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# 7. Annual reporting guidance for NHS foundation trusts

## Introduction

- 7.1. Schedule 7, paragraph 26 of the NHS Act 2006 (the 2006 Act) requires NHS foundation trusts to prepare an annual report. Paragraph 26(3) of Schedule 7 provides that it is for Monitor to decide the form of the reports, when the reports are to be submitted, and the periods to which the reports relate.
- 7.2. This chapter sets out the requirements for the content and format of the annual report element of the annual report and accounts of NHS foundation trusts.
- 7.3. NHS foundation trusts should ensure they have read and understood Chapter 1 and Annex 2 to Chapter 1 about preparing and submitting their annual report and accounts.

## Content of the annual report

- 7.4. This guidance draws on the HM Treasury *FReM*, which interprets commercial requirements in the context of the public sector. As the *FReM* applies to a wide number of bodies some of its requirements are not applicable to NHS foundation trusts – this chapter therefore includes the requirements of the *FReM* as relevant to NHS foundation trusts.
- 7.5. The annual report of NHS foundation trusts must, as a minimum, include:
  - a directors' report including a management commentary;
  - a remuneration report [\(including disclosures required by section 156 \(1\) of the Health and Social Care Act 2012, which amended paragraph 26 of Schedule 7 to the NHS Act 2006\)](#);
  - the disclosures set out in the *NHS Foundation Trust Code of Governance*;
  - a quality report;
  - staff survey;
  - [regulatory ratings](#);
  - [income disclosures required by Section 43\(2A\) of the NHS Act 2006 \(as amended by the Health and Social Care Act 2012\)](#);
  - other disclosures in the public interest;
  - a statement of Accounting Officer's Responsibilities; and

- an Annual Governance Statement.
- 7.6. The annual report may, at the NHS foundation trust's discretion, include non-financial reporting covering sustainability, equality, and the NHS Constitution.

### **Directors' report**

- 7.7. The Directors' report should be prepared in accordance with:
- Sections 415 to 418 of the Companies Act 2006 (section 415(4) and (5) and section 418(5) and (6) do not apply to NHS foundation trusts);
  - Regulation 10 and Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ("the Regulations");
  - Additional disclosures required by the *FReM*, as described below; and
  - Additional disclosures required by Monitor, as described below.

### **General Companies Act disclosures (s416)**

- 7.8. This section sets out the following further information, as interpreted, to be included in the Directors' Report:
- the names of individuals who at any time during the financial year were directors of the NHS foundation trust; and
  - the principal activities of the NHS foundation trust during the year (including that of any subsidiaries).

### **Further Companies Act disclosures (s416 and Regulation 10 and Schedule 7 of the Regulations)**

- 7.9. The Regulations, issued under s416, set out a series of disclosures to be included in the Directors' Report. A summary of the requirements is included in Annex 1 to this chapter, but practitioners should refer to the regulations themselves to ensure that they comply with all of the requirements. NHS foundation trusts should ensure that the information is only included where it is relevant to its operations.

### **Business Review (s417) / Management Commentary / Operating and Financial Review**

- 7.10. The *FReM* interprets the reporting requirements of the Business Review to be met through a Management Commentary, which should also reflect the recommendations set out in the Accounting Standards Board's Reporting Statement: Operating and Financial Review. The purpose of the business review is to inform users of the accounts and help them assess how the directors have performed their duties.
- 7.11. The business review must contain:
- a fair review of the NHS foundation trust's business;
  - a description of the principal risks and uncertainties facing the NHS foundation trust;
  - a balanced and comprehensive analysis of the development and performance of the NHS foundation trust's business during the financial year, and of the position of the business at the end of that financial year;
  - to the extent necessary for an understanding of the development, performance or position of the NHS foundation trust's business:

- the main trends and factors likely to affect the future development; performance and position of the NHS foundation trust's business.
- information about:
  - environmental matters (including the impact of the NHS foundation trust's business on the environment);
  - the NHS foundation trust's employees; and
  - social and community issues.

including information about any policies of the NHS foundation trust in relation to those matters and the effectiveness of those policies.

- information about persons with whom the NHS foundation trust has contractual or other arrangements which are essential to the business of the NHS foundation trust (unless disclosure would, in the opinion of the directors, be seriously prejudicial to that person and contrary to the public interest);
- an analysis using financial key performance indicators; and
- where appropriate, an analysis using other key performance indicators, including information relating to environmental matters and employee matters.

*“Key performance indicators” means factors by reference to which the development, performance or position of the NHS foundation trust's business can be measured effectively.*

- where appropriate, include references to, and additional explanations of, amounts included in the NHS foundation trust's financial statements;
- in relation to a directors' report on consolidated accounts, these requirements apply to the activities and business of all entities included in the consolidation; and
- disclosures of information about impending developments or matters in the course of negotiation are not required if the disclosure would, in the opinion of the directors, be seriously prejudicial to the interests of the NHS foundation trust.

#### **ASB Reporting Statement: Operating and Financial Review (OFR)**

7.12. As noted above the Business Review should reflect the recommendations of the ASB's Reporting Statement on the OFR, which seeks to ensure that a Business Review/Management Commentary/OFR is a balanced and comprehensive analysis of:

- the development and performance of the business of the entity during the financial year;
- the position of the entity at the end of the year;
- the main trends and factors underlying the development, performance and position of the business of the entity during the financial year; and
- the main trends and factors that are likely to affect the entity's future development, performance and position.

- 7.13. The key principles underlying the information reported are that the OFR should:
- set out an analysis of the business through the eyes of the board of directors;
  - focus on matters that are relevant to the interests of users of the annual report and accounts;
  - have a forward-looking orientation, identifying those trends and factors relevant to an assessment of current and future performance of the NHS foundation trust and the progress towards the achievement of long-term business objectives;
  - complement as well as supplement the financial statements, in order to enhance the overall corporate disclosure;
  - be comprehensive and understandable;
  - be balanced and neutral, dealing even-handedly with both good and bad aspects; and
  - be comparable over time.

#### ***Enhanced quality governance reporting***

- 7.14. NHS foundation trusts are required to produce an annual governance statement (AGS), with enhanced reporting on quality governance, in place of the statement on internal control for reporting periods commencing on or after 1 April 2011.
- 7.15. NHS foundation trusts are required to include in the annual report, a section which gives a brief overview of the arrangements in place to govern service quality and which signposts the reader to where quality governance and quality are discussed in more detail in the annual report (i.e. within the annual governance statement and quality report). The section should summarise briefly:
- How the foundation trust has had regard to Monitor's quality governance framework in arriving at its overall evaluation of the organisation's performance, internal control and board assurance framework and a summary of action plans to improve the governance of quality.
  - Material inconsistencies (if any) between:
    - the annual governance statement;
    - annual and quarterly board statements required by the *Compliance Framework*, the quality report, and annual report; and
    - reports arising from Care Quality Commission planned and responsive reviews of the NHS foundation trust and any consequent action plans developed by the NHS foundation trust.
- 7.16. In addition to the Reporting Statement's recommended disclosures in respect of the strategies, performance, resources and financial position of the business, NHS foundation trusts may wish to consider highlighting information about patient care activities (cross referencing to where it is covered in more detail in the quality report) and stakeholder relations, for example:

#### ***Patient care***

- Descriptions of how the NHS foundation trust is using its foundation trust status to develop its services and improve patient care.
- Performance against key healthcare targets.
- Arrangements for monitoring improvements in the quality of healthcare and progress towards meeting any national and local targets, incorporating Care Quality Commission assessments and reviews and the NHS foundation trust's response to any recommendations made.
- Progress towards targets as agreed with local commissioners, together with details of other key quality improvements.
- Any new or significantly revised services.
- Service improvements following staff or patient surveys/ comments and Care Quality Commission reports.
- Improvements in patient/carer information.
- Information on complaints handling.

#### *Stakeholder relations*

- Descriptions of significant partnerships and alliances entered into by the NHS foundation trust to facilitate the delivery of improved healthcare. These should be described together with the benefits to patients and the methods used to fund these activities.
- Development of services involving other local services/agencies and involvement in local initiatives.

#### **Statement as to disclosure to auditors (s418)**

- 7.17. The directors' report must contain a statement to the effect that, for each individual who is a director at the time that the report is approved:
- so far as the director is aware, there is no relevant audit information of which the NHS foundation trust's auditor is unaware; and
  - the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the NHS foundation trust's auditor is aware of that information.
- 7.18. "Relevant audit information" means information needed by the NHS foundation trust's auditor in connection with preparing their report.
- 7.19. A director is regarded as having taken all the steps that they ought to have taken as a director in order to do the things mentioned above, and:
- made such enquiries of his/her fellow directors and of the company's auditors for that purpose; and
  - taken such other steps (if any) for that purpose, as are required by his/her duty as a director of the company to exercise reasonable care, skill and diligence.

#### **Additional disclosures required by the FReM**

- 7.20. The FReM requires further disclosures, of which those relevant to NHS foundation

trusts are:

- a note that the accounts have been prepared under a direction issued by Monitor;
- a brief history of the NHS foundation trust and its statutory background;
- an explanation of the adoption of the going concern basis (see below);
- a statement that accounting policies for pensions and other retirement benefits are set out in note XX to the accounts and that details of senior employees' remuneration can be found in page X of the remuneration report; and
- details of company directorships and other significant interests held by directors or governors which may conflict with their management responsibilities. Where the NHS foundation trust maintains a Register of Interests that is open to the public, the disclosure may be limited to a comment on how access to the information in that Register may be obtained.

