

# The Royal Orthopaedic Hospital Annual Report & Accounts 2018/19



**RESPECT COMPASSION**  
**EXCELLENCE PRIDE**  
**OPENNESS INNOVATION**

**NHS**  
The Royal  
Orthopaedic Hospital  
NHS Foundation Trust



# **The Royal Orthopaedic Hospital NHS Foundation Trust**

## **Annual Report & Accounts 2018/19**

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





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## Chairman and Chief Executive's introduction

2018/19 has been a very positive year at the Royal Orthopaedic Hospital, where we have seen some really good progress made to improve the Trust's operational performance and our standing in the eyes of our regulators.

We discussed in last year's report, the letter of undertakings of enforcement action that had been received from NHS Improvement. Since then, we have improved our performance and achieved incredible progress with addressing the issues that had been raised around the time our patients were waiting for treatment, including those with spinal deformity who were waiting over a year for their surgery. Waiting times are now significantly improved and there are no patients waiting in excess of 52 weeks for treatment. Operational performance against the cancer and diagnostic targets has also improved considerably. Given the progress made during the year, NHS Improvement agreed to lift the majority of the undertakings, agreeing that they now had much more confidence in the operational leadership of the Trust. The undertaking around the long-term financial sustainability of the Trust remains, however discussions are ongoing with regulators around removal of this given the work we have done during the year to secure our long term future.

Further good news was that following the inspection of the Trust by the Care Quality Commission (CQC) in the early part of 2018, the Trust improved its rating from 'Requires Improvement' to 'Good', with a 'Good' rating across each of the CQC domains. This was a tremendous achievement, which appropriately reflected the efforts of staff who were rightly proud of this outcome. Further work has been undertaken during the year to strengthen the Trust's position in readiness for the next inspection which will occur at some point in 2019/20.

The positivity from a regulatory perspective continued later in the year when the Trust was again inspected by the CQC in August, this time in connection with its compliance with Ionising Radiation (Medical Exposure) Regulations (IR(ME)R). The review was very encouraging and identified that the Trust was compliant, apart from some minor shortfalls, with the regulations. The Radiology team are to be thanked for their hard work in preparing for this inspection and for the efficiency in the way the area is managed.

The year ended on a high with the publication of the National Staff Survey results, which demonstrated evidence of significant improvement across a range of areas. The improvement included key areas including: the relationship between senior management and staff; support from immediate managers; standards of care; regularity and effectiveness of appraisals; and staff feeling enthusiastic about their role. The improvements now mean that the ROH compares favourably in the majority of areas when compared to our peer group of specialist acute hospitals and very favourably when compared to other local providers.

Work continued during the year to progress the work to move our paediatric inpatient services out of the ROH and over to Birmingham Children's Hospital (BCH). Pace of this work has been

slower than we would have liked at times, however agreement was reached during the year that the services would move to BCH after 30 June 2019. This service transfer will mean that children being treated for conditions such as spinal deformity will be treated in a more appropriate environment by staff with the specialist infrastructure they need to help them recover. We'd like to commend all the staff who have worked so hard to support these plans.

The Trust has continued to be an active member of the Birmingham and Solihull Sustainