 31 March 2018	**6,154**	0	3,842
NBV total at 31 March 2018	**271,764**	24,649	191,369

Note 10.2 Additional Analysis of asset ownership

	Total	Land	Buildings excluding dwellings
At 31 March 2018	£000	£000	£000
Freehold	**257,795**	24,649	177,400
Long Leasehold	**4,007**	0	4,007
Short Leasehold	**9,962**	0	9,962
NBV total at 31 March 2018	**271,764**	24,649	191,369

Dwellings	Assets under Construction & POA	Plant & Machinery	Transport Equipment	Information Technology	Furniture & Fittings
£000	£000	£000	£000	£000	£000
1,366	5,661	82,977	99	31,326	6,894
0	8,114	6,185	0	2,397	72
0	0	0	0	0	0
0	0	327	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
(591)	(2,706)	4,318	0	42	0
0	0	0	0	0	0
0	0	(3,175)	0	0	0
775	11,069	90,632	99	33,765	6,966
374		53,918	99	22,979	6,563
38		4,579	0	2,260	72
0		0	0	0	0
0		0	0	0	
0		0	0	0	0
(412)		0	0	0	0
0		0	0	0	0
0		(2,910)	0	0	0
0	0	55,587	99	25,239	6,635
992	5,661	26,801	0	8,347	283
0	0	0	0	0	0
0	0	2,258	0	0	48
992	5,661	29,059	0	8,347	331
775	11,069	32,733	0	8,526	331
0	0	0	0	0	0
0	0	2,312	0	0	0
775	11,069	35,045	0	8,526	331

Dwellings	Assets under Construction & POA	Plant & Machinery	Transport Equipment	Information Technology	Furniture & Fittings
£000	£000	£000	£000	£000	£000
775	11,069	35,045	0	8,526	331
0	0	0	0	0	0
0	0	0	0	0	0
775	11,069	35,045	0	8,526	331

NOTES TO THE ACCOUNTS
Note 10.3 Property, plant and equipment 2016/17

	Total	Land	Buildings excluding dwellings
	£000	£000	£000
Cost or valuation at 1 April 2016	**368,086**	24,654	225,169
Additions - purchased	**14,556**	0	1,959
Additions - leased	**0**	0	0
Additions - donated	**715**	0	17
Transfers by Modified absorption	**0**	0	0
Impairments charged to operating expenses	**(5,931)**	0	(5,931)
Impairments charged to revaluation reserve	**(8,189)**	(227)	(7,962)
Reversal of impairments	**8,674**	0	8,674
Reclassifications	**0**	0	0
Revaluation surpluses	**0**	0	0
Disposals	**(3,235)**	0	0
Cost or valuation at 31 March 2017	**374,676**	24,427	221,926
Accumulated depreciation at 1 April 2016	**111,936**		31,413
Provided during the year	**13,269**		7,506
Impairments recognised in operating expenses	**0**		0
Reversal of impairments	**0**		0
Reclassifications	**0**		0
Revaluation surpluses	**0**		0
Disposals	**(2,353)**		0
Accumulated depreciation at 31 March 2017	**122,852**	0	38,919
Net book value			
NBV - Owned at 1 April 2016	**239,267**	24,654	178,737
NBV - Finance lease & PFI Assets at 1 April 2016	**11,024**	0	11,024
NBV - Donated at 1 April 2016	**5,859**	0	3,995
NBV total at 1 April 2016	**256,150**	24,654	193,756
Net book value			
NBV - Owned at 31 March 2017	**231,899**	24,427	165,388
NBV - Finance lease & PFI Assets at 31 March 2017	**13,691**	0	13,691
NBV - Donated at 31 March 2017	**6,234**	0	3,928
NBV total at 31 March 2017	**251,824**	24,427	183,007

Note 10.4 Additional Analysis of asset ownership

	Total	Land	Buildings excluding dwellings
At 31 March 2017	£000	£000	£000
Freehold	**238,827**	24,427	170,010
Long Leasehold	**3,635**	0	3,635
Short Leasehold	**9,362**	0	9,362
NBV total at 31 March 2017	**251,824**	24,427	183,007

Dwellings £000	Assets under Construction & POA £000	Plant & Machinery £000	Transport Equipment £000	Information Technology £000	Furniture & Fittings £000
1,366	4,069	79,466	687	25,829	6,846
0	1,592	5,487	0	5,497	21
0	0	0	0	0	0
0	0	671	0	0	27
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	(2,647)	(588)	0	0
1,366	5,661	82,977	99	31,326	6,894
324		51,539	668	21,534	6,458
50		4,157	6	1,445	105
0		0	0	0	0
0		0	0	0	0
0		0	0	0	0
0		0	0	0	0
0		(1,778)	(575)	0	0
374	0	53,918	99	22,979	6,563
1,042	4,069	26,093	19	4,291	362
0	0	0	0	0	0
0	0	1,834	0	4	26
1,042	4,069	27,927	19	4,295	388
992	5,661	26,801	0	8,347	283
0	0	0	0	0	0
0	0	2,258	0	0	48
992	5,661	29,059	0	8,347	331

