

**Robert Jones and  
Agnes Hunt  
Orthopaedic Hospital  
NHS Foundation  
Trust**

**Annual Report and  
Accounts 2016–2017**



# **Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust**

**Annual Report and Accounts for the  
period of 1 April 2016 to 31 March 2017**

**Presented to Parliament pursuant to  
Schedule 7, paragraph 25 (4) (a) of the  
National Health Service  
Act 2006**



# Contents

<b>ANNUAL REPORT</b> .....	<b>8</b>
<b>INTRODUCTION</b> .....	<b>9</b>
Statement of Chairman and Chief Executive .....	9
Highlights of the year.....	11
<b>PERFORMANCE REPORT</b> .....	<b>12</b>
Overview of Performance .....	13
Statement from the Chief Executive .....	13
The Trust.....	15
Performance Analysis .....	19
<b>ACCOUNTABILITY REPORT</b> .....	<b>27</b>
Directors Report.....	28
Staff Report.....	57
NHS Foundation Trust Code of Governance Disclosures.....	63
NHS Improvement's Single Oversight Framework.....	69
<b>STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTING OFFICER OF ROBERT JONES AND AGNES HUNT ORTHOPAEDIC NHS FOUNDATION TRUST</b> .....	<b>70</b>
<b>ANNUAL GOVERNANCE STATEMENT 2016/17</b> .....	<b>72</b>
<b>QUALITY ACCOUNT 2016/17</b> .....	<b>88</b>
<b>ANNUAL ACCOUNTS 2016/17</b> .....	<b>148</b>

# ANNUAL REPORT

# INTRODUCTION

## Statement of Chairman and Chief Executive

Our driving ambition is to be recognised as a world class centre of excellence. Providing the highest quality care is the clear priority for all who work in the hospital, and we are extremely fortunate in having experienced and dedicated staff who are fully focussed in delivering that care.

The following Annual Report details our performance for the 2016/17 financial year. The report outlines our key objectives and how we have progressed against these; it describes our governance arrangements, and provides detail on the important aspects of quality and finance which underpin our organisational achievements. The performance report across all these areas is contained within this document.

In the past year, we have seen many reasons to be proud – not least of which was the commissioning of our £15.1 million Theatre and Ward Development. This has enabled us to provide state-of-the-art operating theatres and new ward and outpatient facilities - ensuring we are best placed to continue to provide first class treatment to patients for many years to come.

This project was in part funded by a £500,000 Bone Cancer Centre Appeal and we must thank the army of supporters and fundraisers who made this possible. It is always one of the highlights of the working week for either of us when we get the chance to meet some of these fundraisers in person and recognise their achievements.

Another reason for pride is the tremendous progress we have made over the past 12 months with regards to the historical challenge this Trust has faced around the reporting of waiting times. We knew that some patients were being made to wait longer for treatment than we would want or expect, and it was one of the main reasons we were placed in breach of licence by NHS Improvement in January 2016.

We are, at the time of writing, just short of achieving the national waiting times target and are projecting that we can be compliant and in a sustainable way, by the end of September 2017. That is a remarkable achievement and all the more so when you reflect on a national picture of deteriorating waiting times. Our progress has been recognised by our regulators, and we are working hard to come out of breach of licence over the next period.

We can also point to the excellent patient feedback we receive – in the 2016 National Inpatient Survey we were amongst the best performing Trusts in England. Indeed, in the data published by the Picker Institute, we were ranked as No 1 in the country. That is a credit to all the staff here, and is something the Board does not take for granted. We are grateful to the significant contribution of staff from across the hospital.

Every week we receive comments, letters and feedback from our patients and much comment on the high quality of care they receive from the clinical teams, on the quality of the food, and on the cleanliness of our wards and departments.

Our quality focus is essentially underpinned by robust and sound business management, which is demonstrated in our delivery of a surplus of £1.5 million in 2016/17. This surplus was in line with our control total set by NHS Improvement and therefore made us eligible for additional sustainability

and transformation funding. This will provide a basis for our future growth and development, enabling re-investment to improve care for patients. In the current financial climate across the NHS it was quite an achievement, and one of which we are very proud.

Over the next 12 months, we will look to the past as we continue a Year of Celebration to honour our founders Sir Robert Jones and Dame Agnes Hunt.

But we will also look forward with confidence as we continue our quest to build on already high standards and deliver truly world class patient care.



Frank Collins  
Chairman



Mark Brandreth  
Chief Executive



## Highlights of the year

The Trust has, like many NHS organisations, had a challenging year but there have been many highlights:

- Our £15.1 million Theatre and Ward development opened its doors to the public for the first time in August 2016.
  - The RJAH Bone Cancer Centre Appeal closed, having successfully reached its £500,000 target.
  - A Year of Celebration was launched to recognise two significant anniversaries in the lives of our founders – with the year marking the 150<sup>th</sup> anniversary of the birth of Agnes Hunt and 160<sup>th</sup> anniversary of the birth of Robert Jones.
  - Extended working hours introduced for physiotherapists on the Baschurch Day Unit, allowing more patients to begin rehabilitation work in a timely fashion after surgery.
  - RJAH hosted the prestigious Guttman Conference as part of the 50<sup>th</sup> anniversary celebrations for the Midland Centre for Spinal Injuries.
  - A unique partnership with the Open University saw RJAH running a programme to allow some of its own staff to train as nurses on an Adult Nursing degree course. Funding is being accessed through Health Education West Midlands via the Local Education and Training Council (LETC) to train a total of 10 nurses across Shropshire.
  - Ludlow Ward – the hospital's dedicated private patients ward, was awarded the internationally-recognised ISO9001 quality standard for a fifth year in a row.
  - The inaugural (staff) Celebration of Achievement Awards were launched, and were held in November 2016. Among the winners was Kate Betts, a Physiotherapy Technical Instructor, who won the Patient Choice Award.
  - RJAH joined forces with two other Trusts in Shropshire, in a bid to ensure patients get a good night's sleep in hospital – by signing up to a 'Quiet Night Sleep Tight' charter.
  - RJAH signed up to the Leading with Compassion recognition scheme – giving staff and patients the chance to say thank you to individuals who display compassion.
  - RJAH held its first families clinic as part of the 100,000 Genomes Project – a Government funded programme using genetics to help improve knowledge and treatment of rare diseases.
  - The Trust had two entries shortlisted as finalists in the prestigious HSJ Patient Safety Awards.
- And last, but certainly not least . . .
- Percy, the hospital's resident peacock who had entertained staff and patients alike since arriving in the mid-1990s, sadly passed away in January 2017. A sculpture is being made in his memory.

# PERFORMANCE REPORT



## Overview of Performance

### Statement from the Chief Executive

This section of the report provides an opportunity to highlight some of the considerable work that has been undertaken to enhance the Trust's services and the improve patient care and experience in the last year, centred on our key strategic themes. It also highlights the key risks to the achievement of the Trust's objectives.

We can be proud of the performance we have delivered in 2016-17. Below I have summarised some of our key items in terms of the impact on our patients, our staff and our finances.

There are some notable successes and I am proud of each and every one. Across them all, however, is the quality of care we deliver. Nowhere was that highlighted more clearly than in the results of the Adult Inpatient Survey 2016. These were quite simply the best I have seen in my 25-year NHS career.

The next period is about focussing on quality and safety. I want us to be ambitious. We want to be compared with the best of the world. We have some work to do to realise this ambition but let us see how far we can go. As an Executive Team, we are focussed on being the safest specialist hospital.

### Caring for Patients

Our new £15.1 million Theatre and Ward development opened during 2016-17, transforming the experience of many of our surgical patients.

The development includes the Baschurch Day Unit, through which the vast majority of patients now pass on the day of surgery. It also includes a state-of-the-art High Dependency Unit, and the Montgomery Outpatients Department, which looks after our patients with bone and soft tissue sarcomas, bone metastases, benign bone and soft tissue tumours and tumour-like conditions.

### Caring for Staff

We have invested in the development of our staff over the past 12 months, launching an ambitious programme called 'Rebuilding Relationships'. This programme is focussed on making RJAH the extraordinary place to work that we all want it to be.

We have listened to our staff, holding two full day events called 'The Big Conversation' and setting up a Barometer Group of staff representatives from across the organisation. Further, we have invested time and money in development programmes for our senior and emerging leaders. We have set up a team of Bureaucracy Busters, tasked with tackling some of the process issues that stop people being able to work to their full potential.

There is much still to do, but the impact this programme is having is evidenced in it being shortlisted for a national Patient Safety Award.

## Caring for Finances

In 2016/17, we generated a surplus of £1.5 million and in doing so delivered the control total set for us by NHS Improvement. This resulted in the Trust being eligible for further funding. It is important that we continue to stay solvent in the medium and long-term as we continue to grow.

## Looking ahead

We cannot rest on our laurels. We have to keep improving and keep growing. We must think about how we can continue to flourish in what is a difficult time for the NHS, both locally and nationally.

We have identified three areas of focus, which are:



### Strategic Context

#### Operational Excellence

- getting a real grip on the operational things that will make a significant difference to our patients

#### Local Musculoskeletal Services

- establishing RJAH as a central part of the local health system, rather than a fringe specialist provider.

#### Specialist Work

- being a national voice in our area of expertise, working in partnership with our specialist neighbours.

Running across all of the three areas above is one more important area of focus: **Culture and Leadership**. We must be a patient-focussed, clinically-led organisation that is spoken of as an extraordinary place to work.

# The Trust

## Purpose and Activities

The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust (RJAH) is one of the UK's five Specialist Orthopaedic Centres. It is a leading orthopaedic centre of excellence with a reputation for innovation.

The Trust provides both specialist and routine Orthopaedic care to its local catchment area and nationally. It is a specialist centre for the treatment of spinal injuries and disorders and also provides specialist treatment for children with musculoskeletal disorders.

The hospital has eight inpatient wards including a private patient ward; eleven operating theatres, including a day case surgery unit; and full outpatient, diagnostic facilities. In addition the Trust has a Spinal Injuries Unit (MCSI)

In addition to the above, the Trust works with partner organisations to provide specialist treatment for bone tumours and community based rheumatology services.

The Trust is based on a single site in Oswestry, close to the border with Wales. The surrounding geographical area includes Shropshire, Wales, Cheshire and the Midlands. As such, we serve the people of both England and Wales, as well as a wider national catchment. We also host some local services which support the communities in and around Oswestry. We value our links with the local community, who are strong supporters of the hospital.

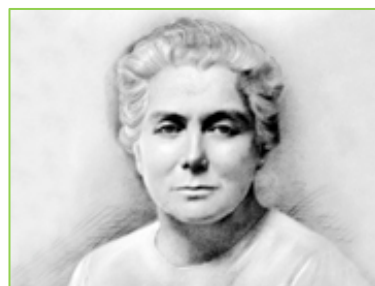
The Trust has contracts with a number of commissioners. The largest English commissioner is the Shropshire County Clinical Commissioning Group (Shropshire CCG). The Betsi Cadwaladr University Hospital Board is the largest Welsh Commissioner followed by Powys Teaching Health Board. Commissioning for our specialised services is undertaken by NHS England, which is represented locally by the Birmingham and Black Country Local Area Team.

## Brief History and Background

The Orthopaedic hospital has been in existence as an independent hospital since 1900. It was taken into the NHS in 1948 and achieved NHS Trust status in 1994. In August 2011 the hospital was awarded NHS Foundation Trust status. This means that RJAH can better shape healthcare services around local needs and priorities and the requirements of commissioners of healthcare.



Sir Robert Jones



Dame Agnes Hunt

## The Vision and Goals of the Trust

### Our Vision is:

‘ **Aspiring to deliver world class patient care** ’

This vision depicts the Trust's ambition to be the leading centre for high quality, sustainable orthopaedic and related care, achieving excellence in both experience and outcomes for our patients.

The delivery of this vision is through the ongoing commitment to the Trust's three main goals:

### Our Goals are:

- Caring for Patients
- Caring for Staff
- Caring for Finances

Both the vision and goals are underpinned by the Trust's values which are embedded in everything we do.

### Our Values are:



#### Friendly

patients are always put at ease and made welcome

#### Excellence

the care we deliver has great outcomes for patients

#### Caring

we put the patient first and are considerate of their needs

#### Professional

we apply high professional standards to our work

#### Respect

for our patients and each other

## Key Issues and Risks

The Trust aims to deliver high quality healthcare services however, it is recognised that there are inherent risks with providing these services.

The most significant risks are summarised in the Board Assurance Framework. The principal risks are collated into the following themes:-

- Risks to Caring for Patients
- Risks to Caring for Staff
- Risks to Caring for Finances

During 2016/17 the key risks facing the Trust have been in relation to its waiting time performance, ability to maintain a stable financial position and the ability to recruit trained and skilled staff in certain specialties. These risks had potential to significantly impact on the Trust's ability to deliver its strategy for 2016/17 and accordingly a dedicated oversight sub-committee (RTT Recovery Board) was created with the specific purpose of ensuring close and careful management of these risks.

The key risks and issues facing the Trust for 2017/18 are as follows:

### Caring for Patients

- Failure to improve CQC rating
- Inadequate or unsuccessful implementation of learning from incidents
- MSK service review fails to deliver the expected benefits

### Caring for Staff

- Inability to recruit required staffing levels in key areas
- Failure to shift the dial favourably on staff engagement

### Caring for Finances

- Failure to identify and deliver cost improvements and QIPP
- Lack of certainty around commissioning

In addition to the above, failure to demonstrate compliance with licence requirements remains a risk although it is recognised that demonstrable progress is being made towards coming out of breach of licence.

### Risk Management

Risk management is an integral part of the Trust's approach to quality improvement and good governance and further it is a central part of the Trust's strategic and operational management. The Trust has in place a robust Risk Management Strategy which describes the systems that the Trust will use to embed risk management throughout the organisation in order to provide assurance that risks are managed and an effective internal control system is in place. The strategy is a trust wide document, and is applicable to employees, as well as seconded and sub-contracted staff at all levels of the organisation.

The Trust believes that effective risk management is imperative not only to provide a safe environment and improved quality of care for service users and staff, it is also significant in the business planning process. In light of this, the Trust is committed to working in partnership with staff to make risk management a core organisational process and to ensure that it becomes an integral part of the Trust philosophy and activities.

The Trust's Risk Management Strategy is subject to annual review via the Risk Management Committee and approval at Trust Board and it was last reviewed in September 2016.

## Going concern disclosure

The Trust's cash balances are expected to remain sufficient to meet its working capital requirements for at least the next 12 months. The Trust Board monitors the financial performance using the monthly performance report. The key risks to the financial stability of the Trust are included in the Board Assurance Framework and are monitored at the Business Risk and Investment Committee (becoming the Finance, Investment and Planning Committee as of 1 April 2017) and the Audit Committee.

The Directors having taken assurance from this and having reviewed future plans and financial forecasts for a period of at least one year from the date of the approval of the accounts, have agreed the following statement: "After making enquiries, the directors have a reasonable expectation that the NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts".



# Performance Analysis

## Trust Performance

The Trust's overall performance in 2016/17 has been good and feedback from patients on services continues to be excellent. Performance is monitored through a broad range of both externally and internally driven Key Performance Indicators (KPIs) covering three domains:

- Caring for patients
- Caring for staff
- Caring for finances

These domains are detailed within the Trust's Integrated Performance Management report and reviewed monthly by the Trust Board. The KPIs used within the monthly performance report are reviewed annually to ensure that they give the Board the information required to oversee the delivery of the Trust's targets and objectives. Within the divisions and sub-specialty teams, monitoring is linked to overall Trust performance through the scorecard approach. Performance is confirmed by regulatory bodies, feedback from staff, patients and commissioners.

A report received from the CQC in March 2016 rated the Trust overall as 'Requires Improvement' with the caring element achieving 'Good'. The Trust developed a CQC Action Plan following the inspection in October 2015 and this has now been fully implemented. An internal audit of the action plan provided significant assurance on the implementation of the plan. The Trust is working closely with its local CQC team to ensure the organisation is fully prepared for the new inspection regime. A date for re-inspection has not yet been notified.

Following the Trust being found in breach of its licence conditions in January 2016, the Trust implemented a RTT Recovery Plan and Integrated Governance Action Plan. The RTT recovery plan has been implemented and the Trust has reduced the time that patients are required to wait for treatment; in March 2017 91.37% was achieved against the national 18 week target of 92% and zero English patients were waiting over 52 weeks for treatment. The de-escalation of the Integrated Governance Action Plan was agreed by Trust Board in March 2017 and residual actions have been risk assessed and are tracked through existing governance arrangements. The process to remove some of the licence breach undertakings, led by NHS Improvement, is underway.

The Trust planned a control total surplus of £1.487 million for 2016/17 and despite significant operational pressures associated with the RTT Recovery Plan the Trust overachieved against the control total surplus by £52k giving a year end surplus of £1.539 million rising to £2.587 million when Sustainability and Transformation Funding (STF) is included.

Performance highlights across some of the key performance areas for the Trust during 2016/17 were as follows:

### Caring for Patients

- The Trust continued to deliver exceptionally low rates of hospital acquired infections; there have been no cases of hospital acquired MRSA Bacteraemia since 2006 and no cases of C. Difficile during the year. The Trust has taken further steps in the prevention of transmission of MRSA in ward environments by investing in a hydrogen peroxide deep clean.

- The National Inpatient Survey results published by Picker Institute Europe in relation to problem scores shows the Trust has improved in all areas. Picker also ranked the Trust as number 1 out of the 83 Trusts they have supported with the survey and the final benchmarked report is due for publication in May 2017. 824 patients responded with 97% saying their care was seven out of ten or higher. Other highlights from the survey were that 97% of patients had complete faith in their doctors and 95% said they were treated with respect and dignity. Cleanliness also scored well with 100% saying their room or ward was very or fairly clean.  
The Trust has continued to score highly on the percentage of patients who would recommend the Trust through the Friends and Family Test, which asks patients 'would you recommend the Trust to family and friends'. The Trust's average monthly score was 99% of inpatients who would recommend the Trust to friends and family, which is higher than the average score of all 172 NHS Trusts in England which was 96%. This makes the Trust one of the top performing NHS Trusts in the country for the Family and Friends Test.
- The Quality Report, which is included within this Annual Report, gives an analysis of the Trust's performance against all of the national and locally agreed Quality and Safety indicators and further explanation of the Trusts work to continually improve the patient experience.

## Caring for Staff

- The Trust achieved a Staff Survey response rate of 42% (555 members of staff) and results were benchmarked against other Acute Specialist Trusts (17 in total). Results were broadly comparable with 2015 with key headlines as follows:
- Friends and Family test scores showed 71% would recommend the Trust as a place to work and 93% would recommend for treatment and care
- Engagement scores are average when compared with other acute specialist trusts
- Further work is underway to improve the quality of appraisals and developing an open culture (both of which are key elements of the ongoing leadership and cultural development programmes)
- Key areas of improvement relate to communications from senior managers as shown below:

Changes 5% or more (improvement)	2016	2015	Average	Change
Senior managers here try to involve staff in important decisions	28%	19%	39%	+9%
Senior managers act on staff feedback	26%	20%	36%	+6%
Staff attending work when not well because of pressure from their manager	27%	33%	27%	-6%

## Caring for Finances

- At March 2017, the Trust had zero 52 week waiters and RTT performance had improved to 91.37% from 86.63% in March 2016. Plans are in place to ensure the Trust can achieve sustainable delivery of the 92% national target from October 2017.
- The Trust overachieved against the control total surplus by £52k giving a year end surplus of £1.539 million rising to £2.587 million when Sustainability and Transformation Funding (STF) is included. This position was supported by a programme of cost improvements which realised £3.5 million savings in year
- The Trust was allocated an agency spend ceiling target of £1,617k in 2016/17. Agency spend was closely monitored and managed across the year resulting in the Trust remaining within target by £178k with expenditure totalling £1,439k.

## Activity Analysis

The number of patients treated continued to increase in 2016/17. The number of elective inpatients has increased by 3.6% over the last five years. The number of planned inpatient care episodes has increased by 4.37% over the last five years but with unplanned inpatient episodes decreasing by 12.43%. Furthermore there has been a 11.97% increase in GP referrals.

### Patient Activity Figures 2016/17

Activity	Division	Dec-13	13/14	14/15	15/16	16/17
Outpatients	Surgical	75,645	76,632	78,792	84,499	86,092
	Medical	19,862	20,921	23,893	25,863	30,252
	<b>Total</b>	<b>95,507</b>	<b>97,553</b>	<b>102,685</b>	<b>110,362</b>	<b>116,344</b>
Planned Inpatient Stays	Surgical	12,407	12,857	12,701	12,757	12,474
	Medical	1,919	1,877	1,967	2,086	2,479
	<b>Total</b>	<b>14,326</b>	<b>14,734</b>	<b>14,668</b>	<b>14,843</b>	<b>14,953</b>
Non Elective Stays	Surgical	387	427	366	288	299
	Medical	425	432	484	423	359
	<b>Total</b>	<b>812</b>	<b>859</b>	<b>850</b>	<b>711</b>	<b>658</b>
GP Referrals	Surgical	24442	23653	24068	22171	21707
	Medical	12071	13983	16438	18591	19179
	<b>Total</b>	<b>36513</b>	<b>37636</b>	<b>40506</b>	<b>40762</b>	<b>40886</b>

## Financial Analysis

For 2016/17 the Trust was required by the regulator, NHS Improvement, to sign up to a financial control total surplus based on historical performance. It is this surplus that Trust performance is measured against for regulator purposes. The operating surplus is adjusted to remove non-performance related elements such as charitable donations and impairments to give the control total figure, a reconciliation is included below for information and performance discussed refers to control total achievement.

	Plan	Actual
	£'000	£'000
Operating Surplus	2,467	3,008
Add Back Impairments	0	253
Remove Donations and Grant Received	-1,000	-1,224
Remove Depreciation on Donated and Granted Assets	520	550
Performance incl. STF	<b>1,987</b>	<b>2,587</b>
Remove STF	-500	-1,048
Performance against Control Total	<b>1,487</b>	<b>1,539</b>

The Trust therefore planned a control total surplus of £1.487 million for 2016/17. Despite significant operational pressures associated with the waiting time recovery plan the Trust overachieved against the control total surplus by £52k giving a year end surplus of £1.539 million. Achievement of the financial plan entitles the organisation to a pot of Sustainability and Transformation Funding (STF) of £1.048 million giving a combined control total surplus including STF of £2.587 million.

This position was supported by a programme of cost improvements which fully realised the £3.5 million savings in year (2015/16 £3.1 million).

A full set of the Annual Accounts is included at the end of the Annual Report and further analysis of the Trust's financial performance is included in the Directors report. The Charitable Funds accounts have been consolidated with the Trust's Accounts but in order to give a true and fair view of the Trust's position these have been excluded from the tables and narrative in the Strategic Report. The consolidated Group accounts (which include the Charitable Funds) show a normalised surplus of £1.971 million.

Foundation Trust Financial Outturn 2016/17	1 April 2015 - 31 March 2016	1 April 2015 - 31 March 2017
	£000	£000
Operating income	96,324	101,956
Operating expenses	-94,878	-97,552
Net Finance costs	-1,401	-1,396
<b>Surplus/deficit (including impairments)</b>	<b>45</b>	<b>3,008</b>

The Trust had a year-end cash balance of £4.6 million, which is a decrease on the previous year's balance of £5.4 million. The reduction is linked to the investment that has been made as part of the capital programme.

## Metrics

The Foundation Trust's regulator, NHS Improvement, tracks financial performance using the Use of Resources (UOR) metric. This metric looks at liquidity, capital service cover, I&E margin, variance from plan and reliance on agency staff. The Trust ended the year with an overall risk rating of 1 against a plan of 1 (with 1 being best and 4 being worst).

Metric	Plan	Actual
Capital Service Cover (times)	1	2
Liquidity metric (days)	2	2
I&E Margin %	1	1
I&E Margin from Plan %	1	1
Agency Ceiling £m	1	1
Overall Risk Rating	1	1

## Capital Programme

The Trust invested £5.3 million in the capital program for 2016/17, this is compared to £13.8 million in 2015/16 and includes donations of £1.003m from RJAH Charity and £0.220m from League of Friends. The significant change in investment values links to the Theatre and Tumour Unit Modernisation Programme which was a c£15 million project phased over both financial years.

2016/17 has seen the finalisation of the major Theatre and Tumour Unit Development project. This is the largest investment made by the Trust to date, delivering state of the art Theatres, a High Dependency Unit, an Admission on Day of Surgery Unit, a 10-bedded ward and a Tumour Outpatients Department. The project is part funded by a loan from the Department of Health and charity appeal and this has allowed new pathways of care to be introduced, producing quality benefits to our patients and financial benefits in terms of efficiency savings.

The Trust also invested in areas to improve services and resilience including:

- Backup electrical generator to provide safe backup in case of mains grid power failure.
- Plated meals system to efficiently deliver patient meals to wards
- Increased theatre capacity to bring an additional theatre back into use to increase elective theatre capacity.
- Digitisation of patient records finalises the digitisation of historical records into the Trust Patient Administration System

The Trust has continued to invest in routine areas to ensure that quality and service continuity are maintained, these include:

- Estates backlog maintenance - this includes maintenance of areas such as roofing, cosmetic improvements and replacement of ageing infrastructure.
- Medical equipment - this includes replacement of ageing medical equipment and investment in additional equipment to support service improvement.

- Information Technology (IT) - this includes investment in new technologies and ways of working as well as routine replacement of hardware and software.

Scheme	Expenditure
	£000
Estates Backlog Maintenance	264
Backup Electrical Generator	384
IT Investment Programme	302
Medical Equipment	438
Plated Meals System	195
Theatre and Tumour Unit Modernisation Programme	3,058
Scheme Project Management	146
Increased Theatre Capacity	233
Digitisation of Medical Records Project	271
<b>Total</b>	<b>5,291</b>

## The Environment and Sustainability

The Board of Directors is committed to work towards a low carbon NHS which is good for health. It is an opportunity not only to help the NHS to become a sustainable, high-quality healthcare service but also to save the Trust money.

In January 2014, the Sustainable Development Unit (SDU) launched a new Sustainable Development Strategy for the NHS, Public Health and Social Care System 2014-2020 – this replaced the previous NHS Carbon Reduction Strategy 2009. In 2014/15 the Trust exceeded the Carbon Reduction Commitment (CRC) threshold, which means it became a participant in Phase 2 of the CRC Energy Efficiency Scheme. The Trust has to purchase Carbon Credits annually to offset energy use at a current cost of c£90k per annum through to 2019.

In response to this, through the Trust’s Sustainability Working Group, the Trust has revisited and refreshed its own Sustainable Development Strategy ensuring that whilst delivering outstanding patient care remains the Trust’s primary focus, it is committed to embedding sustainability across the organisation, understanding that it must play its part and tackle the challenges of sustainability because of the longer term impact on the health and wellbeing of service users, employees, visitors and the wider community.

The strategy focuses on five key areas of commitment:



These areas have been chosen to reflect both the national trend of areas requiring the most improvement and those themes upon which this Trust can make the greatest measureable impact.

The Trust’s development and oversight of the delivery of this Sustainability Strategy agenda has been managed through the Sustainability Working Group (SWG), as a sub-group of the Business

Risk and Investment Committee (BRIC) now the Finance Planning and Investment Committee. The Trust has both a named executive and non-executive director for sustainability; the executive lead chairs the SWG, which also benefits from the input of departmental leads and strategic partners.

The targets set for the Trust are:

<p><b>Trust Target</b></p> <p>“To reduce electrical consumption per patient from 42kWh to <b>35kWh</b>”</p>	<p><b>Trust Target</b></p> <p>“To reduce water consumption per patient from 660 litres to <b>560</b> litres”</p>	<p><b>Trust Target</b></p> <p>“Increase the volume of waste that is reclaimed or recycled from 70% to <b>90%</b>”</p>
---	--	---

Through 2016/17 the Trust has achieved real progress across measured targets as a whole. Through initiatives introduced during the year, forecasted improvements are expected next year also.

Early in the year a combined heat and power (CHP) unit was installed, the unit uses gas to cost effectively generate electricity and generate heat as a by-product. Initial inefficiencies in the system have been resolved through the Estates Team working collaboratively with the wider organisation. The CHP unit has had an immediate impact on electricity usage, reducing consumption by 21% per patient, this is at a cost of a 14% increase in gas usage.

Metrics	National / Trust Targets			Progress			
	National 2015	National 2020	Trust 2020	2013/14	2014/15	2015/16	2016/17
Total Energy (Kilowatt Hrs per patient)	218	182	NA	145	135	131	135
Gas (Kilowatt Hrs per patient)	112	94	NA	102	94	92	105
Electric (Kilowatt Hrs per patient)	57	47	35	42	40	38	30
Water (Litres per patient)	816	680	560	658	595	698	617
Waste (% Landfill avoidance)	NA	75%	90%	78%	83%	82%	84%

Key:

On course to achieve strictest target - Slipping from strictest target - Likely to fail strictest target

## Social, Community and Human rights

The Trust continues to have strong links with the local community, which are enhanced by its public governors. It has an active apprentice scheme and in 2016-17, 30 staff commenced an apprenticeship qualification with the Trust.

The Trust also provided work experience placements for 133 local youngsters and held an “Operating Theatre Live” event for 16-18 year olds..

We have played an active role in our local community working with 38 members of staff acting as health ambassadors supporting careers fairs, training programmes and other community events

The Trust takes its social responsibilities seriously, patients’ rights are enshrined in the NHS Constitution and the Trust’s policies and procedures promote those rights. Adherence to such rights as privacy and dignity, confidentiality and involvement in treatment decisions are reviewed by the Trust’s monitoring bodies, including the CQC and commissioners. Further assurance on these areas is gained from the inpatients survey.

## Conclusion of Performance Report

I have presented this report in my capacity as the Accounting Officer and confirm that the Trust’s auditors have reviewed the Performance Report for consistency with the financial statements.



Mark Brandreth

Chief Executive Officer

24th May 2017



# ACCOUNTABILITY REPORT

## Directors Report

The report includes the following:

- Meet the Board
- Delivery of the 2016/17 strategic plan
- Looking ahead : vision for the Trust for 2017/18
- The strategic priorities for 2017/18
- Better payment practice code
- Quality governance
- Section 43(2A) NHS Act 2006 statement regarding income disclosures
- Statement of disclosure to auditors

## Meet the Board

The directors present their annual report together with the audited financial statements for the year 1 April 2016 to 31 March 2017. The directors' report incorporates an analysis of the delivery of the 2016/17 strategic plan during that period and the vision for 2017/18.

As can be seen from the directors' biographies below and from our compliance with the requirements of the Foundation Trust Code of Governance, the Board has an appropriate composition, balance of skills and depth of experience to lead the Trust for the good of patients, staff and the communities it serves.

Details of the directors who currently hold office are listed below and unless specified have held office for the full financial year. Any directors who held office during the financial year but have since left the Trust are cited in the section entitled 'Changes to the Board':



### Frank Collins Chairman

Frank was appointed as the Trust's Chairman in February 2015 and has extensive experience in healthcare leadership.

He spent his early career in the NHS culminating in Chief Executive posts at both Kettering General Hospital and Heatherwood and Wexham Park NHS Trust. Frank later moved into the private sector where he held Chief Executive posts at a private hospital; Hydron Ltd, (a manufacturer / supplier of contact lenses) and The Summit Medical Group (an international medical devices company), where he subsequently became Chairman.

Frank currently serves as non-executive director/chairman to a range of healthcare related companies and he is also a trustee of a local charity.



### Mark Brandreth – Chief Executive

Mark was appointed Chief Executive in April 2016. He joined the Trust from the Countess of Chester NHS Foundation Trust where he was Deputy Chief Executive and Director of Operations and Planning. Prior to this he has worked in a number of senior NHS management posts. Mark has also worked in Wales and was invited to work for a period in a national role at the Department of Health.

Mark has a particular interest in improving services for patients and improving organisational culture.



**Alastair Findlay**  
**Non-Executive Director**

Alastair is the Trust's Deputy Chairman and the Chair of the Finance, Planning and Investment Committee (Formerly the Business Risk and Investment Committee)

He has significant experience of working at board level in both the public and private sector, with direct experience of NHS board work as a board member for eight years at the Countess of Chester Hospital NHS Foundation Trust until March 2013.

As a chartered accountant, Alastair's early career was in the investment banking sector and his final full time role was Finance Director for the Mersey Docks and Harbour Company. He was on the board of the Skipton Building Society for five years, latterly as Chairman and is also a non-executive director at the Trafford Housing Trust.



**David Gilbert**  
**Non-Executive Director**

David is the Chair of the Trust's Audit Committee and a member of the Finance, Planning and Investment Committee.

David is a qualified accountant and has worked as Director of Finance in roles across the NHS at Health Authority, Trust and Regional level.

More recently, David has worked as an independent consultant specialising in financial turnaround for NHS organisations in financial difficulty. In this capacity he worked at the Trust from June 2007 to July 2008 as interim Director of Finance & Turnaround.



**Hilary Pepler**  
**Non-Executive Director**

Hilary is the Chair of the Trust's Quality and Safety Committee as well as a member of the Audit and Finance Planning and Investment Committees. In addition, Hilary also acts as the Trust's Non-Executive Safeguarding lead.

Hilary brings a wealth of clinical, managerial and executive experience. She started her NHS career as a nurse, working primarily within Community Health Services; she then moved into managerial roles, working as the Director of Human Resources at the Royal Liverpool University Hospital. In 1993 she became a Trust Chief Executive, working in Chester, Liverpool and the North East Wales Trust.

Following her retirement in 2007 Hilary has worked as a volunteer with the National Trust.



**Chris Beacock**  
**Non-Executive Director**

Mr Christopher Beacock lives in Shropshire and is a Foundation Trust member and takes a keen interest in the hospital.

He has 27 years clinical experience as a Consultant Urological Surgeon at the Shrewsbury and Telford Hospital NHS Trust. He formally retired in 2014 and has been re-employed on a part time contract since then.

He has worked across a wide range of acute trusts, integrated care organisations and community service providers. He has had a long standing interest in medical management and held various posts up to and including that of Deputy Medical Director. He has also served as Chairman of the Clinical Governance and Clinical Audit Committees and has sat on Quality and Safety Committees.



**Harry Turner**  
**Non-Executive Director**

Between 2008 and 2016 Harry served as a Non-Executive Director and subsequently as the Chairman for the Worcestershire Acute NHS Trust before joining the Trust in January 2017. Harry therefore brings with him extensive relevant experience.

Harry also took up the position of Chairman of the John Taylor Hospice in Birmingham October 2016 and is also a Non-Executive Director on Dudley and Walsall mental health NHS Trust.

Harry has also been a Justice of the Peace in Worcestershire Courts for more than a decade and previously worked as an Operations Director in the hotel industry for businesses including Travel Inn and Marriott International.



**Steve White**  
**Medical Director**

Mr Steve White has been a Consultant Orthopaedic Surgeon for 24 years.

Steve was appointed as Medical Director in 2012, having previously been the Clinical Lead of Knee and Sports Surgery at the Robert Jones & Agnes Hunt Orthopaedic NHS Foundation Trust (RJAH) and Surgical director.

His research in the field of his special interest, the knee, has involved regular auditing of the quality of outcomes for knee replacement surgery with published papers on the outcome of new procedures and techniques.

Steve White has experience in medico-legal reporting and the investigation of complaints on behalf of other Trusts; he is committed to continuous improvement of the quality of care for patients.



### Bev Tabernacle Director of Nursing

Bev joined the Trust in January 2016 from Bolton NHS Foundation Trust where she had been Acting Director of Nursing and Director of Infection Prevention and Control at Bolton NHS.

Bev has a wide experience and has worked across hospital, community and social care. Bev was one of the first Nurse Consultants in the country for Older People and is passionate about ensuring the delivery of care to patients is responsive and person centred.



### Craig Macbeth Finance Director

Craig joined the Trust in 2008 as Deputy Director of Finance having previously worked at Shrewsbury and Telford Hospitals.

He was instrumental in supporting the Trusts' sustainable services programme taking the lead on the contracting and commissioning elements. He subsequently led the finance team through the Foundation Trust application process and has more recently been leading the business planning for the Trust.

He became Acting Director of Finance in October 2015. He was later named Associate Director of Finance, before becoming Director of Finance on 1 April 2017.



### Nia Jones Acting Director of Operations

Nia joined the Trust in January 2016 as Deputy Director of Operations, having previously worked at Betsi Cadwaladr University Health Board.

Nia has worked as Performance Manager for North Wales Regional Office, working with Policy Divisions, Trusts and Commissioners to provide a Performance Framework for North Wales NHS organisations and implementation of referral to treatment in Wales. She has also worked as Service Manager for Orthopaedics at North East Wales Trust before becoming Lead Manager for Operational Improvement for Surgery and Anaesthetics, working across the three District General Hospitals in North Wales.

Nia became Acting Director of Operations on 1 April 2017.

## Changes to the Board of Directors

During 2016/17 the following changes have been made to the Board of Directors:

### Starters

Director	Date of Change
Harry Turner, Non-Executive Director	1 January 2017
Chris Beacock, Non-Executive Director	4 July 2016

### Leavers

Director	Date of Change
Ian Davis, Non-Executive Director	31 October 2016

In addition during 2016/17 John Grinnell, Deputy Chief Executive and Chief Finance Officer served as a member of the Board from 1 April 2016 to 31 March 2017 and Kim Barrow, Director of Operations served as a member of the Board from 1 April 2016 to 31 March 2017.

## Declarations of Interest of the Board of Directors

The Board undertakes an annual review of its Register of Declared Interests. At each meeting of the Board a standing agenda item also requires all directors to make known any interests in relation to the agenda

The Register is available for inspection during normal office hours in the Trust Secretary's office and these are also published on the Trust's website.

## Cost allocation and charging guidance

The Trust has complied with the above guidance issued by HM Treasury.

## Modern Slavery Act 2015

In accordance with the Act, the Trust has agreed and published its statement.

