



University Hospitals Birmingham
NHS Foundation Trust



Annual Report and Accounts 2017/18

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

**University Hospitals Birmingham NHS Foundation Trust
Annual Report and Accounts 2017/2018**

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Section 1

Annual Report 2017/18

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Performance report

1 Overview

University Hospitals Birmingham NHS Foundation Trust (UHB) is one of the highest performing healthcare organisations in Europe with a proven international reputation for its quality of care, information technology, clinical education and training and research. The Trust was established in 1995 and was among the first to be awarded foundation trust status by Monitor in July 2004.

UHB is a regional centre for cancer, has the second largest renal dialysis programme in the UK and has the largest solid organ transplantation programme in Europe. It also provides a series of highly specialist cardiac and liver services and is a major specialist centre for burns and plastic surgery. The Trust is also a regional Neuroscience and Major Trauma Centre and is world-renowned for its trauma care. UHB hosts the Royal Centre for Defence Medicine (RCDM) and has, since 2001 been the primary receiving hospital for all military patients that are injured overseas. This combined experience of treating trauma patients and military casualties has led to the development of pioneering surgical techniques in the management of ballistic and blast injuries, including bespoke surgical solutions for previously unseen injuries. As such, UHB has been designated as a Level 1 Trauma Centre and host of the UK's only National Institute for Health Research (NIHR) Surgical Reconstruction and Microbiology Research Centre (SRMRC).

The Trust employs more than 9,000 staff and is the largest single site hospital in the country. The £545m Queen Elizabeth Hospital Birmingham (QEHB) opened in 2010 with 1,213 inpatient beds, 32 operating theatres and a 100-bed critical care unit, the largest co-located critical care unit in the world. Since the hospital opened the Trust has seen significant growth in demand from patients and GPs for its services and consequently has opened a further 170 beds in the Heritage Building (the original Queen Elizabeth Hospital), as well as a second Ambulatory Care facility and two theatres, bringing the total number of theatres to 42 across the site. The expansion ensures there is capacity for the increase in the number of patients wishing to be treated at the Trust.

During 2017/18, the Trust has continued to focus on its vision 'to deliver the best in care'. This is underpinned by the Trust's values of honesty, innovation, respect and responsibility, and core purposes of excellent clinical quality, patient experience, workforce, and research and innovation.

In 2015, the Trust established the West Midlands Genomics Medicine Centre, as part of the national 100,000 Genomes Project, to transform diagnosis and treatment for patients with cancer and rare diseases. In October 2016, as part of Birmingham Health Partners,

the Trust officially opened the Institute of Translational Medicine (ITM), a new world-class clinical research facility located in the Heritage Building. The ITM will help to transfer the very latest scientific research findings into enhanced treatments for patients. Alongside the ITM the Trust has established a Centre for Rare Diseases and the ITM Imaging Centre, which saw its first patients treated in December 2016.

In August 2015, the Trust launched an innovative sexual health service, Umbrella, for Birmingham and Solihull, having been awarded a five-year contract as lead provider by Birmingham City Council and Solihull Metropolitan Borough Council. Working in partnership with the third sector, GPs and pharmacies, Umbrella is delivering better access to services and better outcomes to the people of Birmingham and Solihull.

UHB has continued to be one of the best performing foundation trusts in England in 2017/18, despite some significant challenges within Birmingham and the local health economy and the NHS as a whole. It continues to perform well against the majority of the national targets set by NHS Improvement (NHSI/formerly Monitor) and has outperformed its planned financial surplus. The Trust continues to offer high quality, safe care, with support from its well-proven monitoring systems, which have been developed in-house with input from clinical teams. In September 2016, UHB was named as a Global Digital Exemplar trust as part of new plans to fast-track digital development and improve the digital skills of the NHS workforce.

In recent years, the Trust has been increasingly acknowledged as one of the most successful NHS foundation trusts and has therefore been asked to provide management support to a number of other trusts, for example, supporting George Eliot Hospital NHS Trust to leave special measures within a year. From October and November 2015 respectively, UHB's Chief Executive and Chair held Interim corresponding roles at Heart of England NHS Foundation Trust, along with other senior managers, to improve its clinical, financial and operational position. The acquisition of Heart of England NHS Foundation Trust (HEFT) by UHB was concluded successfully on 1 April 2018.

1.1 Details of overseas operations

The Trust has no permanent overseas operations but has continued its work to strengthen the Trust's international reputation and profile through:

- ▶ Delivering its international fellowship programme with international partners
- ▶ Developing opportunities to share its expertise in new hospital commissioning overseas, particularly with Chinese partners (see below)
- ▶ Exploring the potential of providing education

- ▶ Sales of Australasian Healthcare Evaluation Data system (A-HED) to Australia and New Zealand, through the Health Roundtable

Innovating Global Health China Limited is a Hong Kong registered company, established as a Joint Venture between the Trust and Innovating Global Health SA (IGH), for the identification, development and pursuit of healthcare opportunities in China. The Trust and IGH each own 50% shareholdings in the Innovating Global Health China Limited.

1.2 Royal Centre for Defence Medicine

University Hospitals Birmingham NHS Foundation Trust is the primary receiving hospital for military personnel injured overseas. The Royal Centre for Defence Medicine (RCDM), nested with the QEHB, works in partnership with UHB and a number of other NHS hospitals in the Birmingham area to support the operational patient pathway, with the majority of casualties receiving treatment at the QEHB.

Established in 2001, the RCDM's primary role is the focal point for the military reception of operational casualties. RCDM is one of the units commanded by the Defence Medical Group (DMG), which also includes the Defence Medical Rehabilitation Centre at Headley Court. DMG's role is to provide highly capable secondary healthcare personnel for operations and deliver the patient pathway. DMG sits under the command of Director Healthcare Delivery and Training, part of Headquarters Surgeon General.

RCDM is made up of approximately 380 uniformed

personnel. Most fulfil a clinical role but around 50 personnel work in the Headquarters, with some working in academic positions throughout Birmingham.

The combined experience of the military and medical staff and the civilian doctors, nurses and allied health professionals working together means UHB strives to deliver the best clinical care in the country. The hospital is at the leading edge in the medical care of trauma injuries and the experience gained by the staff working in this busy acute care environment provides the ideal training required for operations.

Military patients are treated on the ward most appropriate to their recovery. Service personnel and their families have the opportunity to use a Day Room on one of the trauma wards, which features welfare facilities to maintain their morale during their hospital stay. Families of patients can also stay at Fisher House, an 18-bedroomed home from home for families on injured military personnel, during their recovery.

Whilst the NHS provides the treatment to meet the patient's immediate clinical needs, RCDM is uniquely enhanced to provide medical administrative and welfare support to service patients (and their families) admitted from operations. This 'military bubble' concept is necessary for the well-being of the operational casualty and is an integral part of the morale component of fighting power.

1.3 The Trust strategy

During 2017/18, UHB continued to focus on its vision to deliver the best in care underpinned by the Trust's



values of honesty, innovation, respect, and responsibility and core purposes of excellent clinical quality, patient experience, workforce, and research and innovation.

The Trust's key strategic aims are detailed in the diagram below.

These aims were intended to help mitigate key risks for the organisation as it developed opportunities for the enhancement of its services. Delivery of the strategy over the year was supported by the Trust Annual Plan.

Core Purpose 1 Clinical Quality

Strategic Aim To deliver and be recognised for the highest levels of quality.

Core Purpose 2 Patient Experience

Strategic Aim To ensure shared decision making and enhanced engagement with patients.

Core Purpose 3 Workforce

Strategic Aim To create a fit-for-purpose workforce for today and tomorrow.

Core Purpose 4 Research and Innovation

Strategic Aim To ensure UHB is recognised as a leader of research and innovation.

The Trust's values (honesty, responsibility, respect, and innovation) provide the framework within which these purposes are delivered.

Following the merger with Heart of England NHS Foundation Trust, UHB has a revised vision of "Building Healthier Lives" supported by revised values for the Trust: Collaborative, Honest, Accountable, Innovative and Respectful. An updated strategy for the Trust is being developed and will be agreed by the Board of Directors during 2018/19 supported by a revised planning process that will ensure its delivery.

1.4 Case for Change

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

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

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

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

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

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

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

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

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

It is expected that the new Trust will:

- ▶ Consolidate the extensive performance gains made at HEFT over the past two and a half years under UHB leadership in a single Board
- ▶ Deliver direct clinical benefits to patients through the integration of appropriate clinical services and electronic systems to standardise clinical practice, protocols and quality standards which, in turn, should reduce variation and improve patient safety and outcomes
- ▶ Create more equitable patient access to better quality and integrated healthcare across Birmingham, Solihull and South Staffordshire
- ▶ Pool the best talent from both organisations and use staff more effectively across all sites, providing greater career and developmental opportunities for staff – and better retention of staff
- ▶ Benefit from the integration of the administrative, education and training, financial and logistic and procurement services of both trusts. The new trust will, over time, be able to re-invest into the development and sustainment of clinical services and sites
- ▶ Maximise the use of the experience of research and development, existing relationships with academic partners and the new combined, diverse patient population to become world leading in medical research and innovation
- ▶ Create a more resilient organisation including financial sustainability, better able to influence and act as a supportive strategic partner within the Birmingham and Solihull (BSol) Sustainability and Transformation Partnership (STP) and the wider West Midlands' economy and healthcare market

1.5 Sustainability and Transformation Partnership

Health and care leaders in Birmingham and Solihull are working together more closely than ever before to revise and update their plan of action for the STP. The new STP strategy will show us working as an increasingly integrated system to shape the future of health and care.

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

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

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

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

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

2 Financial Review

In 2004, the Trust achieved Foundation Trust status under the Health and Social Care (Community Health and Standards) Act 2003. As such, these annual accounts have been prepared under directions issued by the Foundation Trust regulator, NHS Improvement.

2.1 2017/18 Changes in accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Finance Reporting Interpretation Committee (IFRIC) interpretations as endorsed by the European Union, applicable at 31 March 2018 and appropriate to NHS Foundation Trusts. This is the eighth set of full year results prepared in accordance with IFRS accounting policies.

There have been no significant amendments to accounting standards during 2017/18 which have affected the Trust.

2.2 Financial performance

The Trust's total annual revenue increased by 6.9% up to £851.9 million in 2017/18, ensuring the Trust remains amongst the largest foundation trusts in the country. Like many NHS acute service providers, the Trust's 2017/18 financial position is a surplus, partly as a result of the Sustainability and Transformation Funding (STF) allocated from NHS Improvement. The Trust delivered a real surplus (before asset revaluation accounting impairments) of £29.1 million, comparing favourably with the planned surplus of £18.4 million. The bulk of the favourable variance is due to £8.5m of unplanned, non-recurring STF funding allocated to the Trust late in 2017/18 financial year.

The Trust's overall 2017/18 retained surplus is £7.2 million once the £21.9 million impairment charge due to the annual building valuation exercise is included. The decreased building values for the Trust's QEHB and Heritage buildings are technical accounting adjustments to the Trust accounts rather than actual cash transactions or flows of money.

2.3 Income and expenditure

The following table compares the revised planned income and expenditure with the outturn position for 2017/18.

Summary income and expenditure – plan v. outturn

Consolidated summarised income and expenditure		
	Plan 2017/18	Actual 2017/18
	£m	£m
Operating income	796.9	851.9
Operating expenditure	(741.9)	(784.3)
EBITDA	55.0	67.6
Depreciation	(21.0)	(22.1)
Interest receivable	0.2	0.2
Interest payable	(22.3)	(22.6)
Corporation Tax	(0.1)	0.0
Gains/losses on disposal	0.0	0.0
Donated /Granted income	6.6	6.0
Surplus before impairment	18.4	29.1
Impairment charged to I&E	0.0	(29.1)
Retained surplus	18.4	7.2

The largest component of the Trust's income comes from the provision of NHS patient care services funded by NHS commissioners within England. This accounted for £695.8m (81.1%) of total income. Other patient care revenues contributed a further £17.8m (2.1%), which includes income for NHS patients treated from Scotland, Wales and Northern Ireland, private patients and costs recovered from insurers under the Injury Cost Recovery Scheme.

The Health and Social Care Act 2012 (the 'Act'), removed the requirement for foundation trusts to limit private patient revenue as a specified percentage of total revenue from activities. In its place, the Act requires that a foundation trust's principal activity is to deliver goods and services for the purposes of the National Health Service in England. Therefore, revenue from this principal activity must exceed 50% of total revenues. In 2017/18, total revenue in this category was 83.2% of total revenue, whilst private patient income of £4.3m represented 0.5%.

The Trust has a range of income streams which are not linked directly to patient care. These include education levies, which account for £28.9m (3.4% of the total income, such as the Service Increment for Teaching (SIFT), recognising the cost of training medical undergraduates from the University of Birmingham, the Medical and Dental Education Levy (MADEL), which supports the salary costs of post graduate doctors in training, and the Non-Medical Education and Training (NMET) levy.

Research and Development (R&D) activity funding totalled £25.8m (2.5% of total income). This includes grants from the National Institute for Health Research (NIHR) to support the Wellcome Trust Clinical Research Facility.

As highlighted elsewhere in this report, Sustainability and Transformation Funding (STF) income totalled £25.8m during 2017/18 and a further £14.9m was generated from services provided by the Trust to other organisations. The balance of the Trust's income is attributable to trading activities and other miscellaneous items.

Within Trust expenditure, the largest category is salaries and wages totalling £424.0m (including Directors and Non Executives) which is equivalent to 52.6% of total operating expenditure. Other significant components include £244.1m on drugs and clinical supplies (30.3%), estates and premises costs of £28.6m (3.5%) and depreciation of £22.1m (2.7%).

2.4 Capital Expenditure Plan

During 2017/18, the Trust invested £23.2m of capital expenditure on medical equipment, ICT infrastructure and improvements to existing buildings:

Category	Capital Expenditure £million
IT Infrastructure replacement & modernisation (inc. Genomics project)	6.1
Trust Buildings	
‣ QEHB building works and lifecycle	2.0
‣ QE Site Heritage & offsite buildings	1.4
‣ Grant funded buildings (ITM and Haematology)	5.9
Trust Equipment	
‣ Replacement medical equipment	3.3
‣ New (growth) medical equipment	1.1
‣ Replacement CT & Linac scanners	1.8
‣ Pharmacy robots	1.0
‣ Donated Assets	0.6
Total	23.2

Planned capital investment in 2018/19 is currently estimated at £50.3 million and includes plans for the combined Trust (Queen Elizabeth, Heartlands, Good Hope and Solihull hospital (HGS) sites):

- Proactive replacement of medical equipment
- Ongoing investment into IT infrastructure
- Statutory maintenance works within Trust buildings
- Contracted lifecycle works within the QEHB
- HGS - a new build Ambulatory Care and Diagnostics Centre.
- ICT Global Digital Exemplar systems investments (externally funded)

The Queen Elizabeth Hospital Birmingham land is on a long-term lease from Birmingham City Council, due to expire 29 September 2932.

2.5 Value for Money

During 2017/18, the Trust delivered £16.3m of efficiency savings across all services. A formal cost improvement programme (CIP) target was set across all divisions and corporate functions. A database of projects was developed to monitor CIP delivery (both expenditure reductions and income generation schemes) during the year.

In addition to the annual CIP savings, further efficiencies are realised in year through initiatives such as ongoing tendering, contract renegotiation, product standardisation, bulk purchases and the use of local, regional and national purchasing frameworks. Weekly reviews of non-clinical recruitment requests are undertaken for new and existing posts through the Workforce Approval Committee.

2.6 QEHB Charity

The charitable funds for the Trust are administered by QEHB Charity, a separate legal entity from the Trust. In 2017/18, the Trust received grants of £1.1m and donated assets worth £0.6m from the QEHB Charity.

2.7 External Auditor

The Trust's external auditor is Deloitte LLP; the audit cost for the year was £103,000 for the Trust's statutory audit and £20,000 for the subsidiary companies audit. Other work undertaken by Deloitte LLP in year totalled £79,000, including £55,000 for local counter fraud work and £24,000 of audit fees for the 2017/18 quality report audit.

The appointment of external audit services from 2013/14 to 2017/18 was made by the Council of Governors, following a competitive tender exercise. In addition, Deloitte also provide local counter fraud services to the Trust which is the non-audit work stated.

2.8 Basis for the Accounts

The Trust has four operational wholly-owned subsidiary companies;

- Pharmacy@QEHB Limited, which commenced trading in 2011, providing an Outpatients pharmacy service in the Queen Elizabeth Hospital Birmingham
- UHB Facilities Ltd, which commenced trading in 2014, providing estate management services
- Assure Dialysis Services Ltd, which commenced trading in 2014, providing renal dialysis services to the Trust
- Professional Activity Ltd, purchased in 2017/18, which is not yet trading but developing software for the job scheduling of clinicians

The financial results of the subsidiary companies are consolidated with those of the Trust to produce the group financial statements enclosed.

These group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Finance Reporting Interpretation Committee (IFRIC) interpretations as endorsed by the European Union, applicable at 31 March 2018 and appropriate to NHS foundation trusts.

2.9 Going Concern

On 1 April 2018, the Trust acquired the Heart of England NHS Foundation Trust, including all assets and liabilities of this organisation via a Grant of Acquisition issued by NHS Improvement.

These financial statements have not been adjusted to reflect this event which took place after the reporting period. The Trust continues to operate as the same legal entity under the existing name of University Hospitals Birmingham NHS Foundation Trust.

Users of these accounts should note that this acquisition will materially increase the Trust's annual income, expenditure, staff numbers and healthcare activity. Like many providers of NHS services, the Heart of England Foundation Trust has reported financial deficits from

continuing operations in recent years; (£46.1m) in 2015/16, (£22.8m) in 2016/17 and (£47.3m) in 2017/18.

No material financial improvement is expected as a direct result of the acquisition, therefore the combined Trust is planning for a (£38.0m) deficit in 2018/19 with a further deficit expected in 2019/20. The Trust will rely on existing cash balances and access to working capital facilities during this period. As with most similar NHS organisations, future financial performance is subject to changes in national policy, NHS funding allocations and national tariffs for providers of healthcare.

These financial statements were authorised for issue on the 23 May 2018. There were no other events arising after the end of the reporting period up to which this date qualifies for disclosure.

3 Performance Analysis

3.1 What the Trust sees as its key performance measures and how it checks performance against those measures

The Trust has a robust and effective framework in place to provide assurance around the quality of care it offers and to monitor organisational performance. The Board of Directors and Executive Director-level groups receive regular performance reports which present performance against national and local targets and priorities. These reports adopt a risk-based approach to reporting to ensure that the consequences of under-achievement are highlighted to the Executive Team and Board of Directors, as well as the actions that are in place to improve performance. The framework provides a good level of assurance and supports effective decision-making. UHB also has a Clinical Quality Monitoring Group and a Care Quality Group in place led by the Executive Medical Director and the Interim Executive Chief Nurse respectively. These groups report to the Board of Directors and provide additional assurance and effective accountability around clinical quality and the patient experience. Please see the Trust's Quality Account for further details.

Information on the Trust's key performance indicators, broken down by specialty, ward or department, as appropriate, is included in the Trust's programme of quarterly Performance Review which includes key issues for each clinical division. Key national targets are progress-monitored through the monthly Chief Operating Officer's Group.

The Trust has a very strong informatics capability with real-time information on key performance indicators and clinical quality priorities available to clinical and management staff on its web-based dashboard.

3.2 Development and performance of the Trust during the year and performance against key health care targets

The Trust, and the NHS as a whole, has faced another very challenging year with continued increases in demand and funding challenges leading to significant press attention over the year.

The increase in attendances and emergency admissions seen over the year has affected performance against a number of key targets.

The Trust continued its robust approach to capacity planning to ensure it had sufficient capacity to deliver the 18-week referral to treatment time (RTT) target on a sustainable basis. Consequently, the target was achieved consistently throughout the year on an aggregate basis. The Trust has also achieved the six-week diagnostic target for over a year on a continual basis. There remain certain specialties where the national 62-day cancer standard was not achieved and for these, action plans are in place with progress monitored weekly. These are often complex pathways incorporating referrals from other hospitals. Often those patients will have undergone a series of investigations at the referring hospital and will be referred quite late in the pathway.

	2014/15	2015/16	2016/17	2017/18	2015/16 difference	2016/17 difference	2017/18 difference
Inpatient FCEs	127,255	129,531	135,216	142,204	2%	4%	5%
OPD attendances	759,489	789,040	817,407	818,939	4%	3%	0%
ED attendances	102,054	108,463	115,226	117,476	6%	6%	2%
Total	988,798	1,027,034	1,067,849	1,078,619	4%	3%	1%

A national system to allow the reallocation of breaches of the target where they are referred late has been in development for some time but is not yet available; this is expected to lead to an improvement in the timeliness of referrals and also improve the Trust's reported performance when it is implemented.

There are two key national target groupings where the Trust has seen below target performance in 2017/18. These are A&E (Emergency Department) and Cancer:

A&E

For the whole of 2017/18, the Trust continued to see very significant growth in attendances and emergency admissions through the Emergency Department. The growth in admissions significantly affected flow out of the department, as there was not always an inpatient bed available for patients who needed admission. Consequently, performance against the Total Time in A&E target was affected and the 95% target was not achieved in any month. Delays were also seen in ambulance handovers due to the pressure on the department.

Over the year 30% of the Sustainability and Transformation Fund payment was linked to achieving performance over 90% either on an individual trust basis or across the wider health economy. The Trust did receive its payment for Quarters 1, 2 and 3.

The Trust has a joint action plan in place with its lead commissioner, Birmingham CrossCity Clinical Commissioning Group (CCG), to address the issues of increased attendances and hospital flow. The Trust opened additional capacity over the year to increase bed availability, including the opening of the Emergency Observation Unit adjacent to the Emergency Department and 24 beds at the Norman Power Centre in January 2018 as a nurse-led off-site ward to which patients who are medically fit to leave the acute hospital can be transferred whilst the next steps in their care are being arranged. The launch of the Red to Green project over the year has allowed the identification and resolution of recurrent issues causing additional length of stay.

Cancer

The Trust continued to perform below the 85% national standard for 62-day urgent GP referrals in 2017/18; in addition the 14 day cancer and breast targets were not met for a period during the year due to increasing demand and reduced capacity.

The Trust has continued to see large numbers of tertiary referrals on the 62-day cancer pathway. National breach sharing rules were introduced in October 2016 which will reduce the impact of some late referrals on Trust performance however the electronic system that will allow the reallocation of breaches received late in the pathway and treated promptly by the receiving trust has not yet been implemented.

A 62-day recovery plan is in place and has been agreed with commissioners. The main focus areas are reducing the number of patient pathway delays through early referral and close monitoring and reviewing and revising pathways to ensure that they can meet the 2020 pledge

and deliver a diagnosis within 24 days.

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

As part of the contract the Trust holds with its host commissioner Birmingham CrossCity CCG and NHS England for the provision of services, the Trust is required to report its performance against a number of targets in its monthly Service Quality Performance Report. Other quality improvements are detailed in the Trust's Quality Account.

Apart from those targets included in NHSI's Single Oversight Framework that were not achieved, as detailed above, the Trust achieved all targets for the full year 2017/18 with the following exceptions:

Operations cancelled on the day of surgery and cancelled operations not rearranged within 28 days

The increase in emergency admissions the Trust has seen has resulted in an increase in cancelled operations. The National Emergency Pressures Panel, chaired by Professor Sir Bruce Keogh, wrote to all providers in December 2017 and January 2018 recommending that Trusts should defer all non-urgent inpatient elective care until 31 January due to a lack of capacity. The Trust did cancel some additional elective operations over that period but did not apply a blanket cancellation policy.

Tissue Viability

There has been one case of an avoidable Grade 3 and two cases of avoidable Grade 4 pressure ulcers in patients over the year. Key areas of progress include the promotion of repositioning strategies and correct documentation at divisional Reducing Harms Groups, a revision of the equipment selection flowchart, education on the completion of tissue viability documentation and full participation in the international Stop the Pressure campaign.

3.4 Arrangements for monitoring improvement in the quality of healthcare and progress towards meeting any national and local targets, incorporating Care Quality Commission assessments and reviews and the Trust's response to any recommendations made

The Trust has continued to focus on delivering high quality care and treatment to patients. The Trust's vision remained 'to deliver the best in care' to its patients. Its Core Purposes – Clinical Quality, Patient Experience, Workforce and Research and Innovation – provided the framework for the Trust's well-established approach to managing quality which it continued to implement and develop and will continue to do so across the enlarged Trust. This approach adopted is one of improving quality through "marginal gains"; using small incremental improvements that are regularly reviewed to drive a process of continual quality improvement thereby reducing the potential for errors and making incremental but significant improvements.

Also key to the Trust's approach is the partnership of quality and technological developments. As a Global Digital Exemplar, the Trust has innovative and bespoke information systems, most notably its PICS (Prescribing

Information and Communication System) real-time decision support software which, is unique as an NHS-developed and delivered system. The alignment of clinical quality processes, which commenced as part of UHB's supportive intervention at Heart of England NHS Foundation Trust, will be further progressed as part of the programme of work to develop and integrate clinical information systems and processes.

An essential part of improving quality at the Trust continues to be the scrutiny and challenge provided through proper engagement with staff and other stakeholders. These include the Trust's Council of Governors, Patient and Carer Council (Wards), General Practitioners (GPs) and local Clinical Commissioning Groups (CCGs).

The Trust's executive leadership is closely involved in the Trust's quality improvement activity providing challenge through the Executive Root Cause Analysis (RCA) and Board of Directors' unannounced visits to wards and departments. The Executive RCA meetings, chaired by the Chief Executive, include systemic learning identified as part of clinical indicator monitoring, incidents, complaints and cross-divisional issues. The Board of Directors' unannounced visits provide a valuable opportunity for patients to share their experiences and for staff to highlight clinical quality, as well as any improvement, initiatives.

The Trust's Executive Medical Director is the named executive lead for clinical quality. He chairs the Trust's Clinical Quality Monitoring Group where clinical quality is monitored, discussed, challenged and driven forward. A monthly report to the Board of Directors or Clinical Quality Committee ensures that the Board is informed and able to take action, if required, in relation to matters of clinical quality and quality governance.

3.5 Key issues, risks and uncertainties that could affect the Foundation Trust in delivering its objectives

The Trust identified a number of key risks that could affect it in delivering its objectives which are included in its Board Assurance Framework:

Failure to deliver quality outcomes - The Trust has numerous systems in place for monitoring quality of care. Controls include regular review of the patient environment, Board of Directors ward inspections, processes to monitor complaints, patient experience reports at the Executive Chief Nurse's Care Quality Group, regular reviews of mortality, key performance indicators, quality indicators, readmissions, incident reporting trends and outcomes following serious incident investigations monitored monthly at the Medical Director's Clinical Quality Monitoring Group. Where appropriate, outcomes from these are reported to the Board of Directors in the Medical Director's Clinical Quality Monitoring Report.

Failure to deliver infection prevention and control trajectories leading to failure to maintain registration with the Care Quality Commission or a breach of contract - Controls in place include: monthly review of risks and controls and compliance to mandatory training at Infection Prevention and

Control Group. Root Cause Analysis (RCA) reviews of all MRSA and CDI cases, local review of CDI RCA and Executive Review of Trust-apportioned cases of MRSA bacteraemia and CDI deaths.

Significant deterioration in the Trust's underlying financial position resulting in a deficit being reported in excess of planned levels and the Financial Sustainability Risk Rating falling to a 1 -

To mitigate the risk that the Trust's financial position has a material effect on quality the Trust's Board of Directors regularly receives updates on the financial plan and the Trust continues to work with NHS Improvement and NHS England to influence the national tariff to ensure that it is paid appropriately to allow it to continue to offer high quality care. The Trust also has in place a robust contract monitoring process with its commissioners to mitigate the risk.

Risk of failure to deliver operational performance targets (including Sustainability and Transformation Fund trajectories) due to capacity issues

- Continued growth in activity challenges the Trust's ability to deliver the national targets, particularly the 4 hour emergency care standard. Recently the existing Unscheduled Care Project has been reviewed and strengthened and a high impact project plan has been developed to improve performance. The Trust has adopted a more analytical approach to capacity and demand modelling since 2014/15 and this has been developed further this year, influenced by the models published by NHS Interim Management and Support (IMAS) as detailed above in Section 2.

Inability to recruit sufficient numbers of sufficiently skilled staff due to insufficient supply -

This risk is likely to be exacerbated by the UK's exit from the European Union, which will particularly affect the ability to recruit and retain academic consultants and doctors. Various workstreams are in place to resolve this and an Executive-led workforce strategy group oversees this work. The Operational Workforce Group and other groups escalate any risks to the Strategic Workforce Group for resolution. See Section 4 for further details.

UK's exit from the European Union - in addition to the negative effect on staff recruitment and retention (see above), the UK's exit from the European Union is likely to result in £ UK currency depreciation, changes in trading rules and an increase in suppliers' costs, all of which would have an adverse impact on the Trust's financial position. The Trust may also lose EU funding for research and development projects.

3.6 Regulatory Action

The last full inspection by the Care Quality Commission took place in January 2015 with the report published in May 2015. This inspection assessed the Trust's full range of services against the five key questions the CQC uses:

- ▶ Are they safe?
- ▶ Are they effective?
- ▶ Are they caring?
- ▶ Are they responsive to people's needs?
- ▶ Are they well-led?

The CQC gave the Trust an overall rating of 'Good' with 'Good' ratings in the four of the five main domains (Safe, Effective, Caring and Responsive) and an 'Outstanding' rating for Well-led.

To ensure the Trust continues to improve its services and that any future inspection achieves the same or better rating, the Trust refreshed its existing compliance framework in 2016/17. As part of this a number of additional measures were added to the framework, including many from the CQC's Key Lines of Enquiry. This was rolled out across all specialities in the Trust during 2017/18 with nursing, clinical and operational leads completing an annual self-assessment against the measures within the framework for their speciality.

On a regular basis the Risk and Compliance team assess this against various performance and quality metrics available to provide the speciality with their overall score. Where there are areas that are reported as worse than 'Good' this is reported back to the speciality and divisional management team to identify improvement(s) in the relevant area(s). The Risk and Compliance team identify any trends in areas that are less than 'Good' across specialities to identify if a trust-wide solution is required.

3.7 Consultation

The Trust is committed to involving staff in decision-making and keeping them informed of changes and developments across the organisation. It works hard to ensure its staff are aware of the key priorities and issues affecting the Trust – this has been particularly important with the changes to the NHS and financial environment. The Trust's vision and values are at the heart of everything it does and for its staff to 'deliver the best in care' has to mean their involvement in decisions and a commitment from Trust management to meaningfully consult and communicate.

UHB's range of well-established communication channels includes a bi-monthly team briefing from the Chief Executive and a weekly online publication called 'In the Loop'. The Trust magazine, news@QEHB, and the corporate induction programme are valuable sources of information for new recruits. The Trust's intranet is also a central source for policies, guidance and online tools. Staff are able to directly access information which affects them individually, e.g. payslips, training records, absence records, via the Trust's staff portal me@QEHB. There is also a section called AskHR which contains frequently-asked HR questions, template letters and links to the Trust's Policies and Procedures. The portal is available 24 hours a day so staff and managers can access it whenever they need to and get advice outside normal office hours. These communication methods have been particularly important in explaining to staff the rationale for the acquisition of Heart of England NHS Foundation Trust which took place on 1 April 2018.

The Trust works in partnership with staff representatives to ensure employees' voices are heard. The Trust Partnership Team meets monthly, acting as a valuable consultative forum. The forum includes Executive Directors and management representatives from across all specialities to ensure that the knowledge required to give representatives meaningful information is available.

The group looks at policy and pay issues in addition to organisational changes, future Trust developments and financial performance. This has included consultation and dialogue regarding the acquisition. Staff throughout the Trust are encouraged to voice opinions and get involved in developing services to drive continuous improvement.

3.8 Policies in relation to disabled employees and equal opportunities

Disabled employees have regular access to the Trust's Occupational Health Services including ergonomic assessment of the workplace to ensure that access and working environment is appropriate to their needs. Staff who become disabled whilst in employment have access to these services and are also supported in moving posts with appropriate adjustments, should it become inappropriate for them to continue in their original post.

The Trust utilises organisations such as Access to Work, Autism West Midlands, Guide Dogs, RNIBs, and Action for Hearing Loss for specialist advice to enable disabled staff to continue working at the Trust where possible.

The Trust also ensures that staff with disabilities are able to access training opportunities. When booking on to training courses staff are asked if they have any special needs or requirements. If this is the case, arrangements are made. This includes the use of hearing loop facilities and BSL interpreters.

A number of courses are also provided which focus on equality and diversity issues, and this includes equality and diversity workshops, disability awareness training, equality impact assessment training, cultural awareness workshops, recruitment and selection and deaf awareness programmes. All new staff receive information on equality and diversity issues during their induction. In addition a facility is provided for staff who wish to improve upon their literacy and numeracy skills. Support can also be utilised via the Learning Hub at the Trust.

The Trust is 'committed' to the DWP Disability Confident scheme which recognises employers as having appropriate approaches to people with disabilities. This requires employers to meet the following standards:

- ▶ ensure our recruitment process is inclusive and accessible
- ▶ ensure against discrimination
- ▶ make job adverts accessible
- ▶ provide information in accessible formats (e.g. large print)
- ▶ accept applications in alternative formats (e.g. electronically)
- ▶ communicate and promote vacancies
- ▶ advertise vacancies through a range of communication channels
- ▶ get advice from Jobcentre Plus, Work Programme providers and local disabled people's user-led organisations
- ▶ review current recruitment processes
- ▶ offer interviews to disabled people
- ▶ Encourage applications from disabled people by offering them an interview if they meet the minimum criteria for the job (this is the description of the job set by the employer)

- ▶ anticipate and provide reasonable adjustments as required
- ▶ make sure disabled people aren't disadvantaged when applying for and doing their jobs
- ▶ support any existing employee who acquires a disability or long-term health condition to stay in work
- ▶ retaining an employee who has become disabled means keeping their valuable skills and experience and saves on the cost of recruiting a replacement

The Trust's commitment to candidates with disabilities is outlined in its Information for Applicants which is attached to all job advertisements.

Managers are required to promote the recruitment of all diverse groups.

All Trust policies and procedures are equality impact-assessed to ensure that they have no adverse impact due to disability (or any of the other protected characteristics as per the Equality Act 2010).

3.9 Social and Community Issues

The Learning Hub provides a range of employability-based programmes which includes both classroom and work-based placements providing potential applicants with a more in-depth knowledge and understanding of careers within the NHS.

Once registered with the Learning Hub, clients will complete a 12-week programme of support which includes:

- ▶ An initial one week employability programme followed by four weeks of "Pick and Mix" vocational based workshops which include; infection control, information governance, medical terminology, intro to first aid at work, basic food hygiene and telephone techniques (this is not an exhaustive list)
- ▶ Clients will then be referred to the "Aftercare Team" for a further six weeks of support which will include:
- ▶ Three weeks work shadowing placement (based on successful clearances of which costs are covered by the Learning Hub), attendance to workshops which support clients with the transition from unemployment to employment and ongoing 1-2-1 mentoring support
- ▶ The Hub also works in partnership with the Prince's Trust in the delivery of a five week "Get into Hospitals Programme" which includes two weeks of classroom based training followed by a three week work based placement

Within the last 12 months (Mar 17-Feb 18) The Learning Hub has supported 140 people into work. Combined outputs to date demonstrate that the Learning Hub has supported 2,487 clients into employment from when the Trust began offering its employability programme.

3.10 Reducing Disadvantage

A key priority for the Trust has been to broaden access to the jobs and training healthcare has to offer to unemployed people, particularly those living in the most disadvantaged parts of the city.

In January 2016, UHB signed a contract with Birmingham City Council until July 2018 to be a named delivery partner within a city-wide initiative funded

by European Social Funds and Youth Employment Initiative called Youth Promise Plus (YPP). The city-wide project aims to support 16,000 Birmingham and Solihull young people (15-29 years) who are NEET (Not engaged in Employment, Education or Training including unemployed and economically inactive) of which the Healthcare Consortium has committed to assisting 850. The project will support participants, where appropriate, with pathways to sustainable employment, education and training outcomes. A wider healthcare consortium was formed including all Birmingham and Solihull NHS trusts and UHB assumed the lead role within this consortium. The Learning Hub has the responsibility for the co-ordination and delivery of employability-based programmes and work experience.

To date, the Learning Hub has registered 674 clients onto various employability programmes, including the Prince's Trust 'Get into Hospitals' national programme. Of the 674 clients registered to date, 196 have been given an offer or have started employment and the Hub continues to work with those who have not yet secured an outcome.

Although emphasis in 2016/17 has mainly been targeted towards younger NEET clients, the Learning Hub was successful in becoming an approved provider on the Dynamic Purchasing System (DPS). The Hub was procured to deliver a programme specifically to support "Syrian Refugees" with referrals to be made by the Department for Work and Pensions (DWP). Unfortunately following further analysis of those who had been settled in Birmingham it was realised that more preliminary work needed to be completed with a focus on improving English language. The Hub did commit to working with two of their clients and they are currently completing work experience placements within the hospital. The Hub is also working in partnership with Warwick University on an IPS (individual placement support) research programme aimed at supporting clients with arthritis. It is in the process of delivering six induction days and has committed to offering 10 clients work based placements within the Trust.

In October 2015, the Trust launched a clothing bank and, from May 2016, this has enabled staff to 'draw down' clothes for patients who are assessed as being in need upon their discharge. This year, 79 patients were provided with emergency clothing donations that have helped to support their discharge from hospital, while 152 clothing parcels have been provided to those in need as a result of referrals by professionals at the Trust. In total, in 2017/18, 2,905.9kg – almost three tonnes of clothing – was donated by Trust staff and visitors. This is equivalent to 5,800 clothes parcels for those in need in local communities.

The Trust operates food and clothing collection points, where members of staff, patients and visitors can donate food and clothing items to help those in real need. Staff can use this resource by giving vouchers, a food parcel or clothing to patients who are in need of support. Working with the Narthex Centre in Sparkhill (the local Trussell Trust food bank), the Trust has received over five tonnes of clothing from members of staff, patients and visitors and the equivalent of over

2,500 meals for those in need. Over the reporting period (2017/18), the Trust issued 86 clothing parcels and 130 food parcels to service users. 233 clothes parcels were issued directly from the clothing bank. UHB is the major contributor of clothes to the clothes bank.

3.11 Modern Slavery and Human Trafficking

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

3.12 Increasing Prosperity

The Trust is part of Birmingham Health Partners, a strategic alliance between the NHS and University of Birmingham, which sits at the centre of a regional population of over five million people. Accelerating patient access to new, innovative medicines and technologies is at the heart of what the organisation does. Locally, the Trust has worked hard to ensure life sciences are integral to the strategy and priorities of the Birmingham and Solihull Local Enterprise Partnership.

The Trust is a regional centre for the national 100,000 Genomes Project, which aims to improve the prediction and prevention of disease, enable more new and precise diagnostic tests and allow personalisation of drugs and other treatments to specific genetic variants.

UHB is host to the Wellcome Trust's most successful NIHR clinical research facility, the largest solid organ transplantation programme in Europe, a national Biomedical Research Centre, the largest specialist cancer trials unit, a national centre for trauma research, the highly successful Centre for Clinical Haematology and the Royal Centre for Defence Medicine.

Excellent academics and clinicians working together, along with a very large and diverse catchment area, give Birmingham and the broader West Midlands a comparative advantage in translational research, in particular clinical trialling.

Key outcomes of all of this have been the award by Government, under its City Deal initiative, of £12m, matched by local partners, for the establishment of the Institute of Translational Medicine (ITM) in the Heritage Building; and the designation by Birmingham City Council of the area centred on the Queen Elizabeth Hospital Birmingham and the University of Birmingham as a Life Sciences Campus – one of six high-growth Economic Zones across the city. The ITM opened in the summer of 2015, on time and on budget (official opening October 2016), while land for a new Birmingham Life Sciences Park was purchased in March 2017 and is being developed by the University and its NHS partners. UHB is also partner in two highly

innovative projects funded through the European Regional Development Fund which aim to generate NHS "challenges" and engage with small and medium-sized enterprises in the region to provide solutions.

The potential prosperity benefit of this activity and investment to Birmingham and the West Midlands is huge. The ITM is operating in a "virtual" capacity and already creating real benefits in terms of care, finance and jobs.

In January 2018, the Centre for Clinical Haematology reopened on the QEHB site following a £3.4 million refurbishment.

The transformative expansion gives patients better access to lifesaving treatments and promises to create 75 new jobs, with some of these posts already filled.

The centre will:

- ▶ Deliver two additional clinic rooms
- ▶ Provide two more phlebotomy chairs; with apheresis moved to provide two more treatment chairs
- ▶ Increase the Trust's infusion capacity by another 24 chairs
- ▶ Bring clinical facilities under one roof to enhance the patient experience and provide capacity to look at changing some inpatient care to an outpatient setting

The expansion has been possible thanks to funding from the Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP), Cure Leukaemia and the Trust.

3.13 Environmental Issues

UHB sees carbon reduction in practical terms as energy efficiency; waste minimisation; reducing the harmful effects of transport; and changes to procurement practice.

The Trust recognises that the NHS is a major contributor to CO₂ emissions and is focusing on governance; energy; procurement practice; a Travel Plan; waste minimisation, segregation and recycling; together with an overarching communications strategy.

Key areas of development during the past year are detailed below.

3.14 Energy

The performance of the QEHB from April 2017 to December 2017 (inclusive) is 47.81 GJ/100 m³, which is below the Department of Health energy efficiency target's upper limit of 35-55GJ/100m³ with the design target being 54.621 GJ/100m³ and a reduction on the 2016/17 performance of 55.2 GJ/100 m³.

The latest available comparison data is for the 3rd quarter of 2017/18. This shows a 27% saving in energy in that quarter compared to the equivalent quarter in 2007/08 (the baseline for NHS sustainability measurement). Taking the current year as a whole, the cumulative saving so far is 20.0% against the baseline.

The Trust has standardised on the use of LED lighting for all new capital projects and refurbishments and a number of light fittings have been replaced with LED lights on an ad hoc basis. Other energy/carbon

conservation projects are being evaluated and will be implemented if viable and funding is available.

There has been limited progress in the development of an energy savings campaign but background work on establishing a measurement and monitoring system has been completed and is due to be trialled in 2018/19.

3.15 The Trust's Carbon Footprint

Treasury and NHS carbon reduction guidance relates to direct and indirect energy (Scopes 1 and 2) and official business travel (Scope 3). For UHB, the emissions for Scope 1 and 2 (energy consumed) for 2017/18 is estimated to be 24,000 tonnes of CO₂ equivalent. The Trust has achieved the NHS target of 10% reduction in CO₂ emissions between 2007 and 2017 for Scopes 1 and 2, having achieved an estimated saving of 19%, primarily through site rationalisation and conversion of the boiler house to gas from coal.

NHS national data and UHB's own estimates show the largest share of the total healthcare carbon footprint is procurement, especially pharmaceuticals, medical instruments and financial services. Procurement is currently outside of Scope 3 definitions because of measurement difficulties. However, preliminary independent estimates show a total carbon footprint for the Trust of some 230,000 tonnes, of which 70% relates to procurement, 25% energy and 5% travel.

Note that all of the above data relate to the QEHB/Heritage Building site and exclude all off site premises.

3.16 Physical Environment

The design of the QEHB was dictated by the large area of natural wildlife habitat surrounding the site. Careful management of this area protected it during the construction phase and provided sustainability for wildlife. Additionally, the site is the home of a Roman fort and the Trust has put considerable effort into its interpretation.

The configuration of the QEHB was developed to maximise light penetration. Extensive use of courtyards, together with the clinical plan arrangement, particularly within a deep plan podium, provides a natural light source. It is recognised that both natural ventilation and natural light are important to staff and patient wellbeing.

In recent years the Trust has developed in excess of 16,000m² of land on the site for food production or habitat enhancement and continues to make progress with its Community Orchards and Gardens project, with local community partner The Trust Conservation Volunteers (TCV).

TCV, with funding from Mondel z International, have funded a community worker post to focus on six key areas of the Community Orchards and Gardens. These areas are: a wildflower meadow, woodland walk, bee colony, patient fish pond garden, food growing spaces and orchard of fruit trees.

In 2017/18 the following activities took place in the QEHB green spaces:

- ▶ Bat walk led by BrumBats across the QEHB green

- spaces at dusk – 20 people attended
- ▶ 21 members of the bird walk group – walks are the last Sunday of every month
- ▶ 25 food growing sessions since January 2018
- ▶ Big Garden Birdwatch event January 2018
- ▶ A total of 195 volunteers with 84 currently active
- ▶ A total of 161 volunteer sessions
- ▶ We are currently working with groups such as Headway and Deafplus by providing Green Gym sessions at the food growing space.
- ▶ Created 14 wildflower 'hot spots' on high profile areas around the hospital with Buglife
- ▶ Numerous nest boxes put up in the woodland walk (all but one was occupied last year)
- ▶ Surplus produce from the growing space was taken to Fairshare and St Basils in Birmingham City Centre
- ▶ Undertaken various Citizen Science surveys such as tree health with local volunteers across the green spaces
- ▶ Large number of corporate activity days, including RBS, PWC & Jaguar Land Rover

Two other notable projects which continue to have a social and environmental benefit are:

Fruit and vegetable stall: As part of its sustainability and health and wellbeing strategies, the Trust wanted to make available to staff, patients, visitors and the wider community, fresh, competitively priced fruit and vegetables to give everyone healthier options both at work and at home. The Trust generates a small income from the stall which is re-invested into Trust-wide health and wellbeing programmes.

Farmers' Market: The Farmers' Market was started in November 2012 and trades twice a month. It has grown from eight stalls to more than 20. Key to the establishment of the market was the desire to provide staff, visitors, patients and local people with access to local produce as well as supporting local businesses. Many of the businesses are regulars at the region's farmers markets, but others are new to selling their produce. One stall is run by social enterprise, Park Lane Nurseries supporting people with mental health needs. The social enterprise aspect is important to UHB to continue support for the local communities which it serves in alternative ways, not just through healthcare provision.

3.17 Procurement

The Trust's Procurement Strategy reflects a focus on sustainability regarding SMEs and other encouraged enterprises. One of the key elements of the strategy is 'Working with our Suppliers' and sustainability sits comfortably under this heading. The Trust is working with suppliers to deliver excellence through continued sustainable practice within the procurement team.

As an active member of the Shelford Group, the Trust is constantly looking at collaborative and best practice procurement solutions, to combat the financial challenges facing the organisation, and NHS, now and in the future.

The Trust is committed to the following:

- ▶ Complying with all relevant UK Government policies on sustainable development and sustainable procurement, and all relevant legislation and regulations
- ▶ Ensuring that sustainability principles are given due consideration at each stage of the procurement process,

including:

- › Developing an in-depth understanding of the sustainability issues relevant to each category
- › Building a detailed appreciation of customers' sustainability requirements, and ensuring that customers have access to sustainable products and services to assist them in meeting these requirements
- › Working with suppliers, including early market engagement, and working post-award to seek ongoing improvements to suppliers' sustainability performance and that of their supply chains
- › Encouraging the appropriate uptake of sustainable products and services
- ▶ Reducing the demand for goods and services by minimising waste and focusing on the re-use and recycling of existing goods and medical equipment
- ▶ Including in the tender processes eligibility and evaluation criteria that take into account environmental issues, sustainability, local economic and social value factors as legally appropriate
- ▶ Considering 'whole life' costs and impacts when assessing equipment for purchase or lease
- ▶ Considering products that are Fair Trade certified
- ▶ Purchasing and/or prioritising those items that are manufactured with a high recycled content
- ▶ Engaging with suppliers to: Promote awareness, encourage suppliers to adopt similar ethical and sustainable approaches in their supply chains, address barriers to entry for SMEs and local suppliers, encourage development and promotion of new sustainable medical equipment/devices, services and initiatives
- ▶ Raising internal awareness of sustainability issues through the promotion and communication of relevant information

3.18 Waste Recycling

The Trust has in place a comprehensive and successful waste recycling programme that, for the period April 2017 to March 2018, yielded 583 tonnes of reusable and recyclable material.

Whilst this volume of recycling collected has reduced by over 106 tonnes on the previous 12 months the Trust has further promoted waste education inclusive of internal audits that has helped not only increase the quality of the mixed recycling but also focus on reducing waste produced, which has seen total waste produced by the Trust down by 226 tonnes; this has been acknowledged by our waste service provider.

The recycling programme continues to grow and develop across the Trust with other Trust locations now benefiting from this service through the strategic placement of recycling bins to capture and maximise the volume of recyclable material. The Trust continues to recycle other material such as scrap metal, office/confidential paper, clothing, electrical and white goods, batteries and cardboard. Scheduled "Dump the Junk" initiatives continue to take place throughout the year to support the recycling programme.

3.19 Transport

The Trust employs some 9,000 staff and, last year, treated over one million patients, with an estimated two million visitors. Consequently, the QEHB site is a major generator of traffic from across the city and beyond. Encouraging sustainable transport modes, specifically through a comprehensive Green Travel Plan, is a key part of the Trust's Sustainability Strategy and Action Plan.

All the targets set out in the Travel Plan produced in 2005 were achieved by 2010. Over the past year, the Trust has consolidated its Green Travel Plan, aimed at encouraging a further switch away from car travel, by re-invigorating staff to travel sustainably and informing new staff of the travel package offers available to them. The strategy commits the Trust to developing incentives for staff to minimise car use, increase the use of sustainable transport modes and to continue to work with stakeholders to promote sustainable travel. One key aspect of this plan, the introduction of eligibility criteria for staff car parking, was implemented across the Trust and has led to a significant reduction in the number of staff cars permitted to access the Trust premises. Between 2003 and 2016, there has been a 25% reduction in the number of single occupancy car journeys, which has been complemented by a 11% increase in staff commuting by public transport and a 2% increase in staff cycling to work.

The Trust has also, in conjunction with the City Council, the University of Birmingham, Birmingham Women's and Children's NHS Foundation Trust and Birmingham and Solihull Mental Health NHS Foundation Trust, launched a Green Travel District (GTD) as part of Birmingham's medium-term transportation strategy 'Birmingham Connected'. This aims to promote and enable a vision where people are put before cars, where residents, workers and visitors can safely walk, cycle or take public transport, leading to less congestion, less pollution and healthier, safer, more productive communities.

Dame Julie Moore, Chief Executive
23 May 2018

Accountability report

1 Directors' Report

1.1 Overview

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

1.2 Audit Information

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

1.3 Pensions

The accounting policy for pensions and other retirement benefits are set out in note 1.3 to the financial statements and details of senior employees' remuneration can be found in the Remuneration Report, pages 60 and 61.

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

Disclosures regarding likely future developments, employment of disabled persons, and informing and engaging with staff are included within the Accountability Report.

1.5 Other disclosures

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

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

1.6 Cost allocation

The Trust has complied with the cost allocation and charging requirements as set out in HM Treasury and Office of Public Sector Information Guidance.

1.7 Better Payment Practice Code

	Number	£000
Total bills paid in the year	121,195	563,272
Total bills paid within target	119,085	559,913
Percentage of bills paid within target	98.26%	99.40%

The Better Payment Practice Code requires the Trust to aim to pay all valid non-NHS invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later.

1.8 The Late Payment of Commercial Debts (Interest) Act 1998

Nil interest was charged to the Trust in the year for late payment of commercial debts.

1.9 Management costs/political donations

Management costs, calculated in accordance with the Department of Health's definitions, are 4%. There were no donations made to any political parties during the financial year.

1.10 Names of persons who were Directors of the Trust during the reporting period

During the reporting period, the Board was comprised as follows:

- ▶ Chair: Rt Hon Jacqui Smith
- ▶ Chief Executive: Dame Julie Moore
- ▶ Chief Financial Officer: Mike Sexton
- ▶ Executive Medical Director: Dr David Rosser
- ▶ Executive Director of Delivery: Tim Jones
- ▶ Executive Chief Nurse: Philip Norman (deceased 28/08/17)
- ▶ Executive Chief Nurse (Acting): Michele Owen (from 28/8/17)
- ▶ Executive Director of Strategic Operations: Kevin Bolger
- ▶ Executive Chief Operating Officer: Cherry West

Non-Executive Directors:

- ▶ David Hamlett (resigned 31/5/17)
- ▶ Angela Maxwell
- ▶ David Waller
- ▶ Jane Garvey
- ▶ Harry Reilly
- ▶ Catriona McMahon
- ▶ Jason Wouhra

1.11 Patient Care

1.11.1 How the Trust is using its foundation trust status to develop its services and improve patient care

The Trust continues to improve patient care through the work of the Care Quality Group chaired by the Executive Chief Nurse, which includes Trust Governors within its membership.

We work closely with our Council of Governors to understand what matters most to patients, and welcome Governors and Members of the Trust onto our Patient and Carer Councils and Patient Experience Group where we welcome their involvement in consultations and service improvement projects.

Governors also contribute to improvements in patient care via our Governor Drop-ins.

During the year the Trust has continued to monitor feedback via a variety of different methods including patient advice and liaison contacts (PALS), complaints, compliments, friends and family test, local and national surveys to drive service improvement. Feedback is proactively sought from patients, visitors and carers via surveys and visits to wards and departments. These mechanisms are well established at the point of care and assist the Trust in benchmarking the success of its patient improvement measures against the results of its peers. A ward-level dashboard is also in place allowing staff to see their own patient experience results and then act on any issues.

The patient experience team have supported staff in clinical areas and departments to ensure they are taking every opportunity to collect feedback about our services, using it to inform changes to practice or improvements. Focus has also been provided by the team to staff, to share and publicise actions taken as a result of feedback to staff, patients and our membership.

All of our volunteers, Patient and Carer Council members and members of staff are members of our Foundation Trust and play a vital part in helping us to shape our services and make improvements for patients.

More information on how we involve our members in the Trust can be found in the Membership section of this report.

1.11.2 Infection prevention and control

The Trust continues to have a robust Infection Prevention and Control programme in place. Innovative improvements have resulted in a reduction in the amount of *Clostridium difficile* Infection (CDI), where the Trust will end the financial year below the agreed trajectory rate for CDI. In relation to *Meticillin Resistant Staphylococcus aureus* (MRSA) there have been no Trust-apportioned bacteraemias reported for this current financial year to date. Improvements continue to be seen with other nosocomial alert organisms.

Performance against, and monitoring of, improvements related to healthcare associated infections are monitored monthly at the Infection Prevention and Control Group, chaired by the Executive Chief Nurse, and the wider care quality issues identified are monitored as part of the Care Quality Group chaired by the Executive Chief Nurse.

1.11.3 Service improvements following staff, patient or carer surveys/comments and Care Quality Commission reports

The Trust has identified a number of themes from feedback where further improvement is required and these have been selected as our patient experience quality priorities. More information about these can be found in the Quality Account section of this report.

During 2017/18 the Trust has continued to focus on patients 'feeling well looked after'. This work has been expanded to include asking patients 'what matters to you today' as a way of being completely patient focused. Through face-to-face discussions with patients it is

apparent there are lots of things important to patients (and carers) on a daily basis that staff may not be aware of. The patient experience team have found it really beneficial to utilise the support of volunteers and Patient and Carer Council members to support this work as patients feel very comfortable talking to them.

Discharge management continues to be a high priority for the Trust with a number of further changes implemented to make the process more efficient and to further improve the patient experience. NHS Improvement's 'Red to Green' initiative has been implemented Trustwide to ensure that something meaningful happens to patients every day to progress towards timely discharge, reducing unnecessary delays. A question relating to this has been added to the Trust's local discharge survey to monitor patient's views and identify areas which need increased focus.

Wards are being strongly encouraged to use the discharge lounge for suitable patients and a number of improvements have been made to enhance the service the lounge is able to provide, including availability of a cooked breakfast for patients transferred early in the morning. There are continuous snacks and drinks available as well as a menu of hot meals provided to order. Amendments made to the space available means that patients requiring a trolley/bed can also be accommodated until ready for discharge.

A new off-site rehabilitation unit has been commissioned to provide a step-down facility, taking pressure off the acute onsite hospital beds. Strict admission criteria is in place to ensure that patients transferred there will progress towards a safe discharge.

Ongoing work to enhance the experience of patients attending our Outpatient Department includes; focusing on clear communication by clinic staff around delays in the department on the day, offering some patients the option of attending clinics based off site – this frees up on-site clinic capacity and also can be a lot easier for patients to attend a clinic based nearer to their home. There is also work ongoing around the provision of virtual clinics where patients can be reviewed by a clinician without needing to physically attend the hospital site.

Flexible visiting times were successfully implemented across the Trust in April 2017, along with a Visitor Charter setting out what visitors can expect from staff and sharing important information for visitors. When reviewed, overall this has had a positive impact for both patients and visitors. Patients report feeling more supported as they are able to spend more time with their family/friends, partner or spouse. Visitors have advised that it is easier to visit around their commitments and to access medical/nursing team members. The Trust will continue to monitor the experience of both patients and visitors over time.