Dwellings £000	Assets under Construction & POA £000	Plant & Machinery £000	Transport Equipment £000	Information Technology £000	Furniture & Fittings £000
992	5,661	29,059	0	8,347	331
0	0	0	0	0	0
0	0	0	0	0	0
992	5,661	29,059	0	8,347	331

NOTES TO THE ACCOUNTS
Note 11 Property Plant Equipment
Revaluations in 2017/18

The Trust's revaluation policy requires a full revaluation every five years with an interim valuation required in-between. The last full valuation was completed as at 31 March 2013 and so a full valuation has been completed at 31 March 2018. The Trust's valuers GVA, carried out this work in accordance with the terms of the Royal Institution of Chartered Surveyors' Valuation - Professional Standards, incorporating the International Valuation Standards (March 2012), the requirements of HM Treasury Financial Reporting Manual Guidelines and IAS 16 (Property Plant and Equipment). Public sector bodies, including the NHS, are required to apply the Revaluation Model set out in IAS 16 and value their capital assets to fair value.

Fair value is defined in IAS 16 as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction.

The assessment of fair value has been made on the assumption that the property is sold as part of the continuing enterprise in occupation (Existing Use Value).

Non-Specialised Operational Assets

The basis used for the valuation of non-specialised operational Trust-occupied property for accounting purposes under IAS 16 is fair value, which is the market value, subject to the assumption that the property is sold as part of the continuing enterprise in occupation.

Specialised Operational Property

Depreciated Replacement Cost (DRC) is the valuation approach adopted for reporting the value of specialised operational property for financial accounting purposes. The Royal Institute Of Chartered Surveyors Standards at Appendix 4.1,restating International Valuation Application (IVA 1) defines this as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation".

Revaluation Gains In 2017/18

The revaluation that took place as at 31 March 2018 showed an increase of £14,768k. Of this a net increase to the revaluation reserve of £8,348k is shown in the other comprehensive income section of the statement of comprehensive income. There is also a net charge to the statement of comprehensive income of £6,419k as a result of new impairement charges of £161k offset by reversal of previous impairments of £6,580k.

NOTES TO THE ACCOUNTS

Note 12 Inventories (by type)

	31 Mar 18 £000	31 Mar 17 £000
Drugs	3,545	3,036
Work in progress	69	72
Consumables	6,566	7,452
Energy	190	189
Other	0	0
TOTAL	**10,370**	**10,749**

Note 13 Analysis of inventories

	31 Mar 18 £000	31 Mar 17 £000
Opening carrying value	10,749	9,144
Add: Additions	132,244	134,982
Less: Inventories recognised in expenses	(132,433)	(132,926)
Less: Write-down of inventories recognised as an expense	(246)	(491)
Add: Reversal of any write down of inventories resulting in a reduction of recognised expenses	56	40
Other	0	0
Carrying value at 31 March	**10,370**	**10,749**

NOTES TO THE ACCOUNTS
Note 14 Trade and other receivables
Note 14.1 Trade and other receivables (by type)

	31 Mar 2018 £000	31 Mar 2017 £000
Current		
Trade Receivables	**21,551**	35,276
Provision for impaired receivables	**(9,176)**	(9,241)
Prepayments	**9,976**	6,137
Accrued income	**9,302**	504
Interest receivable	**9**	4
PDC dividend receivable	**0**	322
VAT receivable	**0**	1,005
Other receivables	**393**	6,305
TOTAL	**32,055**	**40,312**
Non-Current		
Trade Receivables	**4,010**	3,114
Provision for impaired receivables	**(2,966)**	(2,141)
Prepayments	**0**	0
Accrued income	**0**	0
Other receivables -Revenue	**0**	0
TOTAL	**1,044**	**973**

Note 14.2 Provision for impairment of receivables

	2017/18 £000	2016/17 £000
As at 1 April	**11,382**	17,874
Increase in provision	**6,493**	7,370
Amounts utilised	**(5,513)**	(9,258)
Unused amounts reversed	**(220)**	(4,604)
At 31 March	**12,142**	**11,382**

Note 14.3 Analysis of impaired receivables

	31 Mar 2018 £000	31 Mar 2017 £000
Ageing of impaired receivables		
0-30 days	**5,028**	4,629
30-60 Days	**157**	427
60-90 days	**252**	329
90-180 days	**436**	475
Over 180 days	**6,269**	5,522
TOTAL	**12,142**	**11,382**
Ageing of non-impaired receivables past their due date		
0-30 days	**0**	0
30-60 Days	**1,241**	948
60-90 days	**1,075**	394
90-180 days	**2,622**	1,687
Over 180 days	**3,119**	2,442
TOTAL	**8,057**	**5,471**

NOTES TO THE ACCOUNTS
Note 15 Trade and other payables

	31 Mar 2018 £000	31 Mar 2017 £000
Current		
Trade payables	**13,663**	32,122
Capital payables	**8,831**	7,880
Receipts in advance	**0**	0
Social Security costs	**5,496**	4,852
PDC dividend payable	**342**	0
Other taxes payable	**5,522**	4,187
Accruals	**70,473**	45,767
Interest payable	**81**	0
Other payables	**8,125**	7,307
TOTAL	**112,533**	102,115

Note 16.1 Other liabilities

	31 Mar 2018 £000	31 Mar 2017 £000
Current		
Deferred Income	**4,837**	6,296
Deferred PFI credits	**0**	0
TOTAL	**4,837**	**6,296**

There are no non-current other liabilities in 2017/18 (or 2016/17).