## Delivery of the 2016/17 Strategic Plan

During 2016/17 the Trust Board agreed six key aims under the four headings Caring for Patients, Caring for Staff, Caring for Finances and Regulatory Action. These were translated into 21 objectives with a clearly defined measurable for each. The table below provides a position statement against each of the objectives (as at 31 March 2017)

Headline	Objective By 31 <sup>st</sup> March 2017	Measurement	Lead	Year End Position
Improving access and waiting times	Delivering the trajectory agreed with NHSi	By March 2017 deliver Access to Service – English to 92% open pathway performance for patients waiting 18 weeks or less to start their treatment.	Director of Operations	As at 31st March 2017 the Trust had achieved 91.37% for its RTT performance with a sustained 92% compliance anticipated by Q3. No 52 week waiters.
Delivering outstanding outcomes and experiences	Demonstrate incremental improvement in our NJR performance	At March 2017 utilising the NJR performance reporting, measurement of outcomes to have improved against March 2016 report.	Medical Director	The Trust has maintained or improved its performance in the main domains on the NJR.
	Achieving a Friends and Family Test score above 98%	For the financial year of 2016/17 show a Friends and Family score above 98% each month.	Director of Nursing	This has been fully achieved
	To be in the Top 10 Trusts for CQC In-patient survey results	As per the published survey results in May 2017.	Director of Nursing	Initial results released are good and the Trust achieved the top position when benchmarked against other Trust's
	Safe transition into our new build 6 weeks following handover	No safety events occurred in the period of transition with a root cause of the transition.	Director of Nursing	No safety events reported following transition to new build
Achieving outstanding patient safety	Reducing Trust wide surgical site infections by 50% from 15/16 levels	As at Q4 actual results reporting (reported a quarter in arrears) show a 50% reduction against the same measurement and period in 15/16.	Director of Nursing	As at Q3 this has been achieved
	Appointing a new medical lead for safety	By March 2017 a medical lead for safety be in post.	Chief Executive	Appointment of CDs for Surgery, Medicine and Theatres / Anaesthetics complete. These roles will act as the Safety Leads



	Increasing our reporting of incidents and near misses by non-clinical staff by 5% by 31 <sup>st</sup> March 2017	At March 2017 utilising the year to date number of incidents and near misses reported in totality by non-clinical staff to have shown an increase of 5% against the same measurement the previous financial year.	Director of Nursing	The configuration of the Trust's incident management software does not enable accurate interrogation of the breakdown of the staff reporting incidents based on whether they are clinical or non-clinical. However, there has been a 42% increase in the reporting of non-clinical incidents which is indicative data.
Being an extraordinary (great) place to work	Reducing bullying and harassment by staff to staff from baseline of initial pulse survey measurement by 10%	By the March 2017 measurement an improvement of 10% from the initial implementation pulse survey to be used as the baseline	Associate Director of HR	2016 Staff Survey shows a 5% reduction in bullying (reducing from 21% to 16%) New pulse checks will provide a baseline going forward
	Increase executive visibility from baseline of initial pulse survey measurement by 30%	By the March 2017 measurement an improvement of 30% from the initial implementation pulse survey to be used as the baseline.	Associate Director of Strategy and Planning	Ward buddy system is in place, results from the Chief Executives forum in February demonstrate good progress made. The new pulse checks will provide a baseline going forward
	Developing a performance management culture programme delivering 6 months of the plan	Delivery of six months of the Rebuilding relationship programme.	Associate Director of Strategy and Planning	Programme commenced in October and all four sessions have been completed with the last session taking place April
	90% of staff appraised	As at March 2017 90% of staff to have been appraised from the integrated performance report.	Associate Director of HR	This has been fully achieved
	Reducing sickness to less than 3%	As at March 2017 the integrated performance report to show a sickness absence rate of less than 3%	Associate Director of HR	Achieved 3.35% for 2016/17
	Delivering the integrated governance action plan	By March 2017 all elements that were due to be completed on the integrated governance action plan have been completed.	Deputy Chief Executive	The Integrated Governance Action Plan has been closed with any residual actions risk assessed and embedded into the Trust's business as usual via its governance framework
	Spending our money wisely	By achieving our financial control total of £1,987k surplus	At March 2017 delivering the planned surplus for financial year 2016/17.	Associate Director of Finance

	Achieving planned EBITDA of 5.8%	At March 2017 delivering the planned EBITDA of 5.8%	Associate Director of Finance	During the year NHSI introduced a new UOR framework for assessing the financial performance of FTs. This switched performance monitoring from EBITDA to I&E margin. To secure the highest score the trust should aim to achieve an I&E margin of 1% or more and the trust is on target to achieve this.
	By ensuring the viability of our service lines through the delivery of a positive contribution to overheads.	The March 2017 service line reporting shows all main sub-specialty service lines reported as a positive contribution to overheads.	Associate Director of Finance	The Trust met this objective for 2016/17
	To agree a definition of productivity by end of February 2017.	By the end of February 2017 to have agreed through Integrated Finance, Planning and Investment committee the definition of productivity.	Associate Director of Finance	New Finance and Productivity Integrated Report to be introduced from April. Procurement Strategy approved by the Board in February 2017
	To ensure strong commissioner relationships through collaborative working and delivery of QIPP	Complete in partnership the MSK review utilising RightCare information together with delivery of actions where RJAH is a lead on the QIPP 1617 long list plan.	Associate Director of Strategy and Planning	Achieved. Well position to work with the CCG on MSK System Integration
Delivering undertakings and not being in breach of licence	NHSi undertakings delivery	Have put in place action plans with deadlines and milestones for delivery of all elements of the undertaking, together with implementing at least 50% of the actions to completion.	Deputy Chief Executive	IGAP completed and RTT progress tracked through PRM with NHS Improvement satisfied with approach
	CQC action plan delivery fully implemented by 31 <sup>st</sup> March 2017	Have put in place action plans with deadlines and milestones for delivery of all elements of the CQC action plan, together with implementing by 31 <sup>st</sup> March 2017.	Director of Nursing	This has been fully completed with an internal audit view and external peer review for assurance

## Looking ahead for 2017/18

Looking ahead the strategic priorities will continue to be based on the Trust's ambition to be the leading centre for high quality, sustainable orthopaedic and related care, achieving excellence in both experience and outcomes for our patients. The Trust aspires to deliver world class patient care.

The next fiscal year will focus on building on the great work of 2016/17. It will involve looking at those performance targets that have not been achieved in 2016/17 and what actions need to be taken to achieve these. The Trust will ensure that patient safety and quality standards are maintained and at the fore of its business.

In summary our strategy is;

1. We will become the local system integrator for MSK services.
2. We will develop a specialist orthopaedic chain.
3. We will deliver operational excellence.

<b>Operational Excellence</b>	<b>Culture and Leadership</b>
<ul style="list-style-type: none"> <li>● Focus on the operational detail, using good data.</li> <li>● Embed and standardise safe processes.</li> <li>● Define data enabled transformation schemes.</li> <li>● Focus on unwarranted variation and waste, drive efficiency and value to ensure sustainability.</li> <li>● Be as safe as we can be – CQC Outstanding.</li> </ul>	<ul style="list-style-type: none"> <li>● Clinically led organisation.</li> <li>● Rebuilding Relationships.</li> <li>● Structured team development.</li> <li>● Investing in leaders and aspiring leaders.</li> <li>● Focused support for first line managers.</li> <li>● Refine service improvement method and capability.</li> </ul>
<b>Specialist Orthopaedic</b>	<b>Local MSK Services</b>
<ul style="list-style-type: none"> <li>● Explore new markets.</li> <li>● Leading work to develop a 'chain'</li> <li>● National voice on our area of expertise.</li> <li>● Maintain and secure our position as an excellent educator.</li> </ul>	<ul style="list-style-type: none"> <li>● Relevant.</li> <li>● Part of the system.</li> <li>● Management of Demand</li> <li>● Underwriter of quality of care in the system.</li> <li>● Long term contractual model.</li> <li>● Long term expert and partner.</li> <li>● MSK and orthopaedic services.</li> <li>● Innovative and creative.</li> </ul>

## The Corporate Objectives for 2017/18

### Caring for patients

#### Delivering timely access to patient care

Annual Objective	Measure	Timescale	Director	Strategic Theme	
1.1	Sustain the delivery of our access and waiting times.	By Q3 deliver Access to Service – English to 92% open pathway performance for patients waiting 18 weeks or less to start their treatment.	31 <sup>st</sup> December 2017	Director of Operations	Operational Excellence
1.2	Reduce on the day cancellations.	At March 2018 show a year to date on the day cancellations less than the year to date March 2017 position.	31 <sup>st</sup> March 2018	Director of Operations	Operational Excellence
1.3	Reduce delayed discharges	At March 2018 show a year to date delayed discharges less than the year to date March 2017 position.	31 <sup>st</sup> March 2018	Director of Nursing	Operational Excellence
1.4	Participate in the local health economy STP development, particularly the development of MSK services.	Develop a stakeholder engagement plan to position RJAH as a key lead in the development of MSK services.	31 <sup>st</sup> March 2018	Director of Strategy	Local MSK services

#### Delivering outstanding outcomes and experiences

2.1	Continually improve the CQC inpatient survey result.	As per the published survey results in May 2018 demonstrate incremental improvement in our performance.	31 <sup>st</sup> May 2018	Director of Nursing	Operational Excellence
2.2	Demonstrate improvement in our NJR performance	At March 2018 utilising the NJR performance reporting, measurement of outcomes to have improved against March 2017 report.	31 <sup>st</sup> March 2018	Medical Director	Specialist Orthopaedic
2.3	Sustain a friends and family test score above 98%	For the financial year 2017/18 show a Friends and Family score above 98% each month.	31 <sup>st</sup> March 2018	Director of Nursing	Culture and Leadership

#### Achieving outstanding patient safety

33.1	Improve learning from incidents.	At March 2018 utilise the year to date number of incidents and near misses reported in totality to have shown a decrease in similar type incidents against the same measurement the previous financial year.	31 <sup>st</sup> March 2018	Medical Director & Director of Nursing	Culture and Leadership
3.2	Develop a dashboard for safety which reflects SOA common values.	Revised dashboard in place.	31 <sup>st</sup> March 2018	Medical Director	Operational Excellence
33.3	Develop an open culture	Improvement in 2017 staff survey score for all indicators relating to errors, near misses or incidents against 2016 score.	31 <sup>st</sup> March 2018	Medical Director & Director of Nursing	Culture and Leadership

## Caring for staff

### Being an extraordinary place to work

44.1	Streamline and improve quality of appraisals for staff.	Improvement in 2017 staff survey scores for quality of appraisals measured against 2016 score.	31 <sup>st</sup> March 2018	Director of HR	Operational Excellence
44.2	Demonstrate year on year improvement of staff survey results.	Improvement in 2017 staff survey score for staff engagement measured against 2016 score.	27 <sup>th</sup> February 2018	Director of HR	Operational Excellence
44.3	Embed values and behaviours.	Improvement in Pulse survey scores from baseline of March 2017 scores.	31 <sup>st</sup> March 2018	Director of HR	Culture and Leadership
44.4	Reduce voluntary turnover.	At March 2018 show a year to date voluntary turnover rate less than the year to date March 2017 position.	31 <sup>st</sup> March 2018	Director of HR	Culture and Leadership
44.5	Develop a workforce plan to include succession planning.	By March 2018 to have agreed through Patient and staff committee a workforce plan.	31 <sup>st</sup> March 2018	Director of HR	Culture and Leadership
4.6	Develop leadership capacity and development.	Development and roll-out of leadership programmes.	31 <sup>st</sup> March 2018	Director of HR	Culture and Leadership

## Caring for finances

### Spending our money wisely

5.1	Achieve our control total of £1.1m surplus.	At March 2018 delivering the planned surplus for financial year 2017/18.	31 <sup>st</sup> March 2018	Director of Finance	Local MSK services
55.2	Achieve an income and expenditure margin of at least 1%	At March 2018 deliver at least 1% income and expenditure margin for financial year 2016/17.	31 <sup>st</sup> March 2018	Director of Finance	Specialist Orthopaedic
5.3	Continuously develop progress against the Carter Model Hospital	As per the published specialist model hospital data, to have developed an action plan for improvement by March 2018.	31 <sup>st</sup> March 2018	Director of Strategy	Specialist Orthopaedic
55.4	Develop an investment portfolio programme.	At March 2018 to have agreed through Finance, Planning and Investment committee a programme of work to create an investment portfolio to support the delivery of our strategic intentions.	31 <sup>st</sup> March 2018	Director of Finance & Director of Strategy	Operational Excellence

## Regulatory

### Delivering undertakings and not being in breach of licence

6.1	Removal from breach of license.	Undertaking and removal by NHSI by Q2.	30 <sup>th</sup> September 2017	Chief Executive	Culture and Leadership
6.2	Preparedness to respond to a CQC inspection for improved rating.	Regular review of CQC inspection preparedness demonstrated through action plan updates at Quality and Safety committee.	31 <sup>st</sup> March 2018	Director of Nursing	Local MSK services

## Better Payment Practice Code

The Trust has signed up to the Prompt Payments Code, which is designed to give suppliers confidence that they will be paid within clearly defined terms and that there is a proper process for dealing with disputed payments.

During 2016/17 the Trust paid 96% of invoices within 30 days of the receipt of the invoice or the goods (whichever is the later) when calculated on the value of the payments made and achieved 95% when measured on the number of invoices.

The Trust did not pay out any interest under the terms of the Late Payment of Commercial Debts Act during 2016/17.

Better Payments Practice Code 2016/17				
	2015/16		2016/17	
	No of Invoices	Value in £000s	No of Invoices	Value in £000s
Total paid	34,456	68,626	34,190	63,939
Paid within target	32,593	66,633	32,406	61,683
% paid within target	96%	97%	95%	96%

## Quality Governance

Quality in the NHS encompasses three domains – Patient Safety, Patient Experience and Clinical Outcomes. The Trust’s work in this area embraces a number of strands of work including complaints, clinical effectiveness and risk. All these elements are critical in ensuring our patients and their carers receive excellent care, and the Trust continues to meet its core values.

All staff have responsibility for safety and quality. There are, however, designated roles within the Trust who lead or are directly involved in these activities under the executive lead of the Director of Nursing the Medical Director with the Chief Executive being ultimately responsible.

The Trust has produced its Annual Quality Account which sets out its priorities and objectives in relation to quality improvements for the year and is currently in the process of reviewing its Quality Strategy to ensure continued alignment to the Trust’s priorities and overall strategy going forward.

The Trust has in place a robust governance framework to underpin the delivery of enhanced quality and further detail on this framework is contained within the Trust’s Annual Governance Statement which can be found at page 66 of the Annual Report.

## Quality Governance Framework

The Quality Governance framework has been further assessed and is part of the Quality account declaration. The Trust remains compliant with this framework and this is supported by internal audit reviews during 2016/17

## Patient Care Activities

We are aligned to the requirements of national strategy in that quality is at the core of all we do. Our aim is to continue delivering outstanding patient care to every patient every day. We pride ourselves in the standards we achieve and in the feedback from our patients on the quality of our services.

We aim to safeguard our patients, both adults and children, at all times. This is achieved through clear policies and procedures that protect and support patients and their families during their stay and beyond. This also means working in partnership with other agencies to get the right outcome for our patients

For quality to flourish we need to recognise the need to change and to improve where systems and processes are hindering our staff to deliver high quality care to patients every day. We need to set a clear vision so staff and patients understand what our aims and goals

and what high quality service looks like and how they can contribute to enhancing our services. There needs to be clear lines of responsibility for safety and quality from board to ward/departments with each person including those using our services understanding their roles and responsibilities in ensuring improvements are made. Even the smallest change can make a difference to the patient, carer or staff experience.

The quality of the services we provide to patients is routinely reviewed by our Commissioners as part of monthly divisional performance reviews that consider summary dashboard reporting on Trust wide quality issues. These provide opportunity for any areas of concern to be discussed and reviewed.

Quality risks are identified from the trust's risk management processes and are monitored, managed and mitigated at local, divisional and corporate levels. Each risk is clearly defined and includes clear action plans to control and mitigate the risk.

The corporate risk register and Board Assurance Framework are reviewed quarterly by the Board and identify the key quality risks for the organisation with clear mitigations and action plans. Key quality risks identified are:

- Failure to innovate and achieve efficiencies.
- Failure of Trust key systems in the event of a major incident.
- Reputational risk due to poor regulatory performance (CQC)
- Failure to deliver C-QUIN initiatives.
- Failure in data quality
- Failure in clinical quality or safety controls

### Performance Against Key Health Care Targets

The Trust has made excellent progress in improving the quality of care for our patients, this is measured through the production of our integrated performance reports.

We have completed specific pieces of work which have contributed to this in relation to:

- Patient Experience Collaborative
- Falls Collaborative
- Infection Control Collaborative

The Quality Improvement Strategy is to be refreshed in 17/18.

### Listening to Patients and Carers

Collecting Patient experience data is an important part of monitoring the quality of care provided at the RJAH and helps promote an open learning culture by identifying and sharing examples of good complaints practice and learning that was identified through patient feedback.

The table below shows overall patient feedback in 2016/17 compared to 2015/16:

Feedback	2016/17	2015/16	Diff from 2016/17 to 2015/16
Complaints	105	82	+23
Local resolution	29	28	+1
PALS concerns	496	473	+23
Compliments	4269	2522	+1747

## Key Highlights

### CQC Action Plan

During October 2015, the CQC carried out an inspection of the Trust. The Trust was given an overall rating of Requires Improvement, with the breakdown of ratings show in the table below:

	Safe	Effective	Caring	Responsive	Well-led	Overall
Medical care	Requires improvement	Good	Good	Requires improvement	Requires improvement	Requires improvement
Surgery	Requires improvement	Good	Good	Good	Good	Good
Critical care	Requires improvement	Requires improvement	Good	Requires improvement	Good	Requires improvement
Services for children and young people	Requires improvement	Requires improvement	Good	Good	Requires improvement	Requires improvement
Outpatients and diagnostic imaging	Requires improvement	Not rated	Good	Requires improvement	Requires improvement	Requires improvement
<b>Overall</b>	Requires improvement	Requires improvement	Good	Requires improvement	Requires improvement	Requires improvement

The full CQC inspection report can be found at the following link: <https://www.cqc.org.uk/provider/RL1/services>

In response to the inspection report, the Trust has made a number of improvements and has in place a robust action plan to make further improvements and address the issues highlighted by the CQC. Completion of actions is being monitored by the Quality & Safety Committee. A number of actions have been completed and good progress is being made on the remaining actions.

To date progress has been made in the following areas:

- Paediatrics
- Infection Control
- Patient Privacy and Dignity.

The Quality and Safety Committee have now increased their meeting schedule to meet ten times per year. The Robert Jones & Agnes Hunt Orthopaedic Hospital NHS Foundation Trust has not participated in any special reviews or investigations by the CQC during 2016/17.



### Inpatient Survey

Responses from patients have been extremely positive. The Trust's average monthly score was 99% of inpatients who would recommend the Trust to friends and family, which is higher than the average score of all NHS Trusts in England which was 95.2% and an increase from 2014/15 which was 98.4%

Promoters – Extremely Likely	Passive - Likely	Detractors – Not at all	Detractors – Neither Likely nor Unlikely	Detractors - Unlikely	Don't Know
3551	237	3	20	6	5

The RJAH achieved an average monthly rank of 2.6 out of 154 NHS Trusts in England, making the Trust one of the top performing NHS Trusts in the country.

### Patient Feedback

The Trust offers patients many mediums to feedback including email, Twitter and Facebook accounts and via the NHS Choices website. All feedback is shared with the clinical areas and is responded to by the Communications Team.

In addition the Trust has in place a robust complaints process which enables patients to raise concerns formally. These are all investigated in line with the Trust's complaints policy and action plans put in place, where applicable, to ensure learning and improvement.

### Friends and Family Question

The National Friends and Family Test, the Trust has given all inpatients the opportunity to say whether or not they are “extremely likely” to recommend the hospital to their family and friends if they required similar treatment. (the ‘extremely likely’ category being the response which generates a positive figure for the Trust: the response of only ‘likely’ is neutral to a trust’s score).

Patients have the opportunity to participate in the Friends and Family test and give comments by postcard.

The table below shows the percentage of patients that would recommend the Trust.	Mar-2015	Jun-2015	Sep-2015	Dec-2015	Mar-2016	Jun-2016	Sep-2016	Dec-2016	Mar-2017
ENGLAND (INCLUDING INDEPENDENT SECTOR PROVIDERS)	96%	95.8%	96%	96%	96%	96%	96%	95%	*
ENGLAND (WITHOUT INDEPENDENT SECTOR PROVIDERS)	95%	95.6%	95%	95%	95%	95%	95%	95%	*
ROBERT JONES AND AGNES HUNT ORTHOPAEDIC HOSPITAL NHS TRUST	100%	99%	99%	100%	100%	100%	100%	100%	*

\*Data not yet published

The Trust is committed to improving the percentage of patients who would recommend the Trust and recognise that there is always room to improve our patient’s perception of their experience. The comments that are received from the patients are shared with the relevant clinical areas to ensure that any areas for improvement can be addressed.

## Section 43 (2A) NHS Act 2006 Statements Regarding Income Disclosures

The Trust has fulfilled its principle purpose as its total income from the provision of goods and services for the purposes of the health service in England has been greater than its total income for the provision of good and services for any other purposes.

Private practice complements the NHS services provided at by the Trust and makes up a very small amount of our overall activity. Private patients only use facilities when they are not required for the NHS and this generates extra income which is used to enhance services and in turn, benefits NHS patients every year.

### Statement as to disclosure to auditors

For each individual director who was a director at the time this report was approved:

- So far as the director is aware there is no relevant audit information of which the Trust's auditor is unaware and
- The director has taken all the steps they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

A director is regarded as having taken all these steps that they ought reasonably to have taken as a director in order to do the things mentioned above and:

- Made such enquiries of his/her fellow directors and of the Trust's auditors for that purpose; and
- Taken such steps (if any) for that purpose, as are required by his/her duty as a director of the Trust to exercise reasonable care, skill and diligence.



Mark Brandreth

Chief Executive Officer

26<sup>th</sup> May 2017

## Remuneration Report

This report includes details regarding “senior managers” remuneration in accordance with the following:

- Sections 420 to 422 of the Companies Act 2006 as they apply to foundation trusts;
- Regulation 11 and Parts 3 and 5 of Schedule 87 of Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI2008/410);
- Parts 2 and 4 of Schedule 8 of the Regulations as adopted by Monitor and
- Elements of the NHS Foundation Trust Code of Governance.

The Trust considers that disclosures in this report and the staff report meet the requirements of the NHS Act 2006 on the work of the Trust’s Remuneration Committee.

## Annual Statement on Remuneration by the Chairman of the Remuneration Committee (Trust Chairman, Mr Frank Collins)

The membership of the remuneration Committee is as follows:

- Frank Collins, Chairman
- Chris Beacock, Non-Executive Director
- Alastair Findlay, Non-Executive Director
- David Gilbert, Non-Executive Director
- Hilary Pepler, Non-Executive Director
- Harry Turner, Non-Executive Director

In addition the Chief Executive and Associate Director of HR have been in attendance as requested by the Committee.

The Remuneration Committee met twice during the year, and approved changes to the senior management structure in strengthen the Board of Directors as follows:

- Deputy Chief Executive/Financial Officer
- Associate Director Financial Operations

Following the resignation of the Deputy Chief Executive, the Committee approved further changes to the Board as follows:

- establishment of a Director of Service Development
- establishment of a Director of Finance

The Deputy Chief Executive role was removed along with the Associate Director Financial Operations

The Remuneration Committee recommended that no performance related pay be awarded. All recently appointed directors had an agreed salary package to which there would be no further uplift. The Associate Director of HR was awarded an uplift of 1% in line with the national pay award

All of the members of the Committee attended both meetings with the exception of Mr Harry Turner who was commenced on 1 January 2017 and attended one meeting.

### Senior Managers' Remuneration Policy

The remuneration of the Chief Executive and Executives directly accountable to the Chief Executive is determined by the Remuneration Committee. Details of the membership of this Committee and attendance at its meetings are set out in the Foundation Trust Governance section of the report.

The Executive and Associate Directors' Remuneration framework, which was not subject to formal consultation, is agreed by the Committee and determines remuneration of the Chief Executive and Executives directly accountable to the Chief Executive.

Details of the membership of this Committee and attendance at its meetings are set out in the Foundation Trust Governance section of the report.

## National Context

The Committee will take into consideration any guidance given from the Department of Health regarding public sector pay including the inflation uplifts.

## Pay Comparators

Salaries are benchmarked against the NHS Chief Executives and Directors Salary Surveys and NHS Improvement Pay Comparators.

Ranges for each post are agreed based on this information.

## Performance Related Pay and Assessment Process

The Executive and Associate Directors Remuneration Framework policy states that Directors may earn a maximum of 3% Performance Related Pay annually.

Directors will be set annual objectives which address the following six areas:

- Annual Corporate Objectives
- Corporate Risks
- Supporting Strategies
- Other e.g. legislative
- Standards of Business Conduct & Trust Values
- Personal Development

Performance related pay will not be consolidated for a period of 12 months, and is not therefore pensionable for this period. After 12 months, performance related pay will be consolidated into the Directors' salary subject to sustained performance and subject to upper salary limits based on benchmarking information.

There is no provision for the recovery of sums paid to a Director following confirmation of sustained performance.

The Directors all hold permanent contracts, which include a six months' notice period.

None of the Directors contracts include any provision for compensation for early termination of employment.

The full Council of Governors determined the remuneration for Non-Executive Directors in 2011 and review remuneration levels annually via the Remuneration Committee.

## Future Policy

Any changes to the future policy will be discussed by the Remuneration Committee taking account of national arrangements.

## Service Contract Obligations

There are no obligations on the Trust which could give rise to, or impact on, remuneration payments or payments for loss of office but which is not disclosed elsewhere in the remuneration report.

## Policy on Payment for Loss of Office

Notice periods for all Executive Directors are set at six months.

Any payments for loss of office will be made in accordance with NHS Terms and Conditions of Service and HM Treasury guidance 'Managing Public Money' where appropriate.

## Statement of Consideration of Employment Conditions

Employment conditions for Senior Managers mirrors those set out in Agenda for Change. The remuneration policy takes account of national pay comparators provided by NHS Improvement and the scale of any inflationary pay award.

# Annual Report on Remuneration

## Service Contracts

For each senior manager who has served during the year, the date of their service contract, the unexpired term and details of the notice period are set out below:

Officer	Start date	Unexpired term	Notice period
Collins, F Chairman	1 February 2015	31 January 2018	N/A
Beacock, C Non-executive Director	4 July 2016	3 July 2019	N/A
Davis, I Non-executive Director left 31 October 2016	1 November 2013	N/A	N/A
Findlay, A Non-executive Director	1 November 2013	31 October 2019	N/A
Gilburt, D Non-executive Director	1 December 2015	30 November 2018	N/A
Peplar, H Non-executive Director	30 November 2012	28 November 2018	N/A
Turner, H Non-executive Director	1 January 2017	31 December 2020	N/A
Brandreth, M Chief Executive	1 April 2016	N/A	6 months
Grinnell, J Deputy Chief Executive		N/A	6 months
Barrow, K Director of Operations	18 January 2016	N/A	6 months
Tabernacle, B Director of Nursing	1 January 2016	N/A	6 months
White, S Medical Director	1 June 2012	N/A	3 months

## Disclosures Required by Health and Social Care Act

The following information is required by section 156 (1) of the Health and Social Care Act 2012, which amended paragraph 26 of Schedule 7 to the NHS Act 2006

### Senior Manager's Remuneration

For the purposes of this report 'senior managers' are defined as 'those persons in senior positions having authority or responsibility for directing the major activity of the Trust' The Trust's Chief Executive has agreed the definition.

Senior Managers Remuneration 2016/17	2016/17						
	Salary and fees (bands of £5,000)	All taxable benefits (total to the nearest £100) Note 1	Annual performance-related pay/ clinical excellence award (bands of £5,000)	Long-term performance-related pay	Sub Total Annual Remuneration paid by the Trust	All pension-related benefits (bands of £2,500) Note 2	Total Remuneration including calculated "20 year" pension benefit (bands of £5,000)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Collins, F - Chairman	35 - 40				35 - 40		35 - 40
Beacock, C - Non Executive Director from 4 July 2016	5 - 10				5 - 10		5 - 10
Davis, I - Non Executive Director until 31 October 2016	5 - 10				5 - 10		5 - 10
Findlay, A - Non Executive Director	10 - 15				10 - 15		10 - 15
Gilbert, D - Non Executive Director	10 - 15				10 - 15		10 - 15
Pepler, H - Non Executive Director	10 - 15				10 - 15		10 - 15
Turner, H - Non Executive Director from 1 January 2017	0 - 5				0 - 5		0 - 5
Brandreth, M - Chief Executive Officer	140 - 145	6.1	0	0	145 - 150	185 - 187.5	330 - 335
Grinnell, J - Deputy Chief Executive and Chief Finance Officer	125 - 130	4.6	0		130 - 135	67.5 - 70	200 - 205
Tabernacle, B - Director of Nursing	95 - 100	4.6	0	0	95 - 100	30 - 32.5	130 - 135
Barrow, K - Director of Operations	90 - 95	4.6	0		95 - 100	107.5 - 110	205 - 210
White, S - Medical Director Note 3	165 - 170	0	25 - 30	0	195 - 200	90 - 92.5	285 - 290

#### Notes

Note 1. Benefits in kind all relate to either a lease car or a car allowance.

Note 2. Pension related benefits are based on the HMRC approved calculation and assume a pension will be drawn for 20 years from



retirement.

Note 3. The Medical Directors salary includes £100 - £105k which relates to his clinical duties, he also received £25 - £30k in respect of a clinical excellence award.

Senior Managers Remuneration 2015/16	2015/16						
	Salary and fees (bands of £5,000)	All taxable benefits (total to the nearest £100) Note 1	Annual performance-related pay/ clinical excellence award (bands of £5,000)	Long-term performance-related pay	Sub Total Annual Remuneration paid by the Trust	All pension-related benefits (bands of £2,500) Note 2	Total Remuneration including calculated "20 year" pension benefit (bands of £5,000)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Collins, F - Chairman Note 5	55 - 60				55 - 60		55 - 60
Clarke, R - Non Executive Director until 30 November 2015	5 - 10				5 - 10		5 - 10
Davis, I - Non Executive Director	10 - 15				10 - 15		10 - 15
Findlay, A - Non Executive Director	10 - 15				10 - 15		10 - 15
Gilburt, D - Non Executive Director from 1 December 2015	0 - 5				0 - 5		0 - 5
Pepler, H - Non Executive Director	10 - 15				10 - 15		10 - 15
Farrington Chadd, W - Chief Executive Officer until 30 September 2015 Note 4	175 - 180	2.9	0 - 5	0	180 - 185	35.0 - 37.5	215 - 220
Grinnell, J - Director of Finance, Contracting & Performance until 30 September 2015	55 - 60	4.6	0 - 5	0	60 - 65	32.5 - 35.0	160 - 165
Grinnell, J - Acting Chief Executive Officer from 1 October 2015	60 - 65				65 - 70		
Macbeth, C - Acting Director of Finance, Contracting & Performance from 1 October 2015	45 - 50	0	0	0	45 - 50	42.5 - 45.0	85 - 90
Downey, J - Director of Nursing until 29 October 2015	50 - 55	2.6	0 - 5	0	55 - 60	82.5 - 85.0	140 - 145
Roberts, J - Acting Director of Nursing from 30 October 15 until 17 January 2016	15 - 20	0	0	0	15 - 20	85.0 - 87.5	100 - 105
Tabernacle, B - Director of Nursing from 18 January 2016	15 - 20	1.2	0	0	20 - 25	137.5 - 140.0	160 - 165
Barrow, K - Director of Operations from 1 January 2016	20 - 25	1.2	0	0	20 - 25	55.0 - 57.5	80 - 85
White, S - Medical Director Note 3	165 - 170	0	25 - 30	0	195 - 200	27.5 - 30.0	220 - 225

## Notes

Note 1. Benefits in kind all relate to either a lease car or a car allowance.

Note 2. Pension related benefits are based on the HMRC approved calculation and assume a pension will be drawn for 20 years from retirement.

Note 3. The Medical Directors salary includes £100 - £105k which relates to his clinical duties, he also received £25 - £30k in respect of a clinical excellence award.

Note 4. Includes payment of 6 months contractual notice £95 - £100k.

Note 5. Includes additional support to organisation during CEO recruitment £15 - £20k.

## Governor and Director Expenses

During 2016/17 the Trust has a maximum of six Non-Executive Directors and five Executive Directors at any one time. In addition the Trust had a maximum of 15 Governors in post. The following table provides details of any expenses claimed by either Directors or Governors during the reporting period and provides comparative data for the previous year.

Name	Role	Travel Claims		Other Reimbursements		Total Expenses	
		<u>2015/16</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2016/17</u>
		£	£	£	£	£	£
<b>Directors</b>							
Collins, Frank	Chairman	£5,253	£4,794	£0	£0	£5,253	£4,794
Beacock, Christopher	Non Executive Director	£0	£662	£0	£0	£0	£662
Clarke, Alan Richard	Non Executive Director	£1,275	£0	£0	£0	£1,275	£0
Davis, Ian	Non Executive Director	£1,853	£742	£0	£0	£1,853	£742
Findlay, Alastair	Non Executive Director	£1,158	£1,566	£0	£0	£1,158	£1,566
Gilburt, David	Non Executive Director	£0	£1,164	£0	£0	£0	£1,164
Pepler, Hilary	Non Executive Director	£0	£0	£0	£0	£0	£0
Brandreth, Mark	Chief Executive	£0	£1,131	£0	£0	£0	£1,131
Farrington Chadd, Wendy	Chief Executive	£600	£0	£0	£0	£600	£0
Grinnell, John	Director of Finance	£174	£0	£0	£0	£174	£0
	Acting Chief Executive	£618	£0	£0	£0	£618	£0

	Deputy Chief Executive	£0	£433	£0	£0	£0	£433
Macbeth, Craig	Acting Director of Finance	£31	£0	£0	£0	£31	£0
Barrow, Kim	Director of Operations	£786	£355	£0	£0	£786	£355
Downey, Jayne	Director of Nursing	£743	£0	£0	£0	£743	£0
Tabernacle, Bev	Director of Nursing	£39	£1,301	£0	£0	£39	£1,301
White, Steve	Medical Director	£967	£637	£0	£75	£967	£712
<b>Governors</b>							
David, Peter	Governor (Appointed) RJA Voluntary Services Committee	£42	£54	£0	£0	£42	£54
Greasley, Jan	Governor (Public) North Wales	£157	£174	£0	£0	£157	£174
Pritchard, Gareth	Governor (Public) North Wales	£114	£205	£0	£0	£114	£205
Santy-Tomlinson, Julie	Governor (Public) Rest of England and Wales	£0	£161	£0	£0	£0	£161
Ward, Linda	Governor (Public) North Wales	£0	£658	£0	£0	£0	£658
<b>Total</b>		<b>£13,810</b>	<b>£14,037</b>	<b>£0</b>	<b>£75</b>	<b>£13,810</b>	<b>£14,112</b>

## Fair Pay Multiple

The HM Treasury FReM requires disclosure of the median remuneration of the Trust's staff and the ratio between this and the mid-point of the banded remuneration of the highest paid director (a senior manager as defined earlier in this report).

The calculation is based on full-time equivalent staff of the Trust at the reporting period end date on an annualised basis.

Year	2015/16	2016/17
Band of Highest paid directors' total remuneration	125 - 130	140 - 145
Median Total	23,132	23,363
Ratio	5.5	6.1

The ratio for 2016/17 is notably higher than that in 2015/16 and this is due to the fact that highest paid director's total remuneration was impacted by a number of changes within the executive team and interim arrangements being put in place.

## Pension Entitlement

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

The disclosures include accrued benefits derived from the member's purchase of added years of service and any "transferred-in" service

## PENSION BENEFITS & CASH EQUIVALENT TRANSFER VALUES 2016-17

Name and title	Real increase in pension at age 60 (bands of £2,500)	Lump sum at aged 60 related to real increase in pension (bands of £2,500)	Total accrued pension at age 60 at 31 March 2016 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 March 2017 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2017	Cash Equivalent Transfer Value at 31 March 2016	Real increase in Cash Equivalent Transfer Value	Employer fund increase to Cash Equivalent Transfer Value
	£000	£000	£000	£000	£000	£000	£000	£000
Brandreth, M - Chief Executive Officer	7.5 – 10.0	15 - 17.5	40 - 45	110 - 115	631	498	128	64
Grinnell, J - Deputy Chief Executive	2.5 – 5.0	2.5 - 5.0	30 - 35	75 - 80	400	352	44	22
Tabernacle, B - Director of Nursing	0.0 - 2.5	2.5 - 5.0	30 - 35	100 - 105	574	531	38	19
Barrow, K - Director of Operations	5.0 – 7.5	2.5 - 5.0	20 - 25	20 - 25	254	185	68	35
White, S - Medical Director	2.5 - 5.0	10 - 12.5	60 - 65	190 - 195	1,479	1,312	154	76

\* Information provided by the NHS Pensions Agency via the Greenbury Report

## PENSION BENEFITS & CASH EQUIVALENT TRANSFER VALUES 2015-16

Name and title	Real increase in pension at age 60 (bands of £2,500)	Lump sum at aged 60 related to real increase in pension (bands of £2,500)	Total accrued pension at age 60 at 31 March 2016 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 March 2016 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2016	Cash Equivalent Transfer Value at 31 March 2015	Real increase in Cash Equivalent Transfer Value	Employer fund increase to Cash Equivalent Transfer Value
	£000	£000	£000	£000	£000	£000	£000	£000
Farrington Chadd, W - Chief Executive Officer until 30 September 2015	0.0 - 2.5	0.0 - 2.5	55 - 60	165 - 170	973	927	18	9
Grinnell, J - Acting Chief Executive Officer from 1 October 2015	0.0 - 2.5	2.5 - 5.0	20 - 25	70 - 70	333	310	20	10
Macbeth, C - Acting Director of Finance, Contracting & Performance from 1 October 2015	0.0 - 2.5	0.0 - 2.5	20 - 25	65 - 70	380	344	16	8
Downey, J - Director of Nursing until 29 October 2015	0.0 - 2.5	5.0 - 7.5	35 - 40	110 - 115	684	605	42	22
Roberts, J - Acting Director of Nursing from 30 October 15 until 17 January 2016	0.0 - 2.5	0.0 - 2.5	15 - 20	55 - 60	346	269	16	9
Tabernacle, B - Director of Nursing from 18 January 2016	0.0 - 2.5	2.5 - 5.0	30 - 35	95 - 100	531	425	21	11
Barrow, K - Director of Operations from 1 January 2016	0.0 - 2.5	0.0 - 2.5	15 - 20	15 - 20	185	148	9	5
White, S - Medical Director	0.0 - 2.5	2.5 - 5.0	55 - 60	175 - 180	1,312	1,261	38	19

\* Information provided by the NHS Pensions Agency via the Greenbury Report

### Payments for Loss of Office

No payments have been made during 2016/17 for loss of office

### Payments to Past Senior Managers

No payments have been made to past senior managers during 2016/17

## Staff Report

### Staff Costs

Staff costs are shown for 2016/17 in the table below. Salaries and wages have grown due to pay awards and investment in nursing. Social security costs have seen a significant increase due to changes to employers national insurance payments from April 2016.

