



The Dudley Group NHS Foundation Trust

# Annual Report & Accounts 2016/17



# **The Dudley Group NHS Foundation Trust**

## **Annual Report and Accounts 2016/17**

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(a) of the National Health Service Act 2006

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All information contained in this report was correct at the time of publication.

Throughout this document we refer to periods in the financial year as quarters:

Quarter 1 (Q1) relates to April to June	Quarter 3 (Q3) relates to October to December
Quarter 2 (Q2) relates to July to September	Quarter 4 (Q4) relates to January to March

The Dudley Group NHS Foundation Trust is referred to as 'the Trust' throughout this report.

## Foreword: Chairman's Welcome



**Chairman Jenni Ord**

Welcome to our 2016/17 Annual Report, Accounts and Quality Report. The Dudley Group has continued to experience high demand for its services throughout the year, with exceptionally large numbers of patients accessing emergency care throughout this winter. Our frontline staff have responded well, demonstrating high commitment to patient care during these significant pressures. Outstanding support from teams across all parts of the hospital and from our community staff enabled us to maintain good levels of performance in many of our services.

A number of high profile achievements are described throughout this report. Examples include the developments in day surgery which have allowed us to treat many more patients each day whilst improving the overall patient experience, and seven-day access to a collaborative Black Country Interventional Radiology Service for Nephrostomy. Both innovations have been shortlisted for national awards.

Our own local awards in March celebrated the work of many individuals and teams who exemplified our values of care, respect and responsibility in demanding circumstances in what has been a very tough year. In particular, I would like to acknowledge the work of our 450 plus group of volunteers who give their time and dedication so freely and who work so well with our professional teams for the benefit of patients.

We have continued our work with partners to support the changes demanded of us set out in NHS England's Five Year Forward View. Locally, this has meant developing joint approaches to the Multi-speciality Community Provider (MCP) that is to be established in Dudley by Dudley Clinical Commissioning Group. This aims to increase opportunities and extend services for those patients with long-term ill health to be cared for at or near their home. The planned investment in our new community imaging facility and the appointment of a number of care coordinators are prime examples of where progress has been made in the last year.

We have also worked at sharing good practice with other Black Country trusts and are currently examining potential service improvements in pathology and support services. As next year unfolds, we expect to see more collaborative working, with the potential to operate shared arrangements, especially for highly specialised services where expert clinicians are sometimes in short supply.

I am pleased to report that our year-end financial position resulted in a surplus of funds. This is noteworthy given that we had a challenging efficiency programme and that so many other NHS organisations are in deficit. Detailed information on our financial statements is set out on page 11 of the Performance Report (Section 1) and throughout our Annual Accounts (Section 3).

Our Quality Account (Section 4) highlights that we continue to receive very good feedback from patients about our services. It also sets out achievements against our quality priorities. This includes the delivery of high performance on our infection control standards.

During the year, we again saw changes at Board level with Paula Clark leaving mid-year to take up the Chief Executive role at University Hospitals of North Midlands. For the remaining six months, Dr Paul Harrison, our Medical Director, fulfilled the CEO role, with Dr Matthew Banks as Acting Medical Director. By the time this report is published, we will have welcomed Diane Wake as our new Chief Executive. We were pleased to appoint Andrew McMenemy as Director of Human Resources in the autumn, especially as retaining and recruiting an excellent workforce is a high priority for Dudley. Also, we said farewell to Chief Nurse Dawn Wardell in March 2017. She has been replaced by Siobhan Jordan on a temporary basis.

The outlook for next year remains challenging. Although there is a slight relaxation of some service standards by NHS England, the expectation is that these will need to be met longer term. The quality priorities for the Trust remain unchanged as we recognise that there is more to be done to fully achieve them. Delivering our budget will be extremely demanding, with a requirement on us to make significant efficiencies. Our in-year decision to invest in a digital patient record system will help to support our plans but it will also require ongoing investment to deliver the overall benefits expected.

Finally, I would like to thank all our staff, the Board and the Governors for their past and future hard work and commitment to The Dudley Group.

Any feedback you would like to share on the format and content of this document or the quality priorities chosen, together with any suggestions for further priorities, can be passed on to the Communications Team on (01384) 244403 or [communications@dgh.nhs.uk](mailto:communications@dgh.nhs.uk).

The report is also available in summary form – “Your Trust”. We also publish quarterly updates on in year progress on our website [www.dudleygroup.nhs.uk](http://www.dudleygroup.nhs.uk)

A handwritten signature in black ink that reads "Jenni Ord". The signature is written in a cursive, flowing style.

Jenni Ord  
Chairman

# Section 1: Performance Report

## Overview of performance

Welcome to The Dudley Group NHS Foundation Trust's Annual Report and Accounts, where you will find out about our performance over the last year, see how we assure ourselves of quality of care for our patients (Quality Report, Section 4) and learn about our plans for the future.

The purpose of this overview is to give a short summary that provides sufficient information to understand the Trust, its purpose, the key risks to the achievement of objectives and how we have performed during the year.

### Looking back at 2016/17

In line with the NHS as a whole, 2016/17 has been another challenging year for us here in Dudley. Demands on our services have reached levels never seen before, with more patients than ever accessing services. As always, our incredible teams have risen to the challenge and consistently go above and beyond to ensure our patients receive the very best care we can provide.

This hard work is highlighted by the Trust's continued good performance against key performance targets and great feedback from patients through the Friends and Family Test.

It has also been a year of great change, with the departure of our Chief Executive of seven years, Paula Clark, at the end of September 2016. I took over as Acting Chief Executive and, by the time this document is published, we will have been joined by our new Chief Executive, Diane Wake.

We succeeded in making over £9 million in efficiency savings during 2016/17 which, combined with securing almost £12m from the Sustainability and Transformation Fund, has enabled the Trust to get back into balance and end the year with a surplus. This is excellent news for the Trust as it means we can invest and should provide reassurance to patients that we will continue to deliver sustainable health services for Dudley.

This year we continued to feel the effects of staff shortages across a number of key health professions including nursing, radiology, speech and language therapy, and medical staff in specialties such as emergency medicine. This has, unfortunately, meant that our target to reduce agency spending was not met.

We continue to promote recruitment in these key areas and have held a number of online



**Acting Chief Executive Dr Paul Harrison**

recruitment drives and open days throughout the year. These open days allow prospective staff to visit the Trust and get a feel for working here. In partnership with neighbouring trusts and Wolverhampton University, we also secured funding to pilot the role of nursing associates to work with registered nurses and clinical support workers.

I am very proud of the work we are doing here in Dudley. There have been so many highlights during 2016/17, here are just some:

We picked up a CHKS Top Hospital Award for being one of the best performing trusts in the UK at CHKS's annual awards event which recognises organisations that excel in clinical effectiveness, health outcomes, efficiency, patient experience and quality of care.

Learning Disabilities Liaison Nurse Jacqui Howells was crowned winner of the prestigious Good Nurse Award at the Great British Care Awards in May 2016 after being nominated by her patients.

We opened a rehabilitation Balcony Garden at Corbett Outpatient Centre to give patients a peaceful outdoor space for therapy.

Open visiting for carers of patients with dementia and other long-term conditions was introduced as part of our launch of John's Campaign. Carers can now visit their loved ones in hospital at any time, day or night, to offer support and help them feel more at ease in unfamiliar surroundings.



Our Day Case Surgery Team were shortlisted in both the Nursing Times Awards and HSJ Value in Healthcare Awards for improvements to their services which have resulted in patients waiting less time for procedures and has reduced cancellations.

We launched a fast-track nephrostomy service with our Black Country Alliance partners and The Royal Wolverhampton NHS Trust which means patients can have emergency kidney operations over weekends and bank holidays thanks to a joint rota system. The service was shortlisted for a HSJ Value in Healthcare award.

Mayor of Dudley, Councillor Mohammad Hanif, visited Ward C3's Forget-me-not Unit, our dedicated area for patients with dementia.

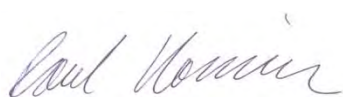
We recruited our first ever patients to the ground-breaking 100,000 Genomics Project which involves collecting and decoding 100,000 whole genomes – complete sets of people's genes – from patients with certain rare diseases and their relatives in the hope that new drugs and treatments may be identified.

Three members of staff who support student nurses whilst on placement, Sarah Clarke, Victoria Perry and Kate O'Connor, were shortlisted in the Student Nursing Times Awards in the category of Educator of the Year.

We invested £32 million – the biggest investment in IT the Trust has ever made – in a new Electronic Patient Record (EPR) system which will transform Dudley into a Digital Trust and revolutionise the way we work and deliver care.

A brand new service to provide extra support for patients leaving hospital was launched for the over 65s. Our team of 10 MDT Care Coordinators call patients after they are discharged from hospital and can help them with benefits, carers support, home repairs, community fire prevention, and any other health or social care needs.

Overall, 2016/17 has been a challenging yet successful year, with plenty to be extremely proud of. As we look to the future, I would like to welcome Diane to Dudley and look forward to working closely with her as we develop and improve further as a Trust.



**Dr Paul Harrison**  
**Acting Chief Executive**

## About The Dudley Group

The Dudley Group is the main provider of hospital and adult community services to the populations of Dudley, parts of the Sandwell borough and smaller, but growing, communities in South Staffordshire and Wyre Forest. The first hospital trust in the area to be awarded Foundation Trust status in 2008, we provide a wide range of medical, surgical and rehabilitation services.

We currently serve a population of around 450,000 people from three hospital sites at Russells Hall Hospital, Guest Outpatient Centre in Dudley and Corbett Outpatient Centre in Stourbridge. We provide the full range of secondary care services and some specialist services for the wider populations of the Black Country and West Midlands region. We also provide specialist adult community based care in patients' homes and in more than 40 centres in the Dudley Metropolitan Borough Council community.

A full list of our services can be found on pages 14 and 15.

Our vision is to be a healthcare provider for the Black Country and West Midlands which is trusted to provide safe, caring and effective services because people matter. Our strategic objectives can be seen below and we will continue to work to these objectives in 2017/18.



The directors have a reasonable expectation that The Dudley Group 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.

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



**Chief Executive Diane Wake**

## Looking forward to 2017/18

I am thrilled to have joined Dudley at such an exciting time and am looking forward to making a difference for the patients of Dudley and surrounding areas by continuing our work to make our local services right for local people.

As we move into 2017/18 and beyond, working with GPs and other local providers to develop the Multi-specialty Community Provider services will result in ground breaking changes to the way services are accessed and coordinated for patients and their families. Together with my executive team, I will be working hard over the coming year to ensure our hospital and community services continue to perform amongst the best in the country, and are sustainable long term.

Our work to become a Digital Trust, with a full Electronic Patient Record (EPR), will begin to gain real traction this year as work with our partners Allscripts continues. The revolutionary move will not only help us to deliver more effective and consistent clinical care, but will also save money to spend on frontline services and free up more time for us to spend with patients.

This contract marks a really exciting time for us in Dudley, with the finished product set to deliver a future-proof system which will drive improvements for both staff and patients.

At the time of writing, we have just received confirmation from the Department of Health that we will receive an additional £1m of funding next year to ease pressure on our Emergency Department. This is excellent news for patients and we plan to use this money to build a brand

new urgent care centre (UCC) integrated with our Emergency Department.

This will allow a centralised point of access for patients who will be directed to Accident & Emergency or the UCC depending on their clinical need. Having the two services side by side will mean patients will benefit from a seamless service with clinicians from primary care and the hospital working even more closely together.

I am looking forward to meeting as many of our staff and patients as possible in my time at Dudley, and intend to work closely with them, along with our Council of Governors, to make sure patients and the public's voices are heard at the Board and used to make a difference to services.

A handwritten signature in black ink that reads "D. Wake".

**Diane Wake**  
**Chief Executive**

## Performance analysis

The Trust closely measures and monitors performance throughout the year with reports on both financial and operational performance for all areas of the Trust reported monthly to the Finance and Performance Committee the Board of Directors. In addition, an electronic performance dashboard accessible via our staff intranet allows senior staff to closely monitor performance in their specific areas.

### Financial performance

The Trust is in the final year of financial recovery since setting a deficit budget of £6.7m in 2014/15, and forecasting £10m overspend earlier in that year. Since then we have gradually brought spending back under control, posting a deficit of £8.4m in 2014/15 and of £2.9m in 2015/16.

The independent regulator of foundation trusts, NHS Improvement, took enforcement action due to a breach of licence on 17th February 2015, and agreed a set of Enforcement Undertakings with us. These undertakings were made partly because of in-year financial performance, and partly because we had not established a long-term strategy to address financial decline. Enforcement action was withdrawn on 9th March 2016.

We brought spending back under control in 2014/15, and continued this trend with

increasingly smaller deficits in 2015/16 and 2016/17. Performance against constitution targets has remained good, and we have been supported by CCGs in setting realistic contract levels as a consequence.

The financial position across the NHS provider sector has been difficult in both 2015/16 and 2016/17 and; consequently, NHS Improvement has introduced a Sustainability and Transformation Fund (STF) of £1.8bn nationally in 2016/17 for the first time which incentivises both financial and operational performance.

Dudley has been successful in achieving £11.945m of STF Funding in 2016/17. This additional cash resource is now available to invest in the new Digital Trust programme and the new Community Imaging Hub at Guest Outpatient Centre.

The Trust set itself the target of a £726k deficit in 2016/17 as part of its three-year plan to break even. At the year-end, before STF, it was £361k in deficit, an improvement of £365k on the target.

Taking the additional STF of £11.945m into account the Trust is in surplus by £11.6m. £1.445m of this surplus was due to the Trust beating its agreed control total deficit of £726,000.

Increased patient activity has been a crucial element of our financial recovery. The table below gives details of the key elements of this.

Summary activity	2016/17			2015/16	Change
	Plan	Actual	Variance	Actual	15/16 - 16/17
A&E attendances	94,023	102,696	8,673	96,137	6.8%
Elective spells	53,401	52,010	-1,391	51,375	1.2%
Non-elective spells (excluding maternity)	49,314	53,239	3,925	51,670	3.0%
Births	4,829	4,496	-333	4,487	0.2%
Outpatient attendances/procedures	502,426	486,965	-15,461	480,198	1.4%
Community attendances	427,742	398,737	-29,005	410,273	-2.8%

Summary financial performance	2016/17			2015/16
	Budget £000	Actual £000	Variance £000	Actual £000
Income	£333,626	£339,783	£6,157	£325,905
Pay	-£195,569	-£203,168	-£7,599	-£191,529
Non-pay	-£115,131	-£114,173	£958	-£114,697
EBITDA	£22,926	£22,442	-£484	£19,679
Depreciation and finance costs	-£23,652	-£22,803	£849	-£22,555
Other costs/income	0	0	0	-£126
Net	-£726	-£361	£365	-£3,002
Sustainability and transformation funding	£10,500	£11,945	£1,445	0
Final surplus for year	£9,774	£11,584	£1,810	-£3,002





In addition, we have delivered a significant level of cost savings from improved efficiencies of circa £9.3m during the year. This was less than planned (£11.9m plan) but the cost of agency staff, unprecedented activity and delayed transfers of care mitigated against two of our bigger schemes.

#### Summary Cost Improvement Programme

	2016/17		
	Plan £000	Actual £000	Variance £000
Value for Money	£4,896	£4,138	£-758
Outpatients	£304	£209	£-95
Delivering Efficiency & Productivity	£4,690	£4,244	£-446
Bank and agency	£592	£0	£-592
Workforce	£950	£724	£-226
<b>Total CIP</b>	<b>£11,432</b>	<b>£9,315</b>	<b>£-2,117</b>
<b>Target CIP</b>	<b>£11,908</b>		

One of the biggest challenges the Trust continues to face is the cost of temporary staffing. Whilst the Trust extensively uses its own bank of staff to fill vacancies and shortages in rotas, it does also need to use agency staff. These staff typically cost more than substantive staff and put pressure on Trust budgets.

The Trust spent over £14m on agency staff (in addition to staff it drew from its own bank of temporary staff). This pressure challenged the Trust both financially and operationally and is an area where concerted effort is being made in 2017/18 to reverse this trend in spending through recruitment and retention of substantive staff.

#### Summary agency spends

	2014/15 £000	2015/16 £000	2016/17 £000
Medical	£2,416	£2,308	£4,313
Registered nursing and midwifery	£2,623	£4,667	£6,210
Unregistered nursing and midwifery	£561	£162	£1,060
Scientific/therapeutic	£349	£1,444	£1,912
Admin/manager	£377	£1,044	£593
<b>Agency spends total</b>	<b>£6,326</b>	<b>£9,625</b>	<b>£14,088</b>
<b>Agency spends target</b>			<b>£5,700</b>

The Trust has set its 2017/18 budget with a surplus of £2.5m. If operational and financial targets can be achieved in 2017/18 an additional £8.5m of STF may be earned.

In 2016/17 the Trust invested £5.7m on new facilities and equipment. IT infrastructure accounted for £0.9m and we took the first steps in revolutionising the Trusts' Digital Trust Programme by spending £2.2m. We also spent £1.3m on new and replacement medical equipment. All of these investments improve the efficiency of the services we provide.



## Summary of capital investment

	Amount £000
Replacement Medical Equipment	£1,348
Information Technology	£879
Pathology	£348
Digital Health Programme	£2,202
Other schemes	£191
Private Finance Initiative Lifecycle	£754
<b>Total</b>	<b>£5,722</b>

The Trust ended the year with a balance of £18m, all held within the Government Banking Service which is £5.6m less than the same time last year. This is due to a substantial increase in the amount of cash owed by the NHS (partly the STF and partly by CCGs and NHS Trusts who have been slow to pay their invoices). The Trust's overall liquidity position was at 14.8 days compared to the plan of 12.5 days.

During 2015/16, the Trust continued its policy of paying all local suppliers at the earliest opportunity to support the local economy during these difficult economic times. The Trust continues to perform strongly against the best practice payment policy target of 95% compliance. During 2016/17 the Trust improved its performance again and paid 99% of non-NHS invoices in value terms and 97% in quantity terms.

## Operational performance against targets

Against this challenging background for the whole NHS, our overall business achievements in 2016 /17 have once again been commendable, particularly in the light of national performance on 18 weeks and the Emergency Department (ED) standard to see, treat, admit or discharge patients

in less than four hours, and can be summarised as:

- achievement of the 18-week national maximum waiting targets for both admitted and non-admitted patients
- a very small shortfall in the achievement of the four hour ED standard for all the year (maintaining the Trust's place as one of the national highest performing Trusts for ED performance all year)
- achievement of all the cancer standards
- continued good performance in the number of patients with Clostridium Difficile (C. diff) apportioned to the Trust, where 13 lapses in care have been confirmed compared to a target of 29. There were no patients identified with MRSA bacteraemia during the year
- significant further investment in additional substantive clinical staff
- further investment in buildings and specialist equipment

We recognise our responsibilities with regards the impact of our business activities on the social, economic and environmental wellbeing of the communities in the Dudley borough and surrounding area. In order to do this, we engage with and seek the views of our patients, stakeholders and the wider Dudley community through our governors and the Trust's membership scheme. Information about this and the Trust's work to encourage more environmentally-friendly working practices can be found on pages 36 to 41 of the Accountability Report (Section 2).

### Summary activity

		2016/17	
		Target	Actual
<b>Infection Control</b>	Number of C. diff cases (lapses in care)	29	13
<b>Cancer Waiting Targets</b>	Two week wait for referral to first seen	93%	95.6%
	31 day wait from diagnosis to treatment	96%	99.1%
	62 day wait from referral to treatment	85%	85.3%
<b>Accident &amp; Emergency</b>	Patients waiting four hours or less to be seen, treated, admitted or discharged in A&E	95%	94.2%
<b>Referral to Treatment - Elective patients</b>	% of admitted patients treated within 18 weeks of referral	90%	92.4%
	% of non-admitted patients treated within 18 weeks of referral	95%	96.5%
	% of incomplete pathways waiting less than 18 weeks	92%	95.4%

## Our services

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### Russells Hall Hospital

Ambulatory Emergency Care  
Anaesthetics, including CPET Clinic, High Risk  
Antenatal Clinic, Pre-operative Obstetric Clinic  
Anticoagulation  
Audiology  
Bereavement Services  
Cancer Services  
Cardiology  
Chaplaincy Service  
Clinical Haematology  
Critical Care Unit  
Day Case Surgery Unit  
Dermatology  
Diabetes and Endocrinology  
Dietetics  
Early Pregnancy Assessment Clinic  
Elective Medical Unit  
Emergency Assessment Unit  
Emergency Department (A&E)  
Fracture Clinic  
Gastroenterology  
Genito-urinary medicine  
Head and Neck surgery including Ear, Nose and Throat (ENT) and Maxillofacial  
Hip and knee classes  
Learning disabilities support  
Maternity (including pre and antenatal)  
Maxillofacial prosthetics  
Medical and surgical inpatient wards  
Medical High Dependency Unit (MHDU)  
Neurology  
Obstetrics and Gynaecology  
Older Persons and Stroke  
Oncology

Ophthalmology  
Organ donation  
Orthodontics  
Orthoptics  
Orthotics  
Outpatients  
Paediatrics and Neonatology  
Paediatric Assessment Unit (for GP referrals)  
Pain Management Multidisciplinary Clinic  
Parkinson's service  
Pathology  
Palliative and End of Life care  
Pharmacy  
Phlebotomy (blood tests)  
Plastic surgery  
Podiatry  
Psychology  
Radiology (X-ray, MRI and CT scanning)  
Renal  
Respiratory assessment and medicine  
Rheumatology  
Skin lesion clinic (Care Plus private patient clinic)  
Speech and Language Therapy  
Stop Smoking Service  
Surgery including breast, colorectal, upper and lower GI, and paediatric surgery  
Surgical Assessment Unit (for GP referrals)  
Surgical pre-operative assessment  
Surgical High Dependency Unit (SHDU)  
Theatres  
Therapy Services (including Physiotherapy and Occupational Therapy)  
Trauma and Orthopaedics including fracture neck of femur unit  
Urology  
Vascular laboratory  
Vascular surgery  
Women and Children's Outpatients



## Corbett Outpatient Centre

Day Case Surgery Unit

Dietetic clinic

Multi-professional rehabilitation

Dudley Rehabilitation Service\*

Orthotics

Outpatient clinics including:

Adult Genetics

Cardiology

Dermatology

Gastroenterology

Neurology

Gynaecology

Older Persons and Stroke

Respiratory

Rheumatology

Trauma and Orthopaedics

Urology

Pharmacy

Phlebotomy (blood tests)

Podiatry

Radiology (X-ray, Ultrasound scanning, DEXA bone scanning)

Wheelchair Service

## Guest Outpatient Centre

Abdominal Aortic Aneurysm Screening

Dudley Rehabilitation Service\*

Outpatient clinics including:

Bladder Dysfunction Clinic

Dermatology

Gastroenterology

Heart Failure Clinic

Immunology

Neurology

Older People

Pain Management Multidisciplinary Clinic

Pain Management Programme

Renal

Respiratory

Rheumatology

Urology

Pharmacy

Phlebotomy (blood tests)

Radiology (X-ray and Ultrasound)

Respiratory Assessment

*\*Dudley Rehabilitation Service includes: Parkinson's nurses, multiple sclerosis nurses, Integrated Living Team, stroke rehabilitation, physiotherapy, occupational therapy, speech and language therapy.*



## Community Services

Abdominal Aortic Aneurysm Screening

Audiology

Blood Borne Virus

Chronic Obstructive Pulmonary Disease (COPD) respiratory nurse service

Community Ear, Nose and Throat (ENT)

Community Response Team

Continence Service

Contraception and Sexual Health

Dermatology

Diabetes Specialist Team (Primary Care)

Dietetics

Dudley Rehabilitation Service\*

Heart Failure

Integrated Nursing Teams<sup>#</sup>

Intermediate Care

Leg Ulcer clinic

Macmillan Community Palliative Care Team

Macmillan Multidisciplinary Team

Outpatient Parental Antibiotic Therapy (OPAT) and oncology outreach

Palliative Care Support Team (Joint Agency)

Paediatric Community service

Physiotherapy – Musculoskeletal Physiotherapy Service

Orthopaedic Assessment Service

Podiatric surgery

Podiatry

Tissue Viability

*<sup>#</sup>Integrated Nursing Teams include district nurses, long-term condition nurses and assertive case managers.*



## Section 2: Accountability Report

### Directors' Report

The Board of Directors was established and constituted to meet legal minimum requirements as stated in the Health and Social Care (Community Health and Standards) Act 2003 and the requirements of the NHS Foundation Trust Code of Corporate Governance published by Monitor.

A Board evaluation process is in place to enable the Board to undertake formal annual evaluation of its own performance and that of its committees and individual directors, in line with the UK Corporate Governance Code.

The Board of Directors Nomination and Remuneration Committee works closely with the Council of Governors Appointments Committee to review the balance and appropriateness of Board members' skills and competencies. Board effectiveness is assessed annually and the process is monitored by the Governors' Appointments Committee.

The Board is satisfied that the balance of experience and skill set of Board members remains fit for purpose. Non-executive directors can only be removed by a 75% vote of the Council of Governors following a formal investigatory process, and the taking of independent legal advice, in accordance with guidance issued by NHS Improvement.

All executive and non-executive directors comply with the 'fit and proper' persons test as described in Condition G4 of the provider licence issued by NHS Improvement. The conditions outlined by NHS Improvement are incorporated into the Trust's Foundation Trust Constitution. The Board is confident that its members do not have any interests or company directorships which could conflict with their management responsibilities. A Register of Directors' Interests is held by the Board Secretary and is available for inspection on request.

As an NHS foundation trust, no political or charitable donations have been made during 2016/17. During the year, the Trust was not charged interest under the Late Payment of Commercial Debts (Interest) Act 1998.

As far as the directors are aware, there is no relevant audit information of which the auditor is unaware. The directors have taken all of the steps that they ought to have taken as directors in order

to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) requires that the income from the provision of goods and services for the purposes of the health service in England must be greater than its income from the provision of goods and services for any other purposes. The Trust confirms that it has met this requirement and that the income received in 2016/17 had no impact on its provision of goods and services for the purposes of the health service in England.

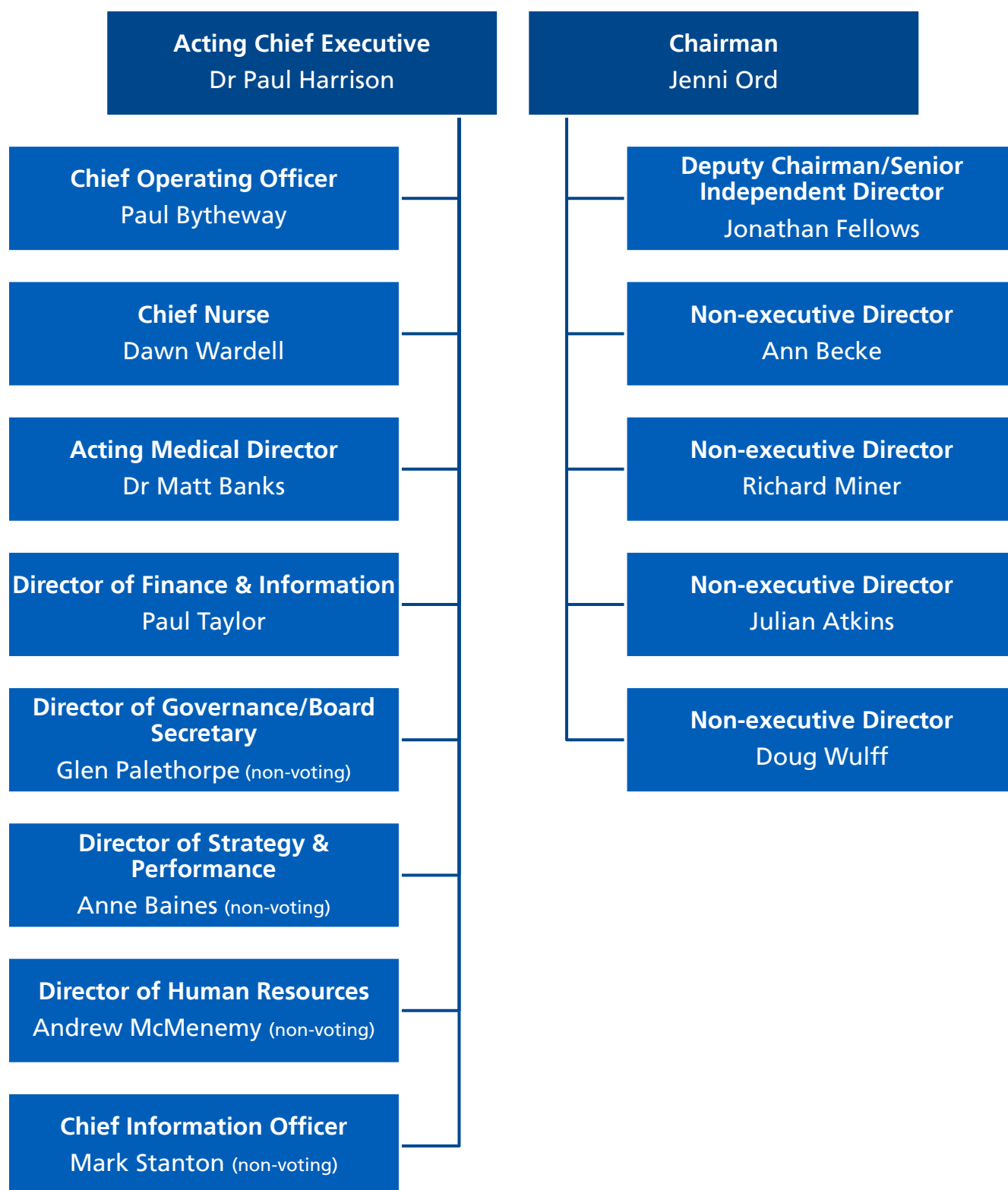
The Board of Directors is responsible for ensuring that the Trust has effective governance arrangements supporting the delivery of the Trust's quality priorities. Board sponsors are nominated for all quality priorities to provide visible Board leadership of specific quality initiatives. Full details of how the Trust's quality governance can be found in the Annual Governance Statement from page 43 and in more detail in the Quality Report & Account (Section 4).

#### Directors in post during the financial year

<b>Paula Clark</b> Chief Executive (until September 2016)	<b>Mark Stanton*</b> Chief Information Officer
<b>Paul Taylor</b> Director of Finance & Information	<b>Anne Baines*</b> Director of Strategy & Performance
<b>Paul Bytheway</b> Chief Operating Officer	<b>Jenni Ord</b> Chairman
<b>Dr Paul Harrison</b> Medical Director (Acting Chief Executive from October 2017)	<b>Jonathan Fellows</b> Non-executive Director (Deputy Chairman, Senior Independent Director)
<b>Dr Matt Banks</b> Acting Medical Director (from October 2017)	<b>Ann Becke</b> Non-executive Director
<b>Dawn Wardell</b> Chief Nurse	<b>Dr Doug Wulff</b> Non-executive Director
<b>Glen Palethorpe*</b> Director of Governance (Board Secretary)	<b>Julian Atkins</b> Non-executive Director
<b>Andrew McMenemy*</b> Director of HR (from August 2016)	<b>Richard Miner</b> Non-executive Director

*\*Glen Palethorpe, Andrew McMenemy, Mark Stanton and Anne Baines are non-voting directors and; therefore, their attendance is not listed on the attendance table on page 22.*

## Board of Directors Structure as at 31<sup>st</sup> March 2017





## Jenni Ord

Chairman

Jenni was previously the Chairman of Health Education West Midlands, the regional body responsible for training investment in the NHS workforce. Initially, her early career was in education before she went on to become a senior civil servant taking up varied senior director roles at The Highways Agency in Organisational Development, IT Service Management and Asset Performance and Research. Previously she was Regional Director for The Pensions Service and The Benefits Agency.

As a Non-Executive she has chaired other NHS organisations including Solihull Care Trust, an integrated health and adult social care organisation, and Birmingham and Solihull PCT Cluster. Currently, she is Vice Chair of Birmingham Metropolitan College which, locally, encompasses Stourbridge College. She was also a Care and Support Committee member for Midland Heart Housing Association and a past member of West Midlands Heritage Lottery Fund Committee which heavily invested in many Black Country heritage projects.

Jenni is passionate about developing great NHS leadership and the delivery of high quality patient services for all.



## Ann Becke

Non-executive Director

Ann is the lead for Safeguarding, both within the Trust and the wider health economy, and represents the Trust on the Dudley Children and Young People's Alliance. She is a member of Dudley Clinical Education Centre's Charity and takes a keen interest in the patient environment through the Arts and Environment Group. She is also the non-executive lead for complaints and chairs the IT steering group.

A graduate in World Class Service Management from Leeds University, she is a trained coach and mentor. Ann brings to the Board significant experience in the delivery of inspirational leadership, customer satisfaction and diversity.

Ann is Chair of the Local Link of the charity Chernobyl Children's Lifeline and is actively involved in both the local and business community raising awareness and significant funding.



## Jonathan Fellows

Non-executive Director (Deputy Chairman, Senior Independent Director)

Jonathan joined the Trust as a non-executive director in October 2007, prior to the Trust achieving authorisation by Monitor as a Foundation Trust the following year. Since 1998 he has successfully led and grown a number of retail sector businesses and, prior to that, held executive director roles on the boards of large publicly listed companies including Central Independent Television and Lloyds Chemists.

Jonathan has extensive experience of raising finance, particularly for major capital projects, as well as developing business strategy and improving customer service, PR and communications. He is a Fellow of the Chartered Association of Certified Accountants and member of the Association of Corporate Treasurers.

As well as being Deputy Chair of the Trust and Senior Independent Director, Jonathan chairs the Trust Finance and Performance Committee and is also a member of both the Audit and Charitable Funds committees.



## Julian Atkins

Non-executive Director

Julian joined the Trust in January 2016 as a non-executive director. He has experience in both the public and private sectors, having worked at organisations such as Alliance & Leicester, Marks & Spencer, Solihull Health Authority and the Thomas Cook Group. Prior to joining the Trust, he was part of the Executive Leadership Team and Head of Human Resources at Coventry Building Society where he worked for nearly 25 years.

Julian is a Fellow of the Institute of Financial Services and the Chartered Institute of Personnel and Development. He is a member of the board at Coventry and Warwickshire Chamber of Commerce's subsidiary training company and is also a past President of Coventry and Warwickshire Institute of Financial Services. Julian chairs the Charitable Funds and Workforce & Staff Engagement Committees, and is a member of the Finance & Performance and Clinical Quality, Safety & Patient Experience committees. Julian is passionate about delivering excellent customer service through skilled individuals and effective teams.



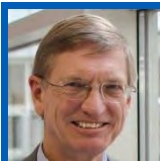
## Richard Miner

Non-executive Director

Richard is a Chartered Accountant by background and chairs the Audit Committee. Having joined the Trust in 2010, he is also a member of the Finance and Performance Committee, the IT Steering Group and sits on the Board of Dudley Clinical Services Limited, the Trust's pharmacy subsidiary.

A former partner in national accounting firm PKF (now part of BDO) he was also Group Finance Director at LPC Group plc, at one time the largest independent tissue manufacturer in the UK. Richard first became involved with the NHS in 2006 as a non-executive director of Birmingham East and North PCT.

He is currently Regional Director with FD Solutions, a provider of flexible and interim finance directors to entrepreneurial and ambitious organisations. This also includes his role as Finance Director with Open Study College, one of the leading providers of distance learning materials.



## Dr Doug Wulff

Non-executive Director

Doug is a General Practitioner by profession and has worked in healthcare both in the UK and South Africa. He joined The Dudley Group after retiring from Staffordshire and Stoke on Trent Partnership NHS Trust where he was Medical Director.

Doug joined the Trust in February 2015 and sits on the Workforce and Staff Engagement Committee, Charitable Funds Committee and chairs the Clinical Quality, Safety and Patient Experience Committee.

A medical graduate of the University of the Witwatersrand, Johannesburg, South Africa, Doug also holds a post-graduate Diploma in Medical Administration and a Master's in Business Administration, both from the University of Pretoria. He worked in general practice and health management in South Africa until moving to the UK where he has since been a GP partner, senior clinical tutor and a member of a number of regional and national NHS committees and boards.



## Dr Paul Harrison

Acting Chief Executive

As Medical Director and Consultant Haematologist, Paul has a varied role with both clinical and managerial responsibilities and has been a member of the Trust Board since 2006. In addition to his role as Medical Director, Paul was also the Responsible Officer for Trust until September 2016. Following the departure of the previous CEO in October, Paul took on the acting role of CEO for six months until Diane Wake was able to take up her post in April 2017.

Paul's medical background as a haematologist has given him wide clinical experience and he is a fellow of both the Royal College of Physicians (RCP) and Royal College of Pathologists. He is particularly interested in medical education and has served as Regional Specialty Advisor for both colleges.

He has previously chaired both the Regional Training Committee and the national Haematology Specialty Advisory Committee. He has been an examiner for the Royal College of Pathologists and currently sits on the RCP Regional Advisers and Specialty Representatives Group. He is also a CPD approver for the RCP. Paul is called upon to lecture and advise on a variety of clinical, managerial and professional topics and is also part of the education faculty of the RCP – a role that involves facilitating workshops for doctors across the country. Paul has also chaired the national Clinical Leads Network for NHS Providers and sits on the NHSI Clinical Focus Group.

Key operational achievements as a haematologist have involved the establishment of new services, including a nurse-led open access Deep Vein Thrombosis (DVT) diagnostic and treatment service and a peripheral blood stem cell transplant programme. He also reconfigured working practices in haematology to develop a fully integrated team-based approach.





## Paul Taylor

Director of Finance & Information

Paul Taylor joined the Trust as the Director of Finance and Information in November 2014.

Paul is an experienced NHS finance director who has worked in this role at a variety of NHS organisations over the last 20 years. Joining the Trust was somewhat of a 'homecoming' for Paul, who started his NHS career in Dudley in 1986 as the Assistant Director of Finance. Since then he has been Finance Director at Coventry Health Authority, Worcester Acute Hospitals, NHS West Midlands SHA, the NHS Commissioning Board, and a variety of PCTs, NHS trusts, NHS foundation trusts and commissioning support organisations. He is also currently the Head of Finance with the national New Care Models Programme.

Paul is an active member of Healthcare Financial Management Association and is a Trustee at Myton Hospice in Warwick. He lives in Birmingham and has 4 children.



## Dawn Wardell

Chief Nurse\*

A nurse for more than 30 years, Dawn joined The Dudley Group in June 2015 from George Eliot Hospital NHS Trust where she was Director of Nursing and Quality.

Dawn is passionate about safe, high quality care and has a particular interest in the reduction of harm, namely reducing infections, pressure ulcers and falls.

She provides managerial and professional leadership for the Trust's nursing staff, professional support to Allied Health Professionals and advising the Board on professional practice for this group.

\*At the time of printing, Dawn Wardell was no longer Chief Nurse having taken up a role at NHS England. The Trust's Interim Chief Nurse as of 10th April 2017 is Siobhan Jordan.



## Paul Bytheway

Chief Operating Officer

Paul joined the Trust as Chief Operating Officer in May 2015 and uses his clinical knowledge to support his decision making within the day to day management of the Trust, ensuring appropriate and safe care is maintained whilst overseeing the delivery of the Trust's operational performance.

Paul works closely with both the Chief Nurse and the Medical Director, ensuring that operational performance delivers the best care for the patients that we serve. Paul has a strong commitment to staff engagement and regularly undergoes walk arounds to get the views of staff, along with undertaking a number of monthly 'clinical shifts' in a variety of departments to ensure that he always has an 'ear to the ground'. He champions service transformation and encourages his teams to change and transform themselves for their own development and to improve services for patients.

Paul started work in the NHS as a Health Care Assistant in Wolverhampton, before moving into general management in 2002 following a clinical career in Emergency Department nursing.

Outside of work, Paul has volunteered for St John Ambulance for over 30 years, he says that he loves the work that the charity undertakes as it delivers care within local communities and provides opportunities for young and old to get involved locally. Community engagement is something that Paul strongly believes in and actively champions the Trust externally and within local communities.



## Dr Matt Banks

Acting Medical Director

Matt was appointed Acting Medical Director in October 2016. Prior to this, Matt headed up the Medicine and Integrated Care Division for the Trust as Chief of Medicine since 2014. He brings a wealth of clinical and leadership experience with him.

Matt joined the Trust in 2003 as a consultant interventional cardiologist. He is a Fellow of the Royal College of Physicians and a member of the British Cardiovascular Society, and the British Cardiac Interventional Society.





## Glen Palethorpe

Director of Governance (Board Secretary)

Glen is a qualified accountant and is also a member of Chartered Institute of Internal Auditors. Glen's experience in governance, risk management, internal control and assurance was gained during his time working at KPMG, Baker Tilly, Bentley Jennison and RSM Tenon. During his career, Glen has offered insights to a number of Boards on their effectiveness and the effectiveness of their reporting committees and groups.

Glen's role at the Trust is that of Trust Board Secretary and Director of Governance, which sees him supporting the Chair, Chief Executive, Board of Directors and the Council of Governors in all aspects of governance and regulatory compliance. Glen is also responsible for the corporate governance team which supports divisional and Board risk management, incidents, complaints and claims processes, along with oversight of the Trust's clinical audit team.



## Mark Stanton

Chief Information Officer

Mark joined the Trust in 2014 after spending seven years as an executive director at a private healthcare organisation supplying diagnostic services to the NHS. Mark has held a number of senior IT positions in large organisations including Siemens, BUPA and General Motors. During his career, Mark has been involved in large scale transformational change both within IT infrastructure and patient systems.

Mark is Leading the Trusts Digital Programme to deliver a fully interoperable Electronic Patient Record (EPR) that facilitates recording, sharing and supports clinical decision making across the Trust and wider Health and social economy

Mark is also responsible for the Trust's commercial IT division, TeraFirma IT, which provides a full range of IT services both to the Trust and other NHS organisations, generating revenue to be re-invested back into the Trust.



## Anne Baines

Director of Strategy & Performance

Anne has worked in the NHS for more than 37 years in a variety of planning and commissioning posts in primary, community and secondary care.

Her first director post was at South Birmingham PCT in 2002 and she has continued at this level in a variety of organisations in the West Midlands. In 2004, Anne created a successful management consultancy to support commissioners across the country. In 2006 she gained her MSc in Managing Health and Social Care. Most recently, Anne was appointed as Director of Service Transformation at NHS Walsall, followed by Director of Strategy at Walsall Healthcare NHS Trust.

Anne is the lead on strategic business development and performance management for the organisation. She takes a lead with regard to effective working with partners and is also responsible for the Trust's Transformation Programme, supported by the Programme Management Office and Service Improvement Team.



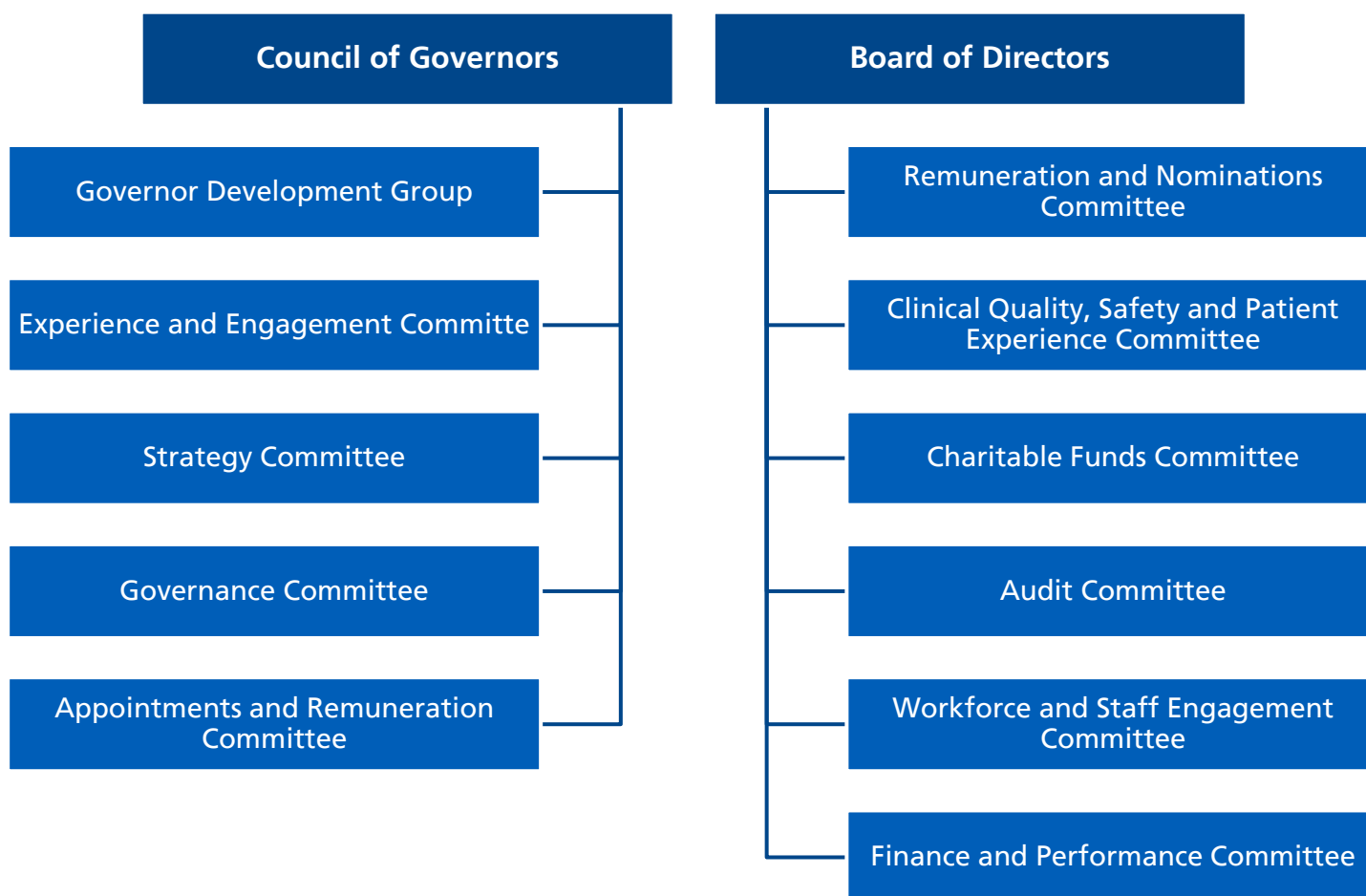
## Andrew McMenemy

Director of Human Resources

Andrew has worked in the NHS for nearly 20 years and has held two board-level positions in the West Midlands. He joined the Trust from Heart of England NHS Foundation Trust where he was Deputy Director of Workforce.

He graduated from university in Glasgow with a degree in Law and also studied labour management relations in the United States. Andrew is a member of the Chartered Institute of Personnel and Development and is also a recent graduate of the NHS Nye Bevan programme for senior leaders.

## Board of Directors committee structure



## Board of Directors attendance

The Board of Directors meets monthly in public and carries out its business in accordance with an agreed agenda setting process and an annual cycle of business.

All voting directors, both executive and non-executive, have joint responsibility for every decision made during Board meetings.

The Board of Directors met 11 times during 2016/17:

Attendance at Board of Directors meetings 2016/17		Attendance
Paula Clark	Chief Executive	5/5
Paul Taylor	Director of Finance and Information	11/11
Paul Bytheway	Chief Operating Officer	7/11
Paul Harrison	Medical Director/Acting Chief Executive	10/11
Matt Banks	Acting Medical Director	5/6
Dawn Wardell	Chief Nurse	10/11
Jenni Ord	Chairman	11/11
Doug Wulff	Non-executive Director	11/11
Julian Atkins	Non-executive Director	11/11
Richard Miner	Non-executive Director	11/11
Jonathan Fellows	Non-executive Director	11/11
Ann Becke	Non-executive Director	10/11

## Partnership working

At a time when the NHS is ever changing and struggling financially to meet demand, we are taking an innovative approach to work in partnerships to find solutions. By working with local colleagues and those from further afield, we hope to be able to continue to provide excellent care to our patients whilst also finding innovative new ways to remain sustainable and efficient.

### Black Country Alliance

The Black Country Alliance (BCA) is a partnership between ourselves, Sandwell and West Birmingham Hospitals NHS Trust and Walsall Healthcare NHS Trust which aims to look at new ways of providing care to patients across the Black Country.

The Alliance is the first of its kind, and will help to improve health outcomes, improve people's experience of healthcare and maximise our resources so that together we can do even more for the people of the Black Country, finding solutions and innovative ways of working at a time when finances in the NHS continue to be a struggle.

### Wyre Forest Pilot

The Trust now runs weekly clinics for patients in the Wyre Forest from the Hume Street Medical Centre in Kidderminster for ear, nose and throat, gynaecology and colorectal.