Note 16.2 Early retirements due to ill health

	2017/18 Total	2016/17 Total
Number of early retirements on the grounds of ill-health	**4**	3
Value of early retirements on the grounds of ill-health (£'000)	**236**	354

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

NOTES TO THE ACCOUNTS
Note 17 Borrowings

	31 Mar 2018 £000	31 Mar 2017 £000
Current		
Bank overdrafts	0	0
Drawdown in committed facility	0	0
Loans from Department of Health and Social Care	129	0
Other Loans	0	0
Obligations under finance leases	256	256
Obligations under Private Finance Initiative contracts	215	224
TOTAL	600	480
Non-current		
Bank overdrafts	0	0
Drawdown in committed facility	0	0
Loans from Department of Health and Social Care	34,763	0
Other Loans	0	0
Obligations under finance leases	1,153	1,318
Obligations under Private Finance Initiative contracts	1,794	1,983
TOTAL	37,710	3,301

In 2017/18 the Trust signed an agreement with the Department of Health and Social Care for a £3,100k loan relating to fund the enabling works for the ACAD capital scheme. The interest rate is 1.84% and the loan is payable over 24 years in 6 monthly tranches, commencing in August 2018.

In 2017/18 the Trust set up a working capital facility using the Department of Health and Social Care's Distressed Financing regime to suppport revenue costs. As at March 2018 the working capital balance is £31,792k. The interest rate is 1.5% and the requirement to pay back the facility starts in 2019/20.

NOTES TO THE ACCOUNTS
Note 18 Finance lease obligations

	Minimum Lease Payments 31 Mar 2018 £000	Minimum Lease Payments 31 Mar 2017 £000
Gross lease liabilities	**1,761**	2,018
of which liabilities are due		
not later than one year;	**256**	256
later than one year and not later than five years;	**813**	919
later than five years.	**692**	843
Finance charges allocated to future periods	**(352)**	(444)
Net lease liabilities	**1,409**	**1,574**
not later than one year;	**256**	256
later than one year and not later than five years;	**620**	628
later than five years.	**533**	690
	1,409	**1,574**

	Present Value of Minimum Lease Payments 31 Mar 2018 £000	Present Value of Minimum Lease Payments 31 Mar 2017 £000
Gross lease liabilities	**1,498**	**1,648**
of which liabilities are due		
not later than one year;	**255**	255
later than one year and not later than five years;	**846**	846
later than five years.	**397**	547
Finance charges allocated to future periods	**(489)**	(489)
Net lease liabilities	**1,009**	**1,159**
not later than one year;	**150**	150
later than one year and not later than five years;	**573**	573
later than five years.	**286**	436
	1,009	**1,159**

NOTES TO THE ACCOUNTS
Note 19.1 PFI obligations (on SoFP)

	31 Mar 2018 £000	31 Mar 2017 £000
Gross PFI liabilities		
of which liabilities are due		
not later than one year;	224	224
later than one year and not later than five years;	1,468	1,468
later than five years.	602	800
Finance charges allocated to future periods	(285)	(285)
Net PFI liabilities	2009	2,207
not later than one year;	215	224
later than one year and not later than five years;	425	425
later than five years.	1,369	1,558
	2,009	2,207

Note 19.2 On-SoFP PFI Commitments

The Trust is committed to make the following payments for on-SoFP PFIs obligations during the next year in which the commitment expires:

	31 Mar 2018 Total £000	31 Mar 2018 PFI 1 £000	31 Mar 2018 PFI 2 £000	31 Mar 2017 Total £000
Within one year	1,047	0	1,047	0
2nd to 5th years (inclusive)	0	0	0	996
6th to 10th years (inclusive)	0	0	0	0
11th to 15th years (inclusive)	69	69	0	66
16th to 20th years (inclusive)	0	0	0	0
21st to 25th years (inclusive)	0	0	0	0
26th to 30th years (inclusive)	0	0	0	0
31st to 35th years (inclusive)	0	0	0	0
36th year and beyond	0	0	0	0

Note 19.3 On-SoFP PFI Service Charge Commitments

	31 Mar 2018 Total £000	31 Mar 2018 PFI 1 £000	31 Mar 2018 PFI 2 £000	31 Mar 2017 Total £000
Within one year	1,116	69	1,047	1,062
2nd to 5th years (inclusive)	4,809	299	4,510	4,575
Later than five years	749	749	0	806
Total	6,674	1,117	5,557	6,443

Note 19.4 PFI Contract Details

The Trust has entered into two PFI contracts:

PFI 1 - Main Entrance and Retail Facility at Heartlands Hospital

This is a 25 year contract with BHE (Heartlands) Limited which commenced in August 2005. This contract has been treated as being on-statement of financial position by the Trust following a review of the contracts based on Treasury Taskforce Technical Note 1 "How to account for PFI transactions" which interprets IAS 16 (Property, Plant and Equipment) and IFRIC 12 (Service Concession Arrangements). The contract states that the service provision must be made available for users of the Heartlands Hospital including patients, visitors and staff.