Additional guest beds provided by the Friends of the Queen Elizabeth Medical Centre and Queen Elizabeth Hospital Birmingham Charity following patient feedback have been widely utilised across the Trust. Feedback relating to the availability and comfort of the beds is very positive. With some areas now having more than

one bed at their disposal it is easier to accommodate relatives or carers staying overnight on wards where more than one patient may need this support at any given time.

Charitable funds have also been used to enhance the patient experience through provision of games, puzzles, radios, televisions and fans as well as colourful artwork in various wards and departments across the Trust.

Changes have been made to the information collected from patients and carers where they are feeding back about their experience. Having listened to feedback regarding surveys being too long, they have been reviewed and cut down where possible. Shorter surveys are being introduced for more areas where the length of time spent in the department is shorter so that it is easier for patients to feed back and share their views. In addition to this, demographics collected as part of patient experience surveys have been amended in line with the Stonewall Guidance to ensure the Trust is able to monitor the experience of more patients who have protected characteristics. This will support the ongoing work relating to 'hard to reach' groups of patients which ensures there are methods of feedback in place to give all patients a voice supporting them to overcome any challenges they may face in communicating their feedback.

The patient experience team have conducted increased numbers of face-to-face interviews with patients and carers during 2017/18 as it is recognised that this method generates very rich, detailed feedback. A number of more sensitive issues have been explored using this method ensuring that feedback can be given in a more individualised way.

Patient stories being collected by the patient experience team and some of the specialist nursing teams are being used to inform training and raise awareness of the way actions impact on the patient experience in either a positive or negative way.

The Dignity in Care team have worked with the Pre-screening Team to raise awareness amongst patients and carers about the possibility of experiencing delirium after an operation or procedure. This was as a result of feedback reporting a lack of understanding about delirium leading to it being a big shock when it then happened unexpectedly.

Introduction of a 'Pets in Hospital' scheme to enhance the patient experience is a step closer following approval of the initiative at board level. The Trust is working closely with Queen Elizabeth Hospital Birmingham Charity, who will run the scheme.

A significant amount of work relating to supporting carers took place during 2017/18. The Carers Strategy Group led work to develop a 'Partners in Care' leaflet which sets out what is available to support carers whose loved ones are in hospital. It also gives them the opportunity to discuss what level of involvement they would like to have in care provided, as well as giving them permission to take a well-earned rest from their caring role. The leaflet provides a framework to support important conversations that ward staff have

with carers. Alongside this, the guidelines for relatives staying overnight have been refreshed and a leaflet 'Staff Expectations. Recognising Valuing and Supporting Carers' is nearing completion. A listening event brought carers and staff together to discuss what was important to them as a carer or to the carers they worked with. This event was very successful in firming up what information and support is needed for both staff and carers.

A fantastic achievement was the successful bid for funding from the 'Birmingham Better Care Fund', resulting in provision of a Carer Co-ordinator for 18 months. This key post (mirrored at HEFT with similar funding) means that The Trust is able to move forward with identifying and supporting carers of patients accessing care and treatment. Feedback obtained prior to funding being made available shows that carers are not always identified by hospital staff meaning that they then don't access resources in place to support them. They could also miss out on information that should be shared with them as well as the opportunity to be signposted for more in-depth information and support offered by third sector organisations in the community. There is also a lack of awareness amongst some staff groups in relation to the information and support needs of carers. The Carer Co-ordinator (commenced in post February 2018) is already starting to produce resources that will support both staff and carers and will be the main point of contact for advice and support for both groups.

Following feedback from patients relating to some hearing induction loops, the Trust has worked with hearing impaired Patient and Carer Council members and volunteers to carry out some tests of the equipment and assess staff knowledge. Improvement actions are in place following these visits.

1.12 Public and Patient Involvement

1.12.1 Patient and Carer Councils

The Trust has three Patient and Carer Councils: one for wards (inpatients), one for outpatients and a Young Persons' Council.

The purpose of the councils is for patients and the public to work in partnership with staff to further improve the patient experience. All council members are also Foundation Trust members. All of the councils have been active in seeking patients' views to influence improvements in care. There are currently 80 patient and public representatives on the councils. All Patient and Carer Council members undergo the volunteer recruitment process and induction enabling them to safely undertake visits.

The wards and outpatients councils have continued to use the 'Adopt-a-Ward or Department' scheme to facilitate partnership working with staff to provide a patient perspective to improving the experience of patients and their relatives. During 2017/2018, a total of 87 visits were undertaken by members of the wards and outpatients councils. Following their visits feedback is given to the ward or department to enable action to be taken where necessary.

Council members continue to be given the opportunity to sit on Trust committees where public representation is required and to participate in annual PLACE assessments.

Council members have also taken part in visits to diagnostic areas as part of the Trust's application in Improving Quality in Physiology Services (IQIPS).

As a result of the feedback from ward/outpatient department visits undertaken by Patient and Carer Council members, the following improvements made been made:

- ▶ Extra air conditioning fans provided in the main waiting room within the Radiotherapy Department
- ▶ Introduction of a visiting tea trolley for patients waiting for appointments within the Outpatients Department
- ▶ Chairs within an outpatient waiting area repositioned to face the reception desk in order to make it easier for those patients with hearing impairment to hear their names being called and to see staff much better
- ▶ Extra wheelchairs purchased for the Emergency Department

1.12.2 Young Persons' Council

The Young Persons' Council (YPC) looks at ways to further improve the experience for young people aged 16-24 years in, and those transitioning to, our hospitals, and is involved in visits to wards and departments to ask patients and staff for their views.

During 2017/18 the Young Persons' Council has seen an increase in the number and range of young people attending the council.

Following a team building event in October 2017, YPC members participated in a planning session and developed a programme of events for 2018, including: mandatory training required to equip them to visit the wards and interact with people in hospital, regular speakers and a work plan for the year covering fundraising, young person web pages, developing Saturday Socials and surveys to gain feedback from 16-24 year olds using our services.

Saturday Socials is a scheme developed by the Young Persons' Council members following a successful pilot of the scheme previously named the buddy scheme. The pilot tested peer visiting with young people and evaluated this via a survey. The scheme commenced in November 2017 and a total of 63 of younger patients have received a social visit and given their feedback about the hospital.

To support the Young Persons' Council 'Saturday Social' visits, a number of mandala colouring books, pencil crayons and mindfulness puzzle books have been funded by the Friends of the QE. These are given to young adult inpatients aged 16-24 in hospital by the YPC volunteers when they visit on Saturday mornings. These gifts have been very well received as it is evident from patient experience feedback that this group of patients in particular can suffer from isolation and boredom in hospital.

1.12.3 Readership Panel

This group provides a forum for involving patients and the public in reviewing and influencing the way in which patient information is provided. This ensures that information within the Trust is produced in a way that is useful to patients, carers and the public.

This year the group has provided a patient perspective on 116 leaflets.

1.12.4 Healthwatch Birmingham

The Trust maintains links with Healthwatch Birmingham and has worked with them during the year to further develop their self-assessment tool: Quality Standard for "Using Patient and Public Insight, Experience and Involvement to Reduce Health Inequality and to Drive Improvements in Health Outcomes".

1.12.5 Patient and Carer Consultations

During the year Patient and Carer Council members were consulted on:

- ▶ Constitution for Patient and Carer Councils
- ▶ Healthcare Evaluation Data (HED) – Your Right to Choose
- ▶ Trust Annual Plan
- ▶ Trust Quality Priorities
- ▶ Patient Experience Nursing Priorities (Patient Experience Group)
- ▶ Volunteer Strategy
- ▶ A Pets in Hospital scheme (task and finish group)
- ▶ Case for change merger with Heart of England NHS Foundation Trust
- ▶ Non-emergency patient transport new contract
- ▶ Visiting times
- ▶ Inpatient survey questions (Patient Experience Group)
- ▶ Inclusion, Engagement and Wellbeing
- ▶ An event looking at Patients in the Big World of Data: What are you consenting to?
- ▶ An 'end of treatment' bell to signify the end of a patient's treatment, or a 'treatment tree' for Chemotherapy patients
- ▶ Gender specific waiting areas in Whittall Street Sexual Health Clinics
- ▶ Myhealth@QEHB
- ▶ Proposed changes to the waiting room within the Accident and Emergency Department
- ▶ Mystay@QEHB
- ▶ Food tasting

1.12.6 Volunteers from the local community

The Trust has maintained its volunteer numbers during the year and currently has around 540 highly-valued active volunteers who continue to provide an enhanced and quality experience for our patients and terrific support to our staff. We continue to encourage volunteers that are representative of the local community that the Trust provides a service to. Last year, 2017/18, a particular effort was made to recruit volunteers from the under-25 age group to support the younger patients within the hospital. The trust has increased those numbers by approximately 3% with an annual recruitment to the Young Persons Council and Saturday Social.

With the introduction of robust welfare follow up, the Trust has managed to increase the retention rate of volunteers, with fewer numbers leaving and more positive feedback that they are happy and supported in their volunteer roles.

The demographic profile of our volunteers as at 31 March 2018 is:

	2017/18	2016/17	2015/16
GENDER			
Male	33%	35.4%	37%
Female	67%	64.6%	63%
AGE			
16 years old	2.7%	1.2%	0.2%
18–30 years old	12.8%	10.6%	12.9%
31–50 years old	12.4%	12.5%	14.5%
51–65 years old	28.6%	31.6%	42%
66–74 years old	25.1%	27.8%	23.7%
75+ years old	13.2%	15.3%	7.5%
ETHNICITY			
White British	68%	73%	74%
Other white	1.8%	1.6%	2.5%
Black/mixed	5.9%	6.2%	9.5%
Asian/mixed	19.7%	15.8%	14.5%
Other/undisclosed	2.2%	2.2%	2.9%
EMPLOYMENT *			
Employed	20.29%	22.4%	20.4%
Unemployed	9.3%	9.0 %	9.8%
Students	13.5%	8.8%	10.4%
Retired	47.4%	52.2%	54%
Other/undisclosed	5.2%	9.2%	7.5%

*Some volunteers are employed part time and are students or carers, hence total more than 100%

The Volunteer Committee, chaired by a Trust Governor, continues to formally involve volunteers in the development of voluntary services within the Trust and participate in developing the Trust's volunteering strategy.

The Committee continues to meet regularly to discuss volunteer recruitment, new volunteer roles and suggestions for celebrating volunteering. The committee also reviews the Voluntary Services Risk Register quarterly.

A number of the Young Persons' Council have joined a group called Saturday Social. This is a team of volunteers visiting patients under the age of 25 on a Saturday morning, to chat with them, keep them company and to gather feedback regarding their stay. Charities have funded some activity packs for the patients.

The Trust continues to hold our thank you events where volunteers can come together socially and listen to an interesting speaker. An annual long-service awards

event also helps to show our volunteers how much they are valued and how they are kept updated on Trust and volunteer news via a quarterly newsletter.

1.13 Complaints and Compliments

The Trust welcomes patients and families contacting it where they have any concerns about services to help the Trust learn and continuously improve services. The number of complaints received in 2017/18 was 660, which represents a 15% decrease on the total number of complaints received in the previous year.

During the year a meeting room has been refurbished for local resolution complaint meetings. This meeting room is located away from the hustle and bustle of the main hospital and provides a calm and neutral space for patients and relatives to be able to discuss their concerns with staff.

The complaints team liaises closely with key divisional colleagues to ensure that complaints are investigated and responded to in a timely manner to the satisfaction of the complainant. Senior divisional management 'triaging' of complaints is used effectively to secure an early resolution of complaints wherever appropriate, for example issues around appointments can often be resolved quickly via a telephone call. Where a complaint requires a full investigation, the complaints team make early contact with the complainant, wherever possible, to agree the issues to be investigated, the preferred method of response and a realistic timescale for responding. Over the last year the Trust has undertaken a process mapping exercise to refine and enhance existing pathways and processes. This exercise involved divisional colleagues as well as Patient Relations staff, to ensure a full spectrum of views and ideas were incorporated. Whilst the final report is awaited, a number of process improvements have already been made following the mapping meetings.

There have been significant challenges in the last 12 months in the context of reduced staffing levels in the department. This has, at times, impacted on departmental performance, notably meeting the target for responding to complaints within 30 working days. Despite this, the Trust achieved the 85% target for the first time in February 2018. This was helped by the fact that staffing levels settled towards the end of the year.

Weekly reports provided to the Executive Chief Nurse and senior divisional management teams have been developed further during the year to improve the intelligence provided to the senior nursing teams. Particular attention has been paid to cases which are due to receive a response within the next two weeks, so that complaints and divisional colleagues are both focused on these key cases on a timely basis.

Alongside these reports, a summary of patient advice and liaison service (PALS) activity for the previous week is also provided, together with the number and details of cases outstanding, so that again divisional management teams can provide support in expediting these responses.

The Trust takes a number of steps to ensure that we learn from complaints. Agreed actions from individual

complaints are shared with the complainant in the Trust's written response or at the local resolution meeting. The Trust has continued to record actions from complaints within the case record on Datix. These actions are reported to divisional management teams at their regular clinical quality group. Towards the end of the year, a pilot scheme was undertaken to trial an improved way of following up actions with the divisions to ensure actions are fully completed. Subject to an evaluation, this enhanced process will be rolled out across the Trust early in 2018/19. Additionally, a 'Learning and Sharing' document continues to be shared via the Chief Executive's Team Brief – highlighting learning from feedback that can be replicated across the Trust. Learning is also incorporated into training sessions and development programmes around complaints delivered by the Head of Patient Relations, where anonymised feedback from complaints is used to deliver a strong message on the impact of complaints on the patient experience. The regular session for new consultants has been enhanced by developing a joint presentation with an experienced consultant. A series of complaints response workshops have been delivered in one of the clinical divisions to improve the quality of the responses provided. Following positive evaluations of the sessions, the format of the workshop will be replicated across the other clinical divisions and on other forums for nursing and other relevant staff.

Themes and trends from both complaints and patient advice and liaison service (PALS) concerns continue to be shared via reporting at both divisional and Trust-wide levels. Reports are provided to the Chief Executive's Advisory Group, the Executive Chief Nurse's Care Quality Group, Clinical Commissioning Group, Divisional Clinical Quality Groups, to name but a few. The Head of Patient Relations also meets regularly with key senior staff around the Trust, notably Associate Directors or Nursing, to identify specific areas of concern, themes and trends, as well as highlighting positive feedback and good practice.

Whilst the Trust makes every effort to resolve complaints to the satisfaction of the complainant, this may not always be possible for a variety of reasons. Complainants are made aware of the option of approaching the Parliamentary and Health Service Ombudsman to assess their complaint independently. Whilst nationally the Ombudsman investigates significantly more complaints than it did prior to the publication of the Francis Report, complaints about this Trust reviewed by the Ombudsman remain relatively low. In 2017/18, the Ombudsman upheld or partly upheld eight complaints, compared to 13 in the previous year.

Positive feedback is also important in highlighting success and providing opportunities to replicate successful initiatives wherever possible. The Trust consistently receives considerably more compliments than it does complaints. In 2017/18 the Trust formally recorded receipt of 2,006 compliments, compared to the 660 complaints received.

During 2017/18 the Trust has worked closely with colleagues in Heart of England NHS Foundation Trust complaints and PALS teams to share good practice.

1.14 Research and Development

The Institute of Translational Medicine (ITM) opened to schedule in July 2015 and was officially opened in October 2016. The ITM delivers:

- A single point of entry for commercial, pharmaceutical and technology sectors into the Trust and the University (through Birmingham Health Partners) for new ventures, from inception to a proof-of-concept testing pathway
- Consolidation of research support services including assistance with research grant applications and provision of guidance in technology commercialisation
- Increases in translational research with a view to direct improvements in patient outcomes; saving lives and improving quality of life. This will be quantifiable through increased patient activity, clinical trial activity and the associated income
- Increased income for commercial, private sector and research activity, along with new opportunities for clinical trials
- An enhanced profile for the Trust and University as a centre of excellence in life sciences and translational research

Current ITM occupants key to this delivery include the Commercial Hub and Research and Development team. Device specialists include the NIHR Trauma Management MedTech Co-operative (Trauma MIC) and the Medical Devices Testing and Evaluation Centre (MD-TEC). Research specialty groups resident in the ITM include audiology, skin and peripheral nerve, respiratory, cardiology, intensive care, liver, renal and cancer. Clinical academic research groups are forming faculties linked to the key ITM themes and hold many of their faculty and research meetings in the ITM. Delivery of the BHP Education programmes embedded within the ITM and linked to multi-disciplinary research include the Clinical Academic Internship Programme, PhD bridging programme, ITM Research Fellowship and the NHSE West Midlands Genomic Medicine Centre Education and Training programme.

The ITM's ground floor café and conference meeting rooms host various clinical/academic events including business engagement forums, collaborative, research set-up and seminar series, plus training days.

The Trust continues to engage with external bodies to leverage additional benefit associated with the ITM through collaborations and new funding for research and innovation infrastructure growth.

One such collaboration is with the Cobalt Health Charity, which has invested £2m in the ITM Imaging Centre, a new state-of-the-art Magnetic Resonance Imaging (MRI) research facility which opened to patients in December 2016. The centre supports a broad range of research for many specialties, including cardiac, liver, oncology and neurosurgery.

The Centre for Rare Diseases currently houses 76 clinics over 19 specialties, all with varying degrees of frequency and requiring different skill sets from the CfRD nursing team. The attendance at the CfRD has steadily grown and between April 2017 and February 2018, 9,454 appointments had taken place, with 18,686 appointments since opening. There are continued

expressions of interest to hold clinics within the centre plus expansion of the existing clinics. The ENT Acoustic Neuroma clinic now has a neurosurgeon and an oncologist at one of the clinic sessions, thereby creating a one-stop service, improving the patient pathway and reducing the number of appointments.

There are also some excellent examples of a collaborative approach with the CfRD and NIHR CRF in order to optimise the use of the specialised equipment for research studies. These include IHH-WT and IHH-Pressure for the use of the ophthalmology equipment and ultrasound plus a large number of Liver and IMD studies require the use of the fibrosan machine as part of the study protocol. From April 2017 to February 2018, 941 patients had been recruited to rare disease studies/registries.

The ITM CRF is operationally supported by a team of NIHR CRF and R&D staff which enhances the collaboration between the NIHR CRF, ITM CRF and the Centre for Rare Diseases. There are a number of research clinics taking place in the ITM CRF across renal and neurology. The Univentricular Clinic has recently been approved to hold a research clinic in the facility which will support long term research plans for this rare cohort of patients.

The Trust has continued as the lead organisation for the West Midlands Genomic Medicine Centre (WMGMC), playing a key role in the delivery of the national 100,000 whole genomes sequencing (WGS) project and in driving transformational changes across the West Midlands. At the end of 2017/18, all 18 NHS provider trusts which constitute the WM GMC local delivery partners (LDPs) were open for recruitment to rare disease, cancer or both.

WM GMC LDPs now comprise 25% of all LDPs live to recruitment nationally. Our WM GMC LDPs are making a significant contribution to national recruitment numbers: in 2017-18 WM GMC was designated as one of four national cancer recruitment accelerator sites, and has provided almost 50% of all cancer samples to the programme in 2017-18. In Rare Diseases, the WM GMC has recruited to more rare disease groups than any other GMC, and is second only to Great Ormond Street Hospital in terms of numbers of patients and affected family members recruited. The 10,000 participant in the West Midlands was recently consented to participate in the 100,000 WGS project. We are currently working to further increase recruitment, particularly in cancer, to ensure that as many patients as possible in the West Midlands region have the opportunity to benefit from whole genome sequencing.

The WM GMC is now beginning to receive results of whole genome sequencing. To support the integration of this information into clinical practice and return of results to patients, we have commenced roll-out of region-wide Genomic Tumour Boards for cancer results and begun to create rare disease networks. This is new clinical infrastructure for the 100,000 Genomes Project and beyond.

A regional image sharing platform (RISP) is being rolled out across the WM GMC, and will allow clinicians

to directly access images for the direct care of their patients more easily and more quickly than the current system. Aligned to the work the WM GMC has undertaken in building capacity and integrated diagnostics, UHB has recently completed phase one of its ambition to be the first trust nationally to hold UKAS accreditation under the IQIPS and ISAS schemes for all its diagnostic services. Audiology, GI, Lung Function and Sleep and Vascular services have all now undergone their UKAS on-site verification visit. The remaining diagnostic services, cardiology, neuro-physiology, uro-dynamics and Imaging are on track for UKAS site verification visit in quarter 2 of 2018/19.

The Scar Free Foundation Centre for Burns Research, based at the QEHB, has established a fully integrated research infrastructure as evidenced by the success of the Scientific Investigation of the Biological Pathways Following Thermal Injury in Adults and Children (SIFTI) study, which completed in December 2016.

As well as improving understanding of how the body responds to burn injury in adults and children, the £6 million research centre also carries out translational clinical research to develop new treatments. The centre is supported by Vocational Training Charitable Trust (VTCT) and funded for five years with £1.5m investment from the Healing Foundation and funds from partner organisations of £4.5m.

During the past year, colleagues from the NIHR Surgical Reconstruction and Microbiology Research Centre (SRMRC) have undertaken a number of new trails and had research findings published. Highlights include:

- ▶ A trial looking to find the best way to treat hand fractures surpassed the 100 patient mark in July 2017. The Submit trial, which began in June 2015, is funded by the Royal Centre of Defence Medicine and run by the Hand and Peripheral Nerve Team (HAPN), part of the NIHR SRMRC. The Submit trial aims to recruit 315 patients to test two surgical techniques and see which results in fewer risks of complications as well as spending less time in the operating theatre.
- ▶ Rugby players from Aviva Premiership Rugby and Greene King IPA Championship are taking part in a major study led by the University of Birmingham as part of its work to develop a ground-breaking pitch-side test to diagnose concussion and brain injury. The study, being carried out in collaboration with the Rugby Football Union (RFU), Premiership Rugby and the Rugby Players' Association, will run throughout the 2017/18 rugby season and is the biggest of its kind to take place in the history of UK sport. It is a key element in the University of Birmingham's research programme to create a test that can be performed rapidly pitch-side and will determine whether a player has been concussed. This study is part of the NIHR SRMRC and University of Birmingham's REpetitive COncussion in Sport (RECOS) project.
- ▶ Clinical research fellow with the NIHR SRMRC, Dr Charlotte Small, was the recipient of the NIHR CRN/ Royal College of Anaesthetists (RCOA) Trainee Network award for her fantastic work in research. These awards, for members of the RCOA, aim to recognise outstanding contributions of trainee doctors and trainee networks who are active in research.
- ▶ The NIHR SRMRC's 24/7 research nursing team were

shortlisted for the Nursing Times Awards 2017 in the Clinical Research Nursing category

- ▶ A former patient and his wife, Duncan and Lisa-Marie Buckley, were awarded the Patient and Public Involvement and Engagement Award at the Clinical Research Network West Midlands 2017 Awards for their work on the Intensive Care Unit (ICU) CHAT study. ICU CHAT is a novel ICU communication device that is currently undergoing a clinical feasibility trial funded by the NIHR SRMRC on the QEHB Critical Care Unit
- ▶ By testing the blood samples of 91 patients taken at the scene of major accidents, Birmingham scientists were able for the first time to establish how quickly the lining of blood vessels are damaged, which can lead to a rapid deterioration and even organ failure. The research, first published online in Shock in September 2017, is part of the ongoing 'Golden Hour' study led by scientists from the University of Birmingham's Institute of Inflammation and Ageing, the NIHR SRMRC and the Royal Centre for Defence Medicine at Queen Elizabeth Hospital, Birmingham. A major £10 million study, Golden Hour aims at improving outcomes for patients by developing the understanding of what happens to the immune system within the first 60 minutes from the moment of traumatic injury – a crucial time in which prompt medical treatment is key to survival
- ▶ 'Can vinegar be effective in treating wound infection in burn wound patients' is the question being investigated in the AceticA study which opened to recruitment in 2018 and aims to recruit 20 patients. This pilot clinical trial is funded by the NIHR SRMRC and ran by their 24/7 research nursing team

1.14.1 Funding

The Trust, in collaboration with the University of Birmingham, was awarded a £30.6m boost for a five-year research project into patient care. The funds comprise a £10 million investment from the National Institute for Health Research (NIHR), which will be complemented by £20.6m match-funding from local health and social services, to continue evaluating and developing healthcare until December 2018.

The funding is managed by the Collaboration for Leadership in Applied Health Research and Care for West Midlands (CLAHRC-WM), an innovative partnership hosted by UHB. CLAHRC-WM has organised themes of research around:

- ▶ Child and Maternity Health
- ▶ Youth Mental Health
- ▶ Prevention and Detection of Disease
- ▶ Chronic Diseases
- ▶ Implementation and Organisational Studies
- ▶ Research Methods

In September 2016, UHB was designated as an NHS Global Digital Exemplar by NHSE, with the opportunity to receive up to £10m to invest in digital infrastructure and specialist training. Over the past 20 years, the Trust has developed one of the most sophisticated health informatics capabilities in the world, the only secondary care informatics system created and controlled by the NHS. This includes the pioneering and award-winning portal, myhealth@QEHB, which allows patients to access their own health records. The Trust created

the informatics platforms for the national 100,000 Genomes Project, used not only across the region but across the UK by organisations such as Great Ormond Street, and has created innovative ways to link new data such as radiological images. This GDE route to funding will allow the Trust to further develop its informatics expertise for the wider benefit of the NHS.

In the past financial year the Trust, as part of BHP, has secured:

- ▶ £7 million funding from Innovate UK for the Midlands and Wales Advanced Therapy Treatment Centre (MW-ATTC) – jointly led by NIHR Birmingham Biomedical Research Centre and NHS Wales
- ▶ £1.25 million funding for NIHR Trauma Management MedTech Co-operative (Trauma MIC), which launched in February 2018
- ▶ £7.3 million from European Regional Development Fund for Medical Devices Testing and Evaluation Centre (MD-TEC), which launched January 2018
- ▶ £54 million from Health Data Research UK, to use data science to address healthcare issues
- ▶ £4.5 million for Scar Free Foundation Centre for Conflict Research (£2.95 million LIBOR funding)

1.14.2 Public Engagement

The Trust's successful annual Research Showcase, held in May each year to coincide with International Clinical Trials Day, allows members of the public, patients and staff to see how their involvement in research can make a real difference to the healthcare of future generations.

In May 2017 there were more than 25 presentation stands. Patients and other members of the public were able to find out how they can get involved in research which offers cutting-edge treatments or expands understanding of how the human body works.

The NIHR Surgical Reconstruction and Microbiology Research Centre (SRMRC) Public and Patient Involvement (PPI) Group has merged with the burns and critical care group to form the ABC (Accident/Burns and Critical Care) group. Twice a year there is a dissemination event whereby they are kept up to date about research and offer valuable suggestions and feedback. More frequently there are smaller meetings whereby they are actively involved in research, including input on grant applications, patient information leaflets and questionnaires.

Three research studies were recently featured in the award-nominated BBC2 documentary series Surgeons: At the Edge of Life, which was filmed at UHB and broadcast in January/February 2018, drawing audiences of around three million per episode:

Cochlear Implant Study: six patients have taken part in a trial testing if a middle ear microphone will be of benefit and improve hearing in comparison to the normal cochlear implant microphone. Mr Richard Irving (Consultant ENT Surgeon) was the surgical lead who secured £1 million of NIHR research funding which has allowed the six patients to undergo experimental surgery to implant the in-ear microphone for 6 months. The episode focused on one patient: a 63-year-old caretaker who, when the middle ear microphone was turned on, said his hearing had "more clarity than I've

had in 20 years". The surgery works by connecting the microphone to the middle ear, allowing for better hearing, with an invisible hearing aid. The trial is nearly complete with data and results currently being collected.

Liver Transplant Reperfusion Study: Richard Laing (liver research fellow) is the lead on a liver trial using the ORGANOX machine, which could help make "unsuitable" livers suitable for transplant. Currently, 400 livers are considered unsuitable for transplantation each year, and therefore disregarded. Being able to use these additional livers would be a great help, considering liver disease death has soared by 40% in the last decade. The ORGANOX machine restores the liver to the best possible state through perfusion, supplying it with blood, nutrients and oxygen. In the programme, Richard Laing and transplant surgeon Thamara Perera are filmed in the operating theatre undertaking a liver transplant for a patient who has had problems with her liver for many years. Even with ORGANOX, transplantation must be complete within 13 minutes of the liver coming out of the machine. The study is now complete and the team are delighted with the results so far.

Gene therapy for Prostate Cancer: Mr Prashant Patel, Consultant Urological Surgeon, is the lead on a prostate cancer gene therapy trial (run jointly by UHB and UoB as Birmingham Health Partners). The trial injects patients with a genetically modified virus, to target and kill their cancer cells, whilst having less unpleasant side effects compared to chemotherapy/radiotherapy. The episode focused on the 12th patient on this trial, a 79-year-old gentleman, who had a recurrence of prostate cancer. The two-stage trial sees a "common cold" modified virus injected into the prostate cancer cell areas. This sample is localised and changes the biochemistry of the cancer cells. 48 hours later, a second injection kills off the changed cancer cells. The trial is still ongoing, but early results are promising.

Also featured in the surgeons documentary was Lt Col Steven Jeffery (consultant plastic surgeon) who uses a revolutionary device that detects bacteria quickly (in real time). Faster, more accurate diagnosis helps lead to quicker treatment for infected burns wounds. This work forms part of the research programme for both military and civilian trauma patients treated at the QEHB, testing novel treatments and devices to further improve survival and rehabilitation post trauma injury.

1.14.3 Clinical Trials

The Trust's extensive and innovative Research and Development portfolio enables patients to have access to new medicines earlier as part of clinical trials which can provide treatment options for patients for whom conventional treatments might have failed. During 2017/18, UHB has been able to deliver benefits to patients on clinical trials including reduced symptoms, improved survival times and improved quality of life. The total number of patients recruited into all studies open during 2017/18 was 8,254 (based on NIHR reports). The number of new studies registered with the R&D Governance Office during 2017/18 was 270. Of these, processing was abandoned for 72 studies.

The number of patients receiving relevant health services provided or sub-contracted by UHB in 2017/18 that

were recruited during that period to participate in research approved by a research ethics committee was:

NIHR portfolio studies	6,682
Non-NIHR portfolio studies	1,572
Total	8,254

* Data only available up to February 2018

The total figure is based on all research studies that were approved up to 2017/18. (NIHR: National Institute for Health Research).

The table below shows the number of clinical research projects registered with the Trust's Research and Development (R&D) team during the past three financial years. The number of studies which were abandoned is also shown for completeness. The main reason for studies being abandoned is that not enough patients were recruited due to the study criteria or patients choosing not to get involved.

Reporting Period	2015/16	2016/17	2017/18
Total number of projects registered with R&D	361	266	270
Out of the total number of projects registered, the number of studies which were abandoned	70	115	72
Trust total patient recruitment	8,493	8,813**	8,254*

* Data only available up to February 2018 ** This figure has been updated since the 2016/17 Quality Account, as the full year's data is now available.

1.15 Enhanced quality governance reporting

The Board of Directors takes direct responsibility for service quality and has approved a Clinical Quality Strategy setting out the overarching principles underpinning the Trust's approach to Clinical Quality. The Board receives regular reports regarding clinical quality and care quality. The Board of Directors has established a Clinical Quality Committee to support, and provide continuity for, the Board of Directors in relation to the Board's responsibility for ensuring that the care provided by the Trust meets or exceeds the requirements of this strategy. Operationally, groups including the Clinical Quality Monitoring Group, the Care Quality Group and the Patient Safety Group provide a framework for quality governance.

Comprehensive use of electronic decision-support and monitoring tools enables the Trust to monitor compliance with essential clinical protocols and to identify potential risk areas at an early stage. Additional investigations and audits can be undertaken following such triggers. The effectiveness of this monitoring system is backed up by regular unannounced governance inspections by board members and work is ongoing to ensure appropriate engagement with other relevant stakeholders.

Additional information regarding quality governance, well-led assurances and quality is set out in the Annual Governance Statement in Section 12.

2 Governance

2.1 NHS Foundation Trust Code of Governance

University Hospitals Birmingham NHS Foundation Trust (the Trust) has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis. The NHS Foundation Trust Code of Governance (the Code), most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issues in 2012 and was last updated in 2016.

The purpose of the Code 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. These are met by the Trust's Annual Report for 2017/18. In its Annual Report, the Trust is required to report on how it applies the Code. Whilst foundation trusts must always adhere to the main and supporting principles of the Code, they are allowed to deviate from the Code provisions provided the reasons for any such departure are explained and the alternative arrangements reflect the main principles of the Code.

The Board of Directors recognises the importance of the principles of good corporate governance and is committed to improving the standards of corporate governance. The Code is implemented through key governance documents and policies, including:

- ▶ The Constitution
- ▶ Standing Orders
- ▶ Standing Financial Instructions
- ▶ The Corporate Governance Policy, incorporating the Schedule Of Reserved Matters and Role Of Officers
- ▶ The Chief Executive's Scheme Of Delegation
- ▶ The Annual Plan
- ▶ Committee Structure

2.1.1 Application of Principles of the Code

A. The Board of Directors

The Board of Directors' role is to exercise the powers of the Trust, set the Trust's strategic aims and to be responsible for the operational management of the Trust's facilities, ensuring compliance by the Trust with its constitution, the Provider Licence, other mandatory guidance issued by NHS Improvement, relevant statutory requirements and contractual obligations.

The Trust has a formal Corporate Governance Policy which reserves certain matters to the Council of Governors or the Board of Directors and sets out the division of responsibilities between the Board of Directors and the Council of Governors. The Corporate Governance Policy is reviewed at least annually.

The Board of Directors has reserved to itself matters concerning Constitution, Regulation and Control; Values and Standards; Strategy, Business Plans and Budgets; Statutory Reporting Requirements; Policy Determination; Major Operational Decisions; Performance Management; Capital Expenditure and Major Contracts;

Finance and Activity; Risk Management Oversight; Audit Arrangements; and External Relationships.

The Board of Directors remains accountable for all of its functions; even those delegated to the Chair, individual directors or officers, and therefore it expects to receive information about the exercise of delegated functions to enable it to maintain a monitoring role. As members of a unitary board, non-executive directors are in the same way responsible and accountable as the executive directors.

All powers which are neither reserved to the Board of Directors or the Council of Governors nor directly delegated to an Executive Director, a committee or sub-committee, are exercisable by the Chief Executive or as delegated by her under the Scheme of Delegation or otherwise.

Details of the composition of the Board of Directors and the experience of individual Directors are set out in Board of Directors, page 37 of the Annual Report, together with information about the Committees of the Board, their membership and attendance by individual directors.

B. The Council of Governors

The Council of Governors is responsible for representing the interests of members and partner organisations in the local health economy as well as in the governance of the Trust. It regularly feeds back information about the Trust, its vision and its performance to the constituencies and the stakeholder organisations.

The Council of Governors appoints and determines the remuneration and terms of office of the Chair and Non-Executive Directors and the external auditors. The Council of Governors approves any appointment of a Chief Executive made by the Non-Executive Directors. The Council of Governors has a duty to hold the Non-Executive Directors individually and collectively to account for the performance of the Board of Directors. This includes ensuring the Board of Directors acts within the conditions of its licence. The Council of Governors also receives the annual report and annual accounts, and the outcome of the evaluation of the Chair and Non-Executive Directors.

The Chair is responsible for the leadership of both the Board of Directors and Council of Governors and plays a pivotal role in the performance evaluation of the Non-Executive Directors.

Details of the composition of the Council of Governors are set out on page 35 of the Annual Report, together with information about the activities of the Council of Governors and its committees.

C. Appointments and terms of office

The balance, completeness and appropriateness of the membership of the Board of Directors were reviewed

during the year by the Executive Appointments and Remuneration Committee.

Details of the composition of the Executive Appointments and Remuneration Committee and its activities are set out on page 57 of the Annual Report. Details of terms of office of the Directors are set out in Board of Directors, page 37, of the Annual Report and in the Remuneration Report page 57.

D. Information, development and evaluation

The Board of Directors and the Council of Governors are supplied in a timely manner with information in an appropriate form and of a quality to enable them to discharge their respective duties. The information needs of both the Board and the Council are agreed in the form of an annual cycle and are subject to periodic review.

The Chair ensures all directors and governors receive a full and tailored induction on joining the Trust and their skills and knowledge are regularly updated and refreshed through seminars and individual development opportunities.

Both the Board of Directors and the Council of Governors regularly review their performance and that of their committees and, in the case of the Board of Directors, the individual members. Appraisals for all Executive and Non-Executive Directors (including the Chair) have been undertaken and the outcomes of these have been reported to the Council of Governors or the Executive Appointments and Remuneration Committee, as appropriate. The Board of Directors and the Audit Committee have each evaluated their own performance, using a bespoke 'Maturity Matrix'.

E. Director Remuneration

Details of the Trust's processes for determining the levels of remuneration of its Directors and the levels and make-up of such remuneration are set out in the Remuneration Report page 57.

F. Accountability and Audit

The Board of Directors undertakes a balanced and understandable assessment of the Trust's position and prospects, maintains a sound system of internal control and ensures effective scrutiny through regular reporting which comes directly to the Board itself or through the Audit Committee.

The Audit Committee is responsible for the relationship with the Trust's auditors, and its duties include providing an independent and objective review of the Trust's systems of internal control, including financial systems, financial information, governance arrangements, approach to risk management and compliance with legislation and other regulatory requirements, monitoring the integrity of the financial statements of the Trust and reviewing the probity of all Trust

communications relating to these systems. The Audit Committee receives instructions from the Board of Directors as to any areas where additional assurance is required and formally reports to the Board of Directors on how it has discharged its duty.

Deloitte LLP was appointed by the Council of Governors as the Trust's External Auditor with effect from 7 February 2014. In July 2017, the Council of Governors re-confirmed their appointment for the audit of the accounts for the financial year ending on 31 March 2018.

The Trust's internal audit function is provided through a contract with an independent provider of internal audit services. KPMG LLP have been appointed as internal auditors for the reporting year. The role of the internal auditors is to provide independent, objective assurance on the risk management, control, and governance processes within the Trust, through a systematic, disciplined approach to evaluation and improvement of the effectiveness of such processes. The internal audit team agrees a programme of work with the Audit Committee and provides reports during the year to the Committee.

Additional information regarding audit is set out in the Audit Committee Report on page 42.

G. Relations with Stakeholders

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

2.1.2 Compliance with the Code

The Trust is compliant with the Code, save for the following exceptions:

B6.2 *Evaluation of the boards of NHS FTs should be externally facilitated at least every three years. The evaluation needs to be carried out against the board leadership and governance framework set out by Monitor. The external facilitator should be identified in the annual report and a statement made as to whether they have any other connection to the trust.*

The Trust has not carried out an externally facilitated evaluation of the board against the "Well-led framework for governance reviews" this year, for the following reasons:

1. The involvement of the Chair, Chief Executive and a number of other officers of the Trust in the intervention at HEFT and the demands this places upon the team; and
2. The Trust has acquired HEFT which has resulted in new board and governance structures and processes. It is considered that expenditure on an external review would be better spent following implementation of this transaction.

B1.2 *At least half the board of directors, excluding the chairman, should comprise non-executive directors determined by the board to be independent.*

AND

B.7.1 *Non-Executive Directors may in exceptional circumstances serve longer than six years (e.g. two three-year terms following authorisation of the NHS foundation trust), but subject to annual re-appointment.*

Any re-appointment of a Non-Executive Director (NED) for a term exceeding six years is subject to a rigorous review of the balance and effectiveness of the Board and the individual's competencies.

In June 2015, Ms Angela Maxwell's second three-year term of office expired. At that time, she was re-appointed for a further term of three years, subject to annual re-appointment, on the basis of her role in the development of the Investment Committee and the wider commercial agenda of the Trust, the Trust's budding arrangements with other trusts and the Trust's future development.

Both David Hamlett and David Waller's second three-year terms of office expired in September 2017. The Council of Governors resolved to appoint David Hamlett and David Waller for a further term, to end on the earlier of the date falling one calendar month following the legal completion of the acquisition of Heart of England NHS Foundation Trust; or 30 September 2018, and to confirm Angela Maxwell's appointment be confirmed for a further period of up to 12 months, terminating on the earlier of the date falling one calendar month following the legal completion of the acquisition of Heart of England NHS Foundation Trust or 30 June 2018.

Whilst, in normal circumstances, new candidates might have been considered for appointment to the Board, the Trust, with the Heart of England NHS Foundation Trust (HEFT), was developing a case for change that would, if approved, result in the Trust making an acquisition of HEFT. If the acquisition proceeded, it was likely that some appointments to the Board would be made from amongst the non-executive directors of HEFT. In addition, given the proximity of the decision point for the Board, it was considered that continuity was required.

D.2.3 *The Council of Governors should consult external professional advisers to market-test the remuneration levels of the Chairman and other Non-Executives at least once every three years and when they intend to make a material change to the remuneration of a non-executive.*

The Council of Governors has not appointed external professional advisers to market-test the remuneration levels of the Chair and other Non-Executive Directors. A material change to the remuneration of the Non-Executive Directors was last considered in 2009/10, when the proposed increases in remuneration were benchmarked against other similar trusts through a remuneration survey carried out by the Foundation Trust Network. For 2014/15 and 2015/16, the Non-Executive Directors did not receive any increase in remuneration, in line with the majority of NHS staff. In 2016/17, the Non-Executive Directors received a 1% inflationary increase, again in line with the majority of NHS staff. There was no increase in remuneration in 2017/18.

3 Council of Governors

3.1 Overview

The Trust's Council of Governors continues to make a significant contribution to the success of the Trust and its commitment, support and energy is greatly valued. The Council was established in July 2004, with 37 representatives, and currently has 23 places filled by 19 representatives.

The Trust opted to have elected Governors representing patients, staff and the wider public, in order to capture the views of those who have direct experience of the Trust's services, those who work for the Trust, and those that have no direct relationship with the Trust, but have an interest in contributing their skills and experience to help shape its future.

Subsequently, the Council of Governors voted to amend the Constitution of the Trust so that the Council of Governors is now comprised as follows:

- ▶ 9 public Governors elected from the Parliamentary Constituencies in Birmingham
- ▶ 1 public Governor elected from the Rest of England area
- ▶ 3 patient Governors elected by Patient members
- ▶ 5 staff Governors elected by the following staff groups:
 - > Medical
 - > Nursing (2)
 - > Clinical Professions Allied to Healthcare
 - > Corporate and Support Services
- ▶ 5 Stakeholder Governors appointed by five of its key stakeholders.

3.2 Governors

Elections for two Patient Governors and five Public Governors were held in June 2017. Governors elected at these elections were appointed for a three-year term commencing on 1 July 2017. Candidates were asked to note that, if elected, their term of office may be brought to an end earlier than 30 June 2020, as part of new governance arrangements to be implemented as a result of the merger taking place during the term. In addition, a by-election was held for two Staff Governors for a one-year term.

During this year, the Governors have been:

3.2.1 Patient

- ▶ Mrs Linda Stuart
- ▶ Mr Paul Darby (up to 30/06/17)
- ▶ Mrs Aprella Fitch (up to 30/06/17)
- ▶ Dr Prakash Naik (from 01/07/17)

3.2.2 Public (by Area and Parliamentary Constituency)

Birmingham Area

- ▶ Northfield
- ▶ Mrs Edith Davies
- ▶ Mrs Sandra Haynes, MBE

Selly Oak

- ▶ Mr Alex Evans
- ▶ Dr John Delamere

Hall Green

- ▶ Mrs Bernadette Aucott
- ▶ Dr Elizabeth Hensel

Edgbaston

- ▶ Mr Paul Burgess MBE
- ▶ Mrs Bridget Mitchell (up to 30/06/17)
- ▶ Ms Elspeth Insch OBE (from 01/07/17)

Ladywood, Yardley, Perry Barr, Sutton Coldfield, Erdington & Hodge Hill

- ▶ Mrs Alka Handa (up to 30/06/17)
- ▶ Dr Aisha Sharif (from 01/07/17)

Rest of England Area

- ▶ Dr John Cadle

3.2.3 Staff

- ▶ Dr Tom Gallacher (Medical Class)
- ▶ Stephanie Owen (Clinical Professions Allied to Healthcare) (up to 26 July 2017)
- ▶ Sally Glover (Clinical Professions Allied to Healthcare) (from 26 March 2018)
- ▶ Yvonne Murphy (Nursing Class)
- ▶ Margaret Garbett (Nursing Class) (up to 8 January 2018)
- ▶ Kate Gee (Nursing Class) (from 26 March 2018)
- ▶ Patrick Moore (Corporate and Support Services)

3.2.4 Stakeholders

- ▶ Rabbi Margaret Jacobi, appointed by the Birmingham Faith Leaders' Group (up to 23 November 2017)
- ▶ Dr Iestyn Williams, appointed by the University of Birmingham
- ▶ Surgeon Vice Admiral Alasdair Walker, appointed by the Ministry of Defence (up to 1 October 2017)
- ▶ Surgeon General Martin Bricknell, appointed by the Ministry of Defence (from 1 October 2017)
- ▶ Cllr Valerie Seabright, appointed by Birmingham City Council (up to 5 January 2018)
- ▶ Cllr Jayne Francis, appointed by Birmingham City Council (from 20 February 2018)

3.3 Lead Governor

Mrs Sandra Haynes MBE has been appointed by the Council of Governors as Governor Vice-Chair and Lead Governor.

3.4 Meetings

The Council of Governors met regularly throughout the year, holding six meetings in total. The Chair (the Rt Hon Jacqui Smith) attended all meetings.

Name of Governor	No. of meetings attended
Mrs Bernadette Aucott	5 out of 6
Mr Paul Burgess	4 out of 6
Dr John Cadle	3 out of 6
Mr Paul Darby	0 out of 1
Mrs Edith Davies	All
Dr John Delamere	5 out of 6
Mr Alex Evans	5 out of 6
Mrs Aprella Fitch	1 out of 1
Mrs Alka Handa	1 out of 1
Mrs Sandra Haynes MBE	All
Dr Elizabeth Hensel	2 out of 6
Ms Elspeth Inch OBE	4 out of 5
Mrs Bridget Mitchell	1 out of 1
Dr Aisha Sharif	1 out of 5
Mrs Linda Stuart	5 out of 6

Stakeholder Governors

Cllr Valerie Seabright	1 out of 5
Cllr Jayne Francis	0 out of 1
Dr Iestyn Williams	4 out of 6
Surg Vice Admiral Alasdair Walker	1 out of 4
Surg General Martin Bricknell	1 out of 2
Rabbi Margaret Jacobi	2 out of 5

Staff Governors

Ms Yvonne Murphy	5 out of 6
Dr Tom Gallacher	0 out of 6
Mrs Margaret Garbett	3 out of 5
Mr Patrick Moore	5 out of 6
Mrs Stephanie Owen	0 out of 2

3.5 Steps the Board of Directors, in particular the Non-Executive Directors, have taken to understand the views of the Governors and members

- ▶ Attending, and participating in, Governor meetings and monthly Governor seminars
- ▶ Attending, and participating in, joint Council of Governor and Board of Director meetings to look forward and back on the achievements of the Trust
- ▶ Attendance and participation at the Trust's Annual General Meeting
- ▶ Governors and Non-Executive Directors are members of various working groups at the Trust e.g., Strategic Planning Group, Care Quality Group
- ▶ During the Reporting Period, one meeting, on 18 September 2017, has been held between the Non-Executive Directors and Governors, specifically to facilitate the Governors in holding the Non-Executive Directors, individually and collectively, to account for the performance of the Board

3.6 Governors' Register of Interests

The Trust's Constitution and Standing Orders of the Council of Governors requires the Trust to maintain a Register of Interests for Governors. Governors are required to declare interests that are relevant and material to the Board. These details are kept up-to-date by an annual review of the Register, during which any changes to interests declared during the preceding 12 months are incorporated. The Register is available to the public on request to the Director of Corporate Affairs, University Hospitals Birmingham NHS Foundation Trust, Trust Headquarters, Hospital Way, Edgbaston, Birmingham B15 2GW.

4 Board of Directors

4.1 Overview

During the reporting period, the Board of Directors comprised the Chair, seven Executive and seven Non-Executive Directors.

Harry Reilly has held the appointment of Deputy Chair since 1 July 2016. Catriona McMahon holds the appointment of Senior Independent Director. The Senior Independent Director is available to meet stakeholders on request and to ensure that the Board is aware of member concerns not resolved through existing mechanisms for member communications.

During the reporting period, the Board has been comprised as follows:

- ▶ Chair: Rt Hon Jacqui Smith
- ▶ Chief Executive: Dame Julie Moore
- ▶ Chief Financial Officer: Mike Sexton
- ▶ Executive Medical Director: Dr David Rosser
- ▶ Executive Director of Delivery: Tim Jones
- ▶ Executive Chief Nurse: Philip Norman (deceased 28/08/17)
- ▶ Executive Chief Nurse (Interim): Michele Owen (from 28/08/17)
- ▶ Executive Chief Operating Officer: Cherry West
- ▶ Executive Director of Strategic Operations: Kevin Bolger

Non-Executive Directors:

- ▶ David Hamlett (resigned 31 May 2017)
- ▶ Angela Maxwell
- ▶ David Waller
- ▶ Jane Garvey
- ▶ Harry Reilly
- ▶ Catriona McMahon
- ▶ Jason Wouhra

The Non-Executive Directors have all been appointed or re-appointed for terms of three years, with the exception of Angela Maxwell, David Hamlett and David Waller.

Name	Date of appointment/latest renewal	Term	Date of end of term
Rt Hon Jacqui Smith	1 December 2016	3 years	30 November 2019
Angela Maxwell	30 June 2017	1 year	30 June 2018 or one calendar month after merger
David Hamlett	1 October 2017	1 year	resigned 31 May 2017
David Waller	1 October 2017	1 year	30 September 2018 or one calendar month after merger

Name	Date of appointment/latest renewal	Term	Date of end of term
Jane Garvey	1 December 2016	3 years	30 November 2019
Harry Reilly	1 December 2016	3 years	30 November 2019
Catriona McMahon	1 June 2017	3 years	31 May 2020
Jason Wouhra	1 December 2017	3 years	30 November 2020

The Board of Directors considers Angela Maxwell, David Hamlett, David Waller, Jane Garvey, Harry Reilly, Catriona McMahon and Jason Wouhra to be independent. In coming to this determination, the Board of Directors has taken into account the following:

Jason Wouhra is the Regional Chairman of Institute of Directors West Midlands and Angela Maxwell is a Member of the Regional Committee of the Institute of Directors.

4.2 Board meetings

The Board met regularly throughout the year, holding 10 meetings in total. Attendance was as follows:

Directors	No. of meetings attended (out of 10, unless stated)
Rt Hon Jacqui Smith	All
Dame Julie Moore	All
Mike Sexton	9
Tim Jones	9
Dr David Rosser	All
Philip Norman	4 out of 4
Michele Owen	6 out of 6
Angela Maxwell	5
Kevin Bolger	All
David Hamlett	1 out of 2
David Waller	8
Jane Garvey	9
Harry Reilly	All
Cherry West	9
Catriona McMahon	9
Jason Wouhra	5

4.3 The Board of Directors composition

Rt Hon Jacqui Smith, Chair

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

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

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

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

Dame Julie Moore, Chief Executive

Julie is a graduate nurse who worked in clinical practice before moving into management. After a variety of clinical, management and director posts, she was appointed as Chief Executive of University Hospitals Birmingham (UHB) in 2006.

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

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

In October 2015 she was appointed interim Chief Executive of Heart of England NHS Foundation Trust (as well as remaining Chief Executive of UHB), to help lead it out of clinical and financial difficulties. In March 2017 she was asked to take over leadership of the Birmingham and Solihull Strategic Transformation Partnership – a partnership of health bodies and local authorities.

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

Executive Directors

Kevin Bolger, Executive Director of Strategic Operations and External Affairs

Kevin originally trained as a nurse and went on to work in many clinical areas over the next 18 years. His career then moved away from clinical responsibilities into management and operations in which he gained significant experience in all aspects of acute hospital services.

He moved to University Hospitals NHS Foundation Trust in 2000 as a Group Manager and then became Director of Operations 12 months later. In this role he successfully led a number of major change programmes and focussed on developing acute and emergency services. In 2006 he became Deputy Chief Operating Officer and Chief Operating Officer in September 2008.

He led, and was responsible for, the operational planning of the move to the new hospital in 2010 and redesigning the management structure pre- and post-move while maintaining existing operational performance throughout this time. In September 2012 he was appointed Executive Director of Strategic Operations and External Affairs leading regional service redesign, developing international opportunities and establishing a successful International Fellowship programme.

In 2013 he took the Executive lead role in supporting a number of Trusts put into special measures following the Keogh Review and was appointed improvement Director for George Eliot Hospital by the National Trust Development Agency. As well as maintaining his post at UHB in November 2015, Kevin was appointed as Interim Deputy Chief Executive (Improvement) at Heart of England NHS Foundation Trust following the appointment of UHB's Chair and Chief Executive there to lead the turnaround in its clinical performance and finances.

Tim Jones, Executive Director of Delivery

After graduating from University College Cardiff with a joint honours degree in History and Economics, Tim joined the District Management Training scheme at City and Hackney Health Authority based at St Bartholomew's Hospital in London.

Tim joined UHB in 1995 as an operational manager in General Medicine and Elderly Care. He continued to work in Operations until 2002, when he undertook the role of Head of Service Improvement and led the New Hospital Clinical Redesign Programme, before being appointed to the role of Chief Operating Officer in June 2006. In September 2008, he was appointed to the newly-created role of Executive Director of Delivery which incorporates board level responsibility for Strategy, Research, Education and Workforce. Tim also gained an MSc in Health Care Policy from the University of Birmingham.

Tim is also an executive Director of Birmingham Health Partners, Senior Responsible Owner for the West Midlands Genomic Medicine Centre, Industry Governor and Deputy Chair for Harborne Academy and an Industrial Professor at the University of Warwick.

Michele Owen, Executive Interim Chief Nurse

Michele has over 35 years of nursing experience. She completed training at Dudley Road Hospital and worked mainly in medicine, before leaving her position as Associate Director of Nursing for Surgery/Emergency Department to join the National Clinical Governance team when clinical governance was being introduced in the NHS. This gave Michele the opportunity to travel the length of the country supporting clinical teams to undertake service improvement projects to develop patient care and pathways.

After two years, Michele joined the team at UHB as Associate Director of Nursing for Division One, covering theatres, critical care, ambulatory care and some surgical specialties. Michele then spent ten years as Deputy Chief Nurse, leading the corporate team, before taking up the Interim Chief Nurse position in September 2017.

Dr David Rosser, Executive Medical Director

David qualified from University College of Medicine, Cardiff in 1987, worked in general medicine and anaesthesia in South Wales, moving to London in 1993 as a research fellow in critical care and subsequently Lecturer in Clinical Pharmacology in UCLH. He was appointed to a Consultant post in Critical Care at University Hospitals Birmingham in 1996.

In 1998 he was appointed as Specialty Lead for Critical Care; as Group Director responsible for Critical Care, Theatres, CSSD and Anaesthesia in 1999; and as Divisional Director responsible for 10 clinical services in 2002.

David was seconded two days per week to the NPfIT in 2004 and appointed as Senior Responsible Owner for e-prescribing in November 2005-April 2007.

In December 2006, David was appointed as Executive Medical Director of UHB, with responsibilities including Executive Lead for Information Technology. He has led the in-house development and implementation of advanced decision support systems into clinical practice across the organisation.

He took up the role of Deputy Chief Executive with responsibility for clinical quality at Heart of England NHS Foundation Trust (HEFT) in November 2015, in addition to the Medical Director role at UHB, and was appointed as Executive Medical Director of HEFT in March 2016, retaining the responsibilities of the MD at UHB and the Deputy CEO at HEFT.

Mike Sexton, Executive Chief Financial Officer

Mike, who became FD in December 2006, spent five years in the private sector working for the accountancy firm KPMG and had a spell in commissioning at the Regional Specialities Agency (RSA) before joining the Trust in 1995. Over the past 19 years, he has held numerous positions including Director of Operational Finance and Performance and Interim Director of Finance. Mike is also the executive lead for international affairs, commercial development, healthcare contracts, procurement, arts and charities.

Cherry West, Executive Chief Operating Officer

Cherry joined University Hospitals Birmingham as Chief Operating Officer in August 2014, and is the lead for delivery of patient services and operational performance through the Trust's Clinical Divisions. She trained in medical physics and started her NHS career 30 years ago as a Clinical Physiologist in London. Cherry also spent time in clinical research, and health services research and evaluation before moving into general management. She completed a Master's Degree at University College London, an MBA at Henley Management College, and Diploma in Health Planning and Management through Birkbeck College, University of London. Cherry has held senior leadership positions for the past 16 years, including 8 years as Chief Operating Officer. She has a successful record in managing complex health services and has spent the majority of her career in large acute trusts leading operational delivery, transformation and service redesign programmes. Cherry's aim is to deliver and maintain effective high quality services that provide the best possible patient care to our community.