This service enables Wyre Forest patients to choose their pathway with any follow up diagnostics or treatment conducted at The Dudley Group.

### All Together Better

During 2015/16 we became part of the All Together Better partnership, which will see health and social care in Dudley transformed, with a new care model that puts patients at the centre of their health and care package.

Colleagues from a variety of professions and organisations work together to ensure that an integrated approach to supporting patients in their homes is provided whenever possible. Dudley is one of just 50 pioneering 'Vanguard' sites leading the way with this collaborative approach to health and care, helping to deliver the Five Year Forward View, the national vision for the future of the NHS.

The project is in collaboration with Dudley Clinical Commissioning Group, Dudley and Walsall Mental Health Partnership NHS Trust, the Black Country Partnership NHS Foundation Trust, Dudley

Metropolitan Borough Council and Dudley Council for Voluntary Service and sees all six organisations working together to develop a new care model to improve the way our most vulnerable people in Dudley are looked after. You can find out more at [www.dudleyccg.nhs.uk](http://www.dudleyccg.nhs.uk)

## Better Payment Code of Practice

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

	2016/17		2015/16	
	Number	£000	Number	£000
Total non-NHS trade invoices paid in the year	62,517	195,769	49,928	141,195
Total non-NHS trade invoices paid within target	60,742	193,278	49,077	138,546
Percentage of non-NHS trade invoices paid within target	97%	99%	98%	98%

The Trust can confirm that it has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance. This guidance discusses how public sector organisations should charge for information.

## Audit Committee

The Audit Committee is a sub-committee of the Board of Directors. The Committee provides the Board with an objective view of the effectiveness of internal control systems in operation within the Trust. It receives regular reports from the Trust's internal and external auditors. The Committee also ensures that statutory obligations, legal requirements and codes of conduct are followed.

During the financial year, the Audit Committee reviewed the Trust's Accounting Policies. This included a number of minor changes in 2016/17 relating to Consolidation, Property Plant & Equipment, Provisions and accounting policies that have yet to be adopted. The Audit Committee considered reports relating to these changes and approved the proposed changes for the 2016/17 financial year.

The Audit Committee has discussed the key areas of focus as communicated by our external auditors in relation to risk of fraud in revenue and expenditure recognition and valuation of property, plant and equipment in relation to the financial statements. We consider we have

received appropriate sources of assurance in relation to these matters.

The members were non-executive directors Richard Miner (committee chair), Jonathan Fellows and Ann Becke. The Trust's Director of Finance and Information Paul Taylor, Director of Governance/Board Secretary Glen Palethorpe and the Trust's auditors also attend all meetings. The Chief Executive is only required to attend one meeting per year.

The Audit Committee met five times during the year:

Audit Committee membership		Attendance
Richard Miner	Non-executive Director (committee chair)	5/5
Jonathan Fellows	Non-executive Director	5/5
Ann Becke	Non-executive Director	5/5
In attendance		
Dr Paul Harrison	Acting Chief Executive	0/3
Paula Clark	Chief Executive	1/2
Paul Taylor	Director of Finance and Information	3/5

The Trust has a policy in place for the approval of additional services by the external auditor to ensure that the independence of the external auditor is not compromised where work outside the audit code has been purchased.

Details of the value of both audit and non-audit services provided by Pricewaterhouse Coopers can be found on page 19 of the accounts.

## Remuneration Report

### Annual statement on remuneration (information not subject to audit)

The Committee operates to review and evaluate the Board structure and expertise, as well as to agree a job description and person specification for the appointments of the Chief Executive and executive directors. The Committee also identifies and nominates suitable candidates for such vacancies and recommends its proposed appointment for Chief Executive to the Council of Governors. Interview panels for executive director appointments are usually made up of existing directors, governors and external stakeholders.

The Committee determines the appropriate levels of remuneration for the executive directors. Remuneration levels are normally determined by reference to such factors as those applying in equivalent organisations in the NHS, changes in responsibility, performance, salary increases agreed for other NHS staff and guidance issued by the Secretary of State.

During the year, the Nomination and Remuneration Committee approved the departure and replacement of the Chief Executive, approved the temporary acting up arrangements of the Medical Director to Interim Chief Executive and approved the appointment of the substantive Chief Executive. The committee also received performance appraisal information for each of the executive directors and undertook an annual review to ensure the board continues to apply with the fit and proper person requirement.

For the purpose of the Annual Report and Accounts, the Chief Executive has agreed the definition of a "senior manager" to be voting executive and non-executive directors only.

### Senior manager remuneration policy (information not subject to audit)

Remuneration for executive directors does not include any performance-related elements and there are no plans for this in the future. No significant financial awards or compensation have been made to past senior managers during the reporting period. There is no provision for the recovery of sums paid to directors or for withholding payments of sums to senior managers. Senior managers' service contracts do not include obligations on the Trust which could give rise to or impact on remuneration payments for loss of office.

Senior managers' individual service contracts include notice periods and any termination arrangements. In the event of a contract being terminated, the payment for loss of office will be determined by the Nomination and Remuneration Committee. Payment will be based on contractual obligations. Payment for loss of office will not be made in cases where the dismissal was for one of the five 'fair' reasons for dismissal.

In setting the remuneration policy for senior managers, consideration was given to the pay and conditions of employees on Agenda for Change. The Trust uses benchmarking data to ensure all salaries, including those over £142,500, are reasonable and provide value for money. In line with national pay award guidance, executive and non-executive directors received no more than a maximum salary increase of 1% in 2016/17.

The Trust has not consulted with employees when determining the senior managers' remuneration.

## Salary and pension entitlements of senior managers: Remuneration (information subject to audit)

	Note	2016/17						2015/16					
		Salary	* Expense payments (taxable)	Performance pay and bonuses	Long term performance pay and bonuses	# All pension related benefits	Total	Salary	* Expense payments (taxable)	Performance pay and bonuses	Long term performance pay and bonuses	# All pension related benefits	Total
		(bands of £5,000)	(to the nearest £100)	(bands of £5,000)	(bands of £5,000)	(bands of £2,500)	(bands of £5,000)	(bands of £5,000)	(to the nearest £100)	(bands of £5,000)	(bands of £5,000)	(bands of £2,500)	(bands of £5,000)
		£000	£	£000	£000		£000	£000	£	£000	£000		£000
Paula Clark, Chief Executive	a	90 - 95					90 - 95	180 - 185					180 - 185
Paul Harrison, Acting Chief Executive	b	180 - 185				67.5 - 70	250 - 255	175 - 180				37.5 - 40	215 - 220
Paul Taylor, Director of Finance & Information		135 - 140					135 - 140	140 - 145					140 - 145
Matthew Banks, Acting Medical Director	c	90 - 95				82.5 - 85	175 - 180	0					0
Paul Bytheway, Chief Operating Officer	d	115 - 120				2.5 - 5	120 - 125	105 - 110				165 - 167.5	270 - 275
Denise McMahon, Director of Nursing	e	0					0	20 - 25					20 - 25
Dawn Wardell, Chief Nurse	f	110 - 115				60 - 62.5	170 - 175	90 - 95				185 - 187.5	275 - 280
David Badger, Chairman	g	0					0	35 - 40	300				35 - 40
Jenni Ord, Chairman	h	45 - 50	2,100				50 - 55	15 - 20	1,000				15 - 20
Julian Atkins, Non-executive Director	i	10 - 15	800				10 - 15	0 - 5					0 - 5
Ann Becke, Non-executive Director		10 - 15	100				10 - 15	10 - 15	100				10 - 15
Jonathan Fellows, Non-executive Director		15 - 20					15 - 20	15 - 20					15 - 20
David Bland, Non-executive Director	j	0					0	5 - 10	400				10 - 15
Richard Miner, Non-executive Director		15 - 20	800				15 - 20	15 - 20	300				15 - 20
Douglas Wulff, Non-executive Director		10 - 15	300				10 - 15	10 - 15	200				10 - 15
<b>Aggregate total</b>		<b>850 - 855</b>	<b>4,100</b>	<b>0</b>	<b>0</b>	<b>217.5 - 220</b>	<b>1,075 - 1,080</b>	<b>840 - 845</b>	<b>2,300</b>	<b>0</b>	<b>0</b>	<b>390 - 392.5</b>	<b>1,230 - 1,235</b>

\* Expense payments relate to home to base travel reimbursement for Non-executive Directors

# The all pensions related benefits disclosed arise from membership of the NHS Pensions defined benefit scheme. They are not remuneration paid (non-cash), but the increase in pension benefit net of inflation for the current year. Contributions are made by both the employer and the employee from their salary in accordance with the rules of the scheme which applies to all NHS staff in the scheme.

a Paula Clark left 31 October 2016

b Paul Harrison became Acting Chief Executive 3 October 2016. The banded remuneration of 110 - 115 (2015/16 110 - 115) relating to the clinical role is now included within the salary figure. All figures for 2015/16 relate to the role of Medical Director

c Matthew Banks became Acting Medical Director 3 October 2016. The banded remuneration of 75 - 80 (2015/16 nil) relating to the clinical role is now included within the salary figure.

d Paul Bytheway started 1 May 2015

e Denise McMahon retired 1 June 2015

f Dawn Wardell started 1 June 2015

g David Badger left 31 December 2015

h Jenni Ord started 1 January 2016

i Julian Atkins started 1 January 2016

j David Bland left 31 December 2015

The Trust is required to disclose the relationship between the remuneration of the highest paid Director and the median remuneration of the other Trust employees.

The banded remuneration of the highest paid Director of the Trust for 2016/17 is £230,000 - £235,000 (2015/16 £180,000 - £185,000). This was 8.9 times (2015/16 6.7 times) the median remuneration of the workforce, which was £25,000 - £30,000 (2015/16 £25,000 - £30,000).

In 2016/17, there were no (2015/16 nil) employees who received remuneration in excess of the highest paid Director.

Total remuneration includes salary, non-consolidated performance-related pay, benefits in kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.



## Salary and pension entitlements of senior managers: Pensions (information subject to audit)

	Note	Real increase in pension at age 60 (bands of £2,500) £000	Real increase in lump sum at age 60 (bands of £2,500) £000	Total accrued pension at age 60 at 31 March 2017 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 31 March 2017 (bands of £5,000) £000	Cash Equivalent Transfer Value at 1 April 2016 £000	Real Increase in Cash Equivalent Transfer Value £000	Cash Equivalent Transfer Value at 31 March 2017 To nearest £1,000 £000	Employer's contribution to stakeholder pension £000
Paula Clark, Chief Executive	1								
Paul Harrison, Acting Chief Executive	2	2.5 - 5.0	10.0 - 12.5	65 - 70	200 - 205	1,181	114	1,295	
Paul Taylor, Director of Finance & Information	3								
Paul Bytheway, Chief Operating Officer		0 - 2.5	2.5 - 5.0	20 - 25	65 - 70	325	22	347	
Dawn Wardell, Chief Nurse		2.5 - 5.0	7.5 - 10.0	45 - 50	145 - 150	832	87	919	
Matthew Banks, Acting Medical Director	4	5.0 - 7.5	7.5 - 10.0	40 - 45	115 - 120	681	69	750	

1 Chief Executive Paula Clark left 31 October 2016 and has not been a member of the Pension Scheme since 2015/16.

2 Acting Chief Executive Paul Harrison includes accrued benefits and contributions in respect of full salary, which will include both management and medical contributions for the proportion of the year in the position of Medical Director.

3 Director of Finance & Information Paul Taylor does not receive any pension benefit.

4 Acting Medical Director Matthew Banks' figures shown include accrued benefits and contributions in respect of full salary, and the proportions of both management and medical contributions for the proportion of the year in the position of Medical Director.

As non-executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for non-executive members.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2004-05 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV - This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

On 16 March 2016, the Chancellor of the Exchequer announced a change in the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate from 3.0% to 2.8%. This rate affects the calculation of CETV figures in this report.

Due to the lead time required to perform calculations and prepare annual reports, the CETV figures quoted in this report for members of the NHS Pension scheme are based on the previous discount rate and have not been recalculated.

The Trust is required to disclose the expenses paid to Directors, Non-executive Directors and Governors.  
The band of the expenses paid for 2016/17 was £12,500 - £15,000 (2015/16 £10,000 - £12,500)

Signed Date: 16th May 2017

*D. Wake*

Diane Wake, Chief Executive



## Annual report on remuneration (information not subject to audit)

### Senior managers' service contracts

Name	Position	Commencing	End
Paula Clark	Chief Executive	01/10/2009	29/09/2016
Paul Taylor	Director of Finance and Information	01/10/2014	
Paul Bytheway	Chief Operating Officer	01/05/2015	
Paul Harrison	Medical Director/Acting Chief Executive	01/06/2006	
Matt Banks	Acting Medical Director	03/10/2016	
Dawn Wardell	Chief Nurse	01/06/2015	
Jenni Ord	Chairman	01/01/2016	31/12/2018
Jonathan Fellows	Deputy Chairman and Senior Independent Director	25/10/2007	31/10/2017
Ann Becke	Non-executive Director	01/11/2005	31/10/2017
Doug Wulff	Non-executive Director	02/02/2015	31/01/2018
Julian Atkins	Non-executive Director	04/01/2016	03/01/2019
Richard Miner	Non-executive Director	01/05/2012	30/09/2019

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee is a sub-committee of the Board and holds at least one scheduled meeting per year. Ad-hoc meetings are then called by the Trust Chairman as a result of a request of at least two members of the Committee.

The committee members and their attendance during 2016/17 at meetings are as follows:

Name	Position	Commencing
Jenni Ord	Chairman (Committee Chair)	3/3
Jonathan Fellows	Non-executive Director	3/3
Ann Becke	Non-executive Director	3/3
Richard Miner	Non-executive Director	3/3
Doug Wulff	Non-executive Director	2/3
Julian Atkins	Non-executive Director	3/3

Executive directors also attend the Nomination and Remuneration Committee on occasion.

The terms and conditions for the executive directors and senior managers of the Trust are included in their individual contracts of employment which includes notice periods and any termination arrangements.

### Governor and director expenses

During 2016/17, 15 individuals were executive or non-executive directors for the Trust. Of these, 9 received expenses in the reporting period and the aggregate sum of expenses paid was £13,799.16. In addition, 27 individuals were governors for the Trust. Of these, 5 received expenses in the reporting period and the aggregate sum of expenses paid was £156.06.

# Staff Report

## Workforce overview

The Trust is a major employer in the Dudley borough, with 4,832 members of staff.

### Staff in post at 31st March 2017

	Total	WTE*
Additional Professional Scientific and Technical	180	163.39
Additional Clinical Services	1113	942.89
Administrative and Clerical	950	833.76
Allied Health Professionals	341	283.34
Healthcare Scientists	125	109.69
Medical and Dental	492	462.58
Nursing & Midwifery Registered	1596	1418.18
Students	35	35.00
<b>Total</b>	<b>4,832</b>	<b>4248.82</b>

\* WTE is whole time equivalent

## Equality and Diversity

During the year the Board restated its commitment to ensuring the organisation promotes equality and diversity and ensures fair and equitable access. This links to the Trust's Vision and Values of being an organisation where people matter. The Workforce and Staff Engagement Committee continues to monitor the Trust's activities in promoting equality and diversity and it received a number of updates about our equality delivery work which aims to support the Trust in agreeing key equality objectives and developing additional work to promote equality and diversity.

At 31<sup>st</sup> March 2017, the Trust Board composed 3 female and 8 male voting executive and non-executive directors. 3,982 female and 850 male members of staff were employed by the Trust.

During the year, the Workforce and Staff Engagement Committee received a report on NHS Workforce Race Equality Standard which included the Trust's employment statistics for 2015/16 against the equality and diversity characteristics. The group found no areas for concern during their review. This is an annual process to ensure that the Trust is providing fair opportunities for BME employees in relation to recruitment, training and development and promotion.

Mandatory training, which includes a module on equality and diversity, was completed by more than 90% of all Trust staff in 2016/17. All new employees also complete this mandatory module during their induction.

We are subscribed to the 'Disability Confident' scheme which is a national standard which recognises that the Trust is positive about employing disabled people and have reviewed our recruitment practices. In order to progress through the levels in the scheme, the recruitment team will be developing a range of actions in 2017/18.

A range of other activities have been undertaken this year to support people with characteristics protected by the Equality Act. These have included implementing and promoting the Accessible Information Standard to make sure we meet the needs of people with information and/or communication needs. For example, we have invested in pagers in a range of outpatient areas and the Emergency Department so that people with a disability and/or sensory need can be more easily alerted when their appointment is due.

In addition, we have adapted services and found ways to change the way we deliver them to support access for those with autism and other learning needs, supported by the Learning Disability Liaison Nurse.

We are continuing to update staff information to enable us to review and monitor the profile and make up of employees to ensure that we are an employer that promotes equality and values diversity. Annually we publish workforce data to support us in reviewing how well we are representing the local area and ensuring we promote employment and development opportunities our Trust to all.

	% of all applications received	% of all applicants shortlisted	% of applicants appointed
<b>Disabled</b>	3.50%	3.60%	2.90%
<b>Non-disabled</b>	95.40%	95.20%	96.20%
<b>Undisclosed</b>	1.10%	1.20%	0.90%

3.50% of applicants stated they considered themselves to have a disability. Of those shortlisted, 3.60% stated that they considered themselves to have a disability. Of applicants who were appointed, 2.90% had stated that they considered themselves to have a disability.

The Sickness Absence Policy includes details on continuing the employment of, and making reasonable adjustments for, disabled individuals.



## Detailed workforce statistics

### NHS workforce statistics 2016/17

An analysis of the Trust's workforce statistics indicates they are comparable with the local Dudley population. Historically, the Trust has seen a higher proportion of female workers than males, and this is typically reflected across other combined acute and community NHS trusts.

		1st April 2016 to 31st March 2017	1st April 2015 to 31st March 2016
Age	Under 18	0.19%	0.04%
	18-19	0.54%	0.67%
	20-24	7.21%	6.48%
	25-29	13.14%	13.57%
	30-34	12.78%	12.43%
	35-39	11.25%	11.57%
	40-44	11.81%	11.85%
	45-49	13.78%	14.84%
	50-54	14.34%	14.52%
	55-59	9.12%	8.57%
	60-64	4.29%	3.94%
	65+	1.55%	1.53%
Gender	Male	17.57%	17.51%
	Female	82.43%	82.49%
Ethnicity	White	69.80%	71.74%
	Mixed	1.12%	0.97%
	Asian or Asian British	9.06%	9.30%
	Black or Black British	3.48%	3.17%
	Other	1.35%	1.44%
	Not stated	15.17%	13.37%

### Average number of employees (WTE) (information subject to audit)

	2016/17			2015/16		
	Total number	Permanent number	Other number	Total number	Permanent number	Other number
Medical and dental	482	471	11	499	485	14
Ambulance staff	0	0	0	0	0	0
Administration and estates	808	808	0	790	790	0
Healthcare assistants and other support staff	1177	1177	0	1132	1132	0
Nursing, midwifery and health visiting staff	1404	1404	0	1415	1415	0
Nursing, midwifery and health visiting learners	34	34	0	26	26	0
Scientific, therapeutic and technical staff	276	276	0	269	269	0
Healthcare science staff	0	0	0	0	0	0
Social care staff	0	0	0	0	0	0
Agency and contract staff	138	0	138	84	0	84
Bank staff	317	0	317	321	0	321
Other	0	0	0	0	0	0
<b>Total average numbers</b>	<b>4636</b>	<b>4170</b>	<b>466</b>	<b>4536</b>	<b>4117</b>	<b>419</b>
Of which:						
Number of employees (WTE) engaged on capital projects	3	1	2	0	0	0

## Staff costs (information subject to audit)

	Year ended 31 March 2017			Year ended 31 March 2016		
	Total £'000	Permanent £'000	Other £'000	Total £'000	Permanent £'000	Other £'000
Salaries and wages	156,523	154,526	1,997	153,045	150,917	2,128
Social security costs	14,689	14,689	0	11,428	11,428	0
Employer's contributions to NHS Pensions	17,808	17,808	0	17,289	17,289	0
Pension Cost - other *	15	15	0	11	11	0
Termination Benefits	0	0	0	95	95	0
Agency/contract staff	14,088	0	14,088	9,625	0	9,625
NHS Charitable fund staff	44	44	0	41	41	0
<b>Total</b>	<b>203,167</b>	<b>187,082</b>	<b>16,085</b>	<b>191,534</b>	<b>179,781</b>	<b>11,753</b>

## Staff Health and Wellbeing

A range of services continue to be offered by the Staff Health and Wellbeing Service which is focussed on supporting staff to stay in work or return to work following absence. These include:

**Management Referrals** These are referrals for staff to be seen by the Staff Health and Wellbeing Service. They might be members of staff currently in work and who need specific advice and support or it may be for staff who are on short or long term sickness absence.

**Consultant Appointments** These are for staff referred initially through Management Referrals who require further support/advice from a Consultant Physician.

**Counselling Appointments** These are for staff referred initially through management referrals who are given additional support for specific issues. The service aims to support staff to access a range of therapeutic interventions quicker than it is normally available through GP referrals.

**Physiotherapy Service** This is available through self-referral and management referral. There is both a drop-in and appointment service provided.

During 2016/17, the staff physiotherapy service continued to work well and both drop in services and appointments are well utilised. Further activities to support staff are in development including pain management and back care to support those with ongoing conditions.

The team were responsible for work to promote staff health and wellbeing during 2016/17 with the added incentive of a CQUIN to target three key elements of staff health:

**Does the organisation promote health and wellbeing?**

**Have we reduced incidences of work related musculoskeletal injuries?**

**Have we reduced work-related stress?**

The Staff Health and Wellbeing Group promotes additional activities and has developed a range of new schemes this year. This has included developing a staff choir, mindfulness sessions to enable staff time and space to relax and de-stress, promoting healthy workplaces through staff Health Fairs and developing a range of physical activity initiatives.

The Action Heart Gym will be extending the opening hours with a card operated system for staff only so they can access the facilities earlier in the morning or later in the evening. Work will be continuing during 2017/18 to develop more opportunities to support staff to become healthier including the move towards a Smoke Free Trust.

The annual Flu Vaccine campaign was delivered between October 2016 and February 2017 to all staff, with a particular focus on clinical staff. The Trust significantly improved its vaccine uptake performance by patient-facing staff – increasing from 29% to 49.8% at the end of February.

The staff sickness absence rate for the 2016/17 year is 4.17% set against a target of 3.50%. The Trust turnover rate for the year is 8.74%.

	<b>Staff sickness rate</b>
Quarter 1 (Apr-Jun 2016)	4.02%
Quarter 2 (Jul-Sep 2016)	3.95%
Quarter 3 (Oct-Dec 2016)	4.32%
Quarter 4 (Jan-Mar 2017)	4.37%
<b>Total for 2016/17</b>	<b>4.17%</b>

	Figures Converted by DH to Best Estimates of Required Data Items			Statistics Published by NHS Digital from ESR Data Warehouse	
	Av FTE 2016	Adjusted FTE days lost (to Cabinet Office definitions)	Average Sick Days per FTE	FTE-days available	FTE-days recorded sickness absence
<b>2016</b>	<b>4118</b>	<b>38,202</b>	<b>9.3</b>	<b>1,503,010</b>	<b>61,972</b>

## Health and Safety

The Trust continues to provide a safe and secure environment for the provision of the highest standards of clinical care to patients. In order to do this, the Trust's Health and Safety Department constantly reviews its processes and, in the last financial year, improvements have been introduced to ensure all relevant statutory requirements are met.

The Health and Safety Department has been instrumental in overcoming health and safety risks, identifying potential issues throughout the year and ensuring all policies and documentation are kept up to date.

In 2017/18, the Health and Safety Department will be focusing on health related illnesses arising from work activities and environments, working closely with Staff Health and Wellbeing on health surveillance programmes and reviewing the measures in place to reduce the risk to staff and others.

A review of the management training provided for all managers, supervisors and team leads within the Trust will be undertaken to ensure a clear baseline understanding of regulatory responsibilities.

The Trust will also continue its programme of audits on compliance with Trust policy across the departments and directorates and offer advice and guidance to enable improvements to be made.



## Countering fraud and corruption

The Trust takes its responsibility towards countering fraud and corruption in the NHS very seriously. The Trust's Fraud and Corruption Policy lays down its absolute commitment to maintaining an honest, open and well-intended atmosphere within the Trust.

This commitment is the cornerstone of an anti-fraud culture, championing the deterrence and prevention of fraud and the rigorous investigation of any cases of fraud or corruption. Where fraud is proven, the Board will apply all available sanctions e.g. disciplinary/criminal action and use of the civil law to recover funds.

## Trust Volunteer Service

More than 450 volunteers from the local community give their time on a regular basis to make a real difference to patients, visitors and staff at the Trust.

Individuals volunteer for a variety of reasons including the satisfaction of knowing they are doing something for others, the chance to make new friends, to gain experience of a busy healthcare environment and to gain confidence and strengthen interpersonal skills. Volunteers are asked to pledge a minimum of 100 hours per year and range in age from 16 to 84.

Some of the tasks volunteers undertake include:

- Nutrition and hydration support
- Wayfinding and escorting
- Reception enquiries
- Undertaking patient surveys
- Clerical support
- Assisting at events
- Music & DVD library
- Patient friends
- Outpatient hosts
- Emergency Department hosts
- Chaplaincy support
- Fundraising activities
- Hospital radio
- Library trolley

The dedicated work of all the volunteers is highly valued by the Trust, and it is pleasing to know that volunteers also get satisfaction from their role.

We are always keen to recruit new volunteers. Information about how to apply can be found online at [www.dudleygroup.nhs.uk/volunteering](http://www.dudleygroup.nhs.uk/volunteering) or you can contact our Volunteers' Coordinator on (01384) 456111 extension 1887 or [volunteering@dgh.nhs.uk](mailto:volunteering@dgh.nhs.uk).

## NHS Staff Survey

The 2016 annual NHS Staff Survey was conducted during October and November and all Trust staff were invited to participate.

Scores are converted into 32 Key Findings and are displayed either as a percentage or as a scale summary score out of five. For these scores, the minimum score is one and the maximum is five.

Of the 32 Key Findings, 25 are on a par with or better than the average for combined acute and community trusts.

The Trust's overall staff engagement score continues to be better than average, with a score of **3.83 out of 5**, compared to 3.80.

### Response rate

	2016/17 Trust	2015/16 Average*	2015/16 Trust	Comparison
Response rate	44%	40%	45%	▼-1% on last year ▲+4% on average

\*for combined acute and community trusts

In comparison with 2015's results, the Trust has seen little significant change, with just one Key Finding showing significant improvement, and two showing significant deterioration.

Improvement was seen in the percentage of staff attending work in the last three months despite feeling unwell because they felt pressure from

their manager, colleagues or themselves, which decreased from 71% to 53%.

Deterioration was seen in the percentage of staff appraised in last 12 months, which decreased from 92% to 87%, and in the score for staff recommendation of the organisation as a place to work or receive treatment, which went reduced from 3.88 in 2015 to 3.78 in 2016.

### Plans for 2017/18

After initial analysis of our results, staff focus groups were held in April 2017. A cross section of staff from across the Trust, in a variety of clinical and non-clinical roles, were invited to attend and provide further insight into key issues, possible solutions and areas of good work.

An action plan has been created with both Trust-wide and division-specific actions and the progress of this plan will be monitored via the Workforce and Staff Engagement Committee. In addition, directorates are encouraged to develop their own local plans based on feedback specific to their areas.

A second round of focus groups will be held in Quarter 2 of 2017/18 where we hope to gain feedback on the progress of actions and identify any further areas of improvement prior to the 2017 survey taking place in Quarter 3.

Top five ranking Key Findings (KF) overall	Trust 2015	Trust 2016	Average 2016	Comparison
<b>KF26</b> Percentage of staff experiencing harassment, bullying or abuse from staff in the last 12 months (the lower the score the better)	21%	20%	23%	-1% on last year -3% on average
<b>KF28</b> Percentage of staff witnessing potentially harmful errors, near misses or incidents in last month (the lower the score the better)	24%	26%	29%	+2% on last year -3% on average
<b>KF23</b> Percentage of staff experiencing physical violence from staff in last 12 months (the lower the score the better)	1%	1%	2%	Same as last year -1% on average
<b>KF18</b> Percentage of staff attending work in the last 3 months despite feeling unwell because they felt pressure from their manager, colleagues or themselves (the lower the score the better)	71%	53%	55%	-18% on last year -2% on average
<b>KF31</b> Staff confidence and security in reporting unsafe clinical practice (the higher the score the better)	3.71	3.73	3.68	+0.02 on last year +0.05 on average

Bottom five ranking Key Findings (KF) overall	Trust 2015	Trust 2016	Average 2016	Comparison
<b>KF24</b> Percentage of staff/colleagues reporting most recent experience of violence (the higher the score the better)	55%	62%	67%	+7% on last year -5% on average
<b>KF3</b> Percentage of staff agreeing that their role makes a difference to patients/service users (the higher the score the better)	88%	90%	91%	+2% on last year -1% on average
<b>KF16</b> Percentage of staff working extra hours (the lower the score the better)	73%	74%	71%	+1% on last year +3% on average
<b>KF15</b> Percentage of staff satisfied with the opportunities for flexible working patterns (the higher the score the better)	51%	49%	51%	-2% on last year -2% on average
<b>KF29</b> Percentage of staff reporting errors, near misses or incidents witnessed in the last month (the higher the score the better)	93%	89%	91%	-4% on last year -2% on average



## Staff Friends and Family Test

To support the work of the NHS Staff Survey, we also conduct the Staff Friends and Family Test throughout the year. The Staff FFT allows us to collect feedback from staff on a quarterly basis which means more contemporaneous analysis and sharing of results can take place. Because the survey runs throughout the year, we are able to map staff morale over time, allowing the Trust to identify trends, contributing factors and improvements.

The staff Friends and Family Test asks staff:

**How likely are you to recommend your Trust to friends and family if they needed care or treatment?**

**How likely are you to recommend your Trust to friends and family as a place to work?**

During 2016/17, the Staff Friends and Family Test received a total of 976 responses. On average for the year, 86% of our staff would recommend us to friends and family if they needed care or treatment, the same overall percentage as the previous year. The percentage of staff who would recommend us as a place to work has increased significantly from 69% in 2015/16 to 75% in 2016/17.

		How likely are you to recommend your Trust to friends and family if they needed care or treatment?	
	Responses	Would recommend	Would not recommend
<b>2015/16</b>	<b>1337</b>	<b>86%</b>	<b>5%</b>
2016/17	Q1 364	88%	6%
	Q2 387	88%	5%
	Q3 54*	74%	12%
	Q4 171	81%	6%
<b>2016/17</b>	<b>976</b>	<b>86%</b>	<b>6%</b>

		How likely are you to recommend your Trust to friends and family as a place to work?	
	Responses	Would recommend	Would not recommend
<b>2015/16</b>	<b>1337</b>	<b>69%</b>	<b>16%</b>
2016/17	Q1 364	78%	11%
	Q2 387	76%	16%
	Q3 54*	54%	19%
	Q4 171	73%	14%
<b>2016/17</b>	<b>976</b>	<b>75%</b>	<b>14%</b>

\* The staff FFT is open but not actively promoted during quarter 3 due to the NHS Staff Survey. This is reflected in low response rates for this period.

## Engaging with our staff

Good communication and engagement is a priority to ensure staff, patients and the public know what is happening in the Trust. We have a number of ways to communicate with staff depending on the target audience and the message. These engagement mechanisms include:

**The Hub** intranet where staff can access information on Trust news, policies, finance, and views from colleagues, as well as the staff 'Roll of Honour' which recognises employee achievement.

**Chief Executive update videos** are produced every quarter to keep staff and the public up to date with key items of Trust news. They are available on the Trust's website, YouTube channel and Facebook page and also include a 'spotlight' feature on one of the Trust's key services.

**New starter induction** encourages all staff to learn and understand more about the key business and service priorities for the Trust. Staff learn about our Vision and Values and hear from the Chief Executive about the areas we are performing well on and those areas we need to improve.

**Monthly senior team meetings** led by the Chief Executive to cascade key information to all staff were held during 2016/17. Next year, these meetings will become 'CE Team Brief' and will be open to all staff to attend. They will take place at locations across hospital and community.

**Quality and Safety Reviews** are visits to clinical areas where a non-executive and executive director, accompanied by a member of the governance team, talk to staff about current issues. Governors also take part to talk to patients about their experiences. An action plan is then developed and followed up at the next visit.

**Breakfast with the Boss** sessions were launched in 2016/17 to give random selections of staff the opportunity to have an informal discussion over breakfast with executive directors about the challenges they face in their day-to-day work.

**Listening engagement events** were held by a number of teams across the Trust during the year. The sessions provide a structured way to gain views from staff about their views and how improvements can be made in their areas.

## Off-payroll engagements

All high off-payroll engagements are approved by the Board after consideration regarding value for money and expertise. Off-payroll engagements are often necessary to fill vacant posts which are difficult to recruit to in the current challenging job market.

**Table showing off-payroll engagements as of 31st March 2017, for more than £220 per day and that last for longer than six months**

	2016/17 Number of engagements
<b>Total number of existing engagements as of 31st March 2017</b>	<b>4</b>
Of which:	
Number that have existed for less than one year at the time of reporting	0
Number that have existed for between one and two years at the time of reporting	1
Number that have existed for between two and three years at the time of reporting	1
Number that have existed for between three and four years at the time of reporting	0
Number that have existed for four or more years at the time of reporting	2

The Trust can confirm that all existing off-payroll engagements as outlined above have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.

**Table showing new off-payroll engagements, or those that reached six months in duration, between 1st April 2016 and 31st March 2017, for more than £220 per day and that last for longer than six months**

	2016/17 Number of engagements
<b>Total number of new engagements, or those that reached six months in duration between 1st April 2016 and 31st March 2017</b>	<b>0</b>
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	0
Number for whom assurance has been requested	0
Of which:	
Number for whom assurance has been received	0
Number for whom assurance has not been received	0
Number that have been terminated as a result of assurance not being received	0

**Off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1st April 2016 and 31st March 2017**

	2016/17 Number of engagements
<b>Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.</b>	<b>0</b>
Number of individuals that have been deemed "board members and/or senior officials with significant financial responsibility". This figure includes both off-payroll and on-payroll engagements.	14



## Exit packages (information subject to audit)

### Staff exit packages 2016/17

Exit package cost band (including any special payment element)	Number of compulsory redundancies Number	Cost of compulsory redundancies £000s	Number of other departures agreed Number	Cost of other departures agreed £000s	Total number of exit packages Number	Total cost of exit packages £000s	Number of departures where special payments have been made Number	Cost of special payment element included in exit packages £000s
<£10,000	0	0	12	21	12	21	0	0
£10,001 - £25,000	0	0	0	0	0	0	0	0
£25,001 - £50,000	0	0	0	0	0	0	0	0
£50,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>21</b>	<b>12</b>	<b>21</b>	<b>0</b>	<b>0</b>

### Staff exit packages 2015/16

Exit package cost band (including any special payment element)	Number of compulsory redundancies Number	Cost of compulsory redundancies £000s	Number of other departures agreed Number	Cost of other departures agreed £000s	Total number of exit packages Number	Total cost of exit packages £000s	Number of departures where special payments have been made Number	Cost of special payment element included in exit packages £000s
<£10,000	3	13	18	97	21	110	0	0
£10,001 - £25,000	1	16	3	48	4	64	0	0
£25,001 - £50,000	1	36	6	198	7	234	0	0
£50,001 - £100,000	0	0	3	249	3	249	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>5</b>	<b>65</b>	<b>30</b>	<b>592</b>	<b>35</b>	<b>657</b>	<b>0</b>	<b>0</b>

### Staff exit packages: other (non-compulsory) departure payments 2016/17

	2016/17 Payments agreed Number	2016/17 Total value of agreements £000	2015/16 Payments agreed Number	2015/16 Total value of agreements £000
Voluntary redundancies including early retirement contractual costs	0	0	6	273
Mutually agreed resignations (MARS) contractual costs	0	0	1	59
Early retirements in the efficiency of the service contractual costs	0	0	0	0
Contractual payments in lieu of notice	12	21	23	260
Exit payments following employment tribunals or court orders	0	0	0	0
Non-contractual payments requiring HM Treasury approval*	0	0	0	0
<b>Total**</b>	<b>12</b>	<b>21</b>	<b>30</b>	<b>592</b>
of which:				
non-contractual payments requiring HM Treasury approval made to individuals where the payment value was more than 12 months' of their annual salary	0	0	0	0

\* Includes any non-contractual severance payment made following judicial mediation, and non-contractual payments in lieu of notice.

\*\* As individual exit packages can be made up of several components, each of which are listed in this note, the total number of payments listed in this note may exceed the total number of other departures agreed, which will be the number of individuals.

### Expenditure on consultancy

Details of expenditure on consultancy can be found on page 19 of the accounts.





## Sustainability and environment

We work very closely with our Private Finance Initiative (PFI) partner, Summit Healthcare, who has a responsibility under the PFI contract to purchase utility resources and manage their effective use and also to dispose of waste that is created by the Trust and its partners.

This year, in partnership with our PFI colleagues Interserve and Summit Healthcare, we have fully implemented a new waste stream which has reduced the amount of clinical waste requiring incineration. This followed a successful pilot in 2016 and all wards and departments are now following the new waste policy.

Trust staff are always encouraged to make processes paperless wherever possible. Many departments use electronic referrals and staff are encouraged to use online, electronic copies of documents for reference instead of printing hard copies. With the exception of those based in the community, staff are no longer able to purchase diaries, calendars and wall planners. They are instead encouraged to utilise the built-in calendar and diary functions in Microsoft Outlook.

Electronic payslips have now completely replaced traditional paper payslips for all Trust employees. Previously, the Trust produced more than 8,000 printed payslips every month. Now, all staff have access to their current and previous payslips (including P60s) on the Trust's electronic personnel database which can be accessed from both home and work. The Trust also uses an electronic expenses system which has further reduced our paper usage and, therefore, our work's impact on the environment.

Staff Wi-Fi has now been installed at Russells Hall Hospital and our two outpatient centres allowing staff to make better use of portable technology and further reduce the need for paper-based working. Staff are encouraged to use laptops, iPads/tablets or smart phones at meetings, both to take notes and view papers/agendas rather than printing hard copies.

Staff car parking permits are only allocated to members of staff who meet specific eligibility criteria. Members of staff who live close to their place of work and could reasonably use public transport are encouraged to do so and, in most circumstances, would not be given a parking permit. Instead, staff are encouraged to use public transport, cycle, walk or car share where possible for their journeys to and from work.

The Trust participates in the cycle to work scheme which allows staff to take advantage of salary sacrifice savings on income tax and national insurance against the cost of a new bike and equipment up to a total cost of £1,000. We also maintain a good relationship with local transport providers who regularly visit Trust sites to provide free information to staff, patients and visitors about transport routes, service times and special offers on fares including subsidised travel passes.

## Foundation Trust membership

The membership of the Trust comprises local people and staff who are directly employed by us or our partner organisations. To be eligible for membership you must be over 14 years of age – there is no upper age limit. Full details of who is eligible to register as a member of the Trust are in the Trust Constitution which is available on our



website. Any public members wishing to come forward as a governor when vacancies arise or vote in governor elections must reside in one of the Trust's constituencies. Staff are automatically included as members within staff group constituencies unless they choose to opt out.

During 2016/17, we continued to promote membership to local communities and the importance of having a voice. We encouraged them to share their experiences and have continued to maintain a public membership of more than 13,000. As at the 31st March 2017 the Trust had a total of 13,902 public members.

## Membership growth

Membership sector	31/03/14	31/03/15	31/03/16	31/03/17
Public	13,619	13,770	13,981	13,875
Staff	5,151	5,312	5,237	5,420
Total	18,770	19,082	19,218	19,295

The membership strategy for 2016/17 continued to focus on developing opportunities to maintain a public membership target of no less than 13,000, and refine recruitment activity to target any identified areas of shortfall. This is important to ensure that our membership continues to reflect the diversity of the communities we serve and the protected characteristics as set out in the Equality Act 2010. The Trust's strategy also included developing more opportunities for engaging with members to gain feedback that we can use to improve patient experience.

Our 'Meet your Experts' health fair events create a unique opportunity to learn about the services provided by the Trust and visit areas not normally seen by the public. Some of the events' younger guests who may be considering a career in healthcare say the tours are inspiring. Members continue to engage well with these events.

During 2016/17 we hosted one behind the scenes event at Russells Hall Hospital in July and more than 150 members and their guests attended and learned more about end of life services and the new Multispecialty Community Provider.

More information about the Trust and the latest news can be found on our website at [www.dudleygroup.nhs.uk](http://www.dudleygroup.nhs.uk). The members' area of the website also contains information about being a member and the contribution members make to the ongoing success of the organisation.

Members can:

- be involved in shaping the future of healthcare in Dudley by sharing their views\*
- vote in governor elections\*
- stand for election to represent their constituency\*\*
- attend behind the scenes tours and member events
- participate in public meetings, public and patient involvement panels and focus groups
- fundraise for The Dudley Group NHS Charity

\*excluding those living Outside of the West Midlands

\*\*candidates must be minimum 16 years old

## Membership report at 31 March 2017

Public constituencies	Members
Brierley Hill	1,768
Central Dudley	2,395
Halesowen	1,157
North Dudley	1,385
Outside of the West Midlands	368
Rest of the West Midlands	1,744
South Staffordshire and Wyre Forest	1,194
Stourbridge	1,724
Tipton and Rowley Regis	2,140
Staff Constituencies	Members
Allied Health Professionals and Healthcare Scientists	646
Medical and Dental	493
Nursing and Midwifery	2,710
Non-clinical	950
Partner Organisations	621

Public membership demographic breakdown		
Age	0-16 years	13
	17-21 years	1,087
	22+ years	12,343
	Not stated	432
Gender	Male	4,671
	Female	9,119
	Unspecified	85
Ethnicity	White	11,398
	Mixed	401
	Asian or Asian British	1,206
	Black or Black British	416
	Other	69
	Not stated	385

## Council of Governors

The Council of Governors was formed with effect from the 1st October 2008 and is responsible for holding the non-executive directors to account for the performance of the Board of Directors. The majority of the Trust's governors are elected through the public membership to make up the Council of Governors which consists of 25 governors in total:

**Public elected** – 13 governors

**Staff elected** – 8 governors

**Appointed from key stakeholders** – 4 governors

Tables summarising the Council of Governors and the constituencies they represent can be found on page 39.

The Board of Directors works closely with the Council of Governors through regular attendance at both full Council of Governor meetings and the committees of the Council. Both non-executive and executive directors are nominated attendees at the Council of Governors sub-committees. This provides opportunities for detailed discussion and debate on strategy, performance, quality and patient experience and enables governors to see non-executive directors function. Governors regularly attend public Board of Directors meetings.

The Board of Directors is accountable to the Council of Governors ensuring it meets its Terms of Authorisation. A Register of Interests confirming individual declarations for each governor is maintained by the Trust and is available on request by calling (01384) 321124 or emailing [foundationmembers@dgh.nhs.uk](mailto:foundationmembers@dgh.nhs.uk).

All the Trust's governors comply with the 'fit and proper' persons test as described in the Trust's provider licence issued by Monitor. The conditions outlined by Monitor are incorporated into the Foundation Trust Constitution.

The Council of Governors has the following key responsibilities:

- appointing and/or removing the chair, including appraisal and performance management
- appointing and/or removing the non-executive directors
- appointing the external auditors
- advising the Board of Directors on the views of members and the wider community
- ensuring the Board of Directors complies with its Terms of Authorisation and operates within that licence
- recruiting and engaging with members

- advising on strategic direction
- receiving the Annual Accounts, any report of the auditor on them, and the Annual Report at the Annual Members' Meeting
- approving significant transactions which exceed 25% by value of Trust assets, Trust income or increase/reduction to capital value
- approving any structural change to the organisation worth more than 10% of the organisation's assets, revenue or capital by way of merger, acquisition, separation or dissolution
- deciding whether the level of private patient income would significantly interfere with the Trust's principal purpose of providing NHS services
- approving amendments to the Trust's Constitution

Where an item is reserved for both Council of Governors and Board of Directors approval, for example a change to the Trust's Constitution then this change would not be made if either party did not approve the recommendation put before them. In practice, a constructive and close working arrangement is maintained between the Council of Governors and Board through the Chair and Lead Governor and; therefore, disagreements have not occurred during the year.

The Trust continues to work closely with the Council of Governors to further develop the governor role to reflect the requirements of the Health and Social Care Act and other best practice and guidance.

Ongoing training and development is provided by the Trust allowing experts from within and outside the Trust to work with the Council of Governors to identify key aspects of their role. This includes how they influence strategy within the Trust, how they undertake their secondary governance duties and how they will engage with members and the wider community so that their views and opinions can be heard.

## Council of Governor committees

The Council of Governors has established the following committees:

- Governor Development Group (chair Rob Johnson)
- Appointments & Remuneration Committee (chair Rob Johnson)
- Experience and Engagement Committee (chair Karen Phillips)
- Strategy Committee (chair Rob Johnson)
- Governance Committee (chair Fred Allen)

## Council of Governors membership and meetings 2016/17

The Council of Governors meet a minimum of four times per year. Meeting papers are published on our website at [www.dudleygroup.nhs.uk](http://www.dudleygroup.nhs.uk) and Trust members and the wider public are welcome to attend and observe.

In 2016/17, the full Council of Governors met on five occasions including the Annual Members' Meeting held in July 2016.

### Attendance at full Council of Governors meetings 2016/17

Public Elected Governors	Public Constituency	Attendance
Mr Darren Adams	Stourbridge	3/5
Mr Fred Allen	Central Dudley	4/5
Mr Terry Brearley (elected Dec '16)	Brierley Hill	2/2
Mr Richard Brookes	Brierley Hill	4/5
Mrs Lydia Ellis	Stourbridge	4/5
Dr Subodh Jain (end of term May '16)	North Dudley	0/1*
Mr Rob Johnson	Halesowen	4/5
Mrs Diane Jones	South Staffordshire	3/5
Mrs Viv Kerry (elected May '16)	Halesowen	3/5
Mrs Joan Morgan	Central Dudley	3/5
Mr James Pearson-Jenkins (elected May '16)	Tipton & Rowley Regis	2/5
Mrs Yvonne Peers	North Dudley	5/5
Mrs Nicola Piggott (elected May '16)	North Dudley	5/5
Mrs Pat Price	Rest of the West Midlands	4/5
Staff Elected Governors	Staff Constituency	
Mr Sohail Butt	Medical & Dental	0/0
Mr Bill Dainty (elected May '16)	Nursing & Midwifery	4/5
Miss Jenny Glynn	Allied Health Professionals & Healthcare Scientists	5/5
Mrs Michelle Lawrence (elected Dec '16)	Nursing & Midwifery	1/2
Mrs Karen Phillips	Non-clinical	5/5
Mrs Shirley Robinson (end of term Nov '16)	Nursing & Midwifery	2/3
Mrs Jacqueline Smith (resigned Mar '17)	Allied Health Professionals & Healthcare Scientists	1/5
Mrs Jacky Snowdon	Nursing & Midwifery	4/5
Mr Alan Walker	Partner Organisations	4/5
Appointed Governors	Appointed Constituency	
Cllr Adam Aston	Dudley Metropolitan Borough Council	4/5
Mr Ricky Bhogal	University of Birmingham Medical School	0/5
Mr John Franklin (end of term Mar '17)	Dudley CVS and Trust Volunteers	3/4
Dr Richard Gee	Dudley CCG	4/5
Mrs Mary Turner (appointed Mar '17)	Dudley CVS and Trust Volunteers	1/1

Figures show number of meetings attended that were held during the term of office. The Council of Governors monitors attendance at full council meetings and committee meetings as agreed under the governors' code of conduct. In all instances above where governors have maintained less than the required attendance, the Council of Governors is satisfied that there was reasonable cause for non-attendance.

\*Dr Jain was not re-elected after his term of office had finished. Therefore would not have attended further meetings for the remainder of the financial year.

Full Council of Governor meetings are regularly attended by key clinicians and senior staff from across the Trust providing presentations and question and answer sessions to help governors understand how the organisation works.

In 2016/17, members of the Board of Directors attended the following full Council of Governors meetings.

#### Executive and non-executive director attendance at full Council of Governors meetings 2016/17\*

Director and title	Attendance
<b>Julian Atkins</b> Non-executive Director	3/5
<b>Anne Baines</b> Director of Strategy & Performance	1/5
<b>Ann Becke</b> Non-executive Director	0/5
<b>Paula Clark</b> Chief Executive (left 09/16)	3/3
<b>Jonathan Fellows</b> Non-executive Director	2/5
<b>Paul Harrison</b> Medical Director/Acting Chief Executive	1/5
<b>Andrew McMenemy</b> Director of Human Resources (joined Aug '16)	3/3
<b>Richard Miner</b> Non-executive Director	3/5
<b>Jenni Ord</b> Chairman	5/5
<b>Glen Palethorpe</b> Director of Governance/Board Secretary	5/5

\*Board members are not required to attend all full Council of Governors meetings unless invited to do so to present on a specific topic. Non-executive and executive directors also attended sub-committees of the Council of Governors.