The contract contains a range of measures upon which deficiency points are allocated if pre-agreed levels are not achieved. The deficiency points are valued and deducted retrospectively from the Trust unitary payment at the end of the following quarter. At the end of the contract, ownership of the Main Entrance structure transfers to the Trust, at this point the Trust is not liable to provide any compensation payment and the contract is deemed to have reached its natural termination. The Trust is entitled to terminate the contract voluntarily with 12 months written notice and there are specific circumstances such as hospital closure or significant reconfiguration.

PFI 2 - Provision of Energy Management Services at Heartlands Hospital

This is a 15 year contract with Ener-G Combined Power Limited which commenced in August 2007. This contract has been treated as being on-statement of financial position by the Trust following a review of the contracts based on Treasury Taskforce Technical Note 1 (How to account for PFI transaction) which interprets IAS 16 (Property, Plant and Equipment) and IFRIC 12 (Service Concession Arrangements).

The contract is for the provision of combined heat and power facilities at the Heartlands Hospital. If either party terminates the contract before the end of the agreement, there is provision for either party to be liable to pay compensation as detailed within the contract. The assets are transferred at the end of the agreement and become assets of the Trust. The service provision is implicitly for the patients, visitors and staff of Heartlands Hospital.

The annual unitary payments of £66k (PFI1) and £633k (PFI2) made by the operator are included in the Statement of Comprehensive income on an accruals basis. There is a payment mechanism that allows for deductions to be made to the unitary payment where the quality standards set out in the contract are not met. The total charge made in 2017/18 was £699k (2016/17 £1,029k).

NOTES TO THE ACCOUNTS
Note 20 Provisions for liabilities and charges

	Current 31 Mar 2018 £000	Current 31 Mar 2017 £000	Non-current 31 Mar 2018 £000	Non-current 31 Mar 2017 £000
Pensions relating to former directors		0		0
Pensions relating to other staff	215	195	3,287	2,644
Other legal claims	227	257	0	0
Kennedy Review	0	1,064	0	0
Other	941	1,673	3,408	3,528
TOTAL	1,383	3,189	6,695	6,172

	Total £000	Pensions - other staff £000	Other legal claims £000	Kennedy Review £000	Other £000
At 1 April 2017	9,361	2,839	257	1,064	5,201
Change in the discount rate	56	56	0	0	0
Arising during the year	1,586	870	185	140	391
Utilised during the year	(1,488)	(236)	(143)	(417)	(692)
Reversed unused	(1,438)	(28)	(72)	(787)	(551)
Unwinding of discount	1	1	0	0	0
At 31 March 2018	8,078	3,502	227	0	4,349
Expected timing of cash flows:					
not later than one year;	1,383	215	227	0	941
later than one year and not later than five years;	4,265	857	0	0	3,408
later than five years.	2,430	2,430	0	0	0
TOTAL	8,078	3,502	227	0	4,349

The 'Pensions- other staff' provision is made up of permanent injury and early retirement provisions. The calculations for these provisions are based on agreed annual payments, age, gender and estimated life expectancy. The final amount of payment that will be made is not known as this will depend on actual life expectancy which may differ from the estimated number of years. The estimated life expectancy is provided from Interim Life Tables provided by the Office for National Statistics. To the extent that some of these liabilities will not be settled for several years the provision is discounted using a nominal discount rate of 0.1% (2016/17 0.24%).

'Other legal claims' relate to personal legal claims that have been lodged against the Trust with the NHS Litigation Authority (NHSLA) but not yet agreed. The exact timing or amount of any payment will only be known once the case is heard, although it is expected that all cases will be resolved within the 2018/19 year.

Included in 'Other' is a provision for environmental corrections required in some sections of the Trust, provision for legal claims costs for cases being bought by members of staff, and provision for costs being pursued by commercial organisations.

No reimbursement is anticipated from any of these provisions, other than in some 'Other legal claims' when the Trust receives reimbursement for any sums paid out which exceed the Trust's excess level with the NHSLA.

NOTES TO THE ACCOUNTS
Note 21 Revaluation reserve

	Revaluation Reserve -property, plant and equipment £000
Revaluation reserve at 1 April 2017	52,928
Impairments	(603)
Revaluations	8,951
Transfers to other reserves	(1,145)
Other recognised gains and losses	0
Other reserve movements	0
Revaluation reserve at 31 March 2018	**60,131**
Revaluation reserve at 1 April 2016	**55,957**
Impairments	(1,774)
Revaluations	0
Transfers to other reserves	(1,255)
Other recognised gains and losses	0
Other reserve movements	0
Revaluation reserve at 31 March 2017	**52,928**

All revaluation reserve movements relate to property, plant and equipment.