### **Going concern**

- 7.21. There is no presumption of going concern status for NHS foundation trusts. Directors must decide each year whether or not it is appropriate for the NHS foundation trust to prepare its accounts on the going concern basis, taking into account best estimates of future activity and cash flows.
- 7.22. The NHS foundation trust should include a statement on whether or not the financial statements have been prepared on a going concern basis and the reasons for this decision, with supporting assumptions or qualifications as necessary (*NHS Foundation Trust Code of Governance F.1.2*).
- 7.23. A typical disclosure, based on guidance from the Accounting Standards Board, would read:
- "After making enquiries, the directors have a reasonable expectation that the NHS foundation trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts."*
- 7.24. Where there is fundamental uncertainty over the going concern basis (for instance, continuing operational stability depends on finance or income that has not yet been approved), or where the going concern basis is not appropriate, the directors will need to disclose the relevant circumstances and should discuss the basis of accounting and the disclosures to be made with their auditors.

### **Remuneration report**

- 7.25. The *FReM* requires NHS foundation trusts to prepare a remuneration report in their annual report and accounts which complies with:
- Sections 420 to 422 of the Companies Act 2006 (section 420(2) and (3), section 421(3) and (4) and section 422(2) and (3) do not apply to NHS foundation trusts);
  - Regulation 11 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) ("the Regulations"); and
  - Elements of the *NHS Foundation Trust Code of Governance*.
- 7.26. Compliance with this manual in relation to the disclosure of senior employees'

remuneration and pension entitlements will ensure that some of the requirements of the remuneration report are met. The relevant notes to the accounts should be referenced in the main body of the remuneration report. The disclosures on senior employees' remuneration and pension entitlements will therefore be subject to audit. Auditors will also read the other information in the remuneration report and consider whether it is consistent with the financial statements.

- 7.27. The remuneration report must be signed by the chief executive.
- 7.28. The remuneration report must disclose information on those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS foundation trust as a whole rather than the decisions of individual directorates or sections within the NHS foundation trust. Such persons will include advisory and non-executive board members. In the following paragraphs, such persons are described as "senior managers".
- 7.29. The remuneration report shall include information under the following headings to the extent that they are relevant.

#### **Contents of the remuneration report – Information not subject to audit**

- 7.30. The following information is required by Part 2 of Schedule 8 to the Regulations, or where stated by the *NHS Foundation Trust Code of Governance*, and is not subject to audit.
- Details of the membership of the remuneration committee. This means the names of the chair and members of the remuneration committee should be disclosed (Code of Governance A.1.2).
  - The number of meetings and individuals' attendance at each should also be disclosed (Code of Governance A.1.2).
  - The name of any person (and in particular any director of the trust who was not a member of the committee) who provided advice or services to the committee that materially assisted the committee in their consideration of any matter. Where such a person is not a director of the trust: a description of the nature of any other services that person has provided to the trust during the financial year and whether that person was appointed by the committee (Paragraph 2(1)(c) of Schedule 8 to the Regulations).
  - A statement of the policy on the remuneration of senior managers for current and future financial years, for instance whether a particular source of guidance was used to determine senior managers' pay and conditions of employment.
  - An explanation of methods used to assess whether performance conditions were met and why those methods were chosen. If relevant, why and how the methods involved comparison with outside organisations.
  - An explanation of relative importance of the relevant proportions of remuneration which are, and which are not, subject to performance conditions.
  - A summary and explanation of policy on duration of contracts, and notice periods and termination payments.
  - A statement of how pay and employment conditions of other employees were taken into account when determining directors' remuneration.

- Details of the service contract for each senior manager who has served during the year.
  - The date of the contract, the unexpired term, and details of the notice period.
  - Any provision for compensation for early termination.
  - Other details sufficient to determine the entity's liability in the event of early termination.
- An explanation of any significant awards made to past senior managers.

7.31. The following information is required by section 156 (1) of the Health and Social Care Act 2012, which amended paragraph 26 of Schedule 7 to the NHS Act 2006, and is not subject to audit:

- information on the corporation's policy on pay and on the work of the committee established under paragraph 18(2) of Schedule 7 to the NHS Act 2006, and such other procedures as the corporation has on pay; and
- information on the remuneration of the directors and on the expenses of the governors and the directors.

Where a requirement here is duplicated by a requirement below which is subject to audit, the information need only be disclosed once and be subject to audit.

#### Contents of the remuneration report – Information subject to audit

~~7.31.~~7.32. The following information is required by Part 3 of Schedule 8 to the Regulations, or where stated by the *NHS Foundation Trust Code of Governance*, and is subject to audit.

~~7.32.~~7.33. For each senior manager (see definition below) who served during the year show, in tabular form, this information in the financial statements and the remuneration report, and make reference to the relevant notes.

- Salary and allowances (in bands of £5,000). (See definition below).
- Performance-related bonuses (in bands of £5,000). If a payment for compensation for loss of office paid or receivable has been made under the terms of an approved Compensation Scheme, the fact that such a payment has been made (but no details of the amounts paid).
- Estimated value of non-cash benefits (benefits in kind) (to the nearest £100).
- The total of the above items for both this and the previous year.
- Details of any element of the remuneration package which is not cash.
- Pension disclosures (see below):
  - the real increase during the reporting year in the pension and (if applicable) related lump sum at age 60 in bands of £2,500;

- the value at the end of the reporting year of the accrued pension and (if applicable) related lump sum at age 60 in bands of £5,000;
- the value of the cash equivalent transfer value at the beginning of the reporting year to the nearest £1,000;
- the real increase in the cash equivalent transfer value during the reporting year, to the nearest £1,000; and
- the value of the cash equivalent transfer value at the end of the reporting year to the nearest £1,000.
- Details of compensation payable to former senior managers.
- Details of amounts payable to third parties for services of a senior manager.
- Where an executive director serves as a non-executive director elsewhere a statement as to whether or not the director will retain earnings relating to that non-executive appointment (*Code of Governance E.1.3*).

~~7.33.~~7.34. The HM Treasury FReM requires disclosure of the median remuneration of the reporting entity's staff and the ratio between this and the mid-point of the banded remuneration of the highest paid director (as defined as a senior manager in paragraph 7.28 and paragraphs 7.34 to 7.38), whether or not this is the Accounting Officer or Chief Executive. The calculation is based on full-time equivalent staff of the reporting entity at the reporting period end date on an annualised basis. Foundation trusts shall disclose information explaining the calculation, including the causes of significant variances where applicable. Further guidance is provided on the HM Treasury FReM's [website](#) (document 'Hutton Review of Fair Pay - Implementation guidance').

#### **Definition of "senior managers"**

~~7.34.~~7.35. The definition of "senior managers" is "those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS foundation trust". The chief executive should confirm whether this covers more than the chair, the executive and non-executive directors of the NHS foundation trust (who should be treated as senior managers as a matter of course).

~~7.35.~~7.36. This note covers all those individuals who hold or have held office as chair, non-executive director, executive director or senior manager (as identified by the chief executive) of the NHS foundation trust during the reporting year. It is irrelevant that:

- an individual was not substantively appointed (holding office is sufficient, irrespective of defects in appointment);
- an individual's title as director included a prefix such as "temporary" or "alternate"; or
- an individual was engaged via a corporate body, such as an agency, and payments were made to that corporate body rather than to the individual directly.

~~7.36.~~7.37. Following a case arising under the Freedom of Information Act, the Information Commissioner determined that consent is not needed for the disclosure of salary and pension details for named individuals. Entities are therefore entitled to publish senior managers' remuneration details without obtaining their prior consent. For new appointments it may be made a condition on appointment. Consent to

disclose pension and salary details should always be sought from departing senior managers on their final day of service.

| ~~7.37~~7.38. Non-disclosure is only acceptable where senior managers can demonstrate that disclosure would cause or be likely to cause substantial damage or substantial distress and that damage or distress would be unwarranted. Where non-disclosure is agreed, the fact that certain disclosures have been omitted should be disclosed.

| ~~7.38~~7.39. For further information see the Information Commissioner's ruling reference FS50093734 on its [website](#) or [FRAB paper 81\(08\)](#) on HM Treasury's website.

***Definition of "Salary and allowances"***

| ~~7.39~~7.40. Salary is the gross salary paid/payable to the individual and this should be shown in £5,000 ranges. Where an individual held a contract of employment for the entire financial year but was only a senior manager for six months, it is the remuneration for six months which should be shown. Where there has been overlap in a post, for example where there have been two finance directors for a month, both must be shown.

| ~~7.40~~7.41. Salary includes:

- all amounts paid or payable by the NHS foundation trust to the individual, including recharges from any other health body;
- overtime;
- the gross cost of any arrangement whereby a senior manager receives a net amount and an NHS foundation trust pays income tax on their behalf;
- any financial loss allowances paid in place of remuneration;
- recruitment and retention allowances;
- geographical allowances such as London weighting;
- other allowances to the extent that they are subject to UK taxation; and
- any ex-gratia payments.

| ~~7.41~~7.42. Salaries should exclude:

- employers' National Insurance and superannuation contributions;
- recharges to any other health body;
- reimbursement of out-of-pocket expenses;
- reimbursement of "travelling and other allowances" (paid under determination order) including home to work travel costs;
- compensation for loss of office; and
- any amount paid which the senior manager must subsequently repay. However, these amounts must be disclosed in the next accounts, and distinguished from other remuneration, where a senior manager is subsequently released from the liability or a loan to a senior manager remains unpaid for two years after the due date.

### **Compensation for loss of office**

~~7.42-7.43.~~ This is the amount of any compensation paid or payable to senior managers or past senior managers in respect of loss of office.