Non-Executive Directors

Jane Garvey

Presenter of "Woman's Hour", Jane was brought up in Liverpool, moving to Birmingham in the early 1980s as a student to study English Literature. Her early experience of the NHS came through her mother, who was a receptionist at the Royal Liverpool Hospital and, after leaving University, Jane's first job was as a Medical Records Clerk at the same hospital.

Jane then returned to the West Midlands and embarked upon her career in broadcasting. In 1994, Jane moved into national radio and after thirteen years at Five Live she moved to Radio 4 to present Woman's Hour.

Jane, who has strong connections to the West Midlands, is keen to broaden her experience outside the "BBC bubble". She brings well-developed, high-level communications skills, developed over her very successful 30 year career in broadcasting. Jane's experience has given her valuable exposure to interacting with both high-profile figures and the public.

David Hamlett

David is a qualified solicitor who has worked at Linklaters & Paines (1978-1983) and then Wragge & Co LLP (1983-2016 (Partner 1988)). He has a strong track record as a Birmingham-based lawyer, with the added breadth of working with clients from around the world, and across the commercial and public sectors.

David works as a Consultant for Gowling WLG (UK) Ltd and Wragge & Co LLP. He has vast experience in health and care, life-science, as well as public and corporate law. Whilst he was a partner at Wragge's, his health practice work took him around the world, including Abu Dhabi and Bahrain where he advised on joint partnerships. In addition to his health expertise, David has a strong track record working in defence, another highly regulated and complex sector.

David resigned as a non-executive director of the Trust on 30 May 2017.

Angela Maxwell OBE

Angela achieved prominence as one of the region's most dynamic entrepreneurs after she powered Fracino, the UK's only manufacturer of espresso and cappuccino machines from a £400,000 turnover in 2005 into a £3.6million world-class leading brand when she sold her interests in 2008.

A former European adviser to the Department for International Trade, a finalist in Businesswoman of the Year 2005, Angela's latest enterprise is Acuwomen, the UK's first company to bring an all-women group of entrepreneurs under one roof. Angela is also an accredited business coach for the National Growth Accelerator programme and for DIT.

In 2010 Angela was awarded an honorary doctorate for business leadership from the University of Birmingham and was made an OBE for services to business. She recently co-launched Vibe Generation, specialists in intellectual property creation and product commercialisation. She is also Chair of the Birmingham Rep.

Harry Reilly

Harry, who trained as an accountant with Deloitte in the mid-1970s, joined British Leyland Plc in 1982. His career in the automotive sector took him via Leyland Trucks, DAF Holland, Rover Group and BMW.

During that time Harry has taken the opportunity to take on broader management positions and when he moved to the Rover Group and BMW he spent time in the Far East, Australia and South Africa, as well as some of the more developed markets in Europe and America.

In 1999 Harry was made Managing Director of Land Rover UK, immediately prior to its sale by BMW. He subsequently joined Brintons as Finance Director and later Managing Director, tasked with turning around and rebuilding the group. Since then Harry has taken on a variety of positions alongside his non-executive work. He supported a number of start-ups and since 2011 has been Chief Executive and now a NED of Quality Sterling Group based in Toronto. Harry continues as Honorary to Chair of the British American Business Council in the Midlands and is Chair of Economic Growth Solutions Limited, Ashwell Corporation Limited and Biotronics Limited.

Harry is passionate about Birmingham and the West Midlands and feels that the Trust is a real beacon of excellence, deserving of its strong regional and national reputation.

David Waller

David is Chairman of Pertemps Network Group Holdings Ltd, one of the UK's largest, recruitment, training and outsourcing companies. He holds a number of company appointments including the Chairmanship of Birmingham Chamber of Commerce Group, Chairman of Delami Investments Ltd and Non-Executive Director of Pertemps Network Group Ltd. He is also a Director of Country People Ltd and Delami Ltd. Up until January 2009, David was Senior Partner of PricewaterhouseCoopers' Birmingham Office and PwC Regional Chairman with responsibility for 2,500 professional staff.

Jason Wouhra

After graduating with a BA in Law with Business Studies from Staffordshire University, Jason joined the family business, East End Foods plc, in 1998 and manages its central Birmingham depot. He is currently Director and Company Secretary of the organisation, now one of the largest ethnic food businesses in the country with a turnover of around £180m. As Operations Director of the company's cash and carry arm, his remit includes HR, marketing, sales and CRM.

Jason is currently Chairman of the Institute of Directors for the West Midlands and represents the region's business leaders on a number of forums, including at a national level. He is also Chairman of the Library of Birmingham Advisory Board. Jason was previously Vice Chairman of the Black Country Local Enterprise Partnership. He is also an IoD-qualified chartered director.

He is a regional board member for the Prince's Trust in the West Midlands and works with another of the Prince's charities, Prime, which supports the over-50s. He sits on the boards of the universities of Aston, Birmingham and Wolverhampton. He works with Macmillan Cancer Care and Marie Curie and headed a Disasters Emergency Committee appeal that raised over £36k for the Philippines after the 2013 typhoon.

Dr Catriona McMahon

Catriona is a physician with over 16 years' experience in pharmaceutical medicine. Her NHS background is in anaesthetics and critical care medicine. She worked for AstraZeneca, a FTSE100 pharmaceutical company, as their Medical and Healthcare Affairs Director until December 2014. She has wide experience of working as a national level board member in both the UK and Canada.

Catriona is passionate about the NHS, patient access to medicines and excellence in patient care. She is currently the Lead Industry Member of the Scottish Medicines Consortium and an Executive Coach with an interest in working with healthcare professionals. Prior to leaving the Industry, she was the Chair of the Medical Expert Network and member of the Innovation Strategy Board and Reputation Strategy Group of the Association of British Pharmaceutical Industries, and was the co-chair (with the Department of Health) of the MISG Clinical Research Working Group.

4.4 Directors' Register of Interests

The Trust's Constitution and Standing Orders of the Board of Directors requires the Trust to maintain a Register of Interests for Directors. Directors are required to declare interests that are relevant and material to the Board. These details are kept up-to-date by an annual review of the Register, during which any changes to interests declared during the preceding 12 months are incorporated. The Register is available to the public on request to the Director of Corporate Affairs, University Hospitals Birmingham NHS Foundation Trust, Trust Headquarters, Hospital Way, Edgbaston, Birmingham B15 2GW.

5 Audit Committee

5.1 Overview

The Audit Committee is a committee of the Board of Directors whose principal purpose is to assist the Board in ensuring that it receives proper assurance as to the effective discharge of its full range of responsibilities. Its duties include providing an independent and objective review of the Trust's systems of internal control, including financial systems, financial information, governance arrangements, approach to risk management and compliance with legislation and other regulatory requirements, monitoring the integrity of the financial statements of the Trust and reviewing the probity of all Trust communications relating to these systems.

The Committee meets regularly and is chaired by David Waller. The Committee currently comprises four Non-Executive Directors of the Trust, with the external and internal auditors and other Executive Directors attending by invitation.

5.2 Membership of the Committee

The members of the Committee during 2017/18 were as follows:

- ▶ Mr David Waller
- ▶ Ms Jane Garvey
- ▶ Mr Harry Reilly
- ▶ Dr Jason Wouhra

The members of the Committee disclosed their interests, which included the following, in the Trust's Register of Interests:

- ▶ **Mr David Waller** - Director and part-owner, Pertemps Network Group Limited; Director, Delami Investments; Chairman - Birmingham Chamber of Commerce & Industry Ltd; Trustee - Millennium Point Trust Ltd; Patron - St Giles Hospice; Chairman – Birmingham Conservatoire of Music Development Group
- ▶ **Ms Jane Garvey** – nil declared
- ▶ **Mr Harry Reilly** – Director – Galtons and Associates Limited; Chairman – British American Business Council Midlands; Director - Juyi TacFast UK Limited; Chairman – Ashwell Corporation Limited; Chairman – Economic Growth Solutions Limited; Chairman – WMMBF Limited.
- ▶ **Dr Jason Wouhra** – Director & Company Secretary - East End Foods plc, Regional Chairman – Institute of Directors, Chair – Aston University Development Board, Board Member – Birmingham University Ethnicity and Diversity Alliance; and Chair – Child Poverty Commission.

The Committee's principal support officer throughout the year was the Director of Corporate Affairs. The Chief Financial Officer, Chief Operating Officer, Chief Nurse, Deputy Director of Corporate Affairs and Head of Clinical Risk and Compliance, together with representatives of both the External and Internal Auditors, attended the meetings of the Committee as a matter of course. Other directors and officers of the Trust attended meetings of the Committee as and when required.

5.3 Operation of the Committee

The Committee is required to meet at least four times a year. A total of six ordinary and extra-ordinary meetings took place during 2017/18 and were attended as follows:

Director	No. of meetings attended
David Waller	4
Jane Garvey	All
Harry Reilly	All
Jason Wouhra	1

The action plan following the annual self-assessment of 2016/17 was addressed and all recommendations were implemented during the reporting year. The annual self-assessment for 2017/18 is under way and its findings will be reported to the Council of Governors' meeting in July 2018.

The Committee has also maintained its practice of agreeing an annual cycle of business which is designed to facilitate forward planning and to assist the Committee in ensuring that all aspects of its terms of reference are being fulfilled.

The Audit Committee receives specific instructions from the Board of Directors as to the areas where additional assurance is required and has formally reported back to the Board of Directors on how it has discharged its duty. The Audit Committee has thus supported the Board of Directors in making its 'fair, balanced and understandable' statement. During 2017/18, the Audit Committee considered the following significant issues in relation to financial statements, operations and compliance:

Risks to the financial statements, including:

- ▶ Recognition of NHS revenue
- ▶ Capital programme and valuation
- ▶ Accruals and provisions
- ▶ Key Financial Controls, including:
 - > Treasury management
 - > Income and receivables
 - > Expenditure & payables
 - > PPE
 - > General ledger
 - > Budgetary Control
- ▶ The Trust's Board Assurance Framework (BAF) and risk management
- ▶ A review of 8 of the 45 IG Toolkit standards as published by the HSCIC
- ▶ A procurement review of the Trust's proposed strategy and compliance analysis with existing policies, processes and operation of controls.
- ▶ UHB Payroll and Payroll Bureau
- ▶ Data Quality and Assurance
- ▶ A pre-live review of the Trust's Oceano PAS system which tracks a patient's journey through the Trust
- ▶ Cyber security

During the reporting period, the Audit Committee submitted formal reports to the Board of Directors' meetings following each Audit Committee meeting.

5.4 Auditors

During 2017/18, the Trust's External Auditor has been Deloitte LLP.

The previous contract for the appointment of External Auditors was for a term of up to four years from 7 February 2014 subject to annual review by the Audit Committee and reappointment by the Council of Governors. The current contract runs from 7 February 18 until 31 March 2019. The Audit Committee carries out a review of the effectiveness of the External Auditor following the completion of each annual audit, assessing the External Auditor's performance against an agreed framework and seeking the views of officers of the Trust, and reports the outcome of that review to the Council of Governors, together with a recommendation as to whether the External Auditor should be re-appointed for the following year.

The annual cost of the Trust's 2017/18 external audit was £103,000, in addition, Deloitte LLP provided the following services during 2017/18:

Counter Fraud Service: £55,000

Statutory and audit-related work: £50,000
(including audit of subsidiaries and the annual quality report.)

5.5 Independence of External Auditors

To ensure that the independence of the External Auditors is not compromised where work outside the audit code has been purchased from the Trust's external auditors, the Trust has a Policy for the Approval of Additional Services by the Trust's External Auditors, which identifies three categories of work as applying to the professional services from external audit, being:

- a. Statutory and audit-related work - certain projects where work is clearly audit-related and the external auditors are best-placed to do the work (e.g. regulatory work, e.g. acting as agents to NHS Improvement, the Audit Commission, the Care Quality Commission, for specified assignments). Statutory and audit-related work assignments do not require further approval from the Audit Committee or the Council of Governors.
- b. Audit-related and advisory services - projects and engagements where the auditors may be best-placed to perform the work, due to:
 - > Their network within and knowledge of the business (e.g. taxation advice, due diligence and accounting advice) or
 - > Their previous experience or market leadership

Recognising that the level of non-audit fees may also be a threat to independence, a limit of £25,000 will be applied for each discrete piece of additional work, above which limit prior approval must be sought from the Council of Governors, following a recommendation by the Audit Committee. Neither approval of the Council

of Governors nor a recommendation from the Audit Committee will be required for discrete pieces of work within this category with a value of less than £10,000, subject to a cumulative limit of £25,000 per annum.

- c. Projects that are not permitted - projects that are not to be performed by the external auditors because they represent a real threat to the independence of the external auditor.

5.6 Auditors' reporting responsibilities

Deloitte LLP, the Trust's independent auditors, report to the Council of Governors through the Audit Committee. Deloitte LLP's accompanying report on our financial statements is based on its examination conducted in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006, the Code of Audit Practice and the Financial Reporting Manual issued by the independent regulator Monitor. Their work, performed under International Standards on Auditing (UK and Ireland), includes a review of our internal control structure for the purposes of designing their audit procedures.

6 Nominations Committees

6.1 Council of Governors' Remuneration & Nominations Committee for Non-Executive Directors

The Council of Governors' Remuneration & Nominations Committee for Non-Executive Directors is a committee of the Council of Governors responsible, amongst other things, for advising the Council of Governors and making recommendations on the appointment of Non-Executive Directors, including the Chair of the Trust. Its terms of reference, role and delegated authority have all been agreed by the full Council of Governors. The committee meets on an as-required basis.

The Remuneration & Nominations Committee for Non-Executive Directors comprises the Chair and five Governors of the Trust. The Chair chairs the committee, save when the post/remuneration of the Chair is the subject of business, in which case the committee is chaired by the Governor Vice-Chair.

During the reporting year the membership of the Committee was as follows:

Council of Governors' Remuneration and Nominations Committee

- ▶ Rt Hon Jacqui Smith (Chair)
- ▶ Mrs Sandra Haynes MBE (Governor Vice-Chair)
- ▶ Dr John Delamere
- ▶ Mrs Linda Stuart
- ▶ Dr Tom Gallacher
- ▶ Rabbi Dr Margaret Jacobi (up to 23 November 2017)

The Remuneration & Nominations Committee met twice during the year.

Members No. of meetings attended

Members	No. of meetings attended
Rt Hon Jacqui Smith	2
Dr Tom Gallacher	1
Dr John Delamere	1
Mrs Sandra Haynes MBE	1
Rabbi Dr Margaret Jacobi	1
Mrs Linda Stuart	1

6.2 Nominations Sub-Committee

When there is a vacant post in the Trust's Executive team, the Executive Appointments and Remuneration Committee (EARC) appoints a Nominations Sub-Committee to deal with this appointment. A Nominations Sub-Committee was appointed to oversee the recruitment of the Executive Chief Nurse, consisting of the Chair, the Chief Executive, Harry Reilly and Jane Garvey. The Sub-Committee did not actually meet in the reporting year, as the recruitment process was still on-going.

7 Membership

7.1 Overview

The Trust has three membership constituencies as follows:

- ▶ Public constituency (including the Rest of England constituency)
- ▶ Patient constituency
- ▶ Staff constituency

Public Constituency

The public constituencies correspond to the Parliamentary constituencies of Birmingham and a further constituency – the Rest of England constituency – which allows individuals who live outside the Public constituency, but are not Patient or Staff members, to become members of the Public constituency. Public members are drawn from those individuals who are aged 16 or over and:

- ▶ Who live in the area of the Trust; and
- ▶ Who are not eligible to become members of the staff constituency

Patient Constituency

Patient members are individuals who are:

- ▶ Patients or Carers who are aged 16 or over; and
- ▶ Not eligible to become members of the staff constituency and are not members of any other constituency

N.B. A patient who lives in a public constituency area of the Trust will normally be registered as a member of the Public Constituency but this does not affect his/her ability to be a patient member by making an application for that membership.

Staff Constituency

The Staff Constituency is divided into four classes:

- ▶ Medical Staff;
- ▶ Nursing Staff;
- ▶ Clinical Professions Allied to Healthcare Staff; and
- ▶ Corporate and Support Services Staff

7.2 Membership Overview by Constituency

Constituency	Total at 01/04/17	Total at 31/03/18	%
Public	11,336	10,988	45
Patient	3,752	3,557	15
Staff	9,847	9,608	40
Total Membership	24,935	24,153	100

Membership size and movements

Public constituency	Last year (2017/18)	Next year (estimated) (2018/19)
At year start (April 1)	11,336	N/A as developing a single membership post-merger of UHB and HEFT
New members	220	N/A
Members leaving	568	N/A
At year end (March 31)	10,988	N/A
Staff constituency	Last year (2017/18)	Next year (estimated) (2018/19)
At year start (April 1)	9,847	N/A
New members	1,477	N/A
Members leaving	1,716	N/A
At year end (March 31)	9,608	N/A
Patient constituency	Last year (2017/18)	Next year (estimated) (2018/19)
At year start (April 1)	3,752	(N/A - See revised constitution)
New members	0	
Members leaving	195	
At year end (March 31)	3,557	

Analysis of current membership

Public constituency	Number of members	Eligible membership
Age (years)		
0–16	1	273,666
17–21	22	90,802
22+	9,064	766,771
Ethnicity		
White	6,461	621,636
Mixed	106	47,605
Asian or Asian British	1,327	285,640
Black or Black British	378	96,360
Other	6	21,804
Socio-economic groupings*		
AB	2,812	57,125
C1	3,134	93,445
C2	2,303	58,385
DE	2,725	109,009
Gender analysis		
Male	4,839	560,369
Female	6,095	570,867

Patient constituency	Number of members	Eligible membership
Age (years)		
0–16	0	
17–21	0	
22+	3,049	

The analysis section of this report excludes:

- 1901 public members with no dates of birth, 2710 members with no stated ethnicity and 54 members with no gender
- 508 patient members with no dates of birth

General exclusions

* Socio-economic data should be completed using profiling techniques (eg: postcode) or other recognised methods. To the extent socio-economic data is not already collected from members, it is not anticipated that NHS foundation trusts will make a direct approach to members to collect this information.

7.3 Membership Strategy

7.3.1 Membership Development 2017/18

During 2017/18, the overall membership remained consistent, with a decrease from 24,935 to 24,153. The main decrease was seen in the Public constituency, with a loss of 338 members.

The Trust's membership is largely representative of the populations it serves. The Trust has members from a broad range of backgrounds and the Trust publicises their contributions both internally and externally.

Although under-16s appear to be under-represented, this is due to under-16s being ineligible for both membership and treatment at UHB.

Black and Asian patient members are under-represented by approximately 5%. However, around one quarter of patient members have chosen not to provide ethnicity information, therefore it is unclear as to whether those

patients are of non-white backgrounds. This is replicated in the public constituency where Black and Asian public members are under-represented by around 3% and 12% respectively. Again, around 1 in 4 (25%) public members chose not to declare their ethnicity.

In order to increase BAME membership, activities to attract further members from BAME communities have included:

- ▶ Targeted social media content
- ▶ Community-based recruitment via governors
- ▶ Further promotion of BAME member contributions to the Trust

7.3.2 Membership Objectives

The Membership Engagement and Recruitment Strategy, approved by the Board of Directors, is to replace the annual churn and maintain existing membership numbers to no less than 23,500. Emphasis is placed on the retention of existing members and further engagement achieved through:

- ▶ The membership publication 'Trust in the Future' and monthly e-bulletins
- ▶ Community-based activities such as drop-in sessions at GP surgeries, presentations to community groups and involvement in constituency events
- ▶ The inclusion of members on appropriate patient groups
- ▶ Raising the profile and role of Foundation Members and Governors within the Trust via social media and the Trust website
- ▶ Working with QEHB Charity to increase membership opportunities amongst fundraisers

In December 2017, UHB held its annual Membership Week campaign to attract new members. This year the campaign was supported by social media activity highlighting the work of members and raising awareness of their roles within the Trust.

7.3.3 Forward Plan/Objectives 2018/19

Following the merger of University Hospitals Birmingham and Heart of England NHS foundation trusts on 1 April 2018, the membership strategy will be reviewed and aligned to promoting a representative membership for the new combined organisation.

7.3.4 Governors' Development 2017/18

Meetings of the Governors' Development Group are held approximately 2-3 times a year. This group is made up of Governors from across all the constituencies and is overseen by the Director of Corporate Affairs. The content of seminars is agreed across the year. Last year's topics covered the following:

- ▶ Community Engagement
- ▶ Patient Engagement/Conducting Ward Visits/Difficult Situations
- ▶ Council of Governors' Joint Working Arrangements
- ▶ Sustainability and Transformation Plan
- ▶ Good Governance

For 2018/19 topics are set to include:

- ▶ Primary Care
- ▶ CCG – what changes are going to take place
- ▶ Pharmacy and Robotics
- ▶ Patient Experience – the well-looked after patient
- ▶ Artificial Intelligence in terms of treatment

Governors are able to attend update/training courses as part of the GovernWell programme run by the NHS Providers (formerly FTN). The themes covered each year are:

- ▶ Effective Questioning & Challenging
- ▶ Core Skills
- ▶ NHS Finance & Business Skills
- ▶ The Governor role in Non Exec Appointments

7.3.5 Member communication with governors and/or directors

There are several ways for members to communicate with governors and/or directors. The principal ones are as follows:

- ▶ Face-to-face interaction at monthly Members' Seminars. Governors attend these meetings and use them as a 'surgery' for members
- ▶ Telephone, written or electronic communications co-ordinated through the Membership Office which then steers members to the appropriate Governor/Director
- ▶ Governors' Drop-in Sessions. These sessions are held monthly at the Queen Elizabeth Hospital Birmingham. A mix of staff, patient and public governors 'set up camp' and talk to, advise, and take comments from staff, patients and visitors. These are then fed back to the Executive Directors for comment/action
- ▶ The Annual General Meeting
- ▶ Website. Each Governor has their profile and details of the constituency they serve, published on the Trust website including email address
- ▶ 'Trust in the Future' magazine – highlights work of Governors and opportunities to be involved in projects/patient experience groups and promotes how members can contact the Membership Office or meet governors via regular drop-in sessions and health talks
- ▶ Governors attend community presentations held in their constituency in relation to the hospital/patients issues
- ▶ Health Talks. Governors attend health talks which are held on a monthly basis for members and wider community. Evening sessions are also held to provide greater access
- ▶ news@QEHB – Trust newspaper distributed through the hospital sites
- ▶ Social media tools – Twitter, Facebook, Instagram and YouTube
- ▶ Membership Week – activities held over 5 days aimed at promoting membership; Recruitment stands in the hospital atrium

7.3.6 Contacting the Membership Office

The Membership Office triages queries from members to the most appropriate governor and or Director for action.

Contact: members@uhb.nhs.uk; 0121 371 4323; Membership Office, Third Floor, Nuffield House, University Hospitals Birmingham, Mindelsohn Way, Edgbaston, B15 2TH

8 Staff report

8.1 Breakdown of the number of male and female staff at the end of 2017/18

	Female	Male
All Staff	6,852	2,680
Executive Directors	3	4
Directors	1	3
Total Staff	6,855	2,687

*Definition of Executive: Statutory Directors

**Definition of Directors: A person who (a) has responsibility for planning, directing or controlling the activities of the Trust, or a strategically significant part of the Trust, and (b) is an employee of the Trust.

8.2 Staffing Profile

The largest staff group at UHB is employed in Nursing, with the next highest groups of staff in Additional Clinical Services, Estates and Ancillary and Administrative and Clerical roles. The fewest number of staff are employed as Additional Professional Scientific and Technical and Healthcare Scientists. The highest numbers of permanent staff are in Nursing, Administration and Clerical, and Additional Clinical Services roles. Fixed-term working largely supports Medical and Dental and Administrative and Clerical roles, whilst bank working is underpinning workforce needs mostly in Nursing, Additional Clinical Services and Estates and Ancillary.

Staff Group	Permanent	Fixed term temp	Bank*
Add Prof Scientific and Technic	350	17	27
Additional Clinical Services	1,517	68	1,080
Administrative and Clerical	1,613	309	186
Allied Health Professionals	512	13	5
Estates and Ancillary	857	18	230
Healthcare Scientists	384	27	1
Medical and Dental	532	679	0
Nursing and Midwifery Registered	2,653	50	308
Total	8,418	1,181	1,837
	9,599		

* Please note that the Bank numbers include those individuals available to deliver work through UHB's Bank who have been active within the past two years. It does not include staff who hold both a substantive and a bank contract.

8.3 Exit packages

Compulsory redundancies		
	Number	Cost (£000)
Termination benefit by band – year ended 31 March 2018		
<£10,000	3	18,949
£10,000 - £25,000	2	29,361
£25,000 - £50,000	1	25,938
£50,000 - £100,000	-	-
Totals	6	74,248

8.4 NHS Staff Survey

8.4.1 Commentary

UHB remains committed to engaging its workforce and recognises the contribution staff make to the care of its patients. It strives to find ways to work with staff to improve their working lives, and feedback is crucial to understanding their needs and views. The Trust works in partnership with its trade unions to engage with staff; the strength of this partnership is reflective of the value demonstrated by the Trust in its responsiveness to this feedback. The Trust works in partnership with the trade unions in responding to the staff survey results. There is a Trust Partnership Team which offers a platform for trade union interface with senior management including Executive Directors, and serves as a barometer for the climate of staff feelings in general terms and on specific subject areas.

The staff survey is an annual event, but there are also many other mechanisms in place throughout the year by which the Trust actively seeks the views and opinions of staff. These include hosting targeted focus groups, direct e-surveying on specific questions and Divisional Consultative meetings.

The Trust's engagement with staff is more than simply listening to their views. UHB is committed to keeping staff up-to-date with news and developments through an internal communications programme:

- ▶ Team Brief – staff receive the Chief Executive's core brief every two months
- ▶ news@UHB – the Trust's monthly staff newspaper is available throughout the Trust
- ▶ intranet@QEHB – this is constantly updated
- ▶ In the Loop – staff receive weekly email updates on Trust news and developments
- ▶ There is a programme of corporate and local induction and orientation for new starters to improve long-term retention of staff
- ▶ There are monthly staff meetings with the Chief Executive and Executive Directors which are open to all staff, with encouragement to attend by management. These meetings allow staff to be updated on key projects and/or matters of interest around the Trust. Staff can ask any questions that they may have

8.4.2 Summary of Performance

Each year UHB's results are compared against other similar acute NHS trusts. The results therefore show a comparison of the national average rate achieved across UK acute trusts with the results achieved by UHB, as well as a comparison of the 2017 response rate against the previous year's outcomes.

The 2017 results demonstrate significant strengths for the Trust, with our performance particularly strong benchmarked against other acute trusts and when compared with the Trust's own performance in previous years. It is especially heartening to see that staff satisfaction with the quality of work and patient care they are able to deliver and in recommendation of the organisation as a place to work or receive treatment is amongst the best 20% of acute trusts.

Of the 32 areas surveyed in 2017, the Trust had four findings in the highest 20% of acute trusts, 15 above average findings, nine average findings, four findings below the national average, and zero finding in the bottom 20%. Our performance is also strongest against our nearest neighbouring trusts within the West Midlands.

8.4.3 NHS Staff Survey Response Rate

2016/17		2017/18		Trust improvement/ deterioration
UHB	UHB	Acute trust avg		
41%	44%	44%		Increase 3%

The staff survey results are presented in the form of key findings. This year there were 32 key findings.

2017/18 Top 5 Ranking Scores

	2016/17		2017/18		Trust improvement/ deterioration
	UHB	UHB	Acute trust avg		
KF2. Staff satisfaction with the quality of work and patient care they are able to deliver (higher the score the better)	4.08	4.02 (on a 1–5 scale)	3.91 (on a 1–5 scale)		0.6 decrease
KF14. Staff satisfaction with resourcing and support (higher the score the better)	3.48	3.44 (on a 1–5 scale)	3.31 (on a 1–5 scale)		0.4 decrease
KF28. Percentage of staff witnessing potentially harmful errors, near misses or incidents in the last month (lower the score the better)	26%	27%	31%		1% decrease
KF31 Staff confidence and security in reporting unsafe clinical practice (the higher the score the better)	3.71	3.71	3.65		No change
KF1. Staff recommendation of the organisation as a place to work or receive treatment (higher the score the better)	3.97	3.98	3.75		0.1 increase

2017/18 Bottom 5 Ranking Scores

	2016/17		2017/18		Trust improvement/ deterioration
	UHB	UHB	Acute trust avg		
KF4. Staff motivation at work (higher the score the better)	3.95	3.91	3.92		.04% deterioration
KF20. Percentage of staff experiencing discrimination at work in last 12 months (lower the score the better)	13%	14%	12%		1% deterioration
KF16. Percentage of staff working extra hours (lower the score the better)	71%	73%	72%		2% deterioration
KF18. Percentage of staff attending work in the last 3 months despite feeling unwell because they felt pressure from their manager, colleagues or themselves (lower the score the better)	52%	53%	52%		1% deterioration
KF23. Percentage of staff experiencing physical violence from staff in the last 12 months (the lower the score the better)	2%	2%	2%		No change

8.4.4 Areas of concern and action plans

The priorities are as follows:

- ▶ Target areas/staff groups where response rates have been lower
- ▶ Divisional Action Plans to target their specific problem areas
- ▶ Staff group action plans to be developed to target specific issues

The action plan will be monitored every six months at Trust meetings of the Chief Operating Officer's Group.

8.4.5 Future priorities and targets

This year the Trust-wide action plan will focus on building on our strengths to maintain our strong performance, as well as targeting improvements in the following areas:

- ▶ Further development of a wellbeing strategy including a communications plan to raise awareness amongst staff and managers of the current and planned approach
- ▶ Reduction in staff experiencing discrimination
- ▶ Increase in staff reporting incidents of violence

8.5 Sickness Absence

In 2017/2018, the Trust recorded an annual average sickness absence, across all clinical and corporate divisions, of approximately 4.7% (4.74%), a 0.52% increase on the previous year.

Trust management continues to work in partnership with Staff Side to explore opportunities to reduce this to 3.6%. Long term sickness continues to be the main cause of absence from work, and continues to be consistent at an average of 2.5% each month. The total number of days lost due to sickness for the year is 134,915.

For the year-to-date the top five reasons for both long term and short term absence are:

Absence Reason

1. Anxiety/stress/depression/other psychiatric illnesses
2. Cold, Cough, Flu - Influenza
3. Other musculoskeletal problems
4. Gastrointestinal problems
5. Injury, fracture

Staff groups with absence consistently above average include Health Care Assistants and Facilities staff, and focus groups have taken place with cohorts from these groups to understand the contributing factors. Anonymised feedback from the focus groups has been reported to the relevant managers with action plans developed and being implemented.

New sickness cases being referred into the Human Resources First Contact Team averaged 102 per month during 2017/8 and dismissals on the grounds of ill-health averaged three per month. A review of the current Sickness Absence Policy and Procedure has taken place and the proposed changes include an increased focus on the health and well-being of staff and prevention of issues which typically result in absence; this revised procedure will be consulted on in the first quarter of 2018/19.

Regular 'Confirm and Challenge' meetings are in place in Divisions B and D in which the top five long term cases (by number of days) and short term sickness cases (by number of episodes) are reviewed and progressed as appropriate. This has helped to resolve some complex long term cases. The programme is being refreshed for Division C and extended to Divisions A and Corporate (Facilities). In addition, sickness surgeries for Matrons and Band 7s have also been established in Division D to ensure that all sickness cases are being managed appropriately, regularly reviewed and that the procedure is being applied fairly; this is being piloted and will be refined and rolled out to other divisions upon 3-month review.

A programme of sickness absence management training was re-launched in January 2018 after being updated to make it more interactive and experiential, to better equip managers with the practical skills and knowledge to effectively manage attendance and absence. Feedback to date has been very positive and we anticipate some early impact from this. In addition to the annual programme of training, bespoke sickness absence management training is targeted at identified hot-spots; recent groups receiving the training include Ward Managers and Facilities Team Leaders, and this follows on from action planning in response to focus group feedback. This training, tailored to the specific needs of departments and teams, will continue to be provided for targeted improvements. More generally, the link between good people management and good attendance is recognised in our review of departmental performance and more general people management and leadership training has been refreshed and delivered which we expect to embed work environments in which all staff can thrive.

UHB continues to actively promote health and wellbeing amongst its staff with a marketing campaign in which c3000 *Health and Wellbeing for Staff* leaflets have been distributed and posters placed in the majority of wards and departments. The intranet pages which signpost staff to over 20 topic areas for advice and guidance, including bereavement, exercise and weight loss, via the staff portal *me@qehb*, have been recently updated. National awareness days such as *World Mental Health* (October) and *Time to Talk* (February) have also been widely promoted with a series of activities to support awareness of key issues.

All staff members are able to self-refer to a number of activities and services and these include:

- ▶ Staff Support
- ▶ Staff Well Clinic
- ▶ Staff Physiotherapy
- ▶ Occupational Health
- ▶ Mindfulness
- ▶ Chaplaincy Support

The Staff Well Clinic has expanded and offers a complete health assessment for individuals with options to either refer back to the General Practitioner or refer within the Trust to the appropriate practitioner. In conjunction with the onsite leisure centre The Morris Club, a 'passport' (worth up to £25) can be provided which allows the holder to use the gym, swimming pool

or take classes (including Pilates and Yoga) at no cost to themselves. To date 60 people have taken advantage of this.

An initiative encouraging individuals and teams to promote healthy lifestyle choices and exercise activities was launched in 2017 by using an app-based challenge nudging improvements in eating, sleeping and exercise. It is intended to further develop app-based challenges in the future.

8.6 Reporting high paid off-payroll arrangements

There were no high paid off-pay roll arrangements in 2017/18.

8.7 Expenditure on consultancy

The expenditure on consultancy is £1,372,000 for the year. See note 7 in the accounts.

8.8 Analysis of staff costs

	Year ended 31 March 2018			Year ended 31 March 2017		
	Permanently		Other	Permanently		Other
	Total	Employed		Total	Employed	
	£000	£000	£000	£000	£000	£000
Short-term employee benefits – salaries and wages	341,879	308,755	33,124	321,951	311,171	10,780
Short-term employee benefits – social security costs	32,387	32,387	—	30,109	30,109	—
Post-employment benefits – employer contributions to NHS pension scheme	37,714	37,714	—	35,228	35,228	—
Pension cost – other contributions	32	32	—	27	27	—
Apprentice Levy	1,633	1,633	—	—	—	—
Termination benefits	87	87	—	129	129	—
Temporary staff – external bank	—	—	—	583	—	583
Temporary staff – agency/contract staff	11,869	—	11,869	17,077	—	17,077
Pay costs capitalised as part of assets	(1,688)	(1,688)	—	—	—	—
	423,913	378,920	44,993	405,104	376,664	28,440

Employee costs include those of staff and directors, but exclude non executive director costs.

8.9 Health and Safety

Incidents reported last year (2017/18) include: 320 Inoculation injuries; 147 Slips, trips and falls and; 79 Musculoskeletal.

Monitoring of inoculation incidents is performed by Directors of Operations, senior nursing staff and the Health and Safety Team who report to committee via quarterly divisional health and safety reports which include: details of inoculation incidents; action taken to prevent recurrence and; reports sent to the Health And Safety Executive (HSE).

A programme of inspections was undertaken in relation to health and safety issues and 64 inspections of clinical and non-clinical areas were completed by the Health And Safety Team. A further 42 health and safety inspections were performed by Directors/ Senior Managers. The programme of unannounced inspections includes: safer sharps; slips, trips and falls; medical gases; temperature/thermal comfort; noise and; electrical safety etc. as well as general walkaround inspections.

Flu vaccination was again widely accessible with over 100 peer vaccinators delivering the vaccine to staff in their own clinical areas, reducing disruption to services. This year's campaign saw the Trust hit the 70% vaccination target during the final week of January.

8.10 Countering fraud and corruption

The Trust has a duty, under the Health and Safety at Work Act 1974 and the Human Rights Act 2000, to provide a safe and secure environment for staff, patients and visitors.

As part of this responsibility, regular reviews into security around the Trust are conducted along with pro-active crime reduction initiatives to reduce the opportunities for crime to occur. Examples are a virtually stolen scheme, where stickers are placed on items left lying around which could be stolen, also included within this programme is a virtual intruder operation when a person not known to staff wearing casual clothes will try to obtain access to secure areas, encouraging staff to be more challenging to visitors. There is also a targeted check of all cycles and their security locks to ensure that quality locks are in use. If any are found to be of poor quality the owners are offered quality locks at subsidised rates from the Trust. These are overseen by the NHS accredited Local Security Management Specialist, a post that is required under Secretary of State directions. The Trust encourages a pro-security culture amongst its staff. The Trust actively investigates all reported criminal incidents and has a close working relationship with local police officers. All security equipment i.e. CCTV and Access Control are covered under comprehensive maintenance contracts to ensure any faulty equipment is repaired within a short timescale.

The Trust policy is to apply best practice regarding fraud and corruption and the Trust fully complies with the requirements made under the Secretary of State directions. The local counter-fraud service is provided by Deloitte LLP, who have undertaken a diverse range of counter-fraud work during the year. Key anti-fraud controls were monitored through continuous control testing and industry leading developments related to cyber security were addressed. A workforce that is alert to the risk of fraud continues to be our greatest defence against fraudsters and awareness of this risk has continued to gain pace through a combination of face to face presentations, site visits, newsletters and intranet updates designed to reach the maximum numbers and types of our staff.

9 NHS Improvement's Single Oversight Framework

9.1 Explanation of the foundation trust's risk ratings

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

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

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

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

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

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

Segmentation

For the whole period since the Single Oversight Framework was introduced on 1 October 2016, the Trust has been in Segment 2. Consequently no enforcement action has been taken against the Trust over that period. This segmentation information is the Trust's position as at 31/03/2018. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website at <https://improvement.nhs.uk/resources/single-oversight-framework-segmentation/>

Finance and use of resources

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

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

10 Remuneration report

10.1 Annual Statement on Remuneration

During the year ended 31 March 2018, in addition to focussing on delivering high-quality healthcare to patients in the face of increasing demand, both in terms of numbers and complexity, as well as limited resources, the Trust continued to support a regulatory intervention at the neighbouring Heart of England NHS Foundation Trust (HEFT). This has included the development of and subsequent regulatory approval of a business case for the merger, by acquisition, of the two trusts. This work has involved the Trust's Chief Executive, Dame Julie Moore, holding the position of Interim Chief Executive of HEFT and the Trust's Chair, the Rt Hon Jacqui Smith, as Interim Chair of HEFT. Other senior managers and staff of the Trust have been engaged to support the intervention, develop the business case and support the transaction. However, neither the Chief Executive nor any other senior managers have received any additional remuneration in connection with this intervention.^[1]

The Committee remains focused on ensuring that the Trust has a strong, effective and motivated Board and Executive Team, whilst recognising that remuneration must reflect the public service ethos and be aligned with that of the staff of the Trust. In particular, it continues to focus on ensuring that the Executive Team has the capacity and capability to deal with the increasingly challenging issues of meeting greater demand for healthcare with limited resources, whilst supporting other NHS trusts and contributing to the health service in general.

Accordingly, the Committee recognises that, in order to ensure optimum performance, it is necessary to have a competitive pay and benefits structure. The objective of the Trust's policy for remuneration of senior managers^[2] is to attract and retain suitably skilled and qualified individuals of high calibre, providing sufficient resources, strength and maintaining stability throughout the senior management team. Remuneration for such officers will be set and maintained at levels that remain competitive but affordable. The Committee considers that this is particularly so at present, when the demand for competent and effective senior leaders in the NHS is high, but the pool of suitable candidates is diminishing.

Remuneration levels of senior managers of the Trust will also reflect that the posts undertaken by some of the Executive Directors and senior managers at the Trust differ from those elsewhere in NHS organisations in combining several roles or in undertaking work not undertaken in other trusts.

The Committee has reviewed the remuneration policy and the responsibilities and remuneration of the senior managers of the Trust (not including the Non-Executive Directors). The policy itself was considered appropriate, subject to the inclusion of a reference to equal pay. At the beginning of the reporting period, the Committee approved a 1% pay increase for senior managers with effect from 1 April 2017. No other changes have been made to the remuneration of senior managers.

Each Director has annual objectives which are agreed by the Chief Executive. Reviews on performance are quarterly. The Chair agrees the objectives of the CEO and associated performance measures. The Trust does not use performance-related pay mechanisms.

Non-Executive Directors' fees are reviewed regularly with advice taken from independent consultants where appropriate.

Overall, the Committee considers the remuneration policy and its application to be balanced and fair, fulfilling the aims of ensuring that the Trust retains the services of its senior managers, all of whom will have received tempting offers from other organisations, and is able to recruit when necessary.



May 23 2018
Rt Hon Jacqui Smith
Chair of the Executive Appointments and Remuneration Committee

1. The Chair is remunerated separately by HEFT for her work as Chair of that Trust.
2. I.e. 'those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS foundation trust'. The Chief Executive has confirmed that, in addition to the Chair, the Executive and Non-Executive Directors, this covers the Director of Partnerships, the Director of Communications, the Director of Corporate Affairs and the Director of Strategic Planning.

10.2 Senior Managers' Remuneration Policy

10.2.1 Future policy table – Senior Managers (other than Non-Executive Directors)

The key goal of remuneration policy remains to recruit and retain competent and effective Senior Managers. This requires that the pay and benefits structure is competitive within the sector. The table below provides detail on each element of directors' remuneration packages for 2017/18:

Purpose and link to strategy	Operation (and changes if appropriate)	Maximum that could be paid in respect of that component																						
Salary																								
Retains and motivates, takes account of complexity and scale of director's duties, and cognisance of market levels in the appropriate sector.	Salary levels are set with reference to responsibilities and the need to retain and recruit. With regard to the latter, a comparison against similar roles in an appropriate comparator group is used (the comparator group comprises Shelford Group trusts and local trusts).	<table border="1"> <thead> <tr> <th>Senior manager</th> <th>£000</th> </tr> </thead> <tbody> <tr> <td>Julie Moore</td> <td>253</td> </tr> <tr> <td>Mike Sexton</td> <td>167</td> </tr> <tr> <td>Dave Rosser</td> <td>218</td> </tr> <tr> <td>Tim Jones</td> <td>152</td> </tr> <tr> <td>Kevin Bolger</td> <td>152</td> </tr> <tr> <td>Philip Norman</td> <td>152</td> </tr> <tr> <td>Cherry West</td> <td>152</td> </tr> <tr> <td>Andrew McKirgan</td> <td>125</td> </tr> <tr> <td>Fiona Alexander</td> <td>125</td> </tr> <tr> <td>David Burbridge</td> <td>126</td> </tr> </tbody> </table>	Senior manager	£000	Julie Moore	253	Mike Sexton	167	Dave Rosser	218	Tim Jones	152	Kevin Bolger	152	Philip Norman	152	Cherry West	152	Andrew McKirgan	125	Fiona Alexander	125	David Burbridge	126
		Senior manager	£000																					
		Julie Moore	253																					
		Mike Sexton	167																					
		Dave Rosser	218																					
		Tim Jones	152																					
		Kevin Bolger	152																					
		Philip Norman	152																					
		Cherry West	152																					
		Andrew McKirgan	125																					
		Fiona Alexander	125																					
		David Burbridge	126																					
Salaries will be reviewed during the year ending 31 March 2019. Any increases will take into account salary increases awarded to the wider workforce as well as other factors.																								
Pension																								
Provides post-retirement remuneration and ensures that the total package is competitive.	Senior managers are eligible to become members of the NHS Pension Scheme. The benefits provided to Senior Managers through the NHS Pension Schemes are the same as for all other Trust employees.	Dame Julie Moore withdrew from pensionable service on 31/03/2013 and Mike Sexton withdrew on 31/08/2014. No pensionable service in any NHS Pension Scheme has been accrued by these directors since these dates. They receive a cash supplement of 10.5% of base salary in lieu of pension accrual.																						
	Where Senior Managers cease to accrue pensionable service in an NHS Pension Scheme due to reaching the lifetime allowance, they are entitled to a cash supplement equal to 10.5% of base salary.																							
	This policy remains unchanged from 2013/14.																							

10.2.2 Future policy table – Senior Managers (Non-Executive Directors)

The table below provides detail on each element of non-executive directors' (including the Chair) remuneration for 2017/18:

Purpose and link to strategy	Operation (and changes if appropriate)	Maximum that could be paid in respect of that component	
Non-Executive Director fees			
Attracts, retains and motivates non-executive directors with the required knowledge, experience and ability.	Non-executive directors are paid a fee each year. Some non-executive directors with additional responsibilities may receive an additional fee, although none do at present.	Chair	£53,045
		Non-Executive Director	£13,975
		Fees will be reviewed during the year ending 31 March 2019. Any increases will take into account salary increases awarded to the wider workforce as well as other factors.	

Notes

There are no benefits in kind, performance related pay, nor severance payments (2016/17 - £nil) paid to any executive or non-executive. There are no payments to any past senior managers that relate to the function of the Board of Directors (2016/17 - £nil).

The Trust's governors and directors incur non-taxable expenses in association with activities that they undertake that support the objectives of the Trust. Information about expenses is set out below.

No new components of the remuneration package have been introduced.

Changes made to existing components of the remuneration package are set out above.

The Trust's general policy on remuneration is closely aligned to the Agenda for Change, NHS doctors' pay scales and national pay negotiations. The Trust does not operate any performance pay schemes or provide benefits in kind for any of its employees. Inflationary pay increases, if any, for senior managers will generally reflect the increases provided to other employees as a result of national negotiations. Thus the only differences between the Trust's policy on senior managers' remuneration and its general policy on employees' remuneration is that senior managers do not receive any form of automatic incremental increases such as are included within Agenda for Change.

As shown in the table on page 59, a number of the Trust's Senior Managers are paid more than £142,500. The Trust has, through the Executive Appointments and Remuneration Committee, satisfied itself that this remuneration is reasonable for the reasons set out in the annual statement on remuneration above and taking into account that competition for suitably qualified and able individuals to serve as Senior Managers will come not only from within the NHS sector, but from other organisations, both public and private sector and in the UK and abroad.

10.2.3 Service contracts obligations

There are no obligations on the Trust contained or proposed to be contained in any senior managers' service contracts which could give rise to, or impact on, remuneration payments or payments for loss of office but which are not disclosed elsewhere in this remuneration report.

10.2.4 Policy on payment for loss of office

Senior managers (other than Non-Executive Directors) are on substantive contracts with a notice period of six months. Non-Executive Directors are engaged on fixed term contracts of three years. The contracts do not stipulate that there is any entitlement to compensation for loss of office.

There were neither termination payments nor compensation for loss of office made to senior managers during 2017/18.

10.2.5 Statement of consideration of employment conditions elsewhere in the foundation trust

When determining Executive Directors' and senior managers' pay and conditions, the Committee has had regard to the pay and conditions of other staff on Agenda for Change and professional pay scales.

The Trust has not consulted with employees when preparing the senior managers' remuneration policy, but, if material changes are to be considered in future, will do so.

When reviewing Executive Team remuneration comparative data was obtained from Shelford Group trusts and other local trusts. These were used to set remuneration levels which would enable the Trust to recruit and retain key staff, whilst not being excessive. (Salary levels remain below average for Shelford Group trusts).

10.3 Pensions

All the Executive Directors are members of the NHS Pensions Scheme, with the exception of Dame Julie Moore and Mike Sexton. Under this scheme, members are entitled to a pension based on their service and final pensionable salary subject to HM Revenue and Customs' limits. The scheme also provides life assurance cover

of twice the annual salary. The normal pension age for directors is 60. None of the Non-Executive Directors are members of the schemes. Details of the benefits for Executive Directors are given in the tables provided on page 61.

10.4 Annual Report on Remuneration

10.4.1 Service Contracts

Senior Managers (other than Non-Executive Directors) are on substantive contracts with a notice period of six months.

Name of Senior Manager	Date of Service Contract	Unexpired term	Details of Notice Period
Dame Julie Moore	04/03/2002	N/A	Six months
Mike Sexton	26/10/2006	N/A	Six months
Dave Rosser	01/12/2006	N/A	Six months
Tim Jones	13/06/2007	N/A	Six months
Kevin Bolger	15/06/2009	N/A	Six months
Philip Norman	28/10/2013	N/A	Six months
Cherry West	01/09/2014	N/A	Six months
Fiona Alexander	01/02/2006	N/A	Six months
David Burbridge	07/05/2007	N/A	Six months
Andrew McKirgan	01/09/2014	N/A	Six months
Lawrence Tallon	02/10/2017	N/A	Six months

10.4.2 Executive Appointments and Remuneration Committee

The Executive Appointments and Remuneration Committee is a sub-committee of the Board of Directors responsible for reviewing and advising the Board of Directors on the composition of the Board of Directors and appointing and setting the remuneration of Executive Directors. Its terms of reference, role and delegated authority have all been agreed by the full Board of Directors. The committee meets on an 'as-required' basis.

The Executive Appointments and Remuneration Committee's terms of reference empower it to constitute a sub-committee to act as a Nominations Committee to undertake the recruitment and selection process, including the preparation of a description of the role and capabilities required and appropriate remuneration packages, for the appointment of the Executive Director posts on the Board of Directors.

The Executive Appointments and Remuneration Committee comprises the Chair, all other Non-Executive Directors and, for appointments of Executive Directors other than the Chief Executive, the Chief Executive. The Chair of the Committee is the Chair of the Trust.

The Executive Appointments and Remuneration Committee met on three occasions during the year. Attendance was as follows:

Directors	No. of meetings attended
Rt Hon Jacqui Smith	All
Dame Julie Moore	All
Angela Maxwell	1
David Hamlett	0 of 1
David Waller	All
Jane Garvey	All
Harry Reilly	All
Catriona McMahon	All
Jason Wouhra	2

The Committee approved a 1% pay increase for senior managers with effect from 1 April 2017, in line with that awarded to Agenda for Change staff and doctors, following the recommendations of the NHS national review bodies.

The Committee has not received advice or services from any person that materially assisted the Committee in their consideration of any matter relating to remuneration during the reporting period.

10.4.3 Council of Governors' Remuneration and Nominations Committee for Non-Executive Directors

Non-Executive Directors' remuneration consists of fees which are set by the Council of Governors. The Council of Governors has established a committee, the Council of Governors' Remuneration and Nominations Committee for Non-Executive Directors. The role of the Committee is, among other things, to advise the Council of Governors as to the levels of remuneration for the Non-Executive Directors. (The Chair does not attend when the committee considers matters relating to her own remuneration.)

Details of membership and attendance of the Governors' Remuneration and Nominations Committee for Non-Executive Directors are set out on page 57.

During the reporting period, the Governors' Remuneration and Nominations Committee for Non-Executive Directors has not made any recommendations regarding the pay of the Chair and the Non-Executive Directors.

10.4.4 Disclosures required by Health and Social Care Act

Information on the Trust's policy on pay and on the work of the Executive Appointments and Remuneration Committee are set out above at Sections 10.2 and 10.4.2 respectively.

Information on the remuneration of the directors is set out at Sections 10.2 and 10.4.5.

Expenses

In addition, the Trust's governors and directors incur non-taxable expenses in association with activities that they undertake that support the objectives of the Trust, a summary of which is set out in the table below:

Year ended 31 March 2018			
	Number in office	Number receiving expenses	Total £00
Directors	18	4	27
Governors	22	6	6

Year ended 31 March 2017			
	Number in office	Number receiving expenses	Total £00
Directors	19	4	233
Governors	22	1	Less than 100

10.4.5 Salary and Pension Entitlements of Senior Managers

The following is subject to audit: senior manager remuneration table, senior manager pension benefit table and the ratio of the highest paid director compared to the staff pay median. The remainder of the remuneration report is not subject to audit.

A. Remuneration

Salary entitlements of senior managers – 2017/18

Name and title	Year ended 31 March 2018					
	Salary	Expense payments (taxable)	Performance pay and bonuses	Long term performance pay and bonuses	All pension-related benefits	Total
	(bands of £5000)	Total to nearest £100	(bands of £5000)	(bands of £5000)	(bands of £2500)	(bands of £5000)
	£000	£00	£000	£000	£000	£000
Senior managers						
Julie Moore Chief Executive	255-260					255-260
Philip Norman Executive Chief Nurse	60-65					60-65
Michele Owen Executive Chief Nurse (with effect from Sept 1 2017)	70-75				55.0–57.5	125-130
Dr David Rosser Executive Medical Director	105-110				77.5-80.0	185-190
Tim Jones Executive Director of Delivery	150–155				72.5-75.0	225–230
Mike Sexton Executive Chief Financial Officer	165–170					165–170
Kevin Bolger Executive Director of Strategic Operations	160–165				30.0-32.5	190-195
Cherry West Executive Chief Operating Officer	150–155				55.0–57.5	205–210
Fiona Alexander Director of Communications	125–130				62.5-65.0	190-195
David Burbidge Director of Corporate Affairs	125–130				42.5–45	170-175
Lawrence Tallon Director of Corporate Strategy, Planning and Performance (commenced office Oct 2 2017)	60-65				32.5-35.0	95-100
Andrew McKirgan Director of Partnerships	125-130				55.0-57.5	180-185
Non-executive directors						
Jacqui Smith – Chair	50–55					50–55
David Hamlett (left office May 31 2017)	0-5					0-5
Angela Maxwell	10–15					10–15
David Waller	10–15					10–15
Jane Garvey	10–15					10–15
Harry Reilly	10–15					10–15
Jason Wouhra	10–15					10–15
Dr Catriona McMahon	10–15					10–15

Salary entitlements of senior managers – 2016/17

Name and title	Year ended 31 March 2017					
	Salary	Expense payments (taxable)	Performance pay and bonuses	Long term performance pay and bonuses	All pension-related benefits	Total
	(bands of £5000)	Total to nearest £100	(bands of £5000)	(bands of £5000)	(bands of £2500)	(bands of £5000)
	£000	£00	£000	£000	£000	£000

Senior managers

Julie Moore Chief Executive	250–255					250–255
Philip Norman Executive Chief Nurse	150–155				55–57.5	205–210
Dr David Rosser Executive Medical Director	215–220				67.5–70	285–290
Tim Jones Executive Director of Delivery	150–155				117.5–120	265–270
Mike Sexton Executive Chief Financial Officer	165–170					165–170
Kevin Bolger Executive Director of Strategic Operations	150–155				57.5–60	205–210
Cherry West Executive Chief Operating Officer	150–155				55–57.5	205–210
Fiona Alexander Director of Communications	120–125				90–92.5	215–220
David Burbidge Director of Corporate Affairs	125–130				42.5–45	165–170
Andrew McKirgan Director of Partnerships	120–125				107.5–110	230–235
Rachel Cashman Project Director (left office 10 July 2016)	35–40					35–40

Non-executive directors

Jacqui Smith – Chair	50–55					50–55
David Hamlett	10–15					10–15
Angela Maxwell	10–15					10–15
David Waller	10–15					10–15
Prof Michael Sheppard	0–5					0–5
Jane Garvey	10–15					10–15
Harry Reilly	10–15					10–15
Jason Wouhra	10–15					10–15
Dr Catriona McMahon	10–15					10–15

The full cost of the directors' remuneration disclosed for 2017/18 is partially off-set by revenue from Heart of England NHS Foundation Trust, due to the management services provided by UHB as part of the interim support arrangements between the two trusts, prior to the acquisition on 1 April 2018.

The other pension related benefits disclosed arise from membership of the NHS Pensions defined benefit

scheme. They are not remuneration paid, but the increase in pension benefit net of inflation for the current year and applying the HMRC methodology multiplier of 20. Further details of the Board's pension benefits are disclosed in the Pension Benefits table below.

The Executive Medical Officer – Dr David Rosser receives remuneration in both his capacities of board director

and medical consultant, the combined total is disclosed in the tables above. The banding disclosure of the latter clinical role equates to 110-115 (2016/17: 110-115).

Lawrence Tallon joined the board on 2 October 2017. Michelle Owen joined the board as interim Executive Chief Nurse on 1 September 2017 following the death of Philip Norman.

The non-executive team is unchanged in year, save for the departure of David Hamlett, who resigned with effect from 31 May 2017.

There are no benefits in kind, performance related pay, nor severance payments (2016/17 - £nil) paid to any executive or non-executive. There are no payments to any past senior managers that relate to the function of the Board of Directors (2016/17 - £nil).

Reporting bodies are required to disclose the relationship between the remuneration of the highest-

paid director in their organisation and the median remuneration of the organisation's workforce.