The transfers to other reserves is the amortisation of the revaluation reserve over the life the asset it relates to and is transferred to the I&E reserve.

In 2017/18 the Trust performed a full revaluation exercise as required by the accounting policies. This resulted in an overall increase in the asset value of £14,768k. Of this a gain of £8,951k increased the revaluation reserve and impairments of £603k were charged to the revaluation reserve.

Note 22 Cash and cash equivalents

	31 March 2018 £000	31 March 2017 £000
At 1 April (as previously stated)	19,206	31,473
Net change in year	(7,901)	(12,267)
At 31 March	**11,305**	**19,206**
Broken down into:		
Cash at commercial banks and in hand	965	912
Cash with the Government Banking Service	10,340	18,294
Other current investments	0	0
Cash and cash equivalents as in SoFP	**11,305**	**19,206**
Bank overdrafts	0	0
Cash and cash equivalents as in SoCF	**11,305**	**19,206**

Note 22.1 Third party assets held by the NHS Foundation Trust

The Trust held £12k (£33k 31 March 2017) of cash at bank and in hand at 31 March 2018 which relates to monies held by the Trust on behalf of patients. This has been excluded from the cash at bank and in hand figure reported in the accounts.

Note 23 Contractual Capital Commitments

Commitments under contracts at the Statement of Financial Position date were:

	31 March 2018 £000	31 March 2017 £000
Property, Plant and Equipment	2,273	2,127
Intangible assets	329	14
TOTAL	**2,602**	**2,141**

The majority of these commitments at 31 March 2018 relate to charitable fund projects, ICT asset schemes, radiology schemes.   There is £905k of schemes where the capital commitment is supported by charitable funding that will be paid to the Trust once costs are incurred.

Note 24 Events after the reporting year

As at 1 April 2018 the Trust was acquired by University Hospitals Birmingham NHS Foundation Trust.

Note 25 Contingent Assets/Liabilities

	31 March 2018 £000	31 March 2017 £000
Gross value of contingent liabilities	(182)	(206)
Amounts recoverable against liabilities	0	0
Net value of contingent liabilities	**(182)**	**(206)**
Net value of contingent assets	0	0

The contingent liabilities in 2017/18 (and 2016/17) were identified by NHS Resolution. It relates to non-clinical Liabilities to Third Parties (LTPS) claims, which are public and employer liability legal claims.

These liabilities are expected to be settled within a year, and no reimbursement is expected.

NOTES TO THE ACCOUNTS
Note 26.1 Related Party Transactions

During the year none of the Board members or parties related to them have undertaken any material transactions with the Trust.

All significant related party transactions are in relation to the primary activities of the Trust i.e. Provision of Healthcare.

The Trust has entered into a significant number of material transactions with the following organisations for which there are no guarantees given or received:

	Income 31 March 2018 >£0.1m £000	Income 31 March 2017 >£0.1m £000
NHS Birmingham Crosscity CCG	236,211	235,359
NHS England	150,723	167,750
NHS Solihull CCG	143,317	142,969
NHS South East Staffs And Seisdon Peninsular CCG	38,804	38,972
NHS Birmingham South And Central CCG	26,847	25,680
Health Education England	21,891	21,752
NHS Sandwell And West Birmingham CCG	8,960	9,305
NHS Warwickshire North CCG	7,365	7,267
NHS Walsall CCG	6,444	6,484
The Royal Wolverhampton NHS Trust	2,242	2,339
NHS South Warwickshire CCG	2,069	1,985
Burton Hospitals NHS Foundation Trust	1,840	1,550
Solihull Metropolitan Borough Council	1,767	4,086
NHS Redditch and Bromsgrove CCG	1,677	1,881
Birmingham Women's and Children's Hospital NHS Foundation Trust	1,621	1,031
Sandwell and West Birmingham Hospitals NHS Trust	1,438	1,688
University Hospitals Birmingham NHS Foundation Trust	1,213	729
NHS Coventry and Rugby CCG	1,186	1,166
Public Health England (PHE)	1,076	1,176
Department of Health	762	1,000
NHS Cannock Chase CCG	738	815
Birmingham Community Healthcare NHS Trust	631	480
Welsh Health Bodies- Cwm Taf Local Health Board	478	4
NHS Dudley CCG	473	403
NHS South Worcestershire CCG	431	499
University Hospitals Coventry and Warwickshire NHS Trust	398	407
Walsall Healthcare NHS Trust	396	381
NHS Shropshire CCG	362	304
NHS Wolverhampton CCG	339	358
NHS Southern Derbyshire CCG	323	298
NHS Wyre Forest CCG	241	243
NHS Stafford and Surrounds CCG	232	167
Worcestershire Acute Hospitals NHS Trust	229	321
NHS West Leicestershire CCG	226	211
NHS Nene CCG	197	143
NHS Telford and Wrekin CCG	180	195
George Eliot Hospital NHS Trust	168	89
Birmingham and Solihull Mental Health NHS Foundation Trust	164	484
NHS Leicester City CCG	146	101
NHS Herefordshire CCG	131	136
NHS Gloucestershire CCG	131	161
University Hospitals of North Midlands NHS Trust	116	118
NHS East Staffordshire CCG	105	323
NHS Improvement	104	106
NHS Sheffield CCG	104	64
Staffordshire and Stoke on Trent Partnership NHS Trust	87	247
TOTAL	**664,583**	**681,227**