### **Benefits in kind**

~~7.43-7.44.~~ This covers the monetary value of benefits in kind, such as the provision of a car. This category also includes expense allowances (not paid under determination order) where subject to income tax. A narrative disclosure detailing the nature of benefits in kind should be given after the table. Please note that this disclosure should be made in £00 rather than £000.

### **Pension disclosures**

~~7.44-7.45.~~ This will apply to executives only as non-executive directors do not receive any pensionable remuneration.

~~7.45-7.46.~~ The requirement is to disclose cash equivalent transfer values (CETVs) of pensions at the beginning and at the end of the financial year (in bands of £1000), the real increase in the CETVs during the year (in bands of £1000), the value of pensions and automatic lump sums at the year end (in bands of £5,000), and the real increase in year in the value of pensions and automatic lump sums (in bands of £2500).

~~7.46-7.47.~~ The CETV is the actuarially assessed capitalised value of the pension scheme benefits accumulated by a member at a particular point in time. The benefits valued are the member's accumulated benefits and any contingent spouse's pension payable from the scheme. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

~~7.47-7.48.~~ The accrued benefits derived from the member's purchase of added years of service and any 'transferred-in' service must be included in all the pension calculations.

~~7.48-7.49.~~ From 2005-06 all the information required in the senior managers' pension table will be provided by NHS Pensions. The request for information from NHS Pensions must be made by the NHS foundation trust by the deadline set by NHS Pensions providing complete information at that time.

~~7.49-7.50.~~ Detailed guidance regarding the end of year procedures for requesting information from NHS Pensions can be found on its [website](#).

~~7.50-7.51.~~ Where the NHS foundation trust has senior managers who are members of a different pension scheme the disclosure information should be requested in good time from the scheme.

### **NHS Foundation Trust Code of Governance**

~~7.51-7.52.~~ *The NHS Foundation Trust Code of Governance* (the Code of Governance) was first published in 2006. Following reviews of its application in 2008 and 2009, and also taking account of more recent developments in governance practices specific to NHS foundation trusts, the code was updated in March 2010, to take effect from 1 April 2010.

~~7.52-7.53.~~ The purpose of the Code of Governance is to assist NHS foundation trust boards in improving their governance practices by bringing together the best practice of public and private sector corporate governance. The code is issued as best practice advice, but imposes some disclosure requirements. NHS foundation trusts

are expected to observe the code's disclosure requirements in full.

| ~~7.53-7.54.~~ 7.54. Schedule A to the Code of Governance lists all of the annual report disclosure requirements but, for ease, the requirements have been included in this chapter. The disclosures in relation to the remuneration committee have been described above. The remaining disclosures are set out below. In some cases, these may overlap with other disclosures in the Directors' report.

### Board of governors

| ~~7.54-7.55.~~ 7.55. The annual report should include a statement of how the board of directors and the board of governors operate, including a high-level statement of which types of decision are to be taken by each of the boards and which are to be delegated to management by the board of directors (*Code of Governance A.1.1*).

| ~~7.55-7.56.~~ 7.56. The annual report should describe the composition of the board of governors during the reporting period and the name of any persons occupying positions as governors. It should also describe how the governors were appointed or elected, and how long their appointments are for. This should include a brief description of the constituency or organisation that each governor represents and information about any elections held during the year (*Code of Governance B.1.3*).

| ~~7.56-7.57.~~ 7.57. The report should include a statement about the number of meetings of the board of governors and individual attendance by governors and directors (*Code of Governance B.1.3*).

| ~~7.57-7.58.~~ 7.58. The report should disclose details of company directorships or other material interests in companies held by governors where those companies or related parties are likely to do business, or are possibly seeking to do business, with the NHS foundation trust. As each NHS foundation trust must have a register of governors' interests which is available to the public, an alternative disclosure is for the annual report to simply state how members of the public can gain access to the register instead of listing all the interests in the annual report.

| ~~7.58-7.59.~~ 7.59. A statement should also be included which sets out the steps that the members of the board, in particular the non-executive directors, have taken to understand the views of governors and members (*Code of Governance G.1.5*).

### Board of directors

| ~~7.59-7.60.~~ 7.60. The annual report is primarily a report of the board of directors and this section of the report should provide information on the composition of the board during the reporting year. Specifically, information should be provided on:

- the name(s) of the person(s) occupying the position of chair, deputy chair (where there is one) and senior independent director during the year, the date of their appointment and how long the appointment is for (*Code of Governance A.1.2*);
- the name(s) of the person(s) occupying the position of chief executive and the composition of the board of directors during the year;
- the names of the non-executive directors which the board considers to be independent, with reasons where necessary (*Code of Governance A.3.1*);
- the number of meetings of the board of directors and those committees and individual attendance by directors (*Code of Governance A.1.2*);

- a brief description of the length of appointments of the non-executive directors, and how they may be terminated; and
- a brief description of the background of each of the board members, including their areas of expertise and experience (*Code of Governance A.3.4*).

| ~~7.60-7.61.~~ 7.61. The report should include a statement about the balance, completeness and appropriateness of the membership of the board (*Code of Governance A.3.4*).

| ~~7.61-7.62.~~ 7.62. The report should include a summary of how performance evaluation of the board of directors, its committees and its directors has been conducted (*Code of Governance D.2*).

| ~~7.62-7.63.~~ 7.63. The report should disclose details of company directorships or other material interests in companies held by directors which may conflict with their management responsibilities. As each NHS foundation trust must have a register of directors' interests that must be available to the public, an alternative disclosure is for the annual report to simply state how members of the public can gain access to the register instead of listing all the interests in the annual report.

| ~~7.63-7.64.~~ 7.64. In particular, the report should include a statement in relation to the other significant commitments of the chair and any changes to them during the year (*Code of Governance C.1.7*).

#### **Audit Committee**

| ~~7.64-7.65.~~ 7.65. The names of the chair and members of the audit committee should be disclosed (*Code of Governance A.1.2*).

| ~~7.65-7.66.~~ 7.66. The number of meetings and individuals' attendance at each should also be disclosed (*Code of Governance A.1.2*).

| ~~7.66-7.67.~~ 7.67. A description of the work of the audit committee in discharging its responsibilities (*Code of Governance F.3.3*).

| ~~7.67-7.68.~~ 7.68. Where the board of governors does not accept the audit committee's recommendation on the appointment, reappointment or removal of the external auditor, the audit committee should make a statement in the annual report explaining their recommendation and the reasons for the governors taking a different position (*Code of Governance F.3.5*).

| ~~7.68-7.69.~~ 7.69. An explanation of how, if the auditor provides non-audit services, auditor objectivity and independence is safeguarded (*Code of Governance F.3.8*).

| ~~7.69-7.70.~~ 7.70. An explanation from the directors of their responsibility for preparing the accounts and a statement by the auditors about their reporting responsibilities (*Code of Governance F1.1*). (The auditor's statement should be contained in the audit report).

#### **Nominations Committee**

| ~~7.70-7.71.~~ 7.71. The names of the chair and members of the nominations committee should be disclosed (*Code of Governance A.1.2*).

| ~~7.71-7.72.~~ 7.72. The number of meetings and individual attendance by directors at each should also be disclosed (*Code of Governance A.1.2*).

| ~~7.72-7.73.~~ 7.73. A description of the work of the nominations committee, including the process it has used in relation to board appointments. This should include an explanation if

neither an external search consultancy nor open advertising has been used in the appointment of a chair or non-executive director (*Code of Governance C.1.14*).

## Membership

~~7.73-7.74.~~ This section of the annual report should include:

- a brief description of the eligibility requirements for joining different membership constituencies, including the boundaries for public membership;
- information on the number of members and the number of members in each constituency; and
- a summary of the membership strategy, an assessment of the membership and a description of any steps taken during the year to ensure a representative membership, including progress towards any recruitment targets for members.

~~7.74-7.75.~~ Contact procedures for members who wish to communicate with governors and/or directors (*Code of Governance G.1.4*).

## Quality reports

~~7.75-7.76.~~ NHS foundation trusts should include a report on the quality of care they provide within their annual report. The aim of this quality report is to improve public accountability for the quality of care. The quality report must contain (in the following order):

- Part 1. Statement on quality from the chief executive of the NHS foundation trust;
- Part 2. Priorities for improvement and statements of assurance from the board;
- Part 3. Other information; and
- Annex. Statements from [the NHS Commissioning Board or relevant clinical commissioning groups \(as determined by the NHS \(Quality Accounts\) Amendment Regulations 2012\)](#), [Local Healthwatch organisations](#), ~~primary care trusts,~~ [Local Involvement Networks](#) and Overview and Scrutiny Committees.

Comment [SG1]: Changed to reflect comments from DH

More detail on each of these areas and template statements are provided in Annex 2. This annex also provides details of how NHS foundation trusts can adapt their quality report to meet the requirement to publish a quality account, in line with the *NHS (Quality Accounts) Regulations 2010*, as amended by the *National Health Service (Quality Accounts) Amendment Regulations 2011* [and the National Health Service \(Quality Accounts\) Amendment Regulations 2012](#).

~~From 2012/13, the Department of Health requires trusts to report on a number of intends to include a set of required indicators for in their quality Quality a~~ Accounts covering the year 2012/13. NHS foundation trusts may choose to include these in their quality reports for 2011/12. ~~The~~ [se](#) indicators are referenced at Annex 2.1.