	Year Ended 31 March 2018	Year Ended 31 March 2017
Band of Highest Paid Director's Total Remuneration (£'000)	255-260	250-255
Median Total Remuneration	28,687	28,462
Ratio	8.9	8.9

Total remuneration includes salary, performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions, the cash equivalent transfer value of pensions nor any other accrued pension benefits not yet taken.

B. Pension Benefits

Name and title	Real increase in pension at age 60	Real increase in pension related lump sum at age 60	Total accrued pension at age 60 at 31 March 2018	Total accrued pension related lump sum at age 60 at 31 March 2018	Cash Equivalent Transfer Value at 31 March 2018	Cash Equivalent Transfer Value at 31 March 2017	Real Increase in Cash Equivalent Transfer Value	Employers Contribution to Stakeholder pension
	(bands of £2500) £000	(bands of £2500) £000	(bands of £5000) £000	(bands of £5000) £000	£000	£000	£000	To nearest £100
Tim Jones, Executive Director of Delivery	3.0-3.5	0-2.5	50-55	135-140	981	884	88	N/A
Michelle Owen, Interim Executive Chief Nurse	1.0-1.5	2.5-5.0	55-60	165-170	1,102	1001	53	N/A
Kevin Bolger, Executive Director Strategic Operations	0.5-1.0	0-2.5	65-70	200-205	1,575	1,474	86	N/A
Dr David Rosser, Executive Medical Director	2.5-3.0	2.5-5.0	75-80	225-230	1,516	1,379	123	N/A
David Burbridge, Director of Corporate Affairs	1.5-2.0	2.5-5.0	30-35	90-95	650	580	65	N/A
Fiona Alexander, Director of Communications	2.5-3.0	0-2.5	20-25	40-45	343	293	47	N/A
Cherry West, Chief Operating Officer	1.5-2.0	5-7.5	55-60	170-175	1,233	1,120	102	N/A
Andrew McKirgan, Director of Partnerships	2.0-2.5	0-2.5	40-45	110-115	744	676	61	N/A
Lawrence Tallon, Director Corporate Planning	0.5-1.0	-	0-5	-	38	24	7	N/A

As Non-Executive members do not receive pensionable remuneration, there are no entries in respect of pensions for Non-Executive members. Details above are provided by the NHS Pensions Agency.



Dame Julie Moore, Chief Executive
Date: 23 May 2018

11 Statement of the chief executive's responsibilities as the accounting officer of University Hospitals Birmingham 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 NHS Improvement.

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require University Hospitals Birmingham NHS foundation trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of University Hospitals Birmingham 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 Department of Health and Social Care's Group Accounting Manual and in particular to:

- ▶ observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- ▶ make judgements and estimates on a reasonable basis
- ▶ state whether applicable accounting standards as set out in the *NHS Foundation Trust Annual Reporting Manual* (and the *Department of Health and Social Care Group Accounting Manual*) have been followed, and disclose and explain any material departures in the financial statements
- ▶ ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance 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 the *NHS Foundation Trust Accounting Officer Memorandum*.



Dame Julie Moore,
Chief Executive
23 May 2018

12 Annual Governance Statement

1 Scope of responsibility

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

2 The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of the 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 the Trust for the year ended 31 March 2018 and up to the date of approval of the annual report and accounts.

3 Capacity to handle risk

Overall responsibility for the management of risk within the Trust rests with the Board of Directors. Reporting mechanisms are in place to ensure that the Board of Directors receives timely, accurate and relevant information regarding the management of risks.

The Annual Plan sets out the Trust's strategic aims for the year ahead. Each Executive Director has responsibility for identifying any risks that could compromise the Trust from achieving these strategic aims. These strategic risks inform the Board Assurance Framework (BAF) which maps out the key controls to manage the strategic aims and provide the Board of Directors with sufficient assurance about the effectiveness of the controls and any gaps. Further detail is provided in the Procedure of the Assessment of Risks and Risk Registers.

The Audit Committee monitors and oversees both internal control issues and the process for risk management. Both the Internal Auditors and External Auditors attend the Audit Committee meetings.

Both the Board of Directors and the Committee for Clinical Quality (CCQ) receive reports that relate to clinical risks.

Nominated Managers (as defined in the Health & Safety Policy) attend the 'Managing Risks' course that covers the principles of risk assessment and the management of Risk Registers. The Trust's guidance document, available to all staff via the Trust's intranet ('Procedure for the Assessment of Risks and Management of Risk Registers') sets out the processes for managing risk at all levels within the Trust. Risk Management is included, as appropriate, in Trust and Divisional Development programmes. It is incorporated into the Corporate, Consultant and Junior Doctor Induction programmes. Risk Management training is provided for nursing band 5 and 6 development programmes. Ad-hoc training is also provided for divisional education development.

Learning from incidents, RCA and good practice is discussed at the Clinical Quality Monitoring Group and the Chief Executive's RCA Meeting that reports to the Board of Directors. Learning is fed back to the Divisions via the Divisional Clinical Quality Group Framework.

4 The risk and control framework

The Board of Directors is responsible for the strategic direction of the Trust in relation to Risk Management. It is supported by the Audit Committee which provides assurance to the Board of Directors on risk management as identified in the Internal Audit Programme. In addition, the Trust Executive and Non-Executive Directors carry out unannounced Board of Directors Governance visits. These are reported to the Clinical Quality Committee by the Executive Medical Director. The Trust's Risk Management Strategy and Policy defines risk management structures, accountability and responsibilities and the level of acceptable risk for the Trust. The Board Assurance Framework (BAF) identifies key risks to the Trust's corporate aims and objectives and is reviewed on a quarterly basis by Executive Directors and the Board of Directors.

An internal review has been undertaken of the Trust's current quality governance arrangements against the 2017 NHSI Well-Led Framework. It is planned that a full external review of the enlarged Trust against the well-led framework will be undertaken in the next financial year.

The Board approved the outcome of the review, which identified that the Trust Board of Directors ensures inclusive and effective leadership and this was confirmed in 2015 by the CQC who declared the Trust to be outstandingly well-led. The Board has the experience, capacity, capability and integrity to ensure that Trust Clinical Quality Strategy can be delivered, and that risks to performance are addressed.

The whole Board is accountable for the quality of care in the Trust and the responsibility is shared between the members. The quality of care is regularly reviewed at Care Quality Group meetings which are well attended by Board members. Quality data is also produced and presented on a monthly basis through a series of meeting, culminating in the Clinical Quality Management Group that is chaired by the Medical Director, where clinical practice and outcomes are reviewed. The main issues and challenges faced by the Trust are detailed in the Board Assurance Framework (BAF) which is regularly reviewed, challenged and acted upon by the Board. Significant risks are escalated to the BAF through a very well-developed risk management process.

The Trust has robust documentation which details the internal structures, processes and systems of accountability within the organisation. There is also a strong set of policies and procedures which embody the values and vision of the organisation, and this in addition to the appraisal process, is designed to ensure that staff behaviour is consistent with the values. Furthermore, the Trust has a strong culture of integrity and probity whereby incidents are subject to scrutiny and learning. The Trust empowers staff to report incidents and drive improvements, and has a dedicated team in the Risk & Compliance Unit to manage this.

CQC

Compliance with the Care Quality Commission (CQC) Fundamental Standards of Quality and Safety, and other national requirements, is a natural by-product of the effective operations of the Trust's groups and committees which report to the Board of Directors through Executive Directors. The process and groups and committees that provide direct reports to the Board are detailed in the Trust's 'Procedure for Monitoring Compliance Against the Care Quality Commission Essential Standards of Quality and Safety'.

Based on the discussions at the Clinical Quality Monitoring Group the Executive Medical Director provides a regular exception report to the Board of Directors. In April the Medical Director submits a draft Quality Report/Account to the Board and a Final Quality Report/Account is provided in May.

The Executive Chief Nurse (CN) provides a quarterly Patient Care Quality Report, which includes information regarding Infection Prevention and Control. The CN is also responsible for the annual report regarding the National Inpatient Survey and the annual Safeguarding Adults and Children report.

The Executive Director Strategic Operations (and External Affairs) provides a six-monthly Emergency Preparedness Update Report to the Board.

The Board of Directors receives an Audit Committee Activity Report from the chair of the Audit Committee following each Audit Committee meeting and a quarterly report on the Board Assurance Framework, from the Director of Corporate Affairs.

The Executive Director of Delivery/Director of Corporate Strategy, Planning & Performance provide a quarterly Performance Indicators report to the Board of Directors. The Clinical Quality Committee also receives a Performance Indicators report each time it meets which includes a more detailed analysis of a specific area of quality performance. . The Executive Director of Delivery provided an Annual Plan Progress Update to the Board of Directors in October 2017 and January 2018 and to the Council of Governors in November 2017 February 2018.

Risk identification, evaluation and control

Risks are identified via a variety of mechanisms, which are briefly described below.

All areas within the Trust report incidents and near misses in line with the Trust's Incident Reporting Policy. Incident trends are reported through the Divisional Clinical Quality Group meetings and to the Clinical Quality Monitoring Group (CQMG).

Risk Assessments, including Health and Safety and Infection Control Audits are undertaken throughout the Trust. Identified risks at all levels are evaluated using a common methodology based on the risk matrix contained in the Risk Management Standard AS/NZ 43360:1999.

Other methods of identifying risks are:

- ▶ Complaints and Care Quality Commission reports and recommendations
- ▶ Inquest findings and recommendations from HM Coroners
- ▶ Health and Safety risk assessments
- ▶ Medico-legal claims and litigation
- ▶ Ad hoc risk issues brought to either the Speciality Meetings/departmental meetings, Divisional Clinical Quality Group meetings, Health, Safety and Environment Committee, Clinical Quality Monitoring Group, Care Quality Group or Safeguarding Group
- ▶ Incident reports and trend analysis
- ▶ Internally generated reports from the Health Informatics Team
- ▶ Reviews by external regulators
- ▶ Internal and external audit reports

Identified risks are added to the ward/departmental/speciality Risk Registers and reviewed on a quarterly basis to ensure that action plans are being carried out and that risks are being added or deleted, as appropriate. This process is audited on a quarterly basis and reported to the Board of Directors in the Compliance and Assurance Report. Any non-compliance is addressed with the appropriate Divisional Management Team and where required, Executive Directors escalate high level risks (both clinical and corporate) identified by the Divisional and Corporate Management Teams to the Board of Directors through the Board Assurance Framework (BAF) process.

The process of reporting of risks is monitored and overseen by the Audit Committee. Internal Audit undertake an annual review of the Board Assurance Framework which informs the Head of Internal Audit Opinion.

Strategic Risks

The Board Assurance Framework (BAF) contains the organisation's major risks that may be impacted on the achievement of the Trust's overarching strategic aims for 2017/2018. These are linked to the Annual Plan and the Care Quality Commission's Fundamental Standards. This process ensures that the Board is informed about the most serious risks faced by the Trust.

All the risks on the BAF have mitigation plans in place which are reviewed and updated every quarter by the Director responsible and subsequently reviewed by the Board of Directors. Timeframes for completion of the proposed actions are also provided to ensure actions to mitigate the risk are implemented in a timely manner. The key risks on the BAF include the following:

- ▶ Significant deterioration in the Trust's underlying financial position resulting in a deficit being reported in excess of planned levels. Any material financial deterioration against the Trust's financial plan is likely to result in a reduced 'Use of Resources' score which forms part of the 'Single Oversight Framework'
- ▶ Risk of failure to deliver operational performance targets including Sustainability and Transformation Fund trajectory due to capacity issues
- ▶ External factors impacting on the Trust's capacity and timely/effective transfer of care from UHB to other providers
- ▶ Inability to recruit adequate numbers of sufficiently skilled, trained and competent staff including senior management (particularly academic consultants, doctors and nurses). This may be further compounded by the UK's exit from the EU
- ▶ In addition to the above (Recruitment), the UK's exit from the EU may have an adverse impact on the following areas:
 - (1) Research Funding
 - (2) Contracts for equipment/consumables/services
 - (3) Finance Performance
- ▶ Potential breach of terms of NHSI's Provider Licence/ non-compliance with external regulatory requirements due to activity growth, capacity constraints and the receipt of late referrals.
- ▶ Risks to the transaction post-implementation plan, including but not limited to the following:
 - Inconsistency of approaches across the previously two separate organisations may lead to inconsistent reporting, making comparison between different parts of the joint organisation difficult
 - Potential reputational and financial damage due to a potential public inquiry into clinical malpractice of one former HEFT Consultant
 - Failure to receive the combined STF payment of £38.3m per year for first 2 years would severely affect the financial viability of the merged Trust preventing the funding of required improvements
 - The physical estate/equipment at HGS sites is insufficient to facilitate the safe and effective delivery of clinical services

The overall financial risk will be managed and mitigated through ongoing performance management and reporting along with effective engagement with commissioners. Oversight will continue to be provided by the Board of Directors and relevant committees.

The Trust continues to be involved in strategic discussions with a range of organisations regarding the long term funding of complex specialist patient activity where costs are not fully covered by national tariffs.

Whilst discussions are ongoing about long term NHS provider sustainability and transformation, the Trusts existing cash balances mean the Trust can reasonably expect to continue meeting its working capital requirements during the next 12 months and beyond.

Current capacity pressures are resulting in risk to the delivery of services to tertiary patients, who need, for example, transplantation or complex cancer surgery, where the Trust is often the only realistic provider available, and who are waiting longer for their treatment due to the lack of ward beds. The shortage of capacity is directly related to the volume of routine secondary care work, structural and policy changes and other external factors. The inability to recruit sufficient numbers of sufficiently skilled, trained and competent staff due to insufficient supply.

The Compliance Framework provides oversight of the responsibilities of the Trust's various Committees/Groups and the effectiveness of the Trust's overall governance structure. The Groups/Committees are linked to the CQC standards and evidence of assurance is analysed quarterly for completeness and quality purposes. Where the Trust is exposed to new compliance standards or recommendations (e.g. Francis recommendations), these are cross-referenced to standards already logged on the framework and any gaps in assurance highlighted. This ensures the collection of timely, accurate and relevant assurance data on any compliance risks. Any anomalies, gaps in assurance or concerns about the quality of available assurance are reported on an exception basis to the relevant Executive Director and the DCA Governance Group meetings. The meetings are chaired by the Director of Corporate Affairs who decides whether further escalation to the Audit Committee or Board of Directors is required.

Risk management

Risk Management is well embedded throughout the organisation. The 'Procedure for the Assessment of Risks and Management of Risk Registers' details how risks are escalated from a local/departmental level to Speciality/ Divisional/Executive and finally Board level. The Board of Directors establishes which risk tolerance is deemed to be acceptable to the Trust.

The culture of the organisation aids the confident use of the incident reporting procedures throughout the Trust. The introduction of online reporting has enabled a tighter management of incident reporting and has enabled more efficient and rapid reporting with the development of specific report forms for categories of incidents.

The Trust requires all clinical and non-clinical incidents, including near misses, to be formally reported. Members of staff involved or witnessing such an incident are responsible for ensuring that the incident is reported in compliance with this policy and associated procedural documents.

When an incident occurs and there is a remaining risk, all practical and reasonable steps are taken to prevent re-occurrence. The line manager is responsible for the provision of primary support for staff involved in the incident and this is made available immediately. Any incidents which are considered to be 'severe' (as defined by the National Patient Safety Agency (NPSA) definition) are escalated by the Clinical Risk and Compliance Unit to the Clinical and Professional Review of Incidents Group, chaired by the Medical Director to decide whether the incident should be treated as a Serious Incident (SI).

All SIs must be investigated using the Root Cause Analysis (RCA) methodology. All SIs are reported and managed in accordance with the national framework.

All new and revised policies undergo an equality impact assessment as part of the approval process.

There are elements of risk management where public stakeholders are closely involved. Members of the public are encouraged to participate through the regular 'Clean your hands' campaign led by the Patient and Carer Councils supported by the Trust. There are patient representatives involved in the PLACE (Patient Led Assessment of the Care Environment) environmental visits. Aspects of risk, including infection control, are discussed at all Patient and Carer Council meetings. The Council of Governors is represented on the Care Quality Group and receives regular reports on care quality, including infection control.

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

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

The Trust has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on the UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

5 Review of Economy, Efficiency and Effective Use of Resources

The Trust's draft Financial Plan for 2017/18 was approved by the Board of Directors in April 2017 and submitted to NHSI in April 2017. The Trust was set a "control total" or financial target by NHS Improvement to deliver a surplus of £13.0m for 2018/19. To achieve this surplus, an efficiency target was set to deliver £18.0m of savings in 2017/18 through a wide range of cost improvement programmes. Progress against delivery of financial targets and cost improvement savings is monitored throughout the year and reported each month to the Board of Directors or equivalent meeting. The Trust has achieved its financial plan, although in line with most providers of NHS acute treatments, the Trust has faced significant operational pressures during the year.

Trusts are encouraged to review all current expenditure in an effort to deliver savings. Some initiatives continue year on year, such as ongoing tendering and procurement rationalisation and review of all requests to recruit to both new and existing posts via the Workforce Approval Committee (WAF). Other projects require specific working groups to deliver, for example, the Trust has been very successful in reducing agency staff expenditure over recent years. Additional challenge and monitoring was introduced in Financial Improvement Groups (led by the Chief Operating Officer) and at workforce groups (led by the Director of Delivery and the Director of HR).

The objectives set out in the Trust's Internal Audit Plan include ensuring the economical, effective and efficient use of resources and this consideration is applied across all of the work-streams carried out. The findings of internal audit are reported to the Board through the Audit Committee. The effectiveness of the Board Sub-Committees, notably the Audit Committee and Executive Appointment and Remuneration Committee, are discussed in more detail in the Governance section of the Annual Report.

Efficiency savings are realised in year through initiatives, such as ongoing tendering and procurement rationalisation and review of all requests to recruit to both new and existing posts via the Workforce Approval Committee (WAF).

During 2017/18 the Board of Directors have continued to receive a quarterly report on Key Performance Indicators. This includes trend data on a number of measures of efficiency and use of resources such as the sickness absence, bank usage, external agency usage, vacancy rates, delayed transfers of care and letter turnaround times. Reporting is by exception and focusses on the key areas of risk to achievement of targets, particularly in relation to NHSI's Single Oversight Framework (SOF). In 2017/18 the Trust achieved all the targets included in the Framework with the exception of cancer 62 day GP referral, and A&E 4 hour wait (since June 2015). All national targets were met save for cancelled operations not re-arranged within 28 days and 60 minute ambulance handover. Data is also used via dashboards at a local level to measure efficiency. The performance reports contain progress against CQUIN delivery, some of which contain efficiency measures.

The objectives set out in the Trust's Internal Audit Plan include ensuring the economical, effective and efficient use of resources and this consideration is applied across all of the work-streams carried out. The findings of internal audit are reported to the Board through the Audit Committee.

The effectiveness of the Board Sub-Committees, notably the Audit Committee and Executive Appointment and Remuneration Committee, are discussed in more detail in the Governance section of the Annual Report.

6 Information Governance

Risks to information are managed and controlled in accordance with the Trust's Information Governance Policy and the Incident Reporting Policy and reviewed during the Information Governance Group (IGG) meetings, chaired by the Director of Corporate Affairs, who has been appointed as the Senior Information Risk Officer. The Executive Medical Director, as Caldicott Guardian, is responsible for the protection of patient information. All information governance issues, including information security issues are integrated through the Information Governance Group, which is supported by the Information Security Advisory Groups (ISAG). The Board of Directors receives a report regarding its systems of control for information governance. These include satisfactory completion of its annual self-assessment against the Information Governance Toolkit, mapping of data flows, monitoring of access to data and reviews of incidents. The Audit Committee receives an Internal Audit report on the Information Governance Toolkit assessment which resulted in 'significant assurance with minor improvement opportunities' for 2017/18.

The Trust completed the Information Governance Toolkit assessment for 2017/18 and achieved a score of 71%, achieving Level 2 or above for all the requirements, which is satisfactory.

One serious incident was reported to the Information Commissioner's Office (ICO) in the period between 2017/2018 via the Information Governance Incident Reporting Tool. This was a level 2 incident which involved the theft of Trust removable media (laptops and cameras) containing personal identifiable information (images and demographics). As a result, the Trust invoked the serious incident investigation procedure and the outcome was presented to the Chief Executive via the Deputy Director of Delivery, Research and Development and the ICO. No further action has been taken by the ICO.

7 Quality Account

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

The content of the Trust's Quality Report for 2017/18 builds on the 2016/17 report and was agreed by the Board of Directors. The Quality Improvement Priorities for 2017/18 were selected with input from the Council of Governors, Clinical Quality Monitoring Group, Care Quality Group and the Chief Operating Officer's Group.

The Trust uses the same systems and processes to collect, validate, analyse and report on data for the annual Quality Reports as it does for other clinical quality and performance information. Information is subject to regular review and challenge at specialty, divisional and Board level by the Clinical Quality Monitoring Group, Care Quality Group and Board of Directors, for example.

As in previous years, the Trust has produced quarterly update reports, showing performance for the quality improvement priorities and other key indicators during 2017/18. These are also routinely shared with the Trust's main Clinical Commissioning Group and made available to patients and the public on the Trust's external website.

Data included in the 2017/18 Quality Report has been checked by all teams involved and then signed off by the responsible Executive Director before being approved by the Trust Board of Directors. Data will also be subject to additional sign off by responsible Directors prior to publication. In line with the Trust's commitment to transparency, the data included is not just limited to good performance.

8 Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors, clinical audit and the executive managers and clinical leads within the 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, Internal Audit, the Foundation Secretary and External Audit. The system of internal control is regularly reviewed and plans to address any identified weaknesses and ensure continuous improvement of the system are put in place.

The processes applied in maintaining and reviewing the effectiveness of the system of control include:

- ▶ the maintenance of a view of the overall position with regard to internal control by the Board of Directors through its routine reporting processes and review of the Board Assurance
- ▶ The receipt of Internal and External Audit reports on the trust's internal control processes by the Audit Committee
- ▶ personal input into the controls and risk management processes from all Executive Directors and Senior Managers and individual clinicians

The Board's review of the Trust's risk and internal control framework is supported by the Annual Head of Internal Audit opinion. The opinion is based upon and limited to their work performed on the overall adequacy and effectiveness of the Trust's risk management, control and governance processes.

KPMG's Head of Internal Audit Opinion is derived from the reviews of the key financial controls (treasury management; income and debtors; expenditure and creditors, fixed assets and general ledger), Payroll and the BAF and Risk Management. Its Opinion for 2015/16 states that "significant with minor improvements assurance can be given on the overall adequacy and effectiveness of the Trust's framework of governance, risk management and control".

In 2017/18, the Trust's external auditor reviewed the effectiveness of some of the processes through which data is extracted and reported in the Quality Report. Deloitte reviewed the content of the Trust's 2017/18 Quality Report and undertook testing for three areas: 18 week referral to treatment times (incomplete pathways), Accident & Emergency 4 hour waits and one local indicator selected by the Council of Governors: Reducing grade 2 hospital-acquired pressure ulcers. No significant issues were identified with the content review or the testing for the indicators.

Conclusion

There are no significant internal control issues I wish to report. I am satisfied that all internal control issues raised have been, or are being, addressed by the Trust through appropriate action plans and that the implementation of these action plans is monitored.



Dame Julie Moore, Chief Executive
23 May 2018



University Hospitals Birmingham
NHS Foundation Trust



Section 2

Quality Report 2017/18

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

2017/18 Quality Report

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1 Chief Executive's Statement

University Hospitals Birmingham NHS Foundation Trust (UHB) maintained its focus on delivering high quality care and treatment to patients during 2017/18. In line with national trends, the Trust continued to see unprecedented Emergency Department attendances and hospital admissions which put significant pressure on our ability to deliver planned treatments. The Trust's Vision is "to deliver the best in care" to our patients. The Trust's Core Purposes – Clinical Quality, Patient Experience, Workforce and Research and Innovation – provide the framework for UHB's robust approach to managing quality.

The Trust has made progress in relation to four of the six priorities for improvement set out in last year's Quality Report: reducing grade 2 pressure ulcers; improving patient experience and satisfaction; reducing harm from falls and timely treatment for sepsis. Performance for the remaining indicators: timely and complete observations, and reducing missed doses, has been mixed with further work required to improve performance in 2018/19. The Board of Directors has chosen to continue with these six priorities for improvement in 2018/19.

UHB's focused approach to quality, based on driving out errors and making incremental but significant improvements, is driven by innovative and bespoke information systems which allow us to capture and use real-time data in ways which few other UK trusts are able to do. A wide range of omissions in care were reviewed in detail during 2017/18 at the regular Executive Care Omissions Root Cause Analysis (RCA) meetings chaired by the Chief Executive. Cases are selected for review from a range of sources including those put forward by senior medical and nursing staff, e.g., individual wards selected for review, missed or delayed medication, serious incidents, serious complaints, infection incidents, incomplete observations and cross-divisional issues.

Data quality and timeliness of data are fundamental aspects of UHB's management of quality. Data is provided to clinical and managerial teams as close to real-time as possible through various means such as the Trust's digital Clinical Dashboard. Information is subject to regular review and challenge at specialty, divisional and Trust levels by the Clinical Quality Monitoring Group, Care Quality Group and Board of Directors, for example. An essential part of improving quality at the Trust continues to be the scrutiny and challenge provided through proper engagement with staff and other stakeholders. These include the Trust's Council of Governors and local Clinical Commissioning Groups (CCGs).

A key part of the Trust's commitment to quality is being open and honest with our staff, patients and the public, with published information not limited to good performance. The Quality web pages provide up-to-date information on UHB's performance in relation to quality: <http://www.uhb.nhs.uk/quality.htm>.

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

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

No significant issues were identified with the content review or the testing for the first two indicators. Deloitte has however issued a modified (qualified) opinion on the third indicator – 18 weeks (unfinished pathways) – and the Trust is currently reviewing the recommendations. The implementation of recommendations will be monitored via the Trust's Audit Committee. The report provided by our external auditor is included on page 122 of this report.

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

2018/19 will be a very challenging year for the enlarged UHB as we focus on building healthier lives and achieving outcome and access targets alongside ever increasing demand for our services. The Trust will continue working with regulators, commissioners, healthcare providers and other organisations to influence future models of care delivery and deliver further improvements to quality during 2018/19.

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



Dame Julie Moore, Chief Executive
May 23, 2018

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

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

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

As this report is for 2017/18, i.e., pre-merger, it covers and refers to the 'old' UHB, and does not contain information from HEFT. Next year there will be one report, covering the enlarged UHB.

2 Priorities for improvement and statements of assurance from the Board of Directors

2.1 Priorities for Improvement

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

- ▶ **Priority 1:** Reducing grade 2 pressure ulcers
- ▶ **Priority 2:** Improve patient experience and satisfaction
- ▶ **Priority 3:** Timely and complete observations including pain assessment
- ▶ **Priority 4:** Reducing missed doses
- ▶ **Priority 5:** Reducing harm from falls
- ▶ **Priority 6:** Timely treatment for sepsis

The Trust made progress in relation to four quality improvement priorities during 2017/18: Priority 1 - reducing grade 2 pressure ulcers, Priority 2 - improving patient experience and satisfaction, Priority 5 – reducing harm from falls and Priority 6 – timely treatment for sepsis.

There were, however, mixed results for the other two priorities. Performance for the first indicator (observations) in Priority 3 improved but did not achieve the end of year target. Performance for the second indicator (timely analgesia) remained steady throughout the year. Performance for Priority 4 (missed doses) decreased compared to 2016/17 so did not achieve the proposed improvement for 2017/18.

The Board of Directors chose to continue with the six priorities for improvement in 2018/19.

1	Reduce grade 2 pressure ulcers	New trajectory for 2018/19 agreed with CCG
2	Improve patient experience and satisfaction	New patient survey questions added, others removed due to achieving the 2017/18 target
3	Timely and complete observations including pain assessment	Targets to remain the same in 2018/19 after review of 2017/18 performance
4	Reducing missed doses	Targets to remain the same in 2018/19 after review of 2017/18 performance

5	Reducing harm from falls	Target for 2018/19 updated in line with 2017/18 performance
6	Timely treatment for sepsis	To report on performance against the CQUINS

The improvement priorities for 2017/18 were confirmed by the Trust's Clinical Quality Monitoring Group chaired by the Executive Medical Director, following consideration of performance in relation to patient safety, patient experience and effectiveness of care.

The focus of the patient experience priority was decided by the Care Quality Group and the priorities for improvement in 2018/19 were then approved by the Board of Directors in March 2018. The priorities for 2018/19 will be presented to the Trust Partnership Team and cascaded to all staff via Team Brief in 2018.

They have also been discussed with various Trust groups including staff, patient and public representatives as shown in the table below.

Date	Group	Key members
March 2018	Care Quality Group	Executive Chief Nurse, Associate Directors of Nursing, Matrons, Senior Managers with responsibility for Patient Experience, and Patient Governors
April 2018	Chief Operating Officer's Group	Executive Chief Operating Officer, Deputy Chief Operating Officer, Directors of Operations, Divisional Directors, Director of Operational Finance, Deputy Chief Nurse, Director of Patient Services, Director of Estates and Facilities, Director of IT Services plus other Managers
May 2018	Trust Partnership Team	Executive Directors, Directors, Human Resources Managers, Divisional Directors of Operations, Staff Side Representatives
2018 TBC	Chief Executive's Team Brief (cascaded to all Trust staff)	Chief Executive, Executive Directors, Directors, Clinical Service Leads, Heads of Department, Associate Directors of Nursing, Matrons, Managers

Although some of the 2018/19 priorities have been in place for a number of years, the specific focus and targets within each priority are regularly reviewed and updated in line with changes in performance and in response to priorities within the Trust.

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

Priority 1: Reducing grade 2 hospital-acquired pressure ulcers

Background

This quality improvement priority was first proposed by the Council of Governors and approved by the Board of Directors for 2015/16.

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

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

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

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

At UHB, pressure ulcers are split into two groups: those caused by medical devices and those that are not.

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

Performance

For 2016/17, UHB reported 71 patients with non-device-related, hospital-acquired avoidable grade 2 pressure ulcers, against the agreed reduction target of 125. This compares to 79 reported in 2015/16, and 144 reported in 2014/15.

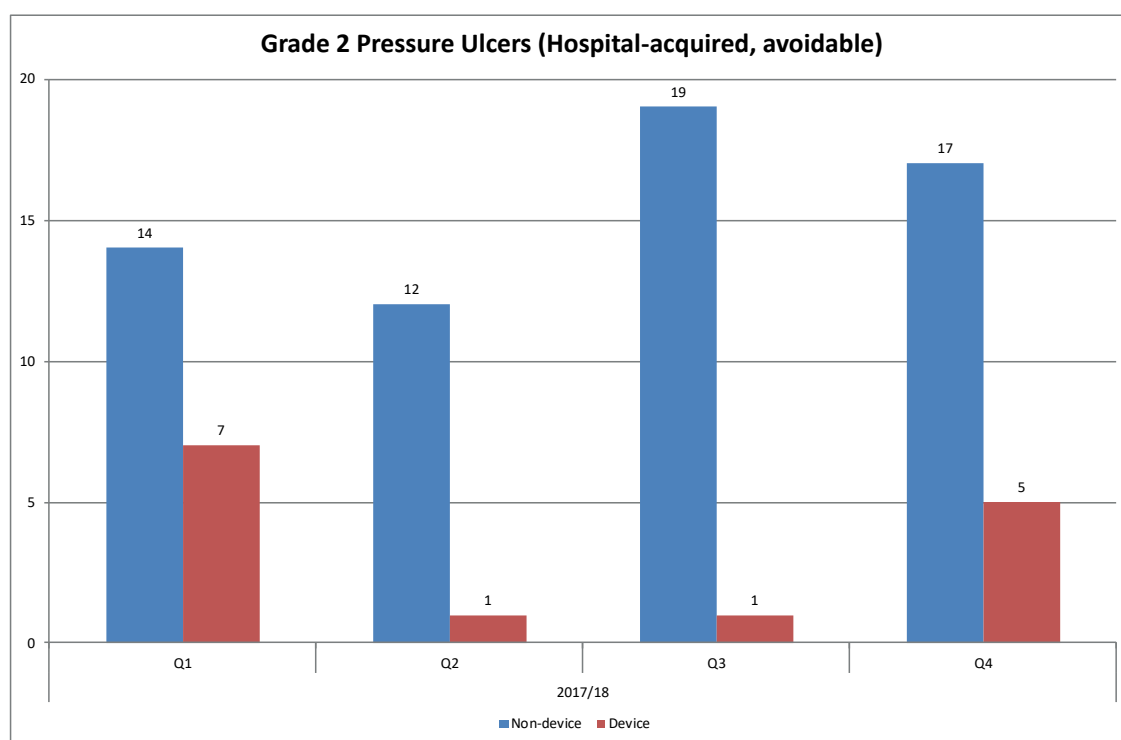
The target agreed with the CCG for 2017/18 was to “maintain current performance” – no more than 75 patients with these pressure ulcers.

During 2017/18, UHB reported 62 patients with non-device related, hospital-acquired avoidable grade 2 pressure ulcers.

The Trust also decided to report on device-related hospital-acquired avoidable grade 2 pressure ulcers. In 2016/17 UHB reported 28 patients with such ulcers, and the target set by the CCG for 2017/18 was no more than 42 patients.

During 2017/18, UHB reported 14 patients with device-related, hospital-acquired avoidable grade 2 pressure ulcers.

Number of patients with grade 2 hospital-acquired, non device-related avoidable pressure ulcers, by Quarter



Note: End-of-year ratification means figures above may differ from those reported in the quarterly reports

Initiatives implemented in 2017/18

To improve the classification and grading of pressure ulcers across the trust through a variety of education and training programmes:

- ▶ The Tissue Viability Team took part in the International Stop the Pressure day, linking with partners in industry to provide education on repositioning across ward areas to a variety of staff
- ▶ Tissue viability link nurses and Skin Champions were released as part of their study days to visit ward areas and educate staff on the prevention of heel drag and to re-launch the React to RED strategies
- ▶ Accurate documentation of repositioning was promoted and monitored through educational campaigns, Tissue Viability Quality Audits, and Back to the Floor visits by senior nursing staff
- ▶ Ward teams were encouraged to develop a greater understanding of the causes of DTIs (deep tissue injuries) and ungradable pressure ulcers through completing mini RCAs (root cause analysis), and fed back at divisional preventing harm forums
- ▶ Trialling hybrid mattresses within a specific clinical speciality to evaluate their effect on pressure ulcer reduction and patient satisfaction
- ▶ Educational study days were revamped to include more interactive sessions including a 'crime scene'.
- ▶ All pressure ulcer education, audit tools and investigative paperwork (RCAs) were updated to reflect the new nursing documentation
- ▶ Pressure ulcer competency figures were monitored and uptake /review actively encouraged by senior nursing teams
- ▶ Timely risk assessments were monitored through QUORU (Quality and Outcomes Research Unit)

Changes to improvement priority for 2018/19

The 2018/19 targets agreed with Birmingham CrossCity Clinical Commissioning Group (CCG) for grade 2, avoidable, hospital-acquired pressure ulcers are:

- ▶ Device related – no more than 75 patients with such ulcers
- ▶ Non-device related – no more than 42 patients with such ulcers

These are the same as the targets set for 2017/18.

It should be noted that changes to some definitions are expected during 2018/19, which will affect reporting of pressure ulcers.

Initiatives to be implemented during 2018/19

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

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

- ▶ Work in conjunction with other disciplines to link in with national campaigns e.g. “get up, get dressed, get moving”.

How progress will be monitored, measured and reported

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

Priority 2: Improve patient experience and satisfaction

The Trust measures patient experience via feedback received in a variety of ways, including local and national patient surveys, the NHS Friends and Family Test, complaints and compliments and online sources (e.g., NHS Choices). This vital feedback is used to make improvements to our services. This quality priority focuses on improving scores in our local surveys, and also takes into account national survey results and correlations with what ranks as most important to patients in giving a high rating of care.

Patient experience data from local surveys

Survey	No. responses 2017/18	Data up to
Inpatient	10,875	March 2018
Emergency Department	629	March 2018
Outpatient	1,657	Quarter 3 2017/18
Discharge	1,558	Quarter 3 2017/18

In addition, UHB publishes findings from the National Inpatient Survey, run by the Picker Institute on behalf of the CQC – please see Part 3 of this Quality Account.

Methodology

Until Quarter 3 2017/18, the local inpatient survey was undertaken predominantly utilising the bedside TV system, allowing patients to participate in surveys at their leisure. Areas that did not have the bedside TVs used either paper or computer tablets for local surveys. During Quarter 3 the Trust decided not to renew the bedside TV survey contract with its external provider. Whilst exploring other electronic methods of feedback the Trust has implemented an interim solution using paper based surveys to replace those done on the bedside TV system. The Emergency Department survey is a paper-based survey, and the outpatient and discharge surveys are postal; both sent to a sample of 750 patients per month.

Improvement targets

For 2017/18, 2016/17 performance was reviewed for the questions set for this priority. Some of the questions that achieved or maintained their target during the previous year were replaced as part of the questions included within the Quality Account priority. The questions that were replaced as part of the priority will continue to be monitored as part of local surveys.

This improvement priority was agreed at the Trust’s Care Quality Group meeting in February 2018, which is a Chief Nurse-led sub-committee of the Board, attended by clinical staff and also patient Governors who provide the patients’ perspective. Rationale for keeping, removing or adding questions was included in the report to this committee. This was based on data available at that time (Quarter 3, 2017/18 data).

- ▶ **Questions carried forward** – targets carried forward from 2017/18
- ▶ **New questions with a 2017/18 baseline score from local surveys** – targets were set by the Care Quality Group
- ▶ **New questions without a 2016/17 baseline** – target to be set at Care Quality Group following collection of baseline data

Results from local patient surveys

This table shows results for 2016/17 and 2017/18 along with the status for each question. Below this are the new questions added for 2018/19.

	2016/17	2017/18 target	2017/18 score	2017/18 no. of responses	Plan for 2018/19	2018/19 Target	Rationale
1. Sometimes in hospital a member of staff says one thing and another says something quite different. Has this happened to you?	8.8	9.0	8.6	9883	Carry forward	9.0	Not met at Q3, carry forward
2. During your time in hospital did you feel well looked after by hospital staff?	9.5	9.7	9.6	9981	Remove	NA	Target met at Q3 – remove from quality priority
3. If you used the call bell, was it answered in a reasonable time?	9.1	9.5	9.1	2548	Carry forward but reword	To be set	Reworded for 2018/19 to match national survey, set new target. See new questions below for wording.
4. Did you get enough help to eat your meals?	NEW	9.3	9.0	733	Remove	NA	Target met at Q3 – remove from quality priority
Outpatient survey*							
5. How would you rate the courtesy of the reception staff during your time in the Outpatients Department?	8.9	9.0	8.8	2090	Remove	NA	Target almost met at Q3 and consistent all year – remove from quality priority
6. Did the staff treating and examining you introduce themselves?	8.8	8.9	8.8	2052	Remove	NA	Target met at Q3 – remove from quality priority
7. If you had important questions to ask the doctor, did you get answers that you could understand?	8.9	9.0	8.9	1903	Remove	NA	Target met at Q3 – remove from quality priority
Emergency Department survey							
8. During your time in the Emergency Department did you feel well looked after by hospital staff?	8.6	9	8.8	629	Carry forward	9	Not met as at Q3, carry forward
9. How would you rate the courtesy of the Emergency Department reception staff?	8.5	9	8.7	597	Carry forward	9	Not met as at Q3, carry forward
10. Were you kept informed of what was happening at all stages during your visit?	7.9	8.5	8.1	629	Carry forward	8.5	Not met as at Q3, carry forward
Discharge survey*							
11. Did a member of staff tell you about medication side effects to watch for when you went home?	5.9	6.1	5.9	1434	Remove	NA	Target met at Q3 – remove from quality priority
12. Did you feel you were involved in decisions about going home from hospital?	7.2	7.4	7.1	1850	Carry forward	7.4	Not met as at Q3, carry forward

*postal surveys – data is not complete due to time lag

New questions to be added for 2017/18

	2017/18 score (as of Q3)	Status	2018/19 target	2017/18 No. responses
Inpatient survey				
Do you think the hospital staff did everything they could to help control your pain?	9.4	NEW for 2018/19	9.6	8016
Did you have confidence and trust in the nurses treating you?	New question	NEW for 2018/19	To be set	NA
If you needed attention, were you able to get a member of staff to help you within a reasonable time?	N/A - new wording	Brought forward from 2017/18 but reworded	To be set	1629

Outpatient survey

How long after the stated appointment time did the appointment start?	7.0	NEW for 2018/19	To be set	2059
If you had an intimate examination/procedure performed during your outpatient appointment, were you offered a chaperone?	New question	NEW for 2018/19	To be set	NA

Emergency Department survey

Do you think the hospital staff did everything they could to help control your pain?	8.2	NEW for 2018/19	9.0	514
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How progress will be monitored, measured and reported

- ▶ This priority is measured using the local survey results as detailed in the methodology
- ▶ The new questions 'confidence and trust in nurses' and 'offering a chaperone' will be added to the relevant local surveys and targets set once sufficient baseline data has been collected
- ▶ The call bell question will be reworded to match the new wording in the national inpatient survey for improved benchmarking. A target will be set once sufficient baseline data has been collected
- ▶ The operational Patient Experience Group (reporting to the Care Quality Group) monitors this priority
- ▶ Monthly exception reports to Associate Directors of Nursing (ADNs) highlight individual wards not meeting the quality priority so that action can be taken. This report is presented to the Care Quality Group and includes a section from each ADN with actions for their division
- ▶ This patient experience quality priority is also reported on the Clinical Dashboard so is always available for staff to view; updated monthly
- ▶ Quarterly patient experience reports, including progress on the patient experience quality priorities, are provided to the Care Quality Group (summarised to the Board of Directors) and the local Clinical Commissioning Group
- ▶ Feedback on patient experience is also provided by members of the Patient and Carer Councils as part of the Adopt a Ward / Department visits and via Governor drop-in sessions

Update on Patient Experience initiatives in 2017/18

Initiative planned	Update
Implement more flexible visiting times, with an increase from 2.30pm-7.30pm to 11am-8pm	Flexible visiting times were successfully implemented across the Trust along with a Visitor Charter setting out what visitors can expect from staff and sharing important information for visitors. When reviewed, overall this has had a positive impact for both patients and visitors. Patients report feeling more supported as they are able to spend more time with their family/friends, partner or spouse. Visitors have advised that it is easier to visit around their commitments and to access medical/nursing team members. The Trust will continue to monitor the experience of both patients and visitors over time.
Work with QEHB Charity to develop and implement a Pets in Hospital scheme	Introduction of a 'Pets in Hospital' scheme to enhance the patient experience is a step closer following approval of the initiative at board level and the development of procedural documentation. The Trust is working closely with Queen Elizabeth Hospital Birmingham Charity, who will run the scheme.
Pilot a renewed volunteer dining companions programme	Pilot wards have been identified, volunteers recruited and a training programme developed. This work will continue into 2018/19.
Undertake a baseline assessment of existing and ideal numbers and roles of volunteers to identify the Trust's volunteering needs and build a vacancy list	Priorities in the Voluntary Services Department had to switch to focus on maintaining the volunteer-force during a period of short-staffing in the department. The department is now back up to normal staffing levels and this project will continue.
Work with Harborne Academy on a pilot permitting younger volunteers (aged 16-17) into the Trust (currently minimum age is 18 years old)	The pilot proved successful with six health and social care students aged between 16 and 18 years of age volunteering each Wednesday afternoon. Following evaluation it was agreed to pilot for another year with some modifications to the process and programme.
Development of our patient experience collection, analysis and reporting system in conjunction with the Trust/ University of Birmingham PROMs group	Work continued on this long-term project throughout the year. A number of different software packages were installed and development groups set up. Research questions are being written and a first set of data has been analysed.
Work with the Young Persons' Council to develop mechanisms to increase feedback from young patients aged 16-24	Following a successful pilot, the Young Person's Council (YPC) members were out and about on hospital wards through their 'Saturday Social' activity, engaging with and obtaining feedback from young patients in the 16 – 24 years age group. This was very successful as the council members were able to assist with completion of the survey if needed as they were not directly involved with the care of that patient. This will be further developed in 2018/19 and other methods of increasing feedback from this age group will be explored with the support of the YPC.
Develop a campaign to increase the number of patients reporting that their call bell was answered in a time reasonable for their needs	This piece of work is being conducted alongside the 'well looked after patient' project. Focused feedback obtained from patients provided insight into issues and staff insight was also sought to identify some of the reasons when call bells were not answered promptly enough. This work is ongoing.
Evaluate the pilot of an accessible feedback card and put methods in place to ensure that the opportunity to provide feedback is easy and accessible to all	Ongoing. This is part of a wider project ensuring that we listen to and obtain feedback from a range of hard to reach groups. The accessible feedback card pilot was evaluated and the card requires further work to make it suitable for patients with differing needs as it is not a 'one size fits all'. Existing surveys were simplified and shortened where possible and the use of volunteers was increased to support patients who need help to feed back via existing methods. Resources were developed to address the needs of visually impaired patients using larger font paper surveys. With the introduction of a new survey design system (planned for April 2018) the patient experience team will be able to customise all patient experience surveys to meet differing needs. Feedback was also obtained face to face from other patients falling into the hard to reach groups. This work will continue in 2018/19.

The Friends and Family Test (FFT)

Response rates and positive recommendation percentages were closely monitored throughout 2017/18 against internal targets set and tracked against national and regional averages to benchmark against peers.

The Friends and Family Test (FFT) asks patients the following question:

“How likely are you to recommend our (ward / emergency department / service) to friends and family if they needed similar care or treatment?”

Patients can choose from six different responses as follows:

- ▶ Extremely likely
- ▶ Likely
- ▶ Neither likely or unlikely
- ▶ Unlikely
- ▶ Extremely Unlikely
- ▶ Don't know

Methodology

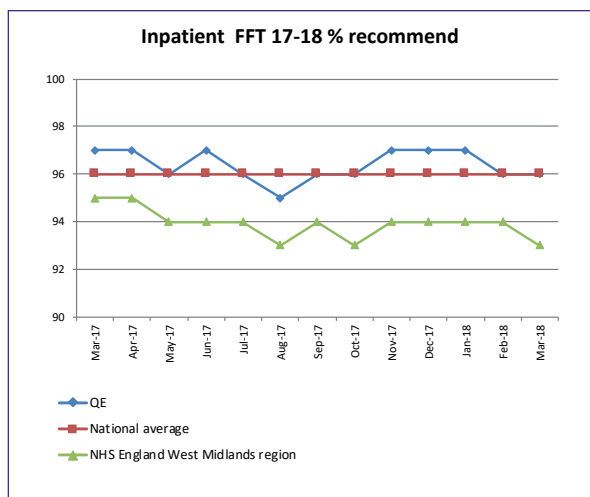
Patients admitted as day cases, or staying overnight on an inpatient ward, were asked to complete the FFT on discharge from hospital; either on the bedside TVs, on paper or tablet. Those attending the emergency department were asked either on leaving (using a paper survey), or afterwards via an SMS text message. Outpatients are given the opportunity to answer the question whenever suits them best, either before they leave the department (paper or check in kiosk), or they can access the question online via the Trust website.

The Trust follows the national guidance for undertaking and scoring of the FFT.

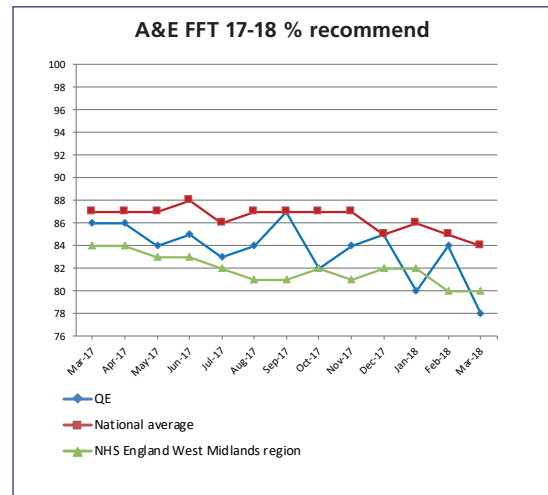
Performance

The charts below show benchmark comparisons for the positive recommendation percentages for the Friends and Family Test for Inpatients, A&E and Outpatients.

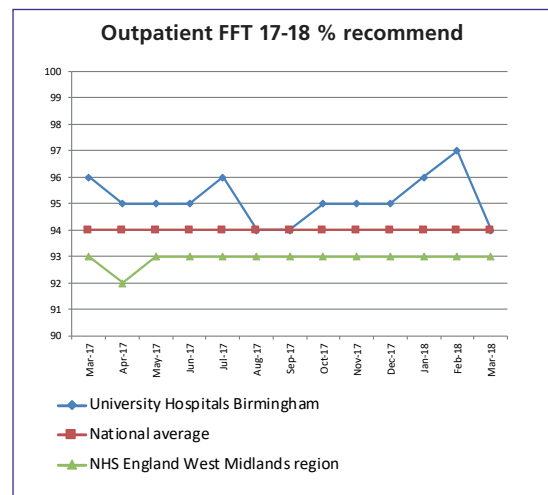
Inpatients: During 2017/18 the Trust maintained a positive recommendation rate that was above the West Midlands average and above or equal to the national average with exception of August 2017.



A&E: During 2017/18 the Trust's positive recommendation rate fluctuated. It remained below or equal to the national average, but above or equal to the West Midlands regional average with the exception of January 2018. Waiting times is often cited by patients as the reason for this reduction in score.



Outpatients: During 2017/18 the Trust maintained a positive recommendation rate, which is significantly higher than the West Midlands regional average, and higher or equal to the national average.



Complaints

The total number of all complaints received in 2017/18 was 660, a decrease of 15% on the 779 complaints received in 2016/17. The main subjects related to clinical treatment (188), communication (103) and attitude of staff (93), matching the top three subjects from the previous year.

	2015/16	2016/17	2017/18
Total number of all complaints	680	779	660

The table below compares complaints received against activity data. The number of inpatient, outpatient and emergency department complaints received in 2017/18 reduced compared to the previous year, whilst activity increased, resulting in a lower complaints-to-activity ratio.

Rate of all complaints to activity		2015/16	2016/17	2017/18
Inpatients	FCEs*	129,574	135,216	142,264
	Complaints	345	327	296
	Rate per 1000 FCEs	2.7	2.4	2.1
Outpatients	Appointments	788,996	817,407	824,700
	Complaints	245	331	275
	Rate per 1000 appointments	0.3	0.4	0.3
Emergency Department	Attendances	108,463	115,226	117,513
	Complaints	90	121	89
	Rate per 1000 attendances	0.8	1.0	0.8

* FCE = Finished Consultant Episode – which denotes the time spent by a patient under the continuous care of a consultant

Learning from complaints

The table below provides some examples of how the Trust responded to complaints where serious issues were raised; a number of complaints were received about the same or similar issues or for the same location, or where an individual complaint resulted in specific learning and/or actions.

Issue	Action taken
Limited access to neuro-rehabilitation sessions	The Trust now funds additional neuro-rehabilitation consultant sessions. Further, a Specialist Hyperacute Rehabilitation Team was set up to ensure improved surveillance of patients with prolonged disorders of consciousness. This means that they will be assessed more intensively; with an emphasis on responsiveness being recorded in a more accurate way.
Appointment not received for follow up scan	Repeat scan process reviewed and additional step introduced so that an additional, separate email is sent to the booking office to confirm that the follow up scan has been booked.

More information around how learning is shared across the Trust can be found in the patient experience annual report.

Accessible complaints process

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

Serious complaints

The Trust uses a risk matrix to assess the seriousness of every complaint on receipt. Those deemed most serious, which score either 4 or 5 for consequence on a 5 point scale, are highlighted separately across the Trust. The number of serious complaints is reported to the Chief Executive's Advisory Group and detailed analysis of the cases and the subsequent investigation and related actions are presented to the Divisional Management Teams at their Divisional Clinical Quality Group meetings. It is the Divisional Management Teams' responsibility to ensure that, following investigation of the complaint, appropriate actions are put in place to ensure that learning takes place and that every effort is made to prevent a recurrence of the situation or issue which triggered the complaint being considered serious.

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

PHSO Involvement	2015/16	2016/17	2017/18
Cases referred to PHSO by complainant for investigation	28	28	13
Cases which then required no further investigation	0	0	1
Cases which were then referred back to the Trust for further local resolution	0	1	0
Cases which were not upheld following review by the PHSO	6	13	10
Cases which were partially upheld following review by the PHSO	11	12	8
Cases which were fully upheld following review by the PHSO	2	1	0

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

The total number of cases referred to the Ombudsman for assessment, agreed for investigation and ultimately upheld or partially upheld, remains relatively low in proportion to the overall level of complaints received by the Trust. There was a significant reduction in the number of cases investigated by the Ombudsman in 2017/18.

Eight cases were upheld or partially upheld by the Ombudsman in 2017/18, a reduction on the thirteen in the previous year. A further ten cases were not upheld by the Ombudsman, compared to thirteen last year. In every case, appropriate apologies were provided, action plans were developed where requested and learning from the cases shared with relevant staff.

Compliments

The majority of compliments are received in writing – by letter, card, email, website contact or via the Trust Patient Experience feedback leaflet, the rest are received verbally via telephone or face to face. Positive feedback is shared with staff and patients to promote and celebrate good practice as well as to boost staff morale.

UHB consistently receives considerably more compliments than it does complaints. The Trust recorded fewer formal compliments in 2017/18 than in 2016/17. The Patient Experience team provide support and guidance to divisional staff around the collation and recording of compliments received directly to wards and departments.

Compliment subcategories	2015/16	2016/17	2017/18
Nursing care	579	211	368
Friendliness of staff	84	90	130
Treatment received	1,290	1,582	1,210
Medical care	83	88	101
Other	24	18	22
Efficiency of service	268	275	157
Information provided	15	20	16
Facilities	6	2	2
Total	2,349	2,286	2,006

*data as of February 2018

Examples of compliments received during 2017/18:

"To each and every one of you a big thank you from all of us. Five weeks ago our world was turned upside down. Then we met all you wonderful people and you made part of our journey easier to cope with. Thank you for your kindness, understanding and the hugs when needed. Thank you for being a shoulder to cry on."

"Doctor and his team were excellent in their knowledge and expertise, from the initial prognosis to the operation and finally my aftercare."

"I cannot praise your staff enough, they are a brilliant team and nothing is too much trouble and I feel so cared for. They always have a smile and a kind word and are very, very professional. Also the hospital is so clean and the auxiliaries are just wonderful. I have had the best care and attention possible."

"She ensured that dad was moved to the ward as quickly as possible so that he could have a dignified and peaceful end. That is something myself and my family cannot express our gratitude enough for. She spoke to dad with such respect, even after he had passed away. She made an absolutely awful day that much easier to cope with."

Feedback received through NHS Choices, Care Opinion and Healthwatch websites

The Trust has a system in place to monitor feedback posted on three external websites; NHS Choices, Care Opinion and Healthwatch. Feedback is sent to the relevant service / department manager for information and action. A response is posted to each comment received which acknowledges the comment and provides general information when appropriate. The response also promotes the Patient Advice and Liaison Service (PALS) as a mechanism for obtaining a more personalised response, or to ensure a thorough investigation into any concerns raised.

Feedback received by this method has shown a significant increase of 45% during the year (from 126 in 2016/17 to 183 in 2017/18). Whilst more people are using this method to feed back, the numbers remain low in comparison to other methods used. Most feedback posted on these external websites is positive, concerns raised via this method reflect themes raised via

more direct methods, for example via PALS, complaints or locally received verbal feedback.

Initiatives to be implemented in 2018/19

- ▶ Increased identification and support of carers driven by the recently introduced Carer Coordinator role.
- ▶ Further development of feedback methods to ensure 'hard to reach' groups have a voice and their views are listened to and acted on
- ▶ Develop work started around the use of chaperones, ensuring patients are informed and staff are educated to ensure chaperones are proactively offered and used appropriately in relevant situations (the patient experience team input into this will focus on monitoring the patient experience)
- ▶ Continued staff engagement in relation to patient experience, empowering multi-disciplinary team members to understand their role in influencing the overall patient experience, including production of a video highlighting the patient experience quality priorities
- ▶ Introduction of android tablets to all wards and some departments to make it easier for patients to feed back electronically
- ▶ Development of the information screen in the Emergency Department to include different pathways to help patients understand why they may wait different times, and the use of paracetamol as first line pain relief

Priority 3: Timely and complete observations including pain assessment

Background

All inpatient wards have been recording patient observations (temperature, blood pressure, oxygen saturation score, respiratory rate, pulse rate and level of consciousness) electronically since 2011. The observations are recorded within the Prescribing Information and Communication System (PICS).

When nursing staff carry out patient observations, it is important that they complete the full set of observations. This is because the electronic tool automatically triggers an early warning score called the SEWS (Standardised Early Warning System) score if a patient's condition starts to deteriorate. This allows patients to receive appropriate clinical treatment as soon as possible.