During the year, the Council has not exercised its right under paragraph 10C of schedule 7 of the NHS Act 2006 to require a director to attend a full Council of Governors meeting.

## Governor resignations, elections and re-appointments

During 2016/17, elections were held for vacancies in the following constituencies:

- **Staff** Nursing and Midwifery
- **Public** Brierley Hill, Dudley North, Halesowen

In accordance with the Trust's Constitution, we use the method of single transferable voting for all elections. This system allows voters to rank candidates in order of preference and, after candidates have either been elected or eliminated; unused votes are transferred according to the voter's next stated preference.

Our members engage well with the Council of Governor election process. During the year a total of 17 members put themselves forward as nominees for the four vacancies arising with more than 21% returning votes in staff elections and 14% in public elections.

Electoral Reform Services was appointed to oversee the election process which returned the following governors for a three-year term:

#### Governors elected or appointed during 2016/17

Governor and constituency	Date elected/appointed
<b>Mary Turner</b> Appointed: Dudley Council for Volunteer Services and Trust Volunteers	Feb 2017
<b>Terry Brearley</b> Public: Brierley Hill	Dec 2016
<b>Michelle Lawrence</b> Staff: Nursing & Midwifery	Dec 2016
<b>Nicola Piggott</b> Public: Dudley North	May 2016
<b>Viv Kerry</b> Public: Halesowen	May 2016
<b>Bill Dainty</b> Staff: Nursing & Midwifery	May 2016

#### Governors reaching end of term of office or resigning during 2016/17

Governor and constituency	Date end of term/resigned
<b>John Franklin</b> Appointed: Dudley Council for Volunteer Services and Volunteers	Feb 2017
<b>Jacqui Smith</b> Staff: AHP & HCS	Feb 2017
<b>Helen Stott-Slater</b> Public: Brierley Hill	Nov 2016
<b>Shirley Robinson</b> Staff: Nursing & Midwifery	Nov 2016
<b>Subodh Jain</b> Public: Dudley North	May 2016





## Council of Governors review 2016/17

Since authorisation, our Council of Governors has regularly conducted a review of its effectiveness in discharging its statutory and other duties.

Throughout the year, governors have continued to participate in Trust activities that seek to assure and improve standards of quality and patient experience. Governors are invited to join senior Trust staff to complete Quality and Safety Reviews conducted across clinical and treatment areas of the Trust. Two governors are members of the Trusts' Patient Experience Group and the Quality and Safety Group – both of which report to the Clinical Quality, Safety and Patient Experience Committee of the Board of Directors.

## Governor engagement with Trust members and local communities

The Trust supports governors in raising public and staff awareness of the work of the Trust and their role within their constituencies. The 'Out There' initiative continues to support governors to undertake their role in finding out what people think about the Trust and feedback their views to the Board of Directors.

During 2016/17 governors continued to reach out into their constituencies and have attended a number of community and support groups such as GP patient panels and participation groups.

Events attended in 2016/17	
23/03/2017	Dudley Borough Public Healthcare Forum Meeting
01/12/2016	Halesowen College
19/10/2016	Talk at Dudley Central Methodist Church
04/08/2016	Dudley CCG Forum
04/08/2016	Governors MCP Workshop
21/07/2016	AMM & health fair
19/07/2016	MCP Discussion/Diabetes
30/06/2016	Dudley CCG End of Life Care Focus Group
29/04/2016	Albion House Patient Panel
11/04/2016	Three Villages Medical Centre
01/04/2016	Wychbury Medical Centre Patient Participation Group

Many of our governors also actively participate in Trust-led events such as the behind the scenes events which provide Trust members and members of the wider community an opportunity to learn more about areas of the Trust.

## Lead Governor

The Lead Governor role is designed to assist the Council of Governors where it may be considered inappropriate for the Chairman, or her deputy, to deal with a particular matter. The Lead Governor will also provide an independent link between the Council of Governors and the Board of Directors.

Elections to the role of Lead Governor concluded in March 2016. Following a call for expressions of interest from members of the Council of Governors, Rob Johnson was appointed on an uncontested basis and will hold the post until his end of term of office in December 2017.

## How to contact a governor or director

There are several ways Trust members or members of the public can contact either their governor or a member of the Board of Directors:

- at Council of Governors meetings in public
- at Board of Directors meetings in public
- at the Annual Members' Meeting
- at members events
- via the Foundation Trust office on email or by phone

For dates and times of these meetings and other members events, please visit the members section on the Trust website at [www.dudleygroup.nhs.uk](http://www.dudleygroup.nhs.uk) or contact the Foundation Trust office:

**Email** [foundationmembers@dgh.nhs.uk](mailto:foundationmembers@dgh.nhs.uk)

**Telephone** (01384) 321124

**Write** Freepost RSEH-CUZH-SJEG, 2nd Floor South Block, Russells Hall Hospital, Pensnett Road, Dudley, DY1 2HQ

Several governors are also happy to be contacted directly and their details can be obtained using the details above.

## Code of Governance disclosures

For disclosures relating to the Trust's Council of Governors, please see pages 38 to 41 of this report.

For disclosures relating to the Trust's Board of Directors, please see pages 16 to 23 of this report.

For disclosures relating to the Nomination and Remuneration Committee, please see pages 24 to 27 of this report.

For disclosures relating to the Audit Committee, please see pages 23 and 24 of this report.

For disclosures relating to the Foundation Trust membership, please see pages 36 and 37 of this report.

## 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

The latest reported segmentation from NHS Improvement puts The Dudley Group NHS Foundation Trust within segment 2, where segmentation of 3 or 4 would indicate a trust is or is likely to be breach of its licence. There were no

issues within the Trust's annual review of its governance, risk management and systems of internal control that are recorded within the Trust's Annual Governance Statement (page 43 onwards) that would indicate a change in segmentation is likely.

### Finance and use of resources

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

Area	Metric	2016/17 Q3 score	2016/17 Q4 score
Financial sustainability	Capital service capacity	3	3
	Liquidity	1	1
Financial efficiency	I&E margin	1	1
Financial controls	Distance from financial plan	2	1
	Agency spend	4	4
Overall scoring		3	3

*\* If any of the five measures scores '4' then the overall score can only be a maximum of '3'.*

The Trust did not achieve its agency spend target set by NHSI of £5.772m. This resulted in the Trust scoring a '4' in the agency spend metric.



## Statement of accounting officer's responsibilities

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### Statement of the chief executive's responsibilities as the accounting officer of The Dudley Group 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 The Dudley Group 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 The Dudley Group 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

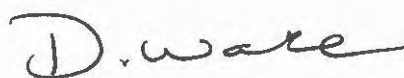
reasonable accuracy at any time the financial position of the NHS foundation trust and to enable him/her to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS foundation trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors consider the Annual Report and Accounts, taken as a whole, to be fair, balanced and understandable and provide the information necessary for patients, regulators and stakeholders to assess the NHS foundation trust's performance, business model and strategy.

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

Date: 16th May 2017



Diane Wake

Chief Executive

## Annual Governance Statement

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### 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 The Dudley Group 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 Dudley Group 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 Director of Governance and Trust Board Secretary has Board level responsibility for the oversight of the Trust's risk management policies and processes. The Board of Directors has established a Risk and Assurance Group, which meets quarterly to review corporate and directorate specific risks and associated assurances and mitigation plans and oversees the effective operation of the Trust's risk register. It is in place to challenge the levels of assurance throughout the organisation and to ensure the effective management and mitigation of risks. Additionally, each division of the Trust, through their divisional governance framework, reports to the Risk and Assurance Group on their management of risks at an operational level.

The Trust has a comprehensive induction and training programme, supplemented by e-learning training packages and ad hoc learning opportunities for staff. Collectively, these cover a wide range of governance and risk management topics for both clinical and non-clinical staff in all disciplines and at all levels in the organisation.

Additionally, training is available from the corporate governance team on aspects of the wider risk management and governance agenda. Good practice is disseminated through the existing matron's forums, divisional governance frameworks and via the Board Committee reporting structure.

## The risk and control framework

The Board of Directors provides leadership on the management of risks, determining the risk appetite for the organisation and ensuring that the approach to risk management is consistently applied. Through the Board Assurance Framework, the Board determines the total risk appetite the Trust is prepared to accept in the delivery of its strategic objectives. The Board takes assurance from the Risk and Assurance Group which reports into the Audit Committee as to the controls in place to manage the identified risks to the determined levels and the monitoring

of any required actions where the risk exceeds the Boards appetite for risk in that area.

The Trust's Risk Management Strategy and Policy provides guidance on the identification and assessment of risk and on the development and implementation of action plans. The divisions undertake continuous risk assessments to maintain their risk registers and to implement agreed action plans. Risks are assessed by using a 5x5 risk matrix where the total score is an indicator as to seriousness of the risk. Action plans to address or manage risks are recorded in the risk register and managed at divisional and/or Board level. Regular reports to the Risk and Assurance Group confirm the progress made in managing these identified risks.

Each level of management, including the Board, reviews the risks and controls for which it is responsible. The Board and Board Committees monitor the progress against actions to minimise or mitigate risks in accordance with the Risk Management Strategy. In 2016/17 each board committee undertook to review in more detail a sample of risks where it is the allocated oversight committee. Each committee confirmed the outcome of its reviews within its report to the Board. This information flow complemented the reviews undertaken by the Audit Committee on the Board corporate risk and assurance frameworks.

Papers received at the Board and at Board Committees identify the risks to the achievement of Trust objectives and their link to the risk register. The Trust uses a dedicated monitoring system to record and monitor all risks across the organisation including the current and targeted





mitigated risk scores and progress against the identified action plans where the risk is above its target score. Active risk management forms part of the divisional governance framework with the operational risk registers being a standing item on the Risk and Assurance Group's agenda. Positive assurance to date confirms the effectiveness of the management and control of these identified risks. Action plans are in place to address any perceived gaps in control or assurance that arise during the year.

The reporting framework requires all risks to be identified on Board and Committee front summary sheets providing an ongoing record of emerging issues which allow the link back to the Board Assurance Framework.

The Trust has also a number of arrangements to monitor quality governance and improvements in quality. These include the use of performance dashboards, a clinical audit programme, the review and monitoring of Quality of Care Indicators, Nursing Care Indicators and the robust monitoring against local and national targets for quality measures including Healthcare Associated Infections (HCAI), Pressure Ulcers and Falls, all of these linking to the Trust's own quality priorities.

Nursing Care Indicator audits along with the undertaking of Matron audits, measure the quality of care given to patients and the monthly audits of key nursing interventions and associated documentation are published, monitored and reported to the Board of Directors by the Chief Nurse. This is supported by the implementation of real-time surveys, capturing the views of patients and using these to make improvements. The Trust also continues to monitor the hospital standardised mortality ratio (HSMR) to ensure it is consistent with national levels.

Regular reports on the progress against key quality priorities provide assurance that these are actively managed and progressed at an operational level. Additionally, matrons and divisional leaders attend the Board on rotation to discuss quality issues and the operational risks to the achievement of their objectives. Internal audit also provides an independent opinion on the adequacy of the arrangements for ensuring compliance with the Care Quality Standards.

Information risks are managed and controlled through the Trust's established risk management process. The Trust has a Caldicott and Information Governance Group (CIGG) which reports to the Audit Committee and whose remit is to review and monitor all risks and incidents relating to data security and governance. The Trust complies with

the NHS Information Governance Toolkit and is currently achieving the minimum of Level 2 performance for all areas, which is deemed satisfactory performance by the Department of Health. The Trust has achieved over the minimum level by securing a Level 3 in 5 of the applicable requirements, and has an action plan in place to progress to Level 3 in those areas which are cost effective and support our commitment to high quality patient care. The Trust's Caldicott Guardian works with the Director of Governance and Trust Board Secretary who has Board level responsibility for Information Governance and is the Trust's Senior Information Risk Owner (SIRO).

The Board Assurance Framework identifies the key risks to the achievement of the Trust's objectives and the independent assurance mechanisms that report on the effectiveness of the Trust's system of internal control in those areas. It supports this Corporate Governance Statement and is informed by partnership working across the Black Country Sustainability and Transformation Plan footprint, the local health economy via the Black Country Alliance and through working with the Dudley Clinical Commissioning Group (CCG) especially in respect of the Dudley New Care Models project, Council of Governors, community wide safeguarding boards and other stakeholders. The Board Assurance Framework focuses on those key risks to achievement of the Trust's objectives, below are the significant issues that have been tracked and reported to the Board and the degree of risk remaining at the end of the year:

#### **Failure to deliver the key contractual/Monitor delivery targets**

The Trust has seen strong and at times exemplary performance in respect of the Emergency Access target of 95% of patients seen or discharged who present at the Emergency Department within 4 hours. Whilst for the last two quarters of the year the whole NHS and the Trust has seen increased pressure on emergency services, the organisation whilst not achieving the target managed a credible performance against this standard.

The Trust has overall met the target to see patients within 18 weeks although some specialities have been under pressure in this area during the year due to resourcing issues.

The Board has monitored the delivery of the cancer targets and has seen that in two quarters of the year the Trust has failed to meet the 62 day target. Through the scrutiny of the Finance and Performance and the Clinical Quality, Safety and Patient Experience Committees, the Board have received assurance over the actions undertaken to

track each patient and work with the tertiary centre (Royal Wolverhampton Trust) to ensure that patients missing this target have their care expedited.

### **Failure to meet the diagnostic standard due to rising demand**

The Trust has been monitoring this risk through the Board Assurance Framework and the performance reports presented to the Finance and Performance Committee which has seen demand increasing, coupled with capacity and staffing issues maintaining pressure and thus risk on this standard. The Trust has developed a number of strategies to mitigate these interlinking pressures including progressing with developing more capacity in the system to cope with the increase in demand and it is anticipated that whilst demand pressure will continue, next year the Trust will be better equipped to mitigate this risk further than was possible in 2016/17.

### **Failure to reduce the number of delayed transfers of care**

The Board recognised the financial pressure the Local Authority has been under to manage this rising demand for social care and the Trust has actively engaged with the Local Authority to address this risk. However, the Trust has seen an increase in the number of delayed transfer of care patients remaining in hospital beds. As a solution to this issue is complex, this risk has remained high across the year and is anticipated that it will remain so into 2017/18.

### **Safer Staffing Levels**

The Board has received assurance through regular updates provided by the Chief Nurse on the staffing levels at ward level for each shift, as measured against the NICE guidance issued in this area. The Trust has utilised its investment in the technology to assist in ensuring that safe staffing levels are maintained through the use of an electronic rostering system which supports the internal Nurse Bank function to efficiently fill shifts. Reporting to the Board has identified that the Trust has remained safely staffed throughout the year. With the design and operation of these controls having been assured during the year which confirmed their sound application across the year, no further risk mitigation is required. This risk is at the Board's agreed appetite level (target score). However, in recognition of the continued pressure within the area of staffing, especially with the introduction of the NHS Improvement's Agency usage caps, the Board has agreed this will remain on the Board Assurance Framework.



### **High dependency on agency staff**

The Trust has seen an increase in the use of Agency staff in 2016/17, this is in part due to the need to ensure safe staffing levels are maintained during the sustained period of increased demand on Trust services and in part to fill natural gaps in staff rotas as staff retire or leave the Trust. The Trust has undertaken a number of initiatives to improve both the recruitment and retention of staff to reduce the Trust's reliance on agency staff. The Trust has proactively sought advice from NHS Improvement in this area which has been used to check that the Trust's strategies in this area are robust, their advice has enabled the Trust to gain confidence in its developed processes as NHS Improvement were able to benchmark the Trust's processes against exemplar peers.

The Trust has made improvements in this area but with the continued pressure on services and the national challenges in respect of the recruitment within all categories of medical, nursing and health care professionals, the Board anticipates this risk will remain a key risk for the Trust across 2017/18.

### **Failure to deliver the 2016/17 Trust's Cost Improvement (Transformation) Programme**

During the year the Finance and Performance Committee has kept a watch on the Trust's delivery of its established Cost Improvement Programme. Whilst the Trust did not fully achieve its plan, the plan was significantly achieved and thus the impact of this risk was reduced. The Board has received information following review by the Finance and Performance Committee on the development of the Trust's 2017/18 Transformation Programme and by the end of the

year 70% of the schemes were supported by project initiation documents which provides a good degree of confidence for the delivery of the 2017/18 plan.

During 2016/17, the work of the internal auditors and the Board review of the Assurance Framework and supporting governance processes identified some gaps in control which resulted in specific action plans being drawn up with their progress reported to and monitored by the Audit Committee. These identified weaknesses are considered to be operational in nature and through the robust monitoring of the delivery of the actions have not impacted on the final delivery of the Trust's stated objectives.

In February 2016 the Board undertook a self-assessment of its effectiveness utilising the Monitor Well Led Framework as the required benchmark. This self-assessment included an externally facilitated workshop to challenge the supporting evidence in respect of the effectiveness of the Board and its Committee. This external challenge enabled the Board to view the evidence against that seen by the facilitator across a wider range of foundation trusts.

This review drew out a number of areas of good practice that were embedded within the Board, its Committee structure and processes. It also identified a small number of areas where enhancements could be made and an action plan was devised with the plan for delivery during 2016/17. The Director of Governance reported back to the Board and Governors progress against these actions during 2016/17 showing progress had been made against all the actions identified. In 2016/17 the Trust also participated in a national research study undertaken by the University of Manchester and University of Birmingham into the effectiveness of NHS Boards post the Frances Enquiry. Feedback to the Board is planned for early in the 2017/18 year and following that an action plan will be formulated where enhancements to current processes have been identified by this study against the national benchmarking it provided.

In accordance with Schedule 7 of the National Health Service Act 2006 (as amended by the Health and Social Care Act 2012) only directors may be members of the Board committees. All Committees of the Board are chaired by non-executive directors. The Board has established six Committees each with clear terms of reference which are reviewed annually to ensure they remain appropriate to support the Board. The review within 2016/17 did not require any significant changes to the Committee terms of

reference. Each committee chair provides a formal summary of key issues arising from the Committee to the full Board of Directors. This summary report provides information on the assurance received at the Committee which supports the Trust's assurance framework and performance reporting ultimately received by the Board.

The Trust informs and engages with its key stakeholders in relation to risk through a number of forums which include a regular joint contract/clinical quality review meeting with the Trust's host commissioners and the sharing of performance reports including key risks with the Trust's Council of Governors. Key stakeholders include Dudley CCG, our PFI partner Summit Healthcare (Dudley) Ltd, the Council of Governors, the FT members, patient groups, patients, the local community and the Local Authority Select Committee on Health and Adult Social Care. Where major service redesign is initiated, patients and their views are taken into account, to understand how changes may affect them. During last year most of the work in relation to the day case transformation programme was based on the views of our patients and their feedback to the changes to the service have been positive.

The Foundation Trust is compliant with the registration requirements of the Care Quality Commission (CQC), although the last inspection report published in December 2014, rated the Trust as "requires improvement". In arriving at this overall assessment, the CQC assessed 38 elements within five areas. Of the 38 elements, 30 were rated as "good" which meant that in three of the main areas the Trust was in fact rated as "good", these three areas included an assessment of the categories of caring and being well-led. For the two areas where the Trust was rated as requiring improvement, a detailed action plan was put in place, with the continued monitoring of its delivery reported to the Board through 2015/16.

The delivery of these actions has been reported to both the Board and the CQC. In order to support the Board's continued review of the Trust's compliance with the CQC's requirements, management has continued with their regular internal quality and safety reviews. These involve a multi-disciplinary team, including members of our Council of Governors and representatives of the Dudley Clinical Commissioning Group's Quality Team, visiting clinical areas on an unannounced basis to observe clinical practices, question staff on their knowledge and compliance with Trust policies and to secure immediate patient feedback on their experiences. The outcome of these

reviews is reported back to the clinical area on the same day allowing them to continue with identified good practice and make any enhancements swiftly. The outcomes of these reviews are also shared across the Trust to allow good practice to be shared, enabling each area to learn from each other which is further assisted by having within the multi-disciplinary team, peer matrons and clinicians from other wards.

### Never Event

The Trust experienced a never event in 2016/17, which was reported and investigated through the Trust's incident reporting systems. The Trust made immediate changes to practice on the identification of this most serious of incidents, albeit no harm was caused as a result of the incident, and upon the conclusion of the full investigation made some further enhancements to the system of internal control operated by the clinical area.

The learning from this incident has been shared widely within the Trust. Our Commissioners have been engaged during our investigation process and are satisfied that we have enhanced our processes as a result of this incident and that we acted swiftly and appropriately, engaging with the affected patient during our investigation, including making a swift and full apology through the application of the Trust's Duty of Candour processes.

As an employer with staff entitled to be members of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that



deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

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

In partnership with its PFI provider, the Foundation Trust has undertaken a number of risk assessments and Carbon Reduction Delivery Plans are in place. Amongst these, risk assessments have been undertaken 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 Adaption Reporting requirements are complied with.

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

The Trust produces detailed Annual Plans incorporating both service and quality initiatives and reflecting service, operational requirements and financial targets in respect of income and expenditure and capital investments. These include the Trust's plan for improving productivity and efficiency in order to minimise income losses, meet the national efficiency targets applied to all NHS providers and fund local investment proposals. The Plan incorporates projections for the next two years which facilitates forward planning in the Trust. Financial plans are approved by the Board of Directors, supported by the Finance and Performance Committee, prior to submission to NHS Improvement.

The in-year resource utilisation is monitored by the Board and its committees via a series of detailed reports covering finance, activity, capacity, human resource management and risk. Clinical risk assessments are conducted on individual savings proposals that may impact on the provision or delivery of clinical services. The Trust has continued to face a challenging year financially in 2016/17 and recognises that this will continue into 2017/18. The Trust continues with its transformation programme to ensure that it remains financially sustainable going forward and underpins the Trust's longer term financial strategy.

Performance review meetings assess each division's performance across a full range of financial and quality matrices which, in turn,



forms the basis of the monthly integrated performance report to the Finance and Performance Committee. Monthly reports are submitted to NHS Improvement from which the Trust's risk rating is calculated and a relevant NHS Improvement Single Oversight Framework segmentation is assigned. The Trust has been assigned a segmentation rating of 2, where segmentation of 3 or 4 would indicate a Trust is or is likely to be breach of its licence.

The key processes embedded within the Trust to ensure that resources are used economically, efficiently and effectively, centre around a robust budget setting and control system which includes activity related budgets and periodic reviews during the year which are considered by executive directors and the Board of Directors. The budgetary control system is complemented by Standing Financial Instructions, a Scheme of Delegation and Financial Approval Limits. This process enables regular review of financial performance by highlighting areas of concern via variance analysis. The Finance and Performance Committee also receive a monthly report showing the Trust's performance against CQUIN, NHS Improvement and CQC targets.

As Accounting Officer, I have overall accountability for delivery of the Annual Plan and I am supported by the executive directors with delegated accountability and responsibility for delivery of specific targets and performance objectives. These are formally reviewed and monitored monthly by the Board of Directors and its Committees. Independent assurance on the use of resources is provided through the Trust's internal audit programme, Audit Committee and external agencies such as NHS Improvement, External Audit and the CQC.

## Information governance

As described previously the Trust takes Information Governance very seriously and its associated risks are managed in the same way as other corporate risks. The Trust has, through the completion and submission of its Information Governance Toolkit, scored a "satisfactory" rating with all 45 applicable mandatory elements being judged to meet at least level 2 (the minimum standard required). The Board has received assurance via a review of this submission by Internal Audit at the year-end which confirmed that for the sampled requirements the evidence supported the Trust's own assessment. The Trust has also secured during the year ISO 27001 accreditation in respect of its IT security processes. This accreditation was granted after a successful

external validation of the Trust's processes which provided further assurance in respect of the Trust's information governance processes.

The Trust has reported two incidents to the Information Commissioner (ICO) where breaches to the confidentiality of patient data occurred. For each incident a full investigation was undertaken in accordance with the Trust's incident management policy and procedures. The learning from these incidents has been shared widely within the Trust. Both the ICO and our Commissioners have been engaged during our investigation process and are satisfied that we acted swiftly and appropriately, including disciplining staff involved, engaging with the affected patients during our investigation, including making swift and full apologies through the application of the Trust's Duty of Candour processes.

## 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 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 Board of Directors has taken the following measures to ensure the Quality Report presents a balanced view and has appropriate controls to ensure the accuracy of data:

### Governance and leadership

The executive and non-executive directors have a collective responsibility as a Board to ensure that the governance arrangements supporting the Quality Accounts and Report provide adequate and appropriate information and assurances relating to the Trust's quality objectives. Board sponsors are nominated for all quality priorities providing visible Board leadership of specific quality initiatives.

Whilst the Chief Executive has overall responsibility for the quality of care provided to patients, the implementation and co-ordination of the quality framework is delegated to both the Chief Nurse and Medical Director. They have joint responsibility for reporting to the Board of Directors on the development and progress of the quality framework and for ensuring that the Quality Strategy is implemented and evaluated effectively.

## **Policies**

High quality organisational documentation is an essential tool of effective governance which will help the Trust achieve its strategic objectives, operational requirements and bring consistency to day to day practice. A common format and approved structure for such documents helps reinforce corporate identity, helps to ensure that policies and procedures in use are current, and reflects an organisational approach. A standard approach ensures that agreed practice is followed throughout the organisation. With regard to the development of approved documentation, all procedural documents are accessible to all relevant staff supporting the delivery of safe and effective patient care.

## **Systems and processes**

The systems and processes which support the development of the quality accounts focus on engagement activities with public, patients and staff and utilising the many media/data capture opportunities available.

The topics were agreed by the Board of Directors and the Council of Governors on the basis of their importance both from a local perspective (e.g. based on complaints, results of Nursing Care Indicators) and a national perspective (e.g. reports from national bodies e.g. Age Concern, CQC findings etc.).

The Trust reviews its quality priorities annually engaging with governors, staff, members of the public and partner organisations. This year has seen the Trust continue with many of the priorities from the last year including nutrition and infection control. The Trust's 2016/17 Quality priorities are discussed further in the Trust's Quality Account.

## **People and skills**

In addition to the leadership provided by the Board of Directors, Clinical Divisional Management Teams, led by clinical directors and co-ordinated by general managers, are accountable for, and ensure that a quality service is provided within, their respective divisions and areas of authority. They are required to implement the Quality Strategy, providing safe, effective and personal care and ensure that patients have a positive experience and are treated with courtesy, respect and kindness.

Training opportunities are available for clinical and non-clinical staff and competency is monitored as part of the Trust's appraisal system. External reviewers provide independent opinions on the appropriateness and adequacy of training.

The Board of Directors ensures that quality improvement is central to all activities. This is achieved by routine monitoring, participation in national improvement campaigns, celebrating success with our staff awards and proactively seeking patient views on our services.

## **Data use and reporting**

Data Quality Assurance over the various elements of quality, finance and performance is of key importance to Management and the Board and reviews of the Trust's system of internal control in respect of data quality are undertaken in each year through the approved Internal Audit work plan.

The Trust has robustly utilised existing data collection and reporting arrangements to monitor progress against the quality priorities and identify trends. Good quality information underpins the effective delivery of patient care and is essential if improvements in quality of care are to be made.

Internal Audit specifically devotes an element of their annual work plan to providing assurance over the Trust's data quality processes. They have a rolling programme of areas for review ensuring that over time the Trust's data quality systems are subject to review. In 2016/17 this work included a review of the data quality systems underpinning the Trust's VTE and Stroke TIA performance reporting. Their work identified that in respect of the Trust's VTE and TIA performance reporting, there were improvements needed to the Trust's data quality processes. In respect of TIA, Internal Audit undertook follow up within the year confirming progress had been made and for VTE. Internal Audit are scheduled to undertake their follow up in the early part of 2017/18.

Since the introduction of the Referral To Treatment (RTT) waiting times in 2007, the Trust has developed a comprehensive set of in-house RTT monitoring reports that are used both within the organisation to manage the RTT waits, in conjunction with information held on the Trust's OASIS Patient Administration System (PAS), and for the external reporting of performance.

The reports have been produced by the Information Department who have worked closely with the Divisions to generate a set of reports that match the patient pathways, primarily using data sourced from the Trust's Patient Administration System (PAS) system. Internal management audits of the RTT pathways are done on an ad-hoc basis by both Operational and Information staff periodically throughout the year. Further assurance to the Board has been provided by



several independent audits stretching back to the introduction of the formal RTT targets.

## 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 the Clinical Quality, Safety and Patient Experience Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board Assurance Framework and the Trust's risk management arrangements provide me with evidence that the controls to manage the risks to the Trust achieving its principal objectives have been reviewed and are effective. My review is also informed by the work of external and independent assessors and advisors including the Care Quality Commission.

During 2016/17, the work of the internal auditors and the Board's review of the Board Assurance

Framework and supporting governance processes identified some internal control weaknesses and perceived gaps in control which have been reported as part of the Trust's routine and ongoing monitoring arrangements. These identified weaknesses are considered to be operational in nature and have had their actions robustly monitored to ensure continuous improvement of the systems in place.

The Head of Internal Audit opinion stated that "The organisation has an adequate and effective framework for risk management, governance and internal control".

Internal Audit identified "further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective".

However none of the identified weaknesses were deemed to be significant in terms of the overall systems of internal control of the Trust.

## Conclusion

My review of the effectiveness of the risk management and internal control has confirmed that:

- The Trust has a generally sound system of internal control designed to meet the organisation's objectives and that controls are generally being applied consistently.
- The systems of internal control in relation to the Quality Report are consistent with the Trust's overall system of internal control and the Board has been assured that the Quality Report presents a balanced view and that the data is accurate.
- Based on the work undertaken by a range of assurance providers, there were no significant control issues identified during 2016/17.
- Where improvements have been recommended, we have acted on them and tracked their implementation at both management and Board/Committee level.

I, therefore, believe that the Annual Governance Statement is a balanced reflection of the actual control position in place within the year.

Signed

Date: 16th May 2017

**Diane Wake**  
Chief Executive



## Statement of directors' responsibilities in respect of the accounts

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that the

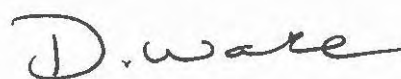
accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

By order of the Board

Signed

Date: 16th May 2017

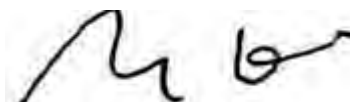


Diane Wake

Chief Executive

Signed

Date: 16th May 2017



Paul Taylor

Director of Finance and Information





## ***Independent Auditors' Report to the Council of Governors of The Dudley Group NHS Foundation Trust***

### **Report on the financial statements**

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#### **Our opinion**

In our opinion, The Dudley Group NHS Foundation Trust's Group and Trust financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and the Trust's affairs as at 31 March 2017 and of the Group's and of the Trust's income and expenditure and of the Group's and the Trust's cash flows for the year then ended; and
- have been properly prepared in accordance with the Department of Health Group Accounting Manual 2016/17.

#### **What we have audited**

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The financial statements comprise:

- the Consolidated and Foundation Trust Statements of Financial Position as at 31 March 2017;
- the Consolidated and Foundation Trust Statement of Comprehensive Income for the year then ended;
- the Consolidated and Foundation Trust Statements of Cash Flows for the year then ended;
- the Consolidated and Foundation Trust Statements of Changes in Taxpayers' and Others' Equity for the year then ended; and
- the notes to the financial statements, which include the accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in The Dudley Group NHS Foundation Trust Annual Report and Accounts (the "Annual Report"), rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is the Department of Health Group Accounting Manual 2016/17.

## Our audit approach

### Context

The Trust is the main provider of acute emergency and scheduled healthcare in Dudley, operating from three sites, the main site at Russells Hall Hospital, the Corbett Outpatient Centre and the Guest Outpatient Centre. It also provides community services in Dudley from a number of different locations. It has an annual income of £352 million, which is funded predominantly by local Clinical Commissioning Groups and NHS England.

Our audit for the year ended 31 March 2017 was planned and executed having regard to the fact that the Trust's operations and financial stability were largely unchanged in nature from the previous year. In light of this, our approach to the audit in terms of scoping and areas of focus was largely unchanged.

### Overview



- Overall materiality: £6,518,500 which represents 2% of total revenue from 2015/16.
- The consolidated financial statements comprise the parent, The Dudley Group NHS Foundation Trust, and its subsidiaries (The Dudley Group NHS Foundation Trust Charity and Dudley Clinical Services Limited).
- All work was performed by a single audit team who assessed the risks of material misstatement, taking into account the nature, likelihood and potential magnitude of any misstatement and determined the extent of testing we needed to do over each balance in the financial statements.

Our areas of focus were:

- Risk of fraud in revenue and expenditure recognition; and
- Valuation of Property, Plant and Equipment.

### The scope of our audit and our areas of focus

We conducted our audit in accordance with the National Health Service Act 2006, the Code of Audit Practice and relevant guidance issued by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") and, International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
<p><b>Risk of fraud in revenue and expenditure recognition</b></p> <p>See note 1 to the financial statements for the directors' disclosures of the related accounting policies, judgements and estimates relating to the recognition of income and expenditure and notes 3 to 5 for further information.</p> <p>There is a risk that, due to the financial position of the Trust, management has adopted accounting policies or treated income or expenditure transactions in such a way as to lead to an overstatement of the reported surplus position. This combined with the nature of a number of the Trust's contracts, the introduction of 'Sustainability and Transformation Fund' money, and the timing of the intra-NHS balance agreement process, led us to focus on it.</p>	<p><b>Journals</b></p> <p>We tested a sample of journal transactions that had been recognised in both income and expenditure, focussing in particular on those that had been transacted near the end of the year. We agreed the journal entries to supporting documentation, for example invoices and cash transactions. Our testing found that they were supported by appropriate documentation and that the income and expenditure was recognised in the appropriate accounting period for the correct value.</p>



## Area of focus

## How our audit addressed the area of focus

We considered revenue recognition to be a risk, in particular revenue streams from the Clinical Commissioning Groups ("CCGs") and NHS England, which together comprise £308 million of the Trust's £352 million of income. The service level agreements with the CCGs are renegotiated annually and consist of standard monthly instalments. A year-end adjustment is then negotiated with the CCGs to reflect actual levels of activity where contracts follow Payment by Results. The value and recoverability of the adjustment is subject to management judgement. Due to the incentive for the Trust to achieve its financial Control Total, in order to receive Sustainability and Transformation Fund money, we considered the risk to be focussed on the existence of income from material CCG contracts, in particular the year-end adjustments.

We also considered expenditure recognition to be a risk. Given the incentive described above we focussed on the completeness of expenditure in the Statement of Comprehensive Income and of liabilities recorded in the Statement of Financial Position.

We focused our work on the elements of income and expenditure that are most susceptible to manipulation:

- non-standard journal transactions;
- income recognition for material contracts with CCGs, specifically the year adjustment; and
- unrecorded liabilities.

### Revenue

For a sample of transactions recognised during the year and around the year-end (both before and after), we confirmed that income and expenditure had been recognised in line with the Group's accounting policies and in the correct accounting period by agreeing transactions to the supporting invoice and cash receipts/payments where appropriate.

For a sample of CCG income, we obtained the signed contract and agreed its value to the income recognised during the year. For a sample of income from over and under performance against the contract we agreed the income to supporting evidence. This included inspecting information from the year-end intra-NHS balance agreement process to identify any significant differences between the income and debtors reported with NHS organisations.

No material issues were identified from the work performed.

### Expenditure

We performed testing to identify whether there were any unrecorded liabilities. We:

- tested a sample of large payments made and invoices received after 31 March 2017 to supporting documentation, to check that, where they related to the 2016/17 financial year, an accrual was recognised appropriately;
- compared operating expenditure in March and April 2017 to make sure it was treated consistently; and
- compared the list of accrued expenses recognised as at 31 March 2017 with that recognised in the prior year to identify differences in the accruals recognised year on year.

We also inspected the information from the year-end intra-NHS balance agreement process to identify any significant differences between the expenditure and creditors reported with NHS organisations.

No material issues were identified from the work performed.

## Valuation of property, plant and equipment

See note 1 to the financial statements for the directors' disclosures of the related accounting policies, judgements and estimates relating the valuation of property, plant and equipment and note 13 for further information.

We focussed on this area because property, plant and equipment ("PPE") represents the largest balance in the Trust's Statement of Financial Position and the valuation of land and buildings requires significant levels of judgement and technical expertise in choosing appropriate assumptions. Therefore our work has focused on whether the methodology,

We obtained the valuation and assessed the competence and objectivity of the Trust's Valuer by using the work of an auditor's expert in the valuation of PPE to help us look at their assumptions and approach and compare it with industry requirements.

We assessed the methodology, assumptions and estimates used in the valuation including the consistency of these with our own expectations based on our experience of similar valuations and wider industry trends.

## Area of focus

assumptions and underlying data used to determine the value of Property, Plant and Equipment were appropriate and correctly applied. PPE amounts to £208 million of which £198 million is land and buildings.

All PPE is measured initially at cost, with land and buildings subsequently measured at fair value. A professionally accredited expert prepares valuations following Royal Institution of Chartered Surveyors (RICS) requirements. Valuations have to be prepared sufficiently regularly so that carrying values are not materially different from fair value at the reporting date.

An update to the valuation carried out in 2015/16 was undertaken by the Trust's valuation experts. Changes included updating the value of assets using industry-standard indices and revaluing PFI assets net of VAT. This resulted in a reduction in the fair value of Trust buildings of £23.3 million.

We considered the key areas of focus to be:

- the key inputs to the valuation, in particular the floor areas on which the valuation is based; and
- the methodology, assumptions and underlying data used by the valuation expert.

## How our audit addressed the area of focus

We tested a sample of the material assets, checking that the input data used by the valuer as the basis for the valuation, in particular the floor areas, was consistent with the underlying estates information.

We checked that the valuation information had been correctly input into the Fixed Asset Register and the accounting treatment recorded in the Trust's financial statements was appropriate.

Our work did not identify any material issues. We found:

- the valuation to have been based on appropriate input data, including floor area information; and
- the assumptions and methodology applied to be consistent with the requirements.

## How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the environment in which the Group operates.

The Trust is the Corporate Trustee of The Dudley Group NHS Foundation Trust Charity. The Charity is consolidated into the Group financial statements. Dudley Clinical Services Limited is wholly owned by The Dudley Group NHS Foundation Trust and is also consolidated into the Group financial statements. We conducted the audit on the Consolidated Group financial statements at the Trust's headquarters in Dudley, which is where the Trust's finance function is based.

## Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<b>Overall Group materiality</b>	£6,518,500
<b>How we determined it</b>	2% of total revenue from 2015/16
<b>Rationale for benchmark applied</b>	Consistent with last year, we have applied this benchmark, a generally accepted auditing practice, in the absence of indicators that an alternative benchmark would be appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £250,000 (2015/16: £250,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.



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## Other reporting

### Opinions on other matters prescribed by the Code of Audit Practice

In our opinion:

- 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; and
- the parts of the Remuneration and Staff Reports to be audited have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2016/17.

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### Arrangements for securing economy, efficiency and effectiveness in the use of resources

Under the Code of Audit Practice we are required to report, by exception, if we conclude we are not satisfied that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017. We have nothing to report as a result of this requirement.

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### Other matters on which we report by exception

We are required to report to you if:

- 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 and Trust acquired in the course of performing our audit; or
  - otherwise misleading.
- The statement given by the directors on page 43, in accordance with provision C.1.1 of the NHS Foundation Trust Code of Governance, that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group and Trust's performance, business model and strategy is materially inconsistent with our knowledge of the Trust acquired in the course of performing our audit.
- The section of the Annual Report on pages 23 and 24, as required by provision C.3.9 of the NHS Foundation Trust Code of Governance, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2016/17 or is misleading or inconsistent with our knowledge acquired in the course of performing our audit. We have not considered whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.
- We have referred a matter to Monitor under Schedule 10 (6) of the National Health Service Act 2006 because we had reason to believe that the Trust, or a director or officer of the Trust, was about to make, or had made, a decision which involved or would involve the incurring of expenditure that was unlawful, or was about to take, or had taken a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.
- We have issued a report in the public interest under Schedule 10 (3) of the National Health Service Act 2006.

We have no matters to report in relation to these responsibilities.

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## Respective responsibilities of the Directors and the Auditor

As explained more fully in the Accountability Report the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance with the Department of Health Group Accounting Manual 2016/17.

Our responsibility is to audit and express an opinion on the financial statements in accordance with the National Health Service Act 2006, the Code of Audit Practice, and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

The Trust is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We are required under Schedule 10(1) of the National Health Service Act 2006 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report to you where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively. We have undertaken our work in accordance with the Code of Audit Practice, having regard to the criterion determined by the Comptroller and Auditor General as to whether the Trust has proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary.

This report, including the opinions, has been prepared for and only for the Council of Governors of The Dudley Group NHS Foundation Trust as a body in accordance with paragraph 24 of Schedule 7 of the National Health Service Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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### What an audit of financial statements involves

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 Parent Trust's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both. 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.

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## Certificate

We certify that we have completed the audit of the financial statements in accordance with the requirements of Chapter 5 of Part 2 to the National Health Service Act 2006 and the Code of Audit Practice.



Alison Breadon (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cornwall Court  
19 Cornwall Street  
Birmingham  
B3 2DT

Date: 24 May 2017

- (a) The maintenance and integrity of The Dudley Group NHS Foundation Trust's website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Section 3: Annual Accounts

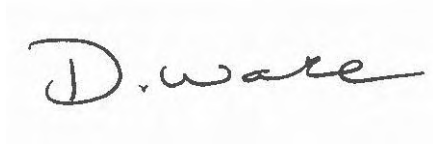
### Foreword to the Accounts

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#### For the period 1st April 2016 to 31st March 2017

These accounts for the period 1 April 2016 to 31 March 2017 have been prepared by The Dudley Group NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006 in the form which NHS Improvement has, with the approval of Treasury, directed.

Signed              Date: 16th May 2017

A handwritten signature in black ink, appearing to read 'D. Wake', is written over a light grey rectangular background.

**Diane Wake**

**Chief Executive**



## Consolidated and Foundation Trust Statements of Comprehensive Income For the Year Ended 31 March 2016

	Note	Group		Foundation Trust	
		Year Ended	*Restated Year Ended	Year Ended	*Restated Year Ended
		31 March 2017 £'000	31 March 2016 £'000	31 March 2017 £'000	31 March 2016 £'000
Operating Income from patient care activities	3	315,280	303,071	315,280	303,066
Other Operating Income	4	36,862	22,834	36,796	22,797
<b>Total Operating Income from continuing operations</b>		<b>352,142</b>	<b>325,905</b>	<b>352,076</b>	<b>325,863</b>
Operating Expenses of continuing operations	5	(326,788)	(314,917)	(326,634)	(314,855)
<b>Operating Surplus / (Deficit)</b>		<b>25,354</b>	<b>10,988</b>	<b>25,442</b>	<b>11,008</b>
<b>Finance Costs</b>					
Finance income	9	122	164	72	112
Finance expense - financial liabilities	10	(11,089)	(11,232)	(11,089)	(11,232)
PDC Dividends payable		(2,976)	(2,796)	(2,976)	(2,796)
<b>Net Finance Costs</b>		<b>(13,943)</b>	<b>(13,864)</b>	<b>(13,993)</b>	<b>(13,916)</b>
Gain/(loss) of disposal of assets	13	0	(37)	0	(37)
Corporation tax expense	11	(34)	(25)	0	0
<b>Surplus/(Deficit) for the year from continuing operations</b>		<b>11,377</b>	<b>(2,938)</b>	<b>11,449</b>	<b>(2,945)</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>11,377</b>	<b>(2,938)</b>	<b>11,449</b>	<b>(2,945)</b>
<b>Other comprehensive income</b>					
<b>Will not be reclassified to income and expenditure:</b>					
Impairments	13	(23,294)	0	(23,294)	0
Revaluations	13	0	26,982	0	26,982
<b>May be reclassified to income and expenditure where certain conditions are met:</b>					
Fair Value gains/(losses) on Available-for-sale financial instruments	14	175	(64)	0	0
<b>TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR</b>		<b>(11,742)</b>	<b>23,980</b>	<b>(11,845)</b>	<b>24,037</b>

The notes on pages 5 to 39 form part of these accounts.

All income and expenditure is derived from continuing operations.

\* Restated to separately show the Gain/(loss) of disposal of assets.

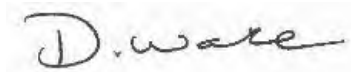
There are no Non-Controlling Interests in the Group, therefore the surplus for the year of £11,377,000 (2015/16 deficit of £2,938,000) and the Total Comprehensive Expense of £11,742,000 (2015/16 Total Comprehensive Income of £23,980,000) is wholly attributable to the Trust.



## Consolidated and Foundation Trust Statements of Financial Position At 31 March 2017

	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	2,599	1,421	2,599	1,421
Property, plant and equipment	13	208,560	236,166	208,560	236,166
Other Investments	14	1,311	1,136	0	0
Trade and other receivables	17	10,338	9,256	10,338	9,256
<b>Total non-current assets</b>		<b>222,808</b>	<b>247,979</b>	<b>221,497</b>	<b>246,843</b>
<b>Current assets</b>					
Inventories	16	2,897	3,028	2,730	2,826
Trade and other receivables	17	21,802	9,219	21,982	9,333
Other financial assets	15	1,028	1,227	0	0
Cash and cash equivalents	24	18,026	23,623	17,367	23,383
<b>Total current assets</b>		<b>43,753</b>	<b>37,097</b>	<b>42,079</b>	<b>35,542</b>
<b>Current liabilities</b>					
Trade and other payables	18	(18,144)	(18,688)	(17,913)	(18,648)
Borrowings	23	(5,156)	(5,344)	(5,156)	(5,344)
Provisions	21	(140)	(279)	(140)	(279)
Other financial liabilities	19	(1,788)	(2,495)	(1,788)	(2,495)
<b>Total current liabilities</b>		<b>(25,228)</b>	<b>(26,806)</b>	<b>(24,997)</b>	<b>(26,766)</b>
<b>Total assets less current liabilities</b>		<b>241,333</b>	<b>258,270</b>	<b>238,579</b>	<b>255,619</b>
<b>Non-current liabilities</b>					
Trade and other payables	18	(80)	(120)	(80)	(120)
Borrowings	23	(127,432)	(132,587)	(127,432)	(132,587)
<b>Total non-current liabilities</b>		<b>(127,512)</b>	<b>(132,707)</b>	<b>(127,512)</b>	<b>(132,707)</b>
<b>Total assets employed</b>		<b>113,821</b>	<b>125,563</b>	<b>111,067</b>	<b>122,912</b>
<b>Financed by</b>					
<b>Taxpayers' equity</b>					
Public Dividend Capital		24,653	24,653	24,653	24,653
Revaluation reserve		59,249	82,547	59,249	82,547
Income and expenditure reserve		27,531	15,943	27,165	15,712
<b>Others' equity</b>					
Charitable Fund reserves		2,388	2,420	0	0
<b>Total Taxpayers' and Others equity</b>		<b>113,821</b>	<b>125,563</b>	<b>111,067</b>	<b>122,912</b>

The financial statements were approved by the Board of Directors and authorised for issue on their behalf by:



Diane Wake, Chief Executive

Date 16th May 2017

## Consolidated and Foundation Trust Statements of Changes in Taxpayers' and Others' Equity For the Year Ended 31 March 2017

	Group					Foundation Trust				
	Taxpayers' Equity					Taxpayers' Equity				
	Public Dividend Capital	Revaluation Reserve	Income and Expenditure Reserve	** Charitable Fund Reserves	Total Taxpayers' and Others' Equity	Public Dividend Capital	Revaluation Reserve	Income and Expenditure Reserve	Total Taxpayers' Equity	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Taxpayers' and Others' Equity at 1 April 2015</b>	<b>24,621</b>	<b>55,592</b>	<b>18,757</b>	<b>2,581</b>	<b>101,551</b>	<b>24,621</b>	<b>55,592</b>	<b>18,630</b>	<b>98,843</b>	
Prior period adjustment	0	0	0	0	0	0	0	0	0	
<b>Taxpayers' and Others' Equity at 1 April 2015 - restated</b>	<b>24,621</b>	<b>55,592</b>	<b>18,757</b>	<b>2,581</b>	<b>101,551</b>	<b>24,621</b>	<b>55,592</b>	<b>18,630</b>	<b>98,843</b>	
Surplus / (Deficit) for the year	0	0	(2,874)	(64)	(2,938)	0	0	(2,945)	(2,945)	
Transfers between reserves	0	(27)	27	0	0	0	(27)	27	0	
Impairments	0	0	0	0	0	0	0	0	0	
Revaluations - property, plant and equipment	0	26,982	0	0	26,982	0	26,982	0	26,982	
Fair Value gains/(losses) on available -for-sale financial investments	0	0	0	(64)	(64)	0	0	0	0	
Public Dividend Capital Received	32	0	0	0	32	32	0	0	32	
Other reserve movements	0	0	0	0	0	0	0	0	0	
Consolidation adjustment	0	0	33	(33)	0	0	0	0	0	
<b>Taxpayers' and Others' Equity at 31 March 2016</b>	<b>24,653</b>	<b>82,547</b>	<b>15,943</b>	<b>2,420</b>	<b>125,563</b>	<b>24,653</b>	<b>82,547</b>	<b>15,712</b>	<b>122,912</b>	
<b>Taxpayers' and Others' Equity at 1 April 2016</b>	<b>24,653</b>	<b>82,547</b>	<b>15,943</b>	<b>2,420</b>	<b>125,563</b>	<b>24,653</b>	<b>82,547</b>	<b>15,712</b>	<b>122,912</b>	
Surplus / (Deficit) for the year	0	0	11,551	(174)	11,377	0	0	11,449	11,449	
Transfers between reserves	0	(4)	4	0	0	0	(4)	4	0	
Impairments	0	(23,294)	0	0	(23,294)	0	(23,294)	0	(23,294)	
Revaluations - property, plant and equipment	0	0	0	0	0	0	0	0	0	
Fair Value gains/(losses) on available -for-sale financial investments	0	0	0	175	175	0	0	0	0	
Public Dividend Capital Received	0	0	0	0	0	0	0	0	0	
Other reserve movements	0	0	0	0	0	0	0	0	0	
Consolidation adjustment	0	0	33	(33)	0	0	0	0	0	
<b>Taxpayers' and Others' Equity at 31 March 2017</b>	<b>24,653</b>	<b>59,249</b>	<b>27,531</b>	<b>2,388</b>	<b>113,821</b>	<b>24,653</b>	<b>59,249</b>	<b>27,165</b>	<b>111,067</b>	

\*\* Charitable Fund Reserves comprise Unrestricted Funds £2,371,000 (2015/16 £2,419,000) of which £2,157,000 (2015/16 £2,124,000) have been designated for specific purposes, Restricted Funds £17,000 (2015/16 £1,000) and Endowment Funds £nil (2015/16 £nil). Unrestricted Funds comprise those funds that the Trustee is free to use for any purpose in furtherance of the Charity objectives, Restricted Funds are specific appeals for funds or donations where legal restrictions have been imposed by the Donor, and Endowment Funds are held as capital by the Charity to generate income for charitable purposes but cannot themselves be spent.