7.76. Monitor will also require NHS foundation trusts to obtain a limited assurance report from their external auditors on the content of the quality report ~~and the certain mandated indicators,~~ [\(as defined in Detailed Guidance for External Assurance on Quality Reports 2012/13, which can be found on the Monitor website\)](#) and to include it in the annual report. This will report on whether anything has come to the attention of the auditor that leads them to believe that the content of the quality report has not been prepared in line with the requirements set out in this *NHS Foundation Trust Annual Reporting Manual 2011/12* ~~2012/13~~ ~~and~~ ~~and/~~ or is not inconsistent with the other information sources detailed in [section 2.2](#) of the detailed guidance. ~~It will also report on whether the mandated indicators requiring a limited assurance report have been reasonably stated in all material respects in accordance with~~

Comment [SG2]: Check

the NHS Foundation Trust Annual Reporting Manual ~~2011/12~~2012/13.

NHS foundation trusts are ~~also~~ required to obtain ~~external~~ assurance from their external auditor over ~~at least one local indicator~~ one further mandated indicator relating to incidents resulting in severe harm, included in their quality report. As a minimum, the outcome from this ~~external~~ exercise ~~over the indicators~~ should be a ~~private assurance report 'governors' report'~~ to Monitor and the NHS foundation trust's board of governors, a copy of which must be submitted to Monitor. ~~Detailed guidance for external assurance on the quality reports can be found on our website.~~

The deadline for the annual report containing the quality report, ~~is 31 May 2012. The deadline for the signed limited assurance report on the content of the quality report and the mandated indicators requiring a limited assurance report, and the private assurance report to the governors' report, is 29 June 2012~~30 May 2013.

Comment [SG3]: Update once consultation complete

## Staff survey

7.77. Each NHS foundation trust will be required to include a section in its annual report on its staff survey results covering:

a) *Commentary*

- Statement of approach to staff engagement - each NHS foundation trust will be required to include a statement of its approach to staff engagement and what mechanisms are in place to monitor and learn from staff feedback.

b) *Summary of performance – results from the NHS staff survey*

- NHS foundation trusts will be required to provide a summary of the key findings from *the most recent* NHS staff survey, with a focus on details of the top 4 and bottom 4 scored answers and comparison to the prior year and national average performance. A table of information will be required setting out as a minimum:
  - the response rate;
  - the top 4 ranked scores; and
  - the bottom 4 ranked scores.

7.78. Action plans to address areas of concerns

- The commentary on the key findings from the survey and each NHS foundation trust will include a summary of its plans to address specific areas of concern emerging from staff surveys and any plans to rectify these shortfalls in the short and medium term.

c) *Future priorities and targets*

- The commentary should include a statement on the key priorities to improve staff feedback it has (or plans to) put in place and what mechanisms are in place to monitor performance.

7.79. A sample template commentary and summary performance analysis is provided in Annex 3.

## Regulatory ratings

7.80. NHS foundation trusts should include within their annual report a section detailing their risk ratings from Monitor, together with a comparison of the expectation of the

annual risk rating as detailed in their annual plan.

- 7.81. The commentary will include a summary of the regulatory performance in the year, focusing on the risk ratings obtained in comparison to the annual plan risk rating, and actions put in place to rectify shortfalls on performance. Where formal regulatory action has been taken this should be disclosed with the actions taken, or proposed, to address this.
- 7.82. A template commentary and table of analysis is provided in Annex 4.

**Income disclosures required by Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012)**

**7.83. Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) requires that the income from the provision of goods and services for the purposes of the health service in England must be greater than its income from the provision of goods and services for any other purposes. NHS foundation trusts should include a statement in their annual report that they have met this requirement, or where they have not met the requirement this fact should be disclosed, together with the principle reasons and the actions that the NHS foundation trust is taking to ensure that they meet the requirement in future financial years.**

**7.84. As required by section 43(3A) of the NHS Act 2006, an NHS foundation trust must provide information on the impact that other income it has received has had on its provision of goods and services for the purposes of the health service in England.**

**Other disclosures in the public interest**

~~7.83.~~ **7.85.** NHS foundation trusts are public benefit corporations and it is considered to be best practice for the annual report to include public interest disclosures on the NHS foundation trust's activities and policies in the areas set out below. NHS foundation trusts should decide where these disclosures are to be included in the annual report. The areas which should be covered are:

- actions taken by the NHS foundation trust to maintain or develop the provision of information to, and consultation with, employees;
- the NHS foundation trust's policies in relation to disabled employees and equal opportunities;
- information on health and safety performance and occupational health;
- information on policies and procedures with respect to countering fraud and corruption;
- a statement describing the better payment practice code, or any other policy adopted on payment of suppliers, and performance achieved (this should be linked to the payment policy disclosures described in Annex 1), together with disclosure of any interest paid under the Late Payment of Commercial Debts (Interest) Act 1998;
- details of any consultations completed in the previous year, consultations in progress at the date of the report, or consultations planned for the coming year;
- consultation with local groups and organisations, including the overview and scrutiny committees of local authorities covering the membership areas; and

- any other public and patient involvement activities.

**7.84-7.86.** It is considered best practice for NHS foundation trusts to disclose:

- the number of, and average additional pension liabilities for, individuals who retired early on ill-health grounds during the year. The amount entered should be the figure supplied to the NHS foundation trust by NHS Pensions; and
- detailed disclosures in relation to “other income” where “other income” in the notes to the accounts is significant.

**7.85-7.87.** In addition, the *FReM* requires that NHS foundation trusts publish:

- sickness absence data. This is the data which is provided quarterly to the Cabinet Office and published on the NHS foundation trust’s website;
- a statement that the NHS foundation trust has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance; and
- details of serious incidents involving data loss or confidentiality breach (required as part of NHS Information Governance rules).

### Statement of accounting officer’s responsibilities

**7.86-7.88.** The NHS foundation trust’s chief executive should explain his/her responsibility for preparing the financial statements. This should be positioned after the annual report and before the statement on annual governance statement. A model statement of accounting officer’s responsibilities is provided in annex 5 to this document.

**7.87-7.89.** Paragraph 25 of Schedule 7 to the 2006 Act states that the NHS foundation trust is to prepare annual accounts, and that such functions of the trust are to be delegated to the Accounting Officer. The [NHS Foundation Trust Accounting Officer Memorandum](#) further states that it is the chief executive’s personal responsibility to prepare the financial statements. In addition, the [NHS Foundation Trust Code of Governance \(F.1.1\)](#) requires directors to include in the annual report an explanation of their responsibility for preparing the financial statements.

### Annual governance statement.

**7.88-7.90.** All entities covered by the requirements of this manual shall prepare an annual governance statement. A model annual governance statement is reproduced in Annex 6 to this document, but should be adapted to reflect the particular circumstance of the NHS foundation trust.

**7.89-7.91.** The annual governance statement includes reference to quality governance. Monitor’s quality governance framework may be used for information on good practice in quality governance and is available in Annex 7 of this manual.

**7.90-7.92.** The annual report should also include a statement report that the board has conducted a review of the effectiveness of the trust’s system on internal controls. (*Code of Governance F.2.1*).

### Voluntary disclosures

**7.91-7.93.** NHS foundation trusts are encouraged to include sections within their annual report and accounts entitled Sustainability Report and/ or Equality reporting.

Inclusion is left to NHS foundation trusts' discretion.

### **Sustainability reporting**

- | ~~7.92~~7.94. Should NHS foundation trusts choose to include a sustainability report, Monitor would encourage NHS foundation trusts to follow the approach laid out in the HM Treasury FReM available at [http://www.hm-treasury.gov.uk/frem\\_sustainability.htm](http://www.hm-treasury.gov.uk/frem_sustainability.htm)

### **Equality reporting**

- | ~~7.93~~7.95. Requirements for the equality report, which may be included in the annual report and accounts at NHS foundation trusts' discretion, will be found at <http://www.homeoffice.gov.uk/equalities/equality-act/equality-duty/>. If an equality report is included in the annual report, NHS foundation trusts are required to follow these requirements.

## Annex 1 to Chapter 7: Summary of the requirements of Schedule 7 to the Regulations

Disclosure requirement	Statutory Reference
Where any market values of fixed assets are known to be significantly different from the values at which those assets are held in the NHS foundation trust's financial statements, and the difference is, in the directors' opinion, of such significance that readers of the accounts should have their attention drawn to it, the difference in values should be stated with as much precision as is practical.	2 Sch 7
Any political or charitable donations should be disclosed. However, it is doubtful whether any such donations would be lawful for an NHS foundation trust.	3 to 5 Sch 7
Any important events since the end of the financial year affecting the NHS foundation trust.	7(1)(a) Sch 7
An indication of likely future developments at the NHS foundation trust.	7(1)(b) Sch 7
An indication of any significant activities in the field of research and development.	7(1)(c) Sch 7
An indication of the existence of branches outside the UK.	7(1)(d) Sch 7
Policies applied during the financial year for giving full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.	10(3)(a) Sch7
Policies applied during the financial year for continuing the employment of, and for arranging appropriate training for, employees who have become disabled persons during the period.	10(3)(b) Sch 7
Policies applied during the financial year for the training, career development and promotion of disabled employees.	10(3)(c) Sch 7
Actions taken in the financial year to provide employees systematically with information on matters of concern to them as employees.	11(3)(a) Sch 7
Actions taken in the financial year to consult employees or their representatives on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests.	11(3)(b) Sch 7
Actions taken in the financial year to encourage the involvement of employees in the NHS foundation trust's performance.	11(3)(c) Sch 7
Actions taken in the financial year to achieve a common awareness on the part of all employees of the financial and economic factors affecting the performance of the NHS foundation trust.	11(3)(d) Sch 7
In relation to the use of financial instruments, an indication of the financial risk management objectives and policies of the NHS foundation trust and the exposure of the entity to price risk, credit risk, liquidity risk and cash flow risk, unless such information is not material for the assessment of the assets, liabilities, financial position and results of the entity.	6 Sch 7
Disclosures in respect of policy and payment of creditors.	12 Sch 7

## Annex 2 to Chapter 7: Quality report requirements

NHS foundation trusts also have to publish a separate quality account each year, as required by the NHS Act 2009, and in the terms set out in the NHS (Quality Accounts) Regulations 2010 as amended by the NHS (Quality Accounts) Amendments Regulations 2011 and the NHS (Quality Accounts) Amendments Regulations 2012 (collectively “the Quality Accounts Regulations”).