			2016/17	2015/16
	Permanent	Other	Total	Total
	£000	£000	£000	£000
Salaries and wages	41,491	1,787	<b>43,278</b>	42,622
Social security costs	4,020	-	<b>4,020</b>	3,135
Employer's contributions to NHS pensions	5,180	-	<b>5,180</b>	4,944
Agency/contract staff	-	1,439	<b>1,439</b>	1,515
<b>Total gross staff costs</b>	<b>50,691</b>	<b>3,226</b>	<b>53,917</b>	<b>52,216</b>
Recoveries in respect of seconded staff	(701)	-	<b>(701)</b>	(576)
<b>Total staff costs</b>	<b>49,990</b>	<b>3,226</b>	<b>53,216</b>	<b>51,640</b>
Of which				
Costs capitalised as part of assets	112	-	<b>112</b>	175

### Average staff numbers

The Trust employed an average of 1,167 staff during 2016/17; the breakdown over the professional grouping is shown in the table below.

	Permanent	Other	2016/17	2015/16
	Number	Number	Total	Total
			Number	Number
Medical and dental	112	-	112	111
Ambulance staff	-	-	-	-
Administration and estates	326	-	326	306
Healthcare assistants and other support staff	248	-	248	247
Nursing, midwifery and health visiting staff	254	-	254	255
Nursing, midwifery and health visiting learners	1	-	1	-
Scientific, therapeutic and technical staff	204	-	204	195
Healthcare science staff	10	-	10	10
Social care staff	-	-	-	-
Agency and contract staff	-	11	11	13
Bank staff	-	50	50	40
Other	-	-	-	-
<b>Total average numbers</b>	<b>1,155</b>	<b>61</b>	<b>1,216</b>	<b>1,177</b>

## Staff gender distribution

A breakdown of the number of persons who were directors of the Trust, senior managers and other employees during 2016/17 is shown below:

	Male	Female
Executive Directors	2	3
Non-executive Directors	5	1
Other senior managers	5	5
Other employees	320	1077
<b>Total</b>	<b>335</b>	<b>1086</b>

## Sickness absence 1 January 2016 to 31 December 2016

2016/17			2015/16		
Average FTE 2016	Adjusted FTE days lost	Average Sick Days per FTE	Average FTE 2015	Adjusted FTE days lost	Average Sick Days per FTE
1,160	8,456	7.3	1,129	7,601	6.5

\*source Health & Social Care Information Centre, Sickness Absence Rates in the NHS – January to December 2016

## Staff Equality and Diversity

The age, ethnic breakdown, staff gender distribution and number of staff with recorded disabilities is shown below:

The trust employed 1418 staff at 31<sup>st</sup> March 2017.

The demographic profiles of our staff are shown below:

:Age Range	Headcount	% Headcount
19 and below	11	0.78%
20 - 29 Years	222	15.66%
30 - 39 Years	290	20.45%
40 - 49 Years	391	27.57%
50 - 59 Years	389	27.43%
60 and above	115	8.11%
<b>Total</b>	<b>1418</b>	<b>100%</b>

Gender	Headcount	% Headcount
Female	1086	76.59%
Male	332	23.41%
<b>Total</b>	<b>1418</b>	<b>100%</b>



Ethnicity	Headcount	% Headcount
Any Other Ethnic Group	8	0.56%
Asian or Asian British	41	2.89%
Black or Black British	9	0.63%
Chinese	1	0.07%
Mixed - Any mixed background	9	0.63%
Not stated	98	6.91%
White - British	1161	81.88%
White - Other	91	6.42%
<b>Total</b>	<b>1418</b>	<b>100%</b>

Part Time/Full Time	Full Time	Part Time	% Full Time	Total
Female	483	603	44%	1086
Male	273	59	82%	332
<b>Total</b>	<b>756</b>	<b>662</b>	<b>53%</b>	<b>1418</b>

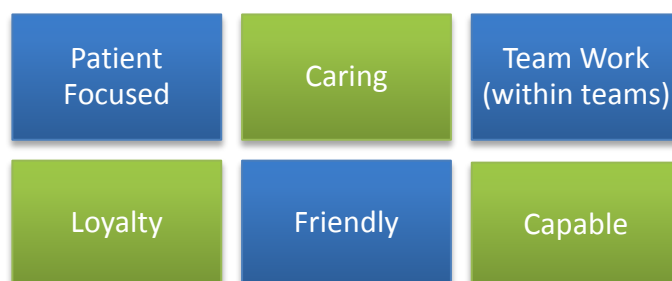
The Trust has a multi-disciplinary Equality & Diversity Steering Committee which considers equality, diversity and inclusion matters for patients and staff. The group reviews the Trusts EDS2 submission and annual report prior to publication.

Members of the group attended various events during the year including:

- Inspiring People – Everyone Counts facilitated by Shropshire Community Health NHS Trust
- New Perspectives - facilitated by LBTSand – Safe Ageing No Discrimination

## Staff Engagement

During 2016 we conducted a series of wide ranging information gathering exercises with our staff, this was in the form of a diagnostic about our culture. This demonstrated some positive features of the culture;



It also demonstrated some areas for us to work on to improve our culture. With this in mind the Trust is utilising a culture change methodology which;

- Defines the behavioural standards we expect of everyone.
- Measures people against those standards.

- Gives people the opportunity and means to develop.
- Applies positive and negative consequences for both behaviours and task.

The programme has been designed with three elements with a central focus on rebuilding relationships, the Trust recognises to rebuild relationships with staff we will need to enable our leaders, create an enabling infrastructure and give an active commitment to having frequent, open conversations with all staff, illustrated below;



### Barometer Group

This summary was tested with our barometer group, this cross sectional group of staff work as a group of people that get together regularly. They act as the voice of our staff and consider;

- What do you think of our plans?
- How is implementation going?
- How are people reacting?
- What do we need to adjust in our plans?

### Countering fraud and corruption

The Trust has in place a Local Counter Fraud Specialist who oversees any investigations of potential fraud. On an annual basis the Trust assesses the effectiveness of its counter fraud service and this is reported to the Audit Committee.

The Trust has in place security and counter fraud policies to ensure compliance with NHS Protect guidance. The Trust has an established Counter Fraud Protocol which outlines the role of the Local Counter Fraud Specialist and the cross over and interaction with the Trust's Local Security Management Specialist.

### Staff Survey results

Overall the 2016 staff survey results are broadly similar to the previous year. 93% of respondents would be happy with the standard of care provided if a friend or relative needed treatment and 71% of respondents would recommend the Trust as a place to work.

Our overall engagement score was comparable with other acute specialist trusts.

The response rate and top and bottom ranked key finding scores are detailed below.

Response Rate	2015		2016		Trust Change
	Trust	National Average	Trust	National Average	
	47%	41%	42%	44%	-5%

#### Top 5 ranked key finding scores

Key Finding	2016	2015	Improvement / Deterioration	National Average
KF28. Percentage of staff witnessing potentially harmful errors, near misses or incidents in last month	22%	18%	+4%	28%
KF16. Percentage of staff working extra hours	67%	70%	-3%	74%
KF17. Percentage of staff feeling unwell due to work related stress in the last 12 months	29%	28%	+1%	33%
KF25. Percentage of staff experiencing harassment, bullying or abuse from <b>patients, relatives</b> or the <b>public</b> in last 12 months*	16%	21%	-5%	20%
KF24. Percentage of staff / colleagues reporting most recent experience of violence	82%	71%	+11%	67%

\* lower score is better

#### Bottom 5 ranked key finding scores

Key Finding	2016	2015	Improvement / Deterioration	Average
KF13. Quality of non-mandatory training, learning or development	3.89	3.96	-.07	4.07
KF12. Quality of appraisals	2.80	2.87	-.07	3.21
KF27. Percentage of staff / colleagues reporting most recent experience of harassment, bullying or abuse	37%	44%	-7%	47%
KF29. Percentage of staff reporting errors, near misses or incidents witnessed in the last month	90%	84%	+6%	92%
KF31. Staff confidence and security in reporting unsafe clinical practice	3.55	3.61	-.06	3.73

Our survey results have been shared with our divisional and corporate teams who will develop local initiatives to improve results. Progress will be monitored through divisional performance review meetings and Quality and Safety Committee. The survey is one element of our ongoing work to develop our leadership capacity and capability and support our cultural change programmes.

### Expenditure on consultancy - Off-payroll arrangements

The table below provides details of the Trust's off payroll engagements during 2016/17 and comparator data for 2015/16. There has been fewer engagements under this criteria over the last 12 months when compared to 2015/16 due to increased controls and regulator involvement.

**Off- payroll engagements as at 31 March 2017, for more than £220 per day and lasting more than six months**

Number of existing engagements as at 31 March 2017	7
Of which:	
have existed for less than one year at the time of reporting	4
have existed for between one and two years at the time of reporting	2
have existed for between two and three years at the time of reporting	1
have existed for between three and four years at the time of reporting	0
have existed for four or more years at the time of reporting	0

**Assurance has been sought and received from all of the individuals above that they have made appropriate arrangements for the payment of their tax liabilities**

**New Off- payroll engagements or those that reached six months duration between 1 April and 31 March 2017, for more than £220 per day and lasting more than six months**

New Off- payroll engagements or those that reached six months duration between 1 April and 31 March 2017	4
Number of the above which include contractual clauses giving the Trust the right to request assurance in relation to Income tax and National Insurance obligations	4
Number of whom assurance has been requested	4
Of which	
Assurance has been received	2
Assurance has not been received	2
have been terminated as a result of assurance not being received	(1 no longer works at the Trust and the other is pending)

**Off- payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April and 31 March 2017.**

Off- payroll engagements of board members, and/or senior officials with significant financial responsibility during the financial year	0
Number of individuals that have been deemed board members, and/or senior officials with significant financial responsibility during the financial year. NB includes both off-payroll and on-payroll engagements	13



Mark Brandreth  
Chief Executive Officer  
24<sup>th</sup> May 2017

# NHS Foundation Trust Code of Governance Disclosures

## Statement of compliance with the NHS Foundation Trust Code of Governance

Robert Jones and Agnes Hunt Orthopaedic NHS Foundation 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, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.

The Trust is a public benefit corporation established under Section 35 of the National Health Service Act 2006. The Board attaches great importance to ensuring that the Trust operates to high ethical and compliance standards. In addition it seeks to observe the principles set out in the NHS Foundation Trust Code of Governance.

The Board is responsible for the management of the Trust and for ensuring proper standards of corporate governance are maintained. The Board accounts for the performance of the hospital and consults on its future strategy with its members through the Council of Governors.

The Council of Governors' role is to influence the strategic direction of the Trust to take into account the needs and views of the members, local community and key stakeholders, to hold the Board to account for its performance, to develop a representative, diverse and well-involved membership and to make a noticeable improvement to the patient experience. It also has to undertake other statutory and formal duties, including the appointment of the Chairman and Non-Executive Directors of the Trust and appointment of the external auditors.

In the event of a dispute between the Board and the Council a disputes procedure is described in the Constitution.

In accordance with its Licence, the Trust has in place mechanisms in its Constitution to ensure that no person who is an unfit person may become or continue as a governor, except with the approval in writing of NHS Improvement.

The Board has established governance policies that reflect the principles of the NHS Foundation Trust Code of Governance, these include:

- Corporate Governance Framework incorporating the Standing Orders of the Board of Directors, Standing Orders of the Council of Governors, Scheme of Reservation and Delegation of Powers, and Standing Financial Instructions.
- Established role of Senior Independent Director.
- Regular private meetings between the Chair and the Non-Executive Directors.
- Performance Appraisal Process for all Non-Executive Directors, including the Chairman, developed and approved by the Council of Governors.
- Attendance records for directors and governors at key meetings.
- Register of Interests – directors, governors and senior staff
- Established role of Lead Governor.
- Regular communication between the Chair and governors to advise matters reviewed at Board meetings.

- Effective Council of Governors' sub-committee structure with quarterly meetings of the Council of Governors
- Council of Governors' agenda-setting process.
- Board Review and Remuneration Committee of the Board.
- Nominations Committee of the Council of Governors.
- Agreed recruitment process for Non-Executive Directors.
- High quality reports to the Board and Council of Governors.
- Council of Governors' presentation of performance and achievement at Annual Members Meeting.
- Code of conduct for governors.
- Quarterly review of the Trust's membership
- Robust Audit Committee arrangements.
- Ensuring robust governance arrangements are in place supported by an effective assurance framework that supports sound systems of internal control.
- Ensuring rigorous performance management which ensures that the Trust continues to achieve all local and national targets.
- Seeking continuous improvement and innovation.
- Measure and monitor the Trust's effectiveness and efficiency.
- Ensuring that the Trust, at all times, is compliant with its Licence, as issued by the sector regulator Monitor.
- Exercising the powers of the Trust established under statute, as described within the Trust's Constitution

## Meet the Trust's Council of Governors

The Council of Governors consists of nine Public Governors, three Staff Governors and three Stakeholder Governors.



**Revd Adrian Bailey**  
Public Governor - Shropshire



**Michelle Braden**  
Staff Governor



**Peter David**  
Governor - Stakeholder



**Allen Edwards**  
Staff Governor



**Dr Monte Gates**  
Stakeholder Governor



**Jan Greasley**  
Public Governor - North Wales - Lead Governor



**Russell Luckock**  
Public Governor - West Midlands



**Sue Nassar**  
Public Governor - Shropshire



**Mrs Gill Pitcher**  
Public Governor - Shropshire



**Gareth Pritchard**  
Public Governor - North Wales



**Julie Santy-Tomlinson**  
Public Governor - Rest of England & Wales



**Martine Williams**  
Staff Governor



**Karen Calder**  
Stakeholder Governor



**Linda Ward**  
Public Governor - Powys

## Council of Governor Meetings

During 2016/17, the Council of Governors met a total of four times. The list of attendees for each meeting is set out below:

Council of Governors Meetings 2016-17				
	24 May 2016	13 Sept 2016	24 Nov 2016	23 Feb 2017
Frank Collins	x	x	x	x
Karen Calder		x	x	
Monte Gates		x	x	
Dave Adams	x			
Martine Williams			x	x
Michelle Braden	x		x	x
Adrian Bailey	x	x	x	
Jan Greasley	x	x	x	x
Russell Luckock	x	x	x	x
Sue Nassar	x	x		x
Gareth Pritchard	x			x
Peter David	x		x	x
Linda Ward		x	x	x
Gill Pitcher		x	x	x
Julie Santy-Tomlinson			x	
Allen Edwards		x	x	x
<b>Director/Associate Directors in attendance</b>				
Mark Brandreth - Chief Executive	x	x	x	x
John Grinnell - Director of Finance	x	x	x	
Craig Macbeth - Acting Director of Finance	x		x	x
Kim Barrow - Director of Operations	x			
Bev Tabernacle - Director of Nursing	x	x	x	x
Ruth Tyrrell - Assoc. Director of Human Resources	x	x		
Ann McEvoy - Assoc. Director of Human Resources			x	x
Alastair Findlay - Non Executive Director	x	x	x	



Hilary Pepler - Non Executive Director		x	x	x
Ian Davis - Non Executive Director	x	x		
Kerry Robinson – Associate Director of Strategy and Planning			x	x
David Gilbert - Non Executive Director				
Steve White - Medical Director				
Chris Beacock – Non Executive Director				x
Harry Turner – Non Executive Director				x

## Council of Governors Terms of Office

Type of Governor	Constituency	Term of Office Yrs	Appointed / Elected	Date Term in Office Ends
<b>Stakeholder Governors</b>				
Karen Calder	Shropshire Council	3	1 Jun 16	31 May 19
Monte Gates	Keele University	3	1 Mar 16	28 Feb 19
Peter David	Voluntary Services Committee	3	23 Sep 15	22 Sep 18
<b>Staff Governors</b>				
Michelle Braden	Staff	3	1 Aug 14	31 Jul 17
Martine Williams	Staff	3	1 Aug 14	31 Jul 17
Allen Edwards		3	1 Aug 16	31 Jul 19
<b>Public Governors</b>				
Adrian Bailey	Shropshire	3	1 Aug 14	31 Jul 17
Jan Greasley	North Wales	3	1 Aug 16	31 Jul 19
Russell Luckock	West Midlands	3	1 Aug 14	31 Jul 17
Sue Nasser	Shropshire	3	1 Aug 16	31 Jul 19
Gill Pitcher	Shropshire	3	1 Aug 16	31 Jul 19
Julie Santy-Tomlinson	Rest of England and Wales	3	1 Aug 16	31 Jul 19
Gareth Pritchard	North Wales	3	1 Aug 14	31 Jul 17
Linda Ward	Powys	3	1 Aug 16	31 Jul 19
Vacant	Cheshire and Merseyside	3		

During 2016 the Trust held Governor elections in order to fill vacancies. The following table sets out the vacancies and the recruitment that took place.

## Governor Elections

Elections took place in July 2016, the results of which were as follows:

Results of the Governor Elections July 2016		
Constituency	Number of vacant posts	Elected Governor
<b>Staff Governors</b>		
Staff	1	Allen Edwards
<b>Public Governors</b>		
Shropshire	2	Sue Nassar Gill Pitcher
North Wales	1	Jan Greasley
Powys	1	Linda Ward
Cheshire and Merseyside	1	Vacant
Rest of England & Wales	1	Julie Santy-Tomlinson

## Membership

The Trust reviews its membership on quarterly basis with a report being presented to the Council of Governors. This report looks at the number of members and analysis the demographic information to ensure that, as far as possible, the membership remains representative of the community the Trust serves. The table below provides a breakdown of the membership by constituency for the financial year 2016/17

	FT Public Membership by Area											
	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
Cheshire & Merseyside	302	306	309	308	307	307	307	308	309	309	310	312
North Wales	816	818	827	829	834	834	834	837	839	842	843	842
Powys	478	478	483	483	484	484	486	487	490	489	489	489
Shropshire	2,248	2,276	2,315	2,318	2,347	2,347	2,343	2,353	2,367	2,378	2,385	2,390
West Midlands	449	449	450	453	455	455	452	454	458	458	458	458
Rest of England & Wales	199	203	206	206	205	205	205	205	210	210	210	209
Out of Trust Area	30	30	30	30	30	30	30	30	31	32	30	31
<b>Total</b>	4,522	4,560	4,620	4,627	4,662	4,662	4,657	4,674	4,704	4,718	4,725	4,731

The Trust has in place a Membership Group which meets quarterly to look specifically at the Trust's membership and ways of promoting the same. Some of the initiatives have involved:

- Stands in local supermarkets
- Governor's Surgeries
- Representation at local events
- Representation at careers fairs
- Quarterly membership bulletin

## NHS Improvement's Single Oversight Framework

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

Under the [Single Oversight Framework](#) (SOF), which is designed to help NHS providers attain, and maintain, Care Quality Commission ratings of 'Good' or 'Outstanding', NHS Improvement now segment providers based on the level of support each provider needs. As at 7 April 2017 the Trust was in segment three which meant it was receiving mandated support from NHS I. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

### Finance and Use of Resources

The finance and use of resources theme is based on the scoring of five 67 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 might not be the same as the overall finance score here.

Area	Metric	2016/17 Plan	2016/17 Outturn
Financial Sustainability	Capital service capacity	1	1
	Liquidity	2	2
Financial Efficiency	I&E margin	1	1
Financial Controls	Distance from financial plan	1	1
	Agency spend	1	1
<b>Overall Scoring</b>		1	1

# STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTING OFFICER OF ROBERT JONES AND AGNES HUNT ORTHOPAEDIC NHS FOUNDATION TRUST

## Statement of the Chief Executive's responsibilities as the accounting officer of Robert Jones and Agnes Hunt Orthopaedic Hospital 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 Robert Jones and Agnes Hunt Orthopaedic Hospital 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 Robert Jones and Agnes Hunt Orthopaedic Hospital 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 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 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 69 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.

Signed 

Chief Executive Officer

Date: 26 May 2017

# ANNUAL GOVERNANCE STATEMENT 2016/17

## Scope of responsibility

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

## The purpose of the system of internal control

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

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust for the year ended 31 March 2017 and up to the date of approval of the annual report and accounts.

## Capacity to handle risk

The Trust considers that risk management is everyone's business ranging from staff taking individual responsibility for the safety of themselves, their colleagues or patients to Executive Director responsibility for strategic risks or the Non-Executive responsibilities for robust challenge of effective risk management and assurance of adequate control.

The Trust has in place a robust Risk Management Strategy which outlines its vision for risk management and defines the Trust's approach, as endorsed by the Board of Directors. This strategy has been distributed throughout the Trust and is available to staff on the Trust intranet.

The Risk Management Strategy delegates leadership and responsibilities for risk management to the following senior managers and Executive Directors:

### Chief Executive

- Accounting Officer
- Maintain a sound system of internal control
- Prudent and economic administration of the organisation

### Director of Finance

- Advise Board on Financial Strategy and Management
- Ensure sound financial management, including compliance with SFIs
- Ensure that external financial reporting complies with the relevant standards
- Ensure that there are systems in place to meet the Trusts operational targets and objectives

### Director of Nursing and Quality

- Board lead for Quality and Safety (in conjunction with the Medical Director)
- Sound Clinical Governance
- Professional Leadership of Nursing Staff and Allied Health Professionals

- Patient and Public involvement
- DIPC (Director of Infection Prevention and Control)
- Information Governance, Caldicott Guardian
- Oversight of risk management process
- Accountable Officer for controlled drugs
- Health and Safety management and compliance with statutory requirements

### Medical Director

- Responsible Officer including the appraisal, revalidation and performance management of medical staff
- Professional Leadership of Medical Staff
- Ensure that medical staff have the requisite skills to provide high quality medical care
- Lead on clinical governance, accountability and quality (in conjunction with the Director of Nursing)
- Lead for the Clinical Services Strategy (in conjunction with the Director of Strategy and Planning)
- Leading the Trust's relationships with General Practitioners and Medical Schools
- Lead medical input into litigation and claims management
- Ensure that sound governance arrangements are in place for research

### Director of Human Resources

- Organisational Development Strategy
- Effective matching of workforce to activity
- Learning and facilitating continuous professional development
- Develop the leadership capacity and capability

### Directors of Operations

- Efficient delivery of operational and clinical support services
- Implementation of national policy on waiting list targets
- Lead service redesign to improve the patients' pathway and operational effectiveness
- Ensure that there are systems in place to meet the Trust's operational targets and objectives

### Director of Strategy and Planning

- Ensure the Trust is positioned to achieve its strategic aims and objectives.
- Strategic leadership for the Trust's Information Management and Technology infrastructure and services
- As Senior Information Risk Owner (SIRO) ensures that risks to data security are recognised and managed
- Lead for the Clinical Services Strategy (in conjunction with the Medical Director)
- Strategic leadership for the development of the Trust's estate

### Trust Secretary

- Provide central support and advice to the Board regarding the establishment of an effective system of internal control.
- Develop and maintain the Trust's Board Assurance Framework.
- Senior lead for risk management, patient experience, health and safety and clinical audit and reporting to the Director of Nursing for these aspects of the role.

### Clinical Leads / Senior Managers

- Manage risks at a local level and developing an environment where staff are encouraged to identify and report risk issues proactively.



- Maintain a risk register and presenting key risks to the Risk Management Committee on a bi-monthly basis.
- Ensure that their staff report immediately any near miss incidents, adverse incidents and serious incidents, using the Trust's incident reporting procedure
- Provide appropriate feedback regarding specific incidents reported and implement recommendations following investigations to reduce the likelihood of recurrence.

Risk awareness is promoted throughout the organisation with all staff expected to have an understanding of the Trust's incident reporting procedure and knowledge of the process for escalating risks. Staff are trained in risk management awareness both at induction for new starters and as refresher training.

## The Risk and Control Framework

### Risk Management Strategy

The Trust's Risk Management Strategy sets out the framework and systems for implementation of risk management and governance in the Trust. It clearly defines how risks are identified, reviewed, managed and where appropriate escalated. Further, it sets out individual and committee roles and responsibilities and defines the levels of authority for the management of identified levels of risk. It also describes the Trust's interpretation and definition of 'acceptable risk'.

The Trust's approach to risk management is one of proactive identification, mitigation and monitoring with oversight at divisional level through governance meetings, at a corporate level through the Risk Management Committee and at Board level through use of the Board Assurance Framework.

The Trust utilises an online risk management database to escalate risks up and down through the organisation in accordance with the matrix outlined in the Risk Management Strategy.

The strategy includes the following key elements:

- It describes what is meant by 'risk management'
- It identifies the roles and responsibilities of all staff within the Trust
- It clearly describes the roles and responsibilities of the key accountable officers
- The training requirements for staff
- It sets out the process of risk management as follows:
  - i. Risk identification
  - ii. Risk evaluation
  - iii. Risk recording
  - iv. Risk treatment and escalation

The Board of Directors is responsible for setting the Trust's risk appetite on an annual basis according to its present position and anticipated direction of travel for the financial year ahead. The defined appetite is then applied through implementation of the Trust's Risk Management Strategy.

The Board Assurance Framework is the key tool used by the Board of Directors to assure itself of the efficacy of the control framework. This sets out the principal risks to delivery of the Trust's strategic objectives. An Executive Director is identified as the lead for each risk and during 2016/17 a relevant Board Committee had oversight of each risk. Going forward into 2017/18 the Trust has established a Risk Management Committee which reports to the Board of Directors. This Committee will have oversight of the effectiveness of the operational management of risk with the Audit Committee overseeing the effectiveness of the governance framework and controls.

In addition there are several internal and external assurances gained throughout the year through sources such as:

Internal
<ul style="list-style-type: none"><li>• Strategic and business planning</li><li>• Adverse incident analysis</li><li>• Complaints</li><li>• Claims</li><li>• Analysis of compliance with statutory duties and guidance</li><li>• Intelligence from internal health and safety, fire or security inspections</li><li>• Internal Audit</li></ul>
External
<ul style="list-style-type: none"><li>• Safety alerts or hazard warnings</li><li>• External body recommendations</li><li>• New legislation</li><li>• External inspections or assessments</li><li>• External Audit</li><li>• Regulatory reviews</li></ul>

Of particular note is the Deloitte Governance Review undertaken which resulted in several recommendations regarding the Trust's governance processes. This resulted in an Integrated Governance Action Plan being devised and the implementation of this was overseen by the Quality and Safety Committee with a bi-monthly update to the Board. This action plan was completed in full within the financial year with ongoing governance arrangements put in place to ensure the continued effectiveness of the actions taken.

The Trust utilises a risk assessment matrix to ensure a consistent approach is taken to assessing the potential consequences and likelihoods of risks and furthermore that appropriate action is taken to address each risk based on the resulting risk score. This process of assessment is conducted via the online risk management system referenced previously.

The Trust is committed to ensuring that any potential risks are mitigated to the lowest possible level and where possible negated altogether. The use of both internal and external expertise, as required, to decide on the most appropriate treatment of identified risks.

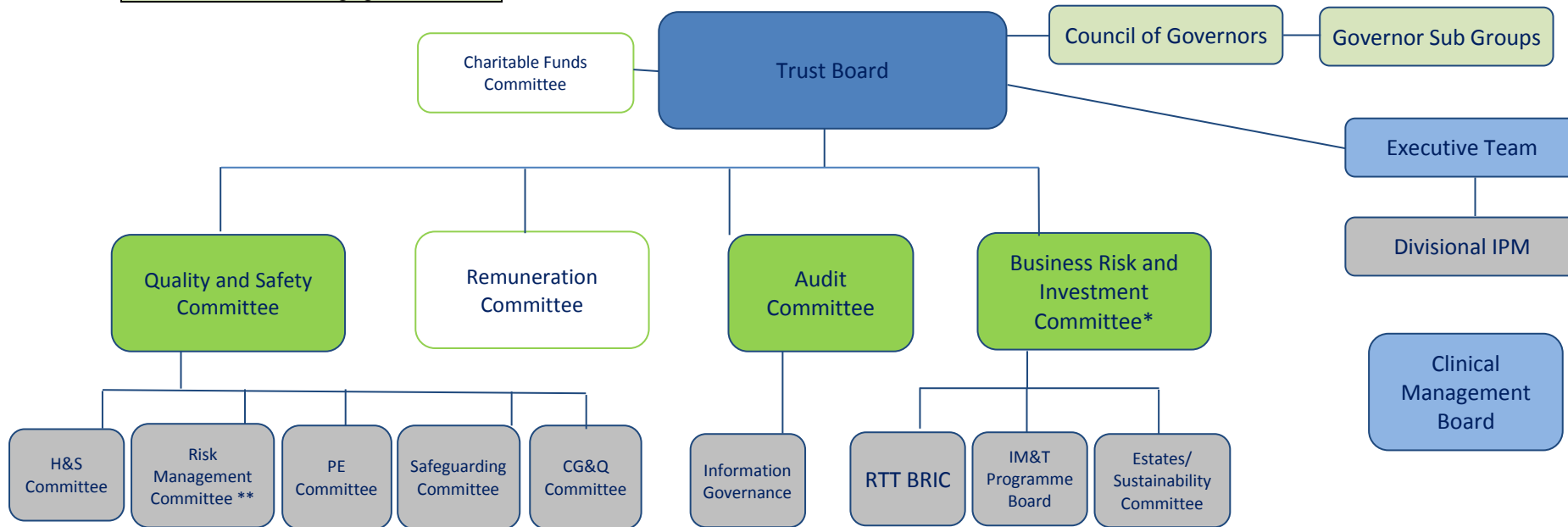
### Governance Framework of the Organisation

The Trust has significantly developed its governance structures over the last twelve months on the basis of internal and external audit recommendations. The structures now in place are aimed at delivering an integrated governance agenda. Integrated governance is the combination of systems, processes and behaviours which the Trust uses to lead, direct and control its functions in order to achieve its organisational objectives.

The Board of Directors leads on integrated governance and delegates key duties and functions to its committees whilst retaining certain decision making powers on strategy and aspects of financial management. The diagram below sets out the committee structure that was in place for 2016/17 and highlights the changes made for 2017/18:

## Board Assurance Structure for 2016/17

KEY
Overall accountability
Board Assurance
Managerial accountability
Committee assurance and performance management
Stakeholder engagement



Underpinning groups to ensure monitoring/ development and transformation is embedded from Ward to Board

\*This Committee has been replaced by Finance Planning and Investment Committee for 2017/18

\*\*This Committee has become a Board Committee as of 1 April 2017

In addition, the Trust is in the process of establishing a Staff and Patient Experience Committee which will report into the Quality and Safety Committee

The roles and responsibilities of these committees are described more fully below:

### *Board of Directors*

The Board meets regularly to discuss an agenda based on three key elements:

- Strategy and Policy
- Performance and Governance
- Quality and Safety

The Board is responsible for setting the organisation's strategy and for ensuring that the Trust meets its statutory duties and effectively manages risk. The Board gains assurance through the Board Assurance Framework. The Board holds prime responsibility for corporate governance and the development of systems and processes for internal control, including risk management, the Board Assurance Framework and compliance with Care Quality Commission (CQC) regulations.

The Board maintains responsibility for setting and approving work plans and monitoring the delivery of planned objectives. The Board of Directors regularly receives reports from its committees on the business covered, risks identified and action taken as well as regular performance related reports.

The Board is responsible for ensuring the financial viability through the establishment of effective financial stewardship.

Membership of the Board is comprised of the Trust Chairman, Chief Executive Directors and Executive Directors with attendance from non-voting Directors and the Trust Secretary.

### *Audit Committee*

The Audit Committee is accountable to the Board and is responsible for ensuring there is an effective system of risk management and internal control across the Trust. The operational management of risk is delegated to the Risk Management Committee with oversight and assurance of the processes and systems established via the Audit Committee. The Audit Committee provides oversight of the activities of internal audit, external audit, the local counter fraud service and the assurance on internal control, including compliance with the law and regulations governing the Trust's activities.

The Audit Committee is chaired by a Non-Executive Director and membership consists solely of Non-Executive Directors with Board Executives invited to attend.

The Audit Committee oversee the annual audit programme for the Trust. This includes verifying that the Trust has suitable and effective systems of internal control with respect to risk management in place. An annual Head of Internal Audit Report is presented to the Audit Committee.

### *Quality and Safety Committee*

The Quality and Safety Committee is accountable to the Board and is responsible for ensuring effective clinical governance throughout the Trust. It assists the Board in obtaining assurance that high standards of care are provided and any risks to quality identified and robustly addressed at an early stage. It works with the Audit Committee and Risk Management Committee to ensure that there are adequate and appropriate quality governance structures, processes and controls in place throughout the Trust to:

- promote safety and excellence in patient care
- identify, prioritise and manage risk arising from clinical care

- ensure efficient and effective use of resources through evidence based clinical practice

The Quality and Safety Committee is chaired by a Non-Executive Director and is attended by a further two Non-Executive Directors and members of the Executive Team.

### *Business Risk and Investment Committee (now Finance Planning and Investment Committee)*

The Business Risk and Investment Committee was accountable to the Board and responsible for advising the Board on all aspects of the Trust's Annual and Long Term Financial Plans and recommending adoption of the plans to the Board of Directors.

The Committee was responsible for the following aspect of Risk Management:

- To oversee Financial Risk Assessment and Financial Risk Management
- To oversee the business and performance risk

This Committee was chaired by a Non-Executive Director and attended by a further two Non-Executive Directors and members of the Executive Team.

The Committee had been reconfigured for 2017-18 to accommodate a Board Committee focused on Risk Management. Going forward it will retain responsibility for the Trust's Annual and Long Term Financial Plans but oversight of the business and performance risks falls under the remit of the Risk Management Committee.

### *Risk Management Committee (From 1 April 2017)*

The Risk Management Committee is accountable to the Board and has overall responsibility for establishing a strategic approach to risk management across the organisation, ensuring there is a proactive approach. In addition to reporting to the Board, the committee will provide reports to the Audit Committee on assurances relating to the effective operation of controls.

The committee is responsible for the following aspects of Risk Management:

- Championing and promoting highly effective risk management practices and ensuring that the risk management process and culture are embedded throughout the organisation
- Maximising the delivery of objectives through an effective control system
- Improving the standard of decision making on risk management
- Receiving and reviewing the BAF and making recommendations regarding this to the Board
- Reviewing risk management practices at divisional level and the effectiveness of risk mitigation action plans
- Developing and embedding an effective reporting mechanism to allow for the escalation of risk and governance issues from divisional level to the appropriate level.
- Providing the Executive Team and ultimately the Board of Directors with assurance that effective governance processes are in place across the organisation
- Providing the Audit Committee with assurance around the Trust's risk assurance framework and the controls in place.
- Overseeing the Trust's strategy for clinical risk management.

### *Council of Governors*

The Trust's governors are elected representatives of the local communities the Trust serves and together they form the Council of Governors which is an integral part of the Trust's governance framework. They are not responsible for the operational management of the Trust but rather are responsible for challenging and holding to account the Board of Directors.

They plan an active role in the development of the Trust and its activities and are included in the initiatives and collaborative committees run throughout the year. The statutory powers and duties of the COG include:

- To appoint, remove and decide upon the terms of office of the Chair and Non-Executive Directors of the Trust
- To determine the remuneration of the Chair and Non-Executive Directors
- To appoint or remove the Trust's auditor
- To approve or not approve the appointment of the Trust's Chief Executive
- To receive the annual report and accounts and auditor's report at a general meeting
- To hold the Non-Executive Directors to account for the performance of the Board
- To represent the interests of members and the public
- To approve or not approve increases to non-NHS income of more than 5% of total income
- To approve or not approve acquisitions, mergers, separations and dissolutions
- To jointly approve changes to the Trust's constitution with the Board
- To express a view on the Board's plans for the trust in advance of the Trust's submission to Monitor
- To consider a report from the Board each year on the use of income from the provision of goods and services from sources other than the NHS in England.

The Trust has the duty to ensure that governors are equipped with the skills to perform this role. As required by the Health and Social Care Act 2012 Act, during the year workshop sessions were provided for all governors in respect of their duties and responsibilities.

The Board works closely with the COG. The Chairman is also the Chairman of the COG and is supported at every meeting by other members of the Board. The Chairman works closely with the nominated Lead and Co-ordinating Governors. Governors meet prior to each meeting of the Council of Governors to agree items to be discussed and review key issues.

### *Internal Audit*

The Trust presently uses KPMG as its Internal Auditors that meets mandatory NHS Internal Audit Standards and provides appropriate independent assurance to the Audit Committee, Chief Executive and Board. They primarily provide an independent and objective opinion to the Trust on the degree to which risk management, control and governance processes support the achievement of the Trust's objectives. The Trust's Medical Director sets out an annual clinical audit forward programme and reports results back to the Quality and Safety Committee.

### *External Audit*

The Trust's external auditors are presently Deloitte LLP. External Audit is an essential element of corporate governance, contributing to the stewardship and process of accountability for use of resources. The scope of audits is extended to cover not just financial statements but the arrangements to secure value for money. This reports into the Audit Committee.

### *Quality Governance*

The Board is responsible for ensuring that the Trust has sound Quality Governance arrangements in place. It is supported in this by the Quality and Safety Committee which reviews evidence from a number of sources including, specialist committees, clinical audit reports and patients stories. It

receives reports and reviews in full all serious incident root cause analysis reports and any actions taken in response to them.