NOTES TO THE ACCOUNTS
Note 26.1 Related Party Transactions continued

	Expenditure 31 March 2018 >£0.1m £000	Expenditure 31 March 2017 >£0.1m £000
NHS Pension Scheme	40,775	40,117
HM Revenue & Customs	36,465	32,210
NHS Resolution	24,056	21,913
University Hospitals Birmingham NHS Foundation Trust (1)	4,332	3,198
Public Health England	4,262	4,353
Birmingham Women's and Children's Hospital NHS Foundation Trust	3,141	2,472
Sandwell and West Birmingham Hospitals NHS Trust	1,784	1,645
St Helens and Knowsley Hospital Services NHS Trust	1,732	0
Birmingham and Solihull Mental Health NHS Foundation Trust	1,634	1,429
NHS Property Services	1,297	1,272
University of Warwick	889	890
Community Health Partnerships	629	0
Birmingham City University	493	236
West Midlands Ambulance Service NHS Foundation Trust	473	2,878
Birmingham Community Healthcare NHS Trust	390	184
Birmingham City Council	388	506
Care Quality Commission	332	225
University of Birmingham	283	667
Ministry of Defence	263	35
Oxford Health NHS Foundation Trust	229	253
Couch, Perry & Wilkes	218	219
Solihull Metropolitan Borough Council	200	281
NHS Solihull CCG	133	0
University Hospitals North Midlands NHS Trust	105	91
Wrightington, Wigan and Leigh NHS Foundation Trust	71	60
The Royal Wolverhampton NHS Trust	60	166
NHS England	4	159
TOTAL	**124,638**	**115,459**

(1) In 2017/18 the agreement from 2015/16 with University Hospitals Birmingham NHS Foundation Trust for management support continued. There is a charge for the Chief Executive and other salaries are recharged on a pro-rated cost basis.

NOTES TO THE ACCOUNTS
Note 26.2 Related Party Balances

All significant related party balances are in relation to the primary activities of the Trust i.e. Provision of Healthcare.

The Trust has entered into a significant number of material transactions with the following organisations for which there are no guarantees given or received:

	Receivables 31 March 2018 >£0.1m £000	Receivables 31 March 2017 >£0.1m £000
NHS England	6,106	14,812
NHS Birmingham Crosscity CCG	3,051	3,738
NHS Solihull CCG	2,577	4,551
Department of Works & Pensions	2,511	5,000
Burton Hospitals NHS Foundation Trust	1,961	1,679
Sandwell and West Birmingham Hospitals NHS Trust	1,513	839
University Hospital Birmingham NHS FT	901	805
NHS Birmingham South and Central CCG	645	952
NHS South East Staffs And Seisdon Peninsular CCG	613	297
Walsall Healthcare NHS Trust	560	298
Birmingham Women's NHS Foundation Trust	522	820
Birmingham Community Healthcare NHS Trust	510	396
Health Education England	285	177
Public Health England	255	263
NHS South Warwickshire CCG	251	13
University Hospitals Coventry and Warwickshire NHS Trust	232	115
NHS Sandwell & West Birmingham CCG	217	672
Worcestershire Acute Hospitals NHS Trust	175	128
Welsh Health Bodies-Cwm TAF Local Health Board	172	0
NHS Southern Derbyshire CCG	144	123
George Eliot Hospital NHS Trust	127	77
Solihull Metropolitan Borough Council	121	157
NHS Nene CCG	121	16
NHS Redditch and Bromsgrove CCG	112	451
NHS Walsall CCG	50	193
Birmingham and Solihull Mental Health NHS Foundation Trust	32	120
HM Revenue & Customs	0	1,005
TOTAL	**23,764**	**37,697**

NOTES TO THE ACCOUNTS
Note 26.2 Related Party Balances continued

	Payables 31 March 2018 >£0.1m £000	Payables 31 March 2017 >£0.1m £000
HM Revenue & Customs	11,018	9,039
NHS Pension Scheme	5,800	5,573
University Hospitals Birmingham NHS Foundation Trust	4,454	1,441
NHS Birmingham Crosscity CCG	3,918	57
Birmingham Women's NHS Foundation Trust	2,579	622
NHS England	2,316	348
Sandwell and West Birmingham Hospitals NHS Trust	1,904	1,204
Public Health England	774	1,582
NHS Property Services	742	1,021
NHS Solihull CCG	598	331
Birmingham and Solihull Mental Health NHS Foundation Trust	542	335
NHS South East Staffs & Seisdon Peninsular CCG	371	859
Birmingham Community Healthcare NHS Trust	328	180
Walsall Healthcare NHS Trust	287	70
Northumbria Healthcare NHS Foundation Trust	253	329
South Warwickshire NHS Foundation Trust	233	25
University Hospitals Coventry & Warwick NHS Trust	101	31
West Midlands Ambulance Service NHS Foundation Trust	74	858
Solihull Metropolitan Borough Council	0	128
TOTAL	**36,292**	**24,033**