Where an NHS foundation trust has provided and/or subcontracted community health services during ~~2011/12~~2012/13, ~~an~~the NHS foundation trust should include such community health services in the review of services in the quality report. Where an NHS foundation trust begins to provide or subcontract community health services on or after 1 April ~~2012~~2013 they should not be included in the review of services. They should be considered for inclusion in the priorities for improvement for ~~2012/13~~2013/14.

Monitor’s annual reporting guidance for the quality report incorporates the requirements set out in the Department of Health’s Quality Accounts Regulations (denoted by the black text below) and additional reporting requirements set by Monitor (denoted by the red text).

The quality report must contain (in the following order):

### Part 1. Statement on quality from the Chief Executive of the NHS foundation trust

- A statement signed by the Chief Executive summarising the NHS foundation trust’s view of the quality of the ~~NHS services~~relevant health services that it provided or sub-contracted during ~~2011/12~~2012/13. The statement must outline that to the best of that person’s knowledge the information in the document is accurate.

Comment [SG4]: Per 2012 amendment

### Part 2. Priorities for improvement and statements of assurance from the board

Priorities for improvement:

- For quality improvement priorities for ~~2011/12~~2012/13 identified in the ~~2010/11~~2011/12 report, NHS foundation trusts should include the performance in ~~2011/12~~2012/13 against each priority, and, where possible, the performance in previous years; and
- At least three priorities for quality improvement for ~~NHS services~~relevant health services that the NHS foundation trust intends to provide or sub-contract in ~~2012/13~~2013/14 – agreed by the board. Trusts must include how progress to achieve the priorities will be monitored, measured and reported. Trusts should also include a rationale for the selection of those priorities and whether/how the views of patients, the wider public and staff were taken into account. The report should identify the quality improvement priorities for ~~2012/13~~2013/14 with the expectation of reporting on these in future annual reports.

Statements of assurance from the board

○ Information on the review of services, in the following form of statement:

○

During ~~2011/12~~2012/13 the [name of provider] provided and/or sub-contracted [number] ~~NHS services~~relevant health services.

The [name of provider] has reviewed all the data available to them on the quality of care in [number] of these ~~NHS services~~relevant health services.

The income generated by the ~~NHS services~~relevant health services reviewed in ~~2011/12~~2012/13 represents [number] per cent of the total income generated from the provision of ~~NHS services~~relevant health services by the [name of provider] for ~~2011/12~~2012/13

The data reviewed should aim to cover the three dimensions of quality – patient safety, clinical effectiveness and patient experience - and indicate where the amount of data available for review has impeded this objective;

- Information on participation in clinical audits and national confidential enquiries, in the following form of statement:

During ~~2011/12~~2012/13 [number] national clinical audits and [number] national confidential enquiries covered ~~NHS services~~relevant health services that [name of provider] provides.

During ~~2011/12~~2012/13 [name of provider] participated in [number as a percentage] national clinical audits and [number as a percentage] 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 [name of provider] was eligible to participate in during ~~2011/12~~2012/13 are as follows: [insert list].

The national clinical audits and national confidential enquiries that [name of provider] participated in during ~~2011/12~~2012/13 are as follows: [insert list].

The national clinical audits and national confidential enquiries that [name of provider] participated in, and for which data collection was completed during ~~2011/12~~2012/13, 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. [insert list and percentages]

The reports of [number] national clinical audits were reviewed by the provider in ~~2011/12~~2012/13 and [name of provider] intends to take the following actions to improve the quality of healthcare provided [description of actions].

The reports of [number] local clinical audits were reviewed by the provider in ~~2011/12~~2012/13 and [name of provider] intends to take the following actions to improve the quality of healthcare provided [description of actions].

- Information on participation in clinical research, in the following form of statement:

The number of patients receiving ~~NHS services~~relevant health services provided or sub-contracted by [name of provider] in 2012/13 that were recruited during that period to participate in research approved by a research ethics committee was [insert number].

- Information on the use of the CQUIN framework, in the following form of statement:

**EITHER:**

A proportion of [name of provider] income in ~~2011/12~~2012/13 was conditional upon achieving quality improvement and innovation goals agreed between [name of provider] and any person or body they entered into a contract, agreement or arrangement with for the provision of ~~NHS services~~relevant health services, through the Commissioning for Quality and Innovation payment framework. Further details of the agreed goals for ~~2011/12~~2012/13 and for the following 12 month period are available online at: [http://www.monitor-nhsft.gov.uk/sites/all/modules/fckeditor/plugins/ktbrowser/\\_openTKFile.php?id=3275](http://www.monitor-nhsft.gov.uk/sites/all/modules/fckeditor/plugins/ktbrowser/_openTKFile.php?id=3275)

**OR:**

[name of provider] income in ~~2010/11~~2012/13 was not conditional on achieving quality improvement and innovation goals through the Commissioning for Quality and Innovation payment framework because [insert reason].

*NHS foundation trusts may choose to expand further upon their agreed goals and the rationale behind them (e.g. how they fit with local/regional strategies).*

*NHS foundation trusts should include a statement which includes a monetary total for the amount of income in ~~2011/12~~2012/13 conditional upon achieving quality improvement and innovation goals, and a monetary total for the associated payment in ~~2010/11~~2011/12.*

- Information relating to registration with the Care Quality Commission and periodic/special reviews, in the following form of statement:

[name of provider] is required to register with the Care Quality Commission and its current registration status is [insert description]. [Name of provider] has the following conditions on registration [insert conditions where applicable].

The Care Quality Commission (has/has not) taken enforcement action against [name of provider] during ~~2011/12~~2012/13.

**Either:**

[name of provider] has participated in special reviews or investigations by the Care Quality Commission relating to the following areas during ~~2010/11~~2011/12 [insert details of special reviews and/or investigations]. [name of provider] intends to take the following action to address the conclusions or requirements reported by the Care Quality Commission [insert details of action]. [name of provider] has made the following progress by 31 March ~~2012~~2013 in taking such action [insert description of progress].

**Or:**

[name of provider] has not participated in any special reviews or investigations by the Care Quality Commission during the reporting period.

- Information on the quality of data, in the following form of statements:

Either:

[name of provider] submitted records during ~~2011/12~~2012/13 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:

[percentage] for admitted patient care;

[percentage] for outpatient care; and

[percentage] for accident and emergency care.

- which included the patient's valid General Practitioner Registration Code was:

[percentage] for admitted patient care;

[percentage] for outpatient care; and

[percentage] for accident and emergency care.

Or:

[name of provider] did not submit records during ~~2011/12~~2012/13 to the Secondary Uses service for inclusion in the Hospital Episode Statistics which are included in the latest published data

[Name of provider] Information Governance Assessment Report overall score for ~~2011/12~~2012/13 was [percentage] and was graded [insert colour from IGT Grading Scheme].

Either:

[name of provider] was subject to the Payment by Results clinical coding audit during the reporting period by the Audit Commission and the error rates reported in the latest published audit for that period for diagnoses and treatment coding (clinical coding) were [percentages].

Or:

[name of provider] was not subject to the Payment by Results clinical coding audit during the reporting period by the Audit Commission.

NHS foundation trusts should include an explanatory note for clinical coding stating:

- o that the results should not be extrapolated further than the actual sample audited; and
- o      which services were reviewed within the sample.

[Name of provider] will be taking the following actions to improve data quality [insert actions].

[From 2012/13 all trusts are required to report against a core set of indicators, for at least the last two reporting periods, using a standardised statement set out in the NHS \(Quality Accounts\) Amendment Regulations 2012. Some of the indicators will not be relevant to all trusts – for instance, ambulance response times. Trusts are only required to include indicators in their Quality Accounts that are relevant to the services that they provide.](#)

[The NHS \(Quality Accounts\) Amendment Regulations 2012 can be accessed by means of the following link <http://www.legislation.gov.uk/uksi/2012/3081/made>](http://www.legislation.gov.uk/uksi/2012/3081/made)

[Where the necessary data is made available by the Health and Social Care Information Centre, a comparison should be made of the numbers, percentages, values, scores or rates of each of the NHS foundation trust's indicators with](#)

- a) [the national average for the same; and](#)
- b) [those NHS trusts and NHS foundation trusts with the highest and lowest of the same.](#)

[This information should be presented in a table or graph as seems most appropriate.](#)

### Part 3. Other information

- o *An overview of the quality of care offered by the NHS foundation trust based on performance in ~~2011/12~~[2012/13](#) against indicators selected by the board in consultation with stakeholders, with an explanation of the underlying reason(s) for selection. The indicator set selected must include:
 
  - o at least 3 indicators for patient safety;
  - o at least 3 indicators for clinical effectiveness; and
  - o at least 3 indicators for patient experience.*

*For those indicators selected by the NHS foundation trust, the report should refer to historical data and benchmarked data where available, to enable readers to understand progress over time and performance compared to other providers.*