## Consolidated and Foundation Trust Statements of Cash Flows For the Year Ended 31 March 2017

	Group		Foundation Trust	
	31 March	*Restated 31 March	31 March	*Restated 31 March
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>				
Operating surplus/(deficit) from continuing operations	25,354	10,988	25,442	11,008
<b>Operating surplus/(deficit)</b>	<b>25,354</b>	<b>10,988</b>	<b>25,442</b>	<b>11,008</b>
<b>Non-cash income and expense:</b>				
Depreciation and amortisation	8,856	9,480	8,856	9,480
Net Impairments	0	2,366	0	2,366
Income recognised in respect of capital donations (cash and non-cash)	(77)	(28)	(77)	(28)
(Increase)/Decrease in trade and other receivables	(13,681)	825	(13,734)	815
Increase/(Decrease) in other assets	0	0	0	0
(Increase)/Decrease in inventories	131	(79)	96	(113)
Increase/(Decrease) in trade and other payables	(1,842)	(4,663)	(1,988)	(4,444)
Increase/(Decrease) in other liabilities	(707)	469	(707)	469
Increase/(Decrease) in provisions	(139)	28	(139)	28
Tax (paid) / received	0	0	0	0
NHS Charitable funds - net adjustments for working capital movements, non-cash transactions and non-operating cash flows	223	32	0	0
<b>NET CASH GENERATED FROM/(USED IN) OPERATIONS</b>	<b>18,118</b>	<b>19,418</b>	<b>17,749</b>	<b>19,581</b>
<b>Cash flows from investing activities</b>				
Interest received	73	114	71	112
Purchase of financial assets	(212,000)	(453,500)	0	(453,500)
Sales of financial assets	212,000	453,500	0	453,500
Purchase of intangible assets	(1,720)	(208)	(1,720)	(208)
Sales of intangible assets	0	0	0	0
Purchase of Property, Plant and Equipment	(2,988)	(3,093)	(2,988)	(3,093)
Sales of Property, Plant and Equipment	0	20	0	20
NHS Charitable funds - net cash flows from investing activities	48	50	0	0
<b>Net cash generated from/(used in) investing activities</b>	<b>(4,587)</b>	<b>(3,117)</b>	<b>(4,637)</b>	<b>(3,169)</b>
<b>Cash flows from financing activities</b>				
Public dividend capital received	0	32	0	32
Capital element of PFI Obligations	(5,343)	(5,346)	(5,343)	(5,346)
Interest paid	(7)	0	(7)	0
Interest element of PFI Obligations	(11,082)	(11,232)	(11,082)	(11,232)
PDC Dividend paid	(2,696)	(2,662)	(2,696)	(2,662)
<b>Net cash generated from/(used in) financing activities</b>	<b>(19,128)</b>	<b>(19,208)</b>	<b>(19,128)</b>	<b>(19,208)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>(5,597)</b>	<b>(2,907)</b>	<b>(6,016)</b>	<b>(2,796)</b>
<b>Cash and Cash equivalents at 1 April</b>	<b>23,623</b>	<b>26,530</b>	<b>23,383</b>	<b>26,179</b>
<b>Cash and Cash equivalents at 31 March</b>	<b>18,026</b>	<b>23,623</b>	<b>17,367</b>	<b>23,383</b>

\* Restated to include Gain/(loss) of disposal of assets within operating surplus/(deficit) from continuing operations.

## 1. 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 accounts 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 accounts 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 IFRS and HM Treasury's FReM 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

The annual report and accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment.

#### 1.1 Consolidation

The group annual report and accounts consolidate the annual report and accounts of the Trust and all of its subsidiary undertakings made up to 31st March 2017. The income, expenses, assets, liabilities, equity and reserves of the subsidiaries have been consolidated into the Trust's annual report and accounts and group annual report and accounts have been prepared.

### Subsidiaries

Subsidiary entities are those which the Foundation Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate annual report and accounts lines. The amounts consolidated are drawn from the published annual report and accounts of the subsidiaries for the year. Where subsidiaries' accounting policies are not aligned with those of the Foundation Trust then amounts are adjusted during consolidation where the differences are material. Inter-entity balances, transactions and gains/losses are eliminated in full on consolidation.

### NHS Charitable Fund

The NHS Foundation Trust is the corporate trustee to Dudley Group NHS Charity. The Foundation Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the Foundation Trust is exposed to, or has 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.

Prior to 2013/14, the FT ARM permitted the NHS Foundation Trust not to consolidate the charitable fund. From 2013/14, the Foundation Trust has consolidated the charitable fund and has applied this as a change in accounting policy.

The charitable fund's statutory annual report and accounts are prepared to 31st 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 Foundation Trust's accounting policies; and
- eliminate intra-group transactions, balances gains and losses.

#### 1.2 Income

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the Trust is contracts with commissioners in respect of healthcare services. Income is recognised in the period in which services are provided, for patients whose treatment straddles the year end this means income is apportioned across financial years on the basis of length of stay. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred. Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

#### 1.3 Expenditure on Employee Benefits

##### Short-term Employee Benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees.



## 1. Accounting Policies and Other Information (continued)

### Pension costs

#### NHS Pension Scheme

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 accounts 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.

#### b) Full actual (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.

#### c) Scheme provisions

The NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

The Scheme is a “final salary” scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as “pension commutation”.

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12, the Consumer Price Index (CPI) has been used and replaced the Retail Prices Index (RPI).

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC's run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

## 1. Accounting Policies and Other Information (continued)

### 1.4 Expenditure on other goods and services

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

### 1.5 Property, Plant and Equipment

#### Recognition

Property, Plant and Equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential be provided to, the Trust;
- it is expected to be used for more than one financial year; and
- the cost of the item can be measured reliably and;
  - has an individual cost of at least £5,000; or
  - the items form a group of assets which collectively have a cost of at least £5,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under the same managerial control; or
  - form part of the initial equipping and setting up cost of a new building or refurbishment of a ward or unit, and the items collectively have a cost of at least £5,000.

Where a large asset, for example a building, includes a number of components with significantly different asset lives e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.

#### Measurement

##### Valuation

All Property, 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.

For property assets the frequency of revaluations will be at least every five years, in line with NHS Improvement's view.

The fair value of land and buildings are determined by valuations carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The valuations are carried out primarily on the basis of modern equivalent cost for specialised operational property and existing use value for non-specialised operational property. For the Trust's PFI buildings the valuation does not include any VAT liability as VAT is recoverable on the unitary payments made by the Trust and any re-provision of the buildings would be carried out via a further PFI agreement. The value of land for existing use purposes is assessed at existing use value. For non-operational properties including surplus land, the valuations are carried out at open market value.

Assets under construction are valued at cost and are subsequently revalued by professional valuers when they are brought into use if factors indicate that the value of the asset differs materially from its carrying value. Otherwise, the asset should only be revalued on the next occasion when all assets of that class are revalued.

An item of property, plant and equipment which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS 5.

##### Subsequent expenditure

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from use of an item of property, plant and equipment and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement

## 1. Accounting Policies and Other Information (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.

The Trust depreciates its non-current assets on a straight line basis over the expected life of the assets after allowing for the residual value. Useful lives are determined on a case by case basis. The typical lives for the following assets are

<u>Asset Category</u>	<u>Useful Life (years)</u>	
Buildings	As per valuer's estimate	Freehold land is considered to have an infinite life and is not depreciated.
Engineering Plant & Equipment	5 - 15	Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon reclassification.
Medical Equipment	5 - 15	
Transport Equipment	7	Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.
Information Technology	5 - 7	
Furniture & Fittings	5 - 10	

### 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

In accordance with the FT ARM, impairments that arise from a clear consumption of economic benefits or service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss are reversed. Reversals are recognised in operating 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.

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 and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met. 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.

## 1. Accounting Policies and Other Information (continued)

### Private Finance Initiative (PFI) transactions

PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in the HM Treasury's FReM, are accounted for as 'on-Statement of Financial Position' by the Trust. The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently the assets are measured at fair value, which is kept up to date in accordance with the Trust's approach for each relevant class of asset in accordance with the principles of IAS 16. An equivalent financial liability is recognised in accordance with IAS 17.

The annual contract payments are apportioned between the repayment of the liability, a lifecycle element, a finance cost and the charges for services. The finance cost is calculated using the implicit interest rate for the scheme. The service charge is recognised in operating expenses and the finance cost is charged to Finance Costs in the Statement of Comprehensive Income.

The lifecycle element is established on the lifecycle plan contained within the financial model. Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value. The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively. Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

The Trust will review any prepayment balance annually and compare the total of the prepayment balance and remaining lifecycle contributions to the original agreed plan of lifecycle spend. An impairment will be recognised when the total of the prepayment balance compared to the expected prepayment balance exceeds by more than 10% the total remaining lifecycle spend as per the original plan. If the Trust is provided with an updated plan of future spend then this will be used as the basis of the impairment review.

### 1.6 Intangible Assets

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Trust's business or which arise from contractual or other legal rights. 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. Where internally generated assets are held for service potential, this involves a direct contribution to the delivery of services to the public.

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets. Expenditure on research is not capitalised. Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
- the Trust intends to complete the asset and sell or use it;
- the Trust has the ability to sell or use the asset;
- how the intangible asset will generate probable future economic or service delivery benefits e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the Trust to complete the development and sell or use the asset; and
- the Trust can measure reliably the expenses attributable to the asset during development.

### 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.

Purchased computer software licences are capitalised as intangible non-current assets where expenditure of at least £5,000 is incurred and amortised over the shorter of the term of the license and their useful lives.

### 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.

Subsequently intangible assets are measured at current value in existing use. Where no market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluation gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS 5. Intangible assets held for sale are measured at the lower of their carrying amount or 'fair value less costs to sell'.



## 1. Accounting Policies and Other Information (continued)

### Amortisation and impairment

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

<u>Asset Category</u>	<u>Useful Life (years)</u>
Software Licences	2 - 10

### 1.7 Government Grants

Government grants are grants from Government bodies other than income from Clinical Commissioning Groups or NHS Trusts for the provision of services. Grants from the Department of Health, are accounted for as Government grants as are grants from the Big Lottery Fund. Where the Government grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grant is used to fund capital expenditure the grant is credited to income at the same time, unless the grant has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the grant, in which case, the grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

### 1.8 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.

### 1.9 Cash and Cash Equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours.

### 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. Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below. Regular way purchases or sales are recognised and de-recognised, as applicable, using the settlement date. All other financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

#### De-recognition

All financial assets are de-recognised when the rights to receive cash flows from the assets have expired or the Trust has transferred substantially all of the risks and rewards of ownership. Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

#### Classification and Measurement

Financial assets are categorised as 'Fair Value through Income and Expenditure' or Loans and Receivables. Financial liabilities are classified as 'Fair value through Income and Expenditure' or as 'Other Financial Liabilities'.

#### Financial assets and financial liabilities at 'Fair Value through Income and Expenditure'

Financial assets and financial liabilities at 'fair value through income and expenditure' are financial assets or financial liabilities held for trading. A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Derivatives which are embedded in other contracts but which are not 'closely-related' to those contracts are separated-out from those contracts and measured in this category. Assets and liabilities in this category are classified as current assets and current liabilities. These financial assets and financial liabilities are recognised initially at fair value, with transaction costs expensed in the Statement of Comprehensive Income. Subsequent movements in the fair value are recognised as gains or losses in the Statement of Comprehensive Income.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets. The Trust's loans and receivables comprise: current investments, cash and cash equivalents, NHS receivables, accrued income and 'other receivables'. 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.

## 1. Accounting Policies and Other Information (continued)

### Available for sale financial assets

Available for sale financial assets are non-derivative financial assets which are either designated in this category or not classified in any of the other categories. They are included in long term assets unless the Trust intends to dispose of them within 12 months of the Statement of Financial Position date.

Available for sale financial assets are recognised initially at fair value, including transaction costs, and measured subsequently at fair value, with gains or losses recognised in reserves and reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'. When items classified as 'available for sale' are sold or impaired, the accumulated fair value adjustments recognised are transferred from reserves and recognised in 'Finance Costs' in the Statement of Comprehensive Income.

### Other Financial liabilities

All other financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability. They are included in current liabilities except for amounts payable more than 12 months after the Statement of Financial Position date, which are classified as long-term liabilities. Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to Finance Costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the cost of those assets.

### Impairment of financial assets

At the Statement of Financial Position date, the Trust assesses whether any financial assets, other than those held at 'fair value through income and expenditure' are impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset. For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced through the use of a bad debt provision.

## 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 implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability. The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability and is charged to Finance Costs in the Statement of Comprehensive Income.

### Operating leases

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

### Leases of land and buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

## 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 probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's long term discount rate of 0.8% (2015/16 -0.8%) in real terms, except for early retirement provisions and injury benefit provisions which both use the HM Treasury's pension discount rate of 0.24% (2015/16 1.37%) in real terms.

## 1. Accounting Policies and Other Information (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 17, but is not recognised in the Trust annual report and 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 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 26 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 26, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

### 1.14 Public Dividend Capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS Trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

A charge, reflecting the cost of capital utilised by the NHS Foundation Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS Foundation Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated assets, (ii) average daily cash balances held with the Government Banking Services and National Loans Fund deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and (iii) any PDC dividend balance receivable or payable. In accordance with the requirements laid down by the Department of Health (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the 'pre-audit' version of the annual report and accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result of the audit of the annual report and accounts.

### 1.15 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.

### 1.16 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 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 expenditure 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. Accounting Policies and Other Information (continued)

### 1.17 Third Party Assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the annual report and accounts since the NHS Foundation Trust has no beneficial interest in them. However, they are disclosed in note 30 to the annual report and accounts in accordance with the requirements of HM Treasury's *Financial Reporting Manual*.

### 1.18 Corporation Tax

The Trust is a Health Service Body within the meaning of S519A ICTA 1988 and accordingly is exempt from taxation in respect of income and capital gains within categories covered by this. There is a power for the Treasury to remove the exemption in relation to specified activities of a Foundation trust (s519A (3) to (8) ICTA 1988). Accordingly, the Trust is potentially within the future scope of income tax in respect of activities where income is received from a non-public sector source.

The tax expense on the Statement of Comprehensive Income comprises current and deferred tax due to the Trust's trading commercial subsidiaries. Current tax is the expected tax payable for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the Statement of Financial Position liability method, providing for temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on taxable temporary differences arising on the initial recognition of goodwill or for temporary differences arising from the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred taxation is calculated using rates that are expected to apply when the related deferred asset is realised or the deferred taxation liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised.

### 1.19 Critical accounting judgements and key sources of estimation and 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.

#### Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Trust's accounting policies and that have the most significant effect on the amounts recognised in the annual report and accounts.

- Accounting for PFI
- Application of IFRIC 4 Determining whether an Arrangement contains a Lease
- Application of IFRIC12 Service Concession Arrangements

#### Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

- Valuation of Non- Current Assets
- Provisions
- Settlement of Over Performance with Healthcare Purchasers

### 1.20 Accounting Standards that have been issued but have not yet been adopted

The following standards and interpretations have been adopted by the European Union. These are not expected to impact upon the Trust annual report and accounts.

- IFRS 9 Financial Instruments (effective from 2018/19)
- IFRS 14 (amendment) Regulatory Deferral Accounts (not EU-endorsed)
- IFRS 15 Revenue from contracts with customers (effective from 2017/18)
- IFRS 16 Leases (effective from 2019/20 but not yet adopted by the FReM)



## 1. Accounting Policies and Other Information (continued)

### 1.21 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 accruals basis with the exception of provisions for future losses.

### 1.22 Transfers of functions to/from other NHS/Local Government Bodies

For functions that have been transferred to the Trust from another NHS Body, the assets and liabilities transferred are recognised in the annual report and accounts as at the date of transfer. The assets and liabilities are not adjusted to their fair value prior to recognition. The net gain/loss corresponding to the net assets/liabilities transferred is recognised within income/expenses, but not within operating activities.

For property plant and equipment assets and intangible assets, the Cost and Accumulated Depreciation/Amortisation balances from the transferring entity's annual report and accounts are preserved on recognition in the Trust's annual report and accounts. Where the transferring body recognised revaluation reserve balances attributable to the assets, the Trust makes a transfer from its income and expenditure reserve to its revaluation reserve to maintain transparency within public sector annual reports and accounts.

For functions that the Trust has transferred to another NHS/Local Government Body, the assets and liabilities are de-recognised from the annual report and accounts as at the date of transfer. The net loss/gain corresponding to the net assets/liabilities transferred is recognised within expenses/income, but not within operating activities. Any revaluation reserve balances attributable to assets de-recognised are transferred to the income and expenditure reserve. Adjustments to align the acquired function to the Foundation Trust's policies are applied after initial recognition and are adjusted directly in taxpayers' equity. There have not been any transfers during 2016/17.

### 1.23 Sustainability and Transformation Fund

The Trust has received £11.945m of the Sustainability and Transformation Fund (STF) in 2016-17. £10.5m of this amount related to a core element of the fund which the Trust received for achieving both its financial and performance targets during the year. In addition the Trust received £390k incentive STF and £1.055m bonus STF for achieving the overall financial control total set by NHSI. The £11.945m is recognised in other operating income within the statement of comprehensive income. The Trust was paid £7.656m during 2016-17 with the remaining £4.289m stated as a debtor within trade and other receivables on the statement of financial position.

## 2. Segmental Analysis

The analysis by business segment is presented in accordance with IFRS 8 Operating Segments, on the basis of those segments whose operating results are regularly reviewed by the Board (the Chief Operating Decision Maker as defined by IFRS 8) as follows:

### Healthcare Services

The Board as 'Chief Operating Decision Maker' has determined that Healthcare Services operate in a single operating segment, which is the provision of healthcare services. The segmental reporting format reflects the Trust's management and internal reporting structure.

The Trust has identified segments in line with the thresholds in IFRS 8, applying the requirement of the ARM to consider expenditure instead of income as income is not analysed between segments in our monthly finance report to the Trust Board. Following a significance test of the expenditure segments the Trust found that there were six significant operating segments subject to the external reporting requirements of IFRS 8. Applying the aggregation criteria to the Trust's six significant operating segments found that in all cases the segments had similar economic characteristics, the nature of the services are similar, the nature of the production process are similar, the type or class of customer for the services are similar, the methods used to provide the services are similar and the nature of the regulatory environment is similar.

The Trust's significant operating segments satisfy all of the criteria listed for an aggregation to be deemed appropriate. The six significant operating segments of the Trust are all active in the same business – the provision of healthcare, and all operate within the same economic environment – the United Kingdom. Given that the purpose of disclosing segmental information is to enable users of the annual report and accounts to evaluate the nature and financial effects of business activities and economic environments, reporting a single segment of "Healthcare" would be consistent with the core principle of IFRS 8, as it would show the singular nature of both the business activity and the economic environment of the Trust.

Income from activities (medical treatment of patients) is analysed by customer type in note 3 to the annual report and accounts on page 17. Other operating income is analysed in note 4 to the annual report and accounts on page 18 and materially consists of revenues from healthcare, research and development, medical education, and the provision of services to other NHS bodies. Total income by individual customers within the whole of HM Government and considered material, is disclosed in the related parties transactions note 27 to the annual report and accounts on page 34.

### Dudley Clinical Services Limited

The company is a wholly owned subsidiary of the Trust and provides an Outpatient Dispensing service. As a trading company, subject to an additional legal and regulatory regime (over and above that of the Trust), this activity is considered to be a separate business segment whose individual operating results are reviewed by the Trust Board (the Chief Operating Decision Maker).

A significant proportion of the company's revenue is inter segment trading with the Trust which is eliminated upon the consolidation of the group annual report and accounts. The quarterly performance report to the Chief Operating Decision Maker reports financial summary information in the format of the table on page 16.

### Dudley Group NHS Charity

The Trust Board are corporate trustees for Dudley Group NHS Charity. Following Treasury's agreement to apply IAS 27 to NHS Charities from 1st April 2013, the Trust has established that as the Trust is the corporate trustee of the linked NHS Charity, it effectively has the power to exercise control so as to obtain economic benefits. The Charity is therefore treated as a group entity and is consolidated. As this is a change in the accounting policy, the prior year has been restated. The consolidation is for reporting purposes only and does not affect the charities' legal and regulatory independence and day to day operations. Some of the charity's expenditure is inter segment trading with the Trust which is eliminated upon the consolidation of the group annual report and accounts. The quarterly performance report to the Chief Operating Decision Maker reports financial summary information in the format of the table on page 16.

## 2. Segmental Analysis (continued)

	Healthcare Services £000	Dudley Clinical Services Limited £000	Dudley Group NHS Charity £000	Inter Group Eliminations £000	Total £000
<b>Year ended 31 March 2017</b>					
Total segment revenue	352,076	5,414	370	(5,718)	352,142
Total segment expenditure	(326,634)	(5,247)	(625)	5,718	(326,788)
<b>Operating Surplus/(Deficit)</b>	25,442	167	(255)	0	25,354
Net Financing	(11,017)	2	48	0	(10,967)
PDC Dividends Payable	(2,976)	0	0	0	(2,976)
Taxation	0	(34)	0	0	(34)
<b>Retained surplus/(deficit) - before non-recurring items</b>	11,449	135	(207)	0	11,377
Non-recurring items	0	0	0	0	0
<b>Retained surplus/(deficit)</b>	11,449	135	(207)	0	11,377
Reportable Segment assets	263,576	931	2,426	0	266,933
Eliminations	0	0	0	(372)	(372)
<b>Total assets</b>	263,576	931	2,426	(372)	266,561
Reportable Segment liabilities	(152,509)	(565)	(38)	0	(153,112)
Eliminations	0	0	0	372	372
<b>Total liabilities</b>	(152,509)	(565)	(38)	372	(152,740)
<b>Net assets/liabilities</b>	111,067	366	2,388	0	113,821
	Healthcare Services £000	Dudley Clinical Services Limited £000	Dudley Group NHS Charity £000	Inter Group Eliminations £000	Total £000
<b>Year ended 31 March 2016</b>					
Total segment revenue	325,883	4,386	350	(4,694)	325,925
Total segment expenditure	(314,912)	(4,259)	(497)	4,694	(314,974)
<b>Operating Surplus/(Deficit)</b>	10,971	127	(147)	0	10,951
Net Financing	(11,120)	2	50	0	(11,068)
PDC Dividends Payable	(2,796)	0	0	0	(2,796)
Taxation	0	(25)	0	0	(25)
<b>Retained surplus/(deficit) - before non-recurring items</b>	(2,945)	104	(97)	0	(2,938)
Non-recurring items	0	0	0	0	0
<b>Retained surplus/(deficit)</b>	(2,945)	104	(97)	0	(2,938)
Reportable Segment assets	282,385	696	2,447	0	285,528
Eliminations	0	0	0	(452)	(452)
<b>Total assets</b>	282,385	696	2,447	(452)	285,076
Reportable Segment liabilities	(159,473)	(465)	(27)	0	(159,965)
Eliminations	0	0	0	452	452
<b>Total liabilities</b>	(159,473)	(465)	(27)	452	(159,513)
<b>Net assets/liabilities</b>	122,912	231	2,420	0	125,563

### 3. Revenue from Activities

#### 3.1 By Commissioner

	Year Ended 31 March 2017	Year Ended 31 March 2016
	£'000	£'000
NHS Foundation Trusts	6	6
NHS Trusts	2,960	2,897
CCGs and NHS England	308,153	296,464
Local Authorities	2,434	2,426
NHS Other	146	0
Non NHS: Private patients	61	51
Non-NHS: Overseas patients (chargeable to patient)	211	116
NHS injury scheme (was RTA)	1,237	1,056
Non NHS: Other	72	55
<b>Total income from activities</b>	<b>315,280</b>	<b>303,071</b>

#### 3.2 By Nature

	Year Ended 31 March 2017	Year Ended 31 March 2016
	£'000	£'000
<u>Acute Trusts</u>		
Elective	46,744	46,248
Non Elective	104,718	93,566
Outpatient	46,152	45,683
A&E	12,526	10,494
Other NHS Clinical Income	72,410	68,534
<u>Community Trusts</u>		
Income from CCGs and NHS England	21,361	21,727
Income not from CCGs NHS England	721	867
<b>Income at Tariff</b>	<b>304,632</b>	<b>287,119</b>
Private Patients	61	51
Other clinical income	10,587	15,901
<b>Total income from activities</b>	<b>315,280</b>	<b>303,071</b>

#### 3.3 Income from Commissioner Requested Services and Non-Commissioner Requested Services

Under the terms of its Provider Licence, 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 licence 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:

	Year Ended 31 March 2017	Year Ended 31 March 2016
	£'000	£'000
Income from Commissioner Requested Services	282,550	264,525
Income from Non Commissioner Requested Services	22,082	22,594
Income from Activities	304,632	287,119
Other clinical income	10,648	15,952
<b>Total income</b>	<b>315,280</b>	<b>303,071</b>

Other NHS Clinical Income comprises the following services pathology; rehabilitation; community support services; radiology; renal services; patient transport services; and high cost drugs / devices / appliances.



### 3. Revenue from Activities (continued)

#### 3.4 Private Patient Income

The statutory limitation on private patient income in section 44 of the 2006 Act was repealed with effect from 1 October 2012 by the Health and Social Care Act 2012. The annual report and accounts disclosures that were provided previously are now no longer required.

#### 3.5 Overseas Visitors

	Year Ended 31 March 2017 £'000	Year Ended 31 March 2016 £'000
Income recognised this year	211	116
Cash payments received in-year	47	38
Amounts added to provision for impairment of receivables	205	146
Amounts written off in-year	54	72

### 4. Other Operating Income

	Year Ended 31 March 2017 £'000	Restated* Year Ended 31 March 2016 £'000
Research and development	1,301	1,351
Education and training	11,161	9,565
Charitable asset donations	77	28
Charitable contributions to expenditure	0	0
Non-patient care services to other bodies	5,534	5,434
Sustainability and Transformation Fund Income	11,945	0
Rental revenue from Operating Leases - contingent rent	292	250
Income in respect of Staff Costs	2,897	2,062
NHS Charitable Funds incoming resources excluding investment income	370	350
Other	3,285	3,794
<b>Total other operating income</b>	<b>36,862</b>	<b>22,834</b>

Other income is derived from Staff Recharges £2,897,000 (2015/16 £2,062,000); Pharmacy Drugs £965,000 (2015/16 £2,266,000); and numerous other small amounts.

\* Restated – the profit on disposal is now shown within the gain/(loss) of disposal of assets in the Statement of Comprehensive Income on page 1.

## 5. Operating Expenditure

### 5.1 Operating Expenses

	Year ended 31 March 2017 £'000	*Restated Year ended 31 March 2016 £'000
Services from NHS Foundation Trusts	223	140
Services from NHS Trusts	190	206
Services from CCG's and NHS England	5	10
Services from other NHS Bodies	136	97
Purchase of healthcare from non NHS bodies	312	356
Employee Expenses - Executive directors	711	712
Employee Expenses - Non-executive directors	128	131
Employee Expenses - Staff	202,329	190,686
NHS Charitable funds - employee expenses	44	41
Drug costs (non-inventory drugs only)	2,411	2,127
Drugs Inventories consumed	31,708	31,170
Supplies and services - clinical (excluding drug costs)	28,004	26,534
Supplies and services - general	1,155	1,098
Establishment	1,736	1,592
Transport - Business Travel	671	614
Transport - Other	88	139
Premises - Business Rates	1,442	1,427
Premises - Other	1,953	294
Increase / (decrease) in bad debt provision	(327)	213
Rentals under operating leases - minimum lease receipts	2,475	2,779
Depreciation on property, plant and equipment	8,289	8,691
Amortisation on intangible assets	567	789
NHS Charitable funds - Depreciation and amortisation on charitable fund assets	0	0
Net Impairment of intangible assets	0	2,366
Audit fees payable to the external auditor		
Audit services	59	58
Other Auditor Remuneration	13	11
NHS Charitable Fund Accounts	6	6
Clinical negligence	13,805	12,588
Legal Fees	(14)	382
Consultancy costs	476	1,005
Internal Audit Costs	134	132
Training, courses and conferences	674	619
Patient Travel	65	78
Car Parking and security	114	111
Redundancy	0	95
Hospitality	39	31
Publishing	48	58
Insurance	22	23
Losses and Ex-gratia payments	3	41
Other	26,552	27,050
NHS Charitable funds Other resources expended	542	417
<b>TOTAL</b>	<b>326,788</b>	<b>314,917</b>

Other expenditure includes £23,567,000 (2015/16 £23,839,000) in relation to payments to the Trust's PFI Partner for services provided and numerous other small amounts.

\* Restated - the loss on disposal is now shown within the gain/(loss) of disposal of assets in the Statement of Comprehensive Income on page 1.

### 5.2 The Late Payment of Commercial Debts (interest) Act 1998

During the year 2016/17 (2015/16 £ nil) the Trust was not charged interest for the late payment of commercial debts.

## 6. Operating Leases

### 6.1 Payments recognised as an expense

	Year Ended 31 March 2017 £'000	Year Ended 31 March 2016 £'000
Minimum lease payments	2,475	2,779
	<u>2,475</u>	<u>2,779</u>
Total future minimum lease payments		
Payable:		
Not more than one year	2,471	2,968
Between one and five years	35	39
After 5 years	0	0
Total	<u>2,506</u>	<u>3,007</u>

## 7. Directors' Remuneration and other benefits

	Year Ended 31 March 2017 £'000	Year Ended 31 March 2016 £'000
Salary	858	701
Taxable Benefits	4	2
Performance Related Bonuses	0	0
Employer contributions to a pension scheme	69	57
	<u>931</u>	<u>760</u>

Further details of directors' remuneration can be found in the remuneration report.

## 8. Employee Expenses and Numbers

### 8.1 Employee costs

	Year Ended 31 March 2017			Year Ended 31 March 2016		
	Total £'000	Permanent £'000	Other £'000	Total £'000	Permanent £'000	Other £'000
Salaries and wages	156,523	154,526	1,997	153,045	150,917	2,128
Social security costs	14,689	14,689	0	11,428	11,428	0
Employer's contributions to NHS Pensions	17,808	17,808	0	17,289	17,289	0
Pension Cost - other	15	15	0	11	11	0
Termination Benefits	0	0	0	95	95	0
Agency/contract staff	14,088	0	14,088	9,625	0	9,625
NHS Charitable fund staff	44	44	0	41	41	0
Total	203,167	187,082	16,085	191,534	179,781	11,753

### 8.2 Average Number of Persons Employed

This information can now be found in the staff report section of the annual report and accounts.

### 8.3 Employee Benefits

Employees benefits include payment of salaries/wages and pension contributions. There were no other employee benefits paid in 2016/17 (2015/16 £ nil).

### 8.4 Retirements due to ill-health

During the year 2016/17 there were no (in 2015/16 there were 2) early retirements from the Trust on the grounds of ill-health.

The estimated additional pension liabilities of these ill-health retirements will be £nil (2015/16 £72,242).

The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division, and therefore there is no liability or provision in the Trust annual report and accounts.

### 8.5 Sickness Absence

The detail of staff sickness / absence from work for the year are:

	For the year 2016	For the year 2015
Total Days Lost	38,202	34,452
Total Staff Years	4,118	4,066
Average Working Days Lost Per WTE	9	8

This sickness absence data represents the calendar year ended 31 December not the financial year.

### 8.6 Other Compensation Schemes and Exit Packages

This information can now be found in the staff report section of the annual report and accounts.



## 9. Finance Income

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Interest on bank accounts	74	114
Interest on available for sale financial assets	0	0
Interest on held-to-maturity financial assets	0	0
NHS Charitable funds: investment income	48	50
	<u>122</u>	<u>164</u>

## 10. Finance Expense – Financial Liabilities

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Interest Expense:		
Other	7	0
Finance Costs in PFI obligations		
Main Finance Costs	5,365	5,583
Contingent Finance Costs	5,717	5,649
	<u>11,089</u>	<u>11,232</u>

## 11. Taxation recognised in Statement of Comprehensive Income

The activities of the subsidiary company Dudley Clinical Services Limited have given rise to a corporation tax liability recognised in the Statement of Comprehensive Income of £34,000 (2015/16 £25,000). The activities of the Trust and the Charity do not incur corporation tax.

### UK Corporation Tax Expense

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
<b>Current tax expense</b>		
Current year	34	25
Adjustments in respect of prior years	0	0
<b>Total income tax expense in Statement of Comprehensive Income</b>	<u>34</u>	<u>25</u>

### Reconciliation of effective tax rate

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Effective tax charge percentage	20.00%	20.00%
Tax if effective tax rate charged on surpluses before tax	2,282	(583)
<b>Effect of:</b>		
Surpluses not subject to tax	(2,248)	608
<b>Total income tax charge for the year</b>	<u>34</u>	<u>25</u>

The subsidiary company falls under the 'small profits' rate for corporation tax and tax rates are not planned to change from 20% for future financial years.

## 12. Intangible Assets

2016/17	Group	
	Computer Software	Total
	£'000	£'000
Gross Cost as at 1 April 2016	4,917	4,917
Prior period Adjustments	0	0
Gross Cost as at 1 April 2016 restated	4,917	4,917
Additions Purchased	1,720	1,720
Additions Donated	25	25
Impairments	0	0
Disposals	(16)	(16)
Gross Cost as at 31 March 2017	6,646	6,646
Amortisation as at 1 April 2016	3,496	3,496
Prior period Adjustments	0	0
Amortisation as at 1 April 2016 restated	3,496	3,496
Provided during the Year	567	567
Disposals	(16)	(16)
Amortisation as at 31 March 2017	4,047	4,047
Net Book Value		
Purchased at 1 April 2016	1,393	1,393
Donated at 1 April 2016	28	28
Total at 1 April 2016	1,421	1,421
Net Book Value		
Purchased at 31 March 2017	2,560	2,560
Donated at 31 March 2017	39	39
Total at 31 March 2017	2,599	2,599

2015/16	Group	
	Computer Software	Total
	£'000	£'000
Gross Cost as at 1 April 2015	7,218	7,218
Prior period Adjustments	0	0
Gross Cost as at 1 April 2015 restated	7,218	7,218
Additions Purchased	208	208
Additions Donated	0	0
Impairments	(2,366)	(2,366)
Disposals	(143)	(143)
Gross Cost as at 31 March 2016	4,917	4,917
Amortisation as at 1 April 2015	2,850	2,850
Prior period Adjustments	0	0
Amortisation as at 1 April 2015 restated	2,850	2,850
Provided during the Year	789	789
Disposals	(143)	(143)
Amortisation as at 31 March 2016	3,496	3,496
Net Book Value		
Purchased at 1 April 2015	4,327	4,327
Donated at 1 April 2015	41	41
Total at 1 April 2015	4,368	4,368
Net Book Value		
Purchased at 31 March 2016	1,393	1,393
Donated at 31 March 2016	28	28
Total at 31 March 2016	1,421	1,421

A separate schedule for the Trust intangible assets has not been produced as the NHS Charity intangible assets represent just £nil (31 March 2016 £nil) of the net book value held by the Group and the subsidiary does not have any intangible assets.

## 13. Property, Plant and Equipment

### 13.1 2016/17

	Group								
	Total	Land	Buildings excluding dwellings	Dwellings	Assets under Construction & POA	Plant & Machinery	Transport Equipment	Information Technology	Furniture & Fittings
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost at 1 April 2016	267,027	25,150	199,821	0	280	32,459	118	8,499	700
Additions - purchased	3,925	0	1,213	0	816	1,262	0	628	6
Additions - leased	0	0	0	0	0	0	0	0	0
Additions - donated	52	0	10	0	0	42	0	0	0
Impairments charged to the revaluation reserve	(28,016)	0	(28,016)	0	0	0	0	0	0
Reclassifications	0	0	0	0	(33)	0	0	33	0
Revaluations	0	0	0	0	0	0	0	0	0
Disposals	(1,602)	0	0	0	0	(1,113)	0	(489)	0
Cost at 31 March 2017	241,386	25,150	173,028	0	1,063	32,650	118	8,671	706
Accumulated depreciation at 1 April 2016	30,861	0	0	0	0	24,315	87	5,906	553
Provided during the year	8,289	0	4,722	0	0	2,472	16	1,025	54
Impairments charged to the revaluation reserve	(4,722)	0	(4,722)	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Disposals	(1,602)	0	0	0	0	(1,113)	0	(489)	0
Accumulated depreciation at 31 March 2017	32,826	0	0	0	0	25,674	103	6,442	607
<b>Net book value</b>									
NBV - Owned at 1 April 2016	51,605	25,150	18,728	0	280	4,683	31	2,590	143
NBV - PFI at 1 April 2016	184,192	0	180,943	0	0	3,249	0	0	0
NBV - Donated at 1 April 2016	369	0	150	0	0	212	0	3	4
<b>NBV total at 1 April 2016</b>	<b>236,166</b>	<b>25,150</b>	<b>199,821</b>	<b>0</b>	<b>280</b>	<b>8,144</b>	<b>31</b>	<b>2,593</b>	<b>147</b>
NBV - Owned at 31 March 2017	50,568	25,150	17,746	0	1,063	4,270	15	2,227	97
NBV - PFI at 31 March 2017	157,658	0	155,123	0	0	2,535	0	0	0
NBV - Donated at 31 March 2017	334	0	159	0	0	171	0	2	2
<b>NBV total at 31 March 2017</b>	<b>208,560</b>	<b>25,150</b>	<b>173,028</b>	<b>0</b>	<b>1,063</b>	<b>6,976</b>	<b>15</b>	<b>2,229</b>	<b>99</b>

A separate schedule for the Trust tangible assets has not been produced as neither the NHS Charity or the subsidiary Dudley Clinical Services Limited have any tangible assets.

## 13. Property, Plant and Equipment (continued)

### 13.2 2015/16

	Group								
	Total	Land	Buildings excluding dwellings	Dwellings	Assets under Construction & POA	Plant & Machinery	Transport Equipment	Information Technology	Furniture & Fittings
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost at 1 April 2015	249,798	24,600	182,279	0	122	33,827	129	8,128	713
Additions - purchased	3,751	0	1,095	0	173	2,127	0	356	0
Additions - leased	0	0	0	0	0	0	0	0	0
Additions - donated	28	0	0	0	0	28	0	0	0
Impairments charged to the revaluation reserve	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	(15)	0	0	15	0
Revaluations	17,066	550	16,516	0	0	0	0	0	0
Disposals	(3,616)	0	(69)	0	0	(3,523)	(11)	0	(13)
Cost at 31 March 2016	267,027	25,150	199,821	0	280	32,459	118	8,499	700
Accumulated depreciation at 1 April 2015	35,645	0	4,934	0	0	25,221	82	4,902	506
Provided during the year	8,691	0	4,994	0	0	2,617	16	1,004	60
Impairments charged to the revaluation reserve	0	0	0	0	0	0	0	0	0
Revaluations	(9,916)	0	(9,916)	0	0	0	0	0	0
Disposals	(3,559)	0	(12)	0	0	(3,523)	(11)	0	(13)
Accumulated depreciation at 31 March 2016	30,861	0	0	0	0	24,315	87	5,906	553
<b>Net book value</b>									
NBV - Owned at 1 April 2015	49,659	24,600	16,432	0	122	5,037	47	3,220	201
NBV - PFI at 1 April 2015	164,058	0	160,761	0	0	3,297	0	0	0
NBV - Donated at 1 April 2015	436	0	152	0	0	272	0	6	6
<b>NBV total at 1 April 2015</b>	214,153	24,600	177,345	0	122	8,606	47	3,226	207
NBV - Owned at 31 March 2016	51,605	25,150	18,728	0	280	4,683	31	2,590	143
NBV - PFI at 31 March 2016	184,192	0	180,943	0	0	3,249	0	0	0
NBV - Donated at 31 March 2016	369	0	150	0	0	212	0	3	4
<b>NBV total at 31 March 2016</b>	236,166	25,150	199,821	0	280	8,144	31	2,593	147

A separate schedule for the Trust tangible assets has not been produced as neither the NHS Charity or the subsidiary Dudley Clinical Services Limited have any tangible assets.



## 13. Property, Plant and Equipment (continued)

### 13.3 Financing of Property, Plant and Equipment

	Group								
	Total	Land	Buildings excluding dwellings	Dwellings	Assets under Construction & POA	Plant & Machinery	Transport Equipment	Information Technology	Furniture & Fittings
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Net Book Value</b>									
At 31 March 2017									
Owned	50,568	25,150	17,746	0	1,063	4,270	15	2,227	97
On Statement of Financial Position PFI contracts and other service concession arrangements	157,658	0	155,123	0	0	2,535	0	0	0
Donated	334	0	159	0	0	171	0	2	2
	<u>208,560</u>	<u>25,150</u>	<u>173,028</u>	<u>0</u>	<u>1,063</u>	<u>6,976</u>	<u>15</u>	<u>2,229</u>	<u>99</u>
At 31 March 2016									
Owned	51,605	25,150	18,728	0	280	4,683	31	2,590	143
On Statement of Financial Position PFI contracts and other service concession arrangements	184,192	0	180,943	0	0	3,249	0	0	0
Donated	369	0	150	0	0	212	0	3	4
	<u>236,166</u>	<u>25,150</u>	<u>199,821</u>	<u>0</u>	<u>280</u>	<u>8,144</u>	<u>31</u>	<u>2,593</u>	<u>147</u>

A separate schedule for the Trust tangible assets has not been produced as neither the NHS Charity or the subsidiary Dudley Clinical Services Limited have any tangible assets.

### 13.4 Analysis of Property, Plant and Equipment

	Group								
	Total	Land	Buildings excluding dwellings	Dwellings	Assets under Construction & POA	Plant & Machinery	Transport Equipment	Information Technology	Furniture & Fittings
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Net Book Value at 31 March 2017</b>									
Commissioner Requested Assets	189,743	25,150	164,593	0	0	0	0	0	0
Non Commissioner Requested Assets	18,817	0	8,435	0	1,063	6,976	15	2,229	99
	<u>208,560</u>	<u>25,150</u>	<u>173,028</u>	<u>0</u>	<u>1,063</u>	<u>6,976</u>	<u>15</u>	<u>2,229</u>	<u>99</u>
<b>Net Book Value at 31 March 2016</b>									
Commissioner Requested Assets	215,253	25,150	190,103	0	0	0	0	0	0
Non Commissioner Requested Assets	20,913	0	9,718	0	280	8,144	31	2,593	147
	<u>236,166</u>	<u>25,150</u>	<u>199,821</u>	<u>0</u>	<u>280</u>	<u>8,144</u>	<u>31</u>	<u>2,593</u>	<u>147</u>

Commissioner Requested assets are land and buildings owned or leased by the Foundation Trust, the disposal of which may affect the Trust's ability to provide these requested goods and services.

## 13. Property, Plant and Equipment (continued)

### 13.5 Economic Life of Assets

The estimated useful economic lives of the Group's intangible and tangible assets are as follows with each asset being depreciated over this year, as described in accounting policy notes 1.5 and 1.6.

	Minimum life	Maximum life
<u>Intangible</u>	Years	Years
Software Licences	2	10
<u>Tangible</u>		
Buildings excluding dwellings	5	90
Dwellings	0	0
Assets under Construction & POA	0	0
Plant & Machinery	5	15
Transport Equipment	7	7
Information Technology	5	7
Furniture & Fittings	5	10

Land does not depreciate.

### 13.6 Impairment Losses

The Trust carried out a revaluation of its PFI buildings in April 2016 valuing these assets without VAT. The valuation was provided by the District Valuer and resulted in a reduction in value of these building assets of £30.182m. The Trust carried out an impairment review of its non-current assets in March 2017. For land and buildings the Trust received a valuation report from the District Valuer prepared on a Modern Equivalent Asset (MEA) basis. The valuation report was prepared in accordance with the terms of the Royal Institution of Chartered Surveyors' Valuation Standards, 6th Edition, insofar as the terms are consistent with the requirements of HM Treasury, the National Health Service and NHSI. On application there was no movement in the value of land and a general increase in value of buildings (£6.888m) compared to the carrying value following the April valuation. In line with IFRS the Trust took the increase in value of the buildings directly to the revaluation reserve.

In addition the Trust undertook an impairment review of equipment and intangible assets. The carrying value of equipment and intangible assets was deemed to fairly reflect the value of the assets.

	31 March 2017	31 March 2016
	£'000	£'000
Impairment of Assets		
Changes in market price	0	0
Unforeseen Obsolescence	0	2,366
Charged to the revaluation reserve	23,294	0
<b>TOTAL IMPAIRMENTS</b>	<b>23,294</b>	<b>2,366</b>

### 13.7 Asset Valuations

The Trust received a MEA valuation from the District Valuer in March 2017. The updated valuations of the Trust's land, buildings and dwellings were applied to the Trust annual report and accounts and enable the Trust to disclose an up to date position with regard to asset valuations. No significant assumptions were made as part of the valuation process as minimum capital expenditure had been applied to the land and buildings since the previous full revaluation exercise. If the Trust had not received this updated valuation the carrying values of land, buildings and dwellings would have been £25,150,000; £165,598,000 and £nil respectively.

### 13.8 Non Current Assets Held For Sale

During the year 2016/17, there were no Non Current Assets held for sale (2015/16 £ nil).

### 13.9 Capital Commitments

Commitments under capital expenditure contracts at the end of the year, not otherwise included in the annual report and accounts were £5,133,000 (2015/16 £773,000). The amount relating to property, plant and equipment is £5,133,000 (2015/16 £698,000) and intangible assets £nil (2015/16 £75,000).

### 13.10 Gains/losses on disposal/derecognition of assets

	31 March 2017	31 March 2016
	£'000	£'000
Gains on disposal/derecognition of other property, plant and equipment	0	20
Losses on disposal/derecognition of other property, plant and equipment	0	(57)
	<b>0</b>	<b>(37)</b>

## 14. Other investments

### 14.1 Other Investments

	Group	
	2016/17	2015/16
	£'000	£'000
Carrying Value at 1 April	1,136	1,200
Prior period adjustment	0	0
Carrying Value at 1 April restated	1,136	1,200
Movement in fair value of Available-for-sale financial assets recognised in Other Comprehensive Income	175	(64)
Disposals	0	0
Carrying Value at 31 March	1,311	1,136

The investments are stocks and shares which are only held by Dudley Group NHS Charity.

A separate schedule for the Trust investments has not been produced as the Trust does not have any investments (2015/16 £nil).