In 2015/16, the Board of Directors chose to tighten the timeframe for completeness of observation sets to within 6 hours of admission or transfer to a ward and to include a pain assessment.

In addition, the Trust monitors the timeliness of analgesia (pain relief medication) following a high pain score. The pain scale used at UHB runs from 0 (no pain at rest or movement) to 10 (worst pain possible). Whenever a patient scores 7 or above, they should be given analgesia within 30 minutes. The indicator also includes patients who are given analgesia within the 60 minutes prior to a high pain score to allow time for the medication to work.

Performance

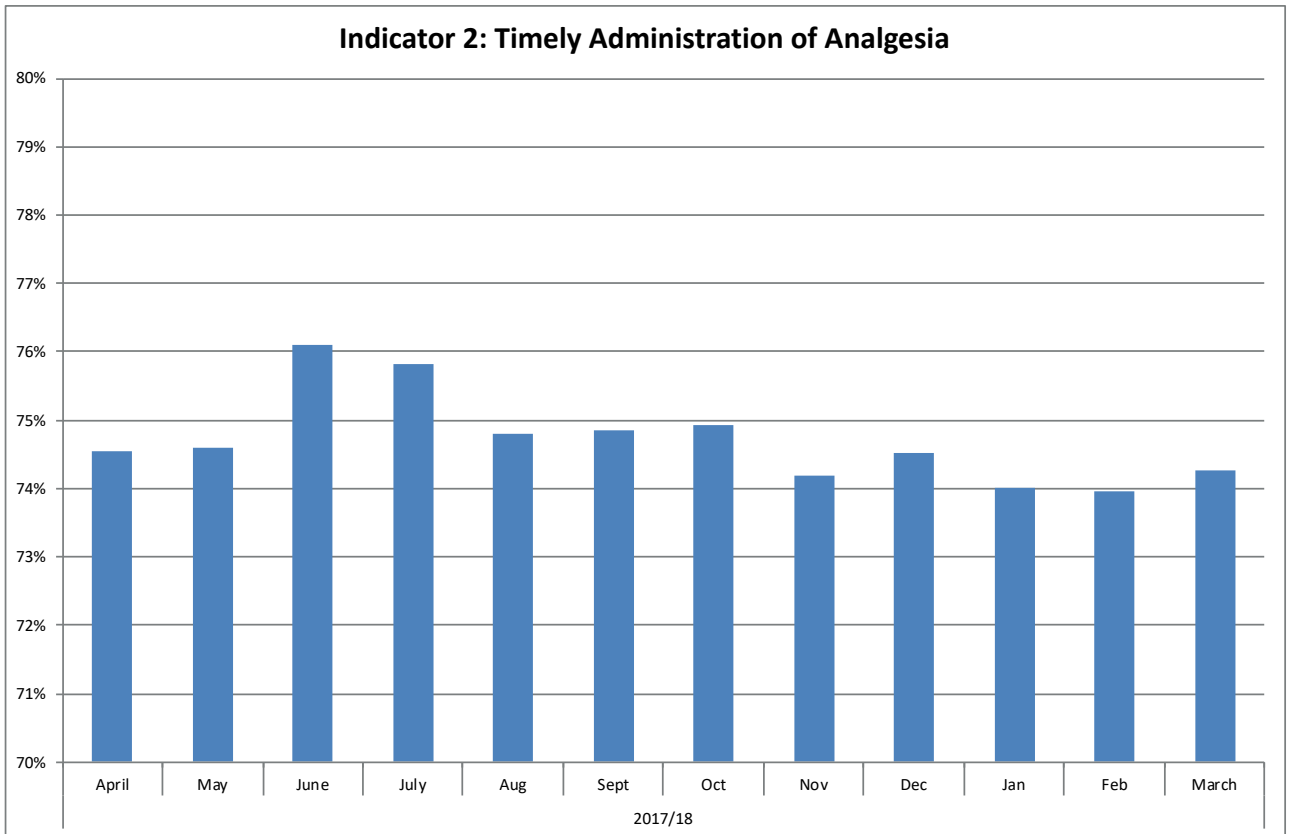
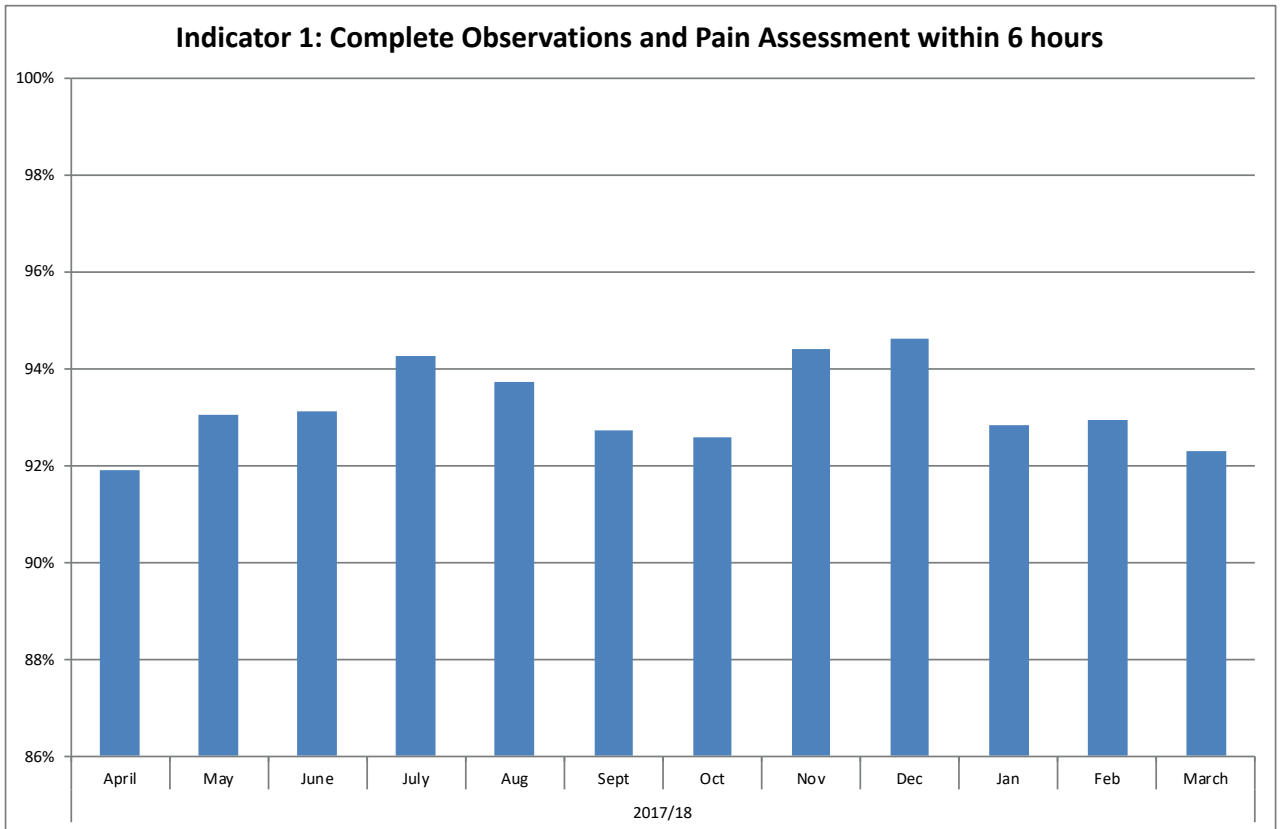
Indicator 1 had achieved the target during 2016/17, so the target was raised to 95% for 2017/18. Performance improved again during 2017/18 (reaching 93.8% during Quarter 3) but did not meet the final target.

Indicator 2 had not achieved the target during 2016/17, so the same target was kept for 2017/18. Performance was again steady throughout the year, around 74% to 76% each month, however the target of 85% was not achieved.

Table: Performance by quarter

		Indicator 1	Indicator 2
		Full set of observations plus pain assessment recorded within 6 hours of admission or transfer to a ward	Analgesia administered within 30 minutes of a high pain score
Performance 2014/15		71%	64%
Performance 2015/16		79%	76%
Performance 2016/17		90%	75%
2017/18	Target	95%	85%
	Q1	92.7%	75.1%
	Q2	93.6%	75.2%
	Q3	93.8%	74.5%
	Q4	92.7%	74.0%
	Year	93.1%	74.6%

Graphs: Performance by month



Initiatives implemented in 2017/18

- ▶ Wards' performance is monitored at a divisional and Trust level. Lower performing wards developed action plans to make improvements, and have been called to Executive Care Omissions Root Cause Analysis (RCA) meetings.
- ▶ Following these meetings, wards have taken actions at their local level; these include:
 - Development of a welcome letter for new staff, setting out clear expectations of which observations/assessments are due and when
 - Reinforced use of PICS during nursing handover to help monitor patients observations and assessments
 - Implementation of monthly assurance meetings where a ward presents their performance against a number of indicators, and talks about actions taken to make improvements. Attendees include senior nurses for the area, and lead nurses for Pharmacy and for Standards
- ▶ The Trust has another indicator that looks at whether patients receive a full set of observations every 12 hours. If this is missed, an incident is automatically generated in Datix. During 2017/18 Datix was updated to allow staff to choose the reason for the missed observations from a dropdown list of options. This has helped with data analysis and identification of problems
- ▶ A message was sent out via Team Brief, reminding wards of the importance of timely observations and assessments, and informing them of the new targets

Changes to Improvement Priority for 2018/19

Indicator 1 - as the performance improved but did not achieve the target at the end of 2017/18, the Trust has chosen to keep the target for 2018/19:

1. Full set of observations plus pain assessment recorded within 6 hours of admission or transfer to a ward: 95% by the end of the year.

Indicator 2 - as performance was steady throughout the year, meaning the target was not achieved, the Trust has chosen to keep the same target for 2018/19:

2. Analgesia administered within 30 minutes of a high pain score: 85% by the end of the year.

Initiatives to be implemented in 2018/19

- ▶ Wards performing below target will continue to be reviewed at the Executive Care Omissions Root Cause Analysis (RCA) meetings to identify where improvements can be made. Observations and pain assessment compliance will be monitored as part of the unannounced monthly Board of Directors' Governance Visits to wards.

How progress will be monitored, measured and reported

- ▶ Progress will be monitored at ward, specialty and Trust levels through the Clinical Dashboard and other reporting tools. The Clinical Dashboard allows staff to compare their ward performance to the Trust as a whole, as well as seeing detailed data about which of the six observations or pain assessment were missed
- ▶ Performance will continue to be measured using PICS data from the electronic observation charts
- ▶ Progress will be reported monthly to the Clinical Quality Monitoring Group and the Board of Directors in the performance report. Performance will continue to be publicly reported through the quarterly Quality Report updates on the Trust's website

Priority 4: Reducing missed doses**Background**

Since April 2009, the Trust has focused on reducing the percentage of drug doses prescribed but not recorded as administered (omitted, or missed) to patients on the Prescribing Information and Communication System (PICS).

The most significant improvements occurred when the Trust began reporting missed doses data on the Clinical Dashboard in August 2009 and when the Executive Care Omissions Root Cause Analysis (RCA) meetings started at the end of March 2010.

In the absence of a national consensus on what constitutes an expected level of drug omissions, the Trust has set targets based on previous performance.

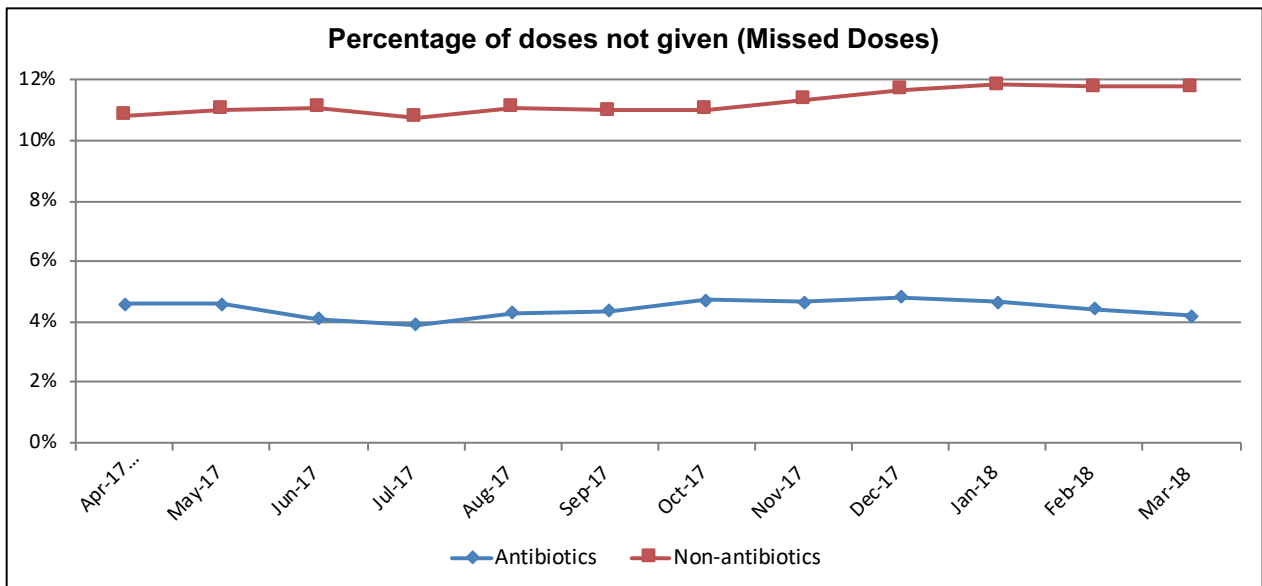
It is important to remember that some drug doses are appropriately missed due to the patient's condition at the time, and when a patient refuses a drug this is also recorded as a missed dose. The Trust has decided to record patient refusals as missed doses, as it is important for the staff looking after the patient to encourage them to take the medication, and to consider the reasons for refusal and whether a different medication would be more appropriate.

Performance

Rates of missed doses for antibiotics and non-antibiotics did not meet their targets for 2017/18.

Performance at the end of 2016/17 for missed doses of antibiotics was 4.1%, so in the 2016/17 Quality Report the Trust committed to reducing this to 4.0% by the end of 2017/18. The end of year performance was 4.4%.

Performance at the end of 2016/17 for missed non-antibiotics was 10.8%, so in the 2016/17 Quality Report the Trust committed to reducing this to 10.0% by the end of 2017/18. The end of year performance was 11.8%.



	Antibiotics	Non-antibiotics
Performance 2014/15	4.0%	10.5%
Performance 2015/16	3.9%	10.5%
Performance 2016/17	4.1%	10.6%

	Target	4% or lower	10% or lower
	2017/18		
	Q1	4.4%	11.0%
	Q2	4.2%	11.0%
	Q3	4.7%	11.3%
	Q4	4.4%	11.8%
	Year	4.5%	11.3%

Initiatives implemented during 2017/18, including learning from missed doses

- ▶ A report which displays missed doses due to medication being intermittently out of stock continues to be used to identify cases for review at the Executive Care Omissions RCA meetings
- ▶ Wards that are identified as exceptions for missed doses have been called to the Executive Care Omissions RCA meetings, where they talk through their data, any problems identified and actions taken
- ▶ Following these meetings, wards have taken actions at their local level, these include:
 - Recruitment of a non-medical prescriber, to allow prompt changes to prescriptions when patients no longer require medications or require the medication via another route, amongst other reasons
 - Education of staff relating to how frequently some medications can be given
 - Review of training to increase the number of staff able to insert cannulas, to allow intravenous drugs to be given
 - Reminder of use of the dropdown box on the electronic drugs chart, to accurately record the reason for a drug being recorded as missed. This will help identify problems
- Reminder that many medications do not need to be omitted if a patient is nil by mouth.
- Looking at systems to ensure that when a patient is transferred to another ward, their drugs are transferred with them
- Ward stock lists reviewed and updated
- Education from Pharmacy on the ordering and tracking of drugs and the use of Stock Locator
- Implementation of monthly assurance meetings where a ward presents their performance against a number of indicators, and talks about actions taken to make improvements. Attendees include senior nurses for the area, and lead nurses for Pharmacy and for Standards
- ▶ The Practice Development nurses have supported wards in conducting audits of drug rounds in order to identify common causes of missed doses

Changes to Improvement Priority for 2018/19

As the targets were not achieved for 2017/18, the Trust has decided to keep the same targets for 2018/19:

- ▶ missed doses of antibiotics to be 4% or less by the end of 2018/19
- ▶ missed doses of non-antibiotics to be 10% or less by the end of 2018/19

Initiatives to be implemented in 2018/19

- ▶ Individual cases will continue to be selected for further review at the Executive Care Omissions RCA meetings.
- ▶ To consider new reports to identify types and patterns of missed doses across the Trust
- ▶ The Corporate Nursing team and Pharmacy will continue work together to identify where improvement actions should be directed to try to reduce missed doses

How progress will be monitored, measured and reported

- ▶ Progress will continue to be measured at ward, specialty, divisional and Trust levels using information recorded in the Prescribing Information and Communication System (PICS).
- ▶ Data on missed drug doses is available to clinical staff via the Clinical Dashboard and includes a breakdown of the most commonly missed drugs and the most common reasons recorded for doses being missed. This is also monitored at divisional, specialty and ward levels.
- ▶ Performance will continue to be reported to the Chief Executive's Advisory Group, the Chief Operating Officer's Group and the Board of Directors each month to ensure appropriate actions are taken.
- ▶ Progress will be publicly reported in the quarterly Quality Report updates published on the Trust's quality web pages. Performance for missed doses by specialty will continue to be provided to patients and the public on the mystay@QEHB website

Priority 5 – Reducing harm from falls

This quality improvement priority was proposed by the Council of Governors and approved by the Board of Directors. It was first included in the 2016/17 Quality Report.

Background

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

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

When a fall occurs at UHB, the staff looking after the patient submit an incident form via Datix, the Trust's incident reporting system. All falls incidents are reviewed by the Trust's Falls Team, a team of clinical nurse specialists. The lead for the area where the fall happened, usually the Senior Sister / Charge Nurse, investigates the fall and reports on the outcome of the fall, and whether there is any learning or if any changes in practice / policy need to be made.

Most falls do not result in any harm to the patient. Any falls resulting in severe harm undergo an RCA (root cause analysis) process to identify any issues or contributory factors. Falls resulting in specific harm, e.g., a fractured neck of femur (broken hip), are also reported to the local Clinical Commissioning Group.

Falls prevention

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

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

The Falls Team provides training on falls assessment, prevention and management to ward staff, junior doctors and students.

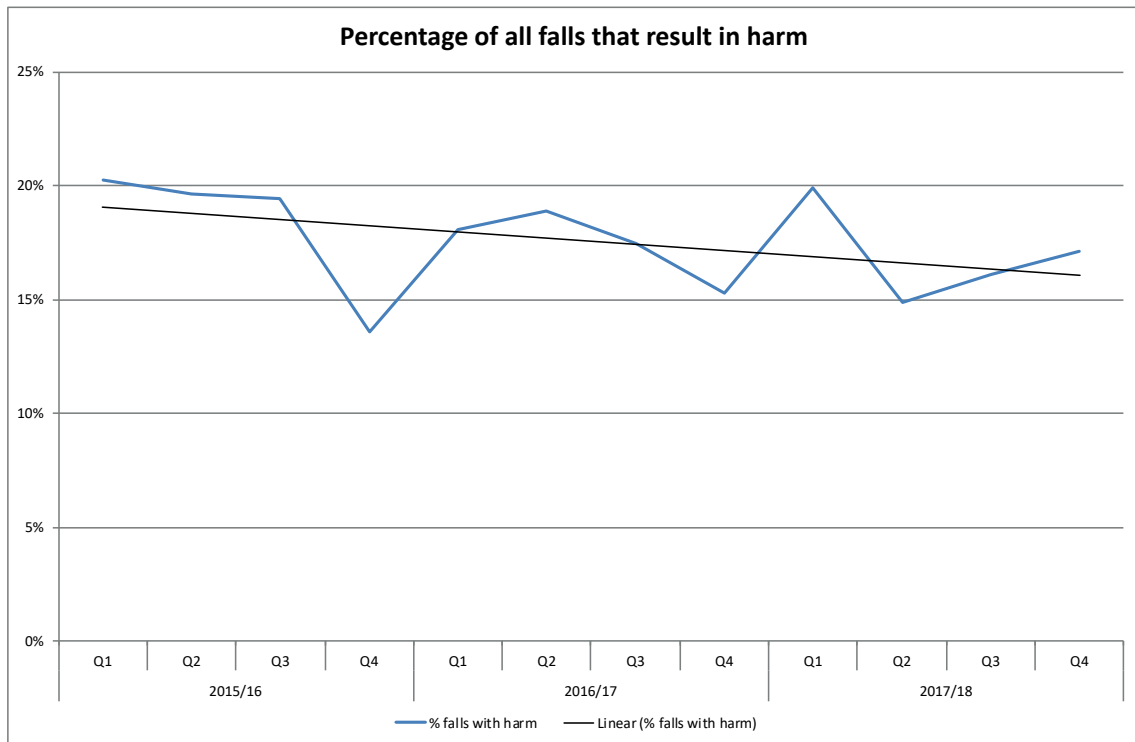
Performance

The Trust has chosen to measure 'percentage of falls resulting in harm'.

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

Data for the last three years is presented below:

Year	Quarter	Percentage of falls with harm
2015/16	Q1	20.2%
	Q2	19.6%
	Q3	19.5%
	Q4	13.6%
	Year	18.1%
2016/17	Q1	18.1%
	Q2	18.9%
	Q3	17.4%
	Q4	15.3%
	Year	17.4%
2017/18	Q1	19.9%
	Q2	14.9%
	Q3	16.1%
	Q4	17.1%
	Year	17.0%



The target set for 2017/18 in the previous Quality Account was to reach 16.5%. This target was met during Quarters 2 and 3 2017/18, however for Quarters 1 and 4, and 2017/18 overall, the target was not reached.

However, for 2017/18 overall, the harm rate was slightly lower than 2016/17, and was below that seen during most of the quarters of 2015/16 and 2016/17. The trend line in the graph above demonstrates the overall improvement.

For 2018/19, the Trust has decided to set a target of 16.9% by the end of 2018/19 – this is a 1.5% reduction on the Quarter 4 2017/18 data.

Initiatives to be implemented during 2018/19

- ▶ A new Lead Nurse for Falls, to continue to identify and implement improvement plans with the aim of achieving further reductions in falls with harm during 2018/19
- ▶ Continue to work with Divisions on their plans for 2018/19. Key focus will be on post fall care/management, and driving compliance in the completion of lying and standing blood pressure measurement
- ▶ Continue to raise the profile of the Trust Falls Prevention Team, for example by ensuring active engagement in Back to the Floor (BTTF) visits, attendance at Divisional Preventing Harm meetings, supporting clinical staff in implementing falls prevention strategies, audit of falls assessment compliance and interventions, problem solving, and RCA completion and action planning
- ▶ Continue providing Falls training to all Divisions on their mandatory training days, FY1 (junior doctor) training induction days, new starters on the HPIP course and bespoke training for teams in critical care

- ▶ Collaborate with HGS colleagues to explore the potential for providing a joint falls study day and joint falls prevention initiatives
- ▶ Work with the patient experience team to explore how to capture and use patient stories in education, training and reports
- ▶ Work in collaboration with the Health and Safety team and HGS to update the Trust’s falls procedures
- ▶ Work with a nominated Consultant in Geriatric Medicine to implement actions following the Royal College of Physicians’ National Audit of Inpatient Falls in May 2017
- ▶ Re-evaluate the Trust compliance with NICE guidelines CG161 and Falls Quality Standards 2017, and implement any actions identified
- ▶ Assist with the development and implementation of a combined UHB/HEFT falls Datix and RCA tool, and explore how to further improve SI learning and sharing across teams

How progress will be monitored, measured and reported

- ▶ Data on falls is presented to the monthly Trust Preventing Harm group, which reports to the Chief Nurse’s Care Quality Group. Data on falls is also provided to the Medical Director’s monthly Clinical Quality Monitoring Group
- ▶ Ward-level and trust-level data on falls is available to clinical staff via the Clinical Dashboard
- ▶ Falls with specific outcomes, e.g., a fractured neck of femur (broken hip), are reported to the local Clinical Commissioning Group
- ▶ Progress will be publicly reported in the quarterly Quality Report updates published on the Trust’s quality web pages

Priority 6 – Timely treatment for sepsis

This quality improvement priority was proposed by the Clinical Quality Monitoring Group, agreed by the Council of Governors and approved by the Board of Directors.

Background

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

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

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

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

The Trust intranet pages have a library of information on recognising the symptoms of sepsis, screening patients and treating sepsis. These pages are available for all staff to view and have been promoted by the Trust's Communications team.

The Trust's aim for 2017/18 was to improve the early recognition and management of patients with sepsis.

Performance

Indicator 2a: Quarterly audit of 300 patients (150 emergency admissions and 150 inpatients) that meet the criteria for screening for sepsis (e.g., for inpatients this is a SEWS trigger of 4 and above). Target: over 90% of patients to have evidence of screening for sepsis using the Trust screening tool.

Indicator 2b: Quarterly audit of patients identified as having sepsis from part 2a above. Time between diagnosis of sepsis and antibiotics administered is then assessed. Target: over 90% to be given with 60mins.

	Indicator 2a Timely identification of sepsis in emergency departments and acute inpatient settings	Indicator 2b Timely treatment of sepsis in emergency departments and acute inpatient settings
Quarter 1	59%	74%
Quarter 2	82%	76%
Quarter 3	98.5%	82%
Quarter 4	100%	69%

For 2018/19, the Trust will continue to aim to meet the targets set out in the serious infection CQUIN, which have been agreed with the CCG.

Initiatives implemented during 2017/18

- ▶ A sepsis screening tool has been implemented in PICS for inpatients. A new paper-based screening tool is due to be rolled out in ED. Both of these are to help staff quickly identify patients who at risk, or who have developed sepsis, and also provide clear instruction on how to treat them and what further tests are required
- ▶ A Sepsis sub-group meeting has been set up, chaired by the Head of Education
- ▶ Nurses and doctors are undergoing "Peer 1 sepsis training". Further work undertaken to develop more detailed Sepsis training (Tier 2) for staff to be rolled out to staff in 2018
- ▶ The antimicrobial guidelines were reviewed and updated. Launched April 2018
- ▶ 'THINK SEPSIS' is an ongoing national campaign aiming to raise awareness of sepsis. In April 2017, UHB held a Sepsis Awareness week, to raise awareness of the THINK SEPSIS campaign and to provide information and advice of how to recognise the symptoms, how to screen and how to treat red flag sepsis. On the first day there was a stall with information and a presentation from Dr Ron Daniels BEM, Chief Executive of the UK Sepsis Trust and Global Sepsis Alliance, and also Clinical Advisor (Sepsis) to NHS England. On the following days a multi-disciplinary Sepsis Team visited wards across the hospital site
- ▶ Sepsis audit results feedback to an away day for Clinical Service Leads in March 2018

Initiatives to be implemented during 2018/19

- ▶ Roll out of updated Sepsis training (Tier 2) to nursing staff and doctors
- ▶ 10 day rolling audit in Emergency department (ED) by consultant to identify and feedback to staff patients that did not receive antibiotics within 60 minutes
- ▶ PICS implementation of Sepsis screening question in June 2018. This will allow staff to record patients with Sepsis to help prioritise treatment promptly

How progress will be monitored, measured and reported

- ▶ Performance against the CQUINs is reported to the Antimicrobial stewardship and sepsis group (ASSG), Chief Operating Officer Group, CQUIN tracker meeting and the Clinical Commissioning Group
- ▶ Progress will be publicly reported in the quarterly Quality Account updates published on the Trust's quality web pages
- ▶ Performance will be reported to the Clinical Quality Monitoring Group as part of the quarterly Quality Account update reports

2.2 Statements of assurance from the Board of Directors

2.2.1 Service income

During 2017/18 the University Hospitals Birmingham NHS Foundation Trust* provided and/or sub-contracted 63 relevant health services.

The Trust has reviewed all the data available to them on the quality of care in 63 of these relevant health services**.

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

* University Hospitals Birmingham NHS Foundation Trust will be referred to as the Trust/UHB in the rest of the report.

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

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

2.2.2 Information on participation in clinical audits and national confidential enquiries

During 2017/18, 41 national clinical audits and 6 national confidential enquiries covered relevant health services that UHB provides. During that period UHB participated in 95% (39 of 41) national clinical audits and 83% (5 of 6) national confidential enquiries of the national clinical audits and national confidential enquiries which it was eligible to participate in.

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

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

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

National Clinical Audits

National Audit UHB eligible to participate in	UHB participation 2017/18	Percentage of required number of cases submitted
Adult Cardiac Surgery	Yes	100%
BAETS - Endocrine and Thyroid National Audit	Yes	100%
Cardiac Rhythm Management	Yes	<80%
Congenital Heart Disease	Yes	99.7%
Critical Care Case Mix Programme (ICNARC)	Yes	100%
Cystectomy Audit	Yes	100%
Falls and Fragility Fractures Audit Programme	Yes	100%
Fractured Neck of Femur	Yes	100%
Head and Neck Cancer Audit	Yes	100%
Inflammatory Bowel Disease programme	Yes	100%
Learning Disability Mortality Review Programme (LeDeR Programme)	Yes	100%
Myocardial Ischaemia National Audit Project (MINAP)	Yes	100%
National Bowel Cancer Audit	Yes	36%
National Cardiac Arrest Audit (NCAA)	No	0%
National Audit of Percutaneous Coronary Interventions	Yes	100%
National Audit of Breast Cancer in Older Patients (NABCOP)	Yes	100%
National Chronic Obstructive Pulmonary Disease (COPD) Audit programme	Yes	100%
National Comparative Audit of Blood Transfusion - Audit of Patient Blood Management in Scheduled Surgery	Yes	100%
National Diabetes Audit	No	0%
National Emergency Laparotomy Audit	Yes	100%
National Heart Failure Audit	Yes	74%
National Hip Fracture Audit	Yes	91.0%
National Inpatient Audit (Diabetes)	Yes	100%
National Joint Registry (NJR)	Yes	100%
National Lung Cancer Audit	Yes	100%
National Neurosurgery Audit Programme	Yes	100%
National Ophthalmology Audit	Yes	100%
National Prostate Cancer Audit	Yes	100%
National Vascular Registry	Yes	87%
Nephrectomy audit	Yes	100%
Oesophago - Gastric Cancer Audit	Yes	72%
Parkinson's Audit	Yes	100%
Percutaneous Nephrolithotomy (PCNL)	Yes	100%
Procedural Sedation in Adults	Yes	100%
Radical Prostatectomy Audit	Yes	100%
Renal Replacement Therapy (Renal Registry)	Yes	100%
Serious Hazards of Transfusion (SHOT): UK National haemovigilance scheme	Yes	100%
Sentinel Stroke National Audit programme	Yes	100%
Stress Urinary Incontinence Audit	Yes	100%
TARN - Major Trauma Audit	Yes	100%
Use of Blood Audit Programme	Yes	100%

National Confidential Enquiries (NCEPOD)

National Confidential Enquiries (NCEPOD)	UHB participation 2017/18	Percentage of required number of cases submitted
Chronic Neurodisability	Yes	100%
Young People's Mental Health	No	Insufficient cases and available information to participate.
Cancer In Children, Teens and Young Adults	Yes	100%
Acute Heart Failure	Yes	100%
Perioperative Diabetes	Yes	On-going Study – 75% completed
Pulmonary Embolism	Yes	On-going Study – commenced March 2018. Datasheet submitted ready for patient selection.

Percentages given are the latest available figures.

The reports of 16 national clinical audits were reviewed by the provider in 2017/18 and UHB intends to take the following actions to improve the quality of healthcare provided: (see separate clinical audit appendix published on the Quality web pages: <http://www.uhb.nhs.uk/quality.htm>).

The reports of 159 local clinical audits were reviewed by the provider in 2017/18 and UHB intends to take the following actions to improve the quality of healthcare provided (see separate clinical audit appendix published on the Quality web pages: <http://www.uhb.nhs.uk/quality.htm>).

At UHB a wide range of local clinical audits are undertaken. This includes Trust-wide audits and specialty-specific audits that reflect local interests and priorities. A total of 738 clinical audits were registered with UHB's clinical audit team during 2017/18. Of these audits, 159 were completed during the financial year (see separate clinical audit appendix published on the Quality web pages: <http://www.uhb.nhs.uk/quality.htm>).

2.2.3 Information on participation in clinical research

The number of patients receiving relevant health services provided or sub-contracted by UHB in 2017/18 that were recruited during that period to participate in research approved by a research ethics committee was:

NIHR portfolio studies	6,682
Non-NIHR portfolio studies	1,572
Total	8,254*

*Data available up to February 2018

The total figure is based on all research studies that were approved during 2017/18. (NIHR: National Institute for Health Research).

The table below shows the number of clinical research projects registered with the Trust's Research and Development (R&D) Team during the past three financial years. The number of studies which were abandoned is also shown for completeness. The main reason for studies being abandoned is that not enough patients were recruited due to the study criteria or patients choosing not to get involved.

Reporting period	2015/16	2016/17	2017/18
Total number of projects registered with R&D	361	266	270
Out of the total number of projects registered, the number of studies which were abandoned	70	115	72
Trust total patient recruitment	8,493	8,813*	8,254**

* This figure has been updated since the 2016/17 Quality Account, as the full year's data is now available.

** Data available up to February 2018

The table below shows the number of projects registered in 2017/18, by specialty:

Specialty	No. of projects registered
Non-specific	31
A&E	1
Anaesthetics	3
Audiology	2
Breast Services	1
Burns & Plastics	7
Cardiology	8
Clinical Haematology	5
Clinical Immunology	1
Clinical Psychology	1
Critical Care	4
Dermatology	5
Diabetes	2
Elderly Care	2
Endocrinology	23
ENT	4
General Medicine	1
General Surgery	4
Genito-Urinary Medicine	4
GI Medicine	18
GI Surgery	2
Haematology	6
HIV	1
Imaging	6
ITU	2
Liver Medicine	13
Liver Surgery	1
Lung Investigation Unit	2
Microbiology	3
Neurology	16
Neuroradiology	4
Neurosurgery	5
Oncology	43
Ophthalmology	2
Palliative Care	1
Physiotherapy	1
R&D	1
Renal Medicine	11
Respiratory Medicine	8
Rheumatology	3
Stroke Services	2
Trauma	8
Urology	2
TOTAL	270

Examples of research at UHB having an impact on patient care

Three research studies were recently featured in the BBC2 Surgeons documentary filmed at UHB last summer:

The Cochlear Implant Study: six patients at UHB have taken part in a trial testing if a middle ear microphone will be of benefit and improve hearing in comparison to the normal cochlear implant microphone. Mr Richard Irving (Consultant ENT Surgeon) was the surgical lead who secured £1million of NIHR research funding which has allowed six patients to undergo experimental surgery to implant the in-ear microphone for six months. The episode focused on one patient, a 63 year old caretaker who, when the middle ear microphone was turned on, said his hearing had “more clarity than I’ve had in 20 years.” The surgery works by connecting the microphone to the middle ear, allowing for better hearing, with an invisible hearing aid (as it is in an individual’s head). The trial is nearly complete with data and results currently being collected.

Liver Transplant Reperfusion Study: Richard Laing (Liver Research Fellow) is the lead on a liver trial using the ORGANOX machine, which could help make “unsuitable” livers suitable for transplant. Currently, 400 livers are considered unsuitable for transplantation each year, and therefore disregarded. Being able to use these additional livers would be a great help, considering liver disease death has soared by 40% in the last decade. The ORGANOX machine restores the liver to the best possible state through perfusion, supplying it with blood, nutrients and oxygen. In the programme, Richard Laing and transplant surgeon Mr Thamara Perera were filmed in the operating theatre undertaking a liver transplant for a patient who had had problems with her liver for many years. Even with ORGANOX, transplantation must be complete within 13 minutes of the liver coming out of the machine. The study is now complete and the team are delighted with the results so far.

Gene therapy for Prostate Cancer: Mr Prashant Patel, Consultant Urological Surgeon, is the lead on a prostate cancer gene therapy trial (run jointly by UHB and University of Birmingham – Birmingham Health Partners). The trial injects patients with a genetically modified virus to target and kill their cancer cells, whilst having less unpleasant side effects compared to chemotherapy/radiotherapy. The episode focused on the twelfth patient on this trial, a 79 year old gentleman, who had had a recurrence of prostate cancer. The two-stage trial sees a “common cold” modified virus injected into the prostate cancer cell areas – this sample is localised, and changes the biochemistry of the cancer cells. 48 hours later, a second injection kills off the changed cancer cells. The trial is still ongoing, but early results are promising.

Also featured in the surgeons documentary was Lt Col Steven Jeffery (Consultant Plastic Surgeon) who used a revolutionary device that detects bacteria quickly (in real time). Faster, more accurate diagnosis helps lead to quicker treatment for infected burns wounds. This work forms part of the research programme for both military and civilian trauma patients treated at UHB testing novel

treatments and devices to further improve survival and rehabilitation post trauma injury.

2.2.4 Information on the use of the Commissioning for Quality and Innovation (CQUIN) payment framework

A proportion of UHB income in 2017/18 was conditional on achieving quality improvement and innovation goals agreed between UHB and any person or body they entered into a contract, agreement or arrangement with for the provision of relevant health services, through the Commissioning for Quality and Innovation payment framework.

Further details of the agreed goals for 2017/18 and for the following 12-month period are available electronically at <http://www.uhb.nhs.uk/quality-reports.htm>

The amount of UHB income in 2017/18 which was conditional upon achieving quality improvement and innovation goals was £12.7m*. Final payment for 2017/18 will not be known until June 2018.

* This represents the amount of income achievable based on the contract plans for NHS England and West Midlands CCGs. It isn't a precise figure for the following reasons;

- ▶ CQUIN would also be payable on any over-performance against these contracts
- ▶ CQUIN is also payable on out of area contracts
- ▶ A provision has been made in the accounts for non-delivery of some CQUINS
- ▶ CQUIN adjustments will also be applied for any adjustments made to the final outturn positions agreed with commissioners for 2017/18.

A proportion of UHB income in 2016/17 was conditional on achieving quality improvement and innovation goals. The Trust received £11.5m in payment for 2016/17.

2.2.5 Information relating to registration with the Care Quality Commission (CQC) and special reviews/ investigations

UHB is required to register with the Care Quality Commission and its current registration status is registered without compliance conditions. UHB has the following conditions on registration: the regulated activities UHB has registered for may only be undertaken at Queen Elizabeth Medical Centre.

The Care Quality Commission has not taken enforcement action against UHB during 2017/18.

UHB has not participated in any special reviews or investigations by the CQC during 2017/18.

During 2017/18, the Secretary of State for Health commissioned the CQC to carry out a whole system review of older people's services in England, by looking at twelve local health and social care systems. Birmingham was one of the areas chosen; the review (Birmingham Local System Review) took place in January 2018, it was led by the council and UHB contributed along with partners including the CCG. The review's focus was on how well people move through the health and social care system, including where there are delayed transfers of care, and what improvements could be made. The CQC's recommendations will be built into "Ageing Well" – one of the Priority Work Programmes in the Sustainable and Transformation Partnership (STP).

Information on visits conducted by Birmingham Cross City Commissioning Group is provided in the table below.

Date	Type of inspection	Outcome	Actions taken
31/05/2017	The CCG carried out an unannounced visit to ED that focused on Patient Experience and Safeguarding. The outcome was positive with no immediate risks identified.	Four minor issues were raised: <ol style="list-style-type: none"> 1. Is the use of trolleys to manage capacity in ED on the local risk register and how is it mitigated? 2. How is safeguarding flagged in ED and information shared when patients are transferred? 3. Children in play area are not visible to staff. 4. Toilet doors could be utilised to display important local telephone numbers. 	All four issues raised have been addressed and assurance has been provided to the CCG.
16/06/2017	An unannounced inspection was carried out the CCG, they assessed the following areas: <ol style="list-style-type: none"> 1. Staffing levels and associated safety issues 2. Infection Prevention Standards 3. Hand hygiene compliance 4. Saving Lives audit compliance 5. Cleanliness 	There were nine minor issues addressed in the report received from the CCG. Two regarding decontamination, three regarding Infection Prevention and Control, one for Hand Hygiene, two for cleanliness and one for management of sharps.	All issues raised by the CCG have now been addressed and assurance has been provided to the CCG.

Care Quality Commission: Inspection Ratings Grid

The CQC carried out a focused inspection of the Trust in January 2015. As a result of the inspection the Trust was overall rated as 'good' and full details of the Trusts ratings are below:

Domain	Safe	Effective	Caring	Responsive	Well-led	Overall
Urgent and Emergency Services	Requires Improvement	Requires Improvement	Good	Outstanding	Good	Good
Medical Care	Good	Good	Good	Good	Good	Good
Surgery	Good	Outstanding	Good	Requires Improvement	Good	Good
Critical Care	Good	Outstanding	Outstanding	Outstanding	Outstanding	Outstanding
End of Life Care	Good	Good	Good	Outstanding	Good	Good
Outpatient and diagnostic imaging	Good	N/A	Good	Requires Improvement	Requires Improvement	Requires Improvement
Overall Trust	Good	Good	Good	Good	Outstanding	Good

2.2.6 Information on the quality of data

UHB submitted records during 2017/18 to the Secondary Uses service for inclusion in the Hospital Episode Statistics which are included in the latest published data. The percentage of records in the published data:

- ▶ which included the patient's valid NHS Number was*:
 - > 99.16% for admitted patient care;
 - > 99.57% for outpatient care; and
 - > 96.78% for accident and emergency care.
- ▶ which included the patient's valid General Medical Practice Code was*:
 - > 99.81% for admitted patient care;
 - > 99.72% for outpatient care; and
 - > 98.90% for accident and emergency care.

*Figures cover the latest available period: 1st April 2017 to 28th February 2018.

UHB Information Governance Assessment Report overall score for 2017/18 was 71% and was graded green (satisfactory).

UHB was not subject to the Payment by Results clinical coding audit during 2017/18 by the Audit Commission.

(Note: the Audit Commission has now closed and responsibility now lies with NHS Improvement).

UHB will be taking the following actions to improve data quality:

- ▶ Continue to drive forward the UHB Coding Training programme to further improve training
- ▶ Continue to provide training for clinical coding across the West Midlands for Trusts that do not have their own trainers.
- ▶ Continue to monitor data quality through the Ward Clerk quality monitoring and management programme.
- ▶ Ensure continued compliance with the Information Governance Toolkit minimum Level 2 for data quality standards.
- ▶ Review the Data Quality Policy and develop associated procedures.
- ▶ Continue to support improvement of the data quality programme for the operational teams by providing data in relation to 18 week referral to treatment time (RTT).

2.2.7 Learning from deaths

During 2017/18, there has been a national drive to improve the processes trusts have in place for identifying, investigating and learning from inpatient deaths. Since January 2014, UHB has taken part in an 'early adopter' project involving the introduction of the Medical Examiner role at the Trust. UHB currently has a team of Medical Examiners who are Consultant-level staff and are required to review the vast majority of inpatient deaths. The role includes reviewing medical records and liaising with bereaved relatives to assess whether the care provided was appropriate and whether the death was potentially avoidable.

The Trust implemented the *Reviewing Inpatient Deaths Policy* and associated procedure in October 2017. All deaths must be given a stage one review by a Medical Examiner except for those meeting defined exception criteria such as forensic deaths where the medical records will not be available to Trust staff.

Any death where a concern has been raised by the Medical Examiner will be escalated to the specialty mortality and morbidity meeting for in-depth specialist review (stage two). The outcomes of stage two reviews are reported to the Trust's Clinical Quality Monitoring Group where a decision will be made on whether further review or investigation is required.

Data on learning from deaths is shown in the table below for Quarters 3 and 4 2017/18. Data is not included for previous quarters or financial years as trusts were only required to collate this information from September 2017 onwards.

1.	<p>During Quarters 3 and 4 2017/18 1073 of UHB's patients died. This comprised the following number of deaths which occurred in each quarter of that reporting period:</p> <ul style="list-style-type: none"> > 519 in the third quarter; > 554 in the fourth quarter.
2.	<p>By 31/03/2018, 952 case record reviews and 12 investigations have been carried out in relation to 954 of the deaths included in item 1. In 4 cases a death was subjected to both a case record review and an investigation. The number of deaths in each quarter for which a case record review or an investigation was carried out was:</p> <ul style="list-style-type: none"> > 455 in the third quarter; > 509 in the fourth quarter.
3.	<p>One, representing 0.09%, of the patient deaths during the reporting period is judged to be more likely than not to have been due to problems in the care provided to the patient. In relation to each quarter, this consisted of:</p> <ul style="list-style-type: none"> > 1 representing 0.19% for the third quarter; > 0 representing 0% for the fourth quarter. <p>These numbers have been estimated using the processes outlined in the Trust's <i>Reviewing Inpatient Deaths Policy</i> and related procedure. Thorough independent investigations of all deaths considered to be potentially avoidable after case record review have been undertaken using recognised root cause analysis techniques.</p>
4.	<p>As part of every investigation, a detailed report that includes all learning points and an in-depth action plan is produced. Each investigation can produce a number of recommendations and changes, and each individual action is specifically designed on a case by case basis to ensure that the required changes occur. The implementation of these actions and recommendations is robustly monitored to ensure ongoing compliance. Similarly, the outcomes of every case record review are monitored with ongoing themes and trends reported and escalated as required to ensure all required changes are made.</p> <p>The following specific actions are being implemented following the death identified in 3. above:</p> <ul style="list-style-type: none"> > To hold mandatory refresher educational sessions on imaging of acute bleeding for all Consultant and Registrar Radiologists. > To reinforce requirement to discuss imaging concerns at Consultant-to-Consultant level where differences of opinion arise. > To remind Radiologists to compare scans to previous imaging. > To ensure there is a robust Cardiology imaging archive. The Royal College of Radiologists recommends that all imaging is archived for retrospective review. > Staff must take a 'stop moment' when applying the resuscitation system to ensure optimum positioning. > All relevant staff to receive refresher training on the resuscitation system settings and potential complications of using the device. > Cardiology and Cardiothoracic Mortality and Morbidity Meeting to discuss the risks associated with carrying out ablation procedures. > All pericardial drain placements to be carried out under ultrasound guidance which will require appropriate training.
5.	<p>As described above, each investigation involves the creation of a detailed, thorough action plan which will involve numerous actions per investigation. These actions are specifically tailored to individual cases and monitored on an ongoing basis to ensure the required changes have been made.</p>
6.	<p>All actions are monitored to ensure they have had the desired impact. If this has not happened, actions will be reviewed and altered as necessary to ensure that sustainable and appropriate change has been implemented.</p>

2.3 Performance against national core set of quality indicators

A national core set of quality indicators was jointly proposed by the Department of Health and Monitor (now NHS Improvement) for inclusion in trusts' Quality Reports from 2012/13. The data source for all the indicators is NHS Digital (formerly the Health and Social Care Information Centre, or HSCIC). The Trust's performance for the applicable quality indicators is shown in Appendix A for the latest time periods available. Further information about these indicators can be found on the NHS Digital website: <http://content.digital.nhs.uk/>

3 Other information

3.1 Overview of quality of care provided during 2017/18

The tables below show the Trust's latest performance for 2017/18 and the last two financial years for a selection of indicators for patient safety, clinical effectiveness and patient experience. The Board of Directors has chosen to include the same selection of indicators as reported in the Trust's 2016/17 Quality Report to enable patients and the public to understand performance over time.

The patient safety and clinical effectiveness indicators were originally selected by the Clinical Quality Monitoring Group because they represent a balanced picture of quality at UHB. The patient experience indicators were selected in consultation with the Care Quality Group which has Governor representation to enable comparison with other NHS trusts.

The latest available data is shown below and has been subject to the Trust's usual data quality checks by the Health Informatics team. Benchmarking data has also been included where possible. Performance is monitored and challenged during the year by the Clinical Quality Monitoring Group and the Board of Directors.

Patient safety indicators

Indicator	Data source	2015/16	2016/17	2017/18	Peer Group Average (where available)
1(a) Patients with MRSA infection/100,000 bed days > (includes all bed days from all specialities) > Lower rate indicates better performance	> Trust MRSA data reported to PHE > HES data (bed days)	2.06	1.01	0.00	0.38 April-Dec 2017 Acute trusts in West Midlands
1(b) Patients with MRSA infection/100,000 bed days > (aged >15, excluding Obstetrics, Gynaecology and elective Orthopaedics) > Lower rate indicates better performance	> Trust MRSA data reported to PHE > HES data (bed days)	2.07	1.01	0.00	0.42 April-Dec 2017 Acute trusts in West Midlands
2(a) Patients with C. difficile infection/100,000 bed days > (includes all bed days from all specialities) > Lower rate indicates better performance	> Trust CDI data reported to PHE > HES data (bed days)	16.76	21.73	18.41	13.40 April-Dec 2017 Acute trusts in West Midlands
2(b) Patients with C. difficile infection/100,000 bed days > (aged >15, excluding Obstetrics, Gynaecology and elective Orthopaedics) > Lower rate indicates better performance	> Trust CDI data reported to PHE > HES data (bed days)	16.84	21.85	18.50	14.84 April-Dec 2017 Acute trusts in West Midlands
3(a) Patient safety incidents > (reporting rate per 1000 bed days) > Higher rate indicates better reporting	> Datix (incident data) > Trust admissions data	63.3	63.6	65.4	62.3 April-Dec 2017 Acute (non specialist) hospitals NRLS website (Organisational Patient Safety Incidents Workbook)
3(b) Never Events > The number of Never Events that occurred during the time period > Lower number indicates better performance	> Datix (incident data)	5	1	6	Not available
4(a) Percentage of patient safety incidents which are no harm incidents > Higher % indicates better performance	> Datix (incident data)	82.0%	83.1%	85.1	90.3% April - Sep 2017 Acute (non specialist) hospitals NRLS website (Organisational Patient Safety Incidents Workbook)

Indicator	Data source	2015/16	2016/17	2017/18	Peer Group Average (where available)
4(b) Percentage of patient safety incidents reported to the National Reporting and Learning System (NRLS) resulting in severe harm or death > Lower % indicates better performance	> Datix (patient safety incidents reported to the NRLS)	0.14%	0.12%	0.22%	0.26% April – Sep 2017 Acute (non specialist) hospitals NRLS website (Organisational Patient Safety Incidents Workbook)
4(c) Number of patient safety incidents reported to the National Reporting and Learning System (NRLS)	> Datix (patient safety incidents reported to the NRLS)	20,516	22,532	24,568	11,792 (6 months) April – Sep 2017 Acute (non specialist) hospitals NRLS website (Organisational Patient Safety Incidents Workbook)

Clinical effectiveness indicators

Indicator	Data source	2015/16	2016/17	2017/18	Peer Group Average (where available)
5(a) Emergency readmissions within 28 days (%) > (Medical and surgical specialties – elective and emergency admissions aged >15) % > Lower rate indicates better performance	> HED data	13.86% England: 13.50%	14.14% England: 13.57%	13.53% Apr–Nov 2017 England: 13.52%	13.58% April–Nov 2017 University hospitals
5(b) Emergency readmissions within 28 days (%) > (all specialties) > Lower % indicates better performance	> HED data	13.84% England: 11.24%	14.10% England: 11.38%	13.50% Apr–Nov 2017 England: 11.35%	11.42% Apr–Dec 2017 University hospitals
5(c) Emergency readmissions within 28 days of discharge (%) > Lower % indicates better performance	> Lorenzo / Oceano	10.68%	10.80%	10.71%	Not available
6 Falls (incidents reported as % of patient episodes) > Lower % indicates better performance	> Datix (incident data), > Trust admissions data	2.1%	2.2%	2.2% Apr 2017 - Feb 2018	Not available
7 Stroke in-hospital mortality > Lower % indicates better performance	> SSNAP data	5.0%	1.8%	5.7%	Not available
8 Percentage of beta blockers given on the morning of the procedure for patients undergoing first time coronary artery bypass graft (CABG) > Higher % indicates better performance	> Trust PICS data	97.5%	97.4%	94.8%	Not available

Notes on patient safety & clinical effectiveness indicators

The data shown is subject to standard national definitions where appropriate. The Trust has also chosen to include infection and readmissions data which has been corrected to reflect specialty activity, taking into account that the Trust does not undertake paediatric, obstetric, gynaecology or elective orthopaedic activity. These specialties are known to be very low risk in terms of hospital acquired infection, for example, and therefore excluding them from the denominator (bed day) data enables a more accurate comparison to be made with peers.

▶ 1a, 1b, 2a, 2b

- ▶ These indicators use HES data for the bed days, as this allows trusts to benchmark against each other. UHB also has an internal measure of bed days which uses a different methodology, and this number may be used in other, similar, indicators in other reports.
- ▶ Receipt of HES data from the national team always happens two to three months later, these indicators will be updated in the next quarterly report.

▶ 3a

- ▶ The NHS England definition of a bed day ("KH03") differs from UHB's usual definition. For further information, please see this link:
- ▶ <http://www.england.nhs.uk/statistics/statistical-work-areas/bed-availability-and-occupancy/>.
- ▶ NHS England have also reduced the number of peer group clusters (trust classifications), meaning UHB is now classed as an 'acute (non specialist)' trust and is in a larger group. Prior to this, UHB was classed as an 'acute teaching' trust which was a smaller group.

▶ 3b

- ▶ UHB had six Never Events during 2017/18, (five wrong site surgery and one retained swab). All have been investigated, and the patients have received the correct procedures where appropriate. Two misplacements of an NG tube had previously been reported and managed as Never Events, however these two have since been downgraded following further investigation.

▶ 4c

- ▶ The number of incidents shown only includes those classed as patient safety incidents and reported to the National Reporting and Learning System.

▶ 5a, 5b

- ▶ Data for these indicators has been taken from UHB's own data tool (HED), as the HES data has not been made available. Data for previous years has also been updated to allow for comparison in this report, so will not match data in the previous Quality Reports. This change also means that indicator 5a looks at readmissions for patients >17, instead of the previous >15.

▶ 5c

- ▶ This indicator only includes patients readmitted as emergencies to the Trust within 28 days of discharge and excludes UHB cancer patients. The data source is the Trust's patient administration system (Lorenzo, replaced by Oceano during 2017/18). The data for previous years has been updated to include readmissions from 0 to 27 days and exclude readmissions on day 28 in line with the national methodology. Any changes in previously reported data are due to long-stay patients being discharged after the previous years' data was analysed.

▶ 8

- ▶ Beta blockers are given to reduce the likelihood of peri-operative myocardial infarction and early mortality. This indicator relates to patients already on beta blockers and whether they are given beta blockers on the day of their operation. All incidences of beta blockers not being given on the day of operation are investigated to understand the reasons why and to reduce the likelihood of future omissions.

Patient experience indicators

The National Inpatient Survey is run by the Picker Institute on behalf of the CQC; the UHB results of selected questions are shown below. The 2017 survey report has not been published at the time of writing, so the text and table below refer to the latest available results, which are from the 2016 survey. Information on the 2017 results will be added to the published Quality Account once it is available. Alternative patient experience data and indicators are also available in Priority 2: Improving patient experience above, these are taken from the Trust's local patient surveys.

The results of the 2016 National Inpatient Survey for UHB were based on answers from 436 respondents, which is a response rate of 36% (compared to a national response rate of 44%). The findings report that the Trust was 'better' than other Trusts in two questions in the 2016 report (six in 2015, four in 2014): being given written or printed information about what to do/not do after leaving hospital, and being informed of any danger signals to watch for after going home. The remaining questions scored 'about the same' as other trusts, and none scored 'worse' than other Trusts.

Patient survey question	2014/15		2015/16		2016/17	
	Score	Comparison with other NHS trusts in England	Score	Comparison with other NHS trusts in England	Score	Comparison with other NHS trusts in England
Overall were you treated with respect and dignity?	9.2	About the same	9.2	About the same	9.2	About the same
Involvement in decisions about care and treatment	7.7	About the same	7.5	About the same	7.4	About the same
Did staff do all they could to control pain?	8.1	About the same	8.2	About the same	8.3	About the same
Cleanliness of room or ward	9.2	About the same	9.2	About the same	9.2	About the same
Overall rating of care	8.3	About the same	8.4	About the same	8.3	About the same
Time period & data source	2014, Trust's Survey of Adult Inpatients 2014 Report, CQC		2015, Trust's Survey of Adult Inpatients 2015 Report, CQC		2016, Trust's Survey of Adult Inpatients 2016 Report, CQC	

Note: Data is presented as a score out of 10; the higher the score for each question, the better the Trust is performing.