*References of the data sources for the indicators should be stated, including whether the data is governed by standard national definitions.*

*Where these indicators have changed from the indicators used in the ~~2010/11~~[2011/12](#) report, the NHS foundation trust should outline the rationale for why these indicators have changed.*

*Where the quality indicators are the same as those used in the ~~2010/11~~[2011/12](#) report and refer to historical data, the data reported should be checked to ensure consistency with the ~~2010/11~~[2011/12](#) report. Where inconsistencies exist, NHS foundation trusts are required to include an explanatory note on any changes in the basis of calculation.*

- o ~~Performance against key national priorities~~[the relevant indicators and performance thresholds set out in Appendix B of the Compliance Framework \(note: there will be some overlap with indicators set out in section 2 which are now mandated by the Quality Accounts Regulations. Only the additional indicators which have not already been reported in Part 2 need to be reported here to avoid duplication of reporting\).](#)

- o ~~An overview of performance in 2011/12 against the key national priorities from the Department of Health's Operating Framework. This must include performance against the relevant indicators and performance thresholds set out in Appendix B of the Compliance Framework.~~

- o ~~NHS foundation trusts can also choose to use Part 3 to include other additional content relevant to the quality of NHS services~~[relevant health service](#). ~~NHS foundation trusts may choose to include the indicators that the Department of Health intends to require in quality accounts for the 2012/13 reporting year, together with commentary covering their own performance. These indicators, and their sources, are included in Annex 2.1.~~

Annex: Statements from ~~primary care trusts~~[Local Involvement Networks](#)~~the NHS Commissioning Board or relevant clinical commissioning groups~~[, Local Healthwatch organisations](#) and ~~Overview and Scrutiny Committees~~.

- o NHS foundation trusts must send copies of their quality reports to their relevant lead commissioning ~~primary care trusts~~[clinical commissioning groups \(PCTs/CCGs\)](#), ~~Local Involvement Networks~~[Healthwatch organisations \(LINKs\)](#) and Overview and Scrutiny Committees (OSCs) for comment prior to publication, and should include these comments in their published quality reports.
- o The lead commissioning ~~PCTs/CCGs~~ will have a legal obligation to review and comment, while ~~Local Healthwatch organisations~~[LINKs](#) and OSCs will be offered the

opportunity to comment on a voluntary basis.  
There are specific timeframes for seeking and receiving responses.

**Annex: Statement of directors' responsibilities in respect of the quality report**

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

Monitor 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 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 ~~2011-12~~ 2012/13;
- 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 ~~2011~~ 2012 to June ~~2012~~ 2013
  - Papers relating to Quality reported to the Board over the period April ~~2011~~ 2012 to June ~~2012~~ 2013
  - Feedback from the commissioners dated XX/XX/20XX
  - Feedback from governors dated XX/XX/20XX
  - Feedback from ~~LHAs~~ Local Healthwatch organisations dated XX/XX/20XX
  - The trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated XX/XX/20XX;
  - The [latest] national patient survey XX/XX/20XX
  - The [latest] national staff survey XX/XX/20XX
  - The Head of Internal Audit's annual opinion over the trust's control environment dated XX/XX/20XX
  - CQC quality and risk profiles dated XX/XX/20XX
- 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 Monitor's annual reporting guidance (which incorporates the Quality Accounts regulations) (published at [www.monitor-nhsft.gov.uk/annualreportingmanual](http://www.monitor-nhsft.gov.uk/annualreportingmanual)) as well as the standards to support data quality for the preparation of the Quality Report (available at [www.monitor-nhsft.gov.uk/annualreportingmanual](http://www.monitor-nhsft.gov.uk/annualreportingmanual))).

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

NB: sign and date in any colour ink except black

.....Date.....Chairman

.....Date.....Chief Executive

**Publishing a quality account to comply with the Quality Accounts Regulations**

NHS foundation trusts can adapt their quality report to meet the requirement to publish a

quality account (which is done by uploading it to the NHS Choices website). NHS foundation trusts must then decide whether to include Monitor's additional reporting requirements in the quality account which is uploaded onto NHS Choices. Therefore NHS foundation trusts have two options in publishing their quality account as follows:

- EITHER -

1. if they wish to include Monitor's additional reporting requirements, upload the entire quality report as it is, without adapting or amending it, as the trust's quality account;

- OR -

2. remove Monitor's additional reporting requirements from the quality report before uploading the resulting quality account onto NHS Choices (this would be done by removing the sections marked by the red text above).

The reporting deadline for publishing the quality account is 30 June ~~2012~~ 2013 compared with Monitor's annual reporting deadline of ~~31~~ 30 May ~~2011~~ 2013. Please also note that whichever route NHS foundation trusts take to producing a quality account, the requirements for the Annex (Statements from the NHS Commissioning Board or relevant clinical commissioning groups, Local Healthwatch organisations ~~from PCTs, LInks~~ and Overview and Scrutiny Committees) apply only to the information required under the Quality Accounts Regulations.

## Annex 2.1 to Chapter 7: Proposed indicators for inclusion in 2012/13

Note: The Department of Health intends require organisations to include indicators only if it is an indicator they already report on nationally (i.e. it is relevant to the services they provide). Reporting on any or all of these indicators is not a requirement for 2011/12, although NHS foundation trusts may choose to report should they so wish.

Indicator summary	Location of latest available published data
<p>Summary Hospital-Level Mortality Indicator:</p> <ul style="list-style-type: none"> <li>● SHMI value and banding</li> <li>● Percentage of admitted patients whose treatment included palliative care; and</li> <li>● Percentage of admitted patients whose deaths were included in the SHMI and whose treatment included palliative care (context indicator)</li> </ul>	<p><a href="http://www.ic.nhs.uk/statistics-and-data-collections/hospital-care/summary-hospital-level-mortality-indicator-shmi">http://www.ic.nhs.uk/statistics-and-data-collections/hospital-care/summary-hospital-level-mortality-indicator-shmi</a></p>
Ambulance response times	<p><a href="http://www.ic.nhs.uk/statistics-and-data-collections/audits-and-performance/ambulance">http://www.ic.nhs.uk/statistics-and-data-collections/audits-and-performance/ambulance</a></p>
<p>Ambulance trust clinical outcomes:</p> <ul style="list-style-type: none"> <li>● Patients with a pre-hospital diagnosis of suspected ST elevation myocardial infarction who received the appropriate care bundle</li> <li>● Suspected stroke patients assessed face-to-face who received an appropriate care bundle</li> </ul>	<p><a href="http://www.dh.gov.uk/en/Publicationsandstatistics/Statistics/Performanceandstatistics/AmbulanceQualityIndicators/index.htm">http://www.dh.gov.uk/en/Publicationsandstatistics/Statistics/Performanceandstatistics/AmbulanceQualityIndicators/index.htm</a></p>
<p>Patient reported outcome scores for i) groin hernia surgery, ii) varicose vein surgery, iii) hip replacement surgery, and iv) knee replacement surgery</p>	<p><a href="http://www.ic.nhs.uk/statistics-and-data-collections/hospital-care/patient-reported-outcome-measures-proms">http://www.ic.nhs.uk/statistics-and-data-collections/hospital-care/patient-reported-outcome-measures-proms</a></p>
Emergency readmissions to hospital within 28 days of discharge	<p><a href="http://www.ic.nhs.uk/pubs/hesemergency0910">http://www.ic.nhs.uk/pubs/hesemergency0910</a></p>
Responsiveness to inpatients'	<p><a href="http://www.dh.gov.uk/en/Publicationsandstatistics/">http://www.dh.gov.uk/en/Publicationsandstatistics/</a></p>

personal needs	<a href="#">PublishedSurvey/NationalsurveyofNHSpatients/DH-126972</a> (follow the link to “Download a tool to assist with the Commissioning for Quality and Innovation (CQUIN) framework”)
Percentage of staff who would recommend the provider to friends or family needing care	<a href="http://www.nhsstaffsurveys.com/">http://www.nhsstaffsurveys.com/</a>
Percentage of admitted patients risk-assessed for Venous Thromboembolism	<a href="http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsStatistics/DH_131539">http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsStatistics/DH_131539</a>
Rate of C. difficile	<a href="http://www.hpa.org.uk/Topics/InfectiousDiseases/InfectionsAZ/ClostridiumDifficile/EpidemiologicalData/MandatorySurveillance/cdiffMandatoryReportingScheme/">http://www.hpa.org.uk/Topics/InfectiousDiseases/InfectionsAZ/ClostridiumDifficile/EpidemiologicalData/MandatorySurveillance/cdiffMandatoryReportingScheme/</a>
Rate of patient safety incidents and percentage resulting in severe harm or death	<a href="http://www.nrls.npsa.nhs.uk/resources/?entryid45=132789">http://www.nrls.npsa.nhs.uk/resources/?entryid45=132789</a>

## Annex 3 to Chapter 7: Staff survey report - template commentary and data section

### Commentary

Statement of approach to staff engagement and feedback arrangements in place and key priorities and targets.

### Summary of performance - NHS staff survey

Details of the key findings from the latest NHS staff survey:

- response rate compared with prior year;
- areas of improvement from the prior year and deterioration;
- top 4 ranking scores;
- bottom 4 ranking scores;
- key areas of improvement;
- summary details of any local surveys and results (if applicable); and
- areas of concern and action plans to address.