The Trust updated its Quality Strategy in 2014 following consultation with key stakeholders on the priorities to be included and the Board is regularly updated on progress against the key quality initiatives. The Trust is currently reviewing its Quality Strategy with a view to presenting this to the Quality and Safety Committee in August 2017.

Staff are required to report all untoward incidents through a formal system and these are reviewed by the Incident Action Review Committee which ensures that all learning is shared and actions agreed and implemented,

The Trust reviews all of the complaints it receives and the results of this review are reported to the Board.

The Trust has a well-established openness policy, which includes whistle blowing. Whistle blowing is included on the staff induction training which all staff are required to attend. In addition the Trust has in place three Freedom to Speak Up Guardians.

A rigorous process is in place for Doctors appraisals, supported by the production of a comprehensive data set for each Doctor. In addition, the Trust is compliant with the Doctors revalidation programme.

The Robert Jones Agnes Hunt Orthopaedic Hospital NHS Foundation Trust is fully compliant with the registration requirements of the Care Quality Commission (CQC)

The Trust was subject to a planned inspection by the CQC in October 2015 receiving the final inspection report in March 2016. Whilst the report highlighted examples of excellent practice, particularly in relation to caring, the overall report findings rated the Trust as 'Requiring Improvement'. The Board accepted the report and recognised the areas of improvement that were required and a Board approved CQC Action plan was developed. The implementation of this was overseen by the Quality and Safety Committee with bi-monthly reports of progress to the Board. By the end of 2016/17 all actions had been completed and subject to the review by the Trust's internal auditors. The Board agreed to the closure of the action plan in April 2017.

Finally, in order to obtain additional assurance of its compliance with the CQC standards, the Trust commissioned an external peer review which was conducted in the form of a mock inspection. This resulted in positive feedback regarding the standard and quality of care being provided. There were some recommendations made around the Trust's risk management processes and learning from incidents which were accepted by the Trust and were already being implemented through the escalation to the Risk Management Committee to a Board Committee. Further, the Trust has taken the decision to introduce an Assistant Director of Governance role to support the Director of Nursing with the strategic oversight of the clinical governance function.

### Corporate Governance Statement

The Trust confirms compliance with the Corporate Governance Statement on an annual basis. It gains assurance on compliance in a number of ways.

- Consideration of governance risks as set out above.

- The maintenance of a Board governance pack detailing the key governance structures and their inter-relationships. This was reviewed by the Board in November 2016 and following ongoing changes to the governance structures for 2017/18 to ensure utmost robustness, a further review is being undertaken in May 2017.
- Through the effective use of internal and external audit. The Internal Auditors have been asked to undertake the following specific reviews linked to governance
  - CQC Compliance
  - Board Assurance Framework and Risk Management

These audits received substantial assurance with minor recommendations which largely reflected known issues. This represented a significant improvement on the previous year when only partial assurance was achieved.

- The Trust has received an independent assessment of its governance arrangements following on from a previously commissioned report on governance issues. These reviews resulted in the development and implementation of an Integrated Governance Action Plan. This has since been completed with ongoing governance arrangements in place to track continued compliance.

### Principal Risks

The principal risks to both the Trust's objectives and its compliance with its licence are included on the Board Assurance Framework and are allocated to a Board Committee for scrutiny. In addition the Board reviews these risks on a quarterly basis.

Other corporate risks are included on the corporate risk register and during 2016/17 were allocated to a board committee and reviewed by the Executive team. However, going forward the Risk Management Committee will have oversight of the corporate risks with input sought from the appropriate board committee as required.

During 2016/17 the continuing risk of RTT reporting remained following the announcement in January 2016 by Monitor that the Trust was in breach of our licence for RTT and Governance breaches and the CQC inspection outcome of requires improvement.

Following the breach of licence in January 2016, the Trust put in place a recovery programme for its RTT performance which included a Recovery Board chaired by a Non Executive Director to oversee the recovery plan. This plan has been implemented and the Trust has reduced waiting times significantly with 91.37% of patients being seen within 18 weeks by the end of the financial year and zero English patients waiting over 52 weeks.

With regard to the governance breaches, an Integrated Governance Action Plan (IGAP) was developed to ensure delivery of the undertakings that had been agreed between the Trust and Monitor (now NHS I). Delivery of the action plan progressed well throughout the financial year and culminated in the closure of the action plan, with NHS I agreement, in April 2017. Prior to its closure a full review of all actions was undertaken to ensure that all residual actions or further opportunities were identified and that appropriate governance arrangements were in place to see these through.

The process to remove some of the licence breach undertakings, led by NHS Improvement, is underway.



### *Risks 2016-17*

During 2016/17 specific risks were identified as part of the Operational Plan and included in the 2016/17 Board Assurance Framework. The risks identified were as follows:

- Recovery of our RTT performance and the sustainable maintenance of inpatient and outpatient waiting times in line with prescribed referral to treatment time targets.
- Increases in demand putting pressure on contract through the slippage or failure of QIPP schemes
- Failure to implement new ways of working to realise benefits from investment in technology and new facilities
- Failure to innovate and achieve efficiencies.
- Failure of Trust key systems in the event of a major incident.
- Reputational risk due to poor regulatory performance
- Failure to deliver CQUIN initiatives.
- Failure in data quality
- Failure in clinical quality or safety controls
- Failure to manage causes of staff sickness leading to an increase in absence.
- Failure to deliver planned activity due to agency rules restrictions
- Inability to realise capacity in the independent sector to deliver plan
- Commissioner instability – Shropshire and Wales
- Inability to accommodate private patients due to delivery of the recovery plan
- Operational transition to the new Theatre building
- Theatre development – delivering planned efficiencies as set out in the Business Case

In addition, the Trust's Strategic plan recognised that the major strategic risk was national tariff volatility. As a predominantly single specialty hospital the Trust's financial sustainability is more sensitive to material shifts in the tariff than hospitals with a broader portfolio. The Trust worked closely with the Specialist Orthopaedic Alliance to work with NHS Improvement in informing future pricing models with good effect for the 2017/18 and 2018/19 models.

### *Risks 2017-18*

The Trust has established its strategy for 2017-18 as an affirmation of its desired direction of travel and it recognises that these will present challenges as well as opportunities for the future of the organisation. The four key strategic aims for 2017-18 are:

- Musculo-Skeletal (MSK)
- Specialist Services
- Operational Excellence
- Culture and Leadership

The Board have reviewed the key risks facing the Trust's ability to achieve these strategic aims and have agreed that these are as follows:

#### *Caring for Patients*

- Failure to improve CQC rating
- Inadequate or unsuccessful implementation of learning from incidents
- MSK service review fails to deliver expected benefits

## Caring for Staff

- Inability to recruit required staffing levels in key areas
- Failure to shift the dial on staff engagement

## Caring for Finances

- Failure to identify and deliver cost improvements and QIPP
- Lack of certainty around commissioning

In addition to the above, the Trust remains in breach of its licence until such a time that NHS Improvement re-assess this and confirm the Trust's compliance. Demonstrable progress has been made towards coming out of breach of licence but it is recognised that failure to demonstrate compliance with licence requirements remains a risk.

The sub-set of risks linked to the above will be detailed on the Trust's Board Assurance Framework and Trust wide Risk Register for ongoing review and management through the year.

As described in the sections above, the Trust has in place effective governance structures with clear responsibilities delegated to each Executive Director and Board Committee. Furthermore, within the Risk Management Strategy and the Terms of Reference for each Board Committee, the Trust has outlined clear reporting lines between the Board, its sub committees and the Executive Team to ensure an integrated approach is maintained.

The Trust's Board of Directors sets key performance indicators against a range of areas under the headings; Caring for Patient, Caring for Staff and Caring for Finances. Performance against these indicators is tracked and reported to the Board on a monthly basis. In addition to this, the Trust sets annual corporate objectives, again progress against these is tracked and reported to the Board. For 2017/18 the Trust is establishing a Strategy Working Group to oversee the delivery of its corporate objectives more closely.

## NHS Pension Scheme

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

## Equality Diversity and Human Rights

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

## Emergency Preparedness and Civil Contingency

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

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

The Trust sets targets for improvements of economy, efficiency and effectiveness in its Operational Plan and these are reflected in its Quality, Innovation, Productivity and Prevention (QIPP) and Cost Improvement Programmes (CIPs). All targets are agreed by Divisional Managers and monitored as

part of the Board performance report and the system of divisional performance reviews. These programmes are also approved by the Medical and Nursing Directors to ensure that they have no adverse effect on quality. The Trust's CIP process has been benchmarked against national guidance on sustainable CIPs and the principles of the Carter Review recommendations.

During 2016/17 the Trust tracked its financial performance, including the economic, efficient and effective use of resources via the Business Risk and Investment Committee and further the Board receives a monthly update on the Trust's financial performance.

### Overview of Financial Performance

The Trust's annual accounts provide full detail of the Trust's financial performance but to summarise, the Trust planned a control total surplus of £1.487 million for 2016/17 and overachieved against this by £52k. This resulted in a year end surplus of £1.539 million. This achievement of the financial plan entitled the organisation to additional Sustainability and Transformation Funding (STF) of £1.048 million giving a combined control total surplus including STF of £2.587 million.

This position was supported by a programme of cost improvements which realised £3.5 million which was in line with the financial plan.

The Trust's financial performance for 2016/17, despite the significant challenges with its RTT performance, provides assurance of the financial controls it has in place and the economic, efficient and effective use of its resources.

## Information Governance

The NHS Information Governance Framework sets the processes and procedures by which the NHS handles information about patients and employees, in particular personal identifiable information. The NHS Information Governance Framework is supported by an information governance toolkit and the annual submission process provides assurances to the Trust, other organisations and to individuals that personal information is dealt with legally, securely, efficiently and effectively.

The Trust has established an information governance management framework and is developing information governance processes and procedures in line with the information governance toolkit. The Trust's Information Governance status is the subject of ongoing review by the Information Governance Committee which is responsible for reviewing policy and monitoring compliance with Department of Health Guidelines. This process is overseen by the Audit Committee which also has a role in ensuring that all serious data governance risks or incidents are brought to the attention of the appropriate Board Committee. Two Directors have complementary roles in assuring data governance; the Director of Nursing as the Caldicott Guardian, and the Director of Finance as the Senior Information Risk Officer (SIRO).

The Trust has self-assessed against the NHS Digital Information Governance Toolkit 2016/17 version 14 which assesses performance with Department of Health information governance policies and standards and scored 89% achieving an overall rating of Satisfactory. This assessment involved 45 requirements of which the Trust achieved the top level score of 3 for 31 of them.

During 2016/17 there were no HSCIC Information Governance Toolkit defined Level 2 Reportable Incidents from information submitted by the Trust.

## Annual Quality Report

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year. NHS Improvement (in exercise of the powers conferred on Monitor) has issued guidance to NHS foundation trust boards on the form and content of annual Quality Reports which incorporate the above legal requirements in the NHS Foundation Trust Annual Reporting Manual.

The Annual Quality Report 2016/17 has been developed in line with relevant national guidance and is supported internally through the Board Assurance Framework. The majority of the content of the Quality Report is subject to the various foundation trust policies and procedures which ensure the quality of care provided.

As outlined earlier in this statement, the Trust has a dedicated Quality and Safety Committee whose role is to oversee quality improvement and development within the organisation. The Quality and Safety Committee is chaired by a Non-Executive Director of the Board and attended by the Chief Executive, Director of Nursing, Medical Director and a minimum of one other Non-Executive Director. All data and information within the Quality Report is reviewed through this committee. The Trust has a detailed data quality audit programme which reviews all of its data quality KPIs on an annual basis. This programme is overseen by the Audit Committee.

The Board of Directors reviews the quality key performance indicators monthly within an integrated performance report and includes progress against high level improvement goals within three identified themes, Patient Experience, Effectiveness and Patient Safety. Comments on the content of information included within the Quality Report have been provided by local stakeholders including commissioners, patients and the local authority.

Deloitte LLP provides external assurance on the Quality Account by issuing a limited assurance report (limited in scope) on compliance with the Regulations and this is included in the Quality Account itself. Also data quality and accuracy in the Quality Account is subjected to both external and internal audit.

The Quality Account is subject to detailed review by the Medical Director, Director of Nursing and Director of Operations and is approved by the Board of Directors.

During the year the Trust resolved the previously identified issues with the collation of referral to treatment (RTT) data through the implementation of a robust action plan which has been monitored closely throughout the year at Board level.

The Trust regularly reviews systems and processes as part of its commitment to ensure data quality and has a programme of internal and external audits to assess data quality.

## Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS foundation trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the quality report attached to this Annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the

Board, the Audit Committee and other Board Committees and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Trust's Head of Internal Audit provides an annual opinion on the assurance framework and for the financial year to 31 March 2017 this can be summarised as follows:

‘ Our overall opinion for the period 1 April 2016 – 31 March 2017 is that **significant assurance with minor improvement opportunities** can be given on the overall adequacy and effectiveness of the Trust's framework of governance, risk management and control ‘

In addition to this, the Trust has in place a robust governance structure with clear responsibilities delegated to Board Committees and Executive Directors. There is a process in place to assess the effectiveness of the Board Committees and this is overseen by the Audit Committee and reported to the Board for assurance.

During 2016/17 all the Executive Directors have completed appraisals which have included reflections on the discharging of their duties as Directors.

## Conclusion

There are have been no significant internal control issues identified and my review confirms that the Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust has a generally sound system of internal control that supports the achievement of its policies, aims and objectives

Signed  
Chief Executive



Date: 26 May 2017

# QUALITY ACCOUNT

1 April 2016 – 31 March 2017



# Table of contents

## Contents

INTRODUCTION.....	90
Foreword from the Director of Nursing and Medical Director .....	91
PART 1 .....	92
Statement on Quality from the Chief Executive.....	92
PART 2 .....	94
Priorities for improvement .....	94
Statements of Assurance from the Board .....	97
NHS Outcomes Framework: Review of performance against mandated indicators.....	106
PART 3 .....	118
Review of Quality .....	118
Patient Experience Collaborative .....	127
Learning from Patient Feedback/Changes in Practice or Service Improvement .....	127
APPENDICES.....	133
Statement of Directors' responsibility in respect of the Quality Account .....	134
Independent Auditors Report to the Council of Governors of Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust.....	138

# INTRODUCTION



The safety and quality of the care that we deliver at Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust is our utmost priority. We therefore value the opportunity to review the quality of our services each year and outline the progress we have made against our set quality priorities well as acknowledging the challenges that we have faced in some areas in delivering care to the standard that we aspire.

Each NHS Trust is required to produce an annual report on quality as outlined in National Health Service (Quality Account) Regulations 2010. The quality account is the vehicle by which we, as providers, inform the public about the quality of the services we provide. The quality account enables us to explain our progress to the public and allows leaders, clinicians, governors and staff to demonstrate their commitment to continuous, evidence based quality improvement.

Through increased patient choice and scrutiny of healthcare service, patients have rightfully come to expect a higher standard of care and accountability from the providers of NHS services. Therefore a key part of the scrutiny process is the involvement of relevant stakeholders. To that end, one of the requirements for inclusion with the quality account is a statement of assurance from these key stakeholders and evidence of how the stakeholders have been engaged.

In addition, NHS Foundation Trusts are required to follow the guidance set out by NHS Improvement with regard to the quality account and there are a number of national targets set each year by the Department of Health against which we monitor the quality of the services we provide.

Through this quality account, we aim to show how we have performed against these national targets. We will also report on a number of locally set targets and describe how we intend to improve the quality and safety of our services.



## Foreword from the Director of Nursing and Medical Director

We are aligned to the requirements of national strategy in that quality is at the core of all we do. Our aim is to continue delivering outstanding patient care to every patient every day. We pride ourselves in the standards we achieve and in the feedback from our patients on the quality of our services.

We aim to safeguard our patients, both adults and children, at all times. This is achieved through clear policies and procedures that protect and support patients and their families during their stay and beyond. This also means working in partnership with other agencies to get the right outcome for our patients

For Quality to flourish we need to recognise the need to change and to improve where systems and processes are hindering our staff to deliver high quality care to patients every day. We need to set a clear vision so staff and patients understand what our aims and goals in delivering that high quality service looks like and how they can contribute to enhancing our services. There needs to be clear lines of responsibility for safety and quality from board to ward/departments with each person including those using our services understanding their roles and responsibilities in ensuring improvements are made. Even the smallest change can make a difference to the patient, carer or staff experience.

As we move into 2017/18 we are refreshing our Quality Strategy and will be working hard to ensure that Quality Improvement is at the heart of all we do at RJAH.



**Bev Tabernacle**  
Director of Nursing



**Mr Steve White**  
Medical Director

# PART 1

## Statement on Quality from the Chief Executive

The Robert Jones & Agnes Hunt Orthopaedic Hospital NHS Foundation Trust has continued to maintain its ambition of 'Delivering Outstanding Patient Care', supported by the Trust's five-year Quality Strategy, which ensures that quality and patient safety are at the heart of everything we do.

These Quality Accounts set out our key achievements in 2016/17, as well as sharing our priorities for 2017/18 and we hope that this will provide our patients, their families and carers with confidence in the quality of our services.

The Trust has maintained low infection rates, with no MRSA bacteraemia since 2006 and low surgical site infection rates. We ensure ongoing monitoring and surveillance of all infections, as well as regular monitoring of ward and department level practices.

The Trust has continued to use the "safety thermometer" to monitor incidents of harm to patients in the course of their hospital treatment and has consistently scored over 98% of patients having received "no new harms" whilst at the Trust, which exceeded the target of 95%. Learning from all patient safety incidents is promoted throughout the Trust with examples of good practice shared at a variety of meetings.

At the end of 2014/15, work started on a multi-million pound scheme to transform existing hospital facilities, including four new clean air Theatres, a High Dependency Unit and an Admission on Day of Surgery Unit. A new dedicated Bone Cancer Centre with inpatient and clinic facilities and a flexible multiuse ward has been built on the first floor. These facilities opened in September 2016 and this represent a tremendous development for patients, allowing more patients to be treated in state of the art facilities in cancer care and operating theatres.

The Trust has continued to use a ward based nursing assessment process, 'STAR' (Sustaining quality Through Assessment and Review) to provide assurances with regard to 14 standards based upon national recommendations. We have this year developed this to be more team and multidisciplinary focused through the development of 5 STAR. Two of our wards have successfully achieved this status in 2016/17.

Work on ensuring a dementia-friendly hospital has continued, with the introduction of the Blue Butterfly scheme and dementia screening for all patients over 75 in the pre-operative assessment unit. Both clinical and non-clinical staff have undergone training to enable them to support patients with dementia.

The Trust plans to continue this work in 2017/18 by developing further the dementia friendly environment across the organisation.

The most recent national staff survey found that 93% of staff would recommend the hospital to their family and friends; Staff are very proud of the service that they deliver, giving patients even more confidence in the care and treatment provided by the hospital.

We are, at the time of writing, just short of achieving the national waiting times target and are projecting that we can be compliant and in a sustainable way, by the end of September 2017. That is a remarkable achievement and all the more so when you reflect on a national

picture of deteriorating waiting times. Our progress has been recognised by our regulators, and we are working hard to come out of breach of licence over the next period.

We can also point to the excellent patient feedback we receive – in the 2016 National Inpatient Survey we were amongst the best performing Trusts in England. Indeed, in the data published by the Picker Institute, we were ranked as No 1 in the country. That is a credit to all the staff here, and is something the Board does not take for granted. We are grateful to the significant contribution of staff from across the hospital.

I confirm that to the best of my knowledge and belief, and in accordance with the regulations governing Quality Accounts, the information contained in this quality account is accurate and provides a true reflection of our organisation.



Mark Brandreth  
Chief Executive



# PART 2

## Priorities for improvement

### Our Quality Priorities for 2017/18

#### Deciding on our quality priorities for the coming year

This part of the report describes the areas for improvement that the Trust has identified for the forthcoming year 2017/18. The quality priorities have been derived from a range of information sources consulting with key staff, including our council of governors. We have also been guided by our performance in the previous year and the areas of performance that did not meet the quality standard to which we aspire.

In choosing our priorities, we considered the quality issues raised about the Trust through the various feedback mechanisms available to our staff and patients and our commissioners. We have also taken account of the national landscape and shaped our priorities to align with emerging national quality priorities.

Each of the quality priorities outlined below will be monitored with progress tracked throughout the year via existing governance structures which will be described in more detail below. In addition we will facilitate stakeholder engagement workshops where we will chart our progress and discuss any challenges to implementing the quality improvement priorities as agreed.

Through this process and with support from our governors, we have identified the following priorities:

#### Patient Safety

##### 1. Learning from incidents

**Objective:** To ensure that learning from incidents is both embedded and sustained across the Trust.

**Rationale:** In 2016/17 the Trust has made great progress in relation to improving the risk management systems both corporately and divisionally. Risk register management have improved, divisional structures are in place and the Risk Management Committee has been fully reviewed in line with the Trusts Risk strategy 2016. The Integrated Governance Action Plan has been implemented and completed. In 2016/17 the Trust recorded 3 never events as defined by NHSE. To ensure the learning from incidents is evidenced and sustained we have set out this objective to ensure that this is an identified priority for the year 2017/18 in order to sustain our Quality Improvement programme going forward.

#### Measures:

- Implementation of a Safety Bulletin
- Hold a Patient Safety Summit for Clinical Staff
- 80% of complaints have an action plan.
- Clinical Audit plan reflects themes from Serious Incidents.

**Board Sponsor:** Bev Tabernacle, Director of Nursing.

**Oversight Committee:** Quality and Safety Committee, this will ensure sure both Executive and Non-Executive oversight of progress against the measures outlined. Progress will also be presented to the Board of Governors on a Quarterly basis.

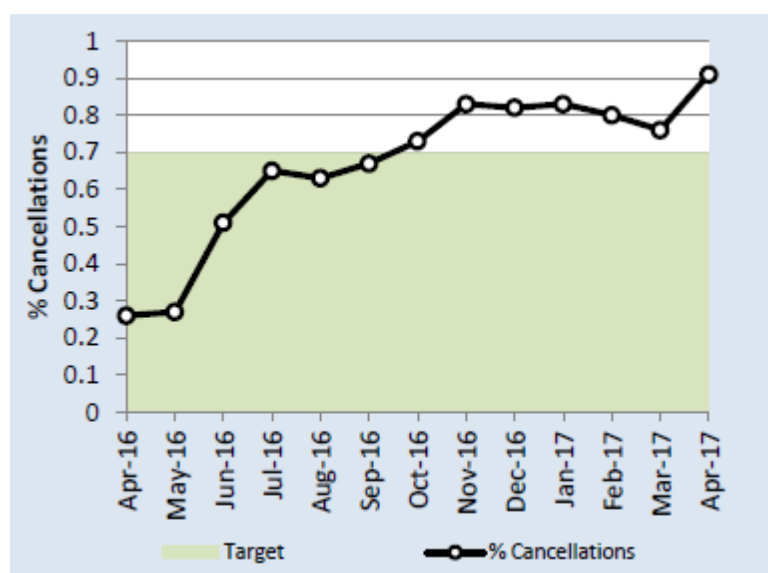
## Clinical Effectiveness

### 1. Reduction in avoidable cancellations of surgery on the day

**Objective:** To develop processes and systems that ensure that on the day avoidable cancellations are reduced.

**Rationale:** In 2016/17 the Trust has seen a steady increase in the number of reportable cancellations. Processes have been developed in relation to the monitoring and understanding of why cancellations occur. However to ensure that the learning form these investigations is sustained we have set out this indicator to ensure that both the effectiveness of our theatres is maintained and also the incidence of patients experiencing a cancellation is improved and sustained. Our performance in relation to on the day cancelations has been good, however we feel there is room for further improvement to work towards having no cancelations on the day of surgery.

The chart below evidences the increase in reported cancellations across the year:



#### Measures:

- Develop a baseline
- 5% reduction in baseline

**Board Sponsor:** Nia Jones, Director of Operations.

**Oversight Committee:** Quality and Safety Committee, this will ensure sure both Executive and Non-Executive oversight of progress against the measures outlined. Progress will also be presented to the Board of Governors on a Quarterly basis.

### 2. Quality of Appraisals

**Objective:** To develop a process which measures the Quality of the appraisal process from RJAH staff.

**Rationale:** In 2016/17 the Trust has made great progress in relation to improving the percentage of appraisals being completed. It is recognised through the Rebuilding Relationship work and through consultation with staff through the Big Conversation that the quality of those appraisals needs to be monitored and improved.

**Measures:**

- Appraisal process reviewed to ensure the measure of Quality is recorded.
- Incident reporting rates for consultants are included in the appraisal process
- The Key Finding Score for Quality of Appraisals in the national staff survey improves to be in line with the national average for Specialist Trusts

**Board Sponsor:** Ann McEvoy, Director of Human Resources.

**Oversight Committee:** Quality and Safety Committee, this will ensure sure both Executive and Non-Executive oversight of progress against the measures outlined. Progress will also be presented to the Board of Governors on a Quarterly basis.

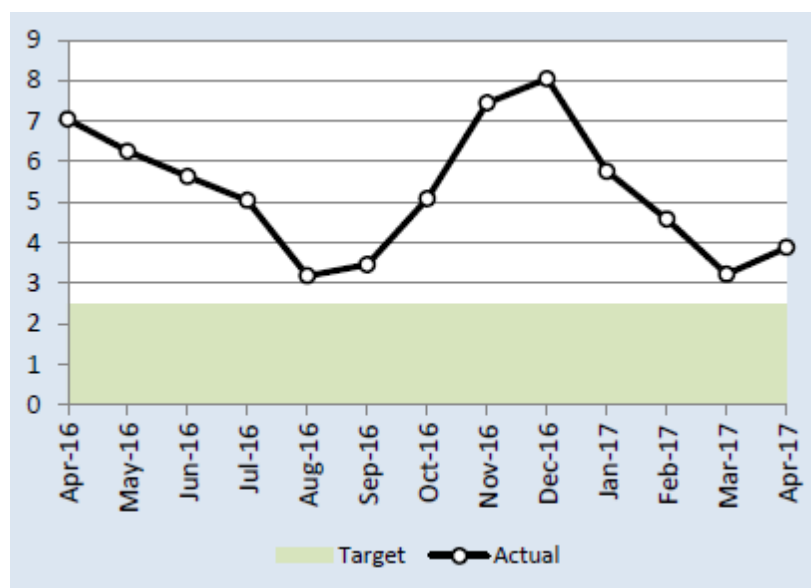
**Patient Experience**

**1. Delayed Discharges**

**Objective:** To decrease the number of delayed discharges across the Trust

**Rationale:** In 2016/17 the Trust has made great progress in relation to improving the number of delayed discharges across the organisation. However there is still much work to undertake to ensure that this is sustained and that our patients are not unnecessarily staying in hospital longer than they require.

The chart below outlines the progress made in 2016/17:



**Measures:**

- A reduction of 10% on the 2016/17 baseline.
- 

**Board Sponsor:** Bev Tabernacle, Director of Nursing.

**Oversight Committee:** Quality and Safety Committee, this will ensure sure both Executive and Non-Executive oversight of progress against the measures outlined. Progress will also be presented to the Board of Governors on a Quarterly basis.

## Statements of Assurance from the Board

In this section we report on matters relating to the quality of NHS services provided as stipulated in regulations. The content is common to all providers so that as can be compared across NHS Trusts.

### Review of Services

During 2016/17, The Robert Jones & Agnes Hunt Orthopaedic Hospital NHS Foundation Trust provided three NHS services, in musculo-skeletal surgery, medicine and rehabilitation.

The Robert Jones & Agnes Hunt Orthopaedic Hospital NHS Foundation Trust has reviewed all the data available to them on the quality of care in all of these health services.

The income generated by the relevant health services reviewed in 2016/17 represents 100% of the total income generated from the provision of NHS services by The Robert Jones & Agnes Hunt Orthopaedic Hospital NHS Foundation Trust for 2016/17.

### Participation in Clinical Audit

During 2016/17, 4 national clinical audits and 3 national confidential enquiry covered NHS services that the Robert Jones & Agnes Hunt Orthopaedic Hospital NHS Foundation Trust provides.

During that period, The Robert Jones & Agnes Hunt Orthopaedic Hospital NHS Foundation Trust participated in 100% national clinical audits and 67% (2/3) 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 The Robert Jones & Agnes Hunt Orthopaedic Hospital NHS Foundation Trust participated in during 2016/17 are as follows:

- National Audit of Rheumatoid Arthritis
- National Joint Registry
- Elective Surgery (National PROMS Programme)
- Reaudit National comparative audit bedside transfusion practice (National)
- National Confidential enquiry-Chronic Neurodisability
- National Confidential enquiry-Mental Health
- National Confidential enquiry-Cancer in Children, Teens and Young Adults (**No data submitted to date although the figures have not yet been finalised**)

The national clinical audits and national confidential enquiry that The Robert Jones & Agnes Hunt Orthopaedic Hospital NHS Foundation Trust was eligible to participate in and for which data collection was completed during 2016/17 are listed below alongside that 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:

	Eligible to participate	% cases submitted
<b>National Audit of Rheumatoid Arthritis</b>	Yes	N/A
<b>National Joint Registry</b>	Yes	N/A
<b>Elective Surgery (National PROMS Programme)</b>	Yes	N/A
<b>Reaudit National comparative audit bedside transfusion practice (National)</b>	Yes	N/A
<b>National Confidential enquiry-Chronic Neurodisability</b>	Yes	100%
<b>National Confidential enquiry-Mental Health</b>	Yes	100%
<b>National Confidential enquiry-Cancer in Children, Teens and Young Adults (No data submitted to date although the figures have not yet been finalised)</b>	Yes	0%

The reports of 4 national clinical audits were reviewed by the provider in 2016/17 and The Robert Jones & Agnes Hunt Orthopaedic Hospital NHS Foundation Trust intends to take the actions set out in below to improve the quality of healthcare provided.

- Ensure consistency and reporting of audits through the governance framework.
- Ensure PROMS data is communicated and utilised across the surgical team.

The reports of 16 local clinical audits were reviewed by the provider in 2016/17 and The Robert Jones & Agnes Hunt Orthopaedic Hospital NHS Foundation Trust intends to take the actions set out in below to improve the quality of healthcare provided.

Audit Number	Title of Audit	Action Points
1	00510 Reaudit of Day Case ACL Reconstruction	<ol style="list-style-type: none"> <li>1. Information regarding prescription of medicines should be looked at to ensure that patients understand what medicines they are taking and for what purpose they are prescribed</li> <li>2. Post-op analgesia information leaflet to include antiemetics-Update patient information leaflet</li> <li>3. Nurse to deliver information on discharge to patients and to document on EPR once information is provided</li> <li>4. Oramorph was required in fewer than half of cases and is associated with 50% PONV rate</li> </ol>



			but is difficult to predict who will use it therefore continue to prescribe to all patients
<b>2</b>	00451	Reaudit of BMI measurements in paediatric inpatients admitted to Alice ward	<ol style="list-style-type: none"> <li>1. Presentation of audit results to inform all of the changes needed to comply with NICE Guidance</li> <li>2. BMI centile to be recorded for all in-patients</li> <li>3. BMI to be discussed with parent or guardian</li> <li>4. Referral to dietician made when appropriate</li> <li>5. Any child with BMI &gt;98<sup>th</sup> centile to be referred to the dietician.</li> <li>6. Inform patients GP if the dietician cannot review the patient</li> <li>7. BMI to be recorded in discharge summary</li> </ol>
<b>3</b>	00377	Audit into Admissions onto Alice Ward	<ol style="list-style-type: none"> <li>1. Results of audit to be disseminated via this report and potentially at next audit meeting</li> </ol>
<b>4</b>	00287	Audit into daycase discharge of forefoot surgical patients	<ol style="list-style-type: none"> <li>1. Plan theatre list according to case mix- Forefoot first</li> <li>2. Plan anticipated social issues prior to surgery</li> <li>3. Patient education around likely length of stay</li> </ol>
<b>5</b>	00312	Reaudit of International Colour Coding System (ICCS) Syringe Labelling	<ol style="list-style-type: none"> <li>1. Further education and awareness-distribute the audit findings via email to ensure all anaesthetists, ODP,s and theatre staff are aware that improvements ensuring ICCS labelling is to be put on each syringe</li> <li>2. Availability of labels-To make labels for infrequently used drugs more accessible by ensuring availability on the trolleys along with all other labels</li> </ol>
<b>6</b>	00422	Reaudit of Peri-operative Fasting	<ol style="list-style-type: none"> <li>1. Amendments to existing fasting guidelines and amend accordingly</li> <li>2. Create an SOP following Clinical Effectiveness Committee discussion</li> <li>3. Circulation of amended guidelines</li> </ol>
<b>7</b>	00504	Reaudit of National Joint Registry Consent	<ol style="list-style-type: none"> <li>1. Information to be shared to all surgical staff of the importance of correctly capturing this data on the NJR forms to prevent poor compliance with BPT</li> </ol>
<b>8</b>	00279	Reaudit of the Standard of Operation notes within foot and ankle department	<ol style="list-style-type: none"> <li>1. Discuss relevant point in the audit at the next foot and ankle group meeting to determine if all points are necessary to improve the next audit undertaken</li> </ol>
<b>9</b>	00274	Reaudit of Enhanced Recovery	<ol style="list-style-type: none"> <li>1. Present findings at the next hospital meeting</li> <li>2. Distribute copies if the audit to anaesthetic lead, theatre lead and arthroplasty lead</li> <li>3. Use of tranexamic acid-discuss at arthroplasty meeting for consensus</li> <li>4. Use of EPR sheet-Ensure sheets are readily available in theatre and in each cabin</li> <li>5. Adherence to EPR protocols-discuss EPR for the patient at team briefing specifically use of pregabalin and NSAIDS</li> </ol>
<b>10</b>	00210	Reaudit of Peri-Operative management of arthroplasty patients	<ol style="list-style-type: none"> <li>1. Restart warfarin at 2 times the patients usual dose or 1.5 times more than the usual dose in frail patients for the first 2 days and then</li> </ol>

		receiving therapy	warfarin	<p>continue according to the INR results with the review to return them to their usual dose</p> <ol style="list-style-type: none"> <li>Restart warfarin on the evening of surgery</li> <li>Daily INR checks in the morning after the 2<sup>nd</sup> loading dose</li> <li>Use point of care testing devices as the default method of testing</li> <li>Develop an inpatient anti-coagulation service</li> <li>Patients discharged on sub-therapeutic INR should receive additional VTE prophylaxis until INR=20</li> </ol>
11	00088	Reaudit of 1 <sup>st</sup> Daycase Surgery	Ray	<ol style="list-style-type: none"> <li>All patients to have check x-rays on day of surgery</li> <li>Documentation in EPR if patient stays overnight as to why</li> </ol>
12	00363	Reaudit of the information provided pre-operatively to adult diabetic patients, with respect to their medication, before surgery		<ol style="list-style-type: none"> <li>Review the resource of staff in the pre-operative clinic with a view to increasing staff hours</li> <li>Review Trust leaflets for diabetic patients in line with changes to medication prior to surgery</li> <li>Management for medication pre-operatively 2012 guidance- Update the management of medication pre-operatively section to bring the policy in line with current JBDS guidelines</li> </ol>
13	00060	Reaudit of compliance to NICE Technology Appraisal 143		<ol style="list-style-type: none"> <li>Design a simple flow chart for various stages of assessment</li> <li>All staff involved in assessment of AS patients need to be made aware of the NICE Guidance-Protocol of the guidelines to be added to the Rheumatology file on U Drive</li> </ol>
14	00460	Audit of on-call registrar handover documentation		<ol style="list-style-type: none"> <li>Identify reasons for lack of documentation</li> <li>Communicate to the registrars the requirement for documentation even if nothing to handover and also instructions on how to document on EPR</li> </ol>
15	00172	Audit of Urinary Incontinence in women NICE CG 171		<ol style="list-style-type: none"> <li>Supply all patients who have UI with bladder diaries as of immediate effect and to reaudit in July 2017 to show compliance</li> </ol>
16	00380	Reaudit of: Are appropriate doses of IV Vancomycin being used for treatment of infection according to local hospital antibiotic policy?		<ol style="list-style-type: none"> <li>Clarification of prophylactic, empirical and weight based vancomycin dose</li> <li>Ensure dose recommendations are clear, succinct and easy to follow</li> <li>Educate medical staff on use of antibiotic policy vancomycin guidelines for therapeutic and prophylactic use at staff induction</li> <li>Educate ward staff on importance of dose timings and accurate recording of vancomycin doses</li> <li>Educate staff requesting blood levels on correct timings of blood samples in relation to both number and timing of previous vancomycin doses so that this is performed correctly</li> </ol>

6. Blood level request forms to have clear information included
7. Ensure action is provided on all vancomycin blood level reports

7 Service Evaluation projects reports were reviewed by the provider in 2016/17.

Project Number	Project Title	Action Plans	
1	00269	Incidence of transitional vertebrae and numerical variants of the spine	1. Whole spine scout for numbering purposes indicated in all MRI spine patients where technically possible.
2	00203	Perineird infusions of local anaesthetic for neuropathic pain	1. Discussion on whether to conduct a research project on perineural infusions
3	00191	Anaesthetic Patient Satisfaction Survey	<ol style="list-style-type: none"> <li>1. Post-operative analgesia to be prescribed to be more specific to patients who have a low pain threshold and infiltration and/or nerve blocks are not working as they should</li> <li>2. Presentation/circulation of evaluation results to ensure all anaesthetists aware of findings and action plan implementation</li> </ol>
4	00179	Paediatric Recovery Satisfaction Survey	<ol style="list-style-type: none"> <li>1. A more family centred approach is needed with more robust communication and explanation of the patient journey, procedures and environment</li> <li>2. Online film that can be accessed before a child is admitted for surgery which shows the patient journey and illustrates the different aspects of the patient journey</li> <li>3. All patients should be given the option to go to recovery after their child has had surgery- Paediatric nurses to ask all parents if they would like to see their child in the recovery unit</li> <li>4. Levels of distress for the child to be reduced- Journey from Alice ward to theatre to be more child friendly</li> <li>5. Better communication with children with learning difficulties- Hospital passport to be amended</li> </ol>
5	00286	X-Rays done by referrer prior to new foot and ankle referrals and need to repeat	<ol style="list-style-type: none"> <li>1. Ensure day case procedures early on lists/morning lists. Bluespier will view daycase patients on morning lists. Discussion/Presentation of results to be completed and sent to all involved</li> <li>2. Patients to be educated around the surgery and their best recovery regime to be able to go home the same day. Leaflet to be produced for patients</li> </ol>
6	00327	Evaluation of the Quality of information given to foot and ankle patients	1. Patient information that is rigorous and clinically accurate-Design a new patient information leaflet

7	00258	Bone DEXA scan in boys with DMD taking steroids	1. Our data suggests that adherence to the DEXA scan surveillance enable timely preventive treatment for fractures in DMD patients, although longer follow up in a larger group is needed to validate the findings.
---	-------	---	---

## Participation in clinical research

Research at The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust (RJAH) continues to flourish. The total number of Health Research Authority approved (including Ethical approval) studies active during 2016-17 rose to 69, of which 32 are National Institute for Health Research (NIHR) recognised, a rise of 19% (27 to 32) on 2015-16. These studies fall into 5 of the 7 NIHR speciality areas. They include commercially, academic and RJAH sponsored studies.