Note 27 For PFI schemes deemed to be off-SoFP

PFI 3 - Provision of Energy Management Services at Solihull Hospital

The Trust holds a third PFI agreement with EnerG Combined Power Limited for the provision of energy services at Solihull Hospital. The scheme commenced in April 2010 and a unitary payment of £724k was paid in 2017/18 (684k in 2016/17). This is a 15 year agreement.

The Trust is accounting for this scheme as an off Statement of Financial Position PFI contract using the NHS Finance, Performance and Operations Guidance on "Accounting for PFI under IFRS" and also has been classified as a non finance lease under IAS 17.

In accordance with SIC 29 (Service Concession Arrangements), the Trust is committed to make the following payments for the service charge element of off-SoFP service concessions:

An estimated increase of 3% per annum has been added to reflect higher RPI and Inflation. Previous annual reports have not included this increase. The increase is in line with real amendments to prior years.

	31 Mar 2018 Total £000	31 Mar 2017 Total £000
Within one year	724	704
2nd to 5th years (inclusive)	3,118	3,035
Later than five years	1,703	2,524
Total	**5,545**	**6,263**

NOTES TO THE ACCOUNTS
Note 28 Financial Risk Management

IFRS7 (Financial Instruments: Disclosures) requires disclosure of the role that financial instruments have had during the year in creating or changing the risks an entity faces in undertaking its activities.

The Trust is not exposed to significant financial risk factors arising from financial instruments. The continuing service provider relationship that the Trust has with local Clinical Commissioning (CCG) and the way those CCGs are financed, means that the Trust is not exposed to the degree of financial risk faced by business entities. In the current financial environment where affordability by CCG's has re-emerged as a theme, the Trust regularly reviews the level of actual and contracted activity with the CCG's to ensure that any income at risk is discussed and resolved at a high level at the earliest opportunity available. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

Market Risk

Market risk is the possibility that financial loss might arise as a result of changes in such measures as interest rates and stock market movements. The vast majority of the Trust's transactions are undertaken in sterling and so it is not exposed to foreign exchange risk and the Trust does not have any direct dealings with the stock market. Other than cash balances, the Trust's financial assets and liabilities carry nil or fixed rates of interest and the Trust's income and operating cash flows are substantially independent of changes in market interest rates. The Trust has not held cash on deposit in 2016/17 or in 2017/18.

Credit Risk

Credit risk is the possibility that other parties might fail to pay amounts due to the Trust. Credit risk arises from deposits with banks and financial institutions as well as credit exposures to the Trust's commissioners and other debtors. The Trust did not invest with banks and financial institutions in 2016/17 or 2017/18. The Trust's net operating costs are incurred largely under annual service agreements with local CCGs, who are financed from resources voted annually by Parliament.

A regular review of large, old or problematic debt is performed and any issues escalated up to director level.

Liquidity risk

Liquidity risk is the possibility that the Trust might not have funds available to meet its commitments to make payments. Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities. The Trust also seeks to minimise risk relating to prepayments made to suppliers, by keeping them to a minimum. Material prepayments are only made under contractual arrangements for periods not exceeding 12 months. The Trust has adopted tighter liquidity management policies in the year and performs monthly formal cash flow forecasts which are reported to the Board as part of the finance report. During the year the Trust obtained a working capital facility from the Department of Health and Social Care to ensure that sufficient cash funds were available to pay its staff and suppliers to secure continuity of services.

Capital risk

The Trust does not hold cash on deposit or any deposits so capital risk to the Trust is minimal.

NOTES TO THE ACCOUNTS
Note 29.1 Financial assets by category

	Total	Loans and receivables	Available-for-sale
	£000	£000	£000
Assets as per SoFP			
Trade and other receivables excluding non financial assets	**23,123**	23,123	0
Other Investments	**0**	0	0
Other Financial Assets	**0**	0	0
Cash and cash equivalents (at bank and in hand)	**11,305**	11,305	0
Total at 31 March 2018	**34,428**	**34,428**	**0**
Trade and other receivables excluding non financial assets	**33,821**	33,821	0
Other Investments	**0**	0	0
Other Financial Assets	**0**	0	0
Cash and cash equivalents (at bank and in hand)	**19,206**	19,206	0
Total at 31 March 2017	**53,027**	**53,027**	**0**

The Financial Assets included above do not include Prepayments, PDC Receivable, amounts owing in respect of VAT from HMRC or amounts owing from the NHS Injury scheme. These are all included in Note 14.1 Trade receivables and other receivables.