Note example: Staff survey

	20XX/YY10/11		20YY/ZZ11/12		Trust Improvement/ Deterioration
Response rate	Trust	National Average	Trust	National Average	
	X%	X%	X%	X%	Increase/decrease in % points

	20XX/YY10/11		20YY/ZZ11/12		Trust Improvement/ Deterioration
Top 4 Ranking Scores	Trust	National Average	Trust	National Average	
Question	X%	X%	X%	X%	Increase/decrease in % points
Question	X%	X%	X%	X%	Increase/decrease in % points
Question	X%	X%	X%	X%	Increase/decrease in % points
Question	X%	X%	X%	X%	Increase/decrease in % points

	20 <del>XX</del> / <del>YY</del> 10/11		20 <del>YY</del> / <del>ZZ</del> 11/12		Trust Improvement/ Deterioration
Bottom 4 Ranking Scores	Trust	National Average	Trust	National Average	
Question	X%	X%	X%	X%	Increase/decrease in % points
Question	X%	X%	X%	X%	Increase/decrease in % points
Question	X%	X%	X%	X%	Increase/decrease in % points
Question	X%	X%	X%	X%	Increase/decrease in % points

**Future priorities and targets**

- Statement of key priority areas;
- Performance against priority areas (against targets set);
- Monitoring arrangements; and
- Future priorities and how they will be measured.

## Annex 4 to Chapter 7: Regulatory ratings report - template commentary and table of analysis

### Commentary

- Explanation of the foundation trust's risk ratings;
- Summary of rating performance throughout the year and comparison to prior year;
- Analysis of actual quarterly rating performance compared with expectation in the annual plan;
- Comparison to prior year;
- Explanation for differences in actual performance versus expected performance at the time of the annual risk assessment; and
- Details and actions from any formal interventions.

### Table of analysis

	Annual Plan <del>20XX/YY</del> 4	Q1 <del>2010/11</del> YY	Q2 <del>2010/11</del> Y	Q3 <del>2010/11</del> YY	Q4 <del>2010/11</del> YY
Financial risk rating					
Governance risk rating					

	Annual Plan <del>2011/12</del> Z	Q1 <del>2011/12</del> ZZ	Q2 <del>2011/12</del> Z	Q3 <del>2011/12</del> ZZ	Q4 <del>2011/12</del> ZZ
Financial risk rating					
Governance risk rating					

## Annex 5 to Chapter 7: Model statement of accounting officer's responsibilities

### Statement of the chief executive's responsibilities as the accounting officer of [name of provider] NHS Foundation Trust

The NHS Act 2006 states that the chief executive is the accounting officer of the 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 ~~the Independent Regulator of NHS Foundation Trusts~~ ("Monitor").

Under the NHS Act 2006, Monitor has directed [name] NHS foundation trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of [name] NHS foundation trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *NHS Foundation Trust Annual Reporting Manual* and in particular to:

- observe the Accounts Direction issued by Monitor, 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* have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

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 him/her to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible 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.

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

Signed.....

Chief Executive

Date: xx June 20~~12~~<sup>xx</sup>

## Annex 6 to Chapter 7: Model Annual Governance Statement

[The wording which is not in square brackets in this pro forma annual governance statement (AGS) should be replicated in every AGS and the words in square brackets should be amended as appropriate to the body in question.]

### Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the 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*.

### 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 ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of [insert name of provider] 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 [insert name of provider] NHS Foundation Trust for the year ended 31 March 20~~12~~<sup>xx</sup> and up to the date of approval of the annual report and accounts.

### Capacity to handle risk

[Describe the key ways in which:

- leadership is given to the risk management process; and
- staff are trained or equipped to manage risk in a way appropriate to their authority and duties. Include comment on guidance provided to them and ways in which you seek to learn from good practice.]

### The risk and control framework

[Describe the key elements of the risk management strategy, including the way in which risk (or change in risk) is identified, evaluated, and controlled. Include mention of how risk appetites are determined. Explicitly describe the key elements of the quality governance arrangements, including how the quality of performance information is assessed and how assurance is obtained routinely on compliance with CQC registration requirements. Explicitly include how risks to data security are being managed and controlled as part of this process. Include a brief description of the organisation's major risks, including significant clinical risks, separately identifying in-year and future risks, how they are/will be managed and mitigated and how outcomes are/will be assessed.]

[Describe key ways in which risk management is embedded in the activity of the organisation. For example, set out the ways in which equality impact assessments are integrated into core trust business or how incident reporting is openly encouraged and handled across the trust.]

[Describe the key elements of the way in which public stakeholders are involved in managing risks which impact on them.]

The foundation trust is fully /is not fully compliant with the registration requirements of the

Care Quality Commission.

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

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

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.

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

[Describe the key process that has been applied to ensure that resources are used economically, efficiently and effectively, including some comment on the role of the board, internal audit and any other review or assurance mechanisms.]

#### **Annual Quality Report**

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. 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*.

[Brief description of steps which have been put in place to assure the Board that the Quality Report presents a balanced view and that there are appropriate controls in place to ensure the accuracy of data

These steps would cover areas such as:

- Governance and leadership (including processes to ensure the Quality Report presents a balanced view)
- Policies
- Systems and processes
- People and skills
- Data use and reporting (comments on the systems in place to review and report the quality metrics)]

#### **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 responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the quality report attached to this Annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness

of the system of internal control by the board, the audit committee [and risk/ clinical governance/ quality committee, if appropriate] and a plan to address weaknesses and ensure continuous improvement of the system is in place.

[Describe the process that has been applied in maintaining and reviewing the effectiveness of the system of internal control, including some comment on the role and conclusions of:

- the board;
- the audit committee;
- if relevant, the risk/ clinical governance/ quality committee/risk managers/risk improvement manager;
- clinical audit;
- internal audit; and
- other explicit review/assurance mechanisms.

Include an outline of the actions taken, or proposed to deal with any significant internal control issues and gaps in control, if applicable.]

**Conclusion**

[state either that no significant internal control issues have been identified or make specific reference to those significant internal control issues which have been identified in the body of the AGS above]

Signed.....

| Chief Executive

Date: xx June 20~~12~~<sup>xx</sup>

## Annex 7 to Chapter 7: Monitor's Quality Governance Framework

### Our definition of quality governance is as follows:

Quality governance is the combination of structures and processes at and below board level to lead on trust-wide quality performance including:

- ensuring required standards are achieved
- investigating and taking action on sub-standard performance
- planning and driving continuous improvement
- identifying, sharing and ensuring delivery of best-practice
- identifying and managing risks to quality of care

### Quality Governance Framework

1. Strategy	Example good practice
<p><b>1a: Does quality drive the Trust's strategy?</b></p>	<ul style="list-style-type: none"> <li>▪ Quality is embedded in the Trust's overall strategy               <ul style="list-style-type: none"> <li>- The Trust's strategy comprises a small number of ambitious Trust-wide quality goals covering safety, clinical outcomes and patient experience which drive year on year improvement</li> <li>- Quality goals reflect local as well as national priorities, reflecting what is relevant to patient and staff</li> <li>- Quality goals are selected to have the highest possible impact across the overall Trust</li> <li>- Wherever possible, quality goals are specific, measurable and time-bound</li> <li>- Overall Trust-wide quality goals link directly to goals in divisions/services (which will be tailored to the specific service)</li> <li>- There is a clear action plan for achieving the quality goals, with designated lead and timeframes</li> </ul> </li> <li>▪ Applicants are able to demonstrate that the quality goals are effectively communicated and well-understood across the Trust and the community it serves</li> <li>▪ The Board regularly tracks performance relative to quality goals</li> </ul>