### 14.2 Subsidiaries

The Trust wholly owns the subsidiary company Dudley Clinical Services Limited with a share of £1. Dudley Clinical Services Limited, was registered in the UK company number 8245934, and commenced trading on 9 October 2012.

## 15. Other Financial Assets

	Group	
	2016/17	2015/16
	£'000	£'000
Non Current		
NHS Charitable funds: Other financial assets	0	0
Current		
NHS Charitable funds: Other financial assets	1,028	1,227
	1,028	1,227

A separate schedule for the Trust other financial assets has not been produced as the Trust does not have any other financial assets (2015/16 £nil).

## 16. Inventories

	Group		Foundation Trust	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Drugs	1,765	1,772	1,598	1,570
Consumables	1,072	1,207	1,072	1,207
Energy	20	9	20	9
Other	40	40	40	40
TOTAL Inventories	2,897	3,028	2,730	2,826

The Trust expensed £26,834,000 of inventories during the year (2015/16 £31,146,000).

The Trust charged £nil to operating expenses in the year due to write-downs of obsolete inventories (2015/16 £nil)

## 17. Trade and Other Receivables

### 17.1 Trade and Other Receivables

	Group		Foundation Trust	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
<b>Current</b>				
NHS Receivables - revenue	13,423	6,135	13,423	6,135
Other receivables with related parties	728	320	728	320
Provision for impaired receivables	(794)	(1,282)	(794)	(1,282)
Prepayments (non PFI)	1,358	1,529	1,697	1,810
PFI Prepayments				
Prepayments - Capital contributions	0	0	0	0
Prepayments - Lifecycle replacements	0	0	0	0
Accrued income	4,603	225	4,632	225
Interest Receivable	4	3	4	3
Corporation tax receivable	0	0	0	0
PDC dividend receivable	0	4	0	4
VAT Receivable	1,138	1,099	968	935
Other receivables	1,324	1,155	1,324	1,183
NHS Charitable funds Trade and other receivables	18	31	0	0
<b>TOTAL CURRENT TRADE AND OTHER RECEIVABLES</b>	<b>21,802</b>	<b>9,219</b>	<b>21,982</b>	<b>9,333</b>
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
<b>Non Current</b>				
Prepayments (non PFI)	2,003	2,090	2,003	2,090
PFI Prepayments				
Prepayments - Capital contributions	0	0	0	0
Prepayments - Lifecycle replacements	6,789	5,706	6,789	5,706
Other Receivables	1,546	1,460	1,546	1,460
NHS Charitable funds Trade and other receivables	0	0	0	0
<b>TOTAL NON CURRENT TRADE AND OTHER RECEIVABLES</b>	<b>10,338</b>	<b>9,256</b>	<b>10,338</b>	<b>9,256</b>

NHS receivables consist of balances owed by NHS bodies in England, receivables with other related parties consist of balances owed by other HM Government organisations

Other current and non current receivables include the NHS Injury Scheme (was RTA).

Included within trade and other receivables of both Group and Trust are balances with a carrying amount of £2,630,000 (31 March 2016 £2,086,000) which are past due at the reporting date but for which no specific provision has been made as they are considered to be recoverable based on previous trading history.



## 17. Trade and Other Receivables (continued)

### 17.2 Provision for impairment of receivables

	Group	
	31 March 2017	31 March 2016
	£'000	£'000
At 1 April	1,282	1,778
Increase in provision	657	837
Amounts utilised	(161)	(709)
Unused amounts reversed	(984)	(624)
At 31 March	<u>794</u>	<u>1,282</u>

### 17.3 Analysis of impaired receivables

	Group		Restated *	
	31 March 2017		31 March 2016	
	Trade and other receivables	Investments and other financial assets	Trade and other receivables	Investments and other financial assets
	£'000	£'000	£'000	£'000
Ageing of impaired receivables				
0 - 30 Days	26	0	171	0
30 - 60 Days	21	0	40	0
60 - 90 Days	43	0	1	0
90 - 180 Days	130	0	51	0
over 180 Days (over 6 months)	574	0	1,019	0
Total	<u>794</u>	<u>0</u>	<u>1,282</u>	<u>0</u>

A separate schedule for the impairment of receivables have not been produced as neither the NHS Charity or the subsidiary Dudley Clinical Services Limited have any impaired receivables.

\* Restated to show the change of categorisation.

### 17.4 Analysis of non-impaired receivables

	Group		Restated *	
	31 March 2017		31 March 2016	
	Trade and other receivables	Investments and other financial assets	Trade and other receivables	Investments and other financial assets
	£'000	£'000	£'000	£'000
Ageing of non-impaired receivables past their due date				
0 - 30 Days	6,282	0	1,601	0
30 - 60 Days	209	0	628	0
60 - 90 Days	478	0	149	0
90 - 180 Days	481	0	378	0
over 180 Days (over 6 months)	1,462	0	931	0
Total	<u>8,912</u>	<u>0</u>	<u>3,687</u>	<u>0</u>

A separate schedule for the Trust non-impairment of receivables has not been produced as the NHS Charity non impaired receivables represent just £18,000 (31 March 2016 £31,000) of the value shown by the Group in the 0-30 days category and the subsidiary did not have any receivables outstanding.

\* Restated to show the change of categorisation.

## 18. Trade and Other Payments

	Group		Foundation Trust	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
<b>Current</b>				
NHS payables - revenue	2,022	2,736	2,022	2,736
Amounts due to other related parties	2,301	2,372	2,301	2,372
Trade payables - capital	1,221	284	1,221	284
Other trade payables	0	0	0	0
Taxes payable	4,059	3,637	4,023	3,610
Other payables	6,171	6,274	6,051	6,216
Accruals	2,056	3,358	2,019	3,430
PDC dividend payable	276	0	276	0
NHS Charitable Funds trade and other payables	38	27	0	0
<b>TOTAL CURRENT TRADE &amp; OTHER PAYABLES</b>	<b>18,144</b>	<b>18,688</b>	<b>17,913</b>	<b>18,648</b>
<b>Non Current</b>				
Other trade payables	80	120	80	120
<b>TOTAL NON CURRENT TRADE &amp; OTHER PAYABLES</b>	<b>80</b>	<b>120</b>	<b>80</b>	<b>120</b>

Taxes payable consists of employment taxation only (Pay As You Earn and National Insurance contributions), owed to HM Revenue and Customs at the year end, and Corporation Tax payable by the subsidiary Dudley Clinical Services Limited.

## 19. Other Financial Liabilities

	Group		Foundation Trust	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
<b>Current</b>				
Deferred Income	1,788	2,495	1,788	2,495
<b>TOTAL OTHER CURRENT LIABILITIES</b>	<b>1,788</b>	<b>2,495</b>	<b>1,788</b>	<b>2,495</b>

Non-current liabilities are £nil (31 March 2016 £nil).

Where income has been received for a specific activity which is to be delivered in the following financial year, that income is deferred.

## 20. Deferred Tax

Liability for corporation tax only arises from the activity of the commercial subsidiary, the activities of the Trust do not incur corporation tax, see accounting policy note 1.18 for detailed explanation.

The subsidiary did not have any deferred tax in 2016/17 (2015/16 £nil).

## 21. Provisions

	Group		Group	
	31 March 2017	Current 31 March 2016	31 March 2017	Non Current 31 March 2016
	£'000	£'000	£'000	£'000
Other legal claims	140	279	0	0
Restructuring	0	0	0	0
Redundancy	0	0	0	0
Other	0	0	0	0
<b>Total</b>	<b>140</b>	<b>279</b>	<b>0</b>	<b>0</b>

	Total	Other legal claims	Restructuring	Redundancy	Other
	£'000	£'000	£'000	£'000	£'000
At 1 April 2016	279	279	0	0	0
Arising during the year	118	118	0	0	0
Utilised during the year - cash	(79)	(79)	0	0	0
Utilised during the year - accruals	0	0	0	0	0
Reversed unused	(178)	(178)	0	0	0
<b>At 31 March 2017</b>	<b>140</b>	<b>140</b>	<b>0</b>	<b>0</b>	<b>0</b>
Expected timing of cashflows:					
- not later than one year;	140	140	0	0	0
- later than one year and not later than five years;	0	0	0	0	0
- later than five years.	0	0	0	0	0
<b>TOTAL</b>	<b>140</b>	<b>140</b>	<b>0</b>	<b>0</b>	<b>0</b>

A separate schedule for the Trust provision for liabilities and charges has not been produced as neither the NHS Charity or the subsidiary have any provisions.

Other Legal Claims include claims under Employers' and Public Liability.

The NHS Litigation Authority has included in its provisions at 31 March 2017 £182,846,000 (2015/16 £166,066,000) in respect of clinical negligence liabilities for the Trust.

## 22. Prudential Borrowing Limit

The prudential borrowing code requirements in section 41 of the NHS Act 2006 have been repealed with effect from 1 April 2013 by the Health and Social Care Act 2012. The disclosures provided previously are no longer required.

## 23. Borrowings

	Group	
	As at 31 March 2017	As at 31 March 2016
	£'000	£'000
Current		
Obligations under Private Finance Initiative contracts (excl lifecycle)	5,156	5,344
Total Current borrowings	5,156	5,344
Non Current		
Obligations under Private Finance Initiative contracts	127,432	132,587
Total Other non Current Liabilities	127,432	132,587

A separate schedule for the Trust borrowings has not been produced as neither the NHS Charity or the subsidiary Dudley Clinical Services Limited have any borrowings.

## 24. Cash and Cash Equivalents

	Group		Foundation Trust	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	£'000	£'000	£'000	£'000
At 1 April	23,623	26,530	23,383	26,179
Transfers By Absorption	0	0	0	0
Net change in year	(5,597)	(2,907)	(6,016)	(2,796)
At 31 March	18,026	23,623	17,367	23,383
Analysed as follows:				
Cash at commercial banks and in hand	592	189	2	0
Cash with the Government Banking Service	17,434	23,434	17,365	23,383
Other current investments	0	0	0	0
<b>Cash and cash equivalents as in Statement of Financial Position</b>	<b>18,026</b>	<b>23,623</b>	<b>17,367</b>	<b>23,383</b>
Bank overdraft	0	0	0	0
<b>Cash and cash equivalents as in Statement of Cash Flows</b>	<b>18,026</b>	<b>23,623</b>	<b>17,367</b>	<b>23,383</b>

## 25. Events after the reporting year

The Group nor the Trust have any events after the reporting year.

## 26. Contingencies

Neither the Group nor the Trust have any contingent assets or liabilities in 2016/17 (2015/16 £nil).



## 27. Related Party Transactions

The Dudley Group NHS Foundation Trust is a public benefit corporation which was established under the granting of authority by Monitor, the Independent regulator for Foundation Trusts. The Trust has taken advantage of the partial exemption provided by IAS 24 'Related Party Disclosures', where the Government of the United Kingdom is considered to have ultimate control over the Trust and all other related party entities in the public sector.

The Trust considers other NHS Foundation Trusts to be related parties, as they and the Trust are under the common performance management of NHS Improvement - part of the NHS in England. During the year the Trust contracted with certain other Foundation Trusts for the provision of clinical and non-clinical support services. The Department of Health is also regarded as a related party. During the year the Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent organisation.

The Trust has had a number of material transactions with other Government Departments and Local Government Bodies. These related parties are summarised below by Government Department, with disclosure of the total balances owed and owing as at the reporting date and the total transactions for the reporting year with the Trust.

Group	Year ended 31 March 2017				Year ended 31 March 2016			
	Income £'000	Expenditure £'000	Receivable £'000	Payable £'000	Income £'000	Expenditure £'000	Receivable £'000	Payable £'000
Black Country Partnership Foundation Trust	257	508	0	0	1,160	742	69	0
Dudley & Walsall Mental Health Trust	2,437	0	134	0	2,623	0	276	0
The Royal Wolverhampton Trust	2,656	1,790	463	291	2,483	1,723	403	257
Sandwell & West Birmingham Trust	1,820	784	605	149	1,442	739	203	226
Worcestershire Acute Hospitals Trust	282	975	55	284	377	600	183	113
Birmingham Cross City CCG	810	0	0	0	781	0	0	0
Birmingham South & Central CCG	490	0	0	0	568	0	0	0
Cannock Chase CCG	662	0	161	0	567	0	120	0
Dudley CCG	205,558	73	4,943	1,654	201,425	0	2,918	1,695
Redditch & Bromsgrove CCG	635	0	77	0	609	0	0	0
Sandwell & West Birmingham CCG	35,903	0	1,417	0	32,894	0	220	0
Shropshire CCG	555	0	0	0	518	0	0	0
South East Staffs & Seisdon Peninsular CCG	10,385	0	1,127	0	9,036	0	0	0
Walsall CCG	2,421	0	0	0	2,489	0	0	0
Wolverhampton CCG	4,682	0	72	0	4,448	0	0	0
Wyre Forest CCG	4,044	0	796	0	2,883	0	262	0
NHS England	55,659	0	6,556	0	41,098	0	614	362
Health Education England	10,414	0	835	0	9,527	0	0	734
<b>Other related parties - Whole of Government Accounts</b>								
Dudley Metropolitan Borough Council	2,735	0	171	0	2,550	0	0	0
HMRC	0	14,723	1,138	4,059	0	11,453	1,099	3,637
NHS Pensions	0	17,808	0	2,301	0	17,289	0	0
NHS Blood & Transplant	0	1,522	0	0	0	1,492	0	0

## 27. Related Party Transactions (continued)

Key management personnel, namely the Trust Board Directors, are those persons having authority and responsibility for planning, directing and controlling the activities of the Trust. During the year none of the key management personnel have parties related to them that have undertaken any material transactions with The Dudley Group NHS Foundation Trust.

The table below details, on an aggregate basis, key management personnel compensation:

	31 March 2017	31 March 2016
Compensation	£'000	£'000
Salaries and short-term benefits	855	800
Post-employment benefits	525	385
	<u>1,380</u>	<u>1,185</u>

The annual report and accounts of the parent (the Trust) are presented together with the consolidated annual report and accounts and any transactions or balances between group entities have been eliminated on consolidation. Dudley Group NHS Charity has a Corporate Trustee who are the Board members of the Trust. The Board members of Dudley Clinical Services Limited include the following Non-executive Directors from the Trust: Richard Miner as Chairman and Douglas Wulff as a Director.

Dudley Clinical Services Limited does not have any transactions with any NHS or Government entity except those with its parent, the Trust and HMRC. The Group receivables includes £174,000 owed to the subsidiary (£167,000 2015/16) and £18,000 owed to Dudley Group NHS Charity (£31,000 2015/16), and the Group payables includes £156,000 (£85,000 2015/16) owed by the subsidiary and £38,000 (£27,000 2015/16) owed by Dudley Group NHS Charity.

## 28. Private Finance Initiatives

### 28.1 PFI schemes on the Statement of Financial Position

The Dudley PFI project provided for the refurbishment and new building of major inpatient facilities at Russells Hall Hospital, the building of new facilities at Guest Hospital and Corbett Hospital. The Capital value of the scheme was £160,200,000. The Project agreement runs for 40 years from May 2001. The Dudley PFI is a combination of buildings (including hard Facilities Managed (FM) services) and a significant range of allied and clinical support services.

The standard Unitary Payment changes periodically as a consequence of:

- Inflation (based on RPI and reviewed annually)
- Deductions for poor performance (Deficiency points and financial penalties for poor performance or non-compliant incidents)
- Variations to the Project Agreement (PA) (agreed under Variations procedure in the PA)
- 50% of market testing or refinancing impact
- Energy tariff adjuster (the difference between actual energy tariff changes and the uplift that comes through RPI)
- Volume adjuster (computed by comparing actual in patient days against that in the schedule, with a tolerance of plus or minus 3%)

The Trust has the rights to use the specified assets for the length of the Project Agreement and has the rights to expect provision of the range of allied and clinical support services. At the end of the Project Agreement the assets will transfer back to the Trust's ownership.

The PFI transaction meets the IFRIC 12 definition of a service concession, as interpreted in the Annual Reporting Manual (ARM) issued by NHS Improvement, and therefore the Trust is required to account for the PFI scheme 'on-balance sheet' and this means that the Trust treats the asset as if it were an asset of the Trust and the substance of the contract is that the Trust has a finance lease and payments comprise two elements, an imputed finance lease charge and service charges.

## 28. Private Finance Initiatives (continued)

	As at 31 March 2017 £'000	As at 31 March 2016 £'000
Gross PFI Liabilities	143,610	149,013
of which liabilities are due		
- not later than one year;	16,178	16,426
- later than one year and not later than five years;	20,624	21,376
- later than five years.	106,808	111,211
Finance charges allocated to future periods	(11,022)	(11,082)
<b>Net PFI liabilities</b>	<b>132,588</b>	<b>137,931</b>
- not later than one year;	5,156	5,344
- later than one year and not later than five years;	20,624	21,376
- later than five years.	106,808	111,211

The Trust is committed to make the following payments for on-SoFP PFIs obligations during the next year in which the commitment expires:

	31 March 2017 £'000	31 March 2016 £'000
Within one year	27,971	27,744
2nd to 5th years (inclusive)	111,884	110,976
Later than 5 Years	540,293	559,212
<b>Total</b>	<b>680,148</b>	<b>697,932</b>

### Analysis of amounts payable to the service

	31 March 2017 £'000	31 March 2016 £'000
Unitary payment payable to the concession operator	40,542	40,141
Consisting of:		
- Interest charge	5,365	5,583
- Repayment of finance lease liability	5,112	5,121
- Service element	22,400	22,178
- Capital lifecycle maintenance	754	861
- Contingent rent	5,717	5,649
- Addition to lifecycle prepayment	1,194	749
Total amount paid to concession operator	40,542	40,141

Total length of the project (years) 40

Number of years to the end of the project 24

### 28.2 PFI schemes off the Statement of Financial Position

The Trust does not have any PFI schemes which are deemed to be off-statement of financial position.

## 29. Financial Instruments and Related Disclosures

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. The nature of the Trust's activities means that exposure to risk, although not eliminated, is substantially reduced.

The key risks that the Trust has identified are as follows:

### 29.1 Financial Risk

Because of the continuing service provider relationship that the Trust has with Clinical Commissioning Groups (CCG's) and the way those CCG's are financed, the Trust 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 Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the Board of Directors. Trust treasury activity is subject to review by the Finance and Performance Committee.

### 29.2 Currency Risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

### 29.3 Market (Interest Rate) Risk

All of the Trust financial assets and all of its financial liabilities carry nil or fixed rates of interest. The Trust is not therefore, exposed to significant interest rate risk.

### 29.4 Credit Risk

The majority of the Trust's income comes from contracts with other public sector bodies, resulting in low exposure to credit risk. The maximum exposures as at 31 March 2016 are in receivables from customers, as disclosed in note 17 to the annual report and accounts. The Trust mitigates its exposure to credit risk through regular review of debtor balances and by calculating a bad debt provision at the end of the year.

### 29.5 Liquidity Risk

The Trust's net operating costs are incurred under annual service agreements with Clinical Commissioning Groups and NHS England, which are financed from resources voted annually by Parliament. The Trust ensures that it has sufficient cash to meet all its commitments when they fall due. This is regulated by the Trust's compliance with the 'Financial Sustainability Risk Rating' system created by NHS Improvement, the Independent Regulator of NHS Foundation Trusts. The Trust is not, therefore, exposed to significant liquidity risks.

The Trust is therefore not exposed to significant liquidity risk.

### 29.6 Fair Values

All of the financial assets and all of the financial liabilities of the Trust are measured at fair value on recognition and subsequently amortised cost.



## 29. Financial Instruments and Related Disclosures (continued)

### 29.7 Financial Assets and Liabilities By Category

The following tables show by category the financial assets and financial liabilities at 31 March 2017 and 31 March 2016. The values are shown at fair value which is representative of the carrying value.

Financial Assets	Group				Foundation Trust			
	As at		As at		As at		As at	
	31 March 2017		31 March 2016		31 March 2017		31 March 2016	
	Total	Loans and Receivables	Total	Loans and Receivables	Total	Loans and Receivables	Total	Loans and Receivables
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Trade and other receivables excluding non financial assets	16,703	16,703	5,655	5,655	16,703	16,703	5,624	5,624
Cash and cash equivalents (at bank and in hand)	17,957	17,957	23,570	23,570	17,367	17,367	23,383	23,383
NHS Charitable funds financial assets	1,097	1,097	1,333	1,333	0	0	0	0
	<u>35,757</u>	<u>35,757</u>	<u>30,558</u>	<u>30,558</u>	<u>34,070</u>	<u>34,070</u>	<u>29,007</u>	<u>29,007</u>

\*Other Financial Assets are fixed term cash investments with UK Bank Institutions

Financial Liabilities	Group				Foundation Trust			
	As at		As at		As at		As at	
	31 March 2017		31 March 2016		31 March 2017		31 March 2016	
	Total	Other Financial Liabilities	Total	Other Financial Liabilities	Total	Other Financial Liabilities	Total	Other Financial Liabilities
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Obligations under Private Finance Initiative contracts	132,588	132,588	137,931	137,931	132,588	132,588	137,931	137,931
Trade and other payables excluding non financial liabilities	14,076	14,076	15,144	15,144	13,883	13,883	14,991	14,991
Provisions under contract	140	140	279	279	140	140	279	279
NHS Charitable Funds financial liabilities	38	38	27	27	0	0	0	0
	<u>146,842</u>	<u>146,842</u>	<u>153,381</u>	<u>153,381</u>	<u>146,611</u>	<u>146,611</u>	<u>153,201</u>	<u>153,201</u>

### 29.8 Maturity of Financial Liabilities

	Group		Foundation Trust	
	As at	As at	As at	As at
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	£'000	£'000	£'000	£'000
In One Year or Less	19,330	20,674	19,099	20,494
In more than one year but not more than two years	5,196	5,348	5,196	5,348
In more than two years but not more than five years	15,508	16,044	15,508	16,044
In more than five years	106,808	111,315	106,808	111,315
Total	<u>146,842</u>	<u>153,381</u>	<u>146,611</u>	<u>153,201</u>

### 30. Third Party Assets

The Trust held £33,000 as cash at bank or in hand at 31 March 2017 (31 March 2016 £nil) which related to monies held by the Trust on behalf of patients. These balances are excluded from cash at bank and in hand figures reported in the annual report and accounts.

### 31. Losses and Special Payments

NHS Foundation Trusts are required to record payments and other adjustments that arise as a result of losses and special payments on an accruals basis, excluding provisions for future losses.

	2016/17		2015/16	
	Number	Value £000	Number	Value £000
Loss of Cash	0	0	3	0
Fruitless payments	2	1	7	27
Bad debts and claims abandoned	110	66	119	695
Damage to Buildings, property etc. due to:				
Theft	0	0	1	2
Stores losses	2	15	3	33
<b>Total Losses</b>	<b>114</b>	<b>82</b>	<b>133</b>	<b>757</b>
Ex gratia payments	18	43	13	22
<b>Total Special Payments</b>	<b>18</b>	<b>43</b>	<b>13</b>	<b>22</b>
<b>Total Losses and Special Payments</b>	<b>132</b>	<b>125</b>	<b>146</b>	<b>779</b>

There were no clinical negligence, fraud, personal injury, compensation under legal obligations or fruitless payment cases where the net payment for the individual case exceeded £300,000 (2015/16 £nil).

### 32 Auditors' Liability

In accordance with the Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008, the liability of the Trust Auditor, Pricewaterhouse Coopers LLP is restricted to £1,000,000 in respect of liability to pay damages for losses arising as a direct result of breach of contract or negligence in respect of services provided in connection with or arising from their letter of engagement dated 22 March 2017.

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## Part 1: Chief Executive's statement

### Dr Paul Harrison, Acting Chief Executive

I am delighted to be able to introduce the annual Quality Report and Account, which provides a wide ranging picture of the quality of care provided by our hospital, outpatient centres and adult community services. This report covers the year from April 2016 to the end of March 2017.

Our main responsibility is to provide high quality treatment and care for all our patients. By this, we mean we strive to provide:

- a good patient experience
- safe care and treatment
- a good and effective standard of care

This report uses these three elements to describe the quality of care at the Trust over the year, providing an overall account of where we are performing well and where we can make improvements.

Following on from this introduction, in Part 2 we have outlined our priority quality measures and charted their progress throughout the year. A summary of current and previous priorities can be seen in the table in Part 2.1.1, as can more details on each priority on the page numbers listed in that table. These details include progress made to date, as well as our new targets for 2017/18. This part of the report also includes sections required by law on such topics as clinical audit, research and development and data quality.

In Part 3 we have included other key quality initiatives and measures, and specific examples of good practice on all of the above three elements of quality, which hopefully give a rounded view of what is occurring across the Trust as a whole.

Independent reviews of the quality of care at the Trust are undertaken throughout the year by a variety of organisations (see Part 2.2.1) and, as this report indicates, we are constantly monitoring ourselves in many ways on the quality of our care. This allows us to assure both patients and ourselves of what we are doing well and what we learn when we need to change practice and improve our services.

Throughout the report we have included quotes from patients about their experience here at the Trust, together with examples of lessons learned from patient feedback and from those occasions when care did not reach the high standards that we set for ourselves. These give an indication that the Trust does not stand still but is always pursuing a path of improvement.

### Our quality priorities

You will see in Part 2 that we have made good progress with many of our 2016/17 priorities. I am particularly pleased to report that the Trust has received very good feedback across all of our services from patients who partake in the national Friends and Family Test (FFT). Our results for the majority of months have been equal to or better than the national average. In addition, it is reassuring to see that our results compare very favourably with our neighbours (see from pages 6 and 7). With regards to infection control, we have had no MRSA bacteraemia cases and we are well under the national target for C. Difficile cases arising due to a lapse in care. The number of avoidable Stage 3 pressure ulcers in the hospital continues to fall. One Trust wide target on pain control and a two of the three nutrition measures have also been met.

We realise that we need to make a number of improvements with some of our other priorities such as ensuring that we have no avoidable Stage





4 pressure ulcers. We have had two cases this year. A number of the nursing care indicators: one on both pain and nutrition and two on medications also have room for improvement. The results of the FFT in outpatients, in particular, show that we still have work to do in this area to consistently reach national averages although the results have improved as the year has progressed.

With regards to the coming year, we have retained all of the topics from 2016/17. In addition, all unmet targets from this year have been rolled over. We report on all of these priorities in detail on pages 6 to 15.

## Measuring quality

This report includes a wide range of objective indicators of quality, and we have also included several specific examples of the many quality initiatives from around the Trust and what patients have said about the care they have received from us. We could not include them all but, hopefully, these examples, together with the awards, innovation and initiatives that Trust staff have achieved and implemented in the year, give a flavour of our quality of care. I would like to make a brief special mention here to three of those described in more detail in the report. The Trust is particularly proud of the wide range of developments in day case surgery (page 46) and our collaborative seven day nephrostomy service (page 45) started with our partners in the Black Country Alliance (Walsall and Sandwell) and The Royal Wolverhampton NHS Trust. Both initiatives have been shortlisted for national awards.

With regards to further collaborative work, the new care co-ordinator service (page 33) helps to make sure vulnerable patients receive the support they need following discharge, avoid unnecessary visits to hospital and have access to care closer to home. This is funded through the national new care models money awarded to Dudley to develop a Multi-speciality Community Provider (MCP).

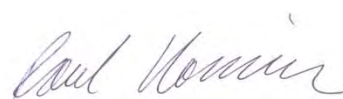
The Trust and its Board of Directors have sought to take all reasonable steps and have exercised appropriate due diligence to ensure the accuracy of the data reported. Following these steps, to the best of my knowledge, the information in this document is accurate.

Finally, 2017/18 will again be challenging for the Trust with the increasing pressures that the NHS faces. Under the leadership of our new Chief Executive, Diane Wake, who commenced at the beginning of April 2017, we will continue to work with patients, commissioners, our Black Country partners and other stakeholders to deliver further

improvements to quality in the context of growing demand for services and developments in healthcare provision generally.

Signed

Date: 16th May 2017



Dr Paul Harrison

Deputy Chief Executive, (Acting Chief Executive until end of March 2017)

## Diane Wake, Chief Executive

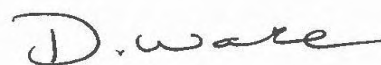
Passion, loyalty and dedication truly describe the staff I've been privileged to meet in my first few weeks with the Trust. I have been so impressed by their determination to offer high quality care and the very best experience to the patients under their care. I am proud to be leading such a committed workforce who listen to what their patients tell them and use the feedback to make improvements to services.

Acting on patient feedback led to significant improvements, for example, to the way we run our Day Case Unit. Patients are now admitted directly to the ward, waiting longer in the admissions lounge fully clothed until just before their surgery. These improvements have resulted in a better patient experience and they wait less time for their procedures. There has also been a dramatic drop in the number of cancelled operations. The Day Case team has been shortlisted in both the Nursing Times Award and the HSJ Value in Healthcare Awards for the changes in processes. To read more about our award winning work, see page 45.

By embracing change and continuing to innovate, our teams will continue to drive forward with our quality priorities. It is my aim to provide them staff with the tools and resources they need to succeed.

Signed

Date: 16th May 2017



Diane Wake

Chief Executive (from 1st April 2017)

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

### 2.1 Quality improvement priorities

#### 2.1.1 Quality priorities summary

Quality Priority	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	See page
<b>Patient experience</b> Ensure that the percentage of patients who report positively on their experience is better than the national average. Ensure pain control measures improve.	😊 Hospital	😐 Hospital	😐 Hospital	😐 Hospital	😐 FFT	Priority 1	6
	😐 Community	😞 Community	😐 Community	😐 Community	😐 Pain		
<b>Pressure ulcers</b> Reduce the occurrence of avoidable pressure ulcers.	😊 Hospital	😐 Hospital	😐 Hospital	😊 Hospital	😐 Hospital	Priority 2	8
	😊 Community	😊 Community	😐 Community	😐 Community	😊 Community		
<b>Infection control</b> Reduce our MRSA and Clostridium difficile rate in line with national and local priorities.	😊 MRSA	😐 MRSA	😊 MRSA	😐 MRSA	😊 MRSA	Priority 3	11
	😊 C. diff	😐 C. diff	😊 C. diff	😊 C. diff	😊 C. diff		
<b>Nutrition &amp; Hydration</b> Ensure there are effective processes in place for nutrition and hydration care	😊 Nutrition	😐 Nutrition	😐 Nutrition	😐	😐	Priority 4	13
	😊 Hydration	😊 Hydration	😊 Hydration				
<b>Medications</b> Ensure effective processes are in place for medicine administration	N/A	N/A	N/A	N/A	😐	Priority 5	15

😊 Achieved 😐 Partially achieved 😞 Not achieved





### 2.1.2 Choosing our 2017/18 priorities

The Quality Priorities for 2016/17 covered the following five topics:

- Patient Experience
- Infection Control
- Pressure Ulcers
- Nutrition & Hydration
- Medication

These fundamental topics were agreed by the Board of Directors due to their importance both from a local perspective (e.g. based on key issues from patient feedback, both positive and negative) and from a national perspective (e.g. reports from national bodies such as the Health Ombudsman, CQC etc.).

The first four topics were initially endorsed by a collaborative event on the Quality Report, hosted by the Chief Executive and Chief Nurse, attended by staff, governors, Foundation Trust members and others from outside organisations such as Dudley Stroke Association and Dudley Action for Disabled People and Carers (ADC). These topics have been endorsed year on year in discussions with the Dudley MBC Health and Social Care Scrutiny Committee and Dudley Clinical Commissioning Group. The fifth topic, medication, was added later following a review of patient feedback regarding their care and treatment.

Following further consultation internally and with governors, those who attended the Annual Members Meeting, the public generally via an online questionnaire and discussions with our

main commissioner, it has been agreed that these topics should be retained.

These topics continue to have a key role in providing good quality patient care. Positive patient experience of our services is a core purpose of the Trust. We are committed to minimising healthcare associated infection rates, which is a key commissioner and patient expectation. There are national campaigns of zero tolerance to avoidable pressure ulcers and the need to focus on the assessment and enhancement of patients' nutritional status.

From patient feedback, a further new issue has come into focus related to ensuring that patients are involved in the decisions made about their care. It has been agreed to add this subject into the Patient Experience category together with the existing indicators related to the Friends and Family Test and management of pain relief.

All our priorities have named leads who have the responsibility of coordinating the actions aimed at achieving the targets. Every quarter our progress in all the targets is reported to the Clinical Quality, Safety and Patient Experience Committee, the Board of Directors and the Council of Governors. In addition, a summary of the progress is placed on the Trust website.

### 2.1.3 Performance 2016/17

Our performance against our five Quality Priorities for 2016/17 is covered in the following pages.



## Priority 1 2016/17: Patient Experience

- a) Achieve monthly scores in Friends and Family Test (FFT) for all areas (inpatients, outpatients, maternity, Emergency Department and community) that are equal to or better than the national average.
- b) Ensure that in 95% or more cases, a patient's pain score is recorded at least every four hours (unless otherwise indicated in the exception box)
- c) Ensure that in 95% or more cases, there is documented evidence of the monitoring of the efficacy of all analgesia (pain relief) administered

### Rationale for inclusion and how we measure and record this priority

The NHS Friends and Family Test (FFT) is firmly embedded within the Trust with all patients provided with an opportunity to complete the survey after each episode of care and treatment in all areas of the organisation. The FFT survey remains a national focus and provides valuable data to support local actions to improve the patient experience. We also use this information to benchmark our performance against other trusts (see Part 3.2.2).

In addition, due to feedback from patients, the Trust is also including two measures related to pain management. As part of their caring role, nursing staff assess patients' needs in terms of pain prevention and relief. Patients are asked to score their level of pain and, when necessary, nurses will take appropriate action such as ensuring that patients are positioned correctly and receiving appropriate analgesia. Nurses document those pain level scores on at least a four-hourly basis unless this is recorded as not necessary, for example, for a short stay patient in no pain admitted for non-invasive tests. Also, when pain relief is administered, nursing staff will monitor and document its efficacy by discussing with the patient, recording further pain scores and taking any further necessary action such as involving medical staff in further assessment and possible increase in medication.

The recording of pain scores and the monitoring of analgesia efficacy are audited as part of NCI (Nursing Care Indicators) monitoring, a monthly check of 10 sets of nursing notes undertaken at random on every ward (see Part 3.3.5).

### Developments during 2016/17:

- SMS solution implemented that enables patients to submit the Friends and Family Test survey via text message to support improved response rates
- database functionality further developed to streamline reporting of patient feedback to managers across the Trust

- 'you said we have' improvement cycle embedded across all areas
- nursing documentation templates reviewed to ensure they are streamlined, fit for purpose and avoid duplication
- training needs assessed with regards to pain control and an effective update package for relevant staff put into place

### Current status: Pain Management

With regards to the two targets set on pain management, the target on the recording of the efficacy of analgesia has been met while the target on recording the pain score of patients has not. Due to the latter non-achievement, this target has been retained for 2017/18.

	Q1	Q2	Q3	Q4	16/17
Pain score	92%	92%	92%	86%	90%
Efficacy of analgesia	92%	95%	97%	99%	96%

### Current status: Friends and Family Test

Areas which achieved the target include maternity postnatal (ward) and maternity postnatal (community). All other areas missed this target in a number of months during the year. Outpatients saw a significant improvement in scores achieved during the year, rising from 85% in March to 96% at the end of the year. The target was achieved in Outpatients in seven of the 12 months. Full data table can be found over the page.

### Patients told us...

"I was absolutely blown away by the extremely high level of care I received. Every single aspect of my experience was outstanding"



## Friends and Family Test scores vs national average 2016/17

		2016										2017	
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Maternity antenatal	Trust	95%	100%	100%	96%	98%	99%	100%	98%	99%	96%	96%	96%
	National	96%	96%	95%	95%	95%	96%	95%	96%	96%	96%	96%	96%
Maternity birth	Trust	100%	96%	99%	96%	100%	99%	98%	99%	100%	98%	99%	100%
	National	96%	97%	97%	97%	96%	96%	96%	97%	96%	97%	97%	97%
Maternity postnatal (ward)	Trust	95%	96%	99%	94%	98%	97%	100%	99%	99%	97%	99%	99%
	National	94%	94%	94%	93%	93%	94%	94%	94%	94%	94%	94%	94%
Maternity post-natal (community)	Trust	100%	100%	100%	99%	99%	100%	98%	99%	100%	100%	100%	100%
	National	97%	98%	98%	98%	97%	98%	98%	97%	98%	98%	98%	98%
Inpatient	Trust	97%	97%	97%	95%	97%	97%	98%	95%	98%	96%	97%	97%
	National	96%	96%	96%	96%	95%	96%	95%	96%	95%	96%	95%	96%
A&E	Trust	91%	91%	88%	92%	92%	92%	94%	93%	90%	75%	76%	81%
	National	86%	85%	86%	85%	87%	86%	86%	86%	86%	87%	87%	87%
Community	Trust	97%	95%	94%	98%	96%	96%	95%	96%	94%	94%	98%	97%
	National	95%	95%	95%	95%	96%	95%	95%	95%	95%	95%	96%	96%
Outpatients	Trust	85%	82%	93%	92%	92%	92%	93%	95%	93%	95%	94%	96%
	National	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%

### New priority 1 2017/18: Patient Experience

a) Achieve monthly scores in Friends and Family Test (FFT) for all areas (inpatients, outpatients, maternity, Emergency Department and community) that are equal to or better than the national average.

b) Improve the overall year score from 2016/17 to 2017/18 for the following question used in our local real-time survey: Were you involved as much as you wanted to be in decisions about your care?

c) Ensure that in 95% or more cases, a patient's pain score is recorded at least every four hours (unless otherwise indicated in the exception box)

#### Rationale for inclusion and how we measure and record this priority:

- The Friends and Family Test target will be retained as it remains a national focus and provides excellent benchmarking information and drives improvement to the patient experience. It is measured and recorded as described above.
- A new target is included to monitor patient involvement in decisions about their care. The target is to achieve an improved overall year score of a question asked during our continual real time survey, the equivalent question to which in the one-off annual national survey shows an issue with which we have room for improvement. We measure this by inviting inpatients, who have been given an estimated discharge date and who are expecting to be discharged within 48 hours, to undertake a survey with an average of 120 patients surveyed per month.
- The target to ensure that a patient's pain score is recorded at least every four hours

will also be retained. As part of their caring role, nursing staff assess patients' needs in terms of pain prevention and relief. Patients are asked to score their level of pain and nurses document those pain level scores on an at least a four-hourly basis unless this is recorded as not necessary, for example, for a short stay patient in no pain admitted for non-invasive tests. The recording of these pain scores is audited as part of the Nursing Care Indicators (NCI) monitoring (see Part 3.3.5).

#### FFT and Real-time survey

**Board sponsor:** Diane Wake, Chief Executive

**Operational lead:** Liz Abbiss, Head of Communications and Patient Experience

#### Pain Management

**Board sponsor:** Siobhan Jordan, Interim Chief Nurse

**Operational leads:** Julie Pain, Associate Chief Nurse and Sara Davies, Matron

## Priority 2 2016/17: Pressure Ulcers

### Hospital

- a) Ensure that there are no avoidable stage 4 hospital acquired pressure ulcers throughout the year.
- b) Ensure that the number of avoidable stage 3 hospital acquired pressure ulcers in 2016/17 reduces from the number in 2015/16.

### Community

- a) Ensure that there are no avoidable stage 4 pressure ulcers acquired on the district nurse caseload throughout the year.
- b) Ensure that the number of avoidable stage 3 pressure ulcers acquired on the district nurse caseload in 2016/17 reduces from the number in 2015/16.

### Rationale for inclusion

Pressure ulcers are difficult to treat and slow to heal, and prevention is therefore a priority.

Although the Trust has continued in the long term to reduce the overall number of pressure ulcers, it realises there is still much to do and moving to a zero-tolerance approach should be the aim.

Feedback from our patients, staff, community groups and governors indicates this should remain a target.

### How we measure and record this priority

A pressure ulcer is defined as 'a localised injury to the skin and/or underlying tissue usually over a bony prominence, as a result of pressure, or pressure in combination with shear'. There are six classes of pressure ulcer, stages 1, 2, 3 & 4, Unclassified Stage 3 (UC3) and Suspected Deep Tissue Injury (SDTI).

When a patient is identified as having a pressure ulcer, the details are entered into the Trust's incident reporting system to be reviewed by the Tissue Viability Team prior to reporting externally.

If pressure damage is noted within 72 hours of admission to the hospital, and the patient has not been under the care of our community teams or on the district nurse caseload, this is not considered to have developed whilst under the care of the Trust. This time frame is agreed regionally as it is recognised that pressure damage can occur but not be visible immediately.

### Learning lessons

The Trust-wide prescription chart has been amended in three ways, to include:

1. Specific safety advice for certain medications
2. An initial risk assessment for injectable therapy to ensure it is appropriately prescribed
3. A section to ensure the correct anti-embolism stockings are prescribed.

### Developments during 2016/17:

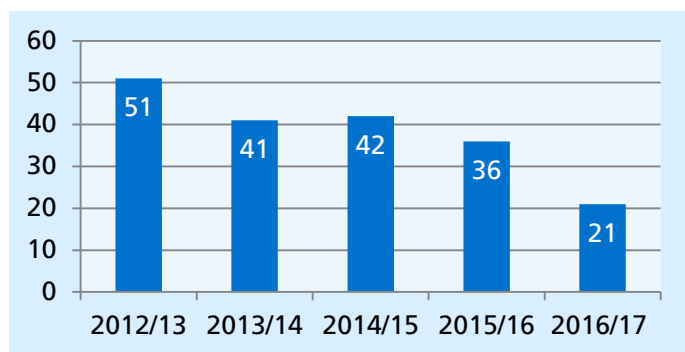
- An internal review was completed to look at the attendance numbers at tissue viability training events which showed that action needed to be taken to improve attendance. Despite different time slots, venues and encouragement of staff to improve attendance, the numbers remained poor. In response, the Tissue Viability Team initiated 'Wound Care Wednesday'. The sessions were open to all staff and promoted in a variety of ways. In addition to teaching the skills and knowledge of wound management, the sessions also include updates of trends, learning and changes in practice from incident investigations. The sessions held to date showed a positive response.
- A video was produced to support pressure ulcer mandatory training.
- An audit of all pressure relieving equipment was completed in nursing/residential homes.
- A seating pathway was commenced to assist with selection and procurement of specialist seating for pressure ulcer prevention.
- A wound care audit was conducted with the assistance of a dressing company.
- SKIN bundle training continued to be offered and provided to residential homes and care agencies.
- Following investigation, some pressure ulcers had been misreported and were actually moisture lesions. As a result, a "Get it right first time" system was put in place. The identification and verification process of pressure ulcer reporting was reviewed and all stage 3 and 4 hospital pressure ulcers are now verified by the Tissue Viability Team. This led to a 74% reduction of pressure ulcers that may have been inappropriately reported. This process is due to commence in the community.

Please note that 2016/17 figures may be incomplete as, at the time of publication, several pressure ulcers were still being investigated to ascertain whether they were avoidable.

## Current status: Hospital

### Number of avoidable stage 3 and 4 pressure ulcers developed in hospital

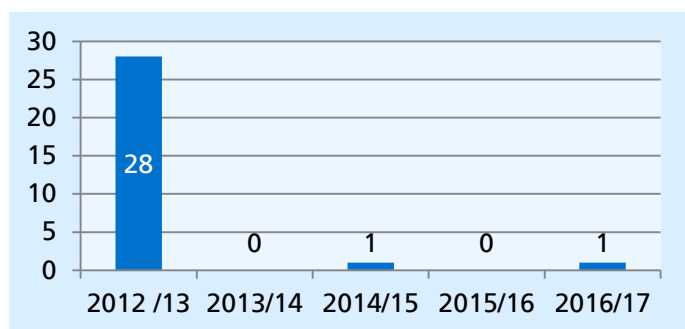
The graph below shows the total number of avoidable stage 3 and 4 pressure ulcers that have developed in the hospital from 2012/13 to the present. It gives an indication of the fall in numbers due to the hard work of all staff involved. While there were 36\* stage 3 and 4 ulcers in 2015/16, this has been reduced to 21.



\*The 2015/16 Quality Report reported a lower number of avoidable stage 3 pressure ulcers for the year (34). Investigations after the year end found two further avoidable ulcers.

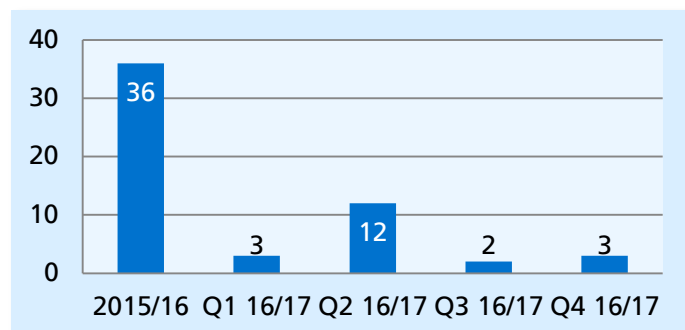
### Number of avoidable stage 4 pressure ulcers developed in hospital

Specifically, for avoidable stage 4 hospital acquired pressure ulcers, the target set was that there would not be any. Unfortunately, we have not achieved this target as we have had one this year.



### Number of avoidable stage 3 pressure ulcers developed in hospital

With regards avoidable stage 3 hospital acquired pressure ulcers, the target set was that the number in 2016/17 will reduce from the number in 2015/16. In 2015/16, there were 36 avoidable stage 3 ulcers. This year there have been 20 this year and so we have achieved this target.



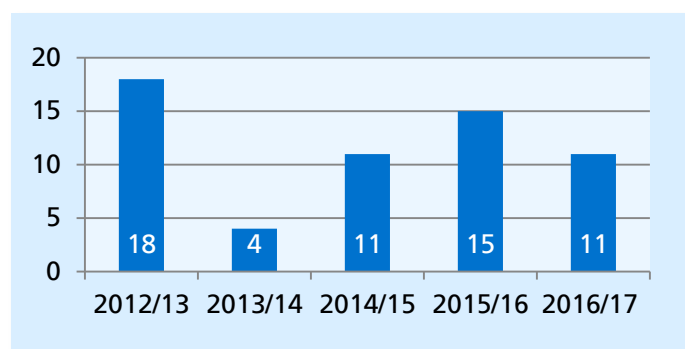
## Current status: Community

### Number of avoidable stage 4 pressure ulcers developed on the district nursing caseload

The target of there being no avoidable stage 4 pressure ulcers acquired throughout the year on the district nurse caseload has not been achieved as there has been one case this year.

### Number of avoidable stage 3 pressure ulcers developed on the district nursing caseload

The target to reduce the number of avoidable stage 3 pressure ulcers acquired from 2015/16 to 2016/17 has been achieved with there being 11 cases compared to 15 the year before (see graph).



### Hospital

- a) Ensure that there are no avoidable stage 4 hospital acquired pressure ulcers throughout the year.
- b) Ensure that the number of avoidable stage 3 hospital acquired pressure ulcers in 2017/18 reduces from the number in 2016/17.

### Community

- a) Ensure that there are no avoidable stage 4 pressure ulcers acquired on the district nurse caseload throughout the year.
- b) Ensure that the number of avoidable stage 3 pressure ulcers acquired on the district nurse caseload in 2017/18 reduces from the number in 2016/17.

#### Rationale for inclusion:

- We did not achieve all the pressure ulcer targets we set ourselves last year.
- Pressure ulcers remain a significant healthcare problem despite the knowledge pressure ulcers are largely preventable.
- Avoidable pressure ulcers are a key indicator of the quality and experience of patient care.
- Feedback from our patients, staff, community groups and governors indicates this should remain a target.

#### How we measure and record this priority

In order to reduce the incidence of pressure ulcer development, it is important that we measure the incidence and identify the contributing trends and themes:

- When potential pressure damage is identified, the details are entered into the Trust's incident reporting system. Depending on the stage of damage the incidents are reviewed by the lead nurse, matron or the Tissue Viability Team to confirm stage and provide advice and support to the patients care provider.
- Root Cause Analysis investigation is performed for all acquired pressure ulcers of stage 3 and above, including Suspected Deep Tissue Injury, to allow for a systematic evaluation of the contributing factors.
- The duty of candour process ensures that we inform patients and relatives if there have been mistakes in their care that have led to significant harm.

#### Developments planned for 2017/18:

- The Trust-wide SKIN Bundle prevention and management documentation will be reviewed to ensure accuracy of recording and the ability to provide evidence of care delivered.
- The current RCA investigation process will be redesigned and more robust action plans will be developed to ensure shared learning and identify trends and themes.
- Options for alternative pressure ulcer prevention devices for a patient's heels will be re-explored.
- The number of device related pressure ulcers due to an oxygen mask and nasal cannula will be reviewed and new alternative products designed to reduce this risk will be considered.
- The verification process will be reviewed to include images being remotely reviewed by the Tissue Viability Team.
- Currently, if pressure damage is identified within 72 hours of admission to the hospital, and the patient has not been under the care of our community teams or on the district nurse caseload, this is not considered to have developed whilst under the care of the Trust. This guidance needs to be reviewed and a case by case assessment conducted to include assurance that all appropriate interventions were put into place within the initial 72 hours. If there is no evidence of appropriate preventative intervention it may be attributable to the Trust.