The number of patients receiving relevant health services provided or subcontracted by Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust in 2016-17 that were recruited during that period to participate in research approved by a research ethics committee was 994.

RJAH recruited the first participant into a paediatric spinal injuries observational study, sponsored by Stoke Mandeville Hospital.

RJAH continues to work with the NIHR and Local Clinical Research networks (LCRN) strategic aims to grow the number of Chief Investigators within the West Midlands, with the number of “home grown” studies, thus chief investigators, growing as clinicians from all areas (Medics, nurses, physiotherapists) come forward with ideas.

During 2016-17 research at RJAH contributed to 23 publications, which shows our commitment to transparency and desire to improve patient outcomes and experience across the NHS.

## CQUIN framework

A proportion (2.5%) of The Robert Jones & Agnes Hunt Orthopaedic Hospital NHS Foundation Trust income in 2016/17 was conditional on achieving quality improvement and innovation goals agreed between the Trust and its Commissioners through the CQUIN (Commissioning for Quality and Innovation) payment.

The final value of the CQUIN scheme for Shropshire and collaborative commissioners in 2015/16 was circa £952K, and the scheme was overseen by Specialised Commissioner for our Spinal Injuries service was worth an additional circa £261K. For specialised services the percentage attributed to CQUIN was 2.4%.

Further detail of the 2016/17 agreed goals and new schemes agreed for 2016/17 are available electronically in the Trust Board Papers section of the Trust website <http://www.rjah.nhs.uk/About-Us/Publications.aspx>.

A brief overview of these is outlined below:

Goal Number	Indicator Number	Indicator Name	Indicator Weighting	Expected Financial Value
1	a(B)	NHS Staff health and wellbeing	0.25%	£106,455
1	b	Healthy food for NHS staff, visitors and patients	0.25%	£106,455
1	c	Improving the Uptake of Flu Vaccinations for Front Line Clinical Staff	0.25%	£106,455
2	b	Timely identification and treatment for Sepsis in acute inpatient settings	0.25%	£106,455
4	a	Reduction in antibiotic consumption per 1,000 admissions	0.20%	£85,164
	b	Empiric review of antibiotic prescriptions	0.05%	£21,291
	L1	Improved RTT administrative processes for referral management and booking	0.31%	£132,856
	L2	Advice and Guidance	0.31%	£132,856
	L3	Clinical and governance ownership	0.31%	£133,281
	L4	Learning from Outcomes	0.31%	£133,281
		Please refer to Supporting Documents for detail of each Indicator		
		Total	2.50%	£ 1,064,549

The final value of the CQUIN scheme for Shropshire and collaborative commissioners in 2016/17 was circa £1,064,549, and the scheme overseen by Specialised Commissioner for our Spinal Injuries service was worth an additional circa £231,226. For specialised services the percentage attributed to CQUIN is 2.4%. By comparison during 2016/17 the income conditional on achieving quality improvement and innovation goals was £1,295,775.

Achievement of the 2016/17 CQUIN is as follows:

Contract Commissioner CQUIN Plan -	£1,064,549
Contract Commissioner CQUIN Actual -	£953,242
Contract Commissioner CQUIN Variance –	(£111,307)
Contract Commissioner CQUIN Variance % -	(10.46%)

Spec Services CQUIN Plan -	£231,226
Spec Services CQUIN Actual -	£238,738
Spec Services CQUIN Variance –	£7,512
Spec Services CQUIN Variance % -	3.25%

## CQC registration

The Robert Jones & Agnes Hunt Orthopaedic Hospital NHS Foundation Trust is required to register with the Care Quality Commission and its current registration is without conditions. The Care Quality Commission has not taken any enforcement action against The Robert Jones & Agnes Hunt Orthopaedic Hospital NHS Foundation Trust in 2016/17.

During October 2015, the CQC carried out an inspection of the Trust. The Trust was given an overall rating of Requires Improvement, with the breakdown of ratings show in the table below:

	Safe	Effective	Caring	Responsive	Well-led	Overall
Medical care	Requires improvement	Good	Good	Requires improvement	Requires improvement	Requires improvement
Surgery	Requires improvement	Good	Good	Good	Good	Good
Critical care	Requires improvement	Requires improvement	Good	Requires improvement	Good	Requires improvement
Services for children and young people	Requires improvement	Requires improvement	Good	Good	Requires improvement	Requires improvement
Outpatients and diagnostic imaging	Requires improvement	Not rated	Good	Requires improvement	Requires improvement	Requires improvement
<b>Overall</b>	Requires improvement	Requires improvement	Good	Requires improvement	Requires improvement	Requires improvement

The full CQC inspection report can be found at the following link: <https://www.cqc.org.uk/provider/RL1/services>

In response to the inspection report, the Trust has made a number of improvements and has in place a robust action plan to make further improvements and address the issues highlighted by the CQC. Completion of actions is being monitored by the Quality & Safety Committee. A number of actions have been completed and good progress is being made on the remaining actions.

To date progress has been made in the following areas:

- Paediatrics
- Infection Control
- Patient Privacy and Dignity.

The Quality and Safety Committee have now increased their meeting schedule to meet ten times per year. The Robert Jones & Agnes Hunt Orthopaedic Hospital NHS Foundation Trust has not participated in any special reviews or investigations by the CQC during 2016/17.

## Secondary Uses Service Submission

The Robert Jones & Agnes Hunt Orthopaedic Hospital NHS Foundation Trust submitted records during 2016/17 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:

- 99.9% for admitted patients care
- 100.00% for outpatient care

The percentage of records in the published data which included the patient's valid General Medical Practice Code was:

- 100% for admitted patients care
- 100% for outpatient care

The Robert Jones & Agnes Hunt Orthopaedic Hospital NHS Foundation Trust will be taking the following actions to improve data quality:

- Continue to raising the awareness and profile of data quality, developing within the Trust a positive culture, through encouraging best practise and promoting new processes, and ensuring that all staff recognises that they have a responsibility for ensuring a high standard of Data Quality
- Continue to provide a robust Audit framework that is closely monitored and updated as new key performance indicators are agreed with key stakeholders, with the aim of ensuring the data is of an agreed acceptable level regarding quality and robustness. Also setting of internal KPI's in areas of concern, to help monitor, review and recognise to then enable us to mitigate, improve and report on data quality
- Continue to drive forward the key themes within the Data Quality Policy: Governance, roles and responsibilities, culture and awareness, training, monitoring, issue management and audit. Make certain that these elements are incorporated across the Trust and used to promote a strong Data Quality culture.
- Improve the Data quality in relation to 18 week referral to treatment time (RTT) through audit, validation and education of both clinical and non-clinical teams.
- To ensure continued compliance with the Information Governance Toolkit minimum level 2 for data quality standards.

## Information Governance

The Robert Jones & Agnes Hunt Orthopaedic NHS Foundation Trust's Information Governance Assessment Report score overall for 2016/17 was 89% and was graded **green** ('Satisfactory'). When conducting the self-assessment, the Trust achieved the top level score of 3 for 31 of the 45 requirements.

## Clinical coding error rate

The Robert Jones & Agnes Hunt Orthopaedic Hospital NHS Foundation Trust was not subject to the Audit Commission's Payment by Results clinical coding audit during 2016/17.

An audit of 200 sets of case notes was carried out by an external company (JW Clinical Coding Limited) as part of the Information Governance process. The figures again far exceed the recommended 95% accuracy for primary diagnoses and procedures and 90% accuracy for secondary diagnoses and procedures required for Information Governance purposes at Level 3, an extract from the report summary is shown below:

Primary diagnosis	Secondary diagnosis correct	Primary procedures correct	Secondary procedures correct
99%	96.36%	99.47%	98.58%

# NHS Outcomes Framework: Review of performance against mandated indicators

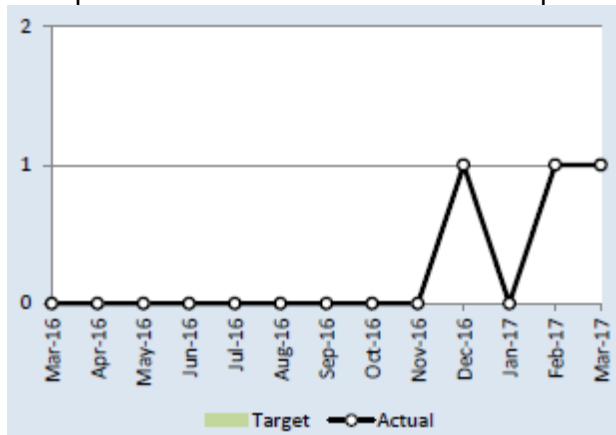
The NHS Outcomes Framework sets out high level national outcomes which the NHS should be aiming to improve. The Framework provides indicators which have been chosen to measure these outcomes and stipulates the methodology to be used in order to enable accurate benchmarking.

An overview of the indicators is provided in the table below and the data provided has been calculated using the specified methodology. It is important to note that, whilst these indicators must be included in the Quality Accounts, the most recent available national data for the reporting period is not always for the most recent financial year. Where this is the case, an \* is included next to the indicator. The following data has been taken from the HSIC website and is based on the most up to date data available at the time of writing.

## Mortality

The Trust reviews all deaths in line with the NHSE/NHSi framework. We record all of our expected and unexpected deaths and all have a mortality review completed. These results are reviewed through the Trust mortality group. We have a lead consultant who chairs this committee and these reports to the Quality and Clinical Governance Committee chaired by our Medical Director.

Unexpected deaths are monitored and reported to Trust Board.



Because of the low numbers of deaths across the organisation the HSMR and SHIMI are not monitored by the trust. The chart below provides an overview of the deaths occurring across the organisation in 2016/17.

SHMI values for each trust are published, along with bandings indicating whether a Trust's SHMI value is 'as expected', 'higher than expected', or 'lower than expected'. The SHMI requires careful interpretation and should not be taken in isolation as a headline figure of trust performance. It is best treated as a "smoke alarm" which warrants follow up.

The standardised mortality rates for hospitals, produced nationally by Dr Foster are not applicable to small specialist Trusts like The Robert Jones & Agnes Hunt Orthopaedic Hospital NHS Foundation Trust, because the numbers of deaths that occur are too small for change to be statistically significant. However, there has been ongoing monitoring of all



deaths which occur within the Trust for some years and the Trust has in place a robust process for learning from deaths.

The % of deaths with palliative care coding as a proportion of all hospital deaths was 46.5% during 2016/17

The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust considers that this data is as described for the following reasons:

- As an elective centre we have control over the patient pathway to ensure that appropriate risk assessed patients are admitted through the pre-operative pathway.

The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust intends to focus on the Learning from Deaths guidance going forward and this will be reported to Trust Board on a Quarterly basis.

## Helping people recover from episodes of ill health or following injury

### Readmission Rates

During 2016/17 the percentage of patients aged 0-15 years old, readmitted to the hospital within 28 days of discharge was 3.75 and for 16+ years old it was 6.63%. For 2016/17 we are unable to show a comparison of our peer group data due to the removal of the provider access to the SUS data.

	Readmission rate for 0-15 year olds	Readmission rate for 16+ years old
2015-16	0.17	0.76
2016-17	0.78	0.63

The table below shows how this compares to previous years:

<i>Emergency readmissions to hospital within 28 days of discharge from hospital: adults of ages 16+</i>				
ORGANISATION	2008/2009	2009/2010	2010/2011	2011/2012
ENGLAND	10.90	11.16	11.42	11.45
NUFFIELD ORTHOPAEDIC CENTRE NHS TRUST	10.18	9.86	10.40	
ROBERT JONES AND AGNES HUNT ORTHOPAEDIC HOSPITAL NHS TRUST	6.37	5.82	6.80	6.63
ROYAL NATIONAL ORTHOPAEDIC HOSPITAL NHS TRUST	9.09	9.04	9.18	10.86
THE ROYAL ORTHOPAEDIC HOSPITAL NHS FOUNDATION TRUST	8.92	8.84	8.54	7.94

<i>Emergency readmissions to hospital within 28 days of discharge from hospital: children of ages 0-15</i>				
ORGANISATION	2008/2009	2009/2010	2010/2011	2011/2012
ENGLAND	10.09	10.18	10.15	10.01
NUFFIELD ORTHOPAEDIC CENTRE NHS TRUST	0.00	0.00	0.00	
ROBERT JONES AND AGNES HUNT ORTHOPAEDIC HOSPITAL NHS TRUST	3.32	3.70	3.53	3.75
ROYAL NATIONAL ORTHOPAEDIC HOSPITAL NHS TRUST	5.73	6.19	3.55	5.46
THE ROYAL ORTHOPAEDIC HOSPITAL NHS FOUNDATION TRUST	9.69	7.90	5.46	6.32

The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust considers that this data is as described for the following reasons:

- No comparative data is now available
- Data is submitted and checked on a monthly basis as part of regular performance reporting.

The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust has taken action to improve this percentage by:

- Ensuring wound clinic provision is continued
- Commencement of discharge planning at pre-operative appointments

## PROMS data

Patient Reported Outcome Measures (PROMS) measures health gain in patients undergoing hip replacement, knee replacement, varicose veins and groin hernia surgery in England, based on responses to a questionnaire before and after surgery.

PROMS collect information on the effectiveness of care delivered to NHS patients, as perceived by the patients themselves, making it a particularly important indicator which adds to the wealth of information available on the care delivered to NHS funded patients to complement existing information on the quality of services.

This report shows the NHS Digital data presented to the public and is based on the improvement seen in joint replacement six months after the operation. The data is currently published quarterly and shows where NHS England have both pre-operative and 6 month follow-up scores available so this does mean that the number of modelled records is less than the number of procedures actually carried out in that period. The number of modelled records will always lag the number of procedures by 6 months. Four areas are reported on by NHS England, Primary Hip replacements, Revision Hip replacements, Primary Knee replacements and Revision Knee replacements.

The RJAH recorded the highest number of primary hip replacements in the peer cohort and it must be remembered that that this report only reports on our English patients.

The table below summarises the Trust's performance in the year 2016/17 for hip and knee replacements as the only PROMS procedures offered by the Trust and provides a comparator to the national average and the highest and lowest scores nationally. Data is also provided for previous years:

### Primary Hip Replacement

	EQ5D Index			Oxford Score		
	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17
National Average	0.436	0.438	0.449	21.443	21.617	22.019
Highest Score	0.524	0.510	0.525	24.652	24.973	25.204
Lowest Score	0.331	0.321	0.330	16.291	16.892	17.838
Robert Jones and Agnes Hunt	0.414	0.413	0.455	20.616	20.82	21.962

### Revision Hip Replacement

	EQ5D Index			Oxford Score		
	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17
National Average	0.277	0.285	0.285	12.751	13.206	13.137
Highest Score	0.376	0.372	*	15.524	16.186	*
Lowest Score	0.186	0.225	*	8.796	9.510	*
Robert Jones and Agnes Hunt	0.235	0.225	*	8.797	11.448	*

## Primary Knee Replacement

	EQ5D Index			Oxford Score		
	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17
National Average	0.315	0.320	0.337	16.116	16.368	*
Highest Score	0.418	0.412	0.430	19.581	19.920	21.348
Lowest Score	0.204	0.207	0.261	11.430	11.960	12.647
Robert Jones and Agnes Hunt	0.321	0.317	0.353	16.844	17.043	19.111

## Revision Knee Replacement

	EQ5D Index			Oxford Score		
	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17
National Average	0.261	0.258	0.289	12.314	11.935	*
Highest Score	0.348	0.335	*	16.744	14.149	*
Lowest Score	0.186	0.188	*	8.37	8.341	*
Robert Jones and Agnes Hunt	0.186	0.19	*	8.574	8.341	*

The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust considers that this data is as described for the following reasons:

- The Trust is a specialist orthopaedic hospital that continually monitors patient outcomes and best practice to ensure the outstanding patient care and achievements

The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust has taken the following actions to improve this score and so the quality of its services, by

- Continuing to review both national and local data to identify any areas where improvements can be made.

## Staff Survey

The principal aim of the staff survey is to gather information which will help the Trust to improve the working lives of our staff and so help to provide better care for patients. The staff survey provides the Trust with a wealth of information detailing staff views about working at the Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust.

One of the questions asked in the survey relates to the Friends and Family Test i.e. would a staff member recommend the Trust as a treatment provider to their family or friends.

Staff who would recommend the Trust to their family or friends	2015		2016	
	%		%	
National Average (All Trusts)	69		69	
Highest	96		95	
Lowest	38		45	
Robert Jones and Agnes Hunt	93		93	

The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust considers that this data is as described for the following reasons:

- The trust continues to participate and improve the Staff survey results

The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust has taken the following actions to improve this score and so the quality of its services, by

- Continuing to support staff to have a positive experience and work across the hospital.

## Ensuring that people have a positive experience of care

### Responsiveness to Inpatient's Personal Needs

We await the final CQC benchmark report for the 2016 survey due to be published in June 2017.

	2012/13	2013/14	2014/15	2015/16
National Average	68.1	68.7	68.9	69.6
ROBERT JONES AND AGNES HUNT ORTHOPAEDIC HOSPITAL NHS TRUST	79.0	81.6	79.8	82.0
Highest	84.4	84.2	86.1	86.2
Lowest	57.4	54.4	59.1	58.9

The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust considers that this data is as described for the following reasons:

- The Trust has a robust patient experience programme in place, that facilitates learning and implementing changes based on patient experience

The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust has taken the following actions to improve this percentage:

- Completion of the patient experience collaborative
- Implementation of the Learning Triangles

### Patient Friends and Family Test

The Friends and Family Test (FFT) is a single question survey which asks patients whether they would recommend the NHS service they have received to friends and family who need similar treatment or care. Patients are asked to answer the following question: "How likely are you to recommend our ward to friends and family if they needed similar care or treatment" on the day of discharge or after they have had a clinic appointment. They are invited to respond to the question by choosing one of six options, ranging from "extremely likely" to "extremely unlikely".

The Trust has been collecting FFT data monthly via the Trust current comment cards and electronically using volunteers to collect the data in real time using iPads.

### For Inpatients

4603 patients completed the FFT question, a response rate of 32.3% with 99.4% of inpatients recommending the Trust to friends and family, which is higher than the average score of all NHS Trusts in England which was 95%. The Trust score is within the top 4 NHS hospitals each month making the Trust one of the top performing NHS Trusts in the country.

Promoters - Extremely Likely	Passive – Likely	Detractors - Not at All	Detractors - Neither Likely nor Unlikely	Detractors - Unlikely	Don't Know
4377	200	10	11	3	2

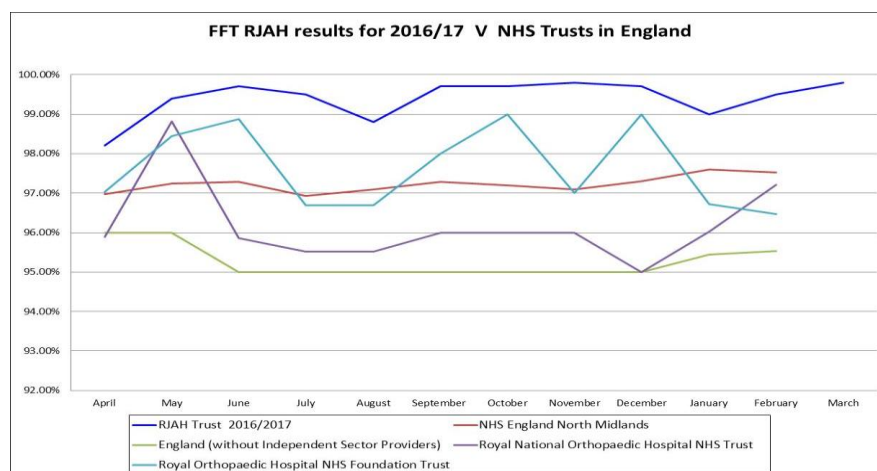
### For Outpatients

3531 outpatients completed the FFT question with 98.3% of patients recommending the Trust to friends and family.

RJAH FFT results for 2016/17 for outpatients:

Promoters - Extremely Likely	Passive - Likely	Detractors - Not at All	Detractors - Neither Likely nor Unlikely	Detractors - Unlikely	Don't Know
3235	246	11	26	8	5

The graph below shows a comparison of the RJAH FFT inpatient score against; Trusts in NHS North Midlands, all NHS Trusts in England, the Royal National Orthopaedic Hospital



NHS Trust and Royal Orthopaedic Hospital NHS Foundation Trust

The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust considers that this data is as described for the following reasons:

- The Trust has a robust patient experience programme in place, that facilitates learning and implementing changes based on patient experience

The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust has taken the following actions to improve this percentage:

- Completion of the patient experience collaborative
- Implementation of the Learning Triangles

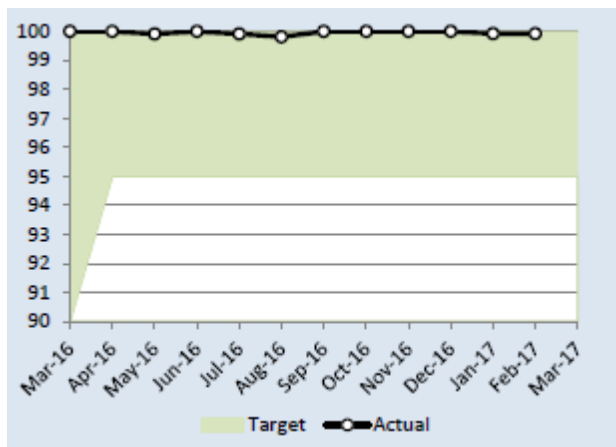
## Treating and caring for people in a safe environment and protecting them from avoidable harm

### VTE Assessment

Our patients often have difficulties mobilising which places them at an increased risk DVT or PE and as such the Trust's VTE assessment is of utmost importance to ensure that patient's do not suffer avoidable DVT or PE.

The Trust has in place a robust system of audit to measure compliance with the VTE assessment process. Further, any incidence of DVT or PE is subject to a full root cause analysis review to ensure that learning is taken.

The chart below outlines the percentage compliance for VTE assessments for the year:



RJAH has maintained the required percentage of VTE assessments completed. The Trust monitors this through the monthly performance reports. The process for recording the assessments has been reviewed and strengthened and processes are in place to ensure that all VTE incidences are fully investigated through the Root Cause Analysis method. An example of this is that in June/ July 2016 we saw an increase in VTE incidences in our Midlands Centre for Spinal Injuries. This resulted in a deep dive of the incidents being completed and practice changes being put in place.

The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust considers that this data is as described for the following reasons:

- The Trust has in place a clinical lead for VTE who champions the VTE process amongst the clinical staff
- Regular audits are undertaken to check compliance with follow up actions where required

The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust has taken the following actions to improve this percentage, and so the quality of its services, by:

- Implementation of documentation audits to ensure the completion of the necessary risk assessments are further implemented

## C.difficile Infections

The Trust measures infection control performance as a rate per 1000, 00 bed days of cases amongst patients aged 2+

Trust has continued to report no incidences of C Difficile for the year 2016/17. This was against a target issues by NHSE of 2.

Name of NHS Trust	April 2013 - March 2014			April 2014 - March 2015			April 2015 - March 2016		
	Trust Apportioned	Total	Rate per 100,000 bed-days for specimens taken from patients aged 2 years and over (Trust apportioned cases)*	Trust Apportioned	Total	Rate per 100,000 bed-days for specimens taken from patients aged 2 years and over (Trust apportioned cases)*	Trust Apportioned	Total	Rate per 100,000 bed-days for specimens taken from patients aged 2 years and over (Trust apportioned cases)*
ROBERT JONES AND AGNES HUNT ORTHOPAEDIC HOSPITAL NHS TRUST	1	1	1.9	2	2	3.8	0	0	0.0
ROYAL NATIONAL ORTHOPAEDIC HOSPITAL NHS TRUST	9	9	17.2	3	3	6.7	2	2	4.5
THE ROYAL ORTHOPAEDIC HOSPITAL NHS FOUNDATION TRUST	2	2	6.3	2	2	6.5	6	6	20.0
HIGHEST	99	99	37.1 - UNIVERSITY COLLEGE LONDON HOSPITALS (RRV)	37	37	62.2 - THE ROYAL MARSDEN (RPY)	139	139	24.3 - LEEDS TEACHING HOSPITALS (RR8)
LOWEST	0	0	0.0 - BIRMINGHAM WOMENS (RLU)	0	0	0.0 - ALDER HEY CHILDRENS (RBS)	0	0	0.0 - BIRMINGHAM CHILDRENS HOSPITAL (RQ3)
	0	0	0.0 - MOORFIELDS EYE HOSPITAL (R9S)	0	0	0.0 - BIRMINGHAM CHILDRENS HOSPITAL (RQ2)	0	0	0.0 - MOORFIELDS EYE HOSPITAL (R9S)
	0	0	0.0 - ROYAL NATIONAL HOSPITAL FOR RHEUMATIC DISEASES (RBB)	0	0	0.0 - BIRMINGHAM WOMENS (RLU)	0	0	0.0 - LIVERPOOL WOMENS (REP)
				0	0	0.0 - MOORFIELDS EYE HOSPITAL (R9S)	0	0	RJAH

The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust considers that this data is as described for the following reasons:

- Data is reported and monitored on a monthly basis.

The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust has taken the following actions to improve this rate and so the quality of its services, by:

- Continuing to carry out regular audits and monitoring instances of non-compliance

## Number of patient safety incidents and % resulting in severe harm /death

The hospital has a robust and established incident management process in place. The Trust utilises an electronic reporting system which enables all incidents to be tracked from the point of reporting and on-going monitoring until closure of an incident, therefore promoting timely response to serious incidents.

The table and graph below shows the number of patient safety incidents reported each month during the reporting period and a breakdown by severity grading for these, including the proportion of incidents resulting in severe harm or death.

Benchmarking information outlines our performance against our peers:

### ***Patient Safety Incidents Reported***

Period of Coverage	Rate of incidents	Number of incidents
Oct 15 - Mar 16	36.80	871
Apr 15 - Sep 15	29.60	752
Oct 14 - Mar 15	29.0	761
Apr 14 - Sep 14	26.3	684
Oct 13 - Mar 14	9.7	689
Apr 13 - Sep 13	7.2	510

***Patient Safety - Severe Harm / Death***

<b>Period of Coverage</b>	<b>Rate of incidents</b>	<b>Number of incidents</b>
Oct 15 - Mar 16	0.04	1
Apr 15 - Sep 15	0.08	5
Oct 14 - Mar 15	0	0
Apr 14 - Sep 14	0.12	3
Oct 13 - Mar 14	0.07	5
Apr 13 - Sep 13	0.01	1





## Serious Incidents

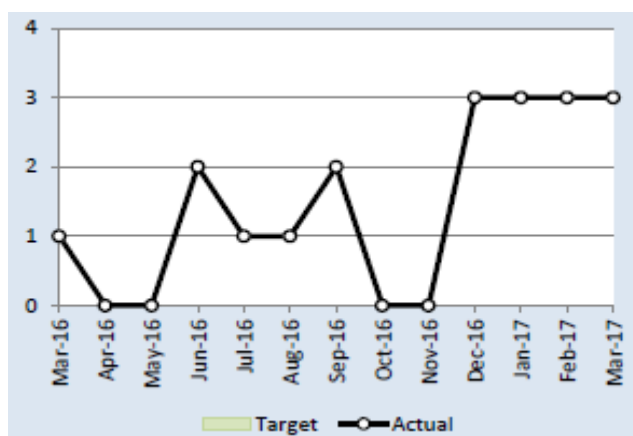
In 2016/17 the Trust reported 18 serious incidents' as defined by the NHS England Serious Incident Framework.

Incidents that have been reported relate to:

- Pressure sores category 3/4. Also reported as Safeguarding Concerns.
- Unexpected Deaths (Deteriorated Patient HDU, Ruptured DU, Cardiac Arrest ARF)
- Never Events (Wrong Site Surgery)
- Infections (MSSA/ Joint Infections)
- Falls
- Safeguarding

During 2015/16 we reported 12. In 2015/16 we had no never events.

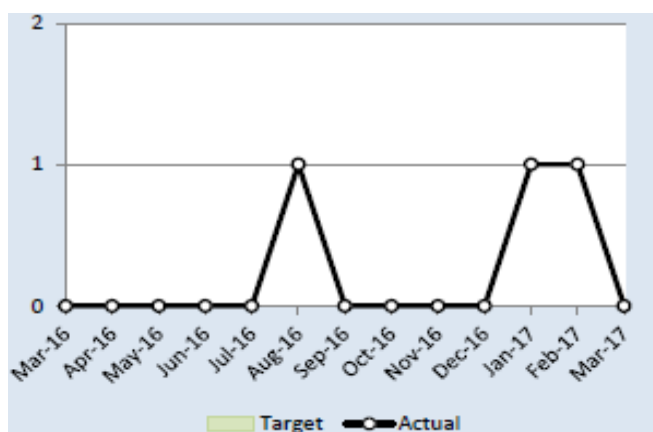
In 2014 we had one never event which was a wrong level spinal surgery.



### Never Events

These are defined as serious, largely preventable patient safety. All of these incidents that should not occur if the available preventative measures have had a Root Cause Analysis completed and have been implemented presented and agreed at the Quality and Safety Committee. All of our Serious Incidents have been reviewed by the Clinical Commissioning Group to ensure they are in line with the NHSE Framework.

In 2016/17 there were 3 never events. 2 related to wrong level spinal surgery and 1 related to an incision being made on the wrong finger. All have been reported in line with the NHSE never event framework and have been investigated and reported to NHSi and CQC.



The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust considers that this data is as described for the following reasons:

- A full review of Risk management systems and processes has been undertaken.

The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust has taken the following actions to improve this rate and so the quality of its services, by:

- Reviewing risk management systems and processes
- Reviewing Datix
- Implementation of a new serious incident framework
-

# PART 3

## Review of Quality

### Summary of Performance Status for Quality Priorities Set for 2016/17

In line with the Trust's Quality Improvement Strategy, and in discussion with the Board of Directors, Council of Governors and other relevant stakeholders (including the Patient Panel and commissioners), the Trust identified the following three key priorities for 2016/17:

- **Safety:** A decrease in the number of spinal infections
- **Effectiveness:** All mandatory training and appraisals to be at 90%
- **Patient Experience:** Patient experience of the pre-op pathways

#### Progress made for quality priorities 2016/17

In our Quality Account for 2016/17, we chose three areas to focus on for our quality improvement priorities.

The following section gives a detailed account of the progress we have made for each of the priority areas and how the improvement work will be maintained in the coming year. In this section, we also discuss the quality priorities that we will be taking forward into 2016/17 and those that we will be retiring from the Quality Accounts.

It is important to remember that even though some priorities may be retired, this is not to say that the work ceases, but rather that the processes and systems for continued management of the improvement goal are well established and can be maintained outside of the Quality Account process

#### Safety

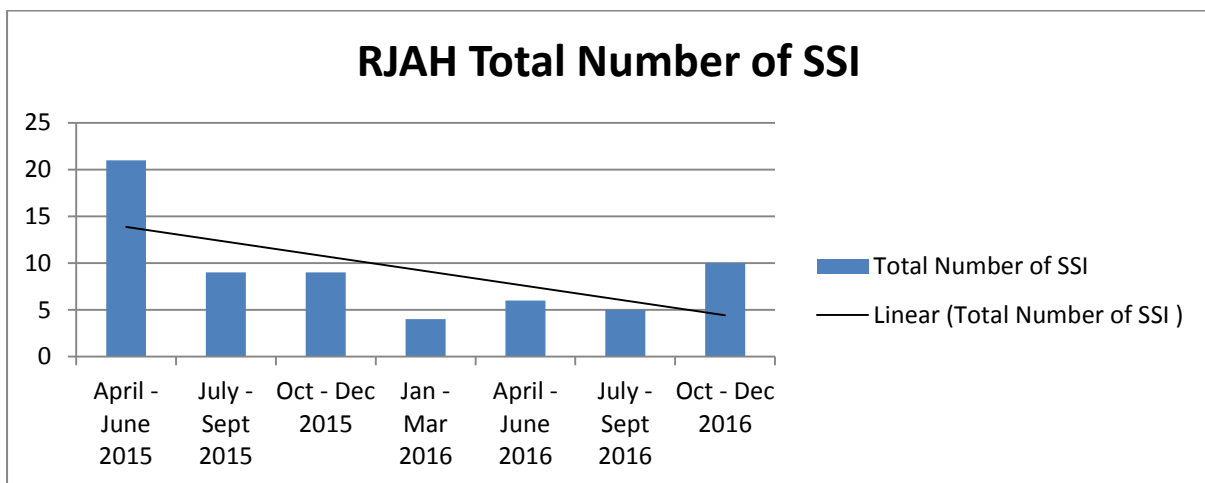
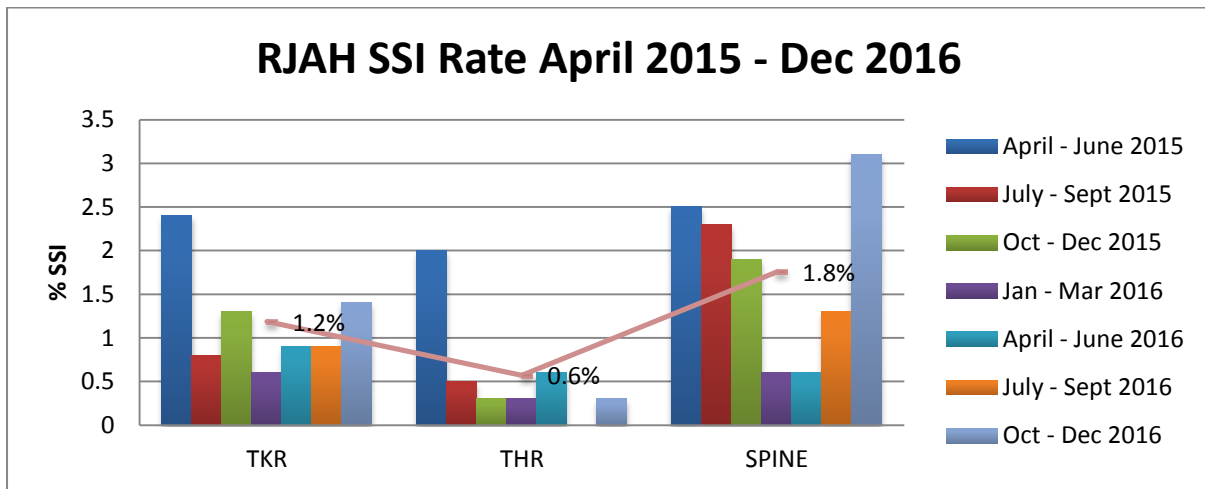
##### Priority One: A 50% decrease in the number of spinal infections



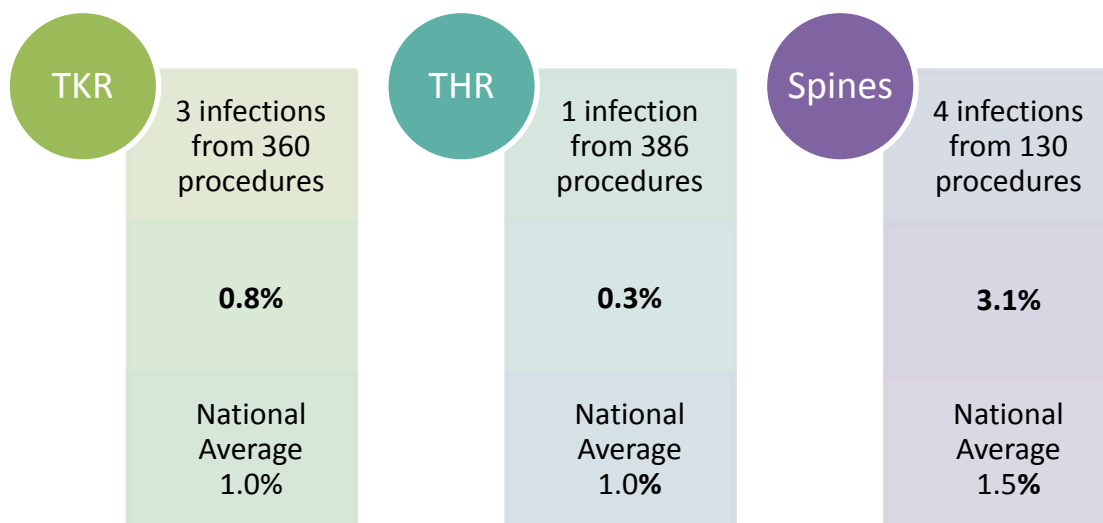
The first step in the treatment of surgical site infections (SSI) is in their prevention. This encompasses meticulous operative technique, timely administration of intra operative antibiotics, and a variety of preventive measures aimed at neutralizing the threat of bacterial, viral, and fungal contamination posed by operative staff, the operating room environment, and the patient's endogenous skin flora.

To reduce the incidence and consequences of surgical site infection, the Trust performed weekly audits using the High Impact Intervention: Care bundle to prevent surgical site infection. Regular auditing of the care bundle actions supported cycles of review and continuous improvement to ensure appropriate and high quality patient care. This was measured through the surgical site surveillance programme and reported through the Infection Control Committee.