<p><b>1b: Is the Board sufficiently aware of potential risks to quality?</b></p>	<ul style="list-style-type: none"> <li>▪ The Board regularly assesses and understands current and future risks to quality and is taking steps to address them</li> <li>▪ The Board regularly reviews quality risks in an up-to-date risk register</li> <li>▪ The Board risk register is supported and fed by quality issues captured in directorate/service risk registers</li> <li>▪ The risk register covers potential future external risks to quality (e.g. new techniques/technologies, competitive landscape, demographics, policy change, funding, regulatory landscape) as well as internal risks</li> <li>▪ There is clear evidence of action to mitigate risks to quality</li> <li>▪ Proposed initiatives are rated according to their potential impact on quality (e.g. clinical staff cuts would likely receive a high risk assessment)</li> <li>▪ Initiatives with significant potential to impact quality are supported by a detailed assessment that could include: <ul style="list-style-type: none"> <li>- 'Bottom-up' analysis of where waste exists in current processes and how it can be reduced without impacting quality (e.g. Lean)</li> <li>- Internal and external benchmarking of relevant operational efficiency metrics (of which nurse/bed ratio, average length of stay, bed occupancy, bed density and doctors/bed are examples which can be markers of quality)</li> <li>- Historical evidence illustrating prior experience in making operational changes without negatively impacting quality (e.g. impact of previous changes to nurse/bed ratio on patient complaints)</li> </ul> </li> <li>▪ The Board is assured that initiatives have been assessed for quality</li> <li>▪ All initiatives are accepted and understood by clinicians</li> <li>▪ There is clear subsequent ownership (e.g. relevant clinical director)</li> <li>▪ There is an appropriate mechanism in place for capturing front-line staff concerns, including a defined whistleblower policy</li> <li>▪ Initiatives' impact on quality is monitored on an ongoing basis (post-implementation)</li> <li>▪ Key measures of quality and early warning indicators identified for each initiative</li> <li>▪ Quality measures monitored before and after implementation</li> <li>▪ Mitigating action taken where necessary</li> </ul>
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2. Capabilities and culture	Example good practice
<p><b>2a. Does the Board have the necessary leadership and skills and knowledge to ensure delivery of the quality agenda?</b></p>	<ul style="list-style-type: none"> <li>▪ The Board is assured that quality governance is subject to rigorous challenge, including full NED engagement and review (either through participation in Audit Committee or relevant quality-focused committees and sub-committees)</li> <li>▪ The capabilities required in relation to delivering good quality governance are reflected in the make-up of the Board</li> <li>▪ Board members are able to: <ul style="list-style-type: none"> <li>- Describe the Trust's top three quality-related priorities</li> <li>- Identify well- and poor-performing services in relation to quality, and actions the Trust is taking to address them,</li> <li>- Explain how it uses external benchmarks to assess quality in the organisation (e.g. adherence to NICE guidelines, recognised Royal College or Faculty measures).</li> <li>- Understand the purpose of each metric they review, be able to interpret them and draw conclusions from them</li> <li>- Be clear about basic processes and structures of quality governance</li> <li>- Feel they have the information and confidence to challenge data</li> <li>- Be clear about when it is necessary to seek external assurances on quality e.g. how and when it will access independent advice on clinical matters.</li> </ul> </li> <li>▪ Applicants are able to give specific examples of when the Board has had a significant impact on improving quality performance (e.g. must provide evidence of the Board's role in leading on quality)</li> <li>▪ The Board conducts regular self-assessments to test its skills and capabilities; and has a succession plan to ensure they are maintained</li> <li>▪ Board members have attended training sessions covering the core elements of quality governance and continuous improvement</li> </ul>
<p><b>2b. Does the Board promote a quality-focused culture throughout the Trust?</b></p>	<ul style="list-style-type: none"> <li>▪ The Board takes an active leadership role on quality</li> <li>▪ The Board takes a proactive approach to improving quality (e.g. it actively seeks to apply lessons learnt in other Trusts and external organisations)</li> <li>▪ The Board regularly commits resources (time and money) to delivering quality initiatives</li> <li>▪ The Board is actively engaged in the delivery of quality improvement initiatives (e.g. some initiatives led personally by Board members)</li> <li>▪ The Board encourages staff empowerment on quality</li> <li>▪ Staff are encouraged to participate in quality / continuous improvement training and development</li> <li>▪ Staff feel comfortable reporting harm and errors (these are seen as the basis for learning, rather than punishment)</li> <li>▪ Staff are entrusted with delivering the quality improvement initiatives they have identified (and held to account for delivery)</li> <li>▪ Internal communications (e.g. monthly news letter, intranet, notice boards) regularly feature articles on quality</li> </ul>

3. Structures and processes	Example good practice
<b>3a. Are there clear roles and accountabilities in relation to quality governance?</b>	<ul style="list-style-type: none"> <li>▪ Each and every board member understand their ultimate accountability for quality</li> <li>▪ There is a clear organisation structure that cascades responsibility for delivering quality performance from 'Board to ward to Board' (and there are specified owners in-post and actively fulfilling their responsibilities)</li> <li>▪ Quality is a core part of main Board meetings, both as a standing agenda item and as an integrated element of all major discussions and decisions</li> <li>▪ Quality performance is discussed in more detail each month by a quality-focused board sub-committee with a stable, regularly attending membership</li> </ul>
<b>3b: Are there clearly defined, well understood processes for escalating and resolving issues and managing performance?</b>	<ul style="list-style-type: none"> <li>▪ Boards are clear about the processes for escalating quality performance issues to the Board <ul style="list-style-type: none"> <li>- Processes are documented</li> <li>- There are agreed rules determining which issues should be escalated. These rules cover, amongst other issues, escalation of serious untoward incidents and complaints.</li> </ul> </li> <li>▪ Robust action plans are put in place to address quality performance issues (e.g., including issues arising from serious untoward incidents and complaints). With actions having: <ul style="list-style-type: none"> <li>- Designated owners and time frames</li> <li>- Regular follow-ups at subsequent Board meetings</li> </ul> </li> <li>▪ Lessons from quality performance issues are well-documented and shared across the Trust on a regular, timely basis, leading to rapid implementation at scale of good-practice</li> <li>▪ There is a well-functioning, impactful clinical and internal audit process in relation to quality governance, with clear evidence of action to resolve audit concerns <ul style="list-style-type: none"> <li>- Continuous rolling programme that measures and improves quality</li> <li>- Action plans completed from audit</li> <li>- Re-audits undertaken to assess improvement</li> </ul> </li> <li>▪ A 'whistleblower'/error reporting process is defined and communicated to staff; and staff are prepared if necessary to blow the whistle</li> <li>▪ There is a performance management system with clinical governance policies for addressing under-performance and recognising and incentivising good performance at individual, team and service line levels</li> </ul>

<p><b>3c: Does the Board actively engage patients, staff and other key stakeholders on quality?</b></p>	<ul style="list-style-type: none"> <li>▪ Quality outcomes are made public (and accessible) regularly, and include objective coverage of both good and bad performance</li> <li>▪ The Board actively engages patients on quality, e.g.: <ul style="list-style-type: none"> <li>- Patient feedback is actively solicited, made easy to give and based on validated tools</li> <li>- Patient views are proactively sought during the design of new pathways and processes</li> <li>- All patient feedback is reviewed on an ongoing basis, with summary reports reviewed regularly and intelligently by the Board</li> <li>- The Board regularly reviews and interrogates complaints and serious untoward incident data</li> <li>- The Board uses a range of approaches to 'bring patients into the Board room' (e.g. face-to-face discussions, video diaries, ward rounds, patient shadowing)</li> </ul> </li> <li>▪ The Board actively engages staff on quality, e.g.: <ul style="list-style-type: none"> <li>- Staff are encouraged to provide feedback on an ongoing basis, as well as through specific mechanisms (e.g. monthly 'temperature gauge' plus annual staff survey)</li> <li>- All staff feedback is reviewed on an ongoing basis with summary reports reviewed regularly and intelligently by the Board</li> </ul> </li> <li>▪ The Board actively engages all other key stakeholders on quality, e.g.: <ul style="list-style-type: none"> <li>- Quality performance is clearly communicated to commissioners to enable them to make educated decisions</li> <li>- Feedback from PALS and LINKs is considered</li> <li>- For care pathways involving GP and community care, discussions are held with all providers to identify potential issues and ensure overall quality along the pathway</li> <li>- The Board is clear about Governors' involvement in quality governance</li> </ul> </li> </ul>
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4. Measurement	Example good practice
<b>4a: Is appropriate quality information being analysed and challenged?</b>	<ul style="list-style-type: none"> <li>▪ The Board reviews a monthly 'dashboard' of the most important metrics. Good practice dashboards include: <ul style="list-style-type: none"> <li>- Key relevant national priority indicators and regulatory requirements</li> <li>- Selection of other metrics covering safety, clinical effectiveness and patient experience (at least 3 each)</li> <li>- Selected 'advance warning' indicators</li> <li>- Adverse event reports/ serious untoward incident reports/ patterns of complaints</li> <li>- Measures of instances of harm (e.g. Global Trigger Tool)</li> <li>- Monitor's risk ratings (with risks to future scores highlighted)</li> <li>- Where possible/appropriate, percentage compliance to agreed best-practice pathways</li> <li>- Qualitative descriptions and commentary to back up quantitative information</li> </ul> </li> <li>▪ The Board is able to justify the selected metrics as being: <ul style="list-style-type: none"> <li>- Linked to Trust's overall strategy and priorities</li> <li>- Covering all of the Trust's major focus areas</li> <li>- The best available ones to use</li> <li>- Useful to review</li> </ul> </li> <li>▪ The Board dashboard is backed up by a 'pyramid' of more granular reports reviewed by sub-committees, divisional leads and individual service lines</li> <li>▪ Quality information is analysed and challenged at the individual consultant level</li> <li>▪ The Board dashboard is frequently reviewed and updated to maximise effectiveness of decisions; and in areas lacking useful metrics, the Board commits time and resources to developing new metrics</li> </ul>
<b>4b: Is the Board assured of the robustness of the quality information?</b>	<ul style="list-style-type: none"> <li>▪ There are clearly documented, robust controls to assure ongoing information accuracy, validity and comprehensiveness <ul style="list-style-type: none"> <li>- Each directorate/service has a well-documented, well-functioning process for clinical governance that assures the Board of the quality of its data</li> <li>- Clinical audit programme is driven by national audits, with processes for initiating additional audits as a result of identification of local risks (e.g. incidents)</li> <li>- Electronic systems are used where possible, generating reliable reports with minimal ongoing effort</li> <li>- Information can be traced to source and is signed-off by owners</li> </ul> </li> <li>▪ There is clear evidence of action to resolve audit concerns <ul style="list-style-type: none"> <li>- Action plans are completed from audit (and subject to regular follow-up reviews)</li> <li>- Re-audits are undertaken to assess performance improvement</li> </ul> </li> <li>▪ There are no major concerns with coding accuracy performance</li> </ul>

<b>4c: Is quality information being used effectively?</b>	<ul style="list-style-type: none"><li>▪ Information in Quality Reports is displayed clearly and consistently</li><li>▪ Information is compared with target levels of performance (in conjunction with a R/A/G rating), historic own performance and external benchmarks (where available and helpful)</li><li>▪ Information being reviewed must be the most recent available, and recent enough to be relevant</li><li>▪ 'On demand' data is available for the highest priority metrics</li><li>▪ Information is 'humanised'/personalised where possible (e.g. unexpected deaths shown as an absolute number, not embedded in a mortality rate)</li><li>▪ Trust is able to demonstrate how reviewing information has resulted in actions which have successfully improved quality performance</li></ul>
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