#### Patients told us...

"My family has been treated with the utmost kindness, respect and dedicated care. We simply could not have managed without you"

**Board sponsor:** Siobhan Jordan, Interim Chief Nurse

**Operational lead:** Gemma Davies, Tissue Viability Lead Nurse



## Priority 3 2016/17: Infection Control

Maintain or reduce our MRSA and Clostridium difficile (C. diff) rates in line with national and local priorities. All cases will undergo a root cause analysis, the results of which will be discussed jointly by the Trust and Dudley CCG to agree on any avoidability/lapses in care.

**MRSA bacteraemia** Have 0 post 48 hour cases of MRSA bacteraemia (blood stream infections).

**Clostridium difficile** Have no more than 29 post 48 hour cases of Clostridium difficile with a lapse in care identified.

### Rationale for inclusion:

- The Trust and the Council of Governors have indicated that the prevention and control of infections remains a Trust priority.
- NHS England has a zero tolerance of MRSA bacteraemia.
- The Trust has a challenging nationally-set target set of 29 C. diff cases for the coming year.

### How we measure and record this priority

Infections are monitored internally, along with other key quality indicators, on the Trust's electronic dashboard (see Part 3.1). In addition, these infections are monitored by our commissioners at quality review meetings.

Positive MRSA bacteraemia and C. diff results are also reported onto the national Healthcare Associated Infections data capture system.

### Developments during 2016/17:

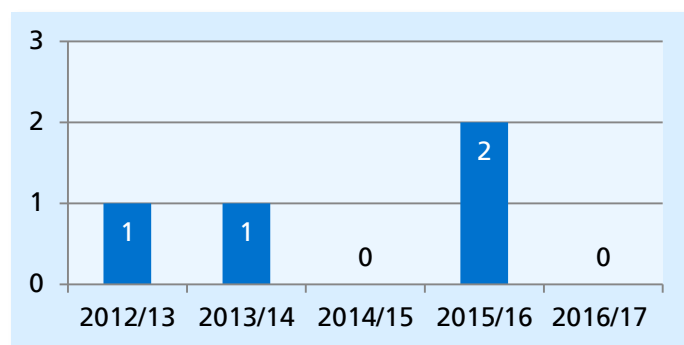
- A focus day took place in line with the World Health Organisation 'Save Lives: Clean Your Hands' global annual day of action. The Infection Prevention and Control Team promoted awareness of hand hygiene in the main reception to engage visitors and staff on this important subject.
- A patient-held card was developed to alert healthcare providers that the patient has been diagnosed with Clostridium difficile. This card will alert staff to be mindful when prescribing further antibiotics or other medications. The card is currently being given to relevant patients.
- A staff-held card containing information on promoting good practice with Clostridium difficile was developed for new doctors.
- A staff newsletter was started to highlight current issues, good practice and developments regarding the prevention of infection.
- A review of the current theatre documentation with regards to monitoring of cannulae was undertaken and a new improved system put into place.

- There was a review of use of central line monitoring forms.
- The antimicrobial stewardship work programme was reviewed and updated to reflect the recommendations from NICE.

### Current status: MRSA

NHS England has set a zero-tolerance approach to MRSA bacteraemia. There have been zero post-48 hour cases reported in the year and so the target has been achieved.

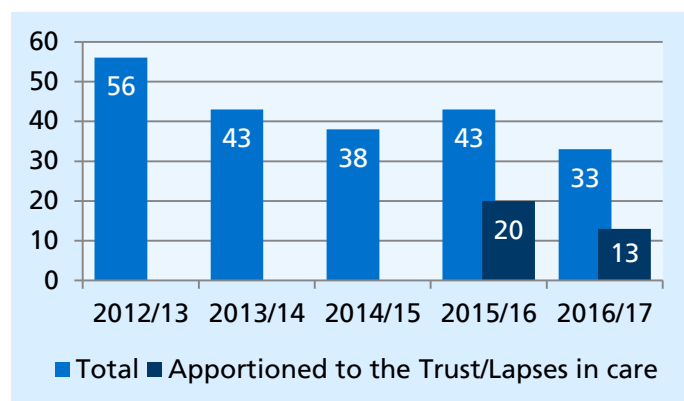
### Total MRSA cases per year



### Current status: Clostridium difficile

In the year we have reported a total of 33 cases of C. difficile of which 13 have been recognised as being due to a lapse of care and attributed to the Trust. The other cases are related to external factors. Both Monitor and NHS England are assessing the Trust's performance against a target of 29 cases due to a lapse in care.

### Total C. difficile cases per year



## New priority 3 2017/18: Infection Control

Maintain or reduce our MRSA and Clostridium difficile (C. diff) rates in line with national and local priorities. All cases will undergo a root cause analysis, the results of which will be discussed jointly by the Trust and Dudley CCG to agree on any avoidability/lapses in care.

**MRSA bacteraemia** Have 0 post 48 hour cases of MRSA bacteraemia (blood stream infections).

**Clostridium difficile** Have no more than 29 post 48 hour cases of Clostridium difficile with a lapse in care identified.

### Rationale for inclusion and how we measure and record this priority:

- The Trust and the Council of Governors have indicated that the prevention and control of infections remains a Trust priority.
- NHS England has a zero tolerance of MRSA bacteraemia.
- The Trust has a challenging nationally-set target for the coming year of 29 C. diff cases.
- The indicators are measured and recorded as described previously.

### Learning lessons

In response to patient falls, the Trust has joined a national initiative which involves Trust across the country learning from each other.

A pilot project on two wards called 'Watch your Step' will be rolled out across the whole Trust during 2017/18.

### Developments planned for 2017/18:

- develop current ward dashboard to include saving lives audit data
- plan a cannula awareness day
- implement new Clostridium difficile RCA investigation tool and assessment form
- develop a Glycopeptide Resistant Enterococcus (GRE) patient information leaflet
- undertake Infection Prevention and Control Awareness sessions in the main reception at Russells Hall Hospital
- participate in the annual World Antibiotic Awareness Week and European Antibiotic Awareness day to raise awareness of appropriate antibiotic use amongst staff, patients and visitors

**Board sponsor:** Siobhan Jordan, Interim Chief Nurse

**Operational leads:** Dr. E.N. Rees, Director of Infection Prevention and Control, Angela Murray, Matron, Infection Prevention and Control



## Priority 4 2016/17: Nutrition and Hydration

**Nutrition and Hydration audit** Ensure that the audit score (24 items):

- a) is 95% or above (green rating) in each of the first three quarters for the Trust as a whole
- b) is 95% or above (green rating) in the final quarter for every ward in the hospital

### Malnutrition Universal Screening Tool (MUST)

At least 95% of acute patients will receive a nutritional assessment using MUST.

At least 95% of patients will receive a nutritional assessment on initial contact with the community health nursing team using MUST.

#### Rationale for inclusion:

- Poor nutrition and hydration leads to poor health, increased and prolonged hospital admissions and increased costs to the NHS. The consequences of poor nutrition and hydration are well documented and include increased risk of infection, poor skin integrity and delayed wound healing, decreased muscle strength, depression and, sadly, premature death. Put simply, poor nutrition and hydration causes harm.
- We retained the emphasis on nutrition and hydration by including the results from the nutrition and hydration audit but increase the target from 93% in 2014/15 to 95%.
- A target on the completion of the MUST when patients first encounter the hospital or community nursing service was included in the Quality Account a number of years ago; however, present results show this needs some focus to improve. The MUST has been designed to help identify adults who are underweight and at risk of malnutrition, as well as those who are obese. The tool has been in use at the Trust for several years.
- Feedback from our patients, staff, community groups and governors indicates this should remain a target.

#### How we measure and record these priorities

As part of the monitoring of care relating to nutrition and hydration, a comprehensive audit tool was introduced in 2014. This follows the NCI model (see Part 3.3.5) and involves auditors checking what is recorded in the nursing notes and asking patients about their experience of being offered drinks and choice of food. It also includes observations of the environment, for instance, whether patients have drinks within reach and whether patients are placed in an optimal position for eating.

In total, there are 24 elements to the audit and it is undertaken on 10 patients on every ward each month. The MUST score is audited as part of the Nursing Care Indicators (NCI) monitoring, which is

a monthly check of ten sets of nursing notes undertaken at random on every ward (see 3.3.5).

#### Developments during 2016/17

- New visual display boards are in use to ensure that all staff are aware of the nutrition and hydration needs of every individual patient.
- A trial of a Trust-wide care bundle was audited and as a consequence a new approach will be used in the future. This will occur after March 2017.
- New Trust-wide standards for nutrition and hydration for inpatients are now in place.
- An electronic MUST calculator is available on all computers assisting nurses to undertake the necessary calculation.
- An audit of equipment was undertaken which resulted in the purchase of appropriate weighing scales e.g. more bed scales.
- A hydration project on the use of fluid balance charts was undertaken. As a consequence the chart will be updated and launched after March 2017.





### Current status: Nutrition and Hydration audit

With regards to the nutrition audit, for each of the first three quarters of the year, the overall average score has been 95% or over which means the first part of the target has been met (see table below).

For the second part of the target (every ward achieving 95% or above in the last quarter), this has not been achieved. Although 14 wards did achieve the target, seven did not, with four of these getting a score of between 90% and 93%, with the remaining three having scores of between 87% and 89%.

	Q1	Q2	Q3	Q4	16/17
Score	97%	95%	96%	95%	96%

### Current status: MUST assessment completion

The MUST target for the hospital has not been met for any of the three quarters and so has not been met for the full year.

It has been agreed to retain this target next year and make an extra effort to achieve this in the future.

The MUST target for the community services has been met as the quarterly figures below indicate.

	Q1	Q2	Q3	Q4	16/17
Acute	88%	89%	85%	79%	85%
Community	100%	94%	96%	97%	96%

## New priority 4 2017/18: Nutrition & Hydration

### Nutrition and Hydration audit

Ensure that the audit score (20 items):

- a) is 95% or above (green rating) in each of the first three quarters for the Trust as a whole
- b) is 95% or above (green rating) in the final quarter for every ward in the hospital

### Malnutrition Universal Screening Tool (MUST)

At least 95% of acute patients will receive a nutritional assessment using MUST.

At least 95% of patients will receive a nutritional assessment on initial contact with the community health nursing team using MUST.

### Rationale for inclusion and how we measure and record this priority:

- We will retain the emphasis on nutrition and hydration due to not meeting some of the targets for last year.
- Feedback from our patients, staff, community groups and governors indicates this should remain a target.
- The indicators are measured and recorded as described previously.

### Developments planned for 2017/18:

- review new care bundle/food chart to make it easier for staff and families to use
- evaluate progress of weekly patient weighing
- implement updated fluid balance charts, underpinned with clear instructions on their use
- develop a project, led by nutrition nurses, on improving the use of MUST which will include a review of the nursing documentation for MUST assessment

- review and re-launch the protected meal time policy
- review dietetic team referral criteria guidance which includes an amended nutrition bundle
- work with catering assistants to ensure patients' nutritional needs are met by appropriate ordering of meals

**Board sponsor:** Siobhan Jordan, Interim Chief Nurse

**Operational leads:** Julie Walklate, Associate Chief Nurse and Lesley Leddington, Matron

### Learning lessons

To reduce the number of patient falls, we have trialled falls grab bags in all toilets and bathrooms on our elderly care ward C3.

The bags contain essentials such as wipes and gloves so that staff do not have to leave patients unattended in order to retrieve toiletry items.



## Priority 5 2016/17: Medications

The results for the following two indicators will be equal to or better than the end of year results of 2015/16:

- a) All medications that have been administered have been signed and dated
- b) Omission codes are evident for all medication including Enoxaparin not administered as prescribed

### Rationale for inclusion

The importance of patients receiving their prescribed medication appropriately and on time cannot be overestimated. It contributes to patient wellbeing and recovery and is an indicator of the overall quality of patient care.

On occasion, this does not happen, for instance, if the patient is nil by mouth in preparation for a particular test, refuses the medication, is having an X-ray or is in the theatre suite having a procedure undertaken. It is essential that nurses administering medications record the date and time on the prescription chart. In the few cases when it is not given, this should also be recorded, along with the reason why (a standard set of codes are used for this which include some of the examples stated above).

Feedback from our patients, staff, community groups and governors indicates this issue should become a target.

### How we measure and record this priority

The recording of medications administered and omitted are audited as part of the Nursing Care Indicators (NCI) monitoring, which is a monthly check of ten sets of nursing notes undertaken at random on every ward (see Part 3.3.5).

### Developments during 2016/17:

- matron and pharmacy lead nominated
- monthly link worker meetings led by a matron and pharmacist in place
- link workers focus on new subject to focus on each month and disseminate outcomes of the teaching amongst their colleagues
- improvement of TTOs (to take out) medications on discharge as result of focus on this in 2016 medication action plan

### Current status: Medications

It can be seen from the table below that, for the year, neither target has been met. Due to this, these targets will be retained for 2017/18. The wording of the questions will change due to some misinterpretation of the questions which has contributed to the non-achievement.

	15/16	Q1	Q2	Q3	Q4	16/17
Medications signed and dated	98%	94%	95%	91%	88%	92%
Medication omission codes evident	95%	92%	93%	85%	83%	88%

## New priority 5 2017/18: Medications

Ensure that in 95% or more cases, all prescribed medications will either be:

- a) Signed and dated as administered or b) Have an omission code recorded

### Rationale for inclusion

As explained above, the importance of patients receiving their prescribed medication appropriately and on time cannot be overestimated. Due to the non-achievement of the targets in 2016/17, this topic has been retained with amended wording due to some misinterpretation of the questions.

### How we measure and record this priority

The recording of medications administered and omitted is audited as part of the Nursing Care Indicators (NCI) monitoring, which is a monthly check of ten sets of nursing notes undertaken at random on every ward (see 3.3.5).

### Developments planned for 2017/18:

- refocus of priorities for link workers and share action plan with senior team
- display posters relating to missed dosage and efficacy of analgesia in all medication trolleys and treatment rooms and kept up to date by link workers
- develop intranet page for medicines management to make it more user friendly for nursing and medical staff

**Board sponsor:** Siobhan Jordan, Interim Chief Nurse

**Operational leads:** Julie Pain, Associate Chief Nurse, Sara Davies, Matron and Ruckie Kahlon, Chief Pharmacist

## 2.2 Statements of assurance from the Board of Directors

### 2.2.1 Review of services

During 2016/17, The Dudley Group NHS Foundation Trust provided and/or sub-contracted 59 relevant health services. The Trust has reviewed all the data available to them on the quality of care in all of these relevant health services. The income generated by the relevant health services reviewed in 2016/17 represents 98.5% of the total income generated from the provision of relevant health services by The Dudley Group NHS Foundation Trust for 2016/17.

The above reviews were undertaken in a number of ways. With regards to patient experience and safety, the Trust executive and non-executive directors, governors and other senior staff together with representation from Dudley Clinical Commissioning Group undertake Quality and Safety Reviews of clinical areas (see Part 3.3.2). The Trust has a Mortality Surveillance Group, chaired by the Medical Director, which reviews all matters relating to mortality including the Trust's mortality tracking system. Dudley Clinical Commissioning Group are invited to join the mortality review process. Every month each of the two clinical divisions at the Trust have a Performance Review undertaken when they are assessed by Directors on a variety of quality indicators.

We also monitor safety, clinical effectiveness and patient experience through a variety of other methods:

**Nursing Care Indicators;** monthly audits of key nursing interventions and their documentation. The results are published, monitored and reported to the Board of Directors every quarter (see Part 3.3.5).

**Ongoing patient surveys** that give a 'feel' for our patients' experiences in real time allow us to quickly identify any problems and correct them (see Part 3.2.2).

A variety of senior clinical staff attend the monthly **Board of Directors meeting** to provide a report and presentation on performance and quality issues within their area of responsibility. There is a quarterly rotating programme for this which consists of: the first month a specific clinical area, the next two months the medicine and integrated care division then the surgical division and on the fourth month a Matron for nursing issues. Each of these four areas are therefore covered quarterly.



The Trust has an **electronic dashboard of indicators** for Directors, senior managers and clinicians to monitor performance. The dashboard is essentially an online centre of vital information for staff.

The Trust works with its local commissioners, scrutinising the Trust's quality of care at joint monthly **Clinical Quality Review Meetings**.

**External assessments** of the Trust services, which included the following key ones this year:

- In May 2016, the Care Quality Commission (CQC) assessed the following services: paediatrics, maternity, emergency and genitourinary medicines as part of a whole health economy safeguarding inspection.
- In November 2016, the annual aseptic unit audit took place conducted by the Specialist Pharmacy Service North (NW). The unit's operation as a whole was assessed as posing 'low risk' with respect to the quality of medicines produced. The conclusion was that there is a well-developed and comprehensive Quality Management System in place. An action plan to implement revised quality assurance standards has been developed and undergoing ratification. New standards for transfer sanitisation systems came into place a month before the audit and the Trust is now working to comply with these.
- The following Pathology departments were assessed:
  - Biochemistry - CPA accreditation maintained and in process of transitioning to assessment against ISO

15189:2012 Medical laboratories – Requirements for quality and competency by the United Kingdom Accreditation Service (UKAS) – inspection on 21st to 23rd February 2017. They were given 41 findings to action and completion is due 18th May 2017 with an additional assessment visit to be arranged once Biochemistry's new analysers are in place in the summer 2017.

- Haematology - CPA accreditation maintained and in process of transitioning to assessment against ISO 15189:2012 by UKAS - inspection took place on 9th to 12th January 2017 with 59 findings to action and completion is due by June 2017. Once the action evidence is accepted by UKAS they will be offered accreditation.
- Microbiology - CPA accreditation maintained and in process of transitioning to assessment against ISO 15189:2012 by UKAS on the 16th to the 18th May 2017.
- Immunology - CPA accreditation maintained and in process of transitioning to assessment against ISO 15189:2012 by UKAS on the 13th to the 14th June 2017.
- Cellular Pathology and the Mortuary have achieved accreditation assessed by UKAS against ISO15189:2012. A surveillance visit took place on the 2nd February 2017 and accreditation was maintained for a further 12 months.
- Mortuary was assessed against Human Tissue Authority (HTA) standards and passed.
- With regards to education and training, a number of organisations undertake a variety of checks on the education of doctors at the Trust. An Undergraduate Medical Education Monitoring Visit occurred on 12th October 2016. This was a very positive and supportive review with only three minor recommendations arising from the visit. The panel stated that in common with previous visits, Dudley has a strong, demonstrable commitment to education. This was particularly notable with regards to the senior team, who had a good understanding of how undergraduate education is coordinated at Dudley with a shared enthusiasm to continue to support the Academy. Also, enthusiasm was shown by all

staff the Panel encountered during the visit. The panel also noted that there were no patient safety issues raised by the students. On 4th July 2016 we had to submit a paper based review for General Internal Medicine Core Medical Training. No concerns have been raised from this review. To supplement the above, the Trust's Director of Medical Education carries out a rolling two-year programme of internal reviews of all medical specialties in order to maintain quality assurance regarding junior doctor training and education. This process also aims to identify and put in place appropriate measures for dealing with any issues regarding training and education in advance of external Quality Assurance.

- The maternity services retained its UNICEF Baby friendly accreditation following an inspection visit in November 2016. A number of recommendations were made and the actions are due to be completed in May 2017.
- The following assessments also occurred and the Trust is awaiting the results: Trauma Network Peer Review (September 2016), Abdominal Aortic Aneurysm (AAA) assessment (January 2017).

## 2.2.2 Participation in national clinical audits and confidential enquiries

During 2016/17, 35 national clinical audits and two national confidential enquiries covered relevant health services that the Trust provides. During that period, the Trust participated in 97% of the national clinical audits and 100% of the 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 Trust was eligible to participate in, actually participated in, and for which data collection was completed during 2016/17 are listed on the following page. Tables 1 and 2 show the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry. As well as the national clinical audits from the officially recognised Healthcare Quality Partnership (HQIP) list in Table 1 the Trust also took part in a further national audit (Table 3).

**Table 1: National clinical audits**

Type of care	Name of Audit	Participation	Submitted
Acute Care	ICNARC Case Mix Programme Database	Yes	100%
	Asthma (paediatric and adult) (care in emergency departments)	Yes	100%
	National Emergency Laparotomy Audit (NELA)	Yes	100%
	National Joint Registry (NJR)	Yes	100%
	Consultant sign-off (care in emergency departments)	Yes	100%
	Major Trauma Audit (TARN)	Yes	60%*
	Severe sepsis and septic shock (care in emergency departments)	Yes	100%
	Nephrectomy Audit	Yes	100%
	Percutaneous Nephrolithotomy (PCNL)	Yes	100%
Blood & Transplant	National Comparative Audit of Blood Transfusion Programme	Yes	100%
Cancer	Head and Neck Cancer Audit	Yes	100%
	National Bowel Cancer Audit (NBOCAP)	Yes	100%
	National Lung Cancer Audit (NLCA)	Yes	100%
	National Oesophago-Gastric Cancer Audit	Yes	100%
	National Prostate Cancer Audit	Yes	100%
Heart	Acute Coronary Syndrome or Acute Myocardial Infarction Audit (MINAP)	Yes	100%
	Cardiac Rhythm Management (CRM)	Yes	100%
	National Cardiac Arrest Audit (NCAA)	Yes	100%
	National Heart Failure Audit	Yes	84%
	National Vascular Registry (NVR)	Yes	99.6%
Long-term Conditions	National Diabetes (Adult) Audit – NaDIA, NPID	Yes	100%
	National Paediatric Diabetes Audit (NPDA)	Yes	100%
	Inflammatory Bowel Disease (IBD) Programme (Biologics Audit)	Yes	25%**
	National Chronic Obstructive Pulmonary Disease Audit Programme	Yes	25%
	Renal Replacement Therapy (Renal Registry)	Yes	100%
	Rheumatoid and Early Inflammatory Arthritis	Yes	100%
	National BTS Adult Asthma	Yes	100%
	Learning Disability Mortality Review Programme (LeDeR)	Yes	100%
Older People	National Audit of Dementia	Yes	100%
	National Ophthalmology Audit (NOD)	No	0%***
	Sentinel Stroke National Audit Programme	Yes	100%
Other	Elective Surgery (National PROMs Programme)	Yes	85%
Women & Children's Health	BTS Paediatric Pneumonia	Yes	In progress
	Maternal, New-born and Infant Clinical Outcome Review Programme (MBRRACE-UK)	Yes	100%
	Neonatal Intensive and Special Care (NNAP)	Yes	100%

\* Data completeness shown as a range based on variance between number of potentially eligible cases identified in HES dataset and number of truly eligible cases identified which should be submitted to TARN

\*\* Retrospective data collection and submission onto newly introduced database

\*\*\* Audit currently behind schedule due to delays in Trust sign-off and implementation of the software solution to support the delivery of the audit

**Table 2: National confidential enquiries**

Type of care	Name of Audit	Participation	Submitted
NCEPOD	Acute Pancreatitis	Yes	100%
	Mental Health in Acute Hospitals	Yes	100%
	Adolescent Mental Health	Yes	In progress
	Non-Invasive Ventilation	Yes	In progress
	Chronic Neurodisability	Yes	In progress
	Cancer in Children and Young People	Yes	In progress

**Table 3: Additional national clinical audit**

This audit assessed the Trust's position providing comprehensive clinical services 24 hours, 7 days a week.

Name of Audit	Participation	Submitted
7 Day Working Self-Assessment Survey 2016	Yes	100%



## The reports of the following 18 national clinical audits were reviewed in 2016/17:

- College of Emergency Medicine (CEM) Procedural Sedation
- College of Emergency Medicine (CEM) Vital Signs in Children
- College of Emergency Medicine (CEM) VTE Risk in Lower Limbs
- End of Life Care Audit - Dying in Hospital (NCDAH)
- Maternal, New-born & Infant Clinical Outcome Review Programme (MBRRACE-UK)
- Myocardial Ischaemia National Audit Project (MINAP)
- National Bowel Cancer Audit (NBOCA)
- National Emergency Laparotomy Audit (NELA)
- National Heart Failure Audit
- National Diabetes Audit (NDA)
- National Lung Cancer Audit (NLCA)
- National Paediatric Diabetes Audit (NPDA)
- National Pregnancy in Diabetes Audit (NPID)
- National Prostate Cancer Audit (NPCA)
- National Vascular Registry
- Parkinson's Audit 2015
- Sentinel Stroke National Audit Programme (SSNAP)
- Trauma Audit Research Network (TARN)

From the above reviews, the Trust has taken or intends to take the following actions to improve the quality of healthcare provided:

### **National Emergency Laparotomy Audit (NELA)**

The NELA report outlined a total of 24 recommendations based on published standards and the audit findings of a wide variation in the provision of care between hospitals. Of 22 relevant recommendations, we are fully compliant in 16 (73%). We are partially compliant for 3 (14%) and a risk assessment has been conducted and an escalation process is being formalised to address these. We are currently non-compliant for 3 (14%) recommendations. A business case is being produced to address two of these and the one remaining recommendation will be rectified following the introduction of a monthly meeting.

### **National End of Life Care Audit – Dying in Hospital (NCDAH)**

The overarching aim of the audit is to improve the quality of care and services for patients who have reached the end of their life, in hospitals in England. Results showed the Trust compared better than the national picture for all of the clinical audit indicators and showed compliance for five of the eight organisational indicators. All resulting actions are being addressed and

monitored through the Trust-wide End of Life Action Plan.

### **Sentinel Stroke National Audit Programme (SSNAP)**

This audit involves continuous data collection with reports received on a quarterly basis to ascertain compliance against key audit indicators. Compliance is RAG rated and monitored through the Trust Acute Stroke Action Plan.

### **Local clinical audit**

The reports of 11 completed local clinical audits were reviewed in 2016/17 and the Trust has taken, or intends to take, the following actions to improve the quality of healthcare provided:

### **Documentation in Obstetric High Dependency Unit (HDU) admissions**

The audit showed that the HDU admission stickers have improved anaesthetic documentation but there is still room for improvement. As an outcome of the audit, the importance of reviewing and documentation of HDU admissions will be included in the trainee obstetric induction package and posters are to be displayed in HDU rooms prompting midwives to ask for review of appropriate patients.

### **Bed Rails Audit**

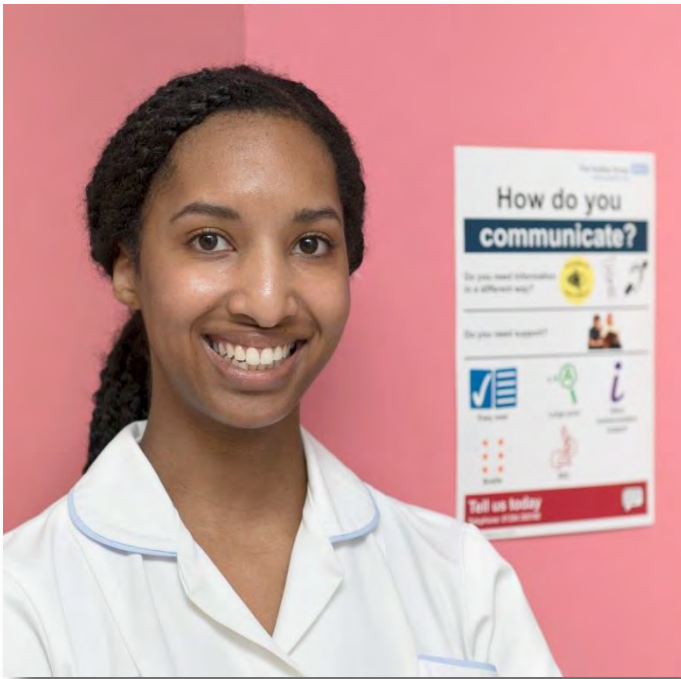
The audit results have shown that compliance with assessing patients' need for bed rails is positively being undertaken in all areas across the Trust and is reviewed and adopted as per Trust standard in policy. Observations identified that staff were aware of the patients' needs and that the care plans were being adopted in accordance with those needs. Re-assessments were completed to a high level of compliance. A high proportion of patients were identified as at risk of falls within the Trust; however, there were some still not being nursed on the correct bed type resulting in additional education provided around bed types available for patients use. A re-audit of the use of bed rails is planned to determine if compliance continues to the high standard observed during this audit.

### **Audit of readmissions to the Children's Ward of babies up to 28 days of age**

The audit demonstrated that many of the findings are consistent with previous audits. This requires continued management to ensure that the parameters identified for audit and analysis are accepted, agreed and embedded into practice. Audit of readmissions remains continuous.

### **Audit of random obstetric vaginal deliveries**

Overall the audit demonstrates compliance with Trust guidelines. The scope of the audit will be widened for future audits to include weekday



nights in order to identify if there are any concerns with escalation and delays to care during this time. The audit continues as an on-going audit with the random selection of a case per month from the birth register.

#### **Gynaecology Venous Thromboembolism (VTE) Audit**

The audit found that the Gynaecology VTE forms were appropriately filled out on admission to hospital and the prescription of prophylaxis was completed as per the Trust guideline. The two VTE policies will now be included within the Gynaecology Department induction training.

#### **Re-audit of epidural response times in anaesthetics**

The audit showed that there has been an improvement in performance and there was a swift response in the majority of cases. To ensure that women are assessed in a timely manner, the following process has been agreed and implemented: a) junior doctor to attend the woman as soon as possible after a request for labour regional anaesthesia (not wait for blood results to be available before assessing the patient), b) if unable to attend within 30mins to contact on-call team colleagues for assistance, c) if predicted unable to attend within 60mins, and no colleagues available to assist, escalate to on-call consultant for advice and action as directed. It is planned to re-audit in a year to ensure satisfactory performance is maintained.

The following audits to monitor compliance of current clinical practice in accordance with NICE clinical guidelines (CG) and quality standards (QS) were undertaken:

#### **Acute Kidney Injury (AKI) Audit (CG169)**

The results of the audit identified that the detection rate of AKI remains largely unchanged since a previous audit in 2015 (despite national attention and e-Alert etc.). A number of areas of non-compliance were noted while an improvement in the documentation of urinalysis was identified and we achieved full compliance with the request of ultrasound scans when obstruction was suspected although a low percentage of these had the ultrasound performed within 24 hours. In conclusion, the audit has shown partial compliance against the recommendations audited from the NICE Guidelines. Actions taken include the results of the audit being disseminated in a departmental meeting and there has been specialised teaching around AKI for the junior doctors.

#### **Familial Hypercholesterolaemia Audit (CG71 & QS41)**

The audit showed full compliance against the NICE recommendation of patients being prescribed statins as their initial treatment and all the patients were receiving high-intensity statins as recommended by NICE; either second generation (atorvastatin) or third generation (rosuvastatin) statins. However, the audit showed that just under half of patients diagnosed with Familial Hypercholesterolaemia (FH), and who were being treated with lipid-lowering medications achieved a 50% reduction in low-density lipoprotein cholesterol (LDL-C).

In conclusion, the audit has shown partial compliance against the recommendations of the NICE Guidelines. Planned action includes to review all patients in the outpatient clinic who did not achieve the audit standard LDL-C reduction. The aim is to either increase their statin to maximum tolerated dose, to add in ezetimibe or to consider use of the newly approved lipid-lowering medication 'PCSK9 inhibitors'.

#### **Management of Paediatric Head Injury (CG176 & QS74)**

The audit showed full compliance with the use of CT imaging of the head as the primary investigation and the identification of children who required a period of observation after head injury. However not all children requiring CT heads had these performed within 1 hour. It was identified that the limiting factor in this was often sedation in children (with some requiring general anaesthetic). The audit also established high compliance (75%) of head CT scans being reported (written) within 1 hour although it was noted that those reported after this period were not long after (most within 1 hour and 30 minutes).

In conclusion, the audit has shown partial compliance against the recommendations of the NICE Guidelines. After presentation, it was decided that the medical and nursing team would look at changing the sedation policy to avoid failed sedation for those needing sedation for CT of the head.

#### **Neonatal Sepsis NICE Guidance Audit (CG149 & QA75)**

The audit was undertaken to assess compliance with NICE Guidance on early onset neonatal infection. It identified areas of good practice with 100% of babies having blood culture performed before their first dose of antibiotic treatment commenced and all babies receiving the appropriate antibiotics at the correct dose. It also showed full compliance with the measurement of C-reactive protein concentration at presentation. Low areas of compliance identified not all babies reaching the threshold for treatment as per the NICE Guidance and 57% of babies had a delay in the initiation of their antibiotics.

The audit also showed that 61% of babies did not meet the recommendation of having repeat C-reactive protein (CRP) taken at 18-24 hours and blood culture results were not available at 36 hours. In conclusion, the audit has shown partial compliance against the recommendations audited from the NICE Guidelines. As a result of the audit findings, an Early Onset Neonatal Sepsis (EONS) proforma is being considered for the postnatal wards which should assist in prompt appropriate treatment with antibiotics.

Teaching sessions at the beginning of each Paediatric rotation have been put into place to explain the EONS guideline and importance of antibiotics within the 1st hour as have clinical skills sessions for GP trainees/new specialist trainee

(ST1) doctors for the insertion of cannulas in neonates. Discussions with laboratory staff are underway regarding the possibilities of receiving blood culture results at 36 hours in line with NICE recommendations.

### **2.2.3 Research and development**

The number of patients receiving health services provided or sub-contracted by the Trust in 2016/17 and recruited during that period to participate in research studies approved by a research ethics committee was 1,508.

#### **Clinical Specialties**

Dermatology faced a number of challenges in study recruitment and procedures, particularly the provision of phototherapy, which has been resolved by the research team undertaking accredited training so as to be able to administer the therapy themselves. The team noted with some concern that three commercial studies for which they had previously been selected were suddenly withdrawn from the UK in January 2017.

The Diabetes team worked on three commercial studies during 2016/17. The Cardiology specialty continues to recruit to commercial trials, both medical device and drug studies, but has been affected by staffing levels during the latter part of the year.

The Clinical Research Unit's biomedical scientists are contributing significantly to observational studies. A Dudley patient was the first national study participant to be diagnosed with a rare enzyme disorder, Pompe disease. The anticipated genetic mutation is absent, however. This raises the question of is this a phenomenon unique to Dudley that may necessitate re-consideration of the disease definition. At the time of writing, a second Dudley patient exhibiting symptoms of this





rare disease has been identified.

The Trust's generic research nurses opened their first commercial gastroenterology study in 2016 and a number of complex Critical Care studies closed, to be replaced by simple observational trials of short duration, yielding high recruitment numbers. A multicentre stroke study has had to be delayed at the last minute, partly due to Dudley CT scanner capacity issues and permissions at other two Black Country hospitals.

Two new National Institute for Health Research (NIHR) portfolio studies, developed and run by the Trust, University of Birmingham staff and PhD students, are recruiting osteoarthritis and rheumatoid arthritis patients to assess the effects of sedentary lifestyle versus moderate-to-vigorous physical activity. A third PhD student is recruiting participants with multiple sclerosis, and also looking at the benefits of exercise. A portfolio-adopted, locally designed critical care study is undergoing the appropriate review processes and will commence recruitment in June 2017.

#### **Training and Infrastructure**

Our experienced diabetes research nurse is mentoring a colleague from another West Midlands NHS Trust. Other experienced research nurses are arranging to shadow ward nurses in clinical specialties related to current and pending studies to refresh and update their knowledge of local clinical practice. Haematology research nurses based in the cancer unit also keep their IV administration skills up to date.

The R&D administration team has continued to open new studies and provide research-related Good Clinical Practice training (GCP). Margaret Marriott, the Trust's GCP facilitator, has been recognised by the Clinical Research Network: West Midlands (CRN: WM) for personally running the most GCP courses (18) during 2016.

Since April 2016 CRN: WM R&D departments have been using the online EDGE database for recording research set up activities and study recruitment. For his developmental work on the EDGE database at the Trust, John Walters, Research Support Officer, has received recognition from the CRN which is also keen to adopt the Dudley workflow activity package. He also attended the international EDGE community conference in March 2017 and returned with the knowledge and enthusiasm to set up financial systems which will streamline invoicing for clinical studies, adding to the many other useful reporting features he has designed.

#### **Public Engagement**

A West Midlands-wide survey completed by Dudley research participants in February 2017 indicated high levels of satisfaction in the experience of taking part in research studies. The presence of research active clinical staff in several specialties has also raised awareness of research opportunities amongst patients, while amongst staff there is raised awareness of the importance of research as a means of informing and changing practice.

#### **Research into Practice**

First used in a clinical trial, an endoscopy tool with an inflatable, re-useable balloon attachment is now being used for colonoscopies. This allows the user to open out the folds in the bowel to better detect abnormalities, leading to earlier detection of disease.

#### **Publications**

Trust publications for the calendar year 2016, including conference posters, stand at 125.

### **2.2.4 Commissioning for Quality and Innovation (CQUIN) payment framework**

#### **What are CQUINs and what do they mean for the Trust?**

The CQUIN payment framework was introduced in 2009 to make a proportion of providers' income conditional on demonstrating improvements in quality and innovation in specified areas of care. Whether the Trust receives its CQUIN payments is dependent on achieving certain quality measures. This means that some of the Trust's income is conditional on achieving certain targets that are agreed between the Trust and our commissioners (Dudley CCG and NHS England).

A proportion of the Trust's income in 2016/17 was conditional upon achieving goals agreed between the Trust and any person or body it entered into a contract, agreement or arrangement with for the provision of relevant health services, through the Commissioning for Quality and Innovation (CQUIN) payment framework. Further details of the agreed goals for 2016/17 and for the following 12-month period are available electronically at: [www.england.nhs.uk/nhs-standard-contract/cquin/](http://www.england.nhs.uk/nhs-standard-contract/cquin/)

The sum is variable based on 2.5% of our activity outturn and conditional on achieving the agreed goals, the value in 2016/17 is £6,463,083. Each CQUIN scheme consists of one or more goals for achievement by agreed milestones. A total of 21 CQUIN schemes were agreed for 2016/17 with a





combination of locally and nationally agreed goals.

At the end of the financial year it is forecast that we will achieve the majority of the indicators, and mitigating actions have been put in place to ensure the quality of care is improved in those areas where goals are partially achieved.

There are some schemes which have agreement with commissioners for a local incentive payment structure. This is where the national targets cannot be achieved, the Trust can demonstrate positive progress towards agreed goals instead and a percentage of the full CQUIN value is awarded.

The Health and Wellbeing: Staff survey has been able to demonstrate positive progress towards improving the health and wellbeing of staff but it is anticipated the improvements in national staff survey results for the required areas will not be achieved. Similarly, the national target set for frontline flu vaccinations was not achieved but the Trust can demonstrate considerable improvements on previous year's targets.

The locally agreed CQUIN targets to develop community consultant clinics for Respiratory Management have been delayed, and as such only a partial payment of the CQUIN value has been achieved.

The reduction in women smoking at delivery target is not expected to be achieved by the end of the year; however, targets for women signposted to stop smoking services and carbon monoxide readings taken at delivery targets have been achieved.

The E-referral process for 95% of letters reviewed within six days has significantly improved above baseline but the target to have all specialties compliant by year end is not expected to be achieved. Plans have been agreed to continue the roll out plan for all specialties into 2017/18.

The final settlement figure for 2016/17 has not yet been agreed. However, for the purpose of the year-end accounts, we are assuming this will equate to an estimated 88%, which is approximately £5.7m, based on secured and expected income. In 2015/16 the final figure received was £5,511,678.

### CQUINs 2016/17

The CQUINs for 2016/17 have been rated on a RAG (red/amber/green) basis dependent on achievement to date as detailed in the tables below:

#### Acute and community 2016/17

Goal	CQUIN targets and topics	Quality domain and RAG rating
1	Staff health and wellbeing	Effectiveness
2	Timely identification and treatment of sepsis	Safety Effectiveness
3	Antimicrobial resistance and antimicrobial stewardship	Safety Effectiveness
4	Consultant time input to enhance community care	Effectiveness
5	Cancer 62 day waits – root cause analyses	Safety Effectiveness
6	Dementia screening	Effectiveness
7	E-referral consultant review process	Effectiveness
8	Maternal smoking at delivery	Safety

#### NHS England Specialised services, Public Health & Dental 2016/17

Goal	CQUIN targets and topics	Quality domain and RAG rating
1	Adult critical care	Effectiveness
2	Optimal device	Effectiveness
3	Preventing term admissions to Neonatal Intensive Care	Safety
4	eGFR Monitoring System	Effectiveness
5	AAA Screening – improving access and uptake	Safety
6	Secondary care clinical attachment in oral surgery	Effectiveness

## CQUINs 2017/18

In 2017/18, the amount the Trust is again able to earn is 2.5% of the actual outturn value in CQUIN payments. The estimated value of this is approximately £6.17m. The apportionment in 2017/18 is different to previous years with 1.5% (£3.7m) apportioned to achieving the eleven indicators listed below. The remaining 1% is attributed to achieving local CQUIN indicators focused on prioritising engagement with the local Sustainability and Transformation Plan (STP) and delivery of financial balance across local health economies. This will be measured in two ways; firstly 0.5% is related to the Trust's STP contribution and 0.5% linked to achieving financial control totals.

### Acute and community 2017/18

Goal	CQUIN targets and topics	Quality domain
1	NHS Staff health and well-being	Effectiveness
2	Timely identification and treatment of sepsis, and antimicrobial resistance	Safety Effectiveness
4	Improving services for people with mental health needs who present to A&E	Safety Effectiveness
6	Advice and guidance	Effectiveness
7	E-referral consultant review Process	Effectiveness
8	Supporting proactive and safe discharge	Effectiveness
9	Preventing ill health by risky behaviours – alcohol and tobacco screening, advice, and referral	Effectiveness

### NHS England specialised services, Public Health & Dental 2017/18

Goal	CQUIN targets and topics	Quality domain
1	AAA Screening – improving access and uptake	Effectiveness
2	Secondary care clinical attachment in oral surgery	Effectiveness
GE3	Hospital medicines optimisation	Effectiveness
WC5	Neonatal community outreach	Safety Effectiveness

## Learning lessons

To improve the management and care of podiatry patients, a number of changes have been made. These include all referrals being reviewed on a daily basis and all urgent appointments being booked straight away.

### 2.2.5 Care Quality Commission (CQC) registration and reviews

The Dudley Group NHS Foundation Trust is required to register with the Care Quality Commission (CQC) and its current registration status is registered without conditions.

The Care Quality Commission has not taken enforcement action against the Trust during 2016/17. The Trust has not participated in any special reviews or investigations by the Care Quality Commission during the reporting period. The last inspection of the Trust by the CQC was in March 2014. Both a summary and full report of that inspection has been published and is available at [www.cqc.org.uk/provider/RNA](http://www.cqc.org.uk/provider/RNA). All required actions identified from that inspection have been taken by the Trust and assurance provided to the CQC.

The Trust was rated 'Good' in 30 out of the 38 core services inspected. The majority of the group categories (five out of eight) received an overall rating of 'Good'. Despite this, the overall rating for the Trust was 'Requires Improvement' (see below). The Trust has continued to undertake a series of self-assessments of its core services and clinical areas against the CQCs five domains (see Part 3.3.2 for more details).

#### Our ratings for Russells Hall Hospital (including Corbett and Dudley Guest)

	Safe	Effective	Caring	Responsive	Well-led	Overall
Accident and emergency	Good	Not rated	Good	Requires improvement	Requires improvement	Requires improvement
Medical care	Good	Good	Good	Good	Good	Good
Surgery	Good	Good	Good	Good	Good	Good
Critical care	Requires improvement	Good	Good	Requires improvement	Good	Requires improvement
Maternity & family planning	Requires improvement	Good	Good	Good	Requires improvement	Requires improvement
Children & young people	Good	Good	Good	Good	Good	Good
End of life care	Requires improvement	Good	Good	Good	Good	Good
Outpatients	Good	Not rated	Good	Requires improvement	Good	Good
Overall	Requires improvement	Good	Good	Requires improvement	Requires improvement	Requires improvement

#### Our ratings for Dudley Group NHS Foundation Trust

	Safe	Effective	Caring	Responsive	Well-led	Overall
Overall trust	Requires improvement	Good	Good	Requires improvement	Good	Requires improvement

#### Notes

1. We are currently not confident that we are collecting sufficient evidence to rate effectiveness for both Accident & Emergency and Outpatients.

2. The rating for overall trust for the well-led key question is different for the rating for well-led for the location. This reflects the inspection team's view of strong leadership from the executive team, trust board and the chief executive.





## 2.2.6 Quality of data

The Trust submitted records during 2016/17 to the Secondary Uses Service (SUS) for inclusion in the Hospital Episode Statistics (HES) which are included in the latest published data.

**The percentage of records in the published data which included the patient's valid NHS number**

	Trust	National average
Admitted patient care	99.8%	99.2%
Outpatient care	99.8%	99.5%
Accident and Emergency care	99.3%	96.6%

**The percentage of records in the published data which included the patient's valid General Practitioner Registration Code**

	Trust	National average
Admitted patient care	100%	99.9%
Outpatient care	100%	99.8%
Accident and Emergency care	100%	98.9%

All above figures are for April 2016 to Dec 2016.

The Trust's Information Governance Assessment Report overall score for 2016/17 was 71% and was graded 'Green', 'Satisfactory' and Level 2 compliant.

The Trust was not subject to the Payment by Results clinical coding audit during 2016/17.

This year, the Trust has reported two incidents to the Information Commissioner (ICO) when breaches to the confidentiality of patient data occurred. For each incident, a full investigation was undertaken in accordance with the Trust's incident management policy and procedures.

The learning from these incidents has been shared widely within the Trust. Both the ICO and our Commissioners have been engaged during our investigation process and are satisfied that we acted swiftly and appropriately, including disciplining staff involved, engaging with the affected patients during our investigation and including making swift and full apologies through the application of the Trust's Duty of Candour processes.

The Trust will be taking the following actions to improve data quality:

- The Trust continually monitors data quality externally via Secondary Uses Service (SUS) reporting, and University Hospitals Birmingham Hospital Evaluation Data tool (HED).

### Patients told us...

"All the staff are absolutely fantastic on this ward. They are very friendly, polite and helpful, and the entire department is very clean. The service my husband received is second to none."

## 2.2.7 Core set of mandatory indicators

All trusts are required to include comparative information and data on a core set of nationally-used indicators. The tables include the two most recent sets of nationally-published comparative data as well as, where available, more up-to-date Trust figures. It should be appreciated that some of the 'Highest' and 'Lowest' performing trusts may not be directly comparable to an acute general hospital, for example, specialist eye or orthopaedic hospitals have very specific patient groups and so generally do not include emergency patients or those with multiple long-term conditions.

Mortality				
Topic and detailed indicators	Immediate reporting period: Oct 2015 - Sept 2016		Previous reporting period: Jul 2015 - June 2016	
	Value		Value	
Summary Hospital-level Mortality Indicator (SHMI) value and banding	Trust	0.9822	Trust	0.9639
	National average	1	National average	1
	Highest/Lowest	1.1638 / 0.6897	Highest/Lowest	1.1712 / 0.6939
	Banding		Banding	
	Trust	2	Trust	2
	National average	2	National average	2
Percentage of patient deaths with palliative care coded at either diagnosis or specialty level (Context indicator)	Highest/Lowest	1/3	Highest/Lowest	1/3
	Trust	31.53%	Trust	31.3%
	National average	30.04%	National average	29.2%
	Highest/Lowest	56.3% / 14.6%	Highest	54.8% / 13.0%

### Statements (SHMI)

The Trust considers that this data is as described for the following reasons: The Trust is pleased to note that the Trust's SHMI values are within the expected range.

The Trust has taken the following action to improve this indicator and so the quality of its services by continuing to improve case note reviews of deaths in hospital.

### Statements (palliative care coding)

The Trust considers that this data is as described for the following reasons: There is a very robust system in place to check accuracy of palliative care coding.

The Trust has taken the following action to improve this percentage, and so the quality of its services by ensuring this percentage will always be accurate and reflect actual palliative care.