Over all we have seen a 64% reduction in relation to surgical site infections compared to the 2105 data.



Surgical site infections in total hip replacement (THR) and total knee replacement (TKR) remain below the National Average.



Spinal surgical site infections peaked during October- December 2016, in which four patients developed surgical site infections, this has put the Trusts infection rates well above the National Average.

Of the four spinal patients identified as surgical site infections three had deep infections requiring a washout and debridement procedure, two of which were during admission and the third patient was readmitted. The fourth patient was superficial and was managed as an outpatient.

The focus on the One Together Toolkit is to continue improving standards across the pre-operative, intra operative and post -operative pathway, by reviewing surgical practices to reduce SSI rates.

The Trust piloted post discharge surveillance in spinal surgery from October- December 16, all three of the patients identified were confirmed infections as part of the inpatient and readmission category. The post discharge process requires to be defined across all categories of surveillance.

## Effectiveness

Priority Two: All mandatory training and appraisals to be at 90%

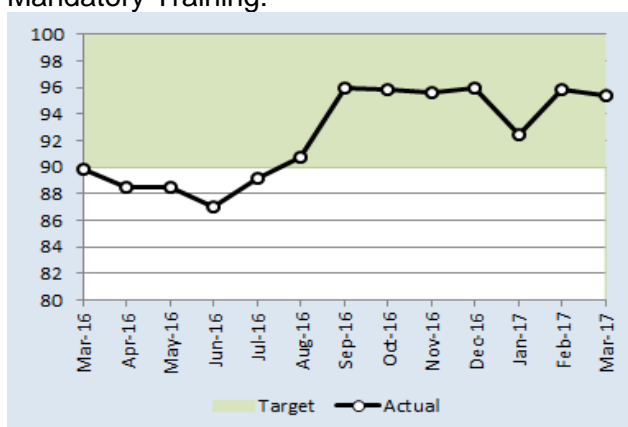


The Trust has seen a steady improvement over the last 2 years towards achieving the 90% compliance target for statutory/mandatory training and appraisals for all staff at the Trust. These improvements have been created through the promotion and positive link made between the annual incremental pay progression only being awarded upon the completion of these Trust requirements, in accordance with Annexe W of the Agenda for Change Terms and Conditions.

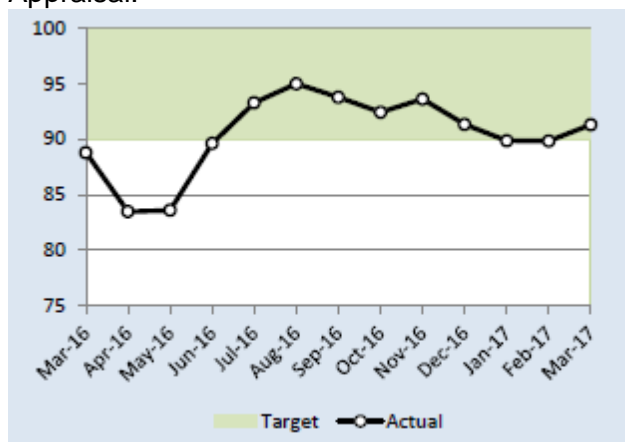
The Trust will continue to actively pursue the target of 90% compliance target for statutory/mandatory training and appraisals for all staff at the Trust with the support of managers and the Senior Management team and compliance will continue to be reported and discussed at divisional performance reviews and at Executive meetings.

The chart below shows the overall improvement in performance across the year achievement of 92.8% has been reported:

Mandatory Training:



Appraisal:



### Priority Three: Patient experience of the pre-op pathways

The Trust will measure the number of patients going through this alternate pre-op pathway and aims to have 20% of pre-op patients going through this pathway by year-end.

The Trust has started work on a pre-op pathway redesign, which is aimed at improving the patient experience. Patients are triaged as green, amber and red, based on the medical history of the patient and the complexity of their surgical operation. For patients rated as green and undergoing a local anaesthetic, the Trust has increased the number of telephone pre-op assessments that are undertaken each week. In addition, the assessment part of the patient journey for these patients now starts at the decision to treat stage.

The average percentage of patients within the pre-operative pool at the 31<sup>st</sup> March 2017 was 69.85%.

#### Quarter 4 2016/17: % of patients with completed pre- operative assessment

December	January	February	March
68.60%	72.10%	70.40%	68.30%

## Local Quality Indicators \*

### Safety

#### Falls

Patients who have fallen prior to admission to hospital or who present at hospital following a fall are at high risk of falling whilst an inpatient. This is due to the increased incidence of confusion, confounding medical conditions and environmental factors. (Fonda et al 2006). Reducing the risk of these falls can be achieved by identifying those at risk of falling and implementing a multidisciplinary multifactorial management and intervention strategy, whilst maintaining a patient's right to dignity, privacy, independence and their right to make informed choices about the risks they take.

It was decided that the falls collaborative work needed to be relaunched to look at what the trust is already doing to help prevent or minimise risk of falls, and to relook at what else we might be able to focus on and work differently. The first meeting of the collaborative took

place on the 8<sup>th</sup> November 2016 where there was a wide selection of staff in attendance which included medical staff, nursing, portering, pre-operative assessment staff, patient representatives, senior nurses, radiography, and occupational therapists.

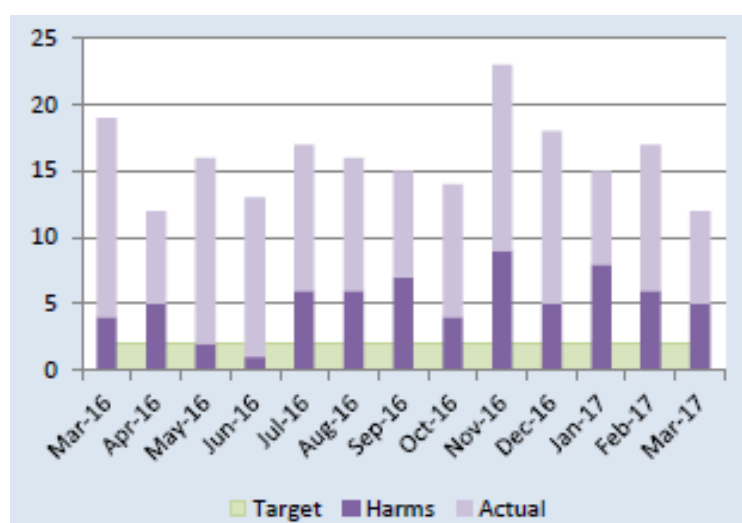
The refocus was generated by the recent data analysis report which Mr Andrew Roberts (Consultant Surgeon) has completed which looked at RJAH Falls data from 2013 – 2016. The main source for the collection of this data was through the datix system, electronic patient record (EPR), and medicines reconciliation documents.

This paper was presented at the Falls collaborative meeting by Mr Roberts as well as another presentation from the falls lead which looked more closely at falls data from April 2016 – Sept 2016, and the interventions which we have already in place.

Following a wide discussion and feedback from the groups a number of actions were identified:

No.	Description of Action	Person(s) responsible
1	Polypharmacy (4 + medications)	Task & Finish Group led Matron Quality & Safety
2	Anaesthetic Review	Department of Anaesthetics & Audit
3	Communication of Risk Factors	Falls Lead and Manual Handling Coordinator + Falls Group Members
4	Immediate Post Fall follow-up	Falls Lead & Manual Handling Coordinator
5	Environmental (other) factors	Falls Group members
6	Intentional Rounding Review	Falls Group Members
7	Patient Education & Staff Training	To be discussed at next falls collaborative 8 <sup>th</sup> March 2017
8	Exploration of fall peak times on wards	To be discussed at next falls collaborative 8 <sup>th</sup> March 2017

The following chart outlines the performance relating to falls for the year:





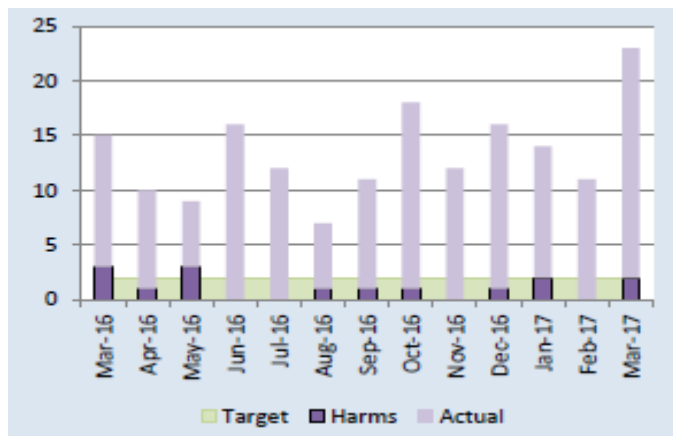
## Medication Incidents

Medication incidents and an organisational response to these is a good measure of patient safety. During 2016/17 we have continued to monitor the amount of harm experienced from patient medication incidents alongside monitoring the total number of incidents across all clinical areas of the organisation.

We have a medication safety group in place chaired by our Chief Pharmacist. Both the Chief Pharmacist the Safety Pharmacist and the clinical teams work together to ensure that medication incidents are reported and learning occurs.

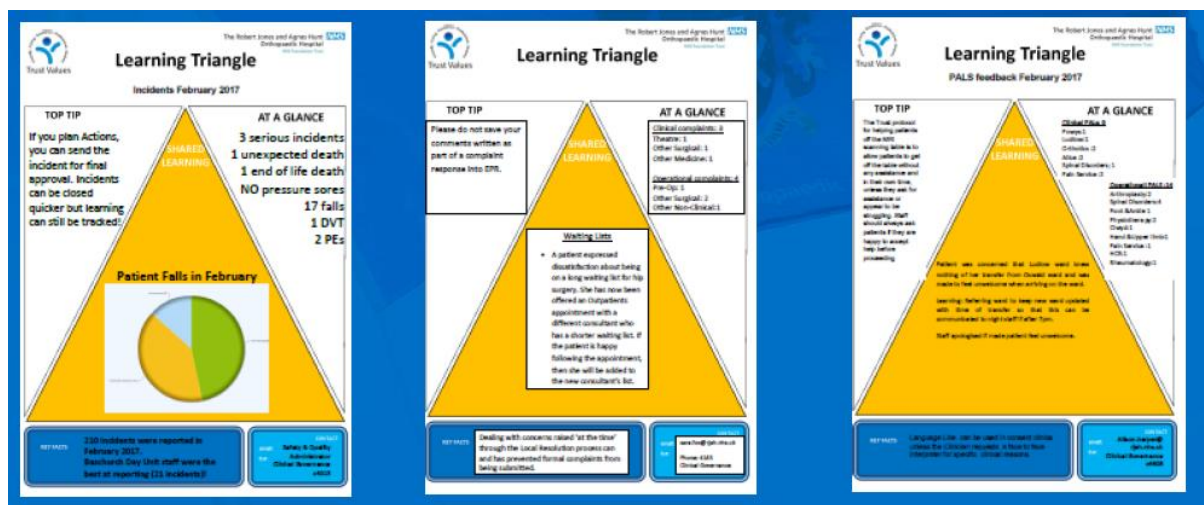
Ward walkabouts have occurred in 2016/17 which has resulted in an increase in the reporting of medication incidents – however we have seen across the year a decrease in the harm associated with these.

The chart below tracks our progress across the year in relation to the number of incidents and the levels of harm associated with these:



## Learning Lessons from incidents

Lessons learned from incidents are shared across the Trust through the development of Learning Triangles and are communicated through the staff open forum.



## Evidence of Learning

- Review of Wound Management and Tissue Viability processes undertaken. Documentation changes made and training now rolled out and in place.
- The reports regarding Unexpected deaths have triggered further analysis of how the deteriorating patient is managed. Vital PACS in place and these have improved the check and trigger process and escalation.
- Collaborative for 2017/18
- Admission Criteria - Outreach review MSCI
- Spinal Never Events, policy re audited in association with the NOA by Medical Director. Best practice and benchmarking with other centres. Process for marking level reviewed. CT in theatres being considered through capital programme.
- Wrong Finger Never Event. Human Factor training to be commissioned for the Trust. Safety Summit to be held in June 2018 with practitioners and clinicians to explore how we can collaboratively strengthen the WHO processes undertaken.
- The Falls Collaborative has been running for 9 months, good progress being made. Reductions in falls in high risk areas being evidenced.
- Safeguarding processes strengthened, reporting culture good. Case review at the Bi Monthly Safeguarding group meeting.

## Sign up to Safety

Sign Up to Safety is a national initiative that aims to help the NHS improve the safety of patient care. Organisations are invited to sign up by making pledges under five areas:

### 1. **Putting safety first.**

Committing to reduce avoidable harm in the NHS by half through taking a systematic approach to safety and making public your locally developed goals, plans and progress. Instil a preoccupation with failure so that systems are designed to prevent error and avoidable harm

### 2. **Continually learn.**

Reviewing your incident reporting and investigation processes to make sure that you are truly learning from them and using these lessons to make your organisation more resilient to risks. Listen, learn and act on the feedback from patients and staff and by constantly measuring and monitoring how safe your services are

### 3. **Being honest.**

Being open and transparent with people about your progress to tackle patient safety issues and support staff to be candid with patients and their families if something goes wrong.

### 4. **Collaborate.**

Stepping up and actively collaborating with other organisations and teams; share your work, your ideas and your learning to create a truly national approach to safety. Work together with others, join forces and create partnerships that ensure a sustained approach to sharing and learning across the system

### 5. **Being supportive.**

Be kind to your staff, help them bring joy and pride to their work. Be thoughtful when things go wrong; help staff cope and create a positive just culture that asks why things go wrong in order to put them right. Give staff the time, resources and support to work safely and to work on improvements. Thank your staff, reward and recognise their efforts and celebrate your progress towards safer care.

The Trust has made pledges under each of these areas in September 2015, at the Trust Sign Up to Safety Launch day to raise awareness of the initiative and to encourage staff to complete their own individual pledges. There was an excellent response with a number of staff from both clinical and non-clinical signing up to the initiative. We have continued to support these events which have been supported and reinforced with staff across 2016/17

## Effectiveness

### The National Institute for Health & Clinical Excellence (NICE) guidance

In 2016/17 NICE published 149 Guidance's to which there were:

- 54 clinical guidelines & National Guidelines
- 24 Interventional procedures
- 61 Technology appraisals
- 5 Medical Technologies guidance's
- 5 Diagnostic guidance's

Nice also produced 279 advice/recommendations to which there were:

- 11 Evidence Summaries
- 67 Evidence Summaries: New Medicines
- 48 Evidence Summaries: Unlicensed or Off-label medicines
- 15 Key Therapeutic Topics
- 101 Medtech innovation briefings
- 1 Medicines practice guideline
- 36 Quality Standards

A baseline assessment was carried out for guidance's relevant to the Trust and where appropriate audits were undertaken to measure compliance are put in place. Audits that are being carried out or have been carried out in 2016/17 in relation to NICE guidance include:

- Measurement and assessment of overweight and obesity in children NICE PH 47
- Urinary Incontinence in Women NICE CG 171
- Reaudit of compliance to NICE TA 143
- National Rheumatology Audit CG 79, QS 33
- Pneumonia in Adults NICE CG 191
- Reaudit of Myocardial Infarction Rehabilitation NICE CG 172
- Audit of management of distal radial fractures at RJAH NICE NG 38
- Denosumab for the prevention of osteoporotic fractures in postmenopausal women TA 204
- Acute Heart Failure CG 187
- Acutely ill adults in hospital: recognising and responding to deterioration CG 50

### Sustaining Quality through Assessment & Review (STAR)

The STAR assessment is a trust wide uniform approach in monitoring quality standards of patient care, and offers managers and their staff a structure of expectations for their wards. It provides assurance for staff, patients, relatives, visitors and the senior management team, that there is a practical robust system in place which monitors compliance against national standards.

#### Progress to date

The STAR performance assessment framework has continued to been undertaken on all the adult wards within the trust. Currently there are:

- One ward at 3 Stars,
- Three wards 4 Stars
- Two wards 5 Stars.

- Theatre/Recovery & Anaesthetics 3 Stars.
- Main Outpatients who has just started the process is at 2 Stars

There are two ward areas yet to be assessed Oswald, and Baschurch however there are plans in place to develop a specific STAR assessment for Baschurch, and Oswald ward has been dated for assessment.

Alice Ward (paediatrics) Star assessment has been developed specifically for this specialised area which is due to be undertaken during April 2017.

### **5 STAR Success**

During 2016 two wards have successfully achieved 5 STAR status which is a fantastic achievement.

The 5 STAR criteria and assessment process is for managers to show case their ward or department through a formal presentation to the senior management team consisting of a panel of observers which includes the lead executive Director of Nursing, an non-Executive Director, a patient panel representative, and an external panellist from another care provider. It gives the ward/department area an opportunity to demonstrate what changes have been implemented to improve quality and safety within their area, and what innovation has been undertaken.

In addition to this, there is also a requirement for the Manager to formulate a portfolio to present to the panel.

Once the ward/department area has been successful in 5 STAR status the area will be required to sustain this, and develop specific objectives for the next 12 months involving the wider team, and members of the multidisciplinary team working collectively together

5 STAR status also incorporates the ward team/department in the safety improvement collaborative relating to reducing specific patient harms. The first two collaborative which has been developed is the Medicine Management collaborative, and the Falls Collaborative. How the ward/department demonstrates the impact of this work is by evidencing this through the ward portfolio and their 5 STAR presentations.

### **Health and Safety**

Health and Safety Incidents are monitored on an ongoing basis through the year and reported to the Health and Safety Committee. Those incidents reported that are of a more serious nature and/or result in more than seven days off work as a result of serious injury such as fractures or dislocations are also reported to the Health and Safety Executive (HSE) under the Reporting of Injuries Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR). During 2016/17 there was 2 incident that was reported to the HSE under the requirement of the RIDDOR regulations. This is an increase of 1 RIDDOR reported incidents from the previous 12 month period.

The 2016/17 Health and Safety Plan was monitored by the Health and Safety Committee. Outcomes from the plan include:

- Trust departmental managers attended 4 day IOSH Managing Safely course
- Datix Lead enrolled on NEBOSH General Certificate in Occupational Health and Safety
- Programme of proactive health and safety inspections implemented across the Trust
- Increase in proactive risk assessments being carried out within the Trust
- A reduction in total harm as a result of health and safety incidents
- Statutory employee health and safety training rated 'green' at year end
- Continued engagement with staff side union health and safety representatives

## Experience

### Patient Experience Collaborative

On the 19th October 2016, the Trust launched the Patient Experience Collaborative to work in partnership with patients, staff and key partners to ensure that the RJAH is learning from incidents, complaints and patient and staff feedback to ensure a positive patient safety culture is supported across the organisation and embed the process for sharing learning across the Trust.

Three successful Patient Collaborative meetings have taken place and have been well attended by staff and patients; with table top exercises, group discussions and varied presentations on Caring with Compassion, a patient story on delayed discharges, NHS England update, Pre-op improvements, to help provide a background to develop actions to support the work going forward.

A base line patient experience audit was undertaken in December 2016 in collaboration with clinical audit and the patient panel. These results have formed part of the evidence to support the collaborative to help determine priorities for action and development of the Patient Experience Strategy in 2017/18.

### Always Events

The Trust is looking to develop RJAH Always Events which are the things that we ALWAYS want to happen when our patients access RJAH services, to look at the things that really matter to our patients and ensure they are consistently achieved. This work will be followed up through the Patient Collaborative.

#### Always Events®

Always Events® are defined as "those aspects of the patient [individual] and family experience that should always occur when patients [individuals] interact with healthcare professionals and the delivery system."

### Learning from Patient Feedback/Changes in Practice or Service Improvement

Action plans are produced from each complaint and PALS concern, and learning outcomes are shared to enable the Trust to learn from all feedback. Good practice examples are shared in the monthly Learning Triangles reports and at the Patient Experience and Communications group to promote shared learning across the Trust. There have been 40 action plans from a complaint, 45 action plans from PALS concerns.

Some examples of changes in practice following patient feedback:

Complaint: Physiotherapy- The patient felt that she did not get very much Physio over the weekend. Action: plan to increase the amount of Physio provided on weekends to inpatients and in evenings.

Complaint: Infection/abscess requiring surgical debridement at RSH and poor technique used to provide the injection(s)  
Action: The Dr involved has stopped using a 'peppering' technique and is now giving a full brief of the procedure, with written information to all patients.

Complaint: following concerns about volunteers and chaplains not using the hygiene hand gel, a reminder was sent to all chaplains and volunteers reminding them about infection control procedures, including hand hygiene. This will be reinforced at the next scheduled team meeting.

PALS I would love to see a leaflet with all the disabled toilet facilities with a map, so they are easier to find  
Action: Trust map has been amended to include the disabled facilities.

### Sit and See Observations of care

This simple observation tool captures and records the smallest things that can make the biggest difference to patient care, for example a smile, a little banter, a reassuring touch, which can make all the difference to the patient experience. The tool is a simple recording system which can identify positive, passive and poor care.

There are currently 32 active Sit and See observers trained from a selection of clinical and non-clinical staff, including administration staff, healthcare support workers, trained nurses, Patient Panel members, and Non-Executive Directors. There have been 17 ward/department areas involved in the observation.

Feedback and a report is shared with ward/department staff, and is also part of the STAR assessment performance framework as having been carried out on a monthly basis.

The Matron for Quality and Safety has provided further training to recruit more staff and patient reps to get involved and also carried out refresher training for existing observers.

#### Some examples of Positive practice identified from 'Sit and See' during 2016/17:

Therapists – Good patient interaction and positive body language

Asking questions about patient's home life and checking if the patient is happy with the facilities they have at home

H.C.As showing kindness, making sure everyone was comfortable with temperature. Air conditioning turned off.

Was welcomed by receptionist – friendly and greeting patients

#### Examples of Passive and Poor themes across the wards and actions:

**Observation:** Noisy metal bin dropped from height

**Action:** The ward is in the process of purchasing new bins on a rolling programme

**Observation:** Holes noted in fabric to examination beds

**Action:** Hole in examination bed to be reported and fixed

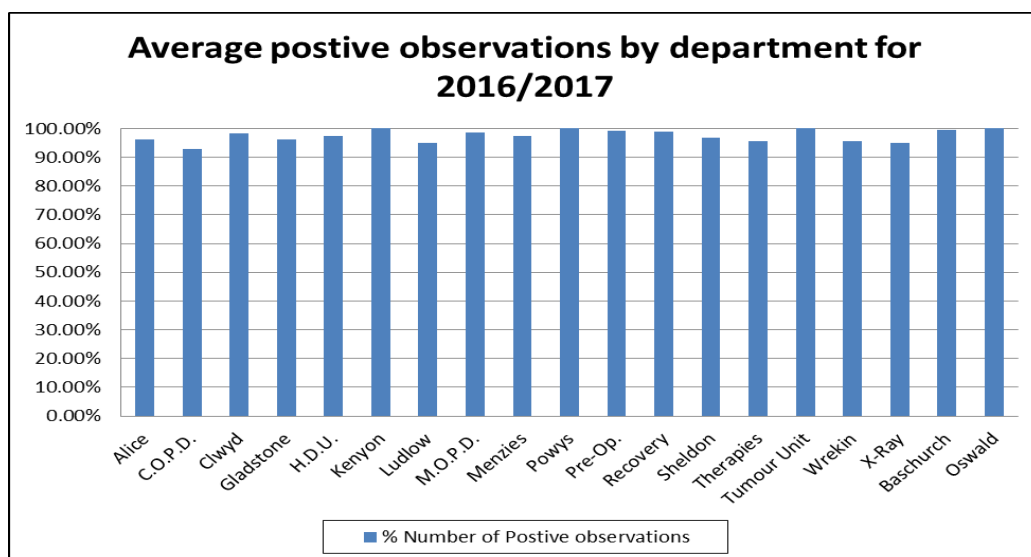
**Observation:** Nurse gave drugs to patient while he was eating – no eye contact

**Action:** Staff to be reminded not to drug rounds at meal times if possible

**Observation:** Volume of visitors sitting round a patient's bed x3 sitting at bottom of bed.

**Action:** Staff to monitor and control volume/amount of visitors per patient per bed

The graph below show the average number of positive observations of care by department with an overall Trust score of 98%.



## Duty of Candour

The Duty of Candour legislation was introduced by the Care Quality Commission in November 2014. This legislation states that in any incident where the patient suffered moderate or severe harm, a process needs to be followed to ensure that there is full communication with the patient, including an apology for the harm suffered and an explanation of any investigations undertaken by the Trust into the incident. The legislation defines moderate harm as any harm that is significant but not permanent, and that leads to a moderate increase in treatment, and severe harm as any harm that is likely to affect the patient permanently.

To ensure compliance, the Trust reviewed its existing Being Open policy and incorporated the requirements for Duty of Candour into this policy. In addition, the Datix system was updated to allow staff to record that the process had been followed.

The Trust monitors compliance with Duty of Candour through the Datix incident reporting system and ensures that patients are given a full apology and explanation, both verbally and in writing, if they are harmed.

\*Derived from internal data sources

## National Quality Indicators

### Staff Survey results

Overall the 2016 staff survey results are broadly similar to the previous year. 93% of respondents would be happy with the standard of care provided if a friend or relative needed treatment and 71% of respondents would recommend the Trust as a place to work.

Our overall engagement score was comparable with other acute specialist trusts.

The response rate and top and bottom ranked key finding scores are detailed below.

Response Rate	2015		2016		Trust Change
	Trust	National Average	Trust	National Average	
	47%	41%	42%	44%	-5%

### Top 5 ranked key finding scores

Key Finding	2016	2015	Improvement / Deterioration	National Average
KF28. Percentage of staff witnessing potentially harmful errors, near misses or incidents in last month	22%	18%	+4%	28%
KF16. Percentage of staff working extra hours	67%	70%	-3%	74%
KF17. Percentage of staff feeling unwell due to work related stress in the last 12 months	29%	28%	+1%	33%
KF25. Percentage of staff experiencing harassment, bullying or abuse from <b>patients, relatives</b> or the <b>public</b> in last 12 months*	16%	21%	-5%	20%
KF24. Percentage of staff / colleagues reporting most recent experience of violence	82%	71%	+11%	67%

\* lower score is better

### Bottom 5 ranked key finding scores

Key Finding	2016	2015	Improvement / Deterioration	Average
KF13. Quality of non-mandatory training, learning or development	3.89	3.96	-.07	4.07
KF12. Quality of appraisals	2.80	2.87	-.07	3.21
KF27. Percentage of staff / colleagues reporting most recent experience of harassment, bullying or abuse	37%	44%	-7%	47%
KF29. Percentage of staff reporting errors, near misses or incidents witnessed in the last month	90%	84%	+6%	92%



KF31. Staff confidence and security in reporting unsafe clinical practice	3.55	3.61	-.06	3.73
---	------	------	------	------

Our survey results have been shared with our divisional and corporate teams who will develop local initiatives to improve results. Progress will be monitored through divisional performance review meetings and Quality and Safety Committee. The survey is one element of our ongoing work to develop our leadership capacity and capability and support our cultural change programmes.

## Staff FFT

The Trust completes the staff FFT on a 6 weekly basis. These results feed into the Divisional Performance meetings for the Divisions across the organisation. Currently our data suggests a high recommendation (Above the national average) for staff recommending our services to others.

<i>Staff who would recommend the trust to their family or friends</i>				
Organisation	2013	2014	2015	2016
ALL TRUSTS	65	65	69	69
ALL ACUTE TRUSTS	67	67	69	70
ROBERT JONES AND AGNES HUNT ORTHOPAEDIC HOSPITAL NHS TRUST	88	93	93	93
ROYAL NATIONAL ORTHOPAEDIC HOSPITAL NHS TRUST	90	87	89	88
THE ROYAL ORTHOPAEDIC HOSPITAL NHS FOUNDATION TRUST	82	84	83	77
HIGHEST	93.9 - PAPWORTH HOSPITAL NHS FOUNDATION TRUST (RGM)	93 - RJAH	96 - Aintree University Hospital NHS Foundation Trust (REM)	95 - LIVERPOOL HEART & CHEST HOSPITAL NHS FOUNDATION TRUST (RBO)
LOWEST	39.6 - MID YORKSHIRE HOSPITALS NHS TRUST (RXF)	38 - ROYAL CORNWALL HOSPITALS NHS TRUST (REF)	38 - NORFOLK & SUFFOLK NHS FOUNDATION TRUST	45 - MANCHESTER MENTAL HEALTH & SOCIAL CARE TRUST (TAE)

Some lower scores - but for CCGs - selected the lowest score

The following section outlines the Trust's performance against the relevant indicators and performance thresholds set out in the oversight documents issues by NHS Improvement. For 2016/17 these are:

- The Risk Assessment Framework for 1 April – 301 September
- The Single Oversight Framework for 1 October – 31 March

## Referral to Treatment Times (RTT)

Following the Trust being found in breach of its licence conditions in January 2016, the Trust implemented a RTT Recovery Plan and Integrated Governance Action Plan. The RTT recovery plan has been implemented and the Trust has reduced the time that patients are required to wait for treatment; in March 2017 91.37% was achieved against the national 18 week target of 92% and zero English patients were waiting over 52 weeks for treatment. The de-escalation of the Integrated Governance Action Plan was agreed by Trust Board in March 2017 and residual actions have been risk assessed and are tracked through existing governance arrangements. The process to remove some of the licence breach undertakings, led by NHS Improvement, is underway.

Indicator for Disclosure	Info taken from the published annual accounts		
	2014-15	2015-16	2016-17
Maximum time of 18 weeks from point of referral to treatment (RTT) in	90.89%	86.28% (based on Q4 only)	88.51%

aggregate			
All cancers: 62-day wait for first treatment from: <ul style="list-style-type: none"> <li>• urgent GP referral for suspected cancer</li> <li>• NHS Cancer Screening Service referral</li> </ul>	<b>78.95%</b>	<b>93.75%</b>	<b>92.59%</b>
C. difficile – meeting the C. difficile objective	<b>2</b>	<b>0</b>	<b>0</b>

# APPENDICES

# Statement of Directors' responsibility in respect of the Quality Account

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 2016/17 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 2016 to March 2017
  - papers relating to quality reported to the board over the period April 2016 to March 2017
  - feedback from commissioners dated 30 May 2017
  - the trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 13 April 2017
  - The latest national patient survey 2016
  - The latest national staff survey
  - the Head of Internal Audit's annual opinion of the trust's control environment dated May 2017
  - CQC inspection report dated March 2016
- 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

30 May 2017 Date



Chairman

30 May 2017 Date



Chief Executive

# RJAH Quality Account Statement from Shropshire Clinical Commissioning Group 2016/17

Shropshire CCG acts as the coordinating commissioner working closely with Telford & Wrekin CCGs for Robert Jones and Agnes Hunt orthopaedic Hospital Foundation Trust and welcomes the opportunity to provide a statement for the Trusts Quality account for 2016/17. This Quality Account has been reviewed in accordance with the National Health Service Quality Account Regulation 2010 for the reporting arrangement for 2016/17 Quality Accounts.

The CCG remains committed to ensuring with partner organisations that the services it commissions provide the highest of standards in respect to clinical quality, safety and patient experience.

It has been a challenging year for the Trust as referenced in the Quality Account including the difficulties experienced by the Trust with some patients waiting to be seen longer than expected to access their services including Referral to Treatment performance. It is recognised by commissioners that the Trust has demonstrated a renewed focus to address the challenges it has faced in a collaborative manner with both English and Welsh Commissioners, Regulatory bodies and patients groups. As commissioners we will seek assurance from the Trust to ensure that their target for DTOC the 10% reduction against the 2016/17 baseline set out in the quality account will be sufficient for the Trust to achieve the National standard of  $\leq 3.5\%$  by September 2017.

The CQC inspection carried out in October 2015 rated the Trust overall as 'Required Improvement' and whilst it is recognised that the Trust has continued to make adequate progress during 2016/17 to address the areas that required improvement, we would have expected that these actions were given in greater detail in the report.

We recognise the work undertaken by the Trust to improve the quality of patient care and patient experience through the 2016/17 CQUIN schemes. We would have expected that the impact of these schemes were given in greater detail in the quality account.

During 2016/17 SCCG and TWCCG have jointly conducted a number of patient safety and assurance visits to the Trust. This has included a review of the Trusts compliance with the WHO checklist in both its Theatre and Radiology departments following the reported Never Events.

We also recognise the work undertaken by the Trust to improve patient's positive experience of care including the responsiveness to inpatients personal needs. The data in the report continues to highlight a steady increase from previous years and shows the results are above the national average. We would welcome to see this trend to continue to increase during 2017/18.

We congratulate the Trust in consistently obtaining extremely positive Friends and Family Test results, its achievement to be one of the four top performing NHS Trusts in the county in this field and the success of two wards in being awarded the Trusts 5 STAR assessment status.

We are pleased to see the Trusts priorities for 2017/18 across the Safety, Effectiveness and Patient experience domains, including the learning from incidents. We would however have expected more emphasis on learning the lessons from the Never Events, how these will be monitored across the

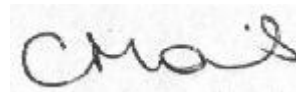
Trust and the plans to address RCA training for all MDT members. We would expect to see Equality being led by the Medical Director.

The CCGs remain committed to working closely during 2017/18 with the Trust's clinicians and managers, monitoring service delivery and performance through monthly Clinical Quality Review meetings and addressing any issues with regards to the quality and safety of patient care.

In summary, we consider that overall, this Quality Account contains a balanced description of the quality of the services the Trust delivers to its patients and the work it has been undertaking over 2016/17 the to address its challenges.



**Barbara Beal**  
**Interim Director of Nursing**  
**Shropshire CCG**



**Chris Morris**  
**Executive Nurse**  
**Telford & Wrekin CCG**

# Independent Auditors Report to the Council of Governors of Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust

## **Independent auditor's report to the Council of Governors of Robert Jones and Agnes Hunt NHS Foundation Trust on the quality report**

We have been engaged by the Council of Governors of Robert Jones and Agnes Hunt NHS Foundation Trust to perform an independent assurance engagement in respect of Robert Jones and Agnes Hunt NHS Foundation Trust's quality report for the year ended 31 March 2017 (the 'Quality Report') and certain performance indicators contained therein.

This report, including the conclusion, has been prepared solely for the Council of Governors of Robert Jones and Agnes Hunt NHS Foundation Trust as a body, to assist the Council of Governors in reporting Robert Jones and Agnes Hunt 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 2017, to enable the Council of Governors to demonstrate that 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 Robert Jones and Agnes Hunt 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 2017 subject to limited assurance consist of the national priority indicators as mandated by NHS Improvement:

- percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period; and
- maximum waiting time of 62 days from urgent GP referral to first treatment for all cancers.

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' and supporting guidance 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 2016 to March 2017;
  - papers relating to quality reported to the board over the period April 2016 to March 2017;
  - feedback from the Commissioners dated 30 May 2017;
  - the Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 13 April 2017;



- the latest national patient survey 2016;
- the latest national staff survey 2016;
- Care Quality Commission Inspection Report dated March 2016;
- the Head of Internal Audit's annual opinion over the Trust's control environment dated May 2017; and
- any other information included in our review.
- 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 supporting guidance, 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' and supporting guidance 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.

### **Conclusion**

Based on the results of our procedures, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2017:

- the quality report is not prepared in all material respects in line with the criteria set out in the 'NHS foundation trust annual reporting manual' and supporting guidance;
- the quality report is not consistent in all material respects with the sources specified in 2.1 of the NHS Improvement 2016/17 Detailed guidance for external assurance on quality reports 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  
Chartered Accountants  
Birmingham  
United Kingdom  
30<sup>th</sup> May 2017

**INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS AND BOARD OF DIRECTORS OF THE ROBERT JONES AND AGNES HUNT ORTHOPAEDIC HOSPITAL NHS FOUNDATION TRUST**

**Opinion on financial statements of The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust**

**In our opinion the financial statements:**

- **give a true and fair view of the state of the Group and Trust's affairs as at 31 March 2017 and of the Group and 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.**

The financial statements that we have audited comprise:

- the Group and Trust Statements of Comprehensive Income;
- the Group and Trust Statements of Financial Position;
- the Group and Trust Statements of Changes in Equity;
- the Group and Trust Statements of Cash Flows; and
- the related notes 1 to 33.

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.

**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.

**Summary of our audit approach**

<b>Key risks</b>	The key risks that we identified in the current year were: <ul style="list-style-type: none"> <li>• Recognition of NHS revenue; and</li> <li>• Capital programme and valuations.</li> </ul> These are consistent with the risks identified in 2015/16.
<b>Materiality</b>	The materiality that we used in the current year was £2.0m which was determined on the basis of 2% of revenue.
<b>Scoping</b>	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. The focus of our audit work was on the Trust, with work performed at the Trust's head offices in Oswestry directly by the audit engagement team, led by the audit partner.
<b>Significant changes in our approach</b>	There has been no significant change in our approach.

## Going concern

We have reviewed the Accounting Officer's statement contained within the Annual Report on page 14 that the Group is a going concern.

### We confirm that:

- we have concluded that the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

## Independence

We are required to comply with the Code of Audit Practice and Financial Reporting Council's Ethical Standards for Auditors, and confirm that we are independent of the group and we have fulfilled our other ethical responsibilities in accordance with those standards.

**We confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.**

## Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

### Recognition of NHS clinical revenue

#### Risk description



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 over-performance and Commissioning for Quality and Innovation revenue to recognise;
- the judgemental nature of provisions for disputes, including in respect of outstanding over-performance income for quarter 4; and
- The risk of revenue not being recognised at fair value due to adjustments agreed in settling current year disputes and agreement of future year contracts.

Details of the Group's income, including £90.1m of Commissioner Requested Services are shown in note 3.2 to the financial statements. NHS debtors are shown in note 18.1 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 risk**



We evaluated the design and implementation of controls over recognition of Payment by Results income.

We performed detailed substantive testing on a sample basis of the recoverability of over-performance income and adequacy of provision for underperformance through the year, and evaluated the results of the agreement of balances exercise.

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, reviewed correspondence with commissioners and considered the mismatches identified through the Agreement of Balances exercise.