3.2 Performance against indicators included in the NHS Improvement Single Oversight Framework

Indicator	Target	Performance		
		2015/16	2016/17	2017/18
A&E maximum waiting time of 4 hours from arrival to admission/transfer/discharge ¹	95%	91.9%	81.8%	82.9%
Maximum time of 18 weeks from point of referral to treatment (RTT) in aggregate – patients on an incomplete pathway ^{1,2}	92%	95.0%	92.5%	92.3%
All cancers – maximum 62-day wait for first treatment from urgent GP referral for suspected cancer	85%	72.2%	75.4%	70.4%
All cancers – maximum 62-day wait for first treatment from NHS cancer screening service referral	90%	92.8%	96.2%	92.6%
<i>C. difficile</i> – meeting the <i>C. difficile</i> objective	≤ 63 cases judged to be lapses in care	24 judged lapses in care (66 total)	31 judged lapses (92 total)	8 judged lapses ³ (76 total)
Maximum 6-week wait for diagnostic procedures	99%	98.4%	99.6%	99.6%
Venous thromboembolism (VTE) risk assessment	95%	99.4%	99.5%	99.4%

For the SHMI, please refer to the Mortality section of this Quality Report (3.3).

Notes:

1: Indicators audited by the Trust's external auditor Deloitte as part of the external assurance arrangements for the 2017/18 Quality Report.

2: Data assurances and actions for improvement

The assurance work undertaken by Deloitte LLP in respect of the Quality Report 2017/18 led to a modified opinion with respect to the accuracy of the reported 18 week Referral to Treatment incomplete pathway indicator.

The Trust has put in place an action plan in order to address the concerns identified. This plan includes a review of the procedures required to achieve good data quality at the point of entry. In addition, the plan outlines initiatives to enhance skills and training of the

clinical and administrative teams who are involved with RTT pathway management. By getting this right first time, we will reduce the potential for errors and the need for any corrections down-stream. A detailed action plan, alongside progress reports, will be reported through the Trust's Audit Committee. The accountable lead for the delivery of this action plan will be the Chief Operating Officer. The majority of the data quality issues identified (relating to 25 out of 28 data errors observed) have no risk of impact on patients' clinical care and are administrative only. The only area where there is a small potential for an effect on the patient's clinical management has already been subject to additional reporting and monitoring but, as a result of this year's audit, this will be developed further and enhanced

accordingly. To date there is no indication that patient care has been affected by the recording or reporting of data for the measurement of access times in the RTT performance measure. The primary mechanism for the management of patient pathways remains outwith the RTT monitoring and reporting processes, and therefore remains unaffected by data quality issues.

3: Another 7 still to be determined

3.3 Mortality

The Trust continues to monitor mortality as close to real-time as possible with senior managers receiving daily emails detailing mortality information and on a longer term comparative basis via the Trust's Clinical Quality Monitoring Group. Any anomalies or unexpected deaths are promptly investigated with thorough clinical engagement.

The Trust has not included comparative information due to concerns about the validity of single measures used to compare trusts.

Summary Hospital-level Mortality Indicator (SHMI)

The Health and Social Care Information Centre (HSCIC, now NHS Digital) first published data for the Summary Hospital-level Mortality Indicator (SHMI) in October 2011. This is the national hospital mortality indicator which replaced previous measures such as the Hospital Standardised Mortality Ratio (HSMR). The SHMI is a ratio of observed deaths in a trust over a period time divided by the expected number based on the characteristics of the patients treated by the trust. A key difference between the SHMI and previous measures is that it includes deaths which occur within 30 days of discharge, including those which occur outside hospital.

The Summary Hospital-level Mortality Indicator should be interpreted with caution as no single measure can be used to identify whether hospitals are providing good or poor quality care¹. An average hospital will have a SHMI around 100; a SHMI greater than 100 implies more deaths occurred than predicted by the model but

may still be within the control limits. A SHMI above the control limits should be used as a trigger for further investigation.

The Trust's latest SHMI is 96 for the period April – November 2017 this implies the mortality numbers are lower than expected but remain within tolerance control limits. The latest SHMI value for the Trust, which is available on the NHS Digital (formerly HSCIC) website, is 99 for the period April – September 2017. This is within tolerance.

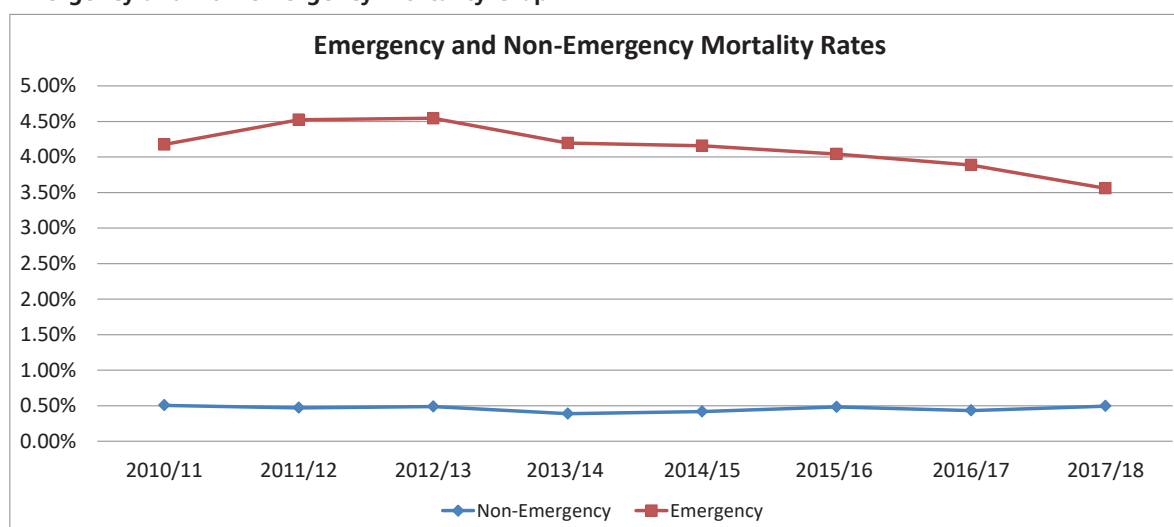
The Trust has concerns about the validity of the Hospital Standardised Mortality Ratio (HSMR) which was superseded by the SHMI but it is included here for completeness. UHB's HSMR value is 106 for the period April – December 2017 as calculated by the Trust's Health Informatics team. The validity and appropriateness of the HSMR methodology used to calculate the expected range has however been the subject of much national debate and is largely discredited²³. The Trust is continuing to robustly monitor mortality in a variety of ways as detailed above.

Crude Mortality

The first graph shows the Trust's crude mortality rates for emergency and non-emergency (planned) patients. The second graph below shows the Trust's overall crude mortality rate against activity (patient discharges) by quarter. The crude mortality rate is calculated by dividing the total number of deaths by the total number of patients discharged from hospital in any given time period. The crude mortality rate does not take into account complexity, case mix (types of patients) or seasonal variation.

The Trust's overall crude mortality rate for 2017/18 is 2.85%, which is a small decrease compared to 2016/17 (2.96%) and 2015/16 (3.04%).

Emergency and Non-emergency Mortality Graph

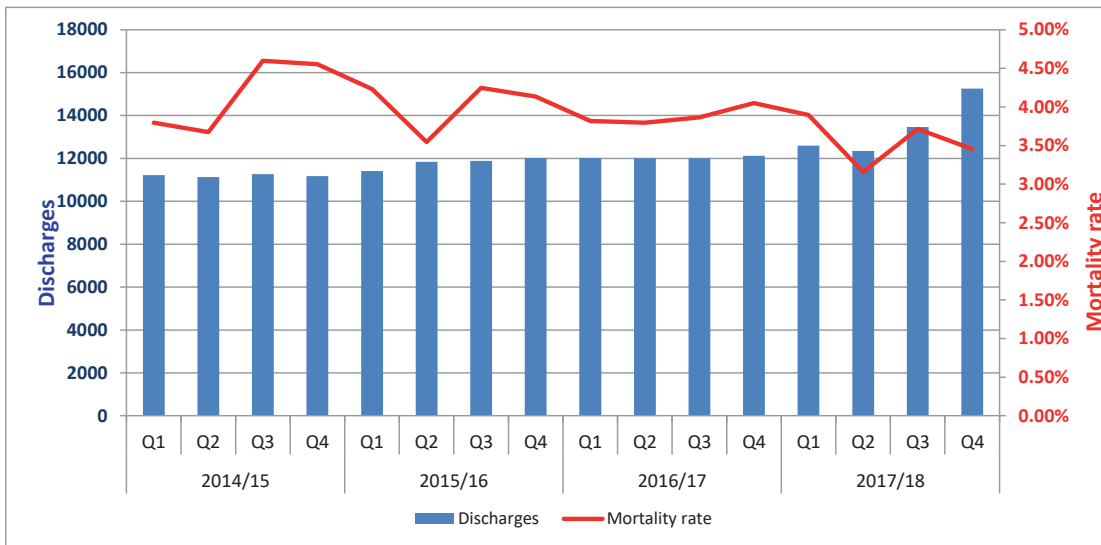


1 Freemantle N, Richardson M, Wood J, Ray D, Khosla S, Sun P, Pagano, D. Can we update the Summary Hospital Mortality Index (SHMI) to make a useful measure of the quality of hospital care? An observational study. *BMJ Open*. 31 January 2013.

2 Hogan H, Healey F, Neale G, Thomson R, Vincent C, Black, N. Preventable deaths due to problems in care in English acute hospitals: a retrospective case record review. *BMJ Quality & Safety*. Online First. 7 July 2012.

3 Lilford R, Mohammed M, Spiegelhalter D, Thomson R. Use and misuse of process and outcome data in managing performance of acute and medical care: Avoiding institutional stigma. *The Lancet*. 3 April 2004.

Overall Crude Mortality Graph



3.4 Safeguarding

The Trust’s framework for safeguarding adults and children is based on national guidance arising from the Care Act 2014 and the Working Together to Safeguard Children 2015 guide, which promotes development of inter-agency working to safeguard vulnerable adults and children.

University Hospitals Birmingham NHS Foundation Trust (UHB) has continued to ensure that the safeguarding of adults and children at risk remains a high priority within the Trust. The aim is to ensure that there is a robust safeguarding policy, with supporting procedural documents, which allows a consistent approach to the delivery of the Safeguarding Principles across the Trust. The policy provides a framework that can be followed, encourages the challenge of practise where appropriate, and is reinforced by training and support. It enables all clinical staff to recognise and report incidents where adults and children are at risk. It ensures that patients receive a positive experience, with support when necessary, in relation to safeguarding issues highlighted.

There is a robust collection of safeguarding activity in the Trust each month. This influences training, education, and patient resources.

Level 2 Adult and Children Safeguarding training is a combined session and has been mandatory for all patient-facing staff in 2017/18. A further two study days for Clinical Champions (one from each clinical area) have been held during this year to improve knowledge across the Trust.

Level 3 Adult and Children Safeguarding training is provided in key areas for staff identified as part of a training needs analysis. Compliance with training is 96%. Sessions on Child Sexual Exploitation, Domestic Abuse, Female Genital Mutilation, Sudden Death and Violence Reduction are provided and supplemented by e-learning sessions accessible via the intranet.

The safeguarding team provides supervision within the Emergency Department and Sexual Health services which is proving to be beneficial to clinical staff.

PREVENT training is delivered at Trust induction for new starters and in those areas identified in the training needs analysis; the Trust has achieved 90% compliance.

The Trust intranet pages for safeguarding are kept updated to reflect changes in legislation and updates to policy and procedures.

Mental Capacity Assessments are now documented on the Trust’s Prescribing, Information and Communication System (PICS), ensuring that they are available to be viewed by all staff involved in that person’s care.

The Making Safeguarding Personal (MSP) initiative is embedded across the Trust through Level 2 training and a flowchart to support staff is available on the Intranet and in each clinical area. To evaluate the effectiveness of the initiative, the safeguarding team has developed a questionnaire for adult patients who pass through the safeguarding process, to obtain their views on the process and the support that they have received from the safeguarding team. The aim is to ensure that the safeguarding process is personal for every patient. The results have been extremely positive, showing that patients feel that they are involved in the safeguarding process, receiving assurance that it is person-centred.

The use of ‘the patient story’ is embedded into the Trust Safeguarding Group to ensure that the divisional representatives are able to feedback to their clinical areas.

The Trust is committed to listening to the voice of the child and the safeguarding team visit all child admissions (16 and 17 year olds) to ensure they are being supported appropriately. The safeguarding team has produced a questionnaire on the patient experience whilst in hospital for 16-24 year olds. The results are evaluated and comments are taken into account when planning training and service changes.

The Trust approaches safeguarding using an integrated ‘Right Help Right Time’ model. At all times staff are encouraged to think about the impact their patients’

needs may have on children or vulnerable adults in their care and if an Early Help response may be helpful.

Further information can be found in the Trust's Annual Report for 2017/18: <http://www.uhb.nhs.uk/reports.htm>.

3.5 Staff Survey

The Trust's Staff Survey results for 2017 show that performance was above average or top 20% for 24 of the 32 key findings when compared to other acute trusts.

The results are based on responses from 3906 staff which represents an increase in response rate from 41% last year to 44% this year; this is average for acute trusts in England (also 44%).

The results for five key findings of the Staff Survey which most closely relate to quality of care are shown in the table below, along with two that have been included based on previous national guidance.

UHB performed in the highest (best) 20% of trusts for:

- ▶ Staff satisfaction with the quality of work and patient care they are able to deliver (see Question 1 below)
- ▶ Staff recommending the Trust as a place to work or receive treatment (see Question 3 below)
- ▶ Percentage of staff reporting errors, near misses or incidents witness in the last month (see Question 4 below)
- ▶ Staff satisfaction with resourcing and support

To target lower performing areas identified by the survey, each Division has an action plan which looks at the key findings where they scored lowest. These also have actions based on staff groups, e.g., increase participation in the survey, or areas where a specific staff group have scored low. The action plans are monitored by the Chief Operating Officer.

Last year, the Trust focussed on addressing bullying and harassment, and staff health and wellbeing. An action arising from the divisional action plans was to ensure that staff were aware of the channels available for raising concerns about harassment, bullying or abuse, the support available, and increase awareness of the staff counselling service, staff support.

A trust-wide action was to focus on staff health and wellbeing; we already offer a number of initiatives but are aware that awareness of these is low. A marketing campaign was launched, using posters, leaflets and digital communication to raise awareness of the health and wellbeing initiatives available for staff such as staff physiotherapy, counselling, the staff well clinic, the Morris Centre, and psychological support such as Stress Management courses and mindfulness.

The Staff Survey results for 2017 have again highlighted these two areas, and actions arising from this year's survey will further address these areas. Ensuring staff feel safe and well at work is vital to support staff to deliver high quality care.

Key Finding from Staff Survey	2015/16	2016/17	2017/18	Comparison with other acute NHS trusts 2017/18
1. Staff satisfaction with the quality of work and patient care they are able to deliver (KF2)	4.16	4.08	4.02	Highest (best) 20%
2. Percentage of staff agreeing their role makes a difference to patients (KF3)	93%	92%	90%	Above (better than) average
3. Staff recommendation of the trust as a place to work or receive treatment (KF1)	4.02	3.97	3.98	Highest (best) 20%
4. Percentage of staff reporting errors, near misses or incidents witnessed in the last month (KF29)	92%	91%	91%	Above (better than) average
5. Effective use of patient/service user feedback (KF32)	3.78	3.76	3.72	Average
6. Percentage of staff experiencing harassment, bullying or abuse from staff in the last 12 months (KF26) (Lower score is better)	27%	23%	23%	Below (better than) average
7. Percentage of staff believing that the trust provides equal opportunities for career progression or promotion (KF21)	88%	86%	85%	Average
<i>Data source</i>	Trust's 2015 Staff Survey Report, NHS England	Trust's 2016 Staff Survey Report, NHS England	Trust's 2017 Staff Survey Report, NHS England	

Notes on staff survey

1 & 3: Possible scores range from 1 to 5, with a higher score indicating better performance.

5: In the 2015 report, the 2015 score was reported as 3.77, but the latest report has it as 3.78 - this was due to a data cleaning exercise by the Picker Institute, which was done for all organisations.

3.6 Specialty Quality Indicators

The Trust's Quality and Outcomes Research Unit (QuORU) was set up in September 2009. The unit has linked a wide range of information systems together to enable different aspects of patient care, experience and outcomes to be measured and monitored. The unit continues to provide support to clinical staff in the development of innovative quality indicators with a focus on research. In August 2012, the Trust implemented a framework based on a statistical model for handling potentially significant changes in performance and identifying any unusual patterns in the data. The framework has been used by the Quality and Informatics teams to provide a more rigorous approach to quality improvement and to direct attention to those indicators which may require improvement.

Performance for a wide selection of the quality indicators developed by clinicians, Health Informatics and the Quality and Outcomes Research Unit has been included in the Trust's annual Quality Reports. The selection included for 2017/18 includes 65 indicators covering the majority of clinical specialties. Performance for the past three financial years is included in a separate appendix on the Quality web pages: <http://www.uhb.nhs.uk/quality.htm>

This analysis is based on data for April 2017 to March 2018 for most indicators. Some run one to two months in arrears and this is indicated where relevant.

The majority of the 65 indicators have a goal; 54% of those with a goal met it in 2017/18, compared to 62% in 2016/17 and 63% in 2015/16.

The Trust's clinical and management teams improved performance for 9% of the indicators during 2017/18. Performance for 77% stayed about the same (including eight indicators which were already scoring the maximum and continued to do so). Performance for 11% of the indicators deteriorated during 2017/18.

Two indicators have been decommissioned to avoid duplication, as the data is collected and monitored via other systems at the Trust.

Two further indicators do not yet have any data for 2017/18 so have not been included in the analysis (this data is sourced nationally).

Table 1 below shows performance for selected specialty indicators where the most notable improvements have been made during 2017/18.

Table 2 below shows performance for selected indicators where performance has deteriorated during 2017/18.

Performance for the remaining indicators can be viewed on the Quality web pages: <http://www.uhb.nhs.uk/quality.htm>.

Table 1

Specialty	Indicator	Goal	Percentage Apr 15 – Mar 16	Percentage Apr 16 – Mar 17	Numerator Apr 17 – Mar 18	Denominator Apr 17 – Mar 18	Percentage Apr 17 – Mar 18	Data Sources
Dementia	Percentage of patients with Dementia who died and had at least 3 out of the following 4 medications prescribed to be taken as required during their stay in hospital: analgesics, sedation to reduce agitation, anti-emetics (anti-sickness) and anti-secretory medication	> 90%	69.6%	66.5%	240	304	78.9%	Lorenzo / Oceano, PICS
Gastro-enterology	Patients with inflammatory bowel disease admitted under the care of Gastroenterology Consultants who receive low molecular weight (LMW) heparin medication	> 90%	95.0%	94.4%	57	57	100%	Lorenzo / Oceano, PICS
Imaging	GP direct access patients who have report turnaround time of less than or equal to 7 days for plain imaging	> 99%	84.4%	59.7%	21412	29202	73.3%	CRIS

Table 2

Specialty	Indicator	Goal	Percentage Apr 15 – Mar 16	Percentage Apr 16 – Mar 17	Numerator Apr 17 – Mar 18	Denominator Apr 17 – Mar 18	Percentage Apr 17 – Mar 18	Data Sources
Dermatology	Suspected cancer cases seen within 2 weeks by a Consultant	> 93%	98.9%	96.4%	2442	2671	91.4%	Lorenzo / Oceano, Somerset
Maxillofacial Surgery	Percentage of emergency admissions with fractured mandible (lower jaw) who are operated on the same or next day	>90%	76.1%	77.4%	515	749	68.8%	Lorenzo / Oceano
Ear, Nose & Throat (ENT) Surgery	All patients undergoing cochlear implantation should have a post operative skull x-ray or CT Scan	100%	100%	96.0%	68	86	79.1%	Lorenzo / Oceano, PICS

3.7 Sign Up to Safety

The national *Sign up to Safety* campaign was launched in 2014 and aims to make the NHS the safest healthcare system in the world. The ambition is to halve avoidable harm in the NHS over the next three years. Organisations across the NHS have been invited to join the *Sign up to Safety* campaign and make five key pledges to improve safety and reduce avoidable harm. UHB joined the campaign in November 2014 and made the following five *Sign up to Safety* pledges:

1. Put safety first

Commit to reduce avoidable harm in the NHS by half and make public the goals and plans developed locally.

We will:

- ▶ Reduce medication errors due to missed drug doses
- ▶ Improve monitoring of deteriorating patients through completeness of observation sets
- ▶ Reduce hospital acquired grade 3 and 4 pressure ulcers
- ▶ Reduce harm from falls

2. Continually learn

Make their organisations more resilient to risks, by acting on the feedback from patients and by constantly measuring and monitoring how safe their services are.

We will:

- ▶ Better understand what patients are telling about us about their care through continuous local patient surveys, complaints and compliments
- ▶ Review the Clinical Dashboard to ensure clinical staff have the performance and safety information they need to improve patient care

3. Honesty

Be transparent with people about our progress to tackle patient safety issues and support staff to be candid with patients and their families if something goes wrong.

We will:

- ▶ Improve staff awareness and compliance with the Duty of Candour
- ▶ Communicate key safety messages through regular staff open meetings and Team Brief

- ▶ Make patients and the public aware of safety issues and what the Trust is doing to address them.

4. Collaborate

Take a leading role in supporting local collaborative learning, so that improvements are made across all of the local services that patients use.

We will:

- ▶ Work closely with our partners to:
 - › Make improvements for patients in relation to mental health and mental health assessment
 - › Develop clearer and simpler pathways around delayed transfers of care, safeguarding, end of life care and falls
 - › Implement electronic solutions such as the 'Your Care Connected' project to improve patient safety by sharing key information

5. Support

Help people understand why things go wrong and how to put them right. Give staff the time and support to improve and celebrate the progress.

We will:

- ▶ Improve the learning and feedback provided to staff from complaints and incident reporting
- ▶ Enable junior doctors to understand how they are performing and how they can improve in relation to key safety issues such as VTE prevention through the Junior Doctor Monitoring System
- ▶ Recognise staff contribution to patient safety through the Best in Care awards

UHB's Sign Up to Safety action plan can be found on the Trust intranet:

<http://www.uhb.nhs.uk/sign-up-to-safety.htm>

Further information about Sign Up to Safety can be found on the NHS England website: <http://www.england.nhs.uk/signuptosafety/>

3.8 Duty of Candour

When a patient has been adversely affected by an incident, staff have a duty to inform the patient, relatives and / or carers as appropriate. This may fall under the Being Open process or Duty of Candour (DoC), depending upon the level of harm or potential for harm to the patient, and must include details of what happened and what is being done in response. Provision of reasonable support and an apology when things go wrong must also be addressed. This ensures that not only does the Trust meet its Duty of Candour statutory requirements, but that staff are open and transparent, honouring the Trust vision and values of providing the best in care and honesty to patients and service users.

When Duty of Candour is identified as being applicable, the risk team works with staff to support the process and provide expert advice as required. Conversations are recorded on a standard form which includes specific details of who is to be contacted for future feedback and who will undertake this feedback. These forms are logged against the trust-wide Duty of Candour tracker, which is monitored by the Clinical Risk and Compliance department, and also contains information on actions taken. If an incident has led to further investigation then details of the investigation will also be recorded and information reconciled. The risk team work closely with the investigations team and complaints department to ensure that details are co-ordinated, providing patient focused feedback that is appropriate and timely, as well as meeting statutory deadlines.

The risk team support staff in understanding the process and how to complete Duty of Candour, as well as ensuring regulatory compliance. The risk team have embedded Duty of Candour into the investigation procedure to ensure timely recognition and facilitation of the Duty of Candour process.

A revised Duty of Candour pro-forma has been designed to improve quality of information and understanding of the process.

An education scheme is being planned to ensure all staff receive appropriate training before this is launched, and will be supported by ongoing education and training.

The Duty of Candour / Being Open Policy is currently being reviewed in conjunction with colleagues at HGS to ensure a clear and aligned process.

3.9 Statement on the implementation of the priority clinical standards for seven day hospital services

The Academy of Medical Royal Colleges have agreed a number of principles which are set out in three patient-centred standards to deliver consistent inpatient care irrespective of the day of the week. Sir Bruce Keogh, NHS England's National Medical Director, set out a plan to drive seven day services across the NHS, starting with urgent care services and supporting diagnostics.

Ten clinical standards have been identified, of which four are priority standards:

1. Time to consultant review
2. Diagnostics
3. Interventions
4. On-going review

UHB has taken the following actions to implement the above standards:

Provision for consultant review

Consultant job planning in the trust makes provision for a consultant-led ward round on every ward every day through formal provision which includes on-call OOHs.

Consultant directed diagnostics

For patients admitted as an emergency with critical care and urgent needs the following diagnostic tests are usually or always available on site: CT, Microbiology, Echocardiograph, Upper GI Endoscopy, MRI and Ultrasound.

Consultant directed interventions

Patients have 24 hr access to consultant directed interventions 7 days a week either on site or via formal network arrangements for the following Interventions: Critical Care, PPCI, Cardiac pacing, Thrombolysis Stroke, Emergency General Surgery, Interventional Endoscopy, Interventional Radiology, Renal Replacement and Urgent Radiotherapy.

On-going review

Daily board reviews (using live interactive boards with details regarding patients each ward) and daily consultant reviews are in place meaning sick patients are identified and reviewed daily.

3.10 Glossary of Terms

Term	Definition
A&E	Accident & Emergency – also known as the Emergency Department
Acute Trust	An NHS hospital trust that provides secondary health services within the English National Health Service
Administration	When relating to medication, this is when the patient is given the tablet, infusion or injection. It can also mean when anti-embolism stockings are put on a patient.
ADN	Associate Directors of Nursing – now known as Divisional Heads of Nursing
ADT	Admissions, discharges and transfers
Alert organism	Any organism which the Trust is required to report to Public Health England
AMU	Acute Medical Unit
Analgesia	A medication for pain relief
Bed days	Unit used to calculate the availability and use of beds over time
Benchmark	A method for comparing (e.g.) different hospitals
Beta blockers	A class of drug used to treat patients who have had a heart attack, also used to reduce the chance of heart attack during a cardiac procedure
BHH	Birmingham Heartlands Hospital
Birmingham Health & Social Care Overview Scrutiny Committee (OSC)	A committee of Birmingham City Council which oversees health issues and looks at the work of the NHS in Birmingham and across the West Midlands
BTTF	Back to the Floor; Senior members of staff taking on junior, patient facing roles for a shift or period of time
CABG	Coronary Artery Bypass Graft
CCG	Clinical Commissioning Group
CDI	<i>Clostridium difficile</i> infection
Chief Executive's Advisory Group	An internal group, chaired by the Chief Executive
Chief Operating Officer's Group	An internal group for senior management staff
Clinical Audit	A process for assessing the quality of care against agreed standards
Clinical Coding	A system for collecting information on patients' diagnoses and procedures
Clinical Dashboard	An internal website used by staff to measure various aspects of clinical quality
CMP	Case Mix Programme
Commissioners	See CCG
Congenital	Condition present at birth
COPD	Chronic Obstructive Pulmonary Disease
CQC	Care Quality Commission
CQG	Care Quality Group; a group chaired by the Chief Nurse, which assesses the quality of care, mainly nursing
CQMG	Clinical Quality Monitoring Group; a group chaired by the Executive Medical Director, which reviews the quality of care, mainly medical
CQUIN	Commissioning for Quality and Innovation payment framework
CRAB	Copeland's Risk Adjusted Barometer; demonstrates quality of medical and ward based care
CRIS	Radiology database
CRM	Cardiac Rhythm Management
Datix	Database used to record incident reporting data
Day case	Admission to hospital for a planned procedure where the patient does not stay overnight
DDI	Decision to Deliver Interval
Deloitte	The Trust's external auditors

Term	Definition
Division	Specialties are grouped into Divisions
DQ	Data Quality
DOLs	Deprivation of Liberty Safeguards; Provide protection for vulnerable people who lack capacity to consent to care
DTI	Deep Tissue Injuries
Duty of Candour	Requirement for Trusts to be open and transparent with services users about care and treatment, including failures
Echo / echocardiogram	Ultrasound imaging of the heart
ED	Emergency Department (also known as A&E)
Elective	A planned admission, usually for a procedure or drug treatment
EP	Electronic Prescribing system
Episode	The time period during which a patient is under a particular consultant and speciality. There can be several episodes in a spell
Equipment Selection flowchart	Promotes effective utilisation of equipment
Equipment Standardisation Group	An Internal group dealing with trialling new and innovative equipment
FCE	Finished/Full Consultant Episode – the time spent by a patient under the continuous care of a consultant
FFFAP	Falls and Fragility Fractures Audit Programme
FFT	The Friends and Family Test; a questionnaire to determine how likely a patient is to recommend the services used
Foundation Trust	Not-for-profit, public benefit corporations which are part of the NHS and were created to devolve more decision-making from central government to local organisations and communities.
FY1	Junior Doctor
GI	Gastro-intestinal
GP	General Practitioner
HANA	Head and Neck Cancer Audit
Healthwatch	An independent group who represent the interests of patients
HEFT	Heart of England NHS Foundation Trust
HEFT infection control group	Formally known as Infection prevention committee
HES	Hospital Episode Statistics
HPIP	Healthcare Practitioner Induction Programme
HSCIC	Health and Social Care Information Centre – now known as NHS Digital
HSMR	National Hospital Mortality Indicator
ICNARC	Intensive Care National Audit & Research Centre
Infection Prevention Committee	An internal committee focusing on the reduction of infection within the hospital, now known as HEFT infection control group
Informatics	Team of information analysts
IT	Information Technology
ITU	Intensive Treatment Unit (also known as Intensive Care Unit, or Critical Care Unit)
IV	Intravenous
LeDeR	Learning Disability Mortality Review Programme
LfE	Learning From Excellence; a system to identify, capture and celebrate excellent performance
Lorenzo	Patient administration system, replaced by Oceano during 2017/18
LMW	Low Molecular Weight
MEWS	Modified Early Warning System
MINAP	Myocardial Ischaemia National Audit Project

Term	Definition
Monitor	Independent regulator of NHS Foundation Trusts – now replaced by NHS Improvement
Mortality	A measure of the number of deaths compared to the number of admissions
MRI	Magnetic Resonance Imaging – a type of diagnostic scan
MRSA	Meticillin-resistant <i>Staphylococcus aureus</i>
MSP	Making Safeguarding Personal; Initiative to ensure the safeguarding process is personal for every patient
Myocardial Infarction	Heart attack
mystay@QEHB	An online system that allows patients to view information / indicators on particular specialties
NABCOP	National Audit of Breast Cancer in older Patients
NBSR	National Bariatric Surgery Registry
NBOCAP	National Bowel Cancer Audit Project
NCAA	National Cardiac Arrest Audit
NCEPOD	National Confidential Enquiry into Patient Outcome and Death - a national review of deaths usually concentrating on a particular condition or procedure
NELA	National Emergency Laparotomy Audit
Never Events	Has the potential to cause serious harm/death
NCEPOD	National Confidential Enquiries
NHS	National Health Service
NHS Choices	A website providing information on healthcare to patients. Patients can also leave feedback and comments on the care they have received
NHS Digital	Formerly HSCIC - Health and Social Care Information Centre. A library of NHS data
NHS Improvement	The national body that provides the reporting requirements and guidance for the Quality Accounts
NICE	The National Institute for Health and Care Excellence
NIHR	National Institute for Health Research
NJR	National Joint Registry
NLCA	National Lung Cancer Audit
NNAP	National Neonatal Audit Programme
NPDA	National Paediatric Diabetes Audit
NRLS	National Reporting and Learning System
Observations	Measurements used to monitor a patient's condition e.g. pulse rate, blood pressure, temperature
Oceano	Patient administration system, replaced Lorenzo during 2017/18
Octenisan	Antimicrobial hair and body wash
OOH	Out Of Hours
OT	Occupational Therapy
PALS	Patient Advice and Liaison Service
Patient Experience Group	Internal committee to evaluate and improve patient experience
Patient Opinion	A website where patients can leave feedback on the services they have received. Care providers can respond and provide updates on action taken.
PCI	Percutaneous Coronary Interventions
PCP	Patient Community Panels
PD	Parkinson's Disease
Peri-operative	Period of time prior to, during, and immediately after surgery
PHE	Public Health England
PHSO	Parliamentary and Health Service Ombudsman
PICS	Prescribing Information and Communication System
PIR	Post Infection Review
PLACE	Patient Led Assessments of the Care Environment

Term	Definition
Plain imaging	X-ray
PPCI	Primary Percutaneous Coronary Intervention; a surgical treatment for myocardial Infarction (heart attack)
PPE	Personal Protective Equipment
Preventing Harms Meeting	Internal group to review incidents reported through Datix
PRN	Pro Re Nata; The administration of prescribed medication where timing is not fixed or scheduled
PROMs	Patient Reported Outcome Measures
Prophylactic / prophylaxis	A treatment to prevent a given condition from occurring
QEHB	Queen Elizabeth Hospital Birmingham
QuORU	Quality and Outcomes Research Unit
R&D	Research and Development
RCA	Route Cause Analysis
Readmissions	Patients who are readmitted after being discharged from hospital within a short period of time e.g., 28 days
RTT	Referral to Treatment
Safeguarding	The process of protecting vulnerable adults or children from abuse, harm or neglect, preventing impairment of their health and development
Sepsis	A potentially life-threatening condition resulting from a bacterial infection of the blood
SEWS	Standardised Early Warning System
SHMI	Summary Hospital-level Mortality Indicator
SHOT	Serious Hazards of Transfusion
SMPG	Safer Medicines Practice Group
SSI	Surgical Site Infections
SSNAP	The Sentinel Stroke National Audit Programme
Trajectory	In infection control, the maximum number of cases expected in a given time period
Divisional triumvirates	A group within a Division consisting of the most senior managers (Divisional Director, Director of Operations, Head of Nursing)
Trust-apportioned	A case (e.g. MRSA or CDI) that is deemed as 'belonging' to the Trust in question
Trust Partnership Team	Attendees include Staff Side (Trade Union representatives), Directors, Directors of Operations and Human Resources staff. The purpose of this group is to provide a forum for Staff Side to hear about and raise issues about the Trust's strategic and operational plans, policies and procedures.
UHB	University Hospitals Birmingham NHS Foundation Trust
UTI	Urinary Tract Infection
VTE	Venous thromboembolism – a blood clot
WHO	World Health Organisation
YPC	Young Person's Council

Appendix A: Performance against core indicators

The Trust's performance against the national set of quality indicators jointly proposed by the Department of Health and Monitor (now NHS Improvement) is shown in the tables below. There are eight indicators which are applicable to acute trusts. The data source for all the indicators is NHS Digital (formerly the Health and Social Care Information Centre, or HSCIC) and the

indicators below have been updated to the most recent data available. Data for the latest two time periods is therefore included for each indicator and is displayed in the same format as NHS Digital. National comparative data is included where available. Further information about these indicators can be found on the NHS Digital website: <http://content.digital.nhs.uk/qualityaccounts>

1. Mortality

	Previous Period (Apr 2016 - Mar 2017)		Current period (Jul 2016 - Jun 2017)		
	UHB	UHB	National Performance		
			Overall	Best	Worst
(a) Summary Hospital-level Mortality Indicator (SHMI) value	1.04	1.05	100	0.72	1.16
(a) SHMI banding	2	2	-	3	1
(b) Percentage of patient deaths with palliative care coded at diagnosis or speciality level	-	30.35	30.49	11.09	56.88

Comment

The Trust considers that this data is as described for the following reasons as this is the latest available on the NHS Digital (HSCIC) website.

The Trust intends to take the following actions to improve this indicator, and so the quality of its services, by continuing with the technical approach UHB takes to improving quality detailed in this report. The Trust does not specifically try to reduce mortality as such but has robust processes in place, using more recent data, for monitoring mortality as detailed in Part 3 of this report. It is important to note that palliative care coding has no effect on the SHMI.

2. Patient Reported Outcome Measures (PROMs) – Average Health Gain

	Previous Period (Apr 2015 - Mar 2016)		Current period (Apr 2016 - Mar 2017)		
	UHB	UHB	National Performance		
			Overall	Best	Worst
(i) Groin hernia surgery	0.081	0.098	0.086	0.135	0.006
(ii) Varicose vein surgery	Insufficient patient numbers				
(iii) Hip replacement surgery	Not applicable to UHB				
(iv) Knee replacement surgery	Not applicable to UHB				

Comment

The Trust considers that this data is as described for the following reasons as it is the latest available on the NHS Digital (HSCIC) website.

The Trust intends to take the following actions to improve this data, and so the quality of its services, by continuing to focus on improving participation rates for the pre-operative questionnaires which we have control over.

3. Readmissions to hospital within 28 days

	Previous Period (Apr 2010–Mar 2011)*	Current period (Apr 2011–Mar 2012)*			
	UHB	UHB	National Performance		
			Overall (England)	Best (Acute Teaching Providers)	Worst (Acute Teaching Providers)
(i) Patients aged 0–15 readmitted to a hospital which forms part of the trust within 28 days of being discharged from a hospital which forms part of the trust (Standardised percentage)	—	—	10.01	5.86	12.50
(ii) Patients aged 16 or over readmitted to a hospital which forms part of the trust within 28 days of being discharged from a hospital which forms part of the trust (Standardised percentage)	11.60	11.54	11.45	10.64	13.55

* The Trust has included the latest data available on the NHS Digital/HSCIC website.

Comment

The Trust considers that this data (standardised percentages) is as described for the following reasons as this is the latest available on the NHS Digital (HSCIC) website. UHB is however unable to comment on whether it is correct as it is not clear how the data has been calculated.

The Trust intends to take the following actions to improve this data (standardised percentages), and so the quality of its services, by continuing to review readmissions which are similar to the original admission on a quarterly basis. UHB monitors performance for readmissions using more recent Hospital Episode Statistics (HES) data as shown in Part 3 of this report.

3(i) is not applicable to UHB as the Trust does not provide a Paediatrics service.

4. Responsiveness to the personal needs of patients

	Previous Period (2015/16)	Current period (2016/17)			
	UHB	UHB	National Performance		
			Overall	Best	Worst
Trust's responsiveness to the personal needs of its patients – average weighted score of 5 questions from the National Inpatient Survey (Score out of 100)	71.7	72.5	68.1	85.2	60

Comment

The Trust considers that this data is as described for the following reasons as it is the latest available on the NHS Digital (HSCIC) website.

The Trust intends to take the following actions to improve this data, and so the quality of its services, by continuing to collect real-time feedback from our patients as part of our local patient survey. The Board of Directors has again selected improving patient experience and satisfaction as a Trust-wide priority for improvement in 2018/19 (see Part 2 of this report for further details).

5. Staff who would recommend the trust as a provider of care to their family and friends

	Previous Period (2016)	Current period (2017)	
	UHB	UHB	National Performance
			Average (median) for acute trusts
Staff who would recommend the trust as a provider of care to their family and friends. Performance shown is based on staff who agreed or strongly agreed.	81%	81%	71%

Comment

The Trust considers that this data (scores) is as described for the following reasons as it is the latest available on the NHS Digital (HSCIC) website.

The Trust intends to take the following actions to improve this data, and so the quality of its services, by trying to maintain performance for this survey question. For more information on response to staff feedback, see the Staff Survey section in Part 3.

6. Venous thromboembolism (VTE) risk assessment

	Previous Period (Q2 2017/18)	Current period (Q3 2017/18)			
	UHB	UHB	National Performance		
			Overall	Best	Worst
Percentage of admitted patients risk-assessed for VTE	99.36%	99.37%	95.35%	100%	76.08%

Comment

The Trust considers that this data (percentages) is as described for the following reasons as UHB has consistently performed above the national average for the past few years.

The Trust intends to take the following actions to improve this data, and so the quality of its services, by continuing to ensure our patients are risk assessed for venous thromboembolism (VTE) on admission using the PICS electronic system.

7. *C. difficile* infection

	Previous Period (2015/16)	Current period (2016/17)			
	UHB	UHB	National Performance		
			Overall (England)	Best	Worst
<i>C. difficile</i> infection rate per 100,000 bed-days (patients aged 2 or over)	17.39	24.44	13.19	0	82.71

Comment

The Trust considers that this data is as described for the following reasons as it is the latest available on the NHS Digital (HSCIC) website.

The Trust intends to take the following actions to improve this rate, and so the quality of its services, by continuing to reduce *C. difficile* infection through the measures outlined in Priority 5: *Infection prevention and control* in the previous Quality Report (2016/17).

8. Patient Safety Incidents

	Previous Period (Oct 2016 - Mar 2017)	Current period (Apr 2017 – Sept 2017)			
	UHB	UHB	National Performance (Acute Teaching Providers)		
			Overall	Best	Worst
Incident reporting rate per 1,000 bed days	59.06	62.25	-	23.47	112
Number of patient safety incidents that resulted in severe harm or death	15	21	-	0	121
Rate of patient safety incidents that resulted in severe harm or death rate per 1,000 bed days*	-	-	-	-	-

*at the time of writing, the Trust was not able to find the bed days data to make this calculation

Comment

The Trust considers that this data is as described for the following reasons as the data is the latest available on the NHS Digital (HSCIC) website.

The Trust intends to take the following actions to improve this data and so the quality of its services, by continuing to have a high incident reporting rate by actively encouraging staff to report both clinical and non-clinical incidents. Although this table refers to 'best' and 'worst', a high incident reporting rate can be reflective of a good, open reporting culture. The Trust routinely monitors incident reporting rates and the percentage of incidents which result in severe harm or death as shown in Part 3 of this report.

Annex 1: Statements from commissioners, local Healthwatch organisations and Overview and Scrutiny Committees

The Trust has shared its 2017/18 Quality Report with Birmingham and Solihull Clinical Commissioning Group, Healthwatch Birmingham and Birmingham Health & Social Care Overview and Scrutiny Committee.

These organisations have provided the statements below.

Statement provided by Birmingham CrossCity Clinical Commissioning Group

- 1.1 NHS Birmingham and Solihull Clinical Commissioning Group, as coordinating commissioner for University Hospitals Birmingham NHS Foundation Trust (UHB) welcomes the opportunity to provide this statement for inclusion in the Trust's 2017/18 Quality Account.
- 1.2 A draft copy of the quality account was received by the CCG on the 27th April 2018 and this statement has been developed from the information presented to date.
- 1.3 In the version of the quality account we viewed, some full year data was not yet available, and so we have not been able to validate those areas; we assume, however, that the Trust will be populating these gaps in the final published edition of this document.
- 1.4 In compiling this quality account the Trust has provided the reader with a well laid out and clear picture regarding performance against 2017/2018 priorities, which describes initiatives implemented, identifying any changes to the priority and further actions to be undertaken going forward.
- 1.5 The Trust has made a decision to continue with the six priorities for improvement previously identified in 2017/2018. All targets for these priorities have been reviewed and the CCG supports the Trust's review of progress and setting of either revised or continuation of targets.
- 1.6 The Trust is to be congratulated on the improvement in Priority 2: Improve the patient experience and satisfaction, especially on the reduction in the number of complaints overall during 2017/2018, and in the reduction of those upheld or partially upheld by the Ombudsman. It is acknowledged that this improvement has been made at a time when patient activity across inpatients, outpatients and the emergency department has increased.
- 1.7 The CCG found it pleasing to note that the Trust have embedded patient experience throughout the quality account with evidence of learning and outcomes shown.
- 1.8 The CCG supports the introduction of the new questions to the patient surveys, particularly the questions relating to patients receiving attention within a reasonable time, and the ambitious target set for pain control within the emergency department.
- 1.9 It has been noted that the Trust did not meet the target it set for Priority 4, reducing missed doses, as these have not been achieved the targets will remain the same for 2018/2019.
- 1.10 The quality account outlines the national clinical audits undertaken within the Trust, there were some audits where the required number of cases submitted would have been useful.
- 1.11 It was noted that section 2.2.7 Learning from deaths was missing from the draft quality account. The CCG acknowledges that the Trust has a process in place for learning from deaths and that this will be included in the final version of the report.
- 1.12 The CCG felt the quality account gave little information about the challenges regarding managing patients with cancer, given the Trust's ongoing capacity challenges it would be helpful to add in the robust and regular oversight by the clinical leads to ensure that patients are managed in the best way possible.
- 1.13 The CCG would have liked the quality account to include more information regarding the improvements made from serious incidents for example the work around diabetes, and provision of safer care for patients which has been rolled out across the Trust.
- 1.14 Commissioners have noted the increase in reporting of patient safety incidents for 2017/18 and the associated increase in no harm, however it would be helpful to understand the small rise in severe harm in more detail and the actions that the Trust are taking.
- 1.15 The number of never events has increased from one in 2016/17 to six in 2017/18; it would have been appropriate to include some more narrative to explain what learning was gained from reviewing the events and how this has been embedded across the Trust.
- 1.16 More of an explanation is required with regards to Stroke in-hospital mortality, as it is not clear how this compares across current peer groups and similar hospitals.
- 1.17 As Commissioners we have worked closely with UHB over the course of 2017/2018, meeting with the Trust regularly to review the organisations' progress in implementing its quality improvement initiatives. We are committed to engaging with the Trust in an inclusive and innovative manner and are pleased with the level of engagement from the Trust. We hope to continue to build on these relationships as we move forward into 2018/2019.



Paul Jennings
Chief Executive Officer

Statement from Healthwatch Birmingham

Healthwatch Birmingham welcomes the opportunity to provide our statement on the Quality Account for University Hospital Birmingham NHS Foundation Trust. We are pleased to see that the Trust has taken on board some of our comments regarding the previous Quality Account. For example, the Trust has:

- ▶ Provided details of how it makes the complaints process accessible to all
- ▶ Given some examples of learning from complaints and other priority areas such as missed doses etc.
- ▶ Ensured that patients are able to give reasons for their choice of the score in the Friends and Family Test, thus collecting qualitative data to complement the quantitative data.

Patient and Public Involvement

It is positive to see that the Trust continues to use varied methods to measure patient feedback in order to improve services. This includes local and national patient surveys, the NHS Friends and Family Test, complaints and compliments. In addition, the use of online sources, including not only NHS choices but feedback received by Patient Opinion and local Healthwatch. We note that the Trust has made improvements in four of the six priorities it set out in the 2016/17 Quality Account, for 2017/18. In particular, that the Trust made improvement in priority two – improve patient experience and satisfaction.

We welcome the questions that will be carried over and the new questions that have been added to the local patient survey for 2018/19. Based on the feedback we receive about the Trust we believe that the questions added to the local survey are important. We hear both positive and negative feedback about discharge assessment and involvement of patients, inconsistent messages from staff, accessing emergency services, pain control and outpatient appointments. Healthwatch Birmingham also continues to hear feedback about poor communication; patients are not kept informed at all stages during their visit. In one case, a patient was waiting for a scheduled operation for twenty hours and was not updated about what was happening. In another, a patient with hearing problems was given no information following a major operation, even when he requested an interpreter.

In our response to the 2016/17 Quality Accounts, we asked the Trust to demonstrate how patient feedback and experiences are used to understand barriers different groups face and how feedback is used to make changes or improvements to services. We are pleased to read about the initiatives that the Trust has implemented over the year.

Firstly, the implementation of more flexible visiting times, which has resulted in patients being more supported by family members, and visitors able to fit visits within time schedules. We note that a 'visitor charter' has been developed, which sets out what visitors can expect from staff and the process for sharing important information with visitors.

Secondly, the continued development of the patient experience collection, analysis and reporting system in conjunction with the University of Birmingham PROMs group. We note that software packages have been

installed, research questions are being written and the first set of data has been analysed. We would like to read in the 2018/19 Quality Account how this initiative has enabled the Trust to focus on areas of patient's concern. Also, we would like to read more, in the 2018/19 Quality Account, about the themes drawn from the data that the Trust has analysed and solutions developed.

Thirdly, we welcome plans to evaluate the pilot of an accessible feedback card and plans to put methods in place to ensure that opportunities to provide feedback are easy and accessible to all. Ensuring that health and social care organisations are addressing health inequality is a key priority for Healthwatch Birmingham. We are pleased to see that this is part of a wider project to ensure that the Trust is listening to and obtaining feedback from a range of hard to reach groups. We note the work performed to ensure that feedback cards are accessible, such as shortening surveys to make them easier to read and using larger font paper surveys for visually impaired patients. We look forward to reading in the 2018/19 Quality Account how the new survey design system has enabled the Trust to meet patient's differing needs.

We would also like to read more about the impact of feedback, and how the Trust communicates with patients about how they are using their feedback to make changes. At Healthwatch Birmingham, we believe that demonstrating to patients how their feedback is used to make changes or improvements shows service users and the public that they are valued in the decision-making process. Consequently, this has the potential to increase feedback. We note the patient feedback pages on the Trust's website and we believe this is a good way, among others, of sharing with patients, the feedback you are collecting. The Trust should consider including on individual feedback page (i.e. pain management feedback page) the actions taken and the changes or improvements to service or practice made as a result. We believe this will encourage patients to provide feedback as they will know that their views matter and lead to actual improvement to services.

Regarding the Friends and Family Test (FFT) scores, in our response to the 2016/17 Quality Account we expressed concern that the positive response rate for A & E was inconsistent and below the national average, whilst that for inpatients and outpatients was above the regional and national levels. Based on the data provided in the 2017/18 Quality Account, we note that the situation remains the same. Thus, patients are continuing to have different experiences depending on how they have accessed the service. We note that waiting times are often cited by patients as the reason for giving a low score for A & E services. We welcome the Trust's plans to introduce an information screen in A & E to include pathways that will explain waiting times. We look forward to reading about the impact of this in the 2018/19 Quality Accounts.

It is positive to see that the number of compliments the Trust receives is more than the number of complaints. We note the examples of compliments provided in the Quality Account. The Trust should consider demonstrating how it uses compliments to share good practice across the Trust.

A new requirement for the 2017/2018 Quality Account was to provide information on how the Trust learns from deaths. We notice that this information is not yet available in the draft, but that the Trust will include this in the final Quality Accounts. We ask that the Trust follows the NHS National Guidance on Learning from Deaths regarding family and friends. The guidance states: *"Providers should have a clear policy for engagement with bereaved families and carers, including giving them the opportunity to raise questions or share concerns in relation to the quality of care received by their loved one. Providers should make it a priority to work more closely with bereaved families and carers and ensure that a consistent level of timely, meaningful and compassionate support and engagement is delivered and assured at every stage, from notification of the death to an investigation report and its lessons learned and actions taken"*

Involving families and carers in case reviews and investigations offers a more rounded view and understanding of patient experience. We would like to read in the 2018/19 Quality Accounts, how families and patients have been involved in various stages of case reviews and investigations. In addition, how the Trust weights families and patient's views, compared with how they weight the views of clinical staff.

Learning from complaints and patient safety incidents

In our response to the Trust's 2016/17 Quality Accounts, we expressed concern that whilst the number of complaints about inpatients was reducing, complaints about outpatients and A & E was increasing. We welcomed the Trust's planned actions to learn from complaints. We are pleased to see that there has been a reduction in the number of complaints about inpatients, outpatients and the emergency department. In addition, the overall number of complaints has decreased by 15% from 779 (2016/17) to 660 (2017/18). However, the top three issues patients complain about remain clinical treatment (188), communication (103) and attitude of the staff (93).

We welcome that the Trust is demonstrating that it is learning from complaints and taking action in response to complaints. In particular, review of the repeat scan process and the introduction of emails to booking office when follow-up scans have been booked, and funding additional neuro-rehabilitation consultant sessions to improve access. We acknowledge the many ways the Trust ensures that the complaints process is accessible to all including the provision of alternative formats for complaints materials (large font or braille) and the provision of an easy read complaints leaflet. We believe that the Trust should consider collecting feedback from complainants about the complaints process in order to make changes that meet identified needs. A recent investigation by Healthwatch Birmingham into 'patient involvement and the complaints system' looked at the barriers to and benefits of using complainant's feedback to improve the quality of complaints systems.

Regarding patient safety incidents, the 2017/18 Quality Accounts has stated that the Trust has had six never events⁴. In addition, the percentage of patient safety incidents reported to the National Reporting and Learning System (NRLS) has increased from 0.12% in 2016/17 to 0.22% in 2017/18. We acknowledge that the Trust has investigated all never events, and the patients have received the correct procedures. We also welcome plans to improve learning and feedback provided to staff from complaints and incident reporting. We would like to read more about the impact of this in the 2018/19 Quality Accounts. The Trust should also consider reporting on how it involves patients, carers and families in the review or investigation process.

The Trust's Priorities for 2018/19

Observations and Pain Assessment

In our response to the 2016/17 Quality Accounts, we expressed concern that the Trust had not met its target to increase the percentage of patients receiving pain medication (analgesia) within 30 minutes of a high pain score. We noted that this meant that those receiving pain medication within 30 minutes are accessing a better quality of care and consequently better health outcomes than those that are not. We welcomed the Trust's plans to increase the target for observations and pain assessment to 95% and 85% respectively.

We note that the Trust did not meet the target set for Indicator One⁵ and Indicator Two⁶. However, performance for Indicator One has progressively increased since 2015 whereas, for Indicator Two, this has been variable. We welcome that these remain priorities for 2018/19 and look forward to reading the impact the various actions being implemented have had on performance.

Reducing Missed Doses

We note that the target for rates of missed doses for antibiotics and non-antibiotics has not been met. Missed doses for both antibiotics and non-antibiotics have steadily increased and stand at 4.5% for antibiotics (against a target of 4%) and 11.3% for non-antibiotics (against a target of 10% or lower). We welcome that this continues to be a priority for 2018/19. We recognise the actions that the Trust has outlined to address these issues. We particularly welcome the Trust's plans to consider new reports to identify types and patterns of missed doses across the Trust. This will help the Trust to come up with actions specific to identified problems.

Timely Treatment of Sepsis

We are concerned that the 2017/18 Quality Account shows that the timely identification of sepsis in emergency departments and acute inpatient settings was 59%; well below the target of 90% for Quarter 1. Although this has picked up to 98.5% for Quarter 3 (Indicator 2a). Equally, the timely treatment of sepsis in emergency departments and acute inpatient settings has been variable and below the target set. We welcome the Trust's identification of the potentially

⁴ Never events - five wrong site surgery/procedure, one retained swab.

⁵ Full set of observations plus pain assessment recorded within 6 hours of admission or transfer to a ward)

⁶ Analgesia administered within 30 minutes of a high pain score

fatal impact on patients this might have and the plans put in place to address this. In particular, training on sepsis, audits and PICS implementation of screening question in June 2018. We agree that properly recording patients with sepsis will enable staff to prioritise patients appropriately. We would like to read more on the impact of these actions in the 2018/19 Quality Account.

Patient Experience

Healthwatch Birmingham has taken note of the Trust's priorities for 2018/19 relating to patient and public engagement. We would like to read more about the following initiatives to be implemented in 2018/19:

- ▶ Increased identification and support for carers
- ▶ Develop feedback methods to give a voice to hard to reach groups
- ▶ Continued staff engagement in relation to patient experience
- ▶ Introduce Android tablets to wards for patients to feedback more easily
- ▶ Information screen in A & e to include pathways that will explain waiting times.

We believe that continued focus on the involvement and engagement of families and carers when undertaking various activities, such as risk assessments and care planning, is important. As are plans to engage with staff on patient experience. It is important that staff understand what their role is in relation to patient experience, insights and feedback, and how this informs decision-making within their service area.

Healthwatch Birmingham has been working in partnership with the Trust through our 'Patient and Public Involvement Quality Standard'. Through this project, Healthwatch Birmingham is supporting providers in Birmingham to meet their statutory role of consulting and engaging with patients and the public. Consequently, we are helping Trusts ensure they are using public and patient feedback to inform changes to services, improve the quality of services and understand inequality in access to services and health outcomes. We have worked with the Trust to review their patient and public involvement processes (PPI), identify areas of good PPI practice and recommended how they can make PPI practice more effective. We look forward to continuing our working partnership with the Trust on PPI and building best practice.

To conclude, Healthwatch Birmingham would like to commend the Trust for taking action in response to our comments on the 2016/17 Quality Accounts. It is positive to see how the Trust uses feedback to develop actions and improve services. As well as using patient experience, feedback and insight to understand and address issues of health inequality. It is our wish to see further improvements in this area.



Andy Cave
CEO
Healthwatch Birmingham

Statement provided by Birmingham Health & Social Care Overview and Scrutiny Committee

The Birmingham Health & Social Care Overview and Scrutiny Committee has confirmed that it is not in a position to provide a statement on the 2017/18 Quality Report.

Annex 2: Statement of directors' responsibilities for the Quality Report

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


NHS Improvement has issued guidance to NHS foundation trust boards on the form and content of annual quality reports (which incorporate the above legal requirements) and on the arrangements that NHS foundation trust boards should put in place to support the data quality for the preparation of the quality report.


In preparing the Quality Report, directors are required to take steps to satisfy themselves that:

- ▶ the content of the Quality Report meets the requirements set out in the NHS foundation trust annual reporting manual 2017/18 and supporting guidance
- ▶ the content of the Quality Report is not inconsistent with internal and external sources of information including:
 - > board minutes and papers for the period April 2017 to May 2018
 - > papers relating to quality reported to the board over the period April 2017 to May 2018
 - > feedback from the commissioners dated 16/05/2018
 - > feedback from governors dated 27/03/2018
 - > feedback from local Healthwatch organisations dated 16/05/2018
 - > feedback from Overview and Scrutiny Committee dated 22/03/2018
 - > the trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated May 2018
 - > the 2016 national patient survey June 2017; this is the latest available survey.
 - > the 2017 national staff survey March 2018
 - > the Head of Internal Audit's annual opinion of the trust's control environment dated 17/05/2018
 - > CQC inspection report dated 15/05/2015
- ▶ the Quality Report presents a balanced picture of the NHS foundation trust's performance over the period covered
- ▶ the performance information reported in the Quality Report is reliable and accurate
- ▶ there are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report, and these controls are subject to review to confirm that they are working effectively in practice
- ▶ the data underpinning the measures of performance reported in the Quality Report is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review and
- ▶ the Quality Report has been prepared in accordance with NHS Improvement's annual reporting manual and supporting guidance (which incorporates the Quality Accounts regulations) as well as the standards to support data quality for the preparation of the Quality Report.

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

By order of the board

23 May 2018 Date  Chair

23 May 2018 Date  Chief Executive

Independent Auditor's Report on the Quality Report

Independent auditor's report to the council of governors of University Hospitals Birmingham NHS Foundation Trust on the quality report

We have been engaged by the council of governors of University Hospitals Birmingham NHS Foundation Trust to perform an independent assurance engagement in respect of University Hospitals Birmingham NHS Foundation Trust's quality report for the year ended 31 March 2018 (the 'quality report') and certain performance indicators contained therein.

This report, including the conclusion, has been prepared solely for the council of governors of University Hospitals Birmingham NHS Foundation Trust as a body, to assist the council of governors in reporting University Hospitals Birmingham NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2018, to enable the council of governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicators. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the council of governors as a body and University Hospitals Birmingham NHS Foundation Trust for our work or this report, except where terms are expressly agreed and with our prior consent in writing.

Scope and subject matter

The indicators for the year ended 31 March 2018 subject to limited assurance consist of the national priority indicators as mandated by NHS Improvement:

- number of patients on incomplete pathways who have been waiting no more than 18 weeks, as a percentage of the total number of patients on incomplete pathways; and
- percentage of patients with a total time in A&E of four hours or less from arrival to admission, transfer or discharge.

We refer to these national priority indicators collectively as the 'indicators'.

Respective responsibilities of the directors and auditors

The directors are responsible for the content and the preparation of the quality report in accordance with the criteria set out in the 'NHS foundation trust annual reporting manual' issued by NHS Improvement.

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that:

- the quality report is not prepared in all material respects in line with the criteria set out in the 'NHS foundation trust annual reporting manual' and supporting guidance;
- the quality report is not consistent in all material respects with the sources specified below:
 - Board Minutes for the period April 2017 to April 2018;
 - Papers relating to the quality report reported to the board over the period April 2017 to March 2018;
 - The Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009 dated May 2018;
 - The latest National Patient Survey results dated June 2017;
 - The latest National Staff Survey 2017 results dated March 2018;
 - The head of internal audit's annual opinion over the trust's control environment dated 17 May 2018;
 - The latest Care Quality Commission Inspection Report dated 15 May 2015;
 - Feedback from the commissioners dated May 2018;

- Feedback from governors dated 27 March 2018;
 - Feedback from local Healthwatch organisations dated 16 May 2018; and
 - Feedback from Overview and Scrutiny Committee dated 22 March 2018.
- the indicators in the quality report identified as having been the subject of limited assurance in the quality report are not reasonably stated in all material respects in accordance with the 'NHS foundation trust annual reporting manual' and the six dimensions of data quality set out in the 'Detailed guidance for external assurance on quality reports'.

We read the quality report and consider whether it addresses the content requirements of the 'NHS foundation trust annual reporting manual' and supporting guidance, and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the quality report and consider whether it is materially inconsistent with the documents listed above and specified in the detailed guidance for external assurance on Quality Reports (collectively the 'documents').

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the documents. Our responsibilities do not extend to any other information.

We are in compliance with the applicable independence and competency requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics. Our team comprised assurance practitioners and relevant subject matter experts.

Assurance work performed

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('ISAE 3000'). Our limited assurance procedures included:

- evaluating the design and implementation of the key processes and controls for managing and reporting the indicators;
- making enquiries of management;
- testing key management controls;
- limited testing, on a selective basis, of the data used to calculate the indicator back to supporting documentation;
- comparing the content requirements of the 'NHS foundation trust annual reporting manual' to the categories reported in the quality report; and
- reading the documents.

A limited assurance engagement is smaller in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw allows for the selection of different, but acceptable measurement techniques which can result in materially different measurements and can affect comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision of these criteria, may change over time. It is important to read the quality report in the context of the criteria set out in the 'NHS foundation trust annual reporting manual' and supporting guidance.

The scope of our assurance work has not included testing of indicators other than the two selected mandated indicators, or consideration of quality governance.

Basis for qualified conclusion

Percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period

The "percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period" indicator requires that the NHS Foundation Trust accurately record the start and end dates of each patient's treatment pathway, in accordance with detailed requirements set out in the national guidance. This is calculated as an average based on the percentage of incomplete pathways which are incomplete at each month end, where the patient has been waiting less than the 18 week target.

Our procedures included testing a risk based sample of 60 items, and so the error rates identified from that sample should not be directly extrapolated to the population as a whole.

We identified the following errors:

- in 18.3% of items tested, one or both of the start and end date of treatment were not accurately recorded;
- in 5.0% of items tested, there was inappropriate reporting of breaches and non breaches; and
- in 23.3% of items tested, there was incorrect reporting of open pathways within the monthly submissions.

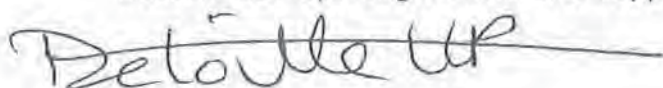
As a result of the issues identified, we have concluded that there are errors in the calculation of the "Percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period" indicator for the year ended 31 March 2018. We are unable to quantify the effect of these errors on the reported indicator.

The "Audited Indicators" section on page 48 of the Trust's Quality Report summarises the actions that the Trust is taking post year end to resolve the issues identified in its processes.

Qualified conclusion

Based on the results of our procedures, except for the matters set out in the basis for qualified conclusion section of our report, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2018:

- the quality report is not prepared in all material respects in line with the criteria set out in the 'NHS foundation trust annual reporting manual';
- the quality report is not consistent in all material respects with the sources specified in 2.1 of the 'NHS Improvement Detailed requirements for external assurance for quality reports 2017/18' for foundation trusts; and
- the indicators in the quality report subject to limited assurance have not been reasonably stated in all material respects in accordance with the 'NHS foundation trust annual reporting manual' and supporting guidance.



Deloitte LLP
Birmingham
United Kingdom
24 May 2018



University Hospitals Birmingham
NHS Foundation Trust



Section 3

Consolidated Financial Statements 2017/18

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

University Hospitals Birmingham NHS Foundation Trust – Consolidated Financial Statements 2017/18

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Foreword to the Financial Statements

University Hospitals Birmingham NHS Foundation Trust

These financial statements for the year ended 31 March 2018 have been prepared by the University Hospitals Birmingham NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006 and are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) (a) of the National Health Service Act 2006.



Dame Julie Moore
Chief Executive
23 May 2018

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS AND BOARD OF DIRECTORS OF UNIVERSITY HOSPITALS BIRMINGHAM NHS FOUNDATION TRUST

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of University Hospitals Birmingham NHS Foundation Trust (the 'foundation trust') and its subsidiaries (the 'group'):

- **give a true and fair view of the state of the group's and foundation trust's affairs as at 31 March 2018 and of the group's and foundation trust's income and expenditure for the year then ended;**
- **have been properly prepared in accordance with the accounting policies directed by NHS Improvement – Independent Regulator of NHS Foundation Trusts; and**
- **have been prepared in accordance with the requirements of the National Health Service Act 2006.**

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the group and foundation trust statements of financial position;
- the group and foundation trust statements of cash flow;
- the group and foundation trust statements of changes in taxpayers' equity; and
- the related notes 1 to 34.

The financial reporting framework that has been applied in their preparation is applicable law and the accounting policies directed by NHS Improvement – Independent Regulator of NHS Foundation Trusts.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the foundation trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: <ul style="list-style-type: none"> • Value for Money • Recognition of NHS clinical revenue • Property valuations
Materiality	The materiality that we used for the group financial statements was £17.2m which was determined on the basis of 2% of revenue.
Scoping	The focus of audit work was on the Trust, with work performed at the Trust's head offices in Birmingham directly by the audit engagement team, led by the audit partner. Our audit covered all of the entities within the Group, including the Trust's subsidiaries.
Significant changes in our approach	A new key audit matter relating to value for money (as noted above) has been identified in 2017/18 due to the significant transaction entered into by the Trust following the period end to acquire the Heart of England NHS Foundation Trust.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the accounting officer's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the accounting officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the foundation trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Value for money

Key audit matter description



The Trust is required to make proper arrangements for securing economy, efficiency and effectiveness in the use of resources. Under the guidance issued by the National Audit Office, we are required to perform a risk assessment to identify any potential areas of significant risk to value for money that require further work to be performed.

We identified a significant risk relating to financial sustainability on account of the Trust's acquisition of the Heart of England NHS Foundation Trust on 1 April 2018, which included all assets and liabilities of this organisation.

The Heart of England Foundation Trust ('HEFT') has reported financial deficits from continuing operations in recent years; (£46.1m) in 2015/16, (£22.8m) in 2016/17 and a forecast (£47.3m), in 2017/18.

No immediate material financial improvement is expected from the acquisition and the combined Trust's 2018/19 financial plan forecasts a (£38.0m) deficit and a further deficit of (£28.0m) is expected in 2019/20. The Trust will be reliant on existing cash balances and access to working capital facilities during this period.

In discharging its responsibilities to make proper arrangements for value for money, the foundation trust has undertaken appropriate due diligence so that the risks of the transaction are fully understood and appropriately mitigated. To this end the Trust has:

- been providing management support to HEFT since 2015/16, including the key positions at Board level and within the senior management of the organisation;
- undertaken detailed due diligence internally, as well the transaction being subject to due diligence from the Regulator and its independent reporting accountants prior to authorisation; and

- held detailed discussions with the regulators and obtained support for the merger including setting up a working capital facility and indemnity against some legacy issues at HEFT.

The Trust has accepted a control total of £38.0m for 2018/19 which includes £23.8m of Provider Sustainability Fund monies. The Trust has in place monitoring controls over the financial performance and CIP delivery so that the conditions attached to the PSF income are met.

Further details regarding the merger are disclosed in notes 1 and 30 to the financial statements and on page 15 of the annual report.

How the scope of our audit responded to the key audit matter



We have held discussions with management and reviewed key trust documents to obtain an understanding of the following actions taken by the Trust to mitigate risks to financial sustainability on account of the transaction.

This included:

- Discussions with management, including the Director of Finance;
- Review of the Trust's draft Annual Governance Statement;
- Consideration of issues identified through our other audit and assurance work;
- Consideration of the Trust's financial results, including CIP delivery, and the 2018/19 plan for the combined Trust;
- Review of management's going concern assessment;
- Review of Board minutes and March Board memo; and
- Review of key correspondence with regulators including pledged support to the Trust relating to the merger and related conditions.

Key observations



We have no matters to report by exception in regard to the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources.

NHS revenue and provisions

Key audit matter description



As described in note 1.2, Accounting Policies and note 1.28, Critical Accounting Judgements and Key Sources of Estimation Uncertainty, there are significant judgements in recognition of revenue from care of NHS service users and in provisioning for disputes with commissioners due to:

- the complexity of the Payment by Results regime, in particular in determining the level of overperformance and revenue to recognise;
- the judgemental nature of provisions for disputes, including in respect of outstanding overperformance income for quarters 3 and 4.

Details of the Group's income, including £695.8m of Commissioner Requested Services and £3.0m of transaction support revenue, are shown in note 4 to the financial statements. NHS debtors are shown in note 20 to the financial statements.





The Group earns revenue from a wide range of commissioners, increasing the complexity of agreeing a final year-end position.

How the scope of our audit responded to the key audit matter



We evaluated the design and implementation of controls over recognition of Payment by Results income, with IT specialists performing the testing of the systems controls.

We performed detailed substantive testing on a sample basis of the recoverability of overperformance income and adequacy of provision for underperformance through the year, and evaluated the results of the agreement of balances exercise.

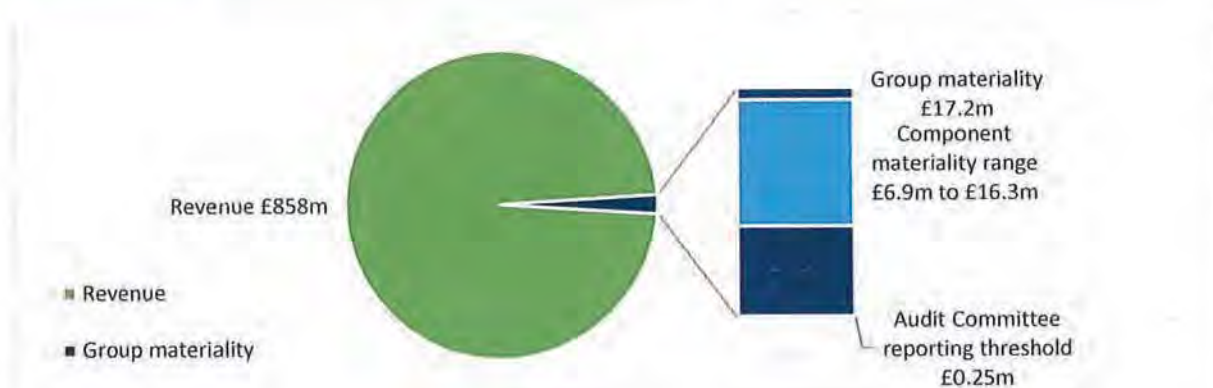
	<p>We challenged key judgements around specific areas of dispute and actual or potential challenge from commissioners and the rationale for the accounting treatments adopted. In doing so, we considered the historical accuracy of provisions for disputes and reviewed correspondence with commissioners.</p>
<p>Key observations</p> 	<p>Based on the audit evidence obtained, we concluded that NHS revenue is appropriately recognised.</p>
<p>Property valuation</p>	
<p>Key audit matter description</p> 	<p>The Group holds property assets within Property, Plant and Equipment at a modern equivalent use valuation of £433.3m. The valuations are by nature significant estimates which are based on specialist and management assumptions (including the floor areas for a Modern Equivalent Asset, the basis for calculating build costs, the level of allowances for professional fees and contingency, and the remaining life of the assets) and which can be subject to material changes in value, as described in note 1.28 Critical Accounting Judgements and Key Sources of Estimation Uncertainty.</p> <p>The Trust commissioned a full revaluation as at 31 March 2018 and also changed valuer moving from the District Valuer to GVA Grimley. The Trust's revaluation has decreased land values by £15.2m, and buildings by £27.9m. The change is primarily a result of changes in market value.</p>
<p>How the scope of our audit responded to the key audit matter</p> 	<p>We evaluated the design and implementation of controls over property valuations, and tested the accuracy and completeness of data provided by the Group to the valuer.</p> <p>We used Deloitte internal valuation specialists to review and challenge the appropriateness of the key assumptions used in the valuation of the Group's properties.</p> <p>We have reviewed the disclosures in notes 1.5 and 1.28 and evaluated whether these provide sufficient explanation of the basis of the valuation and the judgements made in preparing the valuation.</p> <p>We assessed whether the valuation and the accounting treatment of the impairment were compliant with the relevant accounting standards, and in particular whether impairments should be recognised in the Income Statement or in Other Comprehensive Income.</p>
<p>Key observations</p> 	<p>Based on the audit evidence obtained, we conclude that the valuation of the Trust's estate is appropriate. We did not identify any issues with the assumptions and inputs used.</p>

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Foundation Trust financial statements
Materiality	£17.2m (2016/17: £6.5m)	£16.3m (2016/17: £6.2m)
Basis for determining materiality	2% of revenue (2016/17: 1% of revenue) We reassessed the percentage used in the context of our cumulative knowledge and understanding the audit risks at the Group and our assessment of those risks for this year.	2% of revenue (2016/17: 1% of revenue) We reassessed the percentage used in the context of our cumulative knowledge and understanding the audit risks at the Group and our assessment of those risks for this year.
Rationale for the benchmark applied	Revenue was chosen as a benchmark as the Trust is a non-profit organisation, and revenue is a key measure of financial performance for users of the financial statements.	Revenue was chosen as a benchmark as the Trust is a non-profit organisation, and revenue is a key measure of financial performance for users of the financial statements.



We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £250,000 (2016/17: £250,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement at the Group level. Our audit covered all of the entities within the Group, including the Trust's subsidiaries Pharmacy@QEHB Limited, UHB Facilities Limited, Assure Dialysis Limited and Professional Activity Limited which account for 100% of the Group's net assets, revenue and surplus (2017: 100%).

Our audit work was executed at levels of materiality applicable to each individual entity which were lower than group materiality. The range of materiality used was £6.9m to £16.3m.

Other information

The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

We have nothing to report in respect of these matters.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of accounting officer

As explained more fully in the accounting officer's responsibilities statement, the accounting officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the accounting officer is responsible for assessing the group's and the foundation trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the group or the foundation trust or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the National Health Service Act 2006

In our opinion:

- the parts of the Directors' Remuneration Report and Staff Report to be audited have been properly prepared in accordance with the National Health Service Act 2006; and

- the information given in the Performance Report and the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Annual Governance Statement, use of resources, and compilation of financial statements

Under the Code of Audit Practice, we are required to report to you if, in our opinion:

- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual, is misleading, or is inconsistent with information of which we are aware from our audit;
- the NHS Foundation Trust has not made proper arrangements for securing economy, efficiency and effectiveness in its use of resources; or
- proper practices have not been observed in the compilation of the financial statements.

We have nothing to report in respect of these matters.

We are not required to consider, nor have we considered, whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

Reports in the public interest or to the regulator

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

- any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit; or
- any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006 because we have reason to believe that the foundation trust, or a director or officer of the foundation trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency.

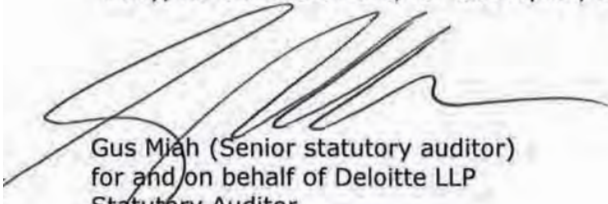
We have nothing to report in respect of these matters.

Certificate

We certify that we have completed the audit of the accounts in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

Use of our report

This report is made solely to the Council of Governors and Board of Directors ("the Boards") of University Hospitals Birmingham NHS Foundation Trust, as a body, in accordance with paragraph 4 of Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Boards those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the foundation trust and the Boards as a body, for our audit work, for this report, or for the opinions we have formed.



Gus Miah (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
24 May 2018

Consolidated statement of comprehensive income

		Year Ended 31 March 2018	Year Ended 31 March 2017
	Notes	Total £000	Total £000
Revenue from patient care activities	3	713,596	675,740
Other operating revenue	4	144,358	136,137
Total revenue		857,954	811,877
Operating expenses	5	(806,405)	(780,520)
Impairment / (reversal of impairment) charged / credited to operating expenses	5	(21,900)	14,666
Total operating expenses		(828,305)	(765,854)
Operating surplus		29,649	46,023
Finance income	9	208	312
Finance expense	9	(22,584)	(22,033)
PDC Dividends payable	11	-	-
Net finance expense		(22,376)	(21,721)
(Loss) / gains on disposal	10	(19)	232
Taxation	12	(29)	134
Retained surplus for the year		7,225	24,668
Other comprehensive income			
Will not be reclassified to income and expenditure			
Impairment losses on property, plant and equipment	14	(4,056)	(189)
Revaluation (decrease) / increase on property, plant and equipment	14	(17,193)	6,970
Net other comprehensive (loss) / income		(21,249)	6,781
Total comprehensive (loss) / income for the year		(14,024)	31,449

All income and expenditure is derived from continuing operations.

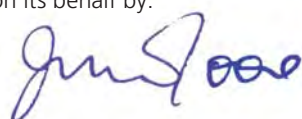
All income and expenditure is attributable to the Group, there are no minority interests. The Group has taken advantage of the exemption afforded by the Companies Act 2006 to not disclose the parent Trust SoCI and related notes, the Trust retained surplus for the reporting year was £6,984,000 (2016/17 - £24,430,000).

The notes on pages XVI to LV are an integral part of these financial statements.

Consolidated statement of financial position

	Notes	Group		Foundation Trust	
		31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
Assets					
Non-current assets					
Intangible assets	13	5,295	2,158	5,144	2,158
Property, plant and equipment	14	472,087	517,262	469,280	514,470
Trade and other receivables	20	4,946	4,623	4,946	4,623
Investments	16	-	-	151	-
Deferred tax asset	24	125	146	-	-
		482,453	524,189	479,521	521,251
Current assets					
Inventories	19	19,061	14,965	16,565	13,212
Trade and other receivables	20	92,814	71,947	104,458	79,775
Cash and cash equivalents	21	85,490	70,829	83,692	70,228
		197,365	157,741	204,715	163,215
Total assets		679,818	681,930	684,236	684,466
Liabilities					
Current liabilities					
Borrowings	25	(12,123)	(12,275)	(12,123)	(12,275)
Trade and other payables	22	(139,338)	(127,458)	(145,401)	(131,134)
Current tax liabilities	12	(60)	(65)	-	-
Provisions	28	(1,165)	(740)	(1,165)	(740)
Other liabilities	23	(25,744)	(20,283)	(25,720)	(20,283)
		(178,430)	(160,821)	(184,409)	(164,432)
Total assets less current liabilities		501,388	521,109	499,827	520,034
Non-current liabilities					
Borrowings	25	(472,342)	(484,465)	(472,342)	(484,465)
Provisions	28	(3,039)	(3,065)	(2,773)	(2,807)
Deferred tax liabilities	24	(25)	(36)	-	-
Other liabilities	23	(4,461)	(5,093)	(4,213)	(5,093)
		(479,867)	(492,659)	(479,328)	(492,365)
Total liabilities		(658,297)	(653,480)	(663,737)	(656,797)
Net assets		21,521	28,450	20,499	27,669
Taxpayers' equity					
Public dividend capital		193,305	186,210	193,305	186,210
Revaluation reserve		93,705	114,954	93,705	114,954
Income and expenditure reserve		(265,489)	(272,714)	(266,511)	(273,495)
Total taxpayers' equity		21,521	28,450	20,499	27,669

The financial statements on pages XII to LV were approved by the Board of Directors on 23 May 2018 and were signed on its behalf by:



Dame Julie Moore, Chief Executive, 23 May 2018

Consolidated statement of changes in taxpayers' equity

Group	Public Dividend Capital £000	Revaluation Reserve £000	Income and Expenditure Reserve £000	Total £000
Balance at 1 April 2016	182,974	108,173	(297,382)	(6,235)
Surplus for the year	-	-	24,668	24,668
Public dividend capital received	3,236	-	-	3,236
Net impairments	-	(189)	-	(189)
Revaluations - property, plant and equipment	-	6,970	-	6,970
Balance at 31 March 2017	186,210	114,954	(272,714)	28,450
Surplus for the year	-	-	7,225	7,225
Public dividend capital received	7,095	-	-	7,095
Net impairments	-	(4,056)	-	(4,056)
Revaluations - property, plant and equipment	-	(17,193)	-	(17,193)
Balance at 31 March 2018	193,305	93,705	(265,489)	21,521
Trust	Public Dividend Capital £000	Revaluation Reserve £000	Income and Expenditure Reserve £000	Total £000
Balance at 1 April 2016	182,974	108,173	(297,925)	(6,778)
Surplus for the year	-	-	24,430	24,430
Public dividend capital received	3,236	-	-	3,236
Net impairments	-	(189)	-	(189)
Revaluations - property, plant and equipment	-	6,970	-	6,970
Balance at 31 March 2017	186,210	114,954	(273,495)	27,669
Surplus for the year	-	-	6,984	6,984
Public dividend capital received	7,095	-	-	7,095
Net impairments	-	(4,056)	-	(4,056)
Revaluations - property, plant and equipment	-	(17,193)	-	(17,193)
Balance at 31 March 2018	193,305	93,705	(266,511)	20,499

Consolidated statement of cash flows

	Group		Foundation Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	Total	Total	Total	Total
Notes	£000	£000	£000	£000
Cash flows from operating activities				
Operating surplus for the year	29,649	46,023	29,139	45,667
Depreciation and amortisation	22,083	21,174	21,748	20,833
Net impairment / (reversals of impairments) charged to operating expenses	21,900	(14,666)	21,900	(14,666)
Income recognised in respect of capital donations	(6,039)	(555)	(6,039)	(555)
(Increase) / decrease in inventories	(4,096)	709	(3,353)	372
Decrease in trade and other receivables	(24,753)	(15,414)	(28,569)	(13,067)
Increase in trade and other payables	10,513	9,781	12,900	10,418
Increase / (decrease) in other liabilities	4,829	(740)	4,557	(650)
Increase in provisions	387	634	388	622
Tax	(24)	(18)	-	-
Net cash generated from operating activities	54,449	46,928	52,671	48,974
Cash flows from investing activities				
Interest received	284	229	515	513
Payments to acquire property, plant and equipment	(24,300)	(14,418)	(23,950)	(14,361)
Receipts from sale of property, plant and equipment	7,300	12,250	7,300	12,250
Receipt of cash donations to purchase capital assets	4,831	-	4,831	-
Purchase of investments	-	-	(151)	-
Payments to acquire intangible assets	(151)	(1,716)	-	(1,716)
Net cash used in investing activities	(12,036)	(3,655)	(11,455)	(3,314)
Cash flows from financing activities				
Public dividend capital received	7,095	3,236	7,095	3,236
Capital element of finance lease obligations	(47)	(43)	(47)	(43)
Interest element of finance lease obligations	(20)	(23)	(20)	(23)
Capital element of PFI obligations	(12,228)	(12,792)	(12,228)	(12,792)
Interest element of PFI obligations	(22,552)	(21,993)	(22,552)	(21,993)
Net cash used in financing activities	(27,752)	(31,615)	(27,752)	(31,615)
Net increase in cash and cash equivalents	14,661	11,658	13,464	14,045
Cash and cash equivalents at 1 April	70,829	59,171	70,228	56,183
Cash and cash equivalents at 31 March	85,490	70,829	83,692	70,228

Notes to the Financial Statements

1 Accounting policies

Basis of preparation

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2017/18 issued by the Department of Health. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to accounts.

Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

Going concern

These accounts have been prepared on a going concern basis. 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. The retained surplus for the reported year has resulted in an increase in cash held, Group cash balances have increased year on year. The Trust has for the subsequent financial year (2018/19) signed up to the NHS Sustainability and Transformation Fund. For this reason, they continue to adopt the going concern basis in preparing the accounts.

On 1 April 2018, the Trust acquired the Heart of England NHS Foundation Trust, including all assets and liabilities of this organisation via a Grant of Acquisition issued by NHS Improvement.

These financial statements have not been adjusted to reflect this event which took place after the reporting period. The Trust continues to operate as the same legal entity under the existing name of University Hospitals Birmingham NHS Foundation Trust.

Users of these accounts should note that this acquisition will materially increase the Trusts annual income, expenditure, staff numbers and healthcare activity. Like many providers of NHS services, the Heart of England Foundation Trust has reported financial deficits from continuing operations in recent years; (£46.1m) in 2015/16, (£22.8m) in 2016/17 and (£47.3m) in 2017/18.

No material financial improvement is expected as a direct result of the acquisition, therefore the combined Trust is planning for a (£38.0m) deficit in 2018/19 with a further deficit expected in 2019/20. The Trust will rely on existing cash balances and access to working capital facilities during this period. As with most similar NHS organisations, future financial performance is subject to changes in national policy, NHS funding allocations and national tariffs for providers of healthcare.

These financial statements were authorised for issue on the 23 May 2018, there were no other events arising after the end of the reporting period up to which this date qualifies for disclosure.

1.1 Basis of consolidation

The Group financial statements consolidate the financial statements of the Trust and all of its subsidiary undertakings made up to 31 March 2018. Under IFRS 10, an entity controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The income, expenses, assets, liabilities, equity and reserves of the subsidiaries have been consolidated into the Trust's financial statements and group financial statements have been prepared.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Where subsidiaries' accounting policies are not aligned with those of the Trust (including where they report under UK FRS 102) then amounts are adjusted during consolidation where the differences are material, however there are no such differences at the reporting date. In accordance with the GAM 2017/18 a separate income statement for the parent (the Trust) has not been presented.

The GAM 2017/18 requires the consolidation of any NHS charity that meets the criteria of control under IFRS 10. The Queen Elizabeth Hospital Birmingham Charity is not considered to be a subsidiary of the Trust under IFRS 10 and consequently is not consolidated within these financial statements. The charity is a separate legal entity with an independent Board of Trustees and the benefits from its activities are shared between the Trust, University of Birmingham and Royal Centre of Defence Medicine.

Joint ventures are arrangements in which the trust has joint control with one or more other parties, and where it has the rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method. The Trust has no joint operations nor any associate entities.

1.2 Revenue recognition

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable. The main source of revenue for the Trust is from commissioners in respect of healthcare services. Revenue relating to patient care spells that are part-completed at the year end are apportioned across the financial years on the basis of length of stay at the end of the reporting period compared to expected total length of stay.

Revenue relating to spells that are partially completed at year-end are apportioned across the financial years on a pro rata basis. This basis is based on the costs incurred over the length of the treatment and the expected or actual length of stay.

Where revenue is received for a specific activity which is to be delivered in the following financial years, that revenue is deferred.

1.3 Expenditure on employee benefits

Short term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from the employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that the employees are permitted to carry forward leave into the following period.

Post employment benefits - pension costs

Past and present employees of the Trust are covered by the provisions of the two NHS Pensions Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period. The commercial subsidiaries operate a defined contribution scheme with Standard Life and the Government's NEST scheme, employees of these companies do not have access to the NHS Pension Schemes.

In order that the defined benefit obligations (of the NHS Pension Schemes) recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in the intervening years". An outline of these follows:

a. Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2018, is based on valuation data as 31 March 2017, updated to 31 March 2018 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

b. Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016 and is currently being prepared. The direction assumptions are published by HM Treasury which are used to complete the valuation calculations, from which the final valuation report can be signed off by the scheme actuary. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

1.4 Expenditure on other goods and services

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

1.5 Property, plant and equipment

Recognition

Property, plant and equipment assets are capitalised where:

- ▶ They are held for use in delivering services or for administration purposes;
- ▶ It is probable that future economic benefits will flow to, or service potential be provided to, the Trust;
- ▶ They are expected to be used for more than one financial year;
- ▶ The cost of the item can be measured reliably;
- ▶ Individually they have a cost of at least £5,000; or
- ▶ They form a group of assets which individually have a cost of more than £250, collectively have a cost of at least £5,000, where the assets are functionally interdependent, have broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- ▶ They form part of the initial setting-up cost of a new building or refurbishment of a ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own estimated useful economic lives.

Valuation

All property, plant and equipment are stated initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

After recognition of the asset, property is carried at fair value using the 'Revaluation model' set out in IAS 16, in accordance with HM Treasury's Finance Reporting Manual. Property used for the Trust's services or for administrative purposes is carried at a revalued amount, being its fair value as determined at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are measured as follows:

- ▶ Land and non specialised buildings – existing use value
- ▶ Specialised buildings – depreciated replacement cost

Valuations are carried out by a professionally qualified valuer in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation Standards, 7th Edition. GVA LLP has carried out the valuation of the Trust's property as at the reporting date. Where depreciated replacement cost has been used, the valuer has had regard to RICS Valuation Information Paper No. 10 'The Depreciated Replacement Cost (DRC) Method of Valuation for Financial Reporting', as supplemented by Treasury guidance. HM Treasury require the measurement of 'DRC' using the 'Modern Equivalent Asset' (MEA) estimation technique, see accounting policy 1.28 for details.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

For all categories of non-property assets/intangible assets, the Trust considers that depreciated historical cost is an acceptable proxy for current value in existing use, as the useful economic lives used are considered to be a realistic reflection of the lives of assets and the depreciation methods used reflect the consumption of the asset.

Revaluation

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating income. Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses. Gains and losses recognised in the revaluation reserve are reported as other comprehensive income in the Statement of Comprehensive Income.

Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is added to the asset's carrying value. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised.

De-recognition

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met:

- ▶ The asset is available for immediate sale;
- ▶ Management are committed to a plan to sell;
- ▶ The sale is highly probable;
- ▶ An active programme has begun to find a buyer and complete the sale;
- ▶ The asset is being actively marketed at a reasonable price; and
- ▶ The actions required to complete the planned sale indicate that it is unlikely that the plan will be significantly changed or withdrawn.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as 'held for sale' and instead is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

1.6 Intangible assets

Expenditure on computer software which is deemed not to be integral to the computer hardware and will generate economic benefits beyond one year is capitalised as an intangible asset. Computer software for a computer-controlled machine tool that cannot operate without that specific software is an integral part of the related hardware and it is treated as property, plant and equipment. These intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the Statement of Comprehensive Income on a straight line basis.

1.7 Depreciation, amortisation and impairments

Depreciation and amortisation are charged on a straight line basis to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Trust and may be shorter than the physical life of the asset itself. The estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over their estimated useful economic lives or, where shorter, the lease term.

The estimated useful economic lives of property, plant and equipment and intangible assets are as follows:

- ▶ Buildings are depreciated over 10 to 67 years;
- ▶ Dwellings are depreciated over 5 to 25 years;
- ▶ Land and assets under construction are not depreciated;
- ▶ Plant and machinery is depreciated over 5 to 15 years;
- ▶ Information technology is depreciated over 2 to 5 years;
- ▶ Furniture and fittings are depreciated over 5 to 10 years; and
- ▶ Intangible software and licences / trademarks are depreciated over 2 to 5 years.

At each reporting period end, the Trust checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

In accordance with the DH GAM, impairments that are due to a loss of economic benefits or service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment arising from a loss of economic benefit or service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of other impairments are treated as revaluation gains.

1.8 Donated assets

Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to revenue. The revenue is recognised in full in the reporting year the asset is received, unless the donor imposes a condition that the future economic benefits embodied in the donation are to be consumed in a manner specified by the donor. In which case the donation would be deferred within liabilities carried forward to future years to the extent that the condition has not yet been met. Donated assets continue to be valued, depreciated and impaired as described for purchased assets.

1.9 Government grants

The revenue is recognised when the foundation trust becomes entitled to the grant, unless the grantor imposes a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the grantor. In which case the grant would be deferred within liabilities carried forward to future years to the extent that the condition has not yet been met. Granted assets continue to be capitalised at their fair value upon receipt and are valued, depreciated and impaired as described for purchased assets.

1.10 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The Trust as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the Statement of Comprehensive Income.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated. Leased land is treated as an operating lease. Leased buildings are assessed as to whether they are operating or finance leases.

The Trust as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Trust's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.11 Private Finance Initiatives (PFI) transactions

Recognition

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes following the principles of the requirements of IFRIC 12. Where the government body (the Grantor) meets the following conditions the PFI scheme falls within the scope of a 'service concession' under IFRIC 12:

- ▶ The grantor controls the use of the infrastructure and regulates the services to be provided to whom and at what price; and
- ▶ The grantor controls the residual interest in the infrastructure at the end of the arrangement as service concession arrangements.

The Trust therefore recognises the PFI asset as an item of property, plant and equipment on the Statement of Financial Position together with a liability to pay for it. The PFI asset recognised is the 'Queen Elizabeth Hospital Birmingham' as detailed in note 27.1 to the financial statements on page XLVII. The services received under the contract are recorded as operating expenses.

Valuation

The PFI assets are recognised as property, plant and equipment, when they come into use, in accordance with the HM Treasury interpretation of IFRIC 12. The assets are measured initially at fair value in accordance with the principles of IAS 17, HM Treasury guidance for PFI assets is the construction cost and capitalised fees incurred as at financial close, disclosed in the PFI contract. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the Trust's approach for each relevant class of asset in accordance with the principles of IAS 16, as detailed in accounting policy note 1.5 'Property, plant and equipment - valuation'. For specialised buildings this is depreciated replacement cost.

The estimation technique of the Modern Equivalent Asset (the 'Depreciated Replacement Value') includes

the assumption that any replacement PFI hospital would be VAT recoverable. VAT is recoverable on PFI builds under HMRC guidelines whereas traditional NHS estate construction is not recoverable and therefore valued gross of VAT. It is recognised that a modern equivalent asset, would be another PFI on the same Edgbaston site, hence VAT would be recoverable on any cost. The DH GAM states the circumstances where it is appropriate to value assets exclusive of VAT, detailed in Chapter 4 Annex 4 - Valuation issues, paragraph 8: provision of a fully managed and serviced building under a PFI agreement, where the service potential would be replaced by the PFI provider.

The PFI lease obligations due at the reporting date are detailed in note 27.1 to the financial statements on page XLVII.

Subsequent expenditure

The annual contract payments are apportioned, using appropriate estimation techniques between the repayment of the liability, a finance cost, lifecycle replacement and the charge for services.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance expense and to repay the lease liability over the contract term. The annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is recognised under the relevant finance costs heading within note 10 to the financial statements on page XXXII.

The fair value of services received in the year is recognised under the relevant operating expenses headings within note 5 to the financial statements on page XXIX.

Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.

The lifecycle prepayment recognised at the reporting date is detailed in note 20 to the financial statements on page XLIII.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to the

operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

Other assets contributed by the Trust to the operator

Where existing Trust Buildings are to be retained as part of the PFI scheme, a deferred asset will be created at the point that the Trust transfers those buildings to the PFI partner. The deferred asset will be written off through the Statement of Comprehensive Income over the life of the concession.

Where current estate will be retained in use and maintained by the PFI provider but the risks and rewards will not pass to the provider, that part of the estate will remain on balance sheet and refurbishment costs which are included in the PFI will also be capitalised.

1.12 Inventories

Inventories are valued at the lower of cost and net realisable value. Pharmacy and warehouse stocks are valued at weighted average cost, other inventories are valued on a first-in first-out basis. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Account balances are only set off where a formal agreement has been made with the bank to do so. In all other cases bank overdrafts are shown within borrowings in 'current liabilities' on the Statement of Financial Position. In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management. These balances exclude monies held in the Trust's bank accounts belonging to patients, see accounting policy note 1.26 for third party assets.

1.14 Finance income and costs

Interest earned on bank accounts and interest charged on overdrafts is recorded as, respectively, 'interest receivable' and 'interest payable' in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate.

1.15 Financial assets and financial liabilities

Recognition and de-recognition

Financial assets and financial liabilities are recognised when the Trust becomes party to the contractual provision of the financial instrument, or in the case of trade receivables and payables, when the goods or services have been delivered or received, respectively.

Financial assets and financial liabilities are initially recognised at fair value. Public Dividend Capital is not considered to be a financial instrument, see accounting policy note 1.21 and is measured at historical cost.

Financial assets are de-recognised when the contractual rights to receive cashflows have expired or the asset has been transferred. Financial liabilities are de-recognised

when the obligation has been discharged, cancelled or has expired.

Classification

Financial assets are classified as: 'financial assets at fair value through income and expenditure'; 'held to maturity investments'; 'available for sale financial assets'; or as 'loans and receivables'.

Financial liabilities are classified as: 'financial liabilities at fair value through income and expenditure'; or as 'other financial liabilities'.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are classified as non-current assets.

The Trust's loans and receivables comprise: cash and cash equivalents, NHS and trade debtors, accrued income and 'other debtors'.

Loans and receivables are recognised initially at fair value, net of transaction costs, and are measured subsequently at amortised cost, using the effective interest method. Interest is recognised using the effective interest method and is credited to 'finance income'. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Other financial liabilities

Other financial liabilities are recognised initially at fair value, net of transaction costs, and are measured subsequently at amortised cost, using the effective interest method. Interest is recognised using the effective interest method and is charged to 'finance costs'. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

They are included in current liabilities, except for those amounts payable more than 12 months after the reporting date, which are classified as non-current liabilities.

The Trust's other financial liabilities comprise: finance lease obligations, NHS and trade creditors, accrued expenditure and 'other creditors'.

Impairment of financial assets

At the end of the reporting period, the trust assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

Accounting for derivative financial instruments

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through income and expenditure. They are held at fair value, with any subsequent movement recognised as gains or losses in the Statement of Comprehensive Income.

1.16 Trade receivables

Trade receivables are recognised and carried at original invoice amount less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of receivables. The movement of the provision is recognised in the Statement of Comprehensive Income.

1.17 Deferred income

Deferred income represents grant monies received where the expenditure is expected to take place in a future period. The deferred income is included in current liabilities unless the expenditure, in the opinion of management, will take place more than 12 months after the reporting date, which are classified in non-current liabilities.

1.18 Borrowings

The Trust has not utilised any loan or working capital facility, borrowings as at the reporting date consist of obligations under finance leases and the 'Queen Elizabeth Hospital Birmingham' Private Finance Initiative contract.

1.19 Provisions

The Trust provides for legal or constructive obligations that are of uncertain timing or amount at the reporting date on the basis of the best estimate of the expenditure required to settle the probable obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rate of -1.56% in real terms, except for early retirement provisions and injury benefit provisions which both use the HM Treasury's pension discount rate of +0.1% in real terms.

Clinical Negligence Costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution to the NHSLA, which, in return, settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed in note 28 to the financial statements on page XLIX, but is not recognised in the Trust's financial statements.

Non-Clinical Risk Pooling

The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to the NHS Litigation Authority and in return receives assistance with the costs of claims arising. The annual membership contributions, and any 'excesses'

payable in respect of particular claims are charged to operating expenses when the liability arises. The Trust has also taken out additional insurance to cover claims in excess of £1million.

1.20 Contingencies

Contingent liabilities are not recognised but are disclosed in note 29 to the financial statements on page L, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- ▶ Possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the entity's control; or
- ▶ Present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 29 to the financial statements on page L where an inflow of economic benefits is probable.

1.21 Public Dividend Capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

A charge, reflecting the cost of capital utilised by the NHS foundation trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS foundation trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated assets, (ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility and (iii) any PDC dividend balance receivable or payable. In accordance with the requirements laid down by the Department of Health (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the pre-audit version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

1.22 Research and Development

Expenditure on research is not capitalised, it is treated as an operating cost in the year in which it is incurred.

Research and development activity cannot always be separated from patient care activity and is considered to be a part of the core NHS healthcare operating segment within the Trust. It is therefore not separately disclosed.

1.23 Value Added Tax

Most of the activities of the Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.24 Corporation Tax

The Trust is a Health Service Body within the meaning of s519A ICTA 1988 and accordingly is exempt from taxation in respect of income and capital gains within categories covered by this. There is a power for the Treasury to disapply the exemption in relation to specified activities of a Foundation Trust (s519A (3) to (8) ICTA 1988). Accordingly, the Trust is potentially within the future scope of income tax in respect of activities where income is received from a non public sector source.

The tax expense on the surplus or deficit for the year comprises current and deferred tax due to the Trust's trading commercial subsidiaries, see note 12 to the financial statements on page XXXIII. Current tax is the expected tax payable for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on taxable temporary differences arising on the initial recognition of goodwill or for temporary differences arising from the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred taxation is calculated using rates that are expected to apply when the related deferred tax asset is realised or the deferred taxation liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised.

1.25 Foreign exchange

The functional and presentational currency of the Trust is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March 2018. Resulting exchange gains and losses for either of these are recognised in the Statement of Comprehensive Income in the period in which they arise.

1.26 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. However, they are disclosed in a separate note to the financial statements in accordance with the requirements of HM Treasury's Financial Reporting Manual.

1.27 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way each individual case is handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS foundation trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses and compensations register which reports amounts on an accruals basis with the exception of provisions for future losses.

1.28 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical accounting judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are detailed below:

Modern equivalent asset valuation of property – key sources of estimation uncertainty

As detailed in accounting policy note 1.5 'Property, plant and equipment - valuation', GVA LLP provided the Trust with a valuation of the land and building assets (estimated fair value and remaining useful life). The significant estimation being the specialised building - depreciated replacement value, using modern equivalent asset methodology, of the new PFI hospital (the 'Queen Elizabeth Hospital Birmingham'). The result of this valuation, based on estimates provided by a suitably qualified professional in accordance with HM Treasury guidance, is disclosed in note 14.2 to the financial statements on page XL. Future revaluations of the Trust's property may result in further material changes to the carrying values of non-current assets.

Impairments and the estimated lives of assets - key sources of estimation uncertainty

As detailed in accounting policy note 1.7 'Depreciation, amortisation and impairments', the Trust is required to review property, plant and equipment for impairments and the accuracy of estimated useful lives. In between formal valuations by qualified surveyors, management

make judgements about the condition of assets and review their estimated lives.

Provision for impairment of receivables – critical accounting judgement

Management will use their judgement to decide when to write-off revenue or to provide against the probability of not being able to collect debt. There are significant judgements in recognition of revenue from care of NHS patients and in provisioning for disputes with commissioners, this arises from the complexity of the Payments by Results regime and the judgemental nature of over performance activity levels and partially completed spells not yet agreed with commissioners.

Provisions – critical accounting judgement

Management will use their judgement to decide when to make provisions for probable legal and constructive obligations of uncertain timing or amount as at the reporting date. These are based on estimates using relevant and reliable information as is available at the time the financial statements are prepared. These provisions are estimates of the actual costs of future cash flows and are dependent on future events. Any difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

The carrying amounts of the Trust's provisions are detailed in note 28 to the financial statements on page XLIX.

1.29 Accounting standards, interpretations and amendments adopted in the year

All new, revised and amended standards and interpretations, which are mandatory as at the reporting date, have been adopted in the year. None have had a material impact on the Trust's financial statements.

1.30 Accounting standards, interpretations and amendments to published standards not yet adopted

The Treasury FReM does not require the following Standards and Interpretations to be applied in 2017-18:

- ▶ IAS 7 'Statement of Cash Flows' - disclosure amendments
- ▶ IFRS 9 'Financial Instruments' - recognition and measurement
- ▶ IFRS 13 'Fair Value Measurement'
- ▶ IFRS 15 'Revenue from Contracts with Customers'
- ▶ IFRS 16 'Leases'
- ▶ IFRIC 21 'Levies'
- ▶ IFRIC 22 'Foreign Currency Transactions and Advance Consideration'

Following the release of the 2018/19 Department of Health and Social Care Group Accounting Manual in May 2018, the Trust is assessing the likely impact of IFRS 9 and IFRS 15 (and the adaptations included in the GAM). Areas the Trust is reviewing include non-contracted income; overseas patients; research income; and the approach to provisioning for non-NHS debtors.

2 Segmental analysis

The analysis by business segment is presented in accordance with IFRS 8 Operating segments, on the basis of those segments whose operating results are

regularly reviewed by the Board (the Chief Operating Decision Maker as defined by IFRS 8), as follows:

Healthcare services

NHS Healthcare is the core activity of the Trust - the 'mandatory services requirement' as set out in the Trust's Terms of Authorisation issued by Monitor and defined by legalisation. This activity is primarily the provision of NHS healthcare, either to patients and charged to the relevant NHS commissioning body, or where healthcare related services are provided to other organisations by contractual agreements. Healthcare services also includes the hosting of the Royal Centre for Defence Medicine (Ministry of Defence) and the treatment of private patients.

Revenue from activities (medical treatment of patients) is analysed by activity type in note 3 to the financial statements on page XXVI. Other operating revenue is analysed in note 4 to the financial statements on page XXVIII and materially consists of revenues from healthcare research and development, medical education and related support services to other organisations. Revenue is predominately from HM Government and related party transactions are analysed in note 31 to the financial statements on page LI, where individual customers within the public sector are considered material. The proportion of total revenue receivable from whole HM Government is 96.4% (2016/17 - 96.6%).

The healthcare and related support services as described are all provided directly by the Trust, which is a public benefit corporation. These services have been aggregated into a single operating segment because they have similar economic characteristics: the nature of the services they offer are the same (the provision of healthcare), they have similar customers (public and private sector healthcare organisations) and have the same regulators (NHS Improvement, Care Quality Commission and the Department of Health). The overlapping activities and interrelation between direct healthcare services and supporting medical research and education suggests that aggregation is applicable. However, other healthcare support services are provided by separate trading companies:

Commercial subsidiaries

There are four trading companies that are all wholly owned subsidiaries of the Trust: (i) Pharmacy@QEHB Limited provides an Outpatient Dispensary service, (ii) UHB Facilities Ltd provides a fully managed healthcare facility, (iii) Assure Dialysis Services Ltd provides renal dialysis healthcare and (iv) Professional Activity Ltd has been acquired to enable the Trust to develop and use its medical locum booking software. As trading companies, subject to additional legal and regulatory regimes (over and above that of the Trust), these activities are considered to be a separate business segment whose individual operating results are reviewed by the Trust Board (the Chief Operating Decision Maker).

A significant proportion of these companies' revenues are inter group trading with the Trust which is eliminated upon the consolidation of these group financial statements. The monthly performance report to the Chief Operating Decision Maker reports financial summary information in the format of the table overleaf.

Year ended 31 March 2018	Healthcare services	Commercial subsidiaries	Inter-Group Eliminations	Total
	£000	£000	£000	£000
Total segment revenue	858,502	46,048	(46,596)	857,954
Total segment expenditure	(807,463)	(45,538)	46,596	(806,405)
Impairment charged to operating expenses	(21,900)	-	-	(21,900)
Operating surplus	29,139	510	-	29,649
Net financing	(22,136)	(240)	-	(22,376)
Gains on disposal of assets	(19)	-	-	(19)
Taxation	-	(29)	-	(29)
Retained surplus	6,984	241	-	7,225
Reportable segment assets	684,236	17,880	-	702,116
Eliminations	-	-	(22,298)	(22,298)
Total assets	684,236	17,880	(22,298)	679,818
Reportable segment liabilities	(663,737)	(16,858)	-	(680,595)
Eliminations	-	-	22,298	22,298
Total liabilities	(663,737)	(16,858)	22,298	(658,297)
Net assets	20,499	1,022	-	21,521
Year ended 31 March 2017	Healthcare services	Commercial subsidiaries	Inter-Group Eliminations	Total
	£000	£000	£000	£000
Total segment revenue	812,740	44,034	(44,897)	811,877
Total segment expenditure	(781,739)	(43,678)	44,897	(780,520)
Reversal of Impairment credited to operating expenses	14,666	—	—	14,666
Operating surplus	45,667	356	—	46,023
Net financing	(21,469)	(252)	—	(21,721)
Gains on disposal of assets	232	—	—	232
Taxation	—	134	—	134
Retained surplus	24,430	238	—	24,668
Reportable segment assets	684,466	10,347	—	694,813
Eliminations	—	—	(12,883)	(12,883)
Total assets	684,466	10,347	(12,883)	681,930
Reportable segment liabilities	(656,797)	(9,566)	—	(666,363)
Eliminations	—	—	12,883	12,883
Total (liabilities)	(656,797)	(9,566)	12,883	(653,480)
Net (liabilities) / assets	27,669	781	—	28,450

All activities are based in the UK.

3 Revenue from patient care activities

	Year Ended 31 March 2018	Year Ended 31 March 2017
	£000	£000
By commissioner		
Foundation Trusts	104	169
NHS Trusts	1,058	1,032
NHS England	421,141	387,726
Clinical Commissioning Groups (CCGs)	256,014	252,677
Local Authorities	17,503	17,443
NHS Scotland, Wales and Northern Ireland	7,376	7,566
Private Patients	4,290	3,867
Overseas Patients	1,868	1,985
NHS Injury Cost Recovery scheme	3,936	3,275
Non NHS other	306	-
	713,596	675,740

The responsibility for commissioning nationally funded NHS healthcare 'specialist healthcare activity' lies with NHS England which is the parent body of the CCGs. NHS England is the single largest commissioner of healthcare from the Trust under the new Social Care Act of 2012.

Non NHS other includes income from the Ministry of Defence of £121,000 relating to the Trust contract with the Royal Centre for Defence Medicine (2016/17 - £nil).

NHS Injury Cost Recovery scheme income, received from commercial insurance providers, is subject to a provision for impairment of receivables of 22.84% (2016/17 - 22.94%) to reflect expected rates of collection.

	Year Ended 31 March 2018	Year Ended 31 March 2017
	£000	£000
By activity		
Elective	102,463	98,819
Non elective	130,740	117,017
Outpatients	81,746	96,990
A&E	14,864	13,247
Other NHS clinical	373,383	340,540
Private patients	4,290	5,852
Other non-NHS clinical	6,110	3,275
	713,596	675,740

3.1 Overseas visitors (patients charged directly by the Trust)

	Year Ended 31 March 2018	Year Ended 31 March 2017
	£000	£000
Income recognised this year	1,868	1,985
Cash payments received in-year	164	148
Amounts added to provision for impairment of receivables	(2,460)	(1,847)
Amounts written off in-year	(933)	(457)

3.2 Commissioner requested services

	Year Ended 31 March 2018	Year Ended 31 March 2017
	£000	£000
Commissioner requested services		
Revenue derived from NHS clinical activity in England	695,820	659,047
Non-commissioner requested services		
NHS Scotland, Wales and Northern Ireland	7,376	7,566
Non-NHS derived clinical activity	10,400	9,127
	17,776	16,693
Revenue from patient care activities	713,596	675,740
Commissioner requested services as a percentage of revenue	97.51%	97.53%

With the exceptions of private and overseas patient, NHS injury cost recovery scheme and Ministry of Defence income, all of the revenue from clinical activities arises from NHS services within the United Kingdom.

Following changes to the Health and Social Care Act 2012 (the 'Act'), Monitor removed the requirement for foundation trusts to limit private patients revenue as a percentage of total revenue from activities. In its place, the Act requires that a foundation trust's principal activity is to deliver goods and services for the purposes of the National Health Service in England. These 'commissioner requested services' (as defined in the Trust's provider licence) are disclosed separately as a percentage of all revenue.

4 Other operating revenue

	Year Ended 31 March 2018	Year Ended 31 March 2017
	£000	£000
Research and development	21,789	25,206
Education and training	28,878	30,620
Sustainability and Transformation Fund income	25,810	20,648
Donations / grants of physical assets (non-cash)	644	555
Cash grants for the purchase of capital assets	5,395	-
Charitable and other contributions to expenditure	1,056	798
Non-patient care services to other bodies	14,873	11,696
Support from DHSC for mergers	3,000	-
Rental revenue from operating leases	2,313	2,247
Other revenue	40,600	44,367
	144,358	136,137

The Sustainability and Transformation Fund (STF) revenue is allocated to individual NHS Trusts, conditional upon their meeting certain financial and clinical targets. UHB was originally allocated a sum of £16,897,000 under the STF scheme for the reporting year. The Trust has exceeded its planned annual financial performance (see annual report for details) and as a consequence is due additional incentive and bonus amounts for this performance.

Other revenue includes rental income of £2,313,000 (2016/17 - £2,366,000) due to the leasing of new hospital facilities by the University of Birmingham and Ministry of Defence; £3,403,000 from Clinical

Excellence Awards (2016/17 - £3,235,000); recharges of £2,587,000 to the Ministry of Defence to fund the training expenditure of Nurses along with catering and car parking costs associated with the military contract (2016/17 - £2,701,000); £1,693,000 from the National Quality Assurance Service (2016/17 - £1,439,000); and funding of £1,676,000 (2016/17 - £1,818,000) for the organ retrieval service. The remainder of other income is largely made up of service level agreements with other West Midlands NHS trusts (not commissioners) for the supply of clinical and other supporting services.

Revenue is almost totally from the supply of services. Revenue from the sale of goods is immaterial.

5 Operating expenses

	Year Ended 31 March 2018	Year Ended 31 March 2017
	£000	£000
Recurring		
Purchase of healthcare from NHS and DHSC bodies	4,976	8,850
Purchase of healthcare from non-NHS and non-DHSC bodies	19,240	15,781
Directors' costs	1,938	1,911
Non executive directors' costs	150	168
Staff costs	421,888	403,064
Drugs costs	138,871	129,440
Supplies and services - clinical	105,242	98,664
Supplies and services - general	9,339	9,116
Consultancy services	1,372	2,695
Establishment	5,003	4,613
Research and development (non staff)	6,609	5,317
Education and training (non staff)	5,434	4,684
Transport	2,252	2,073
Operating lease expenditure	1,035	1,092
Premises	27,522	20,143
Increase in the provision for impairment of receivables	2,207	3,714
Depreciation on property, plant and equipment	21,611	20,956
Amortisation on intangible assets	472	218
Audit services - statutory audit	103	103
Other auditor remuneration - audit of subsidiaries	20	20
Other auditor remuneration - other services	79	85
Internal audit services	106	113
Clinical negligence	11,813	10,823
Legal fees	882	756
Other	18,241	36,121
	806,405	780,520
Non-recurring		
Net impairments of property, plant and equipment	21,900	(14,666)
	21,900	(14,666)
Total operating expenses	828,305	765,854

Other expenditure includes £15,764,000 (2016/17 - £15,271,000) in relation to payments to the Trust's PFI partner for services provided.

Internal audit services are provided by KPMG LLP.

The Trust's contract with its external auditors, Deloitte LLP, provides for a limitation of the auditors liability of one million pounds sterling. Other audit remuneration - other services includes £24,000 (2016/17 - £30,000) due to audit assurance of the Quality Report and £55,000 (2016/17 - £55,000) due to Local Counter Fraud Services.

A material element of operating expenses arises from the charge of £21,900,000 (2016/17 - £14,666,000 credit) due to net impairments (prior year - reversal of impairments). See note 14.2 to the financial statements on page XL for details of the reporting year impairments and prior year reversal of impairments respectively.

6 Operating leases

6.1 As lessee

Payments recognised as an expense	Year Ended 31 March 2018	Year Ended 31 March 2017
	£000	£000
Minimum lease payments - charged to operating expenses	1,035	1,092
Total future minimum lease payments	Year Ended 31 March 2018	Year Ended 31 March 2017
	£000	£000
Payable		
Not later than one year	938	1,037
Between one and five years	3,001	1,445
After 5 years	2,850	2,613
Total	6,789	5,095

The Group holds various non-cancellable operating lease agreements, covering leasehold buildings (warehousing and renal dialysis) plus transport vehicles and general office equipment.

6.2 As lessor

Rental revenue	Year Ended 31 March 2018	Year Ended 31 March 2017
	£000	£000
Rents recognised as income in the period	2,313	2,247
Total future minimum lease payments	Year Ended 31 March 2018	Year Ended 31 March 2017
	£000	£000
Receivable		
Not later than one year	2,394	2,247
Between one and five years	8,790	8,254
After 5 years	20,085	19,599
Total	31,269	30,100

The lease rental revenue is due from the Ministry of Defence and University of Birmingham for their occupation of facilities within the PFI hospital ('Queen Elizabeth Hospital Birmingham').

7 Employee costs and numbers

7.1 Employee costs

	Year Ended 31 March 2018			Year Ended 31 March 2017		
	Total	Permanently Employed	Other	Total	Permanently Employed	Other
	£000	£000	£000	£000	£000	£000
Short term employee benefits - salaries and wages	341,879	308,755	33,124	321,951	311,171	10,780
Short term employee benefits - social security costs	32,387	32,387	-	30,109	30,109	-
Post employment benefits - employer contributions to NHS pension scheme	37,714	37,714	-	35,228	35,228	-
Pension cost - other contributions	32	32	-	27	27	-
Apprentice Levy	1,633	1,633	-	-	-	-
Termination benefits	87	87	-	129	129	-
Temporary staff - external bank	-	-	-	583	-	583
Temporary staff - agency/contract staff	11,869	-	11,869	17,077	-	17,077
Pay costs capitalised as part of assets	(1,688)	(1,688)	-	-	-	-
	423,913	378,920	44,993	405,104	376,664	28,440

Employee costs include those of staff and directors, but exclude non executive director costs. The latter are disclosed separately in operating expenses, see note 5 to the financial statements on page XXIX. The termination benefits included above are disclosed within 'other' operating expenses in note 5 to the financial statements on page XXIX. Pay costs capitalised are part of the Global Digital Exemplar program within the NHS.

7.2 Key management compensation

	Directors		Non-executives	
	Year Ended 31 March 2018	Year Ended 31 March 2017	Year Ended 31 March 2018	Year Ended 31 March 2017
	£000	£000	£000	£000
Salaries and short term benefits	1,583	1,549	139	156
Social Security Costs	207	202	11	12
Employer contributions to NHS Pensions Agency	148	160	-	-
	1,938	1,911	150	176

Key management compensation consists entirely of the emoluments of the Board of Directors of the Trust. Full details of Directors' and non-executives' remuneration and interests are set out in the Remuneration Report which is a part of the annual report and financial statements.

7.3 Retirements due to ill-health

During the year to 31 March 2018 there were 7 early retirements from the Trust agreed on the grounds of ill-health (2016/17 - 10). The estimated additional pension liabilities of these ill-health retirements will be £667,000 (2016/17 - £453,000). The cost of these ill-health retirements will be borne by the NHS Pensions Agency.

8 Better payment practice code

8.1 Measure of compliance

	Year Ended 31 March 2018		Year Ended 31 March 2017	
	Number	£000	£000	£000
Trade				
Total trade bills paid in the year	121,195	563,272	131,657	439,370
Total trade bills paid within target	119,085	559,913	130,050	435,656
Percentage of trade bills paid within target	98.26%	99.40%	98.78%	99.15%
NHS				
Total NHS bills paid in the year	7,196	197,056	8,541	201,133
Total NHS bills paid within target	6,607	195,967	7,606	196,510
Percentage of NHS bills paid within target	91.81%	99.45%	89.05%	97.70%

The Better Payment Practice Code requires the Trust to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later.

8.2 The late payment of commercial debts (interest) Act 1998

£nil interest (2015/16 – £nil) was charged to the Trust in the year for late payment of commercial debts.

9 Finance income and costs

	Year Ended 31 March 2018	Year Ended 31 March 2017
	£000	£000
Financing income		
Interest receivable	208	312
	208	312
Financing costs		
Interest on obligations under PFI contracts	(22,552)	(21,993)
Interest on obligations under finance leases	(20)	(23)
Other financing charges	(12)	(17)
	(22,584)	(22,033)
Net finance expense	(22,376)	(21,721)

10 Gains on disposal of non-current assets

	Year Ended 31 March 2018	Year Ended 31 March 2017
	£000	£000
Profit on disposal of non-current assets	-	247
Loss on disposal of non-current assets	(19)	(15)
	(19)	232

11 Public dividend capital dividends

Public dividend capital ('PDC') dividends paid and due to the Department of Health amounted to £nil (2016/17 - £nil). PDC dividends are calculated as a percentage (3.5%) of average net relevant assets. The Trust has negative net relevant assets at the current and prior reporting dates hence there is no PDC dividend to pay.

12 Tax recognised in Statement of Comprehensive Income

Recognised in the income statement	Year Ended 31 March 2018	Year Ended 31 March 2017
	£000	£000
Current tax expense		
Current year	60	65
Adjustments in respect of prior years	(41)	(7)
	19	58
Deferred tax expense		
Origination and reversal of temporary differences	-	(53)
Adjustments in respect of prior years	10	(145)
Reduction in tax rate	-	6
	10	(192)
Total tax (credit)/expense recognised in income statement	29	(134)

Tax recognised in other comprehensive income is £nil (2016/17 – £nil).

Tax recognised directly in equity is £nil (2016/17 – £nil).

Reconciliation of effective tax rate	Year Ended 31 March 2018	Year Ended 31 March 2017
	£000	£000
Operating surplus before taxation – subsidiaries only *	270	104
Tax at the standard rate of corporation tax in the UK 19% (2016/17 - 20%)	51	21
Change in tax rate	-	6
Other	-	8
Adjustments in respect of prior years	(22)	(169)
Total tax expense / (credit)	29	(134)

* Liability for corporation tax only arises from the activity of the commercial subsidiaries whose combined operating surplus before taxation is disclosed in the segmental analysis note 2 to the financial statements on page XXIV. The activities of the Trust do not incur corporation tax, see accounting policy note 1.24 for detailed explanation.

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provides for a further reduction in the main rate of corporation tax to 17% effective from 1 April 2020, was substantively enacted on 6 September 2016.

13 Intangible assets

Group	Computer software – purchased £000	Licences and trademarks £000	Intangible assets under construction £000	Total £000
Cost				
At 1 April 2016	2,090	633	-	2,723
Additions	1,105	611	-	1,716
Disposals	(830)	(240)	-	(1,070)
At 31 March 2017	2,365	1,004	-	3,369
Additions	-	-	151	151
Reclassifications	3,432	26	-	3,458
At 31 March 2018	5,797	1,030	151	6,978
Amortisation				
At 1 April 2016	1,706	357	-	2,063
Charged for the year	116	102	-	218
Disposals	(830)	(240)	-	(1,070)
At 31 March 2017	992	219	-	1,211
Charged for the year	349	123	-	472
At 31 March 2018	1,341	342	-	1,683
Net book value				
At 31 March 2018	4,456	688	151	5,295
At 31 March 2017	1,373	785	-	2,158
At 1 April 2016	384	276	-	660

All intangible assets of the Group have been purchased and none have been donated, funded by government grant or internally generated.

The valuation basis is described in accounting policy note 1.6. There is no active market for the Group's intangible assets and there is no revaluation reserve.

The estimated useful economic lives of the Group's intangible assets range from two to five years and each asset is being amortised over this period, as described in accounting policy note 1.7.

Trust	Computer software – purchased £000	Licences and trademarks £000	Total £000
Cost			
At 1 April 2016	2,090	633	2,723
Additions	1,105	611	1,716
Disposals	(830)	(240)	(1,070)
At 31 March 2017	2,365	1,004	3,369
Reclassifications	3,432	26	3,458
At 31 March 2018	5,797	1,030	6,827
Amortisation			
At 1 April 2016	1,706	357	2,063
Charged for the year	116	102	218
Disposals	(830)	(240)	(1,070)
At 31 March 2017	992	219	1,211
Charged for the year	349	123	472
At 31 March 2018	1,341	342	1,683
Net book value			
At 31 March 2018	4,456	688	5,144
At 31 March 2017	1,373	785	2,158
At 1 April 2016	384	276	660

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The estimated useful economic lives of the Group's intangible assets range from two to five years and each asset is being amortised over this period, as described in accounting policy note 1.7.

14 Property, plant and equipment – 2017/18

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost									
At 31 March 2017	45,625	433,313	1,250	858	104,836	11	11,696	1,743	599,332
Additions purchased/leased	-	3,858	-	174	7,075	-	5,916	-	17,023
Additions donated/granted	-	5,395	-	-	644	-	-	-	6,039
Reclassifications	-	379	(39)	(850)	364	-	(3,427)	115	(3,458)
Impairments charged to the revaluation reserve	-	(4,056)	-	-	-	-	-	-	(4,056)
Reversal of impairments credited to operating expenses	-	239	-	-	-	-	-	-	239
Impairments charged to operating expenses	-	(22,139)	-	-	-	-	-	-	(22,139)
Revaluations	(15,226)	(1,914)	(53)	-	-	-	-	-	(17,193)
Disposals/derecognition	-	-	-	-	(3,988)	-	-	(58)	(4,046)
At 31 March 2018	30,399	415,075	1,158	182	108,931	11	14,185	1,800	571,741
Depreciation									
At 31 March 2017	-	2,089	-	-	69,884	8	8,717	1,372	82,070
Provided during the year	-	11,176	94	-	9,224	2	1,002	113	21,611
Revaluations	-	-	-	-	-	-	-	-	-
Disposals/derecognition	-	-	-	-	(3,985)	-	-	(42)	(4,027)
At 31 March 2018	-	13,265	94	-	75,123	10	9,719	1,443	99,654
Net book value									
Owned	2,633	79,703	1,051	182	29,923	1	4,466	357	118,316
Donated	-	3,210	13	-	3,702	-	-	-	6,925
Government granted	-	13,185	-	-	-	-	-	-	13,185
Private Finance Initiative	-	305,712	-	-	-	-	-	-	305,712
Finance Lease	27,766	-	-	-	183	-	-	-	27,949
At 31 March 2018	30,399	401,810	1,064	182	33,808	1	4,466	357	472,087

Property, plant and equipment – 2016/17

Group	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000	Total £000
Cost									
At 31 March 2016	45,625	427,990	1,328	638	101,868	11	17,704	2,569	597,733
Additions purchased / leased	-	3,825	-	891	7,240	-	759	60	12,775
Additions donated	-	-	-	-	555	-	-	-	555
Reclassifications	-	671	-	(671)	-	-	-	-	-
Impairments charged to the revaluation reserve	-	(189)	-	-	-	-	-	-	(189)
Reversal of impairments credited to operating expenses	-	14,666	-	-	-	-	-	-	14,666
Revaluations	-	(13,650)	(78)	-	-	-	-	-	(13,728)
Disposals / derecognition	-	-	-	-	(4,827)	-	(6,767)	(886)	(12,480)
At 31 March 2017	45,625	433,313	1,250	858	104,836	11	11,696	1,743	599,332
Depreciation									
At 31 March 2016	-	12,026	82	-	65,859	7	14,310	1,993	94,277
Provided during the year	-	10,591	88	-	8,850	1	1,168	258	20,956
Revaluations	-	(20,528)	(170)	-	-	-	-	-	(20,698)
Disposals / derecognition	-	-	-	-	(4,825)	-	(6,761)	(879)	(12,465)
At 31 March 2017	-	2,089	-	-	69,884	8	8,717	1,372	82,070
Net book value									
Owned	2,625	83,827	1,225	852	30,733	3	2,979	367	122,611
Donated	-	7,229	25	6	3,990	-	-	4	11,254
Government granted	-	14,854	-	-	-	-	-	-	14,854
Private Finance Initiative	-	325,314	-	-	-	-	-	-	325,314
Finance Lease	43,000	-	-	-	229	-	-	-	43,229
At 31 March 2017	45,625	431,224	1,250	858	34,952	3	2,979	371	517,262

Property, plant and equipment – 2017/18

Trust	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant and equipment machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000	Total £000
Cost									
At 31 March 2017	45,625	430,927	1,250	858	104,062	11	11,631	1,515	595,879
Additions purchased / leased	-	3,858	-	-	6,899	-	5,916	-	16,673
Additions donated	-	5,395	-	-	644	-	-	-	6,039
Reclassifications	-	379	(39)	(850)	364	-	(3,427)	115	(3,458)
Impairments charged to the revaluation reserve	-	(4,056)	-	-	-	-	-	-	(4,056)
Reversal of impairments credited to operating expenses	-	239	-	-	-	-	-	-	239
Impairments charged to operating income	-	(22,139)	-	-	-	-	-	-	(22,139)
Revaluations	(15,226)	(1,914)	(53)	-	-	-	-	-	(17,193)
Disposals / derecognition	-	-	-	-	(3,988)	-	-	(58)	(4,046)
At 31 March 2018	30,399	412,689	1,158	8	107,981	11	14,120	1,572	567,938
Depreciation									
At 31 March 2017	-	1,792	-	-	69,648	8	8,693	1,268	81,409
Provided during the year	-	11,015	94	-	9,120	2	989	56	21,276
Revaluations	-	-	-	-	-	-	-	-	-
Disposals / derecognition	-	-	-	-	(3,985)	-	-	(42)	(4,027)
At 31 March 2018	-	12,807	94	-	74,783	10	9,682	1,282	98,658
Net book value									
Owned	2,633	77,775	1,051	8	29,313	1	4,438	290	115,509
Donated	-	3,210	13	-	3,702	-	-	-	6,925
Government granted	-	13,185	-	-	-	-	-	-	13,185
Private Finance Initiative	-	305,712	-	-	-	-	-	-	305,712
Finance Lease	27,766	-	-	-	183	-	-	-	27,949
At 31 March 2018	30,399	399,882	1,064	8	33,198	1	4,438	290	469,280

Property, plant and equipment – 2016/17

Trust	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000	Total £000
Cost									
At 31 March 2016	45,625	425,607	1,328	638	101,094	11	17,639	2,341	594,283
Additions purchased / leased	-	3,822	-	891	7,240	-	759	60	12,772
Additions donated	-	-	-	-	555	-	-	-	555
Reclassifications	-	671	-	(671)	-	-	-	-	-
Impairments charged to the revaluation reserve	-	(189)	-	-	-	-	-	-	(189)
Reversal of impairments credited to operating expenses	-	14,666	-	-	-	-	-	-	14,666
Revaluations	-	(13,650)	(78)	-	-	-	-	-	(13,728)
Disposals / derecognition	-	-	-	-	(4,827)	-	(6,767)	(886)	(12,480)
At 31 March 2017	45,625	430,927	1,250	858	104,062	11	11,631	1,515	595,879
Depreciation									
At 31 March 2016	-	11,891	82	-	65,732	7	14,299	1,946	93,957
Provided during the year	-	10,429	88	-	8,741	1	1,155	201	20,615
Revaluations	-	(20,528)	(170)	-	-	-	-	-	(20,698)
Disposals / derecognition	-	-	-	-	(4,825)	-	(6,761)	(879)	(12,465)
At 31 March 2017	-	1,792	-	-	69,648	8	8,693	1,268	81,409
Net book value									
Owned	2,625	81,738	1,225	852	30,195	3	2,938	243	119,819
Donated	-	7,229	25	6	3,990	-	-	4	11,254
Government granted	-	14,854	-	-	-	-	-	-	14,854
Private Finance Initiative	-	325,314	-	-	-	-	-	-	325,314
Finance Lease	43,000	-	-	-	229	-	-	-	43,229
At 31 March 2017	45,625	429,135	1,250	858	34,414	3	2,938	247	514,470

14.1 Estimated useful economic lives

The estimated useful economic lives of the Group's property, plant and equipment are as follows with each asset being depreciated over this period, as described in accounting policy note 1.7.

	Minimum life Years	Maximum life Years
Buildings (excluding dwellings)	10	67
Dwellings	5	25
Plant and Machinery	5	15
Information technology	2	5
Furniture and fittings	5	10

14.2 Valuation at the reporting date – Group and Trust

The land, buildings and dwellings were valued at the reporting date by an independent valuer, GVA LLP. The purpose of this exercise being to determine a fair value for Trust property, as detailed in accounting policy notes 1.5 'Property, plant and equipment - valuation' and 1.28 'Critical accounting judgements and key sources of estimation uncertainty'.

The revaluation exercise resulted in reversals of prior impairments being credited to operating expenses, inline with the Department of Health Group Accounting Manual, within the consolidated statement of comprehensive income.

Impairments of property, plant and equipment		Year Ended 31 March 2018 £000	Year Ended 31 March 2017 £000
Impairments			
Queen Elizabeth Hospital – PFI facility	1	(14,600)	-
Trust owned property	3	(7,539)	-
		(22,139)	-
Reversals of impairments			
Queen Elizabeth Hospital – PFI facility	1	-	14,584
Regent Court	2	239	-
Trust owned property		-	82
		239	14,666
Net reversal of impairment/(impairment)		(21,900)	14,666

There are no movements on revaluation for assets owned by the subsidiaries, only the Trust's estate is revalued as there are no land or buildings owned by the subsidiaries.

All impairments and reversals of impairments are due to changes in market prices only.

1 – The valuation of the 'Queen Elizabeth Hospital Birmingham' PFI hospital gave rise to an impairment resulting from the difference between the fair value in operational use (depreciated replacement cost), as measured at 31 March 2018 compared to 31 March 2017. The estimation technique of the Modern Equivalent Asset incorporates the current cost of household and commercial property construction and is the main factor behind the valuation process. The impairment is disclosed within operating expenses, see note 5 to the financial statements on page XXIX.

2 – The valuation of the Regent Court offices gave rise to a reversal of a previous impairment due to the difference between the fair values, at the reporting date compared to the prior year. In the current reporting year, the Department of Health Group Accounting Manual states that reversals of impairments are netted off with impairments in operating expenses, see note 5 to the financial statements on page XXIX.

3 – Within the impairment of Trust owned property, the single largest impairment of (£6,505,000) arose from the valuation of the 'Institute of Translational Medicine' - including the newly refurbished third floor, as measured at the reporting date compared to the prior year. The impairment is disclosed within operating expenses, see note 5 to the financial statements on page XXIX.

The surpluses and deficits upon the revaluation exercise resulted in the following gains and losses being charged to the revaluation reserve, see the Statement of Changes in Taxpayers' Equity on page XIV.

Revaluation gains/(losses) on property, plant and equipment Group	Year Ended 31 March 2018 £000	Year Ended 31 March 2017 £000
Revaluation gains/(losses) recognised in other comprehensive income		
Land	(15,226)	-
Buildings - Heritage buildings (non-PFI)	(1,914)	(13,839)
Dwellings	(53)	(78)
	(17,193)	(13,917)
Impairments charged to the revaluation reserve		
Buildings - Heritage buildings (non-PFI)	(4,056)	-
	(4,056)	-
Net decrease to revaluation reserve	(21,249)	(13,917)

The revaluation gains and losses on property, plant and equipment for the Group are the same as for the Trust.

14.3 Assets held under finance leases and PFI arrangements – Group and Trust

	PFI assets £000	Assets held under finance leases £000	Total £000
Cost			
At 1 April 2016	321,785	43,699	365,484
Additions	2,955	-	2,955
Revaluations	(14,010)	-	(14,010)
Reversal of impairments credited to operating expenses	14,584	-	14,584
At 31 March 2017	325,314	43,699	369,013
Additions	1,998	-	1,998
Revaluations	-	(15,234)	(15,234)
Impairments charged to operating expenses	(14,600)	-	(14,600)
At 31 March 2018	312,712	28,465	341,177
Depreciation			
At 1 April 2016	7,242	424	7,666
Charged for the year	6,768	46	6,814
Revaluations	(14,010)	-	(14,010)
At 31 March 2017	-	470	470
Charged for the year	7,000	46	7,046
Revaluations	-	-	-
At 31 March 2018	7,000	516	7,516
Net book value			
At 31 March 2018	305,712	27,949	333,661
At 31 March 2017	325,314	43,229	368,543
At 1 April 2016	314,543	43,275	357,818

The Private Finance Initiative asset is the new Queen Elizabeth Hospital Birmingham as detailed in note 27.1 to the financial statements on page XLVII. The impairment is detailed in note 14.2 to the financial statements on page XL.

A separate schedule for the Trust's finance lease and PFI assets has not been produced as the subsidiaries have no assets classified as such. Within finance leased assets is land with a fair value of £27,766,000 (31 March 2017: £43,000,000), this is the Edgbaston site land leased from the Calthorpe Estate over a 999 year term.

15 Capital commitments

Commitments under capital expenditure contracts at the end of the period, not otherwise included in these financial statements, were £3,901,000 (31 March 2017: £3,646,000) for both Group and Trust. This amount relates entirely to property, plant and equipment, there are nil contracted capital commitments for intangible assets.

16 Subsidiaries and investments

The Trust's subsidiary undertakings and investments as included in the consolidation as at the reporting date are set out below. The reporting date of the financial statements for the subsidiaries is the same as for these group financial statements - 31 March 2018.

Pharmacy@QEHB Limited

The company is registered in the UK, company no. 07547768, with a share capital comprising one share of £1 owned by the Trust. The company commenced trading on the 4 July 2011 as an Outpatients Dispensary service in the new 'Queen Elizabeth Hospital Birmingham' and a significant proportion of the company's revenue is inter group trading with the Trust which is eliminated upon the consolidation of these group financial statements, see note 2 to the financial statements on page XXIV.

UHB Facilities Limited

The company is registered in the UK, company no. 08642236, with a share capital comprising one share of £1 owned by the Trust. The company commenced trading on the 10 October 2014 as a provider of a managed healthcare facility, see note 2 to the financial statements on page XXIV.

Assure Dialysis Services Limited

The company is registered in the UK, company no. 08642238, with a share capital comprising one share of £1 owned by the Trust. The company commenced trading on the 1 January 2015 as a provider of renal dialysis healthcare, see note 2 to the financial statements on page XXIV.

Birmingham Systems Limited

The company is registered in the UK, company no. 07136767, with a share capital comprising one share of £1 owned by the Trust. The company is dormant and has not yet traded, there are nil assets and liabilities to consolidate into the Trust's financial statements.

Professional Activity Limited

The company is registered in the UK, company no. 08078932, with a share capital comprising £25,050 wholly owned by the Trust. The company has not yet traded, it is developing software to support the booking of locum shifts for clinical work scheduling. In the group financial statements this Trust investment is disclosed as an intangible asset under construction, at its cost value of £151,000, see note 12 to the financial statements on page XXXIII.

Investments

The Trust has one investment comprising a 12% shareholding in a company 'Sapere Systems Limited', registered in the UK, company no. 7171338, the Trust's shareholding purchased for £12. This company is dormant and has not yet traded, therefore the investment is recognised in the Trust's statement of financial position at cost.

17 Joint Venture – Innovating Global Health China Limited

The Trust has established the following company as a joint venture between the Trust and Innovating Global Health SA (IGH): Innovating Global Health China Limited (IGHC) incorporated in Hong Kong. This was established for the identification, development and pursuit of healthcare opportunities in China. This is a private company limited by shares, with Trust and IGH each owning a 50% shareholdings. The partner company (IGH) is registered / organised under the laws of Switzerland. The joint venture is accounted for using the equity method and commenced trading in the reporting period.

18 Non-current assets held for sale

The Trust has no non-current assets held for sale at the reporting date (31 March 2017: £nil).

19 Inventories

	Group		Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	Total £000	Total £000	Total £000	Total £000
Consumables	8,567	6,615	6,126	6,578
Drugs	10,489	8,347	10,434	6,631
Other finished goods	5	3	5	3
	19,061	14,965	16,565	13,212

The Group expensed £137,769,000 of inventories during the year (2016/17 - £129,260,000). The Group charged £28,000 to operating expenses in the year due to write-downs of obsolete inventories (2016/17 - £180,000).

20 Trade and other receivables

Current	Group		Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	Total £000	Total £000	Total £000	Total £000
NHS receivables	61,028	40,532	61,028	40,532
Receivables with other related parties	8,161	5,609	6,075	5,609
Commercial trade receivables	8,383	6,763	15,384	7,281
Provision for impaired receivables	(7,246)	(5,410)	(7,246)	(5,410)
PFI prepayments – lifecycle (capital)	11,736	8,487	11,736	8,487
Prepayments	5,514	5,463	5,453	5,396
Accrued income	1,281	442	1,281	506
Other receivables – revenue	3,393	2,761	10,183	10,074
Other receivables – capital	564	7,300	564	7,300
	92,814	71,947	104,458	79,775

Non-current	Group		Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	Total £000	Total £000	Total £000	Total £000
Provision for impaired receivables	(1,464)	(1,376)	(1,464)	(1,376)
Other receivables – revenue	6,410	5,999	6,410	5,999
	4,946	4,623	4,946	4,623

NHS receivables consist of balances owed by NHS bodies in England, receivables with other related parties consist of balances owed by other HM Government organisations. Related party transactions are detailed in note 31 to the financial statements on page LI.

Included within trade and other receivables of both Group and Trust are balances with a carrying amount of £12,434,000 (31 March 2017: £5,584,000) which are past due at the reporting date but for which no specific provision has been made as they are considered to be recoverable based on previous trading history.

Aged analysis of past due but not impaired receivables	Group		Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	Total £000	Total £000	Total £000	Total £000
By up to three months	9,687	2,956	9,687	2,956
By three to six months	589	1,312	589	1,312
By more than six months	2,158	1,316	2,158	1,316
	12,434	5,584	12,434	5,584

Provision for impaired receivables	Group		Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	Total £000	Total £000	Total £000	Total £000
Balance at 1 April	6,786	3,734	6,786	3,734
Increase in provision	6,598	5,939	6,598	5,939
Amounts utilised	(283)	(662)	(283)	(662)
Unused amounts reversed	(4,391)	(2,225)	(4,391)	(2,225)
	8,710	6,786	8,710	6,786

Aged analysis of impaired receivables	Group		Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	Total £000	Total £000	Total £000	Total £000
By up to three months	2,111	332	2,111	332
By three to six months	729	934	729	934
By more than six months	3,687	3,156	3,687	3,156
	6,527	4,422	6,527	4,422

21 Cash and cash equivalents

	Group		Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	Total £000	Total £000	Total £000	Total £000
Cash and cash equivalents	85,490	70,829	83,692	70,228
Made up of				
Cash with Government Banking Service	13,811	6,140	13,811	6,140
Commercial banks and cash in hand	71,679	64,689	69,881	64,088
Cash and cash equivalents as in statement of financial position	85,490	70,829	83,692	70,228
Cash and cash equivalents as in statement of cash flows	85,490	70,829	83,692	70,228

22 Trade and other payables

Current	Group		Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	Total £000	Total £000	Total £000	Total £000
NHS payables	10,220	6,508	10,220	6,508
Amounts due to other related parties	5,857	5,432	5,855	5,430
Commercial trade payables	40,732	37,781	43,364	37,673
Trade payables – capital	3,534	2,167	3,533	2,166
Taxes payable	9,304	8,390	9,252	8,348
Other payables	1,939	1,304	5,267	4,812
Accruals	62,959	61,618	63,117	61,939
Receipts in advance	4,793	4,258	4,793	4,258
	139,338	127,458	145,401	131,134

NHS payables consist of balances owed to NHS bodies in England, amounts due to other related parties consist of balances owed to other HM Government organisations including pensions. Included within amounts due to other related parties are NHS pension contributions of £5,431,000 (31 March 2017: £4,976,000).

Non-current trade and other payables are nil (31 March 2017: £nil).

23 Other liabilities

Current	Group		Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	Total £000	Total £000	Total £000	Total £000
Deferred income	25,744	20,283	25,720	20,283
	25,744	20,283	25,720	20,283

Non-current	Group		Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	Total £000	Total £000	Total £000	Total £000
Deferred income	4,461	5,093	4,213	5,093
	4,461	5,093	4,213	5,093

24 Deferred tax

An analysis of the movements in the deferred tax liabilities and assets recognised by the group is set out below:

Group only*	Capital allowances	Tax losses	Total
	£000	£000	£000
At 1 April 2016	82	-	82
Charge / (credit) to the income statement	-	(192)	(192)
At 31 March 2017	82	(192)	(110)
(Credit) / charge to the income statement	(57)	67	10
At 31 March 2018	25	(125)	(100)

* Liability for corporation tax only arises from the activity of the commercial subsidiaries, the activities of the Trust do not incur corporation tax, see accounting policy note 1.24 for detailed explanation.

Deferred tax assets and liabilities are to be recovered / settled after more twelve months. The amounts are as follows:

	Year Ended 31 March 2018	Year Ended 31 March 2017
	£000	£000
Deferred tax assets	(125)	(146)
Deferred tax liabilities	25	36
Net non current deferred tax (asset)/liability	(100)	(110)

There are no unrecognised deferred tax assets or liabilities in the current or prior year.

25 Borrowings

Group and Trust	Current		Non-Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2016
	Total	Total	Total	Total
	£000	£000	£000	£000
Obligations under finance leases	50	47	172	222
Obligations under Private Finance Initiative contracts	12,073	12,228	472,170	484,243
	12,123	12,275	472,342	484,465

The Private Finance Initiative obligation relates to the new Queen Elizabeth Hospital Birmingham as detailed in note 27.1 to the financial statements on page XLVII.

The Trust has not utilised any loan or working capital facility in year and there is no such facility in place at the reporting date (31 March 2017: £nil).

26 Finance lease obligations (other than PFI)

Group and Trust	Minimum lease payments		Present value of minimum lease payments	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Gross lease liabilities	266	333	266	333
Of which liabilities are due:				
Not later than one year	66	67	66	67
Later than one year, not later than five years	200	256	200	256
Later than five years	-	10	-	10
Net finance charges allocated to future periods	(44)	(64)	(44)	(64)
Net lease liabilities	222	269	222	269
Not later than one year	50	47	50	47
Later than one year, not later than five years	172	213	172	213
Later than five years	-	9	-	9

The finance lease obligations disclosed relate to medical equipment. The Edgbaston site land is a long term finance lease, detailed in note 14.3 to the financial statements on page XLI, this has a nominal charge as the land is covenanted for the 'provision of healthcare and education' to the city of Birmingham.

27 Private finance initiative contracts

27.1 PFI schemes on-statement of financial position – Group and Trust

A contract for the development of the new hospital was signed by the Trust and its PFI partner on 14 June 2006. The purpose of the scheme was to deliver a modern, state of the art acute hospital facility on the QE site which is now fully operational as at the reporting date. This is part of a wider PFI deal between the Trust, Birmingham & Solihull Mental Health Trust and a consortium led by Consort Healthcare (Birmingham) Limited. The ownership of the consortium entity is as follows:

Balfour Beatty Infrastructure Investments Ltd (40%), InfraRed Infrastructure Yield Fund (30%) and Infrastructure Investments Holdings Limited, a subsidiary of HICL Infrastructure Company Limited (30%).

The contracted value of the new PFI hospital is £584,600,000 (of which £484,889,000 is capital and £99,711,000 are fees and finance costs incurred prior to 15 June 2010). The 'Queen Elizabeth Hospital Birmingham' was handed over in three phases:

- ▶ phase 1 on 15 June 2010 and phase 2 on 17 November 2010 were delivered on schedule and were complete as at 31 March 2011.
- ▶ phase 3 on 11 October 2011 was delivered on schedule and was complete as at 31 March 2012.

Total finance lease obligations for on-statement of financial position PFI contracts due: Group and Trust	Year Ended 31 March 2018	Year Ended 31 March 2017
	£000	£000
Gross PFI lease liabilities	749,247	777,285
Of which liabilities are due:		
Not later than one year	27,493	28,038
Later than one year, not later than five years	110,009	110,390
Later than five years	611,745	638,857
Net finance charges allocated to future periods	(265,004)	(280,814)
Net PFI lease liabilities	484,243	496,471
Not later than one year	12,073	12,228
Later than one year, not later than five years	52,376	51,109
Later than five years	419,794	433,134

The PFI obligation above is only that part of the unitary payment allocated to the finance lease rental, ie the annual finance expense and capital repayment of lease liability over the contract term. This apportionment of the unitary payment is described in accounting policy note 1.11 and the total unitary payment commitment, including annual service expense and lifecycle replacement is disclosed overleaf.

Total annual unitary payment for the reporting period by constituent element:	Year Ended 31 March 2018	Year Ended 31 March 2017
	£000	£000
Finance lease charge	15,810	16,216
Repayment of finance lease obligation	12,228	12,792
Service element	15,764	15,271
Addition to lifecycle prepayment	3,249	494
Capital lifecycle maintenance	1,284	2,804
Contingent finance charge (inflation)	6,742	5,777
	55,077	53,354

The service element and finance charges are expensed to the Statement of Comprehensive Income, see notes 5 and 10 to the financial statements on pages XXIX and XXXII respectively. The repayment of finance lease obligation is a reduction to the net PFI liability disclosed earlier in this note to the financial statements. The capital lifecycle payment is a sum allocated to maintain 'as new' the infrastructure of the QEHB hospital; this is initially prepaid, see note 20 on page XLIII of the financial statements and subsequently capitalised to property, plant and equipment in the reporting period the work is actually carried out by the PFI provider.

The Trust is committed to making the following unitary payments for on-statement of financial position PFI commitments during the next reporting year and until the contract expires:

Total unitary payment obligations for on-statement of financial position PFI contracts due: Group and Trust	Year Ended 31 March 2018	Year Ended 31 March 2017
	£000	£000
Total future unitary payments committed	1,614,640	1,601,829
Of which liabilities are due:		
Not later than one year	57,068	54,687
Later than one year, not later than five years	227,646	218,150
Later than five years	1,329,926	1,328,992

The Trust will be committed to the full unitary payment till the contract expires on 14 August 2046, at which time the building will revert to the ownership of the Trust. The unitary payment is subject to change based on movements in the Retail Prices Index.

The Trust has the rights to use the Queen Elizabeth Hospital Birmingham for the length of the Project Agreement and has the rights to expect provision of the range of allied and clinical support services, including facilities management and lifecycle maintenance. In

addition, the Trust has the rights to possible deductions from the unitary payment due to the non availability of the infrastructure or under performance regarding the services provided. At the end of the Project Agreement the assets will transfer back to the Trust's ownership.

27.2 PFI schemes off-statement of financial position

The Trust does not have any PFI schemes which are deemed to be off-statement of financial position at the period end.

28 Provisions

Group	Current		Non current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Pensions relating to other staff	42	42	466	482
Legal claims	499	426	2,573	2,583
Other	624	272	-	-
	1,165	740	3,039	3,065
	Pensions relating to other staff	Legal claims	Other	Total
	£000	£000	£000	£000
At 1 April 2017	524	3,009	272	3,805
Change in the discount rate	4	39	-	43
Arising during the year	21	259	507	787
Used during the year	(42)	(181)	(62)	(285)
Reversed unused	-	(65)	(93)	(158)
Unwinding of discount	1	11	-	12
At 31 March 2018	508	3,072	624	4,204
Expected timing of cash flows:				
Within one year	42	499	624	1,165
Between one and five years	167	486	-	653
After five years	299	2,087	-	2,386
Trust	Current		Non current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Pensions relating to other staff	42	42	466	482
Legal claims	499	426	2,307	2,325
Other	624	272	-	-
	1,165	740	2,773	2,807

	Pensions relating to other staff	Legal claims	Other	Total
	£000	£000	£000	£000
At 1 April 2017	524	2,751	272	3,547
Change in the discount rate	4	39	-	43
Arising during the year	21	259	507	787
Used during the year	(42)	(181)	(62)	(285)
Reversed unused	-	(65)	(93)	(158)
Unwinding of discount	1	3	-	4
At 31 March 2018	508	2,806	624	3,938
Expected timing of cash flows:				
Within one year	42	499	624	1,165
Between one and five years	167	486	-	653
After five years	299	1,821	-	2,120

The provisions included under 'legal claims' are for personal injury pensions £2,429,000 (31 March 2017: £2,446,000), employers and public liability £357,000 (31 March 2017: £286,000) and other claims notified by the Trust's solicitors £20,000 (31 March 2017: £20,000). The provisions for personal injury pensions have been calculated on guidance received from the NHS Business Services Authority - Pensions Division. Employers and public liability have been calculated based on information received from the NHS Litigation Authority (NHSLA) taking into account indications of uncertainty and timing of payments.

Early retirement pension provisions of £508,000 (31 March 2017: £524,000), disclosed as 'pensions relating to other staff' have been calculated on guidance received from the NHS Business Services Authority - Pensions Division.

The Group provision includes an amount of £266,000 (31 March 2017: £258,000) in respect of UHB Facilities Ltd and a tenant's dilapidations contractual commitment for the Rabone Lane site.

Provisions within the annual accounts of the NHS Litigation Authority at 31 March 2018 include £101,721,000 in respect of clinical negligence liabilities of the Trust (31 March 2017: £77,194,000).

29 Contingencies

There are £32,000 of contingent liabilities at the reporting date which relate to amounts notified by the NHSLA for potential employer and public liability claims over and above the amounts provided for in note 28 to the financial statements on page XLIX (31 March 2017: £86,000). There are no contingent assets at the reporting date (31 March 2017: £nil).

30 Events after the reporting period

On 1 April 2018, the Trust acquired the Heart of England NHS Foundation Trust, including all assets and liabilities of this organisation via a Grant of Acquisition issued by NHS Improvement.

These financial statements have not been adjusted to reflect this event which took place after the reporting period. The Trust continues to operate as the same legal entity under the existing name of University Hospitals Birmingham NHS Foundation Trust.

Users of these accounts should note that this acquisition will materially increase the Trusts annual income, expenditure, staff numbers and healthcare activity. Like many providers of NHS services, the Heart of England Foundation Trust has reported financial deficits from continuing operations in recent years; (£46.1m) in 2015/16, (£22.8m) in 2016/17 and (£47.3m) in 2017/18.

No material financial improvement is expected as a direct result of the acquisition, therefore the combined Trust is planning for a (£38.0m) deficit in 2018/19 with a further deficit expected in 2019/20. The Trust will rely on existing cash balances and access to working capital facilities during this period. As with most similar NHS organisations, future financial performance is subject to changes in national policy, NHS funding allocations and national tariffs for providers of healthcare.

These financial statements were authorised for issue on the 23 May 2018, there were no other events arising after the end of the reporting period up to which this date qualifies for disclosure.

31 Related party transactions

University Hospitals Birmingham NHS Foundation Trust is a corporate body established by order of the Secretary of State for Health.

The Trust has taken advantage of the partial exemption provided by IAS 24 'Related Party Disclosures', where the Government of the United Kingdom is considered to have ultimate control over the Trust and all other related party entities in the public sector.

The Trust considers other NHS Foundation Trusts to be related parties, as they and the Trust are under the common performance management of NHS Improvement - part of the NHS in England. During the year the Trust contracted with certain other Foundation Trusts for the provision of clinical and non clinical support services.

The Department of Health is also regarded as a related party. During the year University Hospitals Birmingham NHS Foundation Trust has had a significant number of material transactions with the Department, and with other entities of the NHS in England to which the Department is regarded as the parent organisation.

The Trust has had a number of material transactions with other Government Departments and local Government bodies.

These related parties are summarised below by Government Department, with disclosure of the total balances owed and owing as at the reporting date and total transactions for the reporting year with the Trust:

Group and Trust	Receivables	Payables	Revenue	Expenditure
	£000	£000	£000	£000
NHS in England				
NHS Birmingham Crosscity CCG	1,169	1,305	92,484	-
NHS Birmingham South And Central CCG	1,644	-	81,559	-
NHS Dudley CCG	44	298	7,187	-
NHS Redditch And Bromsgrove CCG	165	371	11,315	-
NHS Sandwell And West Birmingham CCG	497	-	24,632	-
NHS Solihull CCG	352	-	7,701	-
NHS South Worcestershire CCG	4	492	3,702	-
NHS Walsall CCG	11	442	4,930	5
NHS England (specialised commissioning)	14,783	-	407,350	-
NHS England (Cancer Drugs Fund)	796	-	3,972	-
NHS England (West Midlands)	1,779	-	9,039	-
Health Education England	283	9	28,644	132
Heart of England NHS Foundation Trust	4,454	902	4,332	1,213
Birmingham and Solihull Mental Health NHS Foundation Trust	205	719	507	2,017
The Royal Orthopaedic Hospital NHS Foundation Trust	809	115	2,867	45
Birmingham Women's and Children's Hospital NHS Foundation Trust	3,489	1,528	7,645	2,728
Birmingham Community Healthcare NHS Foundation Trust	560	146	1,713	446
Sandwell and West Birmingham Hospitals NHS Trust	2,076	1,210	2,925	1,158
The Royal Wolverhampton NHS Trust	321	100	2,875	107
Department of Health	3,000	-	15,066	-
NHS Litigation Authority	-	13	-	11,813
NHS England - Core (inc. sustainability & transformation fund)	17,671	-	31,906	-
Other	7,058	3,874	39,391	4,062
	61,170	11,524	791,742	23,726

Group and Trust	Receivables	Payables	Revenue	Expenditure
	£000	£000	£000	£000
Other related parties – Whole of Government Accounts				
Ministry of Defence	3,263	-	4,898	4,295
NHS Pension Scheme	-	5,431	-	37,714
Birmingham City Council	689	2	17,507	254
NHS Wales	126	-	7,233	-
NHS Blood and Transport	-	357	2,855	-
HMRC	3,648	9,389	7	34,049
Other	1,124	67	2,757	-
	8,850	15,246	35,257	76,312

The Trust has also received revenue and capital payments from the University Hospital Birmingham Charities totalling £1,698,000 (2016/17 - £1,352,000).

The financial statements of the parent (the Trust) are presented together with the consolidated financial statements and any transactions or balances between group entities have been eliminated on consolidation. The following directors of the Trust are also board members of the trading subsidiaries, roles as stated:

Trust director	Pharmacy@QEHB Ltd	UHB Facilities Ltd	Assure Dialysis Ltd
Mike Sexton	chair	non-executive	-
Kevin Bolger	non-executive	-	-
Philip Norman	-	-	clinical lead
Dr David Rosser	-	-	non-executive
David Burbridge	co. secretary	co. secretary	co. secretary

The three trading subsidiaries do not have any transactions with any NHS or other Government entity except those with its parent (the Trust) and HMRC (payroll and social security taxes). The Trust's receivables and payables includes the following:

The Trust's receivables include £7,119,000 (31 March 2017 - £4,151,000) owed by and payables include £3,274,000 (31 March 2017 - £3,996,000) owed to Pharmacy@QEHB Ltd. The Trust's revenue includes £883,000 (31 March 2017 - £879,000) received from and expenditure includes £42,591,000 (31 March 2017 - £41,237,000) paid to Pharmacy@QEHB Ltd.

The Trust's receivables include £3,672,000 (31 March 2017 - £3,750,000) owed by and payables includes £278,000 (31 March 2017 - £321,000) owed to UHB Facilities Ltd. The Trust's revenue includes £266,000 (31 March 2017 - £252,000) received from and expenditure includes £2,224,000 (31 March 2017 - £1,947,000) paid to UHB Facilities Ltd.

The Trust's receivables include £834,000 (31 March 2017 - £594,000) owed by and payables includes £nil (31 March 2017 - £70,000) owed to Assure Dialysis Services Ltd. The Trust's revenue includes £17,000 (31 March 2017 - £72,000) received from and expenditure includes £790,000 (31 March 2017 - £771,000) paid to Assure Dialysis Services Ltd.

32 Financial instruments and related disclosures

The fair value of a financial instrument is the price at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms-length transaction. All the financial instruments of the Trust are initially measured at fair value on recognition and subsequently at amortised cost. The following table is a categorisation of the carrying amounts and the fair values of the Trust's financial assets and financial liabilities:

Carrying values by category of financial instruments	Notes	Group		Trust	
		31 March 2018 Total £000	31 March 2017 Total £000	31 March 2018 Total £000	31 March 2017 Total £000
Current financial assets					
Cash and cash equivalents	1	85,490	70,829	83,692	70,228
Loans and receivables:					
Trade and receivables	1	72,041	56,273	85,832	64,168
		157,531	127,102	169,524	134,396
Non-current financial assets					
Loans and receivables:					
Trade and receivables	1	-	-	-	-
		-	-	-	-
Total financial assets		157,531	127,102	169,524	134,396
Current financial liabilities					
Other financial liabilities:					
Finance leases	2	50	47	50	47
Private Finance Initiative contracts	2	12,073	12,228	12,073	12,228
Trade and other payables	1	125,241	114,810	131,356	118,528
Provisions under contract	1	1,001	578	1,001	578
		138,365	127,663	144,480	131,381
Non-current financial liabilities					
Other financial liabilities:					
Finance leases	2	172	222	172	222
Private Finance Initiative contracts	2	472,170	484,243	472,170	484,243
Provisions under contract	1	266	258	-	-
		472,608	484,723	472,342	484,465
Total financial liabilities		610,973	612,386	616,822	615,846
Net financial liabilities		(453,442)	(485,284)	(447,298)	(481,450)

The fair value on all these financial assets and financial liabilities equates to their carrying value.

(1) Fair values of cash, trade receivables, trade payables and provisions under contract are assumed to approximate to cost due to the short-term maturity of the instruments.

(2) Fair values of borrowings - finance leases and private finance initiative contracts, are carried at amortised cost. Fair values are estimated by discounting expected future contractual cash flows using interest rates implicit in the contracts. The maturity profile of both finance lease and private finance initiative contract liabilities are disclosed in notes 26 and 27.1 to the financial statements on pages XLVII and XLVII respectively.

The financial assets and financial liabilities of cash and cash equivalents, finance leases and private finance initiative contracts all equate to the amounts disclosed on the statement of financial position and supporting

notes to the financial statements. Trade receivables, trade payables and provisions include non-financial assets and liabilities not disclosed in the table above. The reconciling amounts are as follows:

- ▶ Trade receivables includes prepayments which are not a financial instrument, see note 20 to the financial statements on page XLIII.
- ▶ Trade payables includes receipts in advance and PDC payable which are not financial instruments, see note 22 to the financial statements on page XLV.
- ▶ Provisions includes liabilities incurred under legislation, rather than by contract - early retirements due to ill health or injury. These are not considered by HM Treasury to fit the definition of a financial instrument, see note 28 to the financial statements on page XLIX.

Risk management policies

The Trust's activities expose it to a variety of financial risks, though due to their nature the degree of the exposure to financial risk is substantially reduced in comparison to that faced by business entities. The financial risks are mainly credit and inflation risk, with limited exposure to market risks (currency and interest rates) and to liquidity risk.

Financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. Trust treasury activity is subject to review by the Investment Committee. The main responsibilities of the Trust's treasury operation are to:

- ▶ ensure adequate liquidity for the Trust;
- ▶ invest surplus cash; and
- ▶ manage the clearing bank operations of the Trust.

(i) Credit risk

As a consequence of the continuing service provider relationship that the Trust has with NHS Commissioners and the way those organisations are financed, the Trust is exposed to a degree of customer credit risk, but substantially less than that faced by business entities. In the current financial environment where NHS Commissioners must manage increasing healthcare demand and affordability within fixed budgets, the Trust regularly reviews the level of actual and contracted activity with the NHS Commissioners to ensure that any income at risk is discussed and resolved at a high level at the earliest opportunity available.

As a majority of the Trust's income comes from contracts with other public sector bodies, see note 2 to the financial statements on page XXIV, there is reduced exposure to credit risk from individuals and commercial entities. The maximum exposures to trade and other receivables as at the reporting date, are disclosed in note 20 to the financial statements on page XLIII, including details of the amounts owing on the sale of surplus land. The Trust mitigates its exposure to credit risk through regular review of receivables due and by calculating a bad debt provision.

In accordance with the Trust's treasury policy, the Trust's cash is held in current accounts at UK banks only. There are no cash or cash equivalent investments held, the result being to minimise the counter party credit risk associated with holding cash at financial institutions.

(ii) Inflation risk

The Trust has exposure to annual price increases of medical supplies and services (pharmaceuticals, medical equipment and agency staff) arising from its core healthcare activities. The Trust mitigates this risk through, for example, transferring the risk to suppliers by contract tendering and negotiating fixed purchase costs (including prices set by nationally agreed frameworks across the NHS) or reducing external agency staff costs via operation of the Trust's own employee 'staff bank'.

The unitary payment of the new 'Queen Elizabeth Hospital Birmingham' private finance initiative contract is subject to change based on movements in the Retail Prices Index (RPI), as disclosed in note 27.1 to the financial statements on page XLVII. For the reporting year the relevant RPI index was 268.4 (annualised rate of 3.2%) fixed at February 2017. The sensitivity of the Trust's retained surplus and taxpayers equity to changes in this RPI inflation rate are set out in the following table:

RPI sensitivity analysis	Year Ended 31 March 2018		Year Ended 31 March 2017	
	£000	£000	£000	£000
	+1.0%	-1.0%	+1.0%	-1.0%
Retained surplus/(deficit)	(533)	533	(534)	534
Taxpayers' equity	(533)	533	(534)	534

(iii) Market risk

The Trust has limited exposure to market risk for both interest rate and currency risk:

Currency risk - the Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. The Trust has no overseas operations nor investments and all Trust cash is held in Sterling at UK banks: Barclays bank and the Government Banking Service 'GBS'. The Trust therefore has minimal exposure to currency rate fluctuations.

Interest rate risk - other than cash balances, the Trust's financial assets and all of its financial liabilities carry nil or fixed rates of interest. Cash balances at UK banks earn interest linked to the Bank of England base rate. The Trust therefore has minimal exposure to interest rate fluctuations.

(iv) Liquidity risk

The Trust's net operating costs are incurred under annual service agreements with Clinical Commissioning Groups and NHS England, which are financed from resources voted annually by Parliament. The Trust

ensures that it has sufficient cash or committed loan facilities to meet all its commitments when they fall due. This is regulated by the Trust's compliance with the 'Continuity of Services Risk Rating' system created by Monitor, the Independent Regulator of NHS Foundation Trusts. The Trust is not, therefore, exposed to significant liquidity risks.

(v) Capital management risk

The Trust's capital is 'Public Dividend Capital' (PDC) wholly owned and controlled by the Department of Health, there is no other equity. The 3.5% cost of capital - the 'PDC dividend' is disclosed in note 11 to the financial statements on page XXXIII. Therefore, the Trust does not manage its own capital. Liquidity risk and the funding of the Trust's activities are described above.

33 Third party assets

The Trust and Group held £2,963 of cash at the reporting date (31 March 2017: £2,963) which relates to monies held by the Trust on behalf of patients. This has been excluded from the cash and cash equivalents figure reported in the accounts.

34 Losses and Special Payments

	Year Ended 31 March 2018		Year Ended 31 March 2017	
	Number	£000	Number	£000
Losses				
Cash losses	27	9	28	14
Bad debts and claims abandoned	1,217	1,056	2,132	679
Damage to property and stores losses	2	21	3	27
	1,246	1,086	2,163	720
Special payments				
Ex gratia payments	168	56	138	17
	168	56	138	17
Total losses and special payments	1,414	1,142	2,301	737

There were no clinical negligence, fraud, personal injury, compensation under legal obligation or fruitless payment cases where the net payment or loss for the individual case exceeded £300,000.

The Trust losses and special payments disclosed are the same as the Group, there have been no equivalent payments made by the subsidiaries.

These amounts are stated on an accruals basis but exclude any provisions for future losses.

National Health Service Act 2006

Direction by Monitor, in Respect Of Foundation Trusts' Annual Reports and the Preparation Of Annual Reports

Monitor, in exercise of powers conferred on it by paragraph 26 of schedule 7 to the National Health Service Act 2006, hereby directs that:

1. The annual report of each NHS foundation trust shall be in the form and provide such information as laid down in the annual reporting guidance for NHS foundation trusts within the NHS Foundation Trust Annual Reporting Manual (FT ARM) that is in force for the relevant financial year.
2. The annual report of each NHS foundation trust shall be submitted in accordance with the requirements specified in the FT ARM of equivalent document as to when such reports must be sent to Monitor.
3. The following sections contained in each annual report shall be signed and dated by the chief executive of the NHS foundation trust to which it relates:
 - > The performance report
 - > The accountability report
 - > The remuneration report
 - > The annual governance statement
 - > The statement on quality from the chief executive (part 1 of the quality report)
4. The statement of directors' responsibilities in respect of the quality report contained in each annual report shall be signed and dated by the chair and chief executive of the NHS foundation trust to which it relates.

Signed by authority of Monitor

Signed:

Name: **Jim Mackey (Chief Executive)**

Dated: November 2017

National Health Service Act 2006

Direction by Monitor, in Respect Of Foundation Trusts' Annual Reports and the Preparation Of Annual Reports

Monitor, with the approval of the Secretary of State, in exercise of powers conferred on it by paragraphs 24(1A) and 25(1) of schedule 7 to the National Health Service Act 2006 (the '2006 Act'), hereby gives the following Directions:

1. Application and Interpretation

(1) These Directions apply to NHS foundation trusts in England.

(2) In these Directions:

a. references to "the accounts" and to the "the annual accounts" refer to:

- > for an NHS foundation trust in its first operating period since being authorised as an NHS foundation trust, the accounts of an NHS foundation trust for the period from point of licence until 31 March
- > for an NHS foundation trust in its second or subsequent operating period following initial authorisation, the accounts of an NHS foundation trust for the period from 1 April until 31 March
- > for an NHS foundation trust in its final period of operation and which ceased to exist as an entity during the year, the accounts of an NHS foundation trust for the period from 1 April until the end of the reporting period

b. "the NHS foundation trust" means the NHS foundation trust in question.

2. Form of accounts

(1) The accounts submitted under paragraph 24(1) of Schedule 7 to the 2006 Act must comply with the requirements of the Department of Health Group Accounting Manual (DH GAM) in force for the relevant financial year.

3. Annual accounts

(1) The annual accounts submitted under paragraph 25 of schedule 7 to the 2006 Act shall show, and give a true and fair view of, the NHS foundation trust's gains and losses, cash flows and financial state at the end of the financial period.

(2) The annual accounts shall follow the requirements as to form and content set out in chapter 1 of this manual and meet the accounting requirements of the NHS Foundation Trust Annual Reporting Manual (FT ARM) in force for the relevant financial year.

(3) The annual accounts shall comply with the accounting requirements of the Department of Health Group Accounting Manual (DH GAM) as in force for the relevant financial year.

(4) The Statement of Financial Position shall be signed and dated by the chief executive of the NHS foundation trust.

4. Statement of accounting officer's responsibilities

(1) The statement of accounting officer's responsibilities in respect of the accounts shall be signed and dated by the chief executive of the NHS foundation trust.

5. Approval on behalf of HM Treasury

(1) The foreword to the accounts shall be signed and dated by the chief executive of the NHS foundation trust.

Signed by the authority of Monitor

Signed:

Name: **Jim Mackey (Chief Executive)**

Dated: November 2017