Patient Reported Outcome Measures (PROMS)				
Topic and detailed indicators	Immediate reporting period 2015/16 Provisional		Previous reporting period 2014/15 Final	
Groin Hernia Surgery	Trust	0.07	Trust	0.05
	National average	0.09	National average	0.08
	Highest/Lowest	0.16 / 0.02	Highest/Lowest	0.15 / 0.00
Varicose Vein Surgery	Trust	0.04	Trust	0.10
	National average	0.10	National average	0.09
	Highest/Lowest	0.15 / 0.02	Highest/Lowest	0.15 / -0.01
Hip Replacement Surgery	Trust	0.44	Trust	0.43
	National average	0.44	National average	0.44
	Highest/Lowest	0.51 / 0.32	Highest/Lowest	0.52 / 0.33
Knee Replacement Surgery	Trust	0.32	Trust	0.32
	National average	0.32	National average	0.31
	Highest/Lowest	0.40 / 0.20	Highest/Lowest	0.42 / 0.20

### Statements

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

Using feedback data (from HSCIC) we are very pleased with the outcomes that patient report. Patients who said that their problems are better now when compared to before their operation:

- Groin hernia: 95% (national = 94%),
- Hip replacement: 96% (national = 95%),
- Knee replacement: 90% (national = 89%),
- Varicose veins: 84% (national = 89%)

The Trust has taken the following actions to improve these scores, and so the quality of its services by ensuring the Trust regularly monitors and audits the pre and postoperative healthcare of all patients. Surgical operative outcomes are consistently of high quality and safety, with excellent patient satisfaction for these procedures.



## Readmissions

Topic and detailed indicators	Immediate reporting period: 2011/12		Previous reporting period: 2010/11	
% readmitted within 28 days Aged 0-15	Trust	9.09	Trust	9.34
	National average	10.15	National average	10.15
	Highest/Lowest	NA*	Highest/Lowest	NA*
% readmitted within 28 days Aged 16 and over	Trust	11.62	Trust	11.55
	National average	11.45	National average	11.42
	Highest/Lowest	NA*	Highest/Lowest	NA*

### Statements

The Trust considers that this data is as described for the following reasons: Since the only national published figures (see across) are historical, we have looked at our latest locally available (pre-published) data. (Aged 16 and over: 2012/13 10.2%, 2013/14 9.9%, 2014/15 7.69%, 2015/16 8.02%, 2016/17 ytd.\*\* 8.27%); (Age 0-15: 2012/13 10.3%, 2013/14 9.7% 2014/15 10.05%, 2015/16 10.21%, 2016/17 ytd. \*\* 10.77%)

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

- Adults: Further develop our ambulatory care facilities in medicine and surgery and review clinical pathways and outpatient rapid access in a more structured manner with appropriate clinicians
- Children: Further review our assessment processes for those that require a specialist paediatric assessment and work with commissioners to develop services for those patients requiring on going CAMHS support and embed a community paediatric service

\*comparative figures not available. \*\*2016/17 ytd. = April 2016 to December 2016

## Responsiveness to inpatients' personal needs

Topic and detailed indicators	Immediate reporting period: 2015/16		Previous reporting period: 2014/15	
Average score from a selection of questions from the National Inpatient Survey measuring patient experience (Score out of 100)	Trust	67.4	Trust	66.8
	National Average	69.6	National average	68.9
	Highest/Lowest	86.2 / 58.9	Highest/Lowest	86.1 / 59.1

### Statements

The Trust considers that this data is as described for the following reasons: The Trust notes that it is slightly lower than the national average and is making year on year improvements

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

- ensuring the Trust continues to ask these questions as part of the real-time surveys, and ensure actions are taken through the 'You said we have' plans and monitor performance and seek assurance on progress through the Patient Experience Group

## Staff views

Topic and detailed indicators	Immediate reporting period: 2016		Previous reporting period: 2015	
Percentage of staff who would recommend the Trust to friends or family needing care (Comparison is with all combined acute and community trusts)	Trust	72%	Trust	75%
	National average	68%	National average	67%
	Highest/Lowest	not available	Highest/Lowest	89% / 46%

### Statements

The Trust considers that this data is as described for the following reasons: The Trust is disappointed there has been a decrease in the percentage of staff who would recommend the Trust as a place to receive treatment.

The Trust intends to take/has taken the following actions to improve this percentage, and so the quality of services by:

- multidisciplinary groups focusing on action planning for improvements
- communicating with and supporting managers to understand their data broken down by division and area and take actions where necessary
- involving and communicating with staff through adopting the Listening in Action programme

For a full review of the NHS Staff Survey and information related to the Workforce Race Equality Standard, please see the Annual Report.

## Venous Thromboembolism (VTE)

Topic and detailed indicators	Immediate reporting period: Q3 (Oct-Dec 2016)		Previous reporting period: Q2 (Jul-Sep 2016)	
Percentage of admitted patients risk-assessed for Venous Thromboembolism	Trust	95.31%	Trust	94.11%
	National average	95.64%	National average	95.51%
	Highest/Lowest	100%/76.48%	Highest/Lowest	100%/72.14%

### Statements

The Trust considers that this data is as described for the following reasons: The Trust is pleased to note that it is near the national average in undertaking these risk assessments.

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

- continuing the educational sessions with each junior doctor intake
- continuing with a variety of promotional activities to staff and patients

An internal audit of VTE was completed this year. Please refer to the comment on this in the Annual Governance Statement in the Accountability Report from page 43

## Infection control

Topic and detailed indicators	Immediate reporting period: 2015/16		Previous reporting period: 2014/15	
Rate of Clostridium difficile per 100,000 bed days amongst patients aged 2 or over	Trust	18.4	Trust	15.6
	National average	14.9	National average	15.0
	Highest/Lowest	66.0/0	Highest	62.6/0

### Statements

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

- The data included is for the total number of post 48 hr C. difficile cases identified within any acute Trust. It does not take into account avoidability assessments. The data for the number of cases which demonstrate a lapse in care has improved year on year.

The Trust intends to take/has taken the following actions to improve this rate, and so the quality of its services by:

- the process for reviewing individual C. diff cases is continuing and a new avoidability tool is being introduced from April 2017 to reflect revised national guidance and will ensure that a true objective assessment of cases is made.
- The well-functioning antimicrobial guidelines have been updated to reflect the drive down of the total number of antibiotics prescribed and the Trust is delivering the CQUIN target of reducing antibiotic usage.
- Treatment protocols for C. diff continue to be updated to ensure they reflect current evidence-based practice.

## Clinical incidents

Topic and detailed indicators	Immediate reporting period: Apr 2016 – Sep 2016		Previous reporting period: Oct 2015 – Mar 2016	
Rate of patient safety incidents (incidents reported per 1000 bed days) (Comparison is with 136 acute trusts)	Trust	35.23 (number 4232)	Trust	*46.88 (number 5547)
	Average	40.8	Average	39.6
	Highest/Lowest	71.18/21.15	Highest	75.91/14.77
Percentage of patient safety incidents resulting in severe harm or death	Trust	0.33% (number 14)	Trust	0.7% (number 23)
	National average	0.4%	National average	0.4%

### Statements

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

- as organisations that report more incidents usually have a better and more effective safety culture, the Trust is pleased to note it has higher than average reporting rates and its severe incidents are in line with the national average.

The Trust has taken the following actions to improve this rate and the numbers and percentages, and so the quality of its services by:

- continued focus on the dissemination of learning from incidents especially serious incidents to seek to reduce the likelihood of similar incidents occurring elsewhere in the Trust
- continued investment across the year on training staff on incident investigations to enable them to focus on the root cause of the incident and therefore develop better actions plans

\*Due to a timing difference between the Trust data and upload to the NRLS, the NRLS figures are slightly different. However the figures included represent the true position of the Trust.

The data above for the immediate reporting period April to September 2016 is for all closed incidents up to the 30th November 2016. NRLS (National Reporting and Learning System) data only records incidents that are closed within that period. Unfortunately this shows deterioration in the rate of closure, however the Trust remains a high reporter, a total of 7267 incidents were reported during this 6 month period.

In addition to the above indicators, NHS England has requested that the Trust includes the latest results of the two following questions that are asked as part of the National Staff Survey:

## Staff Survey results

2016					
Percentage of staff experiencing harassment, bullying or abuse from staff in the last twelve months	Trust	20%	Percentage of staff believing that Trust provides equal opportunities for career progression or promotion	Trust	88%
	National average	23%		National average	87%

## Part 3: Other quality information

### 3.1 Introduction

The Trust has a number Key Performance Indicator (KPI) reports which are available and used by a variety of staff groups to monitor quality on a day-to-day basis. The main repository for the reporting of the Trust's key performance measures is a web based dashboard, which is available to all senior managers and clinicians and currently contains over 130 measures, grouped under the headings of Quality, Performance, Workforce and Finance.

In addition, continual monitoring of a variety of aspects of quality of care include weekly reports sent to senior managers and clinicians which include the Emergency Department, Referral to Treatment and stroke and cancer targets. Monthly reports which include a breakdown of performance by ward based on Nursing Care Indicators, ward utilisation, adverse incidents, governance and workforce indicators, and patient experience scores are also sent to all wards. In becoming more transparent, each ward now displays its quality comparative data on a large information board (Patient Safety Huddle Boards) for staff, patients and their visitors.

To compare ourselves against other trusts, we use Healthcare Evaluation Data (HED) – a leading UK provider of comparative healthcare information – as a business intelligence monitoring tool.

To ensure quality improvement, the Trust has multiple organisation-wide frameworks from which it shares learning from patient feedback, clinical reviews and incidents. These include:

- **Learning Events** These occur every two months when a number of case studies are presented which are identified from incidents, complaints or safeguarding events. The attendees are drawn from all disciplines from across the organisation and participate in a lively question and answer session that explores the cases being presented.
- **Quarterly Learning Report** A quarterly learning report is produced outlining learning that has occurred across the organisation from all sources; incidents, complaints and reviews. This is presented to the directors and uploaded to the Trust intranet for all staff and shared with Dudley Clinical Commissioning Group.
- **Incident Reporting Database** Every incident that occurs is reported in a central database which is designed to capture changes in

practice, learning and good practice to share across the organisation. This data is included in the quarterly learning report and cascaded through Divisional meetings.

- **Intranet Learning Page** The Trust has a designated intranet page to which all staff have access.

The following three parts of this report provide an overview, with both statistics and examples, of the quality of care at the Trust, using the three elements of quality as outlined in the initial Chief Executive's statement:

**Patient Experience:** Does the Trust provide a clean, friendly environment in which patients are satisfied with the personal care and treatment they receive?

**Patient Safety:** Are patients safe in our hands?

**Clinical Effectiveness:** Do patients receive a good standard of clinical care?

The final part includes indicators and performance thresholds set out by NHS Improvement, the Trust regulator, in its Risk Assessment Framework.

### Patient Experience

#### 3.2 Does the Trust provide a clean, friendly environment in which patients are satisfied with the personal care and treatment they receive?

##### 3.2.1 Introduction

The Trust values and welcomes all feedback to help us ensure we meet the needs and expectations of our patients, their families and carers, our staff and our stakeholders. As a Foundation Trust we are also legally obliged to take into consideration the views of our members as expressed through our Council of Governors.

##### 3.2.2 Trust-wide initiatives

We gather feedback in a number of ways, some of which are described in other parts of this report (e.g. complaints, concerns, compliments, quality and safety reviews) and some in more detail below:

- real-time surveys (face-to-face surveys)
- patient stories
- NHS Choices and Patient Opinion online reviews
- the Friends and Family Test (FFT)
- national surveys including the National Inpatient Survey

**Real-time surveys** During the year, 1,573 inpatients participated in our real-time surveys. These surveys complement the Friends and Family Test and the results are provided in a combined report to wards and specialties, allowing them to use valuable feedback from patients in a timely manner. The data also allows us to react quickly to any issues and to use patient views in our service improvement planning.

**Patient stories** The continued use of patient stories at Board of Directors meetings during the year enables the patient voice to be heard at the highest level. These stories are circulated to senior managers and shared with frontline staff and used for service development planning and training purposes.

Below are some examples of the quantity of feedback we received during the year and more detailed information about some of the methods. These methods alone highlight more than 34,000 opportunities for us to listen to our patients' views.

Method	Total
FFT – Inpatient (inc. daycase)	12,163
FFT – Emergency Department	3,905
FFT – Maternity	4,346
FFT – Community	2,033
FFT – Outpatients	5,959
Community patient experience survey	435
Real-time surveys (inpatient 1,440, EAU 81, maternity 52)	1,573
NHS Choices/Patient Opinion	216
National surveys Adult Inpatient 2016	759
Inpatient food surveys	3,028
Discharge surveys	157
Bereavement surveys	281

## NHS Choices and Patient Opinion

Patients can give feedback about their experience of any of our services on the NHS Choices and Patient Opinion websites. Patients can post comments anonymously or choose to give their name and all comments are responded to.

During 2016/17, we received 216 pieces of feedback via NHS Choices and Patient Opinion. We actively encourage patients to engage in this way and consistently attract more comments than neighbouring trusts.

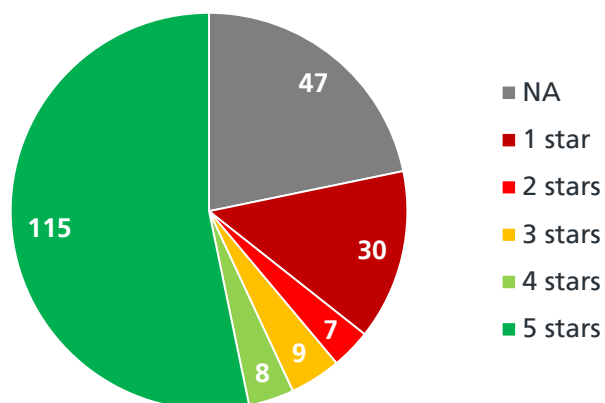
NHS Choices operates a star rating system where patients can also rate their experience from one to five stars. Not everyone chooses to award a star rating. The average star rating for each of the

Trust sites was 4 stars or better. More than 65% of all comments received have been positive.

## NHS Choices overall star ratings as at 2 May 2017

Location	Star rating
Russells Hall Hospital	★★★★★
Corbett Outpatient Centre	★★★★★
Guest Outpatient Centre	★★★★★
The Dudley Group (no location)	★★★★★

## NHS Choices star ratings for 2016/17



## Friends and Family Test (FFT)

The results are published on the national NHS Choices website as: Normal, Better or Worse compared to others. The scores are also displayed on our website, in our wards/departments and updated monthly for patients to see on 'huddle boards'.

The test asks patients to answer a simple question "How likely are you to recommend (the particular service or department) to friends and family if they needed similar care or treatment?" with answers ranging from extremely likely to extremely unlikely. This is followed up with a question asking "Please tell us why you gave that response".

This table shows our FFT scores for 2016/17 which indicates, for the majority of months, the Trust was above the national average and a high scorer compared to our neighbours.

Where organisations have collected fewer than five responses, the figures are not published.

With regards to response rates for FFT, based on the available national figures, the Trust rate is equal to or higher than the national average for A & E, all of the four maternity areas but less than the national average for inpatients, community and outpatients.

See full data on the following page.



## Friends and Family Test (FFT) results 2016/17

		2016						2017					
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Inpatients	Sandwell & West Bham	96%	90%	83%	86%	83%	86%	88%	94%	96%	97%	95%	96%
	<b>Dudley Group</b>	<b>97%</b>	<b>97%</b>	<b>97%</b>	<b>95%</b>	<b>97%</b>	<b>97%</b>	<b>98%</b>	<b>95%</b>	<b>98%</b>	<b>96%</b>	<b>97%</b>	<b>97%</b>
	Royal Wolverhampton	93%	92%	91%	92%	92%	93%	95%	94%	94%	94%	94%	96%
	Walsall	94%	94%	97%	97%	95%	93%	93%	93%	92%	92%	93%	90%
	Worcester Acute	98%	97%	98%	96%	97%	95%	95%	95%	96%	97%	96%	95%
	National average	96%	96%	96%	96%	95%	96%	95%	96%	95%	96%	95%	96%
A&E	Sandwell & West Bham	78%	85%	86%	84%	83%	78%	73%	75%	79%	77%	76%	73%
	<b>Dudley Group</b>	<b>91%</b>	<b>91%</b>	<b>88%</b>	<b>92%</b>	<b>92%</b>	<b>92%</b>	<b>94%</b>	<b>93%</b>	<b>90%</b>	<b>75%</b>	<b>76%</b>	<b>81%</b>
	Royal Wolverhampton	79%	80%	82%	81%	80%	86%	83%	84%	83%	88%	85%	84%
	Walsall	91%	92%	96%	93%	80%	77%	71%	73%	72%	71%	75%	78%
	Worcester Acute	91%	85%	90%	93%	91%	91%	90%	92%	97%	94%	92%	98%
	National average	86%	85%	86%	85%	87%	86%	86%	86%	86%	87%	87%	87%
Maternity antenatal	Sandwell & West Bham	100%	91%	94%	94%	86%	79%	86%	90%	86%	97%	85%	95%
	<b>Dudley Group</b>	<b>95%</b>	<b>100%</b>	<b>100%</b>	<b>96%</b>	<b>98%</b>	<b>99%</b>	<b>100%</b>	<b>100%</b>	<b>99%</b>	<b>96%</b>	<b>96%</b>	<b>96%</b>
	Royal Wolverhampton	-	-	100%	-	-	100%	100%	94%	100%	95%	100%	88%
	Walsall	88%	86%	90%	90%	91%	95%	95%	94%	89%	82%	71%	80%
	Worcester Acute	98%	100%	98%	97%	99%	100%	99%	100%	97%	98%	99%	98%
	National average	96%	96%	95%	95%	95%	96%	95%	96%	96%	96%	96%	96%
Maternity birth	Sandwell & West Bham	92%	90%	-	-	100%	87%	71%	88%	90%	88%	92%	92%
	<b>Dudley Group</b>	<b>100%</b>	<b>96%</b>	<b>99%</b>	<b>96%</b>	<b>100%</b>	<b>99%</b>	<b>98%</b>	<b>100%</b>	<b>100%</b>	<b>98%</b>	<b>99%</b>	<b>100%</b>
	Royal Wolverhampton	99%	99%	100%	98%	100%	100%	100%	100%	100%	100%	100%	100%
	Walsall	95%	96%	99%	96%	96%	95%	91%	100%	96%	88%	97%	95%
	Worcester Acute	100%	99%	100%	98%	100%	99%	94%	99%	98%	100%	99%	100%
	National average	96%	97%	97%	97%	96%	96%	96%	97%	96%	97%	97%	97%
Maternity postnatal (ward)	Sandwell & West Bham	97%	100%	100%	-	-	74%	81%	93%	93%	91%	94%	83%
	<b>Dudley Group</b>	<b>95%</b>	<b>96%</b>	<b>99%</b>	<b>94%</b>	<b>98%</b>	<b>97%</b>	<b>98%</b>	<b>99%</b>	<b>99%</b>	<b>97%</b>	<b>99%</b>	<b>99%</b>
	Royal Wolverhampton	90%	92%	90%	87%	85%	96%	95%	85%	97%	96%	96%	89%
	Walsall	95%	93%	96%	98%	94%	90%	95%	95%	96%	84%	84%	77%
	Worcester Acute	99%	98%	100%	96%	98%	94%	93%	96%	97%	97%	98%	98%
	National average	94%	94%	94%	93%	93%	94%	94%	94%	94%	94%	94%	94%
Maternity postnatal (community)	Sandwell & West Bham	99%	99%	100%	98%	96%	91%	-	-	-	-	-	80%
	<b>Dudley Group</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>99%</b>	<b>99%</b>	<b>100%</b>	<b>100%</b>	<b>99%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
	Royal Wolverhampton	97%	100%	100%	100%	-	100%	100%	96%	99%	98%	100%	100%
	Walsall	100%	100%	100%	-	-	-	-	-	100%	100%	95%	100%
	Worcester Acute	100%	98%	100%	100%	100%	97%	100%	100%	100%	97%	100%	100%
	National average	97%	98%	98%	98%	97%	98%	98%	97%	98%	98%	98%	98%
Community	Sandwell & West Bham	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Dudley Group</b>	<b>97%</b>	<b>95%</b>	<b>94%</b>	<b>98%</b>	<b>96%</b>	<b>96%</b>	<b>95%</b>	<b>96%</b>	<b>94%</b>	<b>94%</b>	<b>98%</b>	<b>97%</b>
	Royal Wolverhampton	88%	86%	93%	-	-	82%	83%	82%	83%	89%	88%	88%
	Walsall	95%	97%	98%	98%	97%	98%	98%	97%	99%	95%	97%	97%
	Worcester Acute	98%	97%	97%	95%	95%	94%	96%	96%	96%	96%	95%	96%
	National average	95%	95%	95%	95%	96%	95%	95%	95%	95%	95%	96%	96%
Outpatients	Sandwell & West Bham	87%	88%	88%	86%	89%	88%	88%	89%	90%	88%	88%	90%
	<b>Dudley Group</b>	<b>85%</b>	<b>82%</b>	<b>93%</b>	<b>92%</b>	<b>92%</b>	<b>92%</b>	<b>93%</b>	<b>95%</b>	<b>93%</b>	<b>95%</b>	<b>94%</b>	<b>96%</b>
	Royal Wolverhampton	93%	93%	93%	93%	93%	93%	93%	93%	92%	93%	93%	94%
	Walsall	97%	94%	97%	97%	97%	91%	89%	90%	92%	90%	91%	89%
	Worcester Acute	94%	94%	95%	95%	94%	93%	95%	95%	94%	94%	92%	95%
	National average	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%

- Data not published

### 3.2.3 National survey results

In 2016/17, the results of one national patient survey were published: the Adult Inpatient survey. During the year the Emergency Department survey, Maternity Patient Experience survey and Children and Young People surveys were also conducted with results due after April 2017.

Participants for all national surveys are selected against the sampling guidance issued for the months indicated in the table below:

Survey name	Survey sample month	Response rate	
		Trust	National
2016 Adult Inpatient	July 2016	39%	44%
2016 Children and Young People's	Sept-Oct 2016	n/a	n/a
2016 Emergency Department survey	October 2016	25.1%	n/a
2017 Women's Experiences of Maternity Services	February 2017	n/a	n/a

n/a = Not available at time of publication

#### What the results of the surveys told us

##### 2016 Adult Inpatient survey

The national results will be published in May/June 2017 and provide a report on the performance of all trusts nationwide. The Trust's own results were available in February 2017 and provided a comparison on how we had performed against our own 2015 scores. The results identified those areas where we have improved compared to our results in 2015 and where we need to focus on improvement.

The survey highlighted some positive aspects of the patient experience in the following areas:

**Overall:** 80% rated care 7+ out of 10.

**Overall:** 80% were treated with respect and dignity.

**Doctors:** 75% always had confidence and trust.

**Hospital:** 96% said room or ward was very/fairly clean.

**Hospital:** 94% said toilets and bathrooms were very/fairly clean.

**Care:** 89% always had enough privacy when being examined or treated.

We continue to use the feedback from national and local surveys to improve patient experience. Below are some examples of actions taken as a result of patient feedback:

Care and treatment	
You said	We did
More information was needed about the availability of interpreting services	Reviewed the information provided to patients to include details about availability of interpreting services
There should be more nurses on the ward	Continued to recruit to vacant posts including regular recruitment days, rolling adverts on NHS jobs and use of social media to advertise vacancies and promote the benefits of working for us.

Communication	
You said	We did
Younger people with learning disabilities can be anxious when coming into unfamiliar hospital surroundings	Created a virtual tour in partnership with Autism West Midlands, funded by Dudley Autism Partnership Board, which enables patients with learning disabilities and autism to view the inside of the hospital before they visit. The tour can be accessed via Google maps
It would be helpful to have up to date information about any delays when attending outpatients appointments	Installed new electronic displays in main outpatient waiting areas to provide up to date information about clinic delays
Clearer information about your care was needed for in-patients	Redesigned and installed new 'behind the bed' boards to display more information relating to care and treatment
More information was needed about ward routines and what to expect at point of discharge	Produced new welcome booklet for inpatients detailing what to expect in hospital and their care needs at home
I needed my appointment letter in larger font size	Existing systems in place to create letters in large font format requested by patients
Maternity information should be accessible using an App	Worked with the Bounty company to create an App to be launched in near future

Food and drink	
You said	We did
We should provide a wider variety of food for inpatients	Reviewed our inpatient menus with the new 'Chosen by Patients' menus rolled out Feb 2016 with increased choice at lunch and supper
More gluten free options are needed	Reviewed the menus and now provide a wider range of gluten free meals and meals prepared with gluten free products
It would be good to have more healthy snack options available in the main restaurant area for visitors and staff	Increased the variety of healthy choices available in the main restaurant available from the main canteen and vending facilities. Options include gluten free and healthy options.

Appointments and discharge	
You said	We did
Free parking should be provided for those collecting death certificates	Developed a process where a pre-paid parking ticket is provided to relatives visiting the bereavement office to collect a death certificate
Physiotherapy appointments should be available closer to home	Options for patients to be seen in a number of locations across the borough including home visits
Outpatients Clinic signage should be improved at the Russells Hall Hospital site	Installed electronic displays identifying which clinics are undertaken in each area



### 3.2.4 Examples of specific patient experience initiatives

#### Health and wellbeing events for both patients with cancer and their relatives

Following a number of national programmes such as the Cancer Survivorship Initiative, these events are now occurring at the Trust. They are held on a regular basis and presently there are two types, one for all cancer patients and one specifically for patients with prostate cancer. They are monthly education and information sessions enabling both people living with cancer together with their families to manage the effects of the illness by giving them the necessary information to promote positive lifestyle change.

They provide information about:

- signs and symptoms to look out for
- potential consequences of treatment
- self-management and lifestyle advice including physical and psychological care
- where to obtain further support

The events for all cancer patients cover generic issues while the prostate cancer sessions concentrate on issues specific to that condition. One off events for other cancer conditions have been held with the aim of these becoming also regular events in the future. All provide the opportunity to talk to other cancer patients and health professionals, empowering patients to have more confidence to question and challenge information; to make informed decisions about their health and to be able to deal with the physical discomfort and emotional distress associated with cancer and its treatment and prevent it from interfering with their everyday life.

It is very reassuring for patients that, even if they do not need services at that time, they still know what is available and how to access it in the future. The events have been set up following a grant from Macmillan to cancer survivorship leads Tracy Beese (nurse specialist), Alison Jinks (allied health professional) and Angela Nichols (nurse specialist – prostate cancer).

#### New Multidisciplinary (MDT) Care Co-ordinators

All Dudley patients over the age of 65 now receive a telephone call after they are discharged from hospital to see if they need extra help and support at home. The new MDT coordinator service helps to make sure vulnerable patients receive the support they need following discharge, avoid unnecessary visits to hospital and have access to care closer to home.



The team of ten MDT care coordinators assist patients with anything from social security benefits to carers support, home repairs to community fire prevention, and any other health or social care needs. They provide patients with a vital link between the hospital, their GPs and other community-based services, and the aim is to help them to live independently and remain in their own homes.

One patient who has already received help from a care coordinator is Ronnie Myatt, 81, from Brierley Hill. "I was delighted when Karen called to check how I was managing at home. It gave me real peace of mind to know that someone was thinking about me and was interested in my recovery," said Ronnie. The coordinators are based at Brierley Hill Health and Social Care Centre and work with the multi-disciplinary teams at each GP practice to determine which patients are most frail or vulnerable and in need of a follow up phone call. They will also discuss people who visit hospital frequently, and use the meetings to consider prevention plans and community services to support them so they can remain in their own home.

### **Therapy dogs helping our patients recover more quickly**

In December 2016, therapy dogs started visiting the Children's Ward and in January 2017 started visiting the Stroke Unit. The concept of pet therapy arose from the observation that patients with pets appear to recover from medical/surgical procedures more quickly compared to patients without pets.

The idea for the use of pets on the Children's Ward came from one of the Children's Ward Outreach Team members who was approached by a member of the public.

There are two dogs, Tilly and Ivy, who will be visiting patients one at a time. Prior to the dogs visiting, all patients are assessed and spoken to beforehand to determine the appropriateness and gain their consent to see the dogs.

The first visit to the Children's Ward proved to be a success. One little girl who was very worried about having a cannula inserted and bloods taken had Ivy sit with her as a distraction and the bloods were taken very easily and quickly.

### **Virtual tour for people with learning disabilities**

People with autism in Dudley had identified environments which made them feel anxious, the hospital setting being one of these. In partnership with Autism West Midlands, Russells Hall Hospital was identified as a perfect location for a virtual tour. A Google photographer and the Trust's Learning Disability Liaison Nurse filmed the most frequently used departments and areas and the Tour was launched during 2016.

Since its launch, the Dudley Autism Partnership has reported that the impact of the tour has been significant in reducing anxieties of patients about coming into hospital. Patients can plan their admission beforehand, knowing what the environment looks like and where things like toilets and quiet areas are situated. The virtual tour can be accessed through the Trust website in the learning disabilities section or at:

[www.seeinsidetheuk.com/autism\\_wm/dudley/](http://www.seeinsidetheuk.com/autism_wm/dudley/)





## 3.2.5 Complaints, concerns and compliments

### Complaints

The graph at the bottom of this page shows the number of complaints received (which was 279 in the year) expressed as a percentage of the number of admissions to the Trust and local trusts. It can be seen that the percentage of the complaints per number of admissions at the Trust has been reducing since 2012/13 and our figures compare well with those of our acute Trust neighbours.

For 2016/17, the data is for The Dudley Group is for the whole year while for our neighbours the first six months only.

Data is taken from:

[www.england.nhs.uk/statistics/statistical-work-areas/hospital-activity/quarterly-hospital-activity/qar-data/](http://www.england.nhs.uk/statistics/statistical-work-areas/hospital-activity/quarterly-hospital-activity/qar-data/)

### Percentage of complaints against activity

The table below shows the percentage of complaints against total patient activity in each quarter of 2016/17 with the full year figures compared to last year. As can be seen from the table, the percentage of complaints against activity has remained low and the same as last year.

	15/16	Q1	Q2	Q3	Q4	16/17
Total patient activity	745,455	198,194	189,578	188,952	192,902	769,626
Complaints against activity	0.03%	0.04%	0.03%	0.03%	0.03%	0.03%

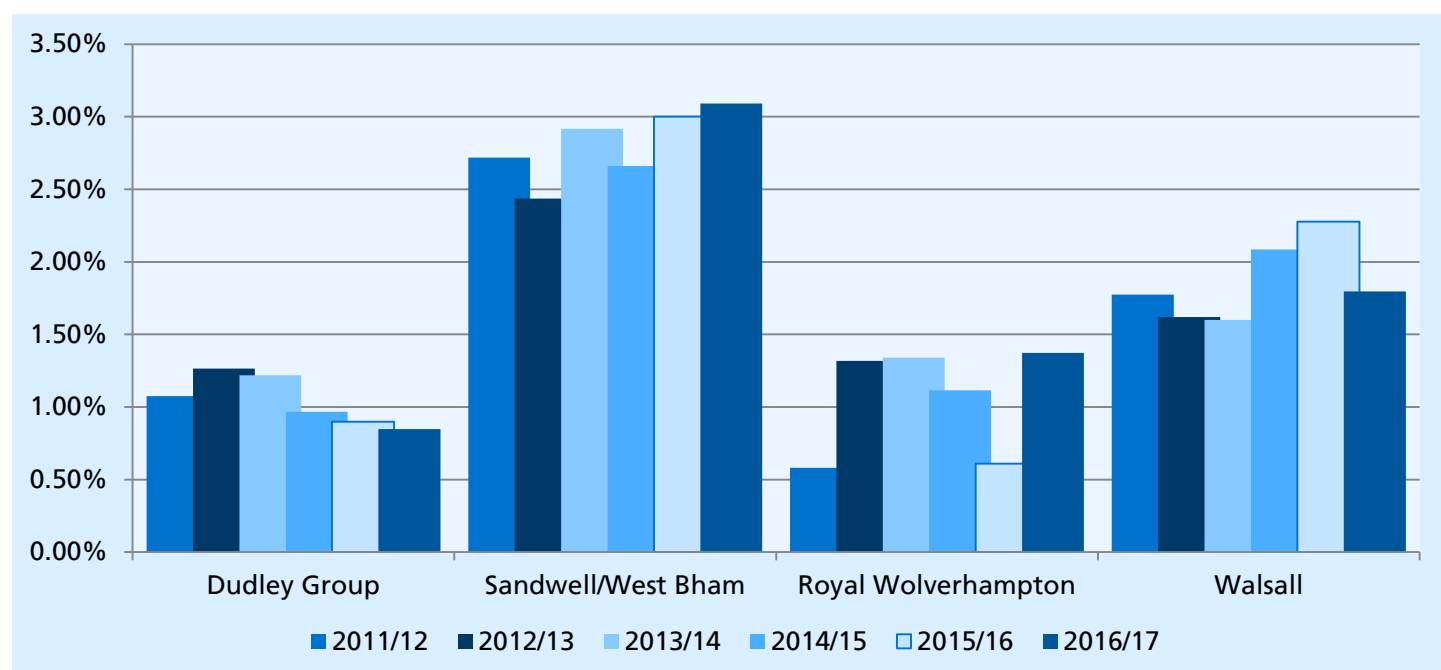
### Complaints to the Parliamentary and Health Service Ombudsman (PHSO)

For the period April – October 2016 (latest data available), the PHSO received 15 complaints about the Trust and two of these have been accepted so far to be investigated by the PHSO office.

### Complaints by type

The table below shows the types of complaints received during the year. Although the number of complaints have fallen year on year, the types of complaints we receive remain similar from year to year, reflecting the importance that patients place on effective treatment and timely appointments, discharge and transfers.

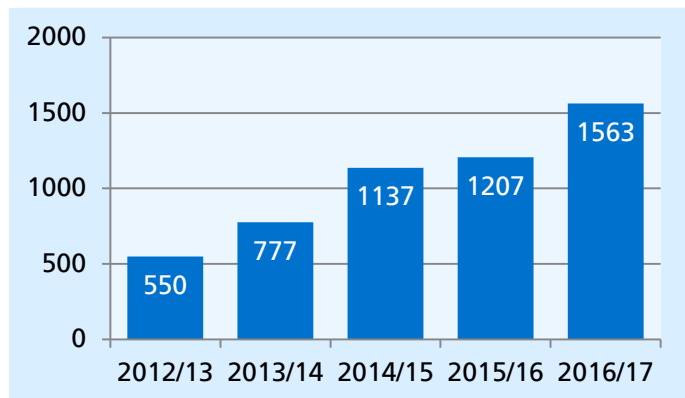
Complaint type	Total
Clinical care (assessment/monitoring)	108
Records, communication, information, IT and waiting times	56
Admission, discharge, transfers (including self-discharge and absconding) & appointments	35
Values and behaviour of staff (formerly staff attitude)	15
Diagnosis and tests	14
Nursing care	14
Workforce (including security and catering)	13
Obstetrics	9
Medication	5
Aids, appliances and equipment	5
Privacy and dignity	3
Falls, injuries or accidents	2



## Concerns

The following graph shows the total number of concerns raised over the last five years with the Patient Advice and Liaison Service (PALS). We have worked hard to raise awareness of the PALS team to our patients, carers and their families and have seen a year on year increase in the number of those contacting the service.

### Number of concerns received



### Concerns by type

The table below shows the types of concerns received during the year. Like complaints, the types of concerns we receive remain similar from year to year, reflecting the importance that patients place on timely appointments and effective treatment.

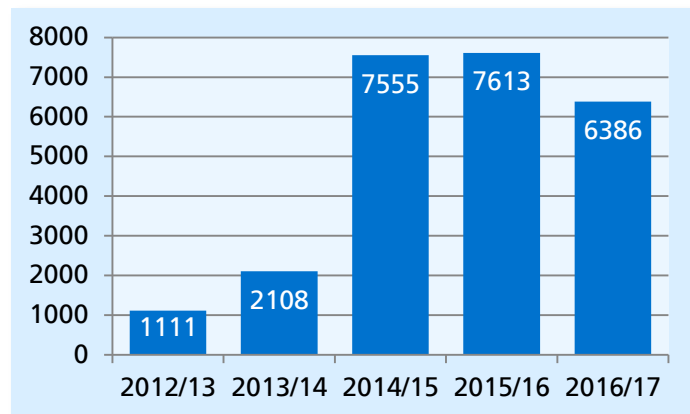
Concerns type	Total
Appointments, discharge and transfers (including self-discharge and absconding)	728
Clinical care (Assessment/Monitoring)	395
Records, communication, information and IT	317
Diagnosis and Tests	100
Facilities (Security, estates, transport, fire etc.)	57
Workforce	50
Equipment	37
Medication	32
Health and Safety	7
Infection Control	7
Falls, injuries or accidents	7
Safeguarding	6
Violence, Aggression and Self Harm	5
Obstetrics	3
Theatres	3
Blood Transfusions	1

### Compliments

The following graph shows the total number of compliments received during the year compared with previous years. It is very pleasing to see how many patients take the time to tell us of their good experiences, with 6,386 compliments

received during the year (compared to 279 compliments for the year). All compliments received are shared with staff so they can hear first-hand what our patients say about their particular area/ward or department.

### Number of compliments received



### Examples of actions taken and changes in practice made in response to complaints and concerns

Issue raised	Actions taken/changes made
<b>Condition not seen to be urgent</b>	Patients who visit ED with chemical burns to the eyes should be categorised as high category. Red card system in ED to highlight that this type of trauma must be seen as urgent
<b>Patient referred by GP to the orthopaedic assessment service with an appointment booked that was cancelled without explanation</b>	Established that appointment had been cancelled as part of the triage process. The process has since been reviewed so that all referrals are triaged prior to appointments being sent out to the patient. This was implemented in July/August 2016 to ensure that the right appointment is given to the right patient first time
<b>More information was needed about discharge arrangements and who to contact if patients had a problem after arriving home</b>	Reviewed the information provided to patients on admission to include information about their discharge, what to expect and who to contact if they had any worries or concerns. Reminded staff of the importance of keeping patients and their families up-to-date on discharge arrangements.
<b>Delay in receiving colonoscopy results</b>	National recruitment initiative in the speciality to improve turnover of procedures and reporting of results.

<b>Patient who attended ED on the advice of an optician was concerned that was discharged after consultant assessment but admitted to another hospital the next day with same symptoms</b>	All Emergency Department staff instructed that patients referred from their optician for an abnormality of the eye must be referred to the Eye Clinic at Russells Hall Hospital for review.
<b>Patient struggled to wash lower limbs and unhappy with level of support and equipment offered following hip operation</b>	Therapy staff will ensure that prior to discharge all equipment assessments promote the use of adapted washing equipment for patients following hip surgery. A small stock of equipment is also available for patients to take with them if they live alone.
<b>Slipped over in hydrotherapy changing rooms</b>	The last accepted 'slip test' identified that the floor was in good condition, the risk rating was 'medium' and considered acceptable for use. These tests are now to be carried out yearly and were repeated following the incident with no concerns noted. Bowls introduced for patients to use for wet clothing to prevent pooling of water on the floor from wet swimwear. Commenced an induction checklist for patients to give patients better information about the pool use.
<b>Talking over patient whilst patient in a sedated-like state</b>	Raised with staff that this is not to occur and discussed at the anaesthetic and recovery meeting and developed a "Learning from events" forum whereby discussions and feedback take place in a multi-disciplinary environment.
<b>Inappropriate practice of agency nurse administering chemotherapy</b>	All staff (substantive and agency) reminded to ask a colleague to check the patency of the cannula if the administration of treatment is taking longer than the normal time frame. Shift and lead nurse to actively walk around the unit asking patients undergoing treatment if everything is fine and to address any concerns re treatment.

### 3.2.6 Patient-led Assessments of the Care Environment (PLACE)

Patient-led Assessments of the Care Environment (PLACE) is the system for assessing the quality of the hospital inpatient environment.

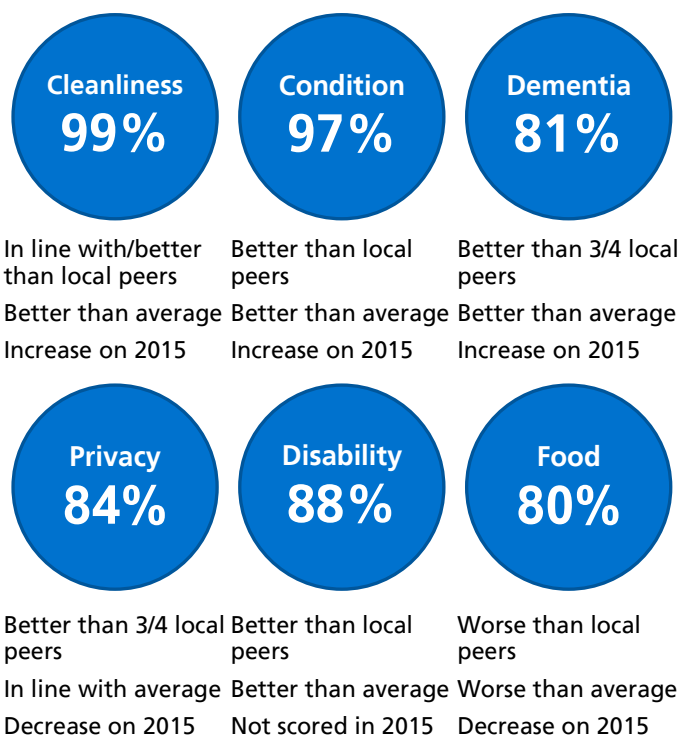
All Trusts are required to undertake these inspections annually to a prescribed timescale. Patient assessors make up at least 50% of the assessment team with the remainder being Trust and Summit Healthcare staff.

The inspection assesses ward and non-ward areas for:

- cleanliness
- the condition of the buildings and fixtures (inside and out)
- how well the building meets the needs of those who use it, e.g. signage
- the quality and availability of food and drinks
- how well the environment protects people's privacy and dignity
- how the premises are equipped to meet the needs of patients with dementia

A further section 'How well the premises are equipped to meet the needs of patients with a disability' has been included for 2016.

In 2016, the Trust scored above the national average in the categories of Cleanliness, Condition, Appearance and Maintenance, Dementia and, Disability; with a below average score for Food and Privacy & Dignity.



With regards to performance on the topic of Food, in 2016/17 the Trust established a Catering Review Group which has overseen the rollout of a

new 'Chosen by Patients' menu for our inpatients and introduced a pre-order system across all ward areas. The Group continues to monitor performance closely and develop improvement actions as required.

### 3.2.7 Single-sex accommodation

We are compliant with the government's requirement to eliminate mixed-sex accommodation. Sharing with members of the opposite sex only occurs when clinically necessary (for example where patients need specialist care such as in the Critical Care Unit), or when patients actively choose to share (for instance in the Renal Dialysis Unit).

During the year, the Trust has reported 58 breaches of same-sex accommodation. All of these patients were those who were initially cared for in a specialised unit, such as the intensive care unit or high dependency unit. Following improvement in their condition, the patients were assessed as being able to be moved to a general ward but had to stay in the specialised unit longer than necessary due to there being no general ward beds immediately available. All of these occurred during the winter months when capacity issues were a major problem both at the Trust and in the NHS generally.

As part of our real-time survey programme, patient perception is also measured by asking patients whether they shared a room or bay with members of the opposite sex when they were admitted to hospital. In the year, of the 1,185 patients who responded to this question, 87 (less than 7.5%) had the perception that they shared a room/bay with members of the opposite sex. This excludes emergency and specialist areas.

### 3.2.8 Patient experience measures

	12/13	13/14	14/15	15/16	16/17	Compared with other Trusts*
Patients who agreed that the hospital room or ward was clean	8.8	9.0	8.9	9.0	8.8	N/A
Rating of overall experience of care**	7.6	7.7	7.8	8.0	7.8	N/A
Patients who felt they were treated with dignity and respect	8.7	8.6	8.7	8.9	8.9	N/A

The above data is from national inpatient surveys conducted for CQC.  
\* National range lowest to highest score (not yet available).

## Patient Safety

### 3.3 Are patients safe in our hands?

#### 3.3.1 Introduction

The Trust ensures the safety of its patients is a main priority in a number of ways, from the quality of the training staff receive, to the standard of equipment purchased. This section includes some examples of the preventative action the Trust takes to help keep patients safe and what is done on those occasions when things do not go to plan.

#### 3.3.2 Quality and Safety Reviews

The Trust is committed to the delivery of high quality patient care and has established a framework of Quality and Safety Reviews that enables it to review if it is Safe, Effective, Caring, Responsive and Well-led (CQC Fundamental Standards) and provide assurance in these areas to the Board. These reviews utilise a standard set of tools (Patient Safety Discussion, Observation Tool, Staff Questionnaire and Patient Questionnaire) that enable a full review of a clinical area and aid in the identification of both good practice and topics where improvement is required.

The review of each clinical area is undertaken by a team, which consists of executives, non-executives, managers, governors, pharmacists, doctors, nurses and other clinical and governance staff. 2016/17 has seen the Trust extend its assessment team to include members from Dudley CCG and for 2017/18, we intend to further extend the membership to include members from Healthwatch. The diversity of the team members is an asset as it allows a broad professional and lay perspective to be gained of the area under review.

Feedback is provided on the same day following aggregation of the review team's findings visit and where appropriate a brief action plan is agreed. In addition, identified areas of good practice are shared across the organisation and for topics requiring improvement an action plan is developed.

Complementing these reviews, the Trust has also from March 2017 commenced, utilising the latest key Lines of Enquiry developed by the CQC for health care providers, a series of core service assessments. This multi-dimensional view of our services coupled with executive director "back to the floor" sessions ensures that we maximise our opportunity to learn and improve our services for the benefit of our patients and staff.



The following provides some examples of good practice identified at the reviews:

- There were easily available communication Boards for patients "Welcome to the Ward Board", condition Specific Boards and general information e.g. infection control. For patients, these help them to manage their conditions more effectively and raise their awareness of ward routine.
- There were well placed, clear staff communication Boards showing the outcomes of audits, action plans and learning.
- Staff were welcoming and attentive during the reviews; staff were proud of where they worked and showed cohesive and strong teamwork.
- Monthly publications of local newsletters keeping staff aware of good practice, learning and issues for improvement both in their area and across the Trust.
- Top/local risks were displayed in clinical areas ensuring staff were aware of the risks and the actions being taken to reduce them.
- Staff were observed to be responsive to patient/relative requests with some patients stating about their stay "Nurses were always ready to help at all times" "Really pleased with all the care" and "Nurses were excellent and always take time to chat".
- Staff expressed support was provided by managers and expressed that they received training and development.
- Informative 'Behind the Bed' boards clearly identified dietary and care requirements.

### 3.3.3 Incident management

The Trust actively encourages its staff to report incidents believing that, to improve safety, it first needs to know what problems exist. This reflects the National Patient Safety Organisation which has stated:

*"Organisations that report more incidents usually have a better and more effective safety culture. You can't learn and improve if you don't know what the problems are."*

As a Trust we are committed to learning from incidents, this is supported by an open culture which encourages any incident regardless of the level of harm (including 'near misses') to be reported through the Trust's electronic incident management system "Datix".

During 2016/2017 the Trust engaged an external training company to deliver Root Cause Analysis training to a large number of staff, including

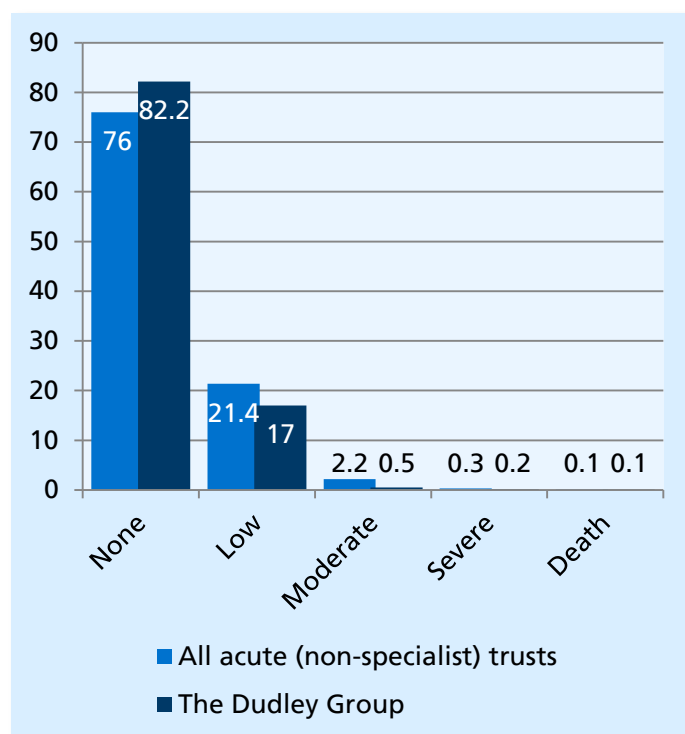
clinicians and managers. In addition, our commissioners attended one of these training sessions. The aim of this training was to further improve investigations skills in order to deliver more focused and improved action plans, thus facilitating wider learning from incidents with a view to reducing similar incidents across other parts of the Trust. The training has been cascaded down to other staff by the Patient Safety Team with monthly RCA training sessions being held.

As part of the development of the Datix system, an integrated Divisional report has been developed and this has been made available to the Divisions from March 2017 thus allowing staff locally to identify trends or issues early and take action to reduce serious incidents in the future.