**Key observations**



Based on the audit evidence obtained, we conclude that NHS clinical revenue is appropriately recognised.

**Capital programme and valuations**

**Risk description**



The Group holds property assets within Property, Plant and Equipment at a modern equivalent use valuation of £60.6m as per note 13.1. 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.

The Trust commissioned a full revaluation as at 31 March 2016 and an interim revaluation exercise as at 31 March 2017.

Capital additions for the year were £4.9m. Determining whether expenditure should be capitalised can involve significant judgement.

**How the scope of our audit responded to the risk**



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.

We challenged the Group's assumption that an alternative, lower value, site could be used in calculating a Modern Equivalent Asset value by reviewing the Group's Clinical Strategy, and critically evaluating whether the alternatives considered would be viable given the nature of the Group's activities.

We have reviewed the disclosures in notes 1.2 and 1.6 and evaluated whether these provide sufficient explanation of the basis of the valuation and the judgements made in preparing the valuation.

We tested a sample of spend on both capital additions and revenue and maintenance to assess whether they comply with the relevant accounting requirements, and that the depreciation rates adopted are appropriate.

**Key observations**

Based on the audit evidence obtained, we conclude that the valuation of the Trust's estate and the capital additions recognised are appropriate.



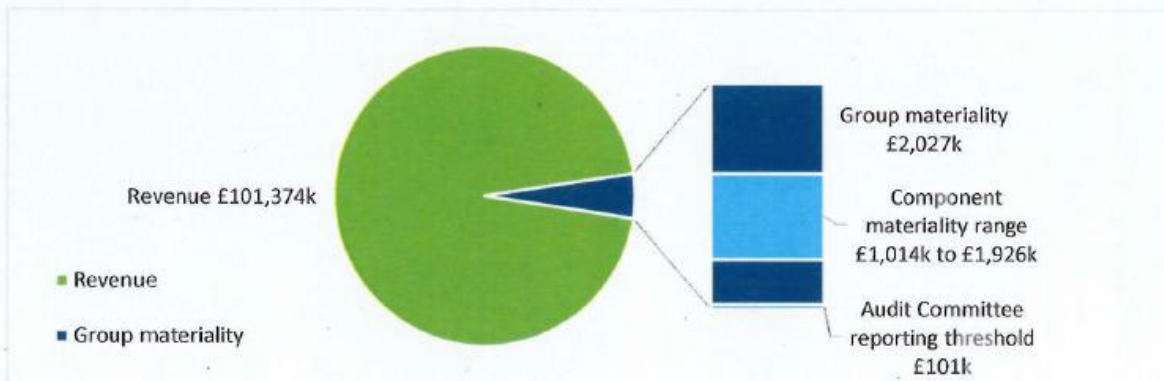
These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**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:

<b>Group materiality</b>	£2.0m (2016: £1.1m)
<b>Basis for determining materiality</b>	2% of revenue (2016: 1% of revenue) We reassessed the percentage used in the context of our cumulative knowledge and understanding of the audit risks at the Group and our assessment of those risks for this year.
<b>Rationale for the benchmark applied</b>	Revenue was chosen as a benchmark as the Group 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 £101,000 (2016: £55,000), 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 Robert Jones and Agnes Hunt Orthopaedic Hospital Charitable Fund, which account for 100% (2016: 100%) of the Group's net assets, revenue and surplus.

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 £1.0m to £1.9m (2016: £0.6m to £1.1m).

At the Group level we also tested the consolidation process.

## 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

### Use of resources

We are required to report to you if, in our opinion the NHS Foundation Trust has not made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

### Basis for qualified conclusion

As disclosed in the Annual Governance Statement, during 2016/17 the continuing risk of Referral to Treatment (RTT) reporting remained. Reputational risk was increased during the year due to the announcement by NHS Improvement that the Trust was in breach of its licence for RTT and Governance and the Care Quality Commission (CQC) inspection outcome of requires improvement.

This issue is evidence of weakness in proper arrangements for understanding and using appropriate cost and performance information to support informed decision making and performance management.

As a result of these matters, we have been unable to determine whether The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

### Qualified conclusion

*On the basis of our work, having regard to the guidance issued by the Comptroller & Auditor General in November 2016, with the exception of the matters reported in the basis for qualified conclusion paragraph above, we are satisfied that, in all significant respects, The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.*

### **Annual Governance Statement 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; or
- proper practices have not been observed in the compilation of the financial statements.

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 Trust, or a director or officer of the Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency.

### **Our duty to read other information in the Annual Report**

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

***We have nothing to report in respect of these matters.***

***We have nothing to report in respect of these matters.***

***We confirm that we have not identified any such inconsistencies or misleading statements.***



### Respective responsibilities of Accounting Officer and auditor

---

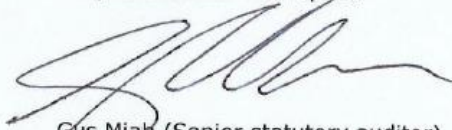
As explained more fully in the Accounting Officer's Responsibilities Statement, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, the Code of Audit Practice and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team.

This report is made solely to the Council of Governors and Board of Directors ("the Boards") of The Robert Jones and Agnes Hunt Orthopaedic Hospital 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 Trust and the Boards as a body, for our audit work, for this report, or for the opinions we have formed.

### Scope of the audit of the financial statements

---

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



Gus Miah (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Birmingham, United Kingdom  
26 May 2017

# ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR 2016/17

# **Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust**

**Annual Accounts  
For the year ended  
31 March 2017**

## Annual accounts for the year 1 April 2016 to 31 March 2017

Financial statements and related notes to the accounts.

### Forward to the accounts

# The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust

These accounts, for the year ended 31 March 2017, have been prepared by the Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust Group, consisting of the NHS Foundation Trust and the related Robert Jones and Agnes Hunt Orthopaedic Hospital Charity. They have been prepared in accordance with paragraph 24 and 25 of Schedule 7 of the National Health Service Act 2006.



**Signed**

**Name**

**Mark Brandreth**

**Job title**

**Chief Executive Officer and Accounting Officer**

**Date**

**26 May 2017**

## Consolidated Statement of Comprehensive Income

	Note	Group		Foundation Trust	
		2016/17 £000	2015/16 £000	2016/17 £000	2015/16 £000
Operating income from patient care activities	3.1	94,392	90,638	94,392	90,638
Other operating income	4.1	6,982	5,445	7,564	5,686
<b>Total operating income from continuing operations</b>		<b>101,374</b>	<b>96,083</b>	<b>101,956</b>	<b>96,324</b>
Operating expenses	5.1	(97,741)	(95,051)	(97,552)	(94,878)
<b>Operating surplus from continuing operations</b>		<b>3,633</b>	<b>1,032</b>	<b>4,404</b>	<b>1,446</b>
Finance income	9	14	26	11	15
Finance expenses	10.1	(34)	(71)	(34)	(71)
PDC dividends payable	20.2	(1,373)	(1,345)	(1,373)	(1,345)
<b>Net finance costs</b>		<b>(1,393)</b>	<b>(1,390)</b>	<b>(1,396)</b>	<b>(1,401)</b>
<b>Surplus/(deficit) for the year from continuing operations</b>		<b>2,240</b>	<b>(358)</b>	<b>3,008</b>	<b>45</b>
<b>Other comprehensive income</b>					
<b>Will not be reclassified to income and expenditure:</b>					
Impairments	6	(269)	(52)	(269)	(52)
Revaluations	13	58	345	58	345
<b>Total other comprehensive income/(expense) for the period</b>		<b>(211)</b>	<b>293</b>	<b>(211)</b>	<b>293</b>
<b>Total comprehensive income/(expense) for the period</b>		<b>2,029</b>	<b>586</b>	<b>2,797</b>	<b>338</b>

There are no minority interests in the Group. The operating surplus for the year of £3.63m is wholly attributable to the Group.

The notes on pages 156 to 203 form part of these accounts.

All income and expenditure is derived from continuing operations.

## Statements of Financial Position

	Note	Group		Foundation Trust	
		31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
<b>Non-current assets</b>					
Intangible assets	12	2,194	1,894	2,194	1,894
Property, plant and equipment	13	64,860	62,820	64,860	62,820
Trade and other receivables	18.1	635	718	635	718
<b>Total non-current assets</b>		<b>67,689</b>	<b>65,432</b>	<b>67,689</b>	<b>65,432</b>
<b>Current assets</b>					
Inventories	17	1,066	1,147	1,066	1,147
Trade and other receivables	18.1	5,909	4,093	5,907	4,688
Cash and cash equivalents	19.2	5,384	7,532	4,623	5,443
<b>Total current assets</b>		<b>12,359</b>	<b>12,772</b>	<b>11,596</b>	<b>11,278</b>
<b>Current liabilities</b>					
Trade and other payables	20.1	(9,083)	(8,182)	(9,051)	(8,186)
Other liabilities	21	(364)	(350)	(364)	(350)
Borrowings	22	(1,201)	(736)	(1,201)	(736)
Provisions	24.1	(67)	(618)	(67)	(618)
<b>Total current liabilities</b>		<b>(10,715)</b>	<b>(9,886)</b>	<b>(10,683)</b>	<b>(9,890)</b>
<b>Total assets less current liabilities</b>		<b>69,333</b>	<b>68,318</b>	<b>68,602</b>	<b>66,820</b>
<b>Non-current liabilities</b>					
Borrowings	22	(8,236)	(9,339)	(8,236)	(9,339)
Provisions	24.1	(232)	(143)	(232)	(143)
<b>Total non-current liabilities</b>		<b>(8,468)</b>	<b>(9,482)</b>	<b>(8,468)</b>	<b>(9,482)</b>
<b>Total assets employed</b>		<b>60,865</b>	<b>58,836</b>	<b>60,134</b>	<b>57,338</b>
<b>Financed by</b>					
Public dividend capital		33,260	33,260	33,260	33,260
Revaluation reserve	27	16,848	17,312	16,848	17,312
Income and expenditure reserve		10,026	6,765	10,026	6,766
Charitable fund reserves	16	731	1,499	-	-
<b>Total taxpayers' and others' equity</b>		<b>60,865</b>	<b>58,836</b>	<b>60,134</b>	<b>57,338</b>

The notes on pages 156 to 203 form part of these accounts.

The financial statements on pages 150 to 155 were approved by the Board and signed on its behalf by:

Signed:  
Name:  
Position



Mark Brandreth  
Chief Executive Officer and Accounting Officer

Date

26 May 2017

## Statement of Changes in Equity for the year ended 31 March 2017

	Group				Total £000
	Public dividend capital	Revaluation reserve	Income and expenditure reserve	NHS charitable funds reserves	
	£000	£000	£000	£000	
<b>Taxpayers' and others' equity at 1 April 2015 - brought forward</b>	<b>33,260</b>	<b>17,045</b>	<b>6,694</b>	<b>1,902</b>	<b>58,901</b>
Surplus/(deficit) for the year	-	-	45	(403)	<b>(358)</b>
Other transfers between reserves	-	(26)	26	-	-
Impairments	-	(52)	-	-	<b>(52)</b>
Revaluations	-	345	-	-	<b>345</b>
Total comprehensive income	-	267	71	(403)	<b>(65)</b>
<b>Taxpayers' and others' equity at 31 March 2016</b>	<b>33,260</b>	<b>17,312</b>	<b>6,765</b>	<b>1,499</b>	<b>58,836</b>
<b>Taxpayers' and others' equity at 1 April 2016 - brought forward</b>	<b>33,260</b>	<b>17,312</b>	<b>6,765</b>	<b>1,499</b>	<b>58,836</b>
Surplus/(deficit) for the year	-	-	3,008	(768)	<b>2,240</b>
Other transfers between reserves	-	(253)	253	-	-
Impairments	-	(269)	-	-	<b>(269)</b>
Revaluations	-	58	-	-	<b>58</b>
Total comprehensive income	-	(464)	3,261	(768)	<b>2,029</b>
<b>Taxpayers' and others' equity at 31 March 2017</b>	<b>33,260</b>	<b>16,848</b>	<b>10,026</b>	<b>731</b>	<b>60,865</b>

The Charitable funds reserve consists of nil restricted funds following successful completion of the Oswestry Bone Cancer Centre Appeal and £0.73m unrestricted funds. Unrestricted funds may be spent at the discretion of the trustees in line with the Charity's objectives.

## Statement of Changes in Equity for the year ended 31 March 2017

	Foundation Trust			
	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
<b>Taxpayers' and others' equity at 1 April 2015 - brought forward</b>	<b>33,260</b>	<b>17,045</b>	<b>6,694</b>	<b>56,999</b>
Surplus/(deficit) for the year	-	-	45	45
Other transfers between reserves	-	(26)	26	-
Impairments	-	(52)	-	(52)
Revaluations	-	345	-	345
Total comprehensive income	-	267	71	338
<b>Taxpayers' and others' equity at 31 March 2016</b>	<b>33,260</b>	<b>17,312</b>	<b>6,765</b>	<b>57,337</b>
<b>Taxpayers' and others' equity at 1 April 2016 - brought forward</b>	<b>33,260</b>	<b>17,312</b>	<b>6,765</b>	<b>58,836</b>
Surplus/(deficit) for the year	-	-	3,008	3,008
Other transfers between reserves	-	(253)	253	-
Impairments	-	(269)	-	(269)
Revaluations	-	58	-	58
Total comprehensive income	-	(464)	3,261	2,797
<b>Taxpayers' and others' equity at 31 March 2017</b>	<b>33,260</b>	<b>16,848</b>	<b>10,026</b>	<b>60,134</b>



## Statement of Cash Flows

	Note	Group		Trust	
		2016/17 £000	2015/16 £000	2016/17 £000	2015/16 £000
<b>Cash flows from operating activities</b>					
Operating surplus		3,633	1,032	4,404	1,446
<b>Non-cash income and expense:</b>					
Depreciation and amortisation		2,486	2,552	2,486	2,552
Net impairments and reversals of impairments		253	26	253	26
Income recognised in respect of capital donations		(221)	(25)	(1,225)	(25)
(Increase)/decrease in receivables and other assets		(1,778)	1,165	(1,209)	1,166
(Increase)/decrease in inventories		81	(44)	81	(44)
Increase/(decrease) in payables and other liabilities		1,904	(817)	1,895	(1,325)
Increase/(decrease) in provisions		(462)	86	(462)	86
NHS charitable funds - net movements in working capital, non-cash transactions and non-operating cash flows		1	-	1	-
<b>Net cash generated from operating activities</b>		<b>5,897</b>	<b>3,975</b>	<b>6,224</b>	<b>3,882</b>
<b>Cash flows from investing activities</b>					
Interest received		11	15	11	15
Purchase of intangible assets		(356)	(79)	(356)	(79)
Purchase of property, plant, equipment and investment property		(5,770)	(12,676)	(5,770)	(12,676)
Receipt of cash donations to purchase capital assets		221	25	1,225	25
Investing cash flows of NHS charitable funds		3	11		
<b>Net cash generated (used in) investing activities</b>		<b>(5,891)</b>	<b>(12,704)</b>	<b>(4,890)</b>	<b>(12,715)</b>
<b>Cash flows from financing activities</b>					
Movement on loans from the Department of Health		(638)	9,950	(638)	9,950
Capital element of finance lease rental payments		-	(24)	-	(24)
Interest paid on finance lease liabilities		-	(2)	-	(2)
Other interest paid		(194)	(48)	(194)	(48)
PDC dividend paid		(1,322)	(1,382)	(1,322)	(1,382)
<b>Net cash generated from/(used in) financing activities</b>		<b>(2,154)</b>	<b>8,494</b>	<b>(2,154)</b>	<b>8,494</b>
<b>(Decrease) in cash and cash equivalents</b>		<b>(2,148)</b>	<b>(235)</b>	<b>(820)</b>	<b>(339)</b>
<b>Cash and cash equivalents at 1 April</b>		<b>7,532</b>	<b>7,767</b>	<b>5,443</b>	<b>5,782</b>
<b>Cash and cash equivalents at 31 March</b>		<b>5,384</b>	<b>7,532</b>	<b>4,623</b>	<b>5,443</b>

## Notes to the accounts

---

### Note 1: Accounting Policies

---

#### 1.0 **Accounting policies and other information**

NHS Improvement, in exercising the statutory functions conferred on Monitor, is responsible for issuing an accounts direction to NHS Foundation Trusts under the NHS Act 2006. NHS Improvement has directed that the financial statements of NHS Foundation Trusts shall meet the accounting requirements of the Department of Health Group Accounting Manual (DH GAM) which shall be agreed with the Secretary of State. Consequently, the following financial statements have been prepared in accordance with the DH GAM 2016/17 issued by the Department of Health. The accounting policies contained in that manual follow International Financial Reporting Standards (IFRS) and HM Treasury's Financial Reporting Manual (FRM) to the extent that they are meaningful and appropriate to NHS Foundation Trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

#### **Accounting convention**

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment,

#### 1.1 **Consolidation**

##### **Subsidiaries**

Subsidiary entities are those over which the NHS Foundation Trust has the power to exercise control or a dominant influence so as to gain economic or other benefits. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines. The capital and reserves attributable to minority interests are included as a separate item in the Statement of Financial Position.

##### **Robert Jones and Agnes Hunt Orthopaedic Hospital Charity**

The NHS Foundation Trust is the corporate Trustee to the Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Charity. The NHS Foundation Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the NHS Foundation Trust is exposed to, or has the rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the fund.

The charitable fund's statutory accounts are prepared to 31 March in accordance with the UK Charities' Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102 On consolidation, necessary adjustments are made to the Charity's assets, liabilities and transactions to:

- Recognise and measure them in accordance with the NHS Foundation Trust's accounting policies; and
- Eliminate intra-group transactions, balances, gains and losses.

## Note 1 to the accounts - continued

---

Details of the charity's key accounting policies and potential variances to IFRS treatment:

Incoming Resources – legacy income - under the revised SORP the Charity recognises revenue when its receipt is probable which is in line with IAS 18.

Resources expended or provided for – grants made or accrued for. Under the revised SORP the charity accrues for expenditure when a past event has triggered a requirement to pay, in line with the requirements of IAS 37.

The Trust currently accounts for no other subsidiaries or any associates, joint ventures or joint operations.

### 1.2 **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, and which are not captured elsewhere within these notes, are detailed below:

#### **Key Judgments**

##### **Going Concern**

The Going Concern basis of preparation has been applied in preparing these financial statements.

The Trust's cash balances are expected to remain sufficient to meet its working capital requirements for at least the next 12 months.

The Trust's Board monitors the financial performance using the monthly performance report. The key risks to the Trusts financial stability are included in the Board Assurance Framework and are monitored at the Business Risk and Investment Committee and the Audit Committee. The Directors having taken assurance from this and having reviewed future plans and financial forecasts for a period of at least one year from the date of the approval of the accounts, have agreed the following statement:

“After making enquiries, the directors have a reasonable expectation that the NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts”.

## Note 1 to the accounts - continued

---

### Income

The Trust has to make a judgement in relation to clinical revenue and the likelihood of receipt of outstanding income from various NHS Commissioners.

### Property, Plant and Equipment – costs of bring assets into use

The Trust has to make a judgement on which costs are relevant to bringing an asset in to use and, therefore, which to include in the initial cost of that asset. The Trust took out a capital investment loan with the Department of Health for part of the funding of additional Theatres and a dedicated Tumour Unit and decided to capitalise the borrowing costs relevant to the asset under construction by applying IAS 23 (Borrowing Costs). This amounted to £0.16m for the period prior to the new asset being brought in to use.

### Other

Other key judgements made in preparing these accounts include the application of the accounting policies set out in this note to the accounts in the recognition of transactions, assets and liabilities for the purposes of preparing these accounts.

### Key sources of estimation uncertainty

#### Property, Plant and Equipment - modern equivalent asset valuation

As detailed in note 13 'Property, plant and equipment', the Valuation Office Agency provided the Trust with a valuation of the land and building assets (estimated fair value and remaining useful life), based on depreciated replacement value, using modern equivalent asset method of valuation as at 31 March 2017. This valuation, based on estimates provided by a suitably qualified professional in accordance with HM Treasury guidance, led to various significant increases and reductions in the reported fair value for a number of the Trust's land and building assets. As a result the carrying value of the Trust's operational building assets decreased by £0.3m. This impairment was taken against the Revaluation Reserve and the Other Comprehensive Income section of the Statement of Comprehensive Income (SOI) and did not impact on the Trust's in year surplus. Future revaluations of the Trust's property may result in further material changes to the carrying values of non-current assets.

### Provisions

Provisions have been made for probable legal and constructive obligations of uncertain timings and 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 disclosed in note 24.

## Note1 to the accounts - continued

---

### Income estimation

Activity income - by the time of reporting, 100% of completed patient activity has been coded and the related income calculated. Over and under performance against contracts is calculated and the relevant income adjustments made. Partially completed spells are calculated on their length of stay at the end of the reporting period and the income accrued. Discussions are held with all commissioners on a regular basis regarding activity levels against their contracts, particularly towards and immediately after the year end.

£2.0m of income from over-performance against contract activity was offset by £1.5m of under-performance against contracts with other commissioners. Of the over-performance income owed, over £1.5m had been settled by the date these accounts were signed off.

Private Patient Income – activity is captured by the relevant department and an accrual is input for any income not invoiced at the end of the reporting period.

Injury Cost Recovery Scheme – Compensation Recovery Unit (CRU). Income is recognised/derecognised when a claim/withdrawal is notified by CRU.

Other income – other income is accrued for where notification has been received from a department but the income not yet invoiced.

### Expenditure accruals

#### Actuarial assumptions for costs relating to the NHS Pension Scheme

Employer contributions to staff pensions are reported as operating expenditure, included in the cost of staff against the relevant lines in note 5. This employer contribution is based on an annual actuarial estimate of the required contribution to meet the scheme's liabilities. It is an expense that is subject to change. The current employer contribution is 14.3% of pensionable pay as set out in note 7.

#### Accrual for annual leave not taken by staff at the reporting date

The Trust has a financial liability for any annual leave earned by staff but not taken by 31 March to the extent that staff are able to carry forward untaken leave into the next financial year. The estimated cost of untaken annual leave at 31 March 2017 is £0.15m (31 March 2016 £0.27m).

## 1.3 Income

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the NHS Foundation Trust is contracts with commissioners in respect of healthcare services. It is recorded based on the agreed tariff for the completed procedures although this may be over-ridden by the prior agreement of year-end settlements based on forecast activity for March in order to facilitate a timely closedown of the accounts.

Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

## Note 1 to the accounts - continued

---

The Foundation Trust receives income under the NHS Injury Cost Recovery Scheme (ICR), designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. The NHS Foundation Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met and is measured as the sums due under the sale contract.

### 1.4 **Expenditure on employee benefits**

#### **Short-term employee benefits**

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

#### **Pension costs**

Past and present employees are covered by the provisions of the two NHS Pension 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](http://www.nhsbsa.nhs.uk/pensions). Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these 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 scheme liability as at 31 March 2017, is based on valuation data as 31 March 2016, updated to 31 March 2017 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

## Note 1 to the accounts - continued

---

### 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 for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016. 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.

### 1.5 **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.

### 1.6 **Property, plant and equipment**

#### **Recognition**

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential be provided to, the Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably;
- the item has cost of at least £5,000; or
- collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.

## Note 1 to the accounts - continued

---

### **Measurement**

Valuation: All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

2016/17 property additions includes £0.160m of interest payments attributable to the £10m capital investment loan from the Department of Health for the period prior to the new asset being brought in to use. All interest payments subsequent to the asset being brought into use and held at fair value have been expensed.

All assets are measured subsequently at valuation.

Land and buildings used for the NHS Foundation Trust services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent 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 determined as follows:

- Land and non-specialised buildings – market value for existing use;
- Specialised buildings – depreciated replacement cost

HM Treasury has adopted a standard approach to depreciated replacement cost valuations of specialised buildings based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. The Trust has elected to use an optimised approach for a modern equivalent asset valuation at its current site.

Valuations are carried out by a professionally qualified valuer in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation Standards. A full land and property valuation was undertaken by the District Valuation Service (DV) as at 31 March 2016. A good housekeeping exercise was carried out by the DV in December 2016 as at 31<sup>st</sup> March 2017 following the bringing in to operational use of the new theatres and tumour unit building.

Equipment and fixtures assets are carried at depreciated historic cost, as this is not considered to be materially different from fair value.

Assets held under finance leases are depreciated over their estimated useful economic lives or, where shorter, the lease term.

### **Subsequent expenditure**

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably.

Where a component of an asset is replaced, the cost of replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance is charged to the Statement of Comprehensive Income in the period in which it is incurred.



## Note 1 to the accounts - continued

---

### Depreciation

Items of property, plant and equipment are depreciated over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Freehold land is considered to have an infinite life and is not depreciated.

Assets held under finance leases are depreciated over their estimated useful lives. 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. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis.

Property plant and equipment which has been reclassified as “held for sale” ceases to be depreciated upon the reclassification.

Assets in the course of construction are not depreciated until the asset is brought into use.

### Revaluation gains and losses

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 in the Statement of Comprehensive Income as an item of ‘other comprehensive income’.

### Impairments

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.

In accordance with the DH GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure

Reserve of an amount equal to the lower of

- (i) the impairment charged to operating expenses; and
- (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating income 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.

## Note 1 to the accounts - continued

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

### **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 in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable i.e.:
  - management are committed to a plan to sell the asset;
  - an active programme has begun to find a buyer and complete the sale;
  - the asset is being actively marketed at a reasonable price;
  - the sale is expected to be completed within 12 months of the date of classification as 'Held for Sale'; and
  - the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

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 which is to be scrapped or demolished does not qualify for recognition as 'Held for Sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

### **Donated, government grant and other grant funded assets**

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

### **Useful Economic lives of property, plant and equipment**

Useful economic lives reflect the total life of an asset and not the remaining life of an asset. The range of useful economic lives are shown in the table below:

	Min life Years	Max life Years
Land	N/A	N/A
Buildings, excluding dwellings	31	31
Dwellings	27	27
Plant and machinery	5	15
Transport equipment	5	7
Information technology	5	10
Furniture and fittings	5	15

## Note 1 to the accounts - continued

---

Finance-leased assets (including land) are depreciated over the shorter of the useful economic life or the lease term, unless the FT expects to acquire the assets at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

### 1.7 **Intangible assets**

#### **Recognition**

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the NHS Foundation Trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Trust and where the cost of the asset can be measured reliably.

#### **Internally generated intangible assets**

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
- the NHS Foundation Trust intends to complete the asset and sell or use it;
- the NHS Foundation Trust has the ability to sell or use the asset;
- how the intangible asset will generate probable future economic or service delivery benefits e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the NHS Foundation Trust to complete the development and sell or use the asset; and
- the NHS Foundation Trust can measure reliably the expenses attributable to the asset during development.

#### **Software**

Software which is integral to the operation of hardware, e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware e.g. application software, is capitalised as an intangible asset.

#### **Measurement**

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

## Note 1 to the accounts - continued

Subsequently, intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating.

Revaluations gains and losses and impairments are treated in the same manner as for Property, Plant and Equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 of IFRS 5.

Intangible assets held for sale are measured at the lower of their carrying amount or 'fair value less costs to sell'.

### **Amortisation**

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

### **Useful economic life of intangible assets**

Useful economic lives reflect the total life of an asset and not the remaining life of an asset. The range of useful economic lives are shown in the table below.

	<b>Min life Years</b>	<b>Max life Years</b>
<b><u>Intangible assets – purchased</u></b>		
Software	5	5
Licences and trademarks	5	5

## **1.8 Revenue government and other grants**

Government grants are grants from Government bodies other than income from Clinical Commissioning Groups or NHS Trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

## **1.9 Inventories**

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the First In, First Out (FIFO) method.

Inventory stocks are valued at current prices as due to the high turnover of stocks this is considered by the Trust to be a reasonable approximation to fair value using the FIFO method.

The Trust does not consider it appropriate to account for inventory stocks where their total value is less than £10k and their transactions are accounted for in revenue.

## Note 1 to the accounts - continued

---

### 1.10 Financial instruments and financial liabilities

#### Recognition

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs i.e. when receipt or delivery of the goods or services is made.

All other financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

#### De-recognition

All financial assets are de-recognised when the rights to receive cash flows from the assets have expired or the Trust has transferred substantially all of the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

#### Classification and measurement

Financial assets are categorised as loans and receivables'.

Financial liabilities are classified as 'other financial liabilities'.

#### Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments with are not quoted in an active market. They are included in current assets.

The Trust's loans and receivables comprise: cash and cash equivalents, NHS receivables, accrued income and 'other receivables'.

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Comprehensive Income.

## Note 1 to the accounts - continued

---

### **Other financial liabilities**

All other financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

They are included in current liabilities except for amounts payable more than 12 months after the Statement of Financial Position date, which are classified as long-term liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to Finance Costs.

Interest on loans taken out to fund Assets under construction, which are valued at cost, are capitalised for the period up to those assets being brought in to use at which point the assets are revalued and measured at fair value.

Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets measured at fair value is not capitalised as part of the cost of those assets.

### **Impairment of financial assets**

At the Statement of Financial Position date, the Trust assesses whether any financial assets, other than those held at 'fair value through income and expenditure' are impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced through the use of a bad debt provision.

Receivables are assessed and a provision for impairment made based on the following criteria:

- A provision for impairment for outstanding Injury Cost Recovery (ICR) notifications of 22.94% as notified by the Compensation Recovery Unit. This has been reviewed and judged as a reasonable estimate against local claim withdrawal history.
- Receivables relating to invoices raised by the Trust to other NHS bodies fall under the 'Agreement of Balances' scheme carried out each quarter and no provision is made.
- Receivables relating to invoices raised by the Trust to Welsh, Scottish and Northern Irish NHS bodies are discussed with these bodies and specific provisions made where required.
- All other receivables relating to invoices raised by the Trust are reviewed and specific provisions made where applicable with the remainder provided for on the basis of customer type and local receipting history.

## Note 1 to the accounts - continued

---

### 1.11 Leases

#### Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the NHS Foundation Trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease.

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for an item of property plant or equipment.

The annual rental is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability, is de-recognised when the liability is discharged, cancelled or expires.

#### Operating leases

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

### 1.12 Provisions

The NHS Foundation Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probably that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation.

Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the discount rates published and mandated by HM Treasury. The Trust holds no provisions where discounting would make a material difference to the understanding of the Trust's position.

#### Restructuring

A restructuring provision is recognised when the Trust has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with on-going activities of the entity.

## Note 1 to the accounts - continued

### **Clinical negligence costs**

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the NHS Foundation 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 NHS Foundation Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the NHS Foundation Trust is disclosed at note 24.2 but is not recognised in the NHS Foundation Trust's accounts.

### **Non-clinical risk pooling**

The NHS Foundation Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to the NHS Litigation Authority and in return receives assistance with the costs of claims arising. The annual membership contributions, and any 'excesses' payable in respect of particular claims are charged to operating expenses when the liability arises.

### **1.13 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 PDC 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 (including lottery funded 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;
- (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.

### **1.14 Value Added Tax**

Most of the activities of the NHS Foundation 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 fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

### **1.15 Corporation Tax**

The Trust has determined that it has no corporation tax liability as its income generation activities are all ancillary to its core health objectives and not in competition with the private sector.



## Note 1 to the accounts - continued

---

### 1.16 Foreign Exchange

The functional and presentational currencies of the Trust are sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the NHS Foundation Trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- monetary items (other than financial instruments measured at “fair value through income and expenditure”) are translated at the spot exchange rate on 31 March;
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction; and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

### 1.17 Third Party Assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS Foundation Trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury’s FReM.

### 1.18 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 that individual cases are 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 Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

However the losses and special payments note is compiled directly from the Losses and Compensations register which reports on an accrual basis with the exception of provisions for future losses.

### 1.19 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2016/17.

## Note 1 to the accounts - continued

---

### 1.20 **Accounting Standards that have been issued by the International Accounting Standards Board (IASB) but have not yet been adopted**

In expected adoption year order:

The following are a list of recently issued accounting standards and amendments which have not yet been adopted within the FReM and are, therefore, not applicable to Department of Health group accounts in 2016/17.

GAM does not require the following recently issued accounting standards and amendments Standards and Interpretations to be applied in 2016-17. The application of the Standards as revised would not have a material impact on the accounts for 2016-17 were they applied in that year:

IFRS 9 Financial Instruments July 2014 – application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not, therefore, permitted. This affects assets only and as the Trust holds assets to collect and not to sell this is not expected to have a material impact.

IFRS 14 Regulatory Deferral Accounts – not yet EU endorsed. (The European Financial Reporting Advisory Group recommended in October 2015 that the standard should not be endorsed as it is unlikely to be adopted by many EU countries.) Applies to first time adopters of IFRS after 1 January 2016 - not applicable to DH bodies.

IFRS 15 Revenue from contracts with customers May 2014 – application required for accounting periods beginning on or after 1 April 2018 but not yet adopted by the FReM so early adoption is not, therefore, permitted.

IFRS 16 Leases – application required for accounting periods beginning on or after 1 January 2019 but not yet adopted by the FReM so early adoption is not, therefore, permitted. This standard requires all leases be reflected on the statement of financial position (SOFP). The Trust has carried out a high level review of current operating leases and the expected impact following the adoption of this standard is to increase fixed assets to reflect the right to use the underlying leased asset and to create lease liabilities representing the obligation to make lease payments. Based on this high level review, this is not expected to have a material impact.

## Note 2: Segmental Analysis

The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust Group consists of the Foundation Trust and the related NHS charity. The segmental analysis based on the Group entities is shown below.

	2016/17 £000	2015/16 £000
Foundation Trust income attributable to the Group	<b>100,899</b>	95,608
Charity revenue attributable to the Group	<b>475</b>	475
<b>Total RJAH Group operating revenue</b>	<b>101,374</b>	96,083
Foundation Trust surplus attributable to the Group	<b>3,008</b>	45
Charity surplus / (deficit) attributable to the Group	<b>(768)</b>	(403)
<b>Total RJAH Group operating surplus</b>	<b>2,240</b>	(358)
Foundation Trust net assets attributable to the Group	<b>60,134</b>	57,338
Charity net assets attributable to the Group	<b>731</b>	1,499
<b>Total RJAH net assets</b>	<b>60,865</b>	58,836

No material income attributable to the Group was received by the Charity from any single source during 2016/17 or 2015/16.

The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust is a specialist hospital with only one business element of healthcare and reports made to the Board (the Chief Operating Decision Maker as defined by IFRS 8 Operating Segments) are on this basis.

The Foundation Trust received material income amounting to 10% or more of total operating income of £101m for the period 1 April 2016 to 31 March 2017 (£95.6m for the period 1 April 2015 to 31 March 2016) from the following external bodies.

	2016/17 £000	2015/16 £000
English NHS Clinical Commissioning Groups (CCG) and NHS England	<b>66,521</b>	61,940
Welsh NHS - Local Health Boards	<b>23,805</b>	23,128
Other	<b>11,048</b>	11,015
<b>Total operating income</b>	<b>101,374</b>	96,083

### Note 3 Operating income from patient care activities

The Commissioner requested services the Foundation Trust is to provide are defined within the Foundation Trust's provider licence with Monitor. All of the income from activities before private patient income shown below is derived from the provision of commissioner requested services.

#### Note 3.1 Income from patient care activities (by nature)

	Group and Foundation Trust	
	2016/17 £000	2015/16 £000
<b>Acute services:</b>		
Elective income	52,400	50,508
Non elective income	4,363	4,453
Outpatient income	16,077	14,925
Other English NHS clinical income	16,250	14,946
Private patient income	4,311	4,772
Other clinical income <sup>1</sup>	991	1,034
<b>Total income from activities</b>	<b>94,392</b>	<b>90,638</b>

<sup>1</sup> Other clinical income includes injury costs recovery (was RTA) income.

No income for healthcare is received by the Charity. The income values above solely relate to the Foundation Trust.

#### Note 3.2 Income from patient care activities (by source)

	Group and Foundation Trust	
	2016/17 £000	2015/16 £000
<b>Income from patient care activities received from:</b>		
English CCGs and NHS England	65,331	61,746
English NHS trusts	47	74
Non-NHS: private patients	4,311	4,772
NHS injury scheme (was RTA) <sup>1</sup>	933	1,034
Welsh NHS bodies <sup>2</sup>	23,662	22,995
Non-NHS: other	108	17
<b>Total income from activities</b>	<b>94,392</b>	<b>90,638</b>
<b>Of which:</b>		
Related to continuing operations	94,392	90,638

<sup>1</sup> Injury costs recovery income is subject to a provision for impairment of receivables of 22.94% to reflect expected rates of collection. This is based upon a local assessment of notified claims that mature into cash receipts.

<sup>2</sup> These are patients referred by Welsh GPs not necessarily living in Wales with a Welsh Postcode.

#### Note 3.3 Overseas visitors (relating to patients charged directly by the NHS FT)

There was no overseas visitor income attributable to the Foundation Trust in 2016/17 (2015/16: nil)

**Note 4.1 Other operating income**

	Group	
	2016/17 £000	2015/16 £000
Research and development	816	771
Education and training	1,380	1,376
Receipt of capital grants and donations <sup>1</sup>	220	25
Sustainability and Transformation Fund income	1,048	-
Rental revenue from operating leases	331	270
Incoming resources received by NHS charitable funds <sup>2</sup>	475	475
Other income <sup>3</sup>	2,712	2,528
<b>Total other operating income</b>	<b>6,982</b>	<b>5,445</b>
<b>Of which:</b>		
Related to continuing operations	6,982	5,445

	Foundation Trust	
	2016/17 £000	2015/16 £000
Research and development	816	771
Education and training	1,380	1,376
Receipt of capital grants and donations <sup>1</sup>	1,224	691
Sustainability and Transformation Fund income	1,048	-
Rental revenue from operating leases	331	270
Other Incoming resources received from charities <sup>2</sup>	53	50
Other income <sup>3</sup>	2,712	2,528
<b>Total other operating income</b>	<b>7,564</b>	<b>5,686</b>
<b>Of which:</b>		
Related to continuing operations	7,564	5,686

<sup>1</sup> Charitable and other contributions to the Group include £0.22m from the League of Friends (£0.03m 2015/16). The Foundation Trust received £1.06m from the NHS Charity (£0.62m 2015/16).