Note 29.2 Financial liabilities by category

	Total	Other financial liabilities	Liabilities at fair value through I&E
	£000	£000	£000
Liabilities as per SoFP			
Borrowings excluding Finance lease and PFI liabilities	**34,892**	34,892	0
Obligations under finance leases	**1,409**	1,409	0
Obligations under Private Finance Initiative contracts	**2,009**	2,009	0
Trade and other payables excluding non financial assets	**95,373**	95,373	0
Other financial liabilities	**0**	0	0
Provisions under contract	**8,078**	8,078	0
Total at 31 March 2018	**141,761**	**141,761**	**0**
Borrowings excluding Finance lease and PFI liabilities	**0**	0	0
Obligations under finance leases	**1,574**	1,574	0
Obligations under Private Finance Initiative contracts	**2,207**	2,207	0
Trade and other payables excluding non financial assets	**87,503**	87,503	0
Other financial liabilities	**0**	0	0
Provisions under contract	**9,361**	9,361	0
Total at 31 March 2017	**100,645**	**100,645**	**0**

NOTES TO THE ACCOUNTS
Note 29.3 Fair values of financial assets

There is no difference between the book value and fair value of the financial assets at 31 March 2018.

Note 29.4 Fair values of financial liabilities

There is no difference between the book value and fair value of the financial liabilities at 31 March 2018.

Note 30 Losses and Special Payments

	2017/18 Total number of cases Number	2017/18 Total value of cases Value £000's	2016/17 Total number of cases Number	2016/17 Total value of cases Value £000's
LOSSES:				
1. Losses of cash due to:				
a. theft, fraud etc	**0**	**0**	2	1
b. overpayment of salaries etc.				
c. other causes	**0**	**0**	3	8
2. Fruitless payments and constructive losses				
3. Bad debts and claims abandoned in relation to:				
a. private patients				
b. overseas visitors				
c. other				
4. Damage to buildings, property etc. (including stores losses) due to:				
a. theft, fraud etc				
b. stores losses	**12**	**160**	10	97
c. other				
TOTAL LOSSES	**12**	**160**	**15**	**106**
SPECIAL PAYMENTS:				
5. Compensation under legal obligation				
6. Extra contractual to contractors				
7. Ex gratia payments in respect of:				
a. loss of personal effects	42	9	32	10
b. clinical negligence with advice				
c. personal injury with advice	33	143	75	232
d. other employment payments (excluding include special severance payments which are disclosed below)				
e. other				
8. Special severance payments				
9. Extra statutory and regulatory				
TOTAL SPECIAL PAYMENTS	**75**	**152**	**107**	**242**
TOTAL LOSSES AND SPECIAL PAYMENTS	**87**	**312**	**122**	**348**

These losses (which are for approved cases only) are reported on an accruals basis excluding provision for future losses.

Legal claims totalling £143k (£231k, 2016/17) are included within these figures, but they are classified under 'Legal fees' rather than 'Losses, ex gratia and special payments' in Note 4.1 Operating Expenses.

There were no losses or claims exceeding £300,000 in 2017/18 or 2016/17.

Note 31 Prior Year Adjustments

No prior year adjustments were applicable in 2017/18.

NOTES TO THE ACCOUNTS
Note 6.2 Staff sickness absence

	2017/18 Number	2016/17 Number
Days lost (long term)	94,432	90,814
Days lost (short term)	40,796	39,802
Total days lost	**135,228**	**130,616**
Total staff years	**9,356**	9,180
Average working days lost	**14.5**	14.2
Total staff employed in the year (headcount)	**10,805**	10,565
Total staff employed in the year with no absence (headcount)	**3,879**	3,791
Percentage staff with no sick leave	**35.9%**	35.9%

Note 6.3 Monthly average number of employees (whole time equivalent)

	2017/18 Total Number	2016/17 Total Number
Medical and dental	**1,020**	1,037
Ambulance staff	**0**	0
Administration and estates	**1,973**	2,009
Healthcare assistants and other support staff	**1,754**	1,578
Nursing, midwifery and health visiting staff	**2,985**	3,072
Nursing, midwifery and health visiting learners	**0**	0
Scientific, therapeutic and technical staff	**1,060**	1,041
Healthcare science staff	**460**	455
Social care staff	**0**	0
Bank and agency staff	**965**	1,250
Other	**0**	0
TOTAL	**10,217**	**10,442**

Included in the above, there were 10 employees engaged on capital projects (12 2016/17) and 0 staff engaged on the administration of the Charity (3, 2016/17).

Note 6.4 Employee Benefits in kind

Other than Trust contributions to the NHS Pension Scheme, there were no employee benefits in kind in 2017/18 or 2016/17.

Note 6.5 Early retirements due to ill health

	2017/18 Total	2016/17 Total
Number of early retirements on the grounds of ill-health	**4**	3
Value of early retirements on the grounds of ill-health (£'000)	**236**	354

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

The Annual Report is available on the Trust website.
Copies of the Quality Accounts are available from Heartlands, Good Hope and Solihull Hospitals.

If you would like to comment or provide feedback on the Annual Report, please contact the Trust via:

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Heart of England NHS Foundation Trust