The chart below shows the percentage of incidents reported by degree of harm at the Trust and for all acute (non-specialist) trusts in England and Wales, from 1st April to 30th September 2016.

With regards to the impact of the reported incidents, it can be seen from the chart that the Trust reported a similar proportion of incidents to comparable trusts. Nationally, across all medium-sized acute trusts, 76% of incidents are reported as no harm (the Trust reported 82.2%) and 0.1% as death (the Trust reported 0.1%).

**Incidents reported by degree of harm for acute (non-specialist) trusts in England and Wales (1st April 2016 to 30th September 2016)**



The Trust uploads incidents to the National Reporting and Learning System every two weeks, thereby minimising the amount of data that could



be lost if one of these transmissions fail and in addition, pre-upload and post-upload reconciliations are undertaken independently of the operational incident team.

During the year, the Trust has had one Never Event (a special class of serious incident that are deemed as preventable). The patient was treated immediately and made a full recovery. The Trust had 245 serious incidents\*, all of which underwent an internal investigation and, when relevant, action plans were initiated and changes made to practice.

\*Serious incidents are events in health care where the potential for learning is so great, or the consequences to patients, families and carers, staff or organisations are so significant, that they warrant using additional resources to mount a comprehensive response.

Some examples of changes made to practice in response to the above incidents have been:

- A model has been developed within ophthalmology for Red, Amber and Green ratings to mitigate risks by implementing appropriate escalation levels for urgency of follow up appointments.
- A Trust wide chart for monitoring seizures has been developed and launched out to all divisions to ensure accurate documentation of seizures.
- There has been a change in the continence products utilised within the Trust.
- A standard operating procedure for the management of patients following surgery in urology has been developed, including a 'fail safe' to pick up human error in the booking of follow ups.
- A "Doctors Post Fall Review Form" has been developed to aid multidisciplinary assessment of patients following falls.

- The medication computer system has been updated and the patients' unit number is now added to the label of the bag of the take home drugs (TTOs) to ensure there is less risk of error of incorrect drugs being given to patients.

### 3.3.4 Duty of Candour

The Care Quality Commission (CQC) in November 2014 implemented Regulation 20: The Duty of Candour. The aim of this regulation is to ensure that staff are open and honest with patients when things go wrong with their care and treatment. This includes any event when a patient has been harmed. To ensure compliance to the regulation and to ensure this framework is embedded in the organisation, the Trust has taken the following actions to further ensure compliance and improve completion of the necessary documentation:

- The central Patient Safety Team liaise with the lead investigator of an incident to ensure that the Duty is completed within the 10 day framework and then on closure of the investigation the team notify the lead investigator if the patient requires feedback and co-ordinates any written feedback requests.
- Our commissioners are provided with evidence of the completion through the national serious incident reporting system (STEIS) and this is monitored by our commissioners.
- Duty of Candour training is provided on request.
- A standard operating procedure has been developed detailing the process of how to complete Duty of Candour documentation and is available to staff on the Trust's intranet.

- A quarterly audit of the completion of the Duty of Candour is undertaken and the results are presented to the Trust Board and shared with Commissioners.
- There is a dedicated page for staff on the Trust intranet with this being promoted by a link to the information on the opening page of the intranet.

### 3.3.5 Nursing and Midwifery Care Indicators

Every month, ten nursing records and supporting documentation are checked at random in all general inpatient areas and specialist departments in the hospital and in every nursing team in the community. A total of 27 areas of care (approximately 270 records) are audited each month. The purpose of this audit is to ensure nursing staff are undertaking risk assessments, performing activities that patients require and accurately documenting what has taken place. The audit tools are reviewed regularly to reflect learning from incidents and changes to practice.

We have an escalation framework to ensure that issues are addressed by the lead nurse and matron for that area. We are also undertaking regular spot checks in all areas alongside the wider Quality and Safety reviews (see Part 3.3.2).

We have also restructured the Nursing and Midwifery page on the Trust intranet to ensure that all audit results are available immediately to all staff in the Trust, as well as a tracker that includes the position of a ward/department compared to other areas.

We have created posters for all areas audited so



### Patients told us...

"They put me at ease, answered my queries fully and checked regularly that I was feeling well. I could not have received better service anywhere."

that audit results can be shared with staff and patients. The Information department has also developed posters based on the Trust dashboard information and these are now being reviewed to include all the Nursing Quality audits results.

See over the page for data tables.

### Community results

The Community Audit tool was reviewed in April 2016. The table overleaf shows the year-end results for each of the criteria assessed by the community teams. The new community matron will be leading on a further review of the audit framework in the new financial year.

New audits tools have been created for specific specialist areas of practice that were not audited before in the Community: Care Home Nurse Practitioners, Community Rapid Response Team, Leg Ulcer Clinic, Continence Specialist Nurses and the Community IV Team.

### General inpatient results

The General Inpatient Audit tool was reviewed in January 2017. The table above shows the year-end results for each of the criteria assessed. In addition, the table shows the gradual general improvement over time.

The audit results have triggered a number of changes in practice. For example, one of the issues that has required improvement in Nutrition is the completion of the nutritional assessments of patients on admission to the Trust using the Malnutrition Universal Screening Tool (MUST). As a result we have now implemented training for ward staff, delivered by the Nutrition Link Nurses for each ward and we are reviewing this training to ensure it is easily accessible to all staff. We have also created a page on the Trust intranet on Nutrition and Hydration to raise awareness of the importance of this subject. We have also purchased new bed weighing scales to improve availability of equipment to the wards so that patients who cannot move from the bed are easily weighed.

The tables over the page show the year-end results for each of the criteria assessed for community, general inpatients and specialist areas.



## Community results

	Patient observations	Documentation	Manual handling	Manual handling & falls	Tissue viability	Medications	Nutrition
2011	97%		94%		95%	99%	97%
2012	97%		97%		97%	99%	97%
2013	97%		97%		99%	98%	98%
2014	99%		97%		100%	98%	99%
2015	100%		99%		99%	100%	99%
2016	99%	96%	99%	88%	91%	96%	96%
Difference 2015-2016	▼ 1%	N/A	=	▼ 11%	▼ 8%	▼ 4%	▼ 3%
Difference 2011-2016	▲ 2%	N/A	▲ 5%	▼ 6%	▼ 4%	▼ 3%	▼ 1%

## General inpatient results

	Patient Observations	Manual Handling	Tissue Viability	Medications	Nutrition	Falls
2011	83%	79%	93%	94%	77%	
2012	86%	85%	95%	94%	82%	
2013	92%	91%	95%	97%	89%	
2014	96%	93%	97%	99%	92%	94%
2015	94%	88%	98%	98%	87%	93%
2016	93%	93%	97%	96%	83%	94%
Difference 2015-2016	▼ 1%	▲ 5%	▼ 1%	▼ 2%	▼ 4%	▲ 1%
Difference 2011-2016	▲ 16%	▲ 22%	▲ 11%	▲ 4%	▲ 15%	-

**Critical Care results** The target of 95% was achieved for all criteria.

	Patient observations	Manual handling	Falls	Tissue viability	Nutrition	Medications
2016	97%	95%	97%	99%	96%	97%

**Inpatient theatres results** The target of 95% was achieved for three of the five criteria.

	Patient observations	Manual Handling	Tissue viability	Nutrition	Medications
2016	96%	99%	99%	94%	86%

**Day Surgery theatres results** The target of 95% was achieved for three of the five criteria.

	Patient observations	Manual handling	Tissue viability	Nutrition	Medications
2016	95%	100%	98%	86%	86%

**Paediatric ward results** The target of 95% was achieved for two of the five criteria.

	Patient observations	Pain	Manual handling and falls	Tissue viability	Medications
2016	95%	95%	91%	90%	98%

**Neonatal Unit results** The target of 95% was achieved for all criteria.

	Patient observations	Pain	Tissue viability	Nutrition	Medications
2016	98%	97%	98%	99%	98%



### 3.3.6 Harm Free Care and NHS Safety Thermometer

There are two types of Safety Thermometers – the “Classic” and the “New Generation” Safety Thermometers. The Trust uses the Classic and two of the New Generation Safety Thermometers for Children and Young People services (in place since April 2015) and the Maternity Safety Thermometer which we have started using in February 2016.

The NHS Safety Thermometer “Classic” has been developed as a ‘temperature check’ on four key harm events – pressure ulcers, falls that cause harm, urinary tract infections in patients with a catheter and new venous thromboemboli. It is a mechanism to aid progress towards harm free care and is available across the whole of the NHS.

Each month, on a set day, an assessment is undertaken consisting of interviews with patients, accessing the patient’s bedside nursing documentation and, when required, examining the main health record. On average, 563 adult inpatients (excluding day case patients and those attending for renal dialysis) and 602 patients being cared for in the community are assessed.

Access to the ‘Classic’ Safety Thermometer page on the Trust intranet has been restricted to members of staff who have received training to ensure accuracy of audits submitted. This has improved the data collection process as well as improved lines of communication.

The data verification for New Harms is now undertaken with the Tissue Viability department, the Falls Lead Nurse, the Anticoagulation service Lead Nurse and the Infection Control department.

The Children and Young People’s Services Safety Thermometer is a national tool that has been designed to measure commonly occurring harms in people that engage with children and young people’s services. It is a point of care survey that is carried out on one day per month which supports improvements in patient care and patient experience, prompts immediate actions by healthcare staff and integrates measurement for improvement into daily routines. This process is led by the Clinical Governance lead for Paediatrics.

The Maternity Safety Thermometer allows maternity teams to take a temperature check on harm and records the proportion of mothers who have experienced harm free care, but also records the number of harm(s) associated with maternity care. It supports improvements in patient care and patient experience, prompts immediate actions by healthcare staff and integrates measurement for

improvement into daily routines. This process is led by the Maternity Matron.

The Trust regularly monitors its performance and, although direct comparisons need to be made with caution, it is pleasing to note its harm events fall below the national averages.

### 3.3.7 ‘Sign Up to Safety’ Campaign

The Trust has committed to partake in this national initiative and has recently re-vitalised its involvement, committing to:

- identifying the actions to take in response to the five Sign up to Safety pledges
- publishing the agreed actions on the Trust website for staff, patients and the public to see
- developing a safety improvement plan (including a driver diagram) to identify how improvements in patient safety and reductions in patient harm will be implemented and managed over the next three years

The Trust is using the Sign up to Safety priorities to launch a programme to improve patient safety in three key areas of care:

Reducing falls with harm, specifically:

**Reduce by a third the number of in-patient falls that result in harm by March 2018**

Developing and implementing the National and Local Safety Standards for Invasive Procedures (NatSSIPS and LocSSIPS), specifically:

**Identify all invasive procedures requiring NatSSIPS and provide assurance of compliance with the standards with the use of LocSSIPS by March 2018**

Reducing the incidence of omitted medications, specifically:

**Reduce the number of omitted medication errors by 50% by March 2018**

(The principle behind the NatSSIPs, an NHS England initiative, is that organisations will review their current local processes for invasive procedures and ensure that they are compliant with new national standards. This will be done by organisations working in collaboration with staff to develop their own set of ‘Local Safety Standards for Invasive Procedures’ (LocSSIPs).

### 3.3.8 Examples of specific patient safety initiatives

**Safety developments within the Trauma and Orthopaedics Service**

The National Hip Fracture Database showed us that the Trust had a higher than national average 30 day mortality performance in 2015. This year

the multidisciplinary group which meets to monitor and improve all aspects of care to patients with fractured neck of femur have worked very hard to improve the preparation, treatment and care to these patients and now our performance is in line with the national average. At November 2016, 30 day mortality at the Trust is 6.5% compared to the national average of 5.7%. The group continues to meet regularly to identify service improvements for these patients.

The service has also introduced a new IT system, which supports the pre-operative planning of patients requiring artificial joints by ensuring complete accuracy of type and position of the prosthesis during elective or trauma fixation procedures. The exact correct sized prosthesis and alignment reduces the risk of intra-operative errors and future complications.

Thirdly, a further Advanced Nurse Practitioner has been appointed. This highly specialist nurse undertakes a variety of work such as enhancing the care given to patients on Ward B1, assisting in the effective running of the Hip & Knee Surveillance Clinics and provides an overall co-ordinating quality and safety improvement role to all of the clinicians in the team. The post frees up medical staff to concentrate on patients with more complicated conditions and increases outpatient capacity.

### **Nervecentre Project**

In the past, wards that required out of hours support from medical teams would either bleep a central site co-ordinator or bleep the relevant medical teams direct. This process highlighted a number of issues:

- Bleeps only retain the last 7 calls and have no clinical information, only an extension number.
- It was not possible to easily prioritise the urgency of the support required.
- No overall picture of the clinical demand for out of hours support was available.
- It was not possible to audit activity e.g. the times and types of support required.

All relevant staff were involved in this project. Nervecentre went live in September 2016 and has started the move from doctors carrying bleeps to an electronic system that enables wards to raise a task by completing a simple online form. This task is received by the site co-ordinator who then allocates tasks to the most appropriate doctor or member of the nurse outreach team. Clinical staff working out of hours now carry iPods and receive a notification when they are allocated a task. The

task notification also includes clinical information about the task and the urgency of the task.

The use of Nervecentre has provided the following benefits:

- Patient safety has improved in that the most urgent support is prioritised.
- Ward staff can now log the task and return to care for the patient rather than having to wait by the phone for someone to respond to the bleep.
- Clinical staff carry iPods which have a worklist and can plan their workload based on geography and urgency, without the interruption of bleeps keep going off and having to keep phoning wards.
- There is an audit trail of tasks processed via Nervecentre which helps with long term planning requirements in terms of staff allocation and training.
- The system enables the right staff to be in the right place at the right time so patients are seen and treated more effectively.

### **Urology service expansion and dramatically reduced waiting times**

There is a national target that at least 92% of all patients requiring routine surgery should not wait more than 18 weeks once referred by their GP. The urology service has had problems achieving this target but a number of developments this year that include fundamental changes to theatre timetables and the appointment of two additional consultants has allowed the service to reduce waiting times and to deliver the target so improving patient safety. This is a particular achievement in that the Trust provides specialist reconstructive surgery that attracts patients from all across the UK. There has been a slight increase in waits in the latter few months of the year due to the recent pressures on all NHS services but it is hoped that this is a temporary situation.

### **Emergency Surgical Assessment Unit**

The number of patients attending this emergency unit for a review of their condition has increased by over a quarter in the last 3 years. This has inevitably led to increased waiting times for that review during which a decision based on patient safety is made about whether admission or not to the hospital is required. In response to this increase in the number of attenders and waiting times at the unit, the service identified the need to have increased senior medical staff available immediately so that patients were not waiting unnecessarily for further reviews and were quickly

directed to the most appropriate place e.g. ward, GP service, theatres.

A plan was put in place, therefore, to use existing staff in a more effective way which provides additional cover of senior doctors who are able to make timely and appropriate decisions about the future needs of these patients. The impact of this has been a reduction in waiting times for patients on the assessment unit and a decrease in the numbers of patients admitted to the ward following initial assessment.

### 3.3.9 Patient safety measures

	12/13	13/14	14/15	15/16	16/17
Patients with MRSA infection per 1000 bed days*	0.005	0.004	0	0.009	0
Never events – events that should not happen whilst in hospital Source: adverse incidents database	1	1	1	1	1
Number of cases of deep vein thrombosis presenting within three months of hospital admission**	117	116	102	130	138

NB: MRSA figure may differ from data available on HPA website due to different calculation methods and Trust calculations using most current Trust bed data.

\*Data source: Numerator data taken from infection control data system and denominator from the occupied bed statistics in patient administration system.

\*\*We review all diagnostic tests for deep vein thrombosis and pulmonary embolism (PE), cross referencing positive tests with past admissions. This methodology is only undertaken by relatively few hospitals as it is labour intensive, but is recognised as giving a more accurate figure for hospital acquired thrombosis. As a further check, we receive notification from the bereavement officer if PE was identified as the primary cause of death.

## Clinical effectiveness

### 3.4 Do patients receive a good standard of clinical care?

#### 3.4.1 Introduction

This section includes the various initiatives occurring at the Trust to ensure patients receive a good standard of care and examples of where we excel compared to other organisations.

#### 3.4.2 Examples of awards received related to improving the quality of care

##### Seven day nephrostomy service

Our seven day nephrostomy service, the result of collaboration between the Black Country Alliance and The Royal Wolverhampton NHS Trust, has been shortlisted in the category of 'Acute service

redesign' of the Health Service Journal Value in Healthcare Awards 2017. Patients across the Black Country and Wolverhampton can now receive fast-track emergency nephrostomy procedures over weekends and bank holidays. This means specialists work on a rota system so that patients do not have to wait until the following week for their urgent procedure. The new out-of-hours service, run by teams of interventional radiologists and urologists, is improving healthcare for many patients. For instance, Walsall grandmother Patricia Franks, aged 54, was taken by ambulance to Russells Hall Hospital from Manor Hospital to have her procedure on a Sunday evening. "They did a fantastic job and I didn't mind travelling because they were able to do it straight away so I didn't have to wait," said Patricia. "I can't fault the staff at Russells Hall Hospital. They are lovely people and the consultant was very nice," she added.

##### Pre-Registration Nurse Education

The Nursing Professional Development Team was shortlisted this year in the Student Nursing Times Awards in two categories: a) Student Placement of the Year – Emergency Department (ED) and b) Educator of the Year - Sarah Clarke. The mentors in ED work tirelessly to ensure all students are properly supported throughout their placement. They have put together an educational link nurse team for nursing students and have been proactive in working together to produce excellent learning packs and a student learning plan. Sarah Clarke was seen to consistently demonstrate a clear passion for nursing bringing to life the importance of the role of the nurse and a sense of pride in the student's chosen profession. In particular, for example, she undertook bedside teaching simulation for 3rd year students designed around the acutely ill adult and child, implemented biology club sessions for all students wanting to attend and developed the staff nurse challenge day: 'Scenario based day on the challenges nurses face in today's NHS'.

#### 3.4.3 Examples of innovation

##### Endoscopic resection of early colon cancer

The Trust was the first centre in the UK to provide minimally invasive endoscopic full thickness resection of early colon cancer, with seven other centres now providing this novel procedure. This is a joint initiative between our colorectal surgeons led by Mr Kawesha and Professor Ishaq in the department of gastroenterology. Patients benefit from a quicker recovery, fewer complications and a shorter stay in hospital. A patient can be standing, feeling well and pain free the day after major surgery. This joint work was

recently presented and won a first prize at a British Society of Gastroenterology meeting. This service is a Black Country Alliance initiative.

### **Community ENT Services**

An innovative 'One Stop Ear Service' commenced in Stourbridge to provide a traditionally hospital based service in a community setting, closer to home. This service provides:

- consultant-led clinics
- nurse specialist-led clinics
- a general practitioner with an ENT special interest clinic once a week
- audiology sessions to support the consultants
- promotion of the service via GP locality meetings

This development has improved patient experience in terms of shorter waiting times and the service is provided closer to patients' homes. After starting this service in April 2016, two months later the number of referrals was 144% higher than the same month in the previous year. While seen as a success for patients who live in and near to Stourbridge, it has also benefited patients elsewhere in the borough in that it has eased the availability of clinic slots at the Russells Hall ENT department.

### **Renal Dialysis**

Currently we are the only hospital in the UK to offer Mixed High-efficiency Haemodiafiltration (HDF) dialysis to our patients. HDF, widely available in Europe and the USA, is now recognised as the most advanced haemodialysis treatment that improves patient outcomes by increasing the removal of small and middle molecular uremic toxins. It overcomes the limits and risks implicit in traditional modes of infusion. This promotes the life expectancy of a dialysis patient by preventing or delaying the occurrence of long term dialysis related complications such as mineral bone disease and also helps with the management of symptoms of left ventricular hypertrophy or cardiac failure.

## **3.4.4 Examples of specific clinical effectiveness initiatives**

### **Day Surgery**

Patients overwhelmingly endorse day surgery, with reduced waiting times and time spent in hospital, less risk of cancellation and disruption to their lives, lower rates of infection and venous thromboembolism and the preference of their own surroundings to convalesce. Day surgery also allows more patients to be treated and frees up

in-patient beds for those patients who really need to stay overnight.

As the name implies, most Day Case Units close early evening which has meant that those patients who do require further time to recover have had to be placed unexpectedly in an in-patient bed overnight so increasing inconvenience to patients and their families and reducing the hospital capacity for emergency admissions in the night. However, in its strive to continually improve the patient experience, the Trust unit now opens to 11 pm from Monday to Friday which has reduced the need for the transfer of patients, both allowing more patients to be discharged on the day of surgery and emergency admissions in the night to be placed more quickly into an appropriate ward.

Further developments include: improved privacy and dignity as patients are no longer admitted directly to the unit to wait by a bed until surgery. They now stay in an admissions lounge, fully clothed, until just before the procedure. Patients also now have more focused starvation times, which mean that someone brought in at 7am for an all-day theatre list could potentially have some water or even breakfast, reducing the amount of time they are starved.

All this has resulted in happier patients and no complaints about the care on the unit for the whole of 2016. In addition, as admissions paperwork can now be done in patients' homes, there is reduced stress for patients with learning disabilities. Finally, the day surgery specialty manager undertakes on the spot surveys making sure concerns are addressed which has led to improvements such as the introduction of more comfortable chairs and heavier cubicle curtains for better privacy. The unit has been shortlisted in the HSJ Value in Healthcare Awards 2017.

### **Evergreen Unit**

We have opened a new transitional care unit called Evergreen to provide continuing discharge arrangements and healthcare for patients who no longer require acute care. Although based in the hospital, the unit is managed by the community team as a transitional facility from hospital care to community.

Dedicated occupational therapists are attached to the unit so that any patient with a therapeutic need will receive their therapy as required, to ensure no opportunity is missed to maximise their independence. The unit is GP led and has strong links with the daily multidisciplinary meetings. The community matron is responsible for monitoring clinical standards with the support of the Associate Chief Nurse for Medicine.



The unit is no longer an acute ward but a unit modelled on a nursing home. Patients who transfer to the unit are those waiting for placement into a nursing or residential home or waiting for packages of care. A multidisciplinary team comprising nurses and therapists work together, in collaboration with GP and social services colleagues who in-reach into the unit, to

plan the patient's discharge to the most appropriate environment with whatever support is needed.

The aim is for this collaborative working to provide a coordinated service to ensure timely and smooth transfers of care, to reduce delays within the system and ensure patients receive appropriate care in the appropriate setting.

### 3.4.5 Clinical effectiveness measures

	Actual 2013/14	Actual 2014/15	Actual* 2015/16	YTD 2016/17
Trust readmission rate for Medicine and Integrated Care Division Vs. National peer group (acute and specialist trusts) <i>Source: UHB Hospital Healthcare Evaluation Data (HED)</i>	7.14% Vs. 8.61%	8.78% Vs. 6.38%	8.82% Vs. 8.39%	8.98%** Vs. 8.27%**
Number of cardiac arrests <i>Source: Logged switchboard calls</i>	158	189	144*	136
% of patients admitted as emergency for fractured neck of femur operated on within 48 hours Vs. National average <i>Source: UHB Hospital Healthcare Evaluation Data (HED)</i>	84.04% Vs. 77.31%	83.97% Vs. 78.59%	85.58% Vs. 79.39%	88.18%+ Vs. 78.59%+

\*These updated figures are for the whole year. Last year's report included the figures for April 2015 to January 2016 which were the ones available at the time of printing.

\*\* Trust figures are April 2016 to February 2017. Peer figures are April 2016 to December 2016, the latest HES period available.

+ Both Trust and national average figures are April 2016 to December 2016.

## 3.5 Our performance against the thresholds set out in the Risk Assessment and Single Oversight Frameworks of NHS Improvement

National targets and regulatory requirements	Trust 2012/13	Trust 2013/14	Trust 2014/15	Trust 2015/16	Target 2016/17	National 2016/17	Trust 2016/17	Target achieved?
Maximum time of 18 weeks from point of referral to treatment (RTT) in aggregate – patients on an incomplete pathway	98.1%	96.74%	95.43%	95.06%	92%	+	95.43% (A)	☺
A&E: maximum waiting time of 4 hours from arrival to admission, transfer, discharge	95.4%	93.74%	94.68%	98.18% *	95%	89.1%	94.16% (A)	☹
All cancers: 62 day wait for first treatment from urgent GP referral for suspected cancer	88.7%	89%	85.6%	84.3%	85%	81.9%	85.3%	☺
All cancers: 62 day wait for first treatment from NHS Cancer Screening Service referral	99.4%	99.6%	97.3%	96.2%	90%	91.8%	98.2%	☺

+ National figures not available

2016/17 National Figures taken from NHS Statistics and Cancer Waiting Times Database (quarterly figures averaged)

\* This updated figure (compared to that in last year's report [96.92%] which was for the accident and emergency department) is the nationally reported percentage from both the A&E department and urgent care centre.

☺ = Target achieved

☹ = Target not achieved

(A) = Data quality tested by external auditors (see below). For the A&E waiting time indicator, the testing undertaken was on the Trust's accident and emergency department data (89.84%), while the stated figure also includes the performance of the urgent care centre as required for national reporting.

#### For the two targets that have had the data quality tested:

Four hour A & E wait: For a walk in patient, the clock start is the point at which the patient is booked onto the patient administration system by the reception staff. For an ambulance arrival, the start is when the ambulance staff book the patient in at ambulance triage reception in line with the definition of when hand over occurs or 15 minutes after the ambulance arrives at A&E, whichever is earlier. Total time in the department ends when the patient is discharged home, transferred, or admitted onto the system by the clinician who has treated the patient. All patients arriving by ambulance and on foot attending the A & E department have been included. The source of the data is the Trust's patient administration system, OASIS.

For RTT incomplete pathways: Referrals to the Trust arrive by two routes: a) paper based to a consultant's secretary who date stamps the referral and that date is recorded on the Trust patient administration system as the date when the clock starts and b) via the electronic based 'Choose and Book' system and the clock starts as soon as this electronic referral is received at the Trust. The national standard is that 92% of patients on incomplete pathways should have been waiting no more than 18 weeks from referral to treatment. At the end of each month the percentage of patients who are referred and treated compared to those still waiting is calculated. All consultant referrals are included. The source of the data is the Trust's patient administration system, OASIS.

## 3.6 Glossary of terms

<b>A&amp;E</b>	Accident and Emergency (also known as ED)
<b>AAA</b>	Abdominal Aortic Aneurysm
<b>ADC</b>	Action for Disabled People and Carers
<b>App</b>	A computing application, especially as downloaded by a user to a mobile device.
<b>Bed Days</b>	Unit used to calculate the availability and use of beds over time
<b>BHF</b>	British Heart Foundation
<b>BTS</b>	British Thoracic Society
<b>CAMHS</b>	Child and Adult Mental Health Service
<b>C. diff</b>	Clostridium difficile (C. difficile)
<b>CCG</b>	Clinical Commissioning Group
<b>CD4</b>	Glycoprotein found on the surface of immune cells
<b>CEM</b>	College of Emergency Medicine
<b>CNS</b>	Clinical Nurse Specialist
<b>CPA</b>	Clinical Pathology Accreditation
<b>CQC</b>	Care Quality Commission
<b>CQUIN</b>	Commissioning for Quality and Innovation payment framework
<b>CT</b>	Computed Tomography
<b>DATIX</b>	Company name of incident management system
<b>DVD</b>	Optical disc storage format
<b>DVT</b>	Deep Vein Thrombosis
<b>EAU</b>	Emergency Assessment Unit
<b>ED</b>	Emergency Department (also known as A&E)
<b>EDGE</b>	Company that provides Clinical Research Software
<b>ENT</b>	Ear, Nose and Throat
<b>FCE</b>	Full Consultant Episode (measure of a stay in hospital)
<b>FFT</b>	Friends and Family Test
<b>GP</b>	General Practitioner
<b>HCA</b>	Healthcare Associated Infections
<b>HDU</b>	High Dependency Unit
<b>HED</b>	Healthcare Evaluation Data
<b>HES</b>	Hospital Episode Statistics
<b>HPA</b>	Health Protection Agency now called Public Health England
<b>HQIP</b>	Healthcare Quality Improvement Partnership

<b>HSCIC</b>	Health and Social Care Information Centre
<b>HSMR</b>	Hospital Standardised Mortality Ratio
<b>HTA</b>	Human Tissue Authority
<b>ICNARC</b>	Intensive Care National Audit & Research Centre
<b>MBC</b>	Metropolitan Borough Council
<b>MCP</b>	Multispecialty Community Provider
<b>MRI</b>	Magnetic Resonance Imaging
<b>MRSA</b>	Methicillin-resistant Staphylococcus aureus
<b>MUST</b>	Malnutrition Universal Screening Tool
<b>NaDIA</b>	National Diabetes Inpatient Audit
<b>NCEPOD</b>	National Confidential Enquiry into Patient Outcome and Death
<b>NCI</b>	Nursing Care Indicator
<b>NICE</b>	National Institute for Health and Care Excellence
<b>NPID</b>	National Pregnancy in Diabetes Audit
<b>NPSA</b>	National Patient Safety Agency
<b>NVQ</b>	National Vocational Qualification
<b>PCSK9</b>	Proprotein convertase subtilisin/kexin type 9 is an enzyme encoded by the PCSK9 gene in humans on chromosome 1
<b>PFI</b>	Private Finance Initiative
<b>PLACE</b>	Patient-led Assessments of the Care Environment
<b>PROMs</b>	Patient Reported Outcome Measures
<b>RAG</b>	Red/Amber/Green
<b>RCA</b>	Root Cause Analysis investigation
<b>SHMI</b>	Summary Hospital-level Mortality Indicator
<b>SLT</b>	Speech and Language Therapy
<b>SMS</b>	Short Message Service is a text messaging service
<b>STEIS</b>	Strategic Executive Information System is the national database for serious incidents
<b>SUS</b>	Secondary Uses Service
<b>TTO</b>	To take out medications once discharged as an in-patient
<b>TARN</b>	Trauma Audit and Research Network
<b>UNICEF</b>	United Nations Children's Fund
<b>VTE</b>	Venous Thromboembolism
<b>WHO</b>	World Health Organisation

## Annex

### Comment from the Trust's Council of Governors (received 13/04/2017)

During 2016/17, governors have worked with the Trust and held the Non-executive Directors (NEDs) to account for the performance of the Board during another challenging year of continuing financial austerity and ever-increasing demands on Trust services.

Governors fully support the Acting Chief Executive's Statement in Part 1 of this report.

The process used to ratify the Trust's choice of Quality Priorities gives a wide range of patients, members, governors, staff interest groups and the public the opportunity to be involved and to influence the choice of priorities.

There has been commendable progress with the majority of the Trust's 2016/17 Quality Priorities including infection control and Governors note, in particular, very good performances in most areas of the national Friends and Family Tests (FFTs). The emergency department has continued to perform well under extreme pressure with FFT percentage recommended scores above the national average. The percentage recommended scores for the Trusts outpatient areas started the year with disappointingly low scores which encouragingly have seen improvement over the year and the imminent use of new technology will support communication and improvement. Governors also note that some priorities still require improvement, including room for improvement in some nursing care indicators on pain, nutrition and medication.

Commendably, the Trust has met all other key national priority targets.

In addition to meetings of the Council of Governors and its committees, governors have continued their involvement in Trust governance activity, including ward and service reviews with Trust directors and membership of Board working groups. Governors meet Executive and Non-Executive Directors regularly and are kept informed by the Board about all aspects of Trust activity and performance.

We are pleased to note the continuing effectiveness of listening to patients as a fundamental part of improving quality at the Trust. A great deal of patient feedback is acquired and analysed. Formal feedback is very positive. Many improvements are made in response to patient experience feedback and examples are

included in this report. It should be noted that wards and staff receive numerous verbal and written compliments, commenting particularly on caring staff and good treatment.

Governors meet many patients, members of the public and community groups during the year and gain direct feedback about the quality of services and patient experience. Governors find that user views of clinical treatment and the care provided by our nurses, doctors and other staff is very positive.

Governors maintain their focus on Trust governance, performance and strategic direction at a time of very significant changes which will affect all stakeholders and users of healthcare in Dudley. All Council committees will continue to ensure that governors have the information and assurance they need to hold the Board of Directors to account through its non-executive directors.

In summary, this report affirms that the Trust continues to be a listening and learning organisation, focussed on patient care, experience and safety. Trust staff continue to demonstrate commendably high levels of care and commitment. On behalf of patients, carers and the public, governors again wish to place on record their recognition and appreciation of the commitment and excellent work done by staff at all levels in the Trust.

### Comment from the Dudley Clinical Commissioning Group (received 13/04/2017)

We are pleased to comment on the Trust's 2016/17 Quality Account.

Dudley Clinical Commissioning Group (CCG) acknowledges this report outlines the continued focus on the delivery of high quality care by the Trust. The CCG has been committed to collaborative working throughout 2016, offering support and challenge where required, the Trust has been receptive.

The Trust is to be commended for having consistently received positive feedback from patients through the national "Friends and Family Test". Overall, the work being carried out by the Trust to improve the patient experience is encouraging; particular attention to the needs of vulnerable patients is required, especially in relation to frail elderly inpatients whose needs are increasingly complex.

The Trust still has work to do to improve patient care and has signed up to a number of quality and

safety initiatives under the Harm Free Care Agenda. There has been a reduction in healthcare acquired infections for the Trust during 2016. Despite the challenging target the Trust has achieved a 14% reduction in the number of patients with C. diff during 2016. The CCG is encouraged by the Trust intention to work towards a Zero tolerance approach of pressure ulcers and will be monitoring and supporting these improvement plans.

During 2016/17 a spotlight has been focused on the management, reporting, and investigation of Serious Incidents. The Trust has demonstrated that they can appropriately respond to incidents and implement the subsequent recommendations and learning to prevent further harm. While good progress has been made, this is an area which requires the application of continual improvement and development to ensure that all relevant service and care delivery problems are identified and rectified. It is also important to acknowledge that investigations offer assurances of good practice and high quality care.

We would like to recognise the commitment that the Trust has put into improving staff Health and Wellbeing via a CQUIN initiative which will contribute to enhancing the work life balance of the staff who work within the Trust.

Emergency and urgent care has seen unprecedented pressures for the Trust during 2016 and it can therefore be commended for working closely with other partners to manage these challenges and maintain the proper care of patients.

Finally, the CCG are committed to working with the Trust to achieve the shared vision for the community services of more effective improved access and coordination with Primary Care to improve the experience for patients in line with the Dudley Multi Speciality Community Provider, New Model of Care. This collaboration and engagement is vital for the interests of the patient population of Dudley.

Yours Sincerely



Paul Maubach  
**Chief Accountable Officer  
Dudley CCG**

## Comment from Healthwatch Dudley (received 11/04/2017)

Healthwatch Dudley has reviewed the 2017/18 Dudley Group NHS Foundation Trust annual Quality Report and Account. Once again it is reassuring to see Friends and Family Test results, predominantly showing trends above the national average with patients saying that they would recommend hospital inpatient and community services.

Following last year's disappointing Friends and Family Test score for outpatients, we are pleased to recognise that measures put in place to address this are resulting in consistent improvements.

It is further reassuring to see the percentage of complaints per number of admissions has continued to decline. Whilst it is a concern that people are continuing to complain about similar issues, we are pleased to see evidence within the report of learning that has resulted in positive action and changes to hospital practice.

With regard to patient experience, notably, the Trust has listened to patient feedback and recognised that there is room for improvement with ensuring patients have involvement in the decisions made about their care. We are pleased to see that this has been agreed as a new patient experience priority and look forward to seeing improved outcomes.

We also note specific patient experience initiatives that have been highlighted, including: health and wellbeing events for patients with cancer and their relatives, new multidisciplinary care co-ordinators, therapy dogs to help patients with recovery and the Trust's partnership with Autism West Midlands to provide a virtual tour for people with learning disabilities.

Throughout 2016/17 Healthwatch Dudley has listened to hospital visitors and shared information about the important issue of hidden carers, during weekly tea and chat sessions on Russells Hall Hospital wards and has also conducted a survey about people's views and experiences of smoking.

The Trust has been supportive of our involvement and has worked closely with us to listen to the views of a group of people with hearing loss, to improve their hospital experience. We are pleased that these meetings have resulted in the introduction of vibrating pagers and improved information for deaf visitors to the hospital.

Looking forward we are pleased to see that patient experience is still a priority for the Trust



and that there is a continued commitment to listening to and learning from the experiences of people who access hospital services.

Healthwatch Dudley is passionate about the Trust achieving the highest quality in all areas and will continue to support by attending the Patient Experience Group and other forums, to ensure that patient voice stays at the forefront and influences decisions that are made across all service areas.

Jayne Emery  
Chief Officer  
Healthwatch Dudley

### **Comment from Dudley MBC Health and Adult Social Care Scrutiny Committee (received 13/04/2017)**

We welcome the opportunity to comment on the latest annual Quality Report and Account for Dudley Group NHS Foundation Trust.

The report provides a detailed and honest summary of the Trust's achievements and challenges in providing quality services at hospital, outpatient centres and adult community services.

Members support the priorities set for 2017/18 which build on previous work directed at further improving the safety and clinical effectiveness and quality patient experience. We also welcome the rolling forward of unmet targets to better inform our scrutiny.

The panel were particularly pleased to note that no MRSA bacteraemia cases were reported and that the Trust is well under the national target for C. Difficile cases arising due to a lapse in care. In addition, we commend the Trust for its sustained reduction of avoidable Stage 3 pressure ulcers and recognise its progress towards stabilizing pain control and nutrition performance despite on-going compliance issues. We also understand that there has been a significant increase in uptake of flu immunisation among your staff over the winter for which we congratulate you, and we look forward to seeing even greater improvement next year.

Independent reviews by Healthwatch and others helps further promote a culture of accountability and openness. In turn this helps assure patients and the Trust itself about what works well and to understand where improvement is needed.

Throughout the document there is evidence of successful and developing collaborations across the system as the Trust adapts to NHS pressures. Leadership changes at the Trust can be seen as an

opportunity to re-state partnerships with patients, commissioners and the Black Country Alliance to harness quality opportunities and maximise capacity to meet growing demand. Connectedness with, and support to, new care models to be delivered by the MCP will be central to this agenda through its focus on avoiding unnecessary visits to hospital.

We look forward to continuing to work with the Trust on some of these topics so we can be assured that our communities have access to safe and high quality services when they need them. I wish to take the opportunity on behalf of our members in commending all Trust staff for their commitment and hard work in helping achieve this in Dudley.

Chair Health and Adult Social Care Scrutiny Committee

### **Statement of directors' responsibilities in respect of the Quality Report 2016/17**

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 the date of signing this statement
  - papers relating to quality reported to the board over the period April 2016 to the date of signing this statement
  - feedback from commissioners dated 13/04/2017
  - feedback from governors dated 13/04/2017

- feedback from the local Healthwatch organisation dated 11/04/2017
- feedback from Overview and Scrutiny Committee dated 13/04/2017
- the Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated April 2017
- the latest national patient survey sampling patients from January 2017
- the latest national staff survey dated 2016
- the Head of Internal Audit's annual opinion over the Trust's control environment dated 31/3/2017
- CQC inspection report dated December 2014
- 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

Signed

Date: 16th May 2017



Jenni Ord  
Chairman

Diane Wake  
Chief Executive

# Independent Auditor's Report to the Council of Governors of The Dudley Group NHS Foundation Trust on the Quality Report

## Independent Auditors' Limited Assurance Report to the Council of Governors of The Dudley Group NHS Foundation Trust on the Annual Quality Report

We have been engaged by the Council of Governors of The Dudley Group NHS Foundation Trust to perform an independent assurance engagement in respect of The Dudley Group NHS Foundation Trust's Quality Report for the year ended 31 March 2017 (the 'Quality Report') and specified performance indicators contained therein.

### Scope and subject matter

The indicators for the year ended 31 March 2017 subject to limited assurance (the "specified indicators") marked with the symbol **A** in the Quality Report, consist of the following national priority indicators as mandated by Monitor (operating as NHS Improvement) (NHSI):

<i><b>Specified Indicators</b></i>	<i><b>Specified indicators criteria</b></i> (exact location where criteria can be found)
Percentage of incomplete pathways within 18 weeks for patients on incomplete pathways	Section 3.5 of the Quality Report "Our Performance against the thresholds set out in the Risk Assessment and Single Oversight Frameworks of NHS Improvement"
Percentage of patients with a total time in A&E of four hours or less from arrival to admission, transfer or discharge	Section 3.5 of the Quality Report "Our Performance against the thresholds set out in the Risk Assessment and Single Oversight Frameworks of NHS Improvement"

### 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 specified indicators criteria referred to on the pages of the Quality Report as listed above (the "Criteria"). The Directors are also responsible for the conformity of their Criteria with the assessment criteria set out in the NHS Foundation Trust Annual Reporting Manual ("FT ARM") and the "Detailed requirements for quality reports for foundation trusts 2016/17" issued by NHSI.

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 does not incorporate the matters required to be reported on as specified in the FT ARM and the "Detailed requirements for quality reports for foundation trusts 2016/17";
- The Quality Report is not consistent in all material respects with the sources specified below; and
- The specified indicators have not been prepared in all material respects in accordance with the Criteria set out in the FT ARM and the "Detailed requirements for external assurance for quality reports for foundation trusts 2016/17".

We read the Quality Report and consider whether it addresses the content requirements of the FT ARM and the "Detailed requirements for quality reports for foundation trusts 2016/17"; 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 following documents:

- Board minutes for the financial year, April 2016 and up to the date of signing this limited assurance report (the period);
- Papers relating to quality report reported to the Board over the period April 2016 to the date of signing this limited assurance report;
- Feedback from Commissioners, dated 13/04/2017;
- Feedback from Governors, dated 13/04/2017;
- Feedback from the local Healthwatch organisation, dated 11/04/2017;
- Feedback from the Overview and Scrutiny Committee, dated 13/04/2017
- The Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated April 2017;
- The latest national patient survey dated January 2017;
- The latest national staff survey dated 2016;
- The Care Quality Commission inspection report, dated December 2014;
- The Head of Internal Audit's annual opinion over the Trust's control environment, dated 31/03/2017.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with those documents (collectively, the "documents"). Our responsibilities do not extend to any other information.

### **Our Independence and Quality Control**

We applied the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. We apply International Standard on Quality Control (UK & Ireland) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Use and distribution of the report**

This report, including the conclusion, has been prepared solely for the Council of Governors of The Dudley Group NHS Foundation Trust as a body, to assist the Council of Governors in reporting the Dudley Group 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 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 the Dudley Group NHS Foundation Trust for our work or this report save where terms are expressly agreed and with our prior consent in writing.

### **Assurance work performed**

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('ISAE 3000 (Revised)'). Our limited assurance procedures included:

- reviewing the content of the Quality Report against the requirements of the FT ARM and the "Detailed requirements for quality reports for foundation trusts 2016/17";
- reviewing the Quality Report for consistency against the documents specified above;
- obtaining an understanding of the design and operation of the controls in place in relation to the collation and reporting of the specified indicators, including controls over third party information (if applicable) and performing walkthroughs to confirm our understanding;



- based on our understanding, assessing the risks that the performance against the specified indicators may be materially misstated and determining the nature, timing and extent of further procedures;
- making enquiries of relevant management, personnel and, where relevant, third parties;
- considering significant judgements made by the NHS Foundation Trust in preparation of the specified indicators;
- performing limited testing, on a selective basis of evidence supporting the reported performance indicators, and assessing the related disclosures; and
- reading the documents.

A limited assurance engagement is less 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 impact 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 thereof, may change over time. It is important to read the Quality Report in the context of the assessment criteria set out in the FT ARM and “Detailed requirements for quality reports for foundation trusts 2016/17” and the Criteria referred to above.

The nature, form and content required of Quality Reports are determined by NHSI. This may result in the omission of information relevant to other users, for example for the purpose of comparing the results of different NHS Foundation Trusts.

In addition, the scope of our assurance work has not included governance over quality or non-mandated indicators in the Quality Report, which have been determined locally by The Dudley Group NHS Foundation Trust.

### **Basis for Disclaimer of Conclusion – Percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period**

The percentage of incomplete pathways within 18 weeks for patients on incomplete pathways indicator is based on the waiting time of each patient who has been referred to a consultant but whose treatment is yet to start and is calculated each month based on a snapshot of incomplete pathways and reported by the Trust through the Unify2 portal.

The Trust identified an issue in year between April and the end of July 2016. When electronic referrals were received and no appointment was available these referrals entered the Appointment Slot Issue worklist. Between April and July 2016 the patients clock may have incorrectly commenced on the date that the patient was given an appointment, rather than the date that the referral (UBRN) was received by the Trust, which can be different dates. The Trust notified its commissioners and NHSI when this was identified, and took action to correct it, but has been unable to isolate the population of cases to which this issue relates between April and July 2016.

In addition, the monthly reported data is subsequently updated for any identified errors through a weekly validation process. However, the process is not applied to the whole data set and focuses only on cases nearing breach status.

Therefore, we have been unable to access accurate and complete data to check the waiting period from referral to treatment reported across the year.

**Basis for Qualified Conclusion - Percentage of patients with a total time in A&E of four hours or less from arrival to admission, transfer or discharge**

NHS England's definition for "the Percentage of patients with a total time in A&E of four hours or less from arrival to admission, transfer or discharge" specifies that the clock start time for patients arriving by ambulance is when hand over occurs, or 15 minutes after the ambulance arrives at A&E, whichever is earlier.

Although the Trust receives data from the Ambulance Trust on ambulance arrival times, due to issues with the completeness and accuracy of the data received, the Trust is unable to determine the ambulance arrival time (plus 15 minutes) for each patient arriving by ambulance. The Trust does not have another reliable method as a proxy for ambulance arrival time (plus 15 minutes). Consequently, the Trust has not been able to demonstrate that for 2016/17, applying a start clock using Ambulance Trust data would not impact on overall reported performance.

Ambulance arrivals make up 35.2% of the total indicator population for the Dudley Group NHS Foundation Trust.

**Disclaimer of conclusion/Qualified conclusion**

Because the data required to support the Incomplete Pathways indicator is not available, as described in the Basis for Disclaimer of Conclusion paragraph, we have not been able to form a conclusion on the incomplete pathways indicator.

In addition, except for the matter described in the basis for qualified conclusion paragraph above relating to the A&E wait indicator, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2017:

- The Quality Report does not incorporate the matters required to be reported on as specified in the FT ARM and the "Detailed requirements for quality reports for foundation trusts 2016/17";
- The Quality Report is not consistent in all material respects with the documents specified above; and
- The Percentage of patients with a total time in A&E of four hours or less from arrival to admission, transfer or discharge indicator has not prepared in all material respects in accordance with the Criteria set out in the FT ARM and the "Detailed requirements for external assurance for quality reports for foundation trusts 2016/17".

*PricewaterhouseCoopers LLP*

**PricewaterhouseCoopers LLP**

Cornwall Court, Birmingham

Date: *24 May 2017*

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ਜੇ ਤੁਸੀਂ ਇਹ ਚਿੱਠੀ ਜਾਂ ਜਾਣਕਾਰੀ ਕਿਸੇ ਬਦਲਵੀਂ ਭਾਸ਼ਾ ਜਾਂ ਰੂਪ ਵਿੱਚ ਲੈਣੀ ਚਾਹੋ, ਉਦਾਹਰਨ ਲਈ ਵੱਡੇ ਅੱਖਰਾਂ ਵਿੱਚ ਜਾਂ ਆਸਾਨੀ ਨਾਲ ਪੜ੍ਹੇ ਜਾ ਸਕਣ ਵਾਲੇ ਰੂਪ ਵਿੱਚ, ਜਾਂ ਜੇ ਤੁਹਾਨੂੰ ਸਾਡੇ ਨਾਲ ਗੱਲਬਾਤ ਕਰਨ ਵਿੱਚ ਮਦਦ ਚਾਹੀਦੀ ਹੋਵੇ, ਉਦਾਹਰਨ ਲਈ ਕਿਉਂਕਿ ਤੁਸੀਂ ਬ੍ਰਿਟਿਸ਼ ਸਾਈਨ ਲੈਂਗਵੇਜ਼ ਦੀ ਵਰਤੋਂ ਕਰਦੇ ਹੋ, ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਸਾਨੂੰ ਦੱਸੋ। ਤੁਸੀਂ ਸਾਨੂੰ 0800 073 0510 'ਤੇ ਕਾਲ ਕਰ ਸਕਦੇ ਹੋ ਜਾਂ [PALS@dgh.nhs.uk](mailto:PALS@dgh.nhs.uk) 'ਤੇ ਈਮੇਲ ਕਰ ਸਕਦੇ ਹੋ ਜਾਂ ਪੇਸ਼ੇਂਟ ਐਡਵਾਇਸ ਐਂਡ ਲਿਏਜਨ ਸਰਵਿਸ ਨੂੰ ਪੱਤਰ ਲਿਖ ਸਕਦੇ ਹੋ।

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