<sup>2</sup> Charitable revenue income received from RJAHS NHS Charity to support staff training.

<sup>3</sup> Other income includes £0.53m catering and £0.34m car parking income (2015/16 £0.51m and £0.34m). Under the terms of its provider license, the trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider license and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

**Note 4.2 Other operating income - Other Income analysis**

	Group	
	2016/17 £000	2015/16 £000
Catering	525	507
Car parking	336	341
Staff accommodation rentals	59	46
Pharmacy sales	26	19
Other income	1,766	1,615
<b>Total other operating income</b>	<b>2,712</b>	<b>2,528</b>

All of the above are incidental to the provision of healthcare

**Note 5.1 Operating expenses**

	Group	
	2016/17 £000	2015/16 £000
Purchase of healthcare from non NHS bodies	1,470	918
Employee expenses - executive directors <sup>1</sup>	761	554
Remuneration of non-executive directors	103	117
Employee expenses - staff <sup>2</sup>	51,775	52,724
Supplies and services - clinical	21,178	18,202
Supplies and services - general	1,155	1,274
Establishment <sup>3</sup>	801	974
Research and development including staff costs	664	555
Transport	306	316
Premises <sup>4</sup>	3,760	3,486
Increase/(decrease) in provision for impairment of receivables	52	385
Increase/(decrease) in other provisions	1	323
Inventories written down	18	15
Drug costs	7,206	6,870
Rentals under operating leases	1,293	1,588
Depreciation on property, plant and equipment	2,430	2,485
Amortisation on intangible assets	56	67
Net impairments	253	26
Audit fees payable to the external auditor		
audit services- statutory audit <sup>5</sup>	56	57
other auditor remuneration (external auditor only) <sup>6</sup>	26	41
Clinical negligence	2,224	1,893
Legal fees	42	43
Consultancy costs	352	482
Internal audit costs	98	106
Training, courses and conferences	345	308
Patient travel	415	395
Car parking & security	67	65
Insurance	134	103
Other services, eg external payroll	425	411
Losses, ex gratia & special payments	19	20
Other resources expended by NHS charitable funds	184	168
Other	72	80
<b>Total</b>	<b>97,741</b>	<b>95,051</b>
<b>Of which:</b>		
Related to continuing operations	97,741	95,051

<sup>1</sup>The increased in Executive Director costs is mainly due to the appointment of a Deputy Chief Executive and a Director of Strategy.

<sup>2</sup>See note 7 for breakdown of costs.

<sup>3</sup>Establishment costs include telephony, stationery, postage, printing, bank charges and debt recovery.

<sup>4</sup>Premises costs include IT hardware and software, utilities, estate maintenance and security, fuel and power, water, waste disposal and housekeeping plus CRC licence.

<sup>5</sup>Each year includes £4,800 external audit fees for RJAH NHS Charity.

<sup>6</sup>Other auditor remuneration relates to assurance work undertaken by the Foundations Trust's external auditor Deloitte LLP.

## Note 5.2 Other Auditor Remuneration

	Group	
	2016/17 £000	2015/16 £000
Other auditor remuneration paid to the external auditor:		
1. Audit of accounts of any associate of the trust	-	-
2. Audit-related assurance services	18	12
3. Taxation compliance services	-	-
4. All taxation advisory services not falling within item 3 above	-	-
5. Internal audit services	-	-
6. All assurance services not falling within items 1 to 5	8	29
7. Corporate finance transaction services not falling within items 1 to 6 above	-	-
8. Other non-audit services not falling within items 2 to 7 above	-	-
<b>Total</b>	<b>26</b>	<b>41</b>

## Note 5.3 Limitation on auditor's liability

The auditor of the group, Deloitte LLP, has a limitation of liability in accordance with their engagement letter signed on 2 March 2017 for the amount of £1m (2015/16 £1m).

## Note 6 Impairment of assets

	Group	
	2016/17 £000	2015/16 £000
<b>Net impairments charged to operating surplus resulting from:</b>		
Loss or damage from normal operations <sup>1</sup>	253	26
<b>Total net impairments charged to operating surplus / deficit</b>	<b>253</b>	<b>26</b>
Impairments charged to the revaluation reserve <sup>2</sup>	269	52
<b>Total net impairments</b>	<b>522</b>	<b>78</b>

<sup>1</sup> 2016/17 relates to removal of theatre 7 and HDU modules to clear space for new theatre unit. 2015/16 relates to demolition of the old manufacturing orthotics workshop.

<sup>2</sup> Relates to revaluation of buildings and dwellings.

All impairments relate to the Trust's assets and no impairments were charged to the Charity.

## Note 7 Employee benefits

	Group	
	2016/17 Total £000	2015/16 Total £000
Salaries and wages	43,278	44,926
Social security costs	4,020	3,135
Employer's contributions to NHS pensions	5,180	4,944
Temporary staff (including agency)	1,439	1,515
<b>Total gross staff costs</b>	<b>53,917</b>	<b>54,520</b>
Recoveries in respect of seconded staff	(701)	(576)
<b>Total staff costs</b>	<b>53,216</b>	<b>53,944</b>
<b>Of which</b>		
Costs capitalised as part of assets	112	175

## Note 7.1 Average Staff Numbers (WTE basis)

	Group	
	2016/17 Total £000	2015/16 Total £000
Medical and dental	112	111
Administration and estates	326	306
Healthcare assistants and other support staff	248	247
Nursing, midwifery and health visiting staff	256	255
Scientific, therapeutic and technical staff	204	195
Healthcare Science Staff	10	10
Agency and contracted staff	11	13
Bank staff	50	40
<b>Total average numbers</b>	<b>1,217</b>	<b>1,177</b>
<b>Of which</b>		
Number of employees (WTE) engaged on capital projects	2	4

## Note 7.2 Retirements due to ill-health

During 2016/17 there was one early retirement from the trust agreed on the grounds of ill-health at a cost of £33k (2015/16: nil).

The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.



## **Note 7.3 Pension Costs**

---

See Accounting Policy Note 1.4 for full details of the NHS Pension Scheme.

The Group makes pension contributions to both the NHS Pension Scheme and the National Employment Savings Trust pension scheme. The NHS Pension Scheme is a defined benefit scheme but is 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, the scheme is accounted for as if it were a defined contribution scheme. The National Employment Savings Trust pension scheme is a defined contribution scheme that was created as part of the government's workplace pensions reforms under the Pensions Act 2008. Therefore for all pension contributions made by the Group the cost is equal to the contributions payable to the scheme for the accounting period.

## Note 8 Operating Leases

### Note 8.1 The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust as a lessor

This note discloses income generated in operating lease agreements where The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust is the lessor.

The Foundation Trust rents out a small proportion, around 2%, of the hospital buildings to partner organisations who complement the service it provides. This hasn't been separately valued as it is part of the main hospital.

	Group	
	2016/17 £000	2015/16 £000
<b>Operating lease revenue</b>		
Other	331	270
<b>Total</b>	<b>331</b>	<b>270</b>
	31 March 2017 £000	31 March 2016 £000
<b>Future minimum lease receipts due:</b>		
- not later than one year;	220	204
- later than one year and not later than five years;	142	203
- later than five years.	-	26
<b>Total</b>	<b>362</b>	<b>433</b>

## Note 8.2: The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust FT is the lessee.

The Group has one significant operating lease for an operating theatre module (Menzies Day Case Unit) at a cost of £0.58m for the year (2015/16: £0.78m). The remaining operating leases mainly relate to medical equipment, including an MRI scanner.

All operating leases are held by the Foundation Trust.

	Group	
	2016/17 £000	2015/16 £000
<b>Operating lease expense</b>		
Minimum lease payments	1,293	1,588
<b>Total</b>	<b>1,293</b>	<b>1,588</b>
	31 March 2017 £000	31 March 2016 £000
<b>Future minimum lease payments due:</b>		
- not later than one year;	1,081	987
- later than one year and not later than five years;	2,875	1,782
- later than five years.	1,759	11
<b>Total</b>	<b>5,715</b>	<b>2,780</b>
Future minimum sublease payments to be received	-	-

The future minimum lease payments represent the remaining contractual obligations for payment required by the Trust for services and equipment. Remaining durations of contracts will vary for example within the one to five year bracket there will be a number of lease contracts reaching maturity at different dates.

## Note 9 Finance Income

---

	Group	
	2016/17 £000	2015/16 £000
Interest on bank accounts	11	15
Investment income on NHS charitable funds financial assets	3	11
<b>Total</b>	<b>14</b>	<b>26</b>

## Note 10.1 Finance Expenditure

---

Finance expenditure represents interest and other charges involved in the borrowing of money.

	Group	
	2016/17 £000	2015/16 £000
<b>Interest expense:</b>		
Loans from the Department of Health	34	69
Finance leases	-	2
<b>Total interest expense</b>	<b>34</b>	<b>71</b>

## Note 10.2 The late payment of commercial debts (interest) Act 1998

---

The Group did not incur any penalty payments during the period 2016/17 (2015/16: nil)

## Note 11 Corporation tax

---

Neither the Foundation Trust or the Charity engaged in any activities which would accrue corporation tax during 2016/17 (2015/16 no activities).

## Note 12.1: Intangible assets - 2016/17

	Group		
	Software licences £000	Intangible assets under construction £000	Total £000
<b>Valuation/gross cost at 1 April 2016 - brought forward</b>	<b>1,596</b>	<b>461</b>	<b>2,057</b>
Additions	279	77	356
Reclassifications <sup>1</sup>	-	-	-
<b>Gross cost at 31 March 2017</b>	<b>1,875</b>	<b>538</b>	<b>2,413</b>
<b>Amortisation at 1 April 2016 - brought forward</b>	<b>163</b>	-	<b>163</b>
Provided during the year	56	-	56
<b>Amortisation at 31 March 2017</b>	<b>219</b>	-	<b>219</b>
<b>Net book value at 31 March 2017</b>	<b>1,656</b>	<b>538</b>	<b>2,194</b>
<b>Net book value at 1 April 2016</b>	<b>1,433</b>	<b>461</b>	<b>1,894</b>

All intangible assets are held by the Foundation Trust and relate to purchased software packages.

All intangible assets held by the Foundation Trust have been purchased with NHS Exchequer funding. Additions in year relate to IT investment.

There were no revaluation reserves for intangible assets held at 31 March 2017 or the prior period.

The minimum and maximum economic life for purchased software was one year and ten years respectively.

<sup>1</sup> Assets under construction have been reclassified in the year due to the Digital Care Record project being finalised in 2016/17.

## Note 12.2: Intangible assets - 2015/16

	Group		
	Software licences £000	Intangible assets under construction £000	Total £000
<b>Valuation/gross cost at 1 April 2015 - as previously stated</b>	<b>328</b>	<b>1,650</b>	<b>1,978</b>
Additions	79	-	79
Reclassifications	1,189	(1,189)	-
<b>Valuation/gross cost at 31 March 2016</b>	<b>1,596</b>	<b>461</b>	<b>2,057</b>
<b>Amortisation at 1 April 2015 - as previously stated</b>	<b>96</b>	-	<b>96</b>
Provided during the year	67	-	67
<b>Amortisation at 31 March 2016</b>	<b>163</b>	-	<b>163</b>
<b>Net book value at 31 March 2016</b>	<b>1,433</b>	<b>461</b>	<b>1,894</b>
<b>Net book value at 1 April 2015</b>	<b>232</b>	<b>1,650</b>	<b>1,882</b>

## Note 13.1 Property, plant and equipment - 2016/17

	Group								Total £000
	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	
	£000	£000	£000	£000	£000	£000	£000	£000	
<b>Valuation/gross cost at 1 April 2016 - brought forward</b>	<b>1,455</b>	<b>43,944</b>	<b>124</b>	<b>14,228</b>	<b>6,377</b>	<b>25</b>	<b>2,117</b>	<b>272</b>	<b>68,542</b>
Additions <sup>1</sup>	-	3,068	-	399	1,215	-	252	-	<b>4,934</b>
Impairments <sup>2</sup>	-	(269)	-	-	-	-	-	-	<b>(269)</b>
Reclassifications <sup>3</sup>	-	14,095	-	(14,095)	-	-	-	-	-
Revaluations	-	(1,872)	11	-	-	-	-	-	<b>(1,861)</b>
<b>Valuation/gross cost at 31 March 2017</b>	<b>1,455</b>	<b>58,966</b>	<b>135</b>	<b>532</b>	<b>7,592</b>	<b>25</b>	<b>2,369</b>	<b>272</b>	<b>71,346</b>
<b>Accumulated depreciation at 1 April 2016 - brought forward</b>	-	-	-	-	<b>4,290</b>	<b>25</b>	<b>1,257</b>	<b>150</b>	<b>5,722</b>
Provided during the year	-	1,662	4	-	515	-	220	29	<b>2,430</b>
Impairments <sup>4</sup>	-	253	-	-	-	-	-	-	<b>253</b>
Revaluations	-	(1,915)	(4)	-	-	-	-	-	<b>(1,919)</b>
<b>Accumulated depreciation at 31 March 2017</b>	-	-	-	-	<b>4,805</b>	<b>25</b>	<b>1,477</b>	<b>179</b>	<b>6,486</b>
<b>Net book value at 31 March 2017</b>	<b>1,455</b>	<b>58,966</b>	<b>135</b>	<b>532</b>	<b>2,787</b>	-	<b>892</b>	<b>93</b>	<b>64,860</b>
<b>Net book value at 1 April 2016</b>	<b>1,455</b>	<b>43,944</b>	<b>124</b>	<b>14,228</b>	<b>2,087</b>	-	<b>860</b>	<b>122</b>	<b>62,820</b>
	-	15,022	11	(13,696)					

<sup>1</sup> Additions includes £0.160m of interest payments attributable to the £10m capital investment loan from the Department of Health for the period prior to the new asset being brought in to use.

<sup>2</sup> The Foundation Trust incurred an impairment of £0.269m as a result of District Valuer good housekeeping valuation.

<sup>3</sup> The majority of reclassified assets under construction (AUC) relate to the Theatre and Tumour Unit Development

<sup>4</sup> The Foundation Trust incurred a further impairment of £0.253m as a result of the removal of Theatre 7 and HDU modular blocks to make room for new Theatre and Tumour Unit Development

All property, plant and equipment relating to the group is held by the Foundation Trust.

## Note 13.2 Property, plant and equipment - 2015/16

	Group								Total
	Land	Buildings excluding dwellings	Dwellings	Assets under construction <sup>3</sup>	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	
	£000	£000	£000	£000	£000	£000	£000	£000	
<b>Valuation/gross cost at 1 April 2015 - as previously stated</b>	<b>1,110</b>	<b>45,453</b>	<b>130</b>	<b>1,852</b>	<b>5,777</b>	<b>25</b>	<b>1,685</b>	<b>232</b>	<b>56,264</b>
Additions - purchased/ leased/ grants/ donations	-	221	-	12,523	600	-	287	40	<b>13,671</b>
Impairments	-	(52)	-	-	-	-	-	-	<b>(52)</b>
Reclassifications <sup>1</sup>	-	2	-	(147)	-	-	145	-	-
Revaluations	345	(1,680)	(6)	-	-	-	-	-	<b>(1,341)</b>
<b>Valuation/gross cost at 31 March 2016</b>	<b>1,455</b>	<b>43,944</b>	<b>124</b>	<b>14,228</b>	<b>6,377</b>	<b>25</b>	<b>2,117</b>	<b>272</b>	<b>68,542</b>
<b>Accumulated depreciation at 1 April 2015 - as previously stated</b>	-	-	<b>4</b>	-	<b>3,702</b>	<b>22</b>	<b>1,052</b>	<b>117</b>	<b>4,897</b>
Provided during the year	-	1,651	5	-	588	3	205	33	<b>2,485</b>
Impairments <sup>2</sup>	-	26	-	-	-	-	-	-	<b>26</b>
Revaluations	-	(1,677)	(9)	-	-	-	-	-	<b>(1,686)</b>
<b>Accumulated depreciation at 31 March 2016</b>	-	-	-	-	<b>4,290</b>	<b>25</b>	<b>1,257</b>	<b>150</b>	<b>5,722</b>
<b>Net book value at 31 March 2016</b>	<b>1,455</b>	<b>43,944</b>	<b>124</b>	<b>14,228</b>	<b>2,087</b>	-	<b>860</b>	<b>122</b>	<b>62,820</b>
<b>Net book value at 1 April 2015</b>	<b>1,110</b>	<b>45,453</b>	<b>126</b>	<b>1,852</b>	<b>2,075</b>	<b>3</b>	<b>633</b>	<b>115</b>	<b>51,367</b>

<sup>1</sup> The revaluation figure is net of depreciation charged in year against the relevant assets.

<sup>2</sup> The Foundation incurred a further impairment of £0.026m as a result of the demolition of the Orthotics Workshop

<sup>3</sup> The majority of assets under construction (AUC) relate to the Theatre and Tumour Unit Development

### Note 13.3 Property, plant and equipment financing - 2016/17

	Group							Total £000
	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	
	£000	£000	£000	£000	£000	£000	£000	
<b>Net book value at 31 March 2017</b>								
Owned	1,455	45,067	135	532	2,251	892	93	<b>50,425</b>
Government granted <sup>1</sup>	-	283	-	-	-	-	-	<b>283</b>
Donated <sup>2</sup>	-	12,754	-	-	536	-	43	<b>13,333</b>
<b>NBV total at 31 March 2017</b>	<b>1,455</b>	<b>58,966</b>	<b>135</b>	<b>532</b>	<b>2,787</b>	<b>892</b>	<b>136</b>	<b>64,041</b>

<sup>1</sup> Government granted Privacy and Dignity monies given to the Foundation Trust in 2009/10 to address issues caused by ward building layouts.

<sup>2</sup> Donated assets increase relates to charitable contributions to the Theatre and Tumour Unit Development from RJAH Charity and League of Friends

### Note 13.4 Property, plant and equipment financing - 2015/16

	Group							Total £000
	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	
	£000	£000	£000	£000	£000	£000	£000	
<b>Net book value at 31 March 2016</b>								
Owned	1,455	31,834	124	13,728	1,664	860	71	<b>49,736</b>
Government granted	-	296	-	-	-	-	-	<b>296</b>
Donated	-	11,814	-	500	423	-	51	<b>12,788</b>
<b>NBV total at 31 March 2016</b>	<b>1,455</b>	<b>43,944</b>	<b>124</b>	<b>14,228</b>	<b>2,087</b>	<b>860</b>	<b>122</b>	<b>62,820</b>



## **Note 14 Donations of property, plant and equipment**

---

The Foundation Trust did not receive any donations of property, plant and equipment in 2016/17 (2015/16; nil).

Donations were received by the Foundation Trust in 2016/17 to purchase equipment or buildings from:  
The RJAH Charity £1.004m, (2015/16; £0.666m).  
The League of Friends £0.220m (2015/16; £0.025m)  
All cash received was utilised for these purposes.

## **Note 15 Revaluations of property, plant and equipment**

---

The Foundation Trust's Property, Dwellings and Land are held at revalued amounts.  
The effective date of the most recent valuation is 31st March 2017.  
The valuation is carried out by the District Valuer (VOA).  
The Property and Dwellings are valued at Existing Use Value (EUJ) where the Trust has assessed an alternative Modern Equivalent Asset on an optimised approach to building and land constitution. This approach has been consistent for both 2016/17 and 2015/16 periods.  
The District Valuer used the RICS indices as at 31st December 2016, these being the latest available.

## Note 16 Analysis of charitable fund reserves

---

The Robert Jones and Agnes Hunt Orthopaedic Hospital Charity accounts are consolidated within the Robert Jones and Agnes Hunt NHS Foundation Trust Group. The Charity is fully controlled by the Trust as its corporate trustee and is, therefore, consolidated in full to the Group.

	31 March 2017 £000	31 March 2016 £000
<b>Unrestricted funds:</b>		
Unrestricted income funds	731	1,382
Restricted income funds	-	117
	<u>731</u>	<u>1,499</u>

Unrestricted income funds are accumulated income funds that are expendable at the discretion of the trustees in furtherance of the charity's objects. Unrestricted funds may be earmarked or designated for specific future purposes which reduces the amount that is readily available to the charity.

Restricted funds may be accumulated income funds which are expendable at the trustee's discretion only in furtherance of the specified conditions of the donor and the objects of the charity. They may also be capital funds (e.g. endowments) where the assets are required to be invested, or retained for use rather than expended.

## Note 17 Inventories

	Group	
	31 March 2017 £000	31 March 2016 £000
Drugs	148	146
Consumables	879	977
Energy	39	24
<b>Total inventories</b>	<b>1,066</b>	<b>1,147</b>

Inventories recognised in expenses for the year were £14,841k (2015/16: £15,364k). Write-down of inventories recognised as expenses for the year were £18k (2015/16: £15k).

All inventories are finished goods. All inventories are wholly owned by the Foundation Trust.

## Note 18.1 Trade receivables and other receivables

	31 March 2017 £000	Group	31 March 2016 £000
<b>Current</b>			
Trade receivables due from NHS bodies	315		678
Other receivables due from related parties	42		264
Provision for impaired receivables	(420)		(375)
Prepayments (non-PFI)	800		904
Accrued income	2,819		1,067
PDC dividend receivable	-		44
VAT receivable	456		266
Other receivables <sup>1 &amp; 3</sup>	1,897		1,244
Trade and other receivables held by NHS charitable funds	-		1
<b>Total current trade and other receivables</b>	<b>5,909</b>		<b>4,093</b>
<b>Non-current</b>			
Provision for impaired receivables <sup>2</sup>	(189)		(273)
Other receivables	824		991
<b>Total non-current trade and other receivables</b>	<b>635</b>		<b>718</b>

The majority of trade of the Foundation Trust and the Group is with Clinical Commissioning Groups and Non English NHS bodies, as commissioners for NHS patient care services. As these are funded by Central and Devolved Governments to buy NHS patient care services, no credit scoring of them is considered necessary.

<sup>1</sup> Other receivables includes receivables based on notifications from the Compensation Recovery Unit under the Injury Costs Recovery Scheme (ICR).

<sup>2</sup> Provided for as a percentage of Injury Cost Recovery scheme notifications (22.94%). Injury Cost Recovery Unit recommend minimum percentage of 27.51% for 2015/16.

<sup>3</sup> Balances with other receivables are not significant so therefore credit scoring is not considered efficient to perform.

## Note 18.2 Provision for impairment of receivables

	Group	
	2016/17 £000	2015/16 £000
<b>At 1 April as previously stated</b>	<b>648</b>	<b>592</b>
Increase in provision	222	534
Amounts utilised	(91)	(329)
Unused amounts reversed	(170)	(149)
<b>At 31 March</b>	<b>609</b>	<b>648</b>

The provision for impairment of receivables relates solely to the Foundation Trust.

## Note 18.3 Analysis of impaired receivables

	31 March 2017 Trade and other receivables £000
<b>Ageing of impaired financial assets</b>	
0 - 30 days	2
30-60 Days	-
60-90 days	1
90- 180 days	10
Over 180 days	59
<b>Total</b>	<b>72</b>

The analysis relates to the Foundation Trust only. There are no impaired receivables relating to the Charity.

	31 March 2017 Trade and other receivables £000
<b>Ageing of non-impaired financial assets past their due date</b>	
30-60 Days	59
60-90 days	12
90- 180 days	21
Over 180 days	13
<b>Total</b>	<b>105</b>

The analysis relates to the Foundation Trust only. There are no receivables past their due date relating to the Charity.

The above values include English NHS Receivables for which a provision is not made. They are based on unpaid receivable invoices outstanding as at the year end.

## Note 19.1 Assets held for sale

The Group did not have any assets held for sale as at 31 March 2017 (2015/16: Nil).

## Note 19.2 Cash and cash equivalents movements

	Group	
	2016/17 £000	2015/16 £000
<b>At 1 April</b>	<b>7,532</b>	<b>7,767</b>
Prior period adjustments	-	-
<b>At 1 April (restated)</b>	<b>7,532</b>	<b>7,767</b>
Net change in year	(2,148)	(235)
<b>At 31 March</b>	<b>5,384</b>	<b>7,532</b>
<b>Broken down into:</b>		
Cash at commercial banks and in hand	505	2
Cash with the Government Banking Service <sup>1</sup>	4,879	7,530
<b>Total cash and cash equivalents as in SoFP</b>	<b>5,384</b>	<b>7,532</b>

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value. All the cash and cash equivalents held are available for use.

<sup>1</sup> £4.6m cash held by the Foundation Trust, £0.8m held by RJAH NHS Charity (2015/16; FT £5.4m, RJAH NHS Charity £2.1m).

## Note 20.1 Trade and other payables

	Group	
	31 March 2017 £000	31 March 2016 £000
<b>Current</b>		
Receipts in advance	1	2
NHS trade payables	697	314
Amounts due to other related parties <sup>1</sup>	736	726
Other trade payables	1,490	1,411
Capital payables <sup>2</sup>	564	1,560
Social security costs	600	472
Other taxes payable	569	548
Other payables	60	136
Accruals	4,354	3,008
PDC dividend payable	7	-
Trade and other payables held by NHS charitable funds	5	5
<b>Total current trade and other payables</b>	<b>9,083</b>	<b>8,182</b>

<sup>1</sup> Amounts due to other related parties includes outstanding employer and employee pension contributions of £0.73m at 31 March 2017 (31 March 2016 £0.69m).

<sup>2</sup> Majority of capital payables relates to March 2017 invoice relating to the Theatre and Tumour Unit project at the Foundation Trust.

The carrying amount of trade payables approximate to their fair value.

## Note 20.2: Public Dividend Capital dividends

Public Dividend Capital (PDC) dividends paid and due to the Department of Health amounted to £1.37m for the year 1 April 2016 to 31 March 2017 (2015/16 : £1.35m). PDC dividends are calculated as a percentage (3.5%) of average net relevant assets. The net relevant assets exclude the value of donated assets, cash held in the government banking service and any creditor or debtor held with the Department of Health relating to the difference between the amount estimated and paid in early March and the final calculated value of PDC dividend in the accounts.

## Note 21: Other liabilities

	Group	
	31 March 2017 £000	31 March 2016 £000
<b>Current</b>		
Deferred grants income	33	224
Other deferred income <sup>1</sup>	331	126
<b>Total other current liabilities</b>	<b>364</b>	<b>350</b>

<sup>1</sup> Relates to education and research funding held by the Foundation Trust

## Note 22: Borrowings

	Group	
	31 March 2017 £000	31 March 2016 £000
<b>Current</b>		
Loans from the Department of Health <sup>1</sup>	1,201	736
<b>Total current borrowings</b>	<b>1,201</b>	<b>736</b>
<b>Non-current</b>		
Loans from the Department of Health <sup>1</sup>	8,236	9,339
<b>Total non-current borrowings</b>	<b>8,236</b>	<b>9,339</b>

<sup>1</sup> The Foundation Trust has two outstanding, unsecured loans:

i) £10m capital investment loan was taken out in August 2015 at an interest rate of 1.92%. The principal is repaid at six-monthly intervals over ten years with the final payment due in February 2025. These monies were used to construct a new Theatre Complex and Tumour Unit on site. The remaining balance is £9.4m.

ii) £0.5m capital investment loan was taken out in November 2007 at an interest rate of 4.85%. The principal is repaid at six-monthly intervals over ten years with the final payment due in September 2017. These monies were used to convert buildings on site to a GP Maternity Unit which is managed by the Shrewsbury and Telford Hospitals NHS Trust (SATH). There is an operating lease agreement with SATH which runs for the term of the loan and includes cover of the principal and interest payments. The remaining balance is £25,000.



## **Note 23 Finance leases**

---

### **Note 23.1 The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust as a lessee**

---

There are no finance leases held by the Foundation Trust as at 31 March 2017

### **Note 23.2 The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust as a lessor**

---

There are no finance leases where the Foundation Trust is the lessor as at March 2017

## Note 24.1: Provisions for liabilities and charges analysis

	Pensions - early departure costs <sup>1</sup>	Other legal claims <sup>2</sup>	Other <sup>3</sup>	Total
	£000	£000	£000	£000
<b>At 1 April 2016</b>	<b>190</b>	<b>24</b>	<b>547</b>	<b>761</b>
Arising during the year	-	10	-	<b>10</b>
Utilised during the year	(29)	(7)	(427)	<b>(463)</b>
Reversed unused	(9)	-	-	<b>(9)</b>
<b>At 31 March 2017</b>	<b>152</b>	<b>27</b>	<b>120</b>	<b>299</b>
<b>Expected timing of cash flows:</b>				
- not later than one year;	40	27	-	<b>67</b>
- later than one year and not later than five years;	97	-	120	<b>217</b>
- later than five years.	15	-	-	<b>15</b>
<b>Total</b>	<b>152</b>	<b>27</b>	<b>120</b>	<b>299</b>

<sup>1</sup> Pensions relating to other staff is for NHS pensions payable to staff given early retirement prior to 1995. These payments are administered and invoiced for by the NHS Business Agency on a quarterly basis with total liability estimated based on life expectancy.

<sup>2</sup> Other legal claims relate to employer and public liability claims handled by the NHSLA. The Trust is liable for up to a maximum of the scheme excess of payments of £10k or £3k only. All claims are expected to be settled within 12 months.

<sup>2</sup> Other relates to £0.12m for the dismantling of the Foundation Trust's daycase unit. The £0.12m is an estimate based on the original contract cost of £0.09m uplifted.

	Pensions - early departure costs	Other legal claims	Pay	Other	Total
	£000	£000	£000	£000	£000
<b>At 1 April 2016</b>	<b>240</b>	<b>35</b>	<b>80</b>	<b>320</b>	<b>675</b>
Arising during the year	-	30	80	428	<b>538</b>
Utilised during the year	(50)	(21)	(80)	(86)	<b>(237)</b>
Reversed unused	-	(20)	(80)	(115)	<b>(215)</b>
<b>At 31 March 2017</b>	<b>190</b>	<b>24</b>	<b>-</b>	<b>547</b>	<b>761</b>
<b>Expected timing of cash flows:</b>					
- not later than one year;	47	24	-	547	<b>618</b>
- later than one year and not later than five years;	115	-	-	-	<b>115</b>
- later than five years.	28	-	-	-	<b>28</b>
<b>Total</b>	<b>190</b>	<b>24</b>	<b>-</b>	<b>547</b>	<b>761</b>

**Contingencies:**

The group had no contingencies to report as at 31 March 2017 (31 March 2016 £nil).

## Note 24.2 Clinical negligence liabilities

At 31 March 2017, £15,084k was included in provisions of the NHSLA in respect of clinical negligence liabilities of The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust (31 March 2016: £12,186k).

The trust is a member of the Clinical Negligence Scheme for Trusts (CNST) run by the NHSLA which provides indemnity for clinical negligence claims against members. Each year fees are paid by members of the scheme to cover the estimated total cost of claims and scheme expenses to be paid during the year. The risk for such claims is, therefore, held by the NHSLA.

## Note 25: Contractual capital commitments

	Group	
	31 March 2017 £000	31 March 2016 £000
Property, plant and equipment	93	2,102
<b>Total</b>	<b>93</b>	<b>2,102</b>

## Note 26: Other gains and losses

The Group incurred no 'other' gains or losses during the year 2016/17 (2015/16: nil)

## Note 27: Revaluation reserve movements for the period 1 April 2016 to 31 March 2017

	Group	
	1 April 2016 to 31 March 2017 £000	1 April 2015 to 31 March 2016 £000
<b>Revaluation reserve as at 1 April</b>	<b>17,312</b>	<b>17,045</b>
Revaluations or positive indexation	58	345
Disposal	-	(26)
Impairments	(253)	(52)
<b>Revaluation reserve as at 31 March</b>	<b>17,117</b>	<b>17,312</b>

The revaluation reserve is held by the Foundation Trust.

## Note 28.1 Related party transactions

During the period none of the Department of Health Ministers, Trust Board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with the Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust Group.

The Department of Health is regarded as a related party. During the year 1 April 2016 to 31 March 2017 the Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust Group has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent department. For example:

Clinical Commissioning Groups  
 NHS England  
 NHS Foundation Trusts  
 NHS Trusts  
 NHS Litigation Authority

In addition, the Group has had a number of material transactions with UK devolved governments. These transactions have been for the provision of healthcare, mostly with Welsh NHS bodies who are funded by the Welsh Assembly.

In addition, the Group has had a number of transactions with other government departments and other central and local government bodies. Most of these transactions have been with Shropshire Unitary Council in respect of non-domestic rates and housing rent.

## Note 28.2 Related party transactions

	Group			
	1 April 2016 to 31 March 2017		1 April 2015 to 31 March 2016	
	Income £000	Expenditure £000	Income £000	Expenditure £000
Department of Health	44	0	25	0
Other English NHS Bodies	69,472	5,381	64,990	4,995
Welsh NHS Bodies	23,760	47	23,100	28
Other Whole Government Accounting Bodies	45	9,575	30	8,478
<b>Total</b>	<b>93,321</b>	<b>15,003</b>	<b>88,145</b>	<b>13,501</b>

During the year The Foundation Trust had income of £1.057m and no expenditure with the RJA Charity (2015/16 income of £0.67m and expenditure of £nil).

## Note 28.3 Related party balances

	Group			
	31 March 2017		31 March 2016	
	Receivables £000	Payables £000	Receivables £000	Payables £000
Department of Health	0	27	44	20
Other English NHS Bodies	2,550	1,539	1,600	813
Welsh NHS Bodies	382	558	320	78
Other Whole Government Accounting Bodies	467	1,920	278	1,729
<b>Total</b>	<b>3,399</b>	<b>4,044</b>	<b>2,242</b>	<b>2,640</b>

At 31 March 2017 The Foundation Trust had receivables of £0.03m and payables of £0.002m with the RJAH Charity (31 March 2016: receivables of £0.60m and payables of £0.01m).

## Note 29 Losses and special payments

The total number of cases and their total value was as follows:

	Group			
	1 April 2016 to 31 March 2017		1 April 2015 to 31 March 2016	
	Total value of cases £000	Total number of cases	Total value of cases £000	Total number of cases
<b>Losses:</b>				
Bad debts and claims abandoned	9	114	8	145
Stores losses	18	2	15	2
<b>Total Losses</b>	<b>27</b>	<b>116</b>	<b>23</b>	<b>147</b>
<b>Special payments</b>				
Ex gratia payments:	1	45	5	38
<b>Total Special Payments</b>	<b>1</b>	<b>45</b>	<b>5</b>	<b>38</b>
<b>Total losses and special payments</b>	<b>28</b>	<b>161</b>	<b>28</b>	<b>185</b>

Losses and special payments are accounted for on an accruals basis but exclude provisions for future losses.

All losses and special payments relate to the Foundation Trust.

## Note 30 Financial instruments and financial liabilities

---

### Note 30.1 Financial risk management

---

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Foundation Trust has with clinical commissioning groups and the way those clinical commissioning groups are financed, the group is not exposed to the degree of financial risk faced by business entities. Also 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 Foundation Trust's investment policy limits the investment of surplus funds to institutions with a low risk rating. The Charity's investment policy is consistent with that of the Foundation Trust. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Group in undertaking its activities.

*The Group's treasury management operations are carried out by the finance department. For the Foundation Trust this is within parameters defined formally within the Foundation Trust's standing financial instructions and policies agreed by the board of directors. For the Charity this is within parameters defined formally within the Charity's governing document and charitable funds committee terms of reference. The Group's treasury activity is subject to review by the Group's internal auditors.*

### Currency risk

---

The Group is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Group has no overseas operations. The Group therefore has low exposure to currency rate fluctuations.

### Interest rate risk

---

The Foundation Trust holds two loans with interest charged at the prevailing National Loans Fund rate when the loans were taken out, this is fixed for the life of the loan. The Trust, therefore, has low exposure to interest rate fluctuations. The Charity has no borrowings.

### Credit risk

---

Because the majority of the Foundation Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2017 are in receivables from customers, as disclosed in the trade and other receivables note. The Charity does not hold material receivable balances. With its income coming from voluntary donations and legacies The Charity is also considered to have a low exposure to risk.

### Liquidity risk

---

The Group's operating costs are incurred principally under contracts with clinical commissioning groups, which are financed from resources voted annually by Parliament. The Foundation Trust funds its capital expenditure from resources voted annually by Parliament, internally generated surpluses, donations from the related charity and through borrowing via the National Loans Fund. A £2,000k overdraft facility is available to the Foundation Trust. The Group is not deemed to be exposed to significant liquidity risks.

### 30.2 Financial assets - Loans and receivables

	Group		Foundation Trust	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
Trade and other receivables excluding non financial assets	<b>5,019</b>	4,093	<b>5,019</b>	4,688
Cash and cash equivalents at bank and in hand	<b>5,384</b>	7,532	<b>4,623</b>	5,443
<b>Total</b>	<b>10,403</b>	11,625	<b>9,642</b>	10,131

### 30.3 Financial liabilities - Other financial liabilities

	Group		Foundation Trust	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
Trade and other payables excluding non financial assets	<b>9,083</b>	8,182	<b>9,078</b>	8,177
Borrowings excluding finance leases <sup>1</sup>	<b>9,437</b>	10,075	<b>9,437</b>	10,075
<b>Total</b>	<b>18,520</b>	18,257	<b>18,515</b>	18,252

<sup>1</sup> The other borrowing values relate to the capital investment loans from the Department of Health which are held at amortised historic cost.



### 31: Third party assets

The Foundation Trust held no cash and cash equivalents at 31 March 2017 (31 March 2016: nil) which relate to monies held by the Foundation Trust on behalf of patients. The Charity held no third party assets.

### 32: Events after the end of the reporting period

The group experienced no events after 31 March 2017 which would require the adjustment of these accounts.

### 33. Control Total Reconciliation

	Foundation Trust	
	2016/17 £000	2015/16 £000
Surplus for the year	3,008	
Add back impairment	253	
Remove donations and grants received	(1,224)	
Remove depreciation for donated and government granted assets	550	
Performance against Control Total	<b>2,587</b>	<b>1,987</b>
Remove Sustainability Transformation Funding (STF)	(1,048)	(500)
Performance against Control Total excl. STF	<b>1,539</b>	<b>1,487</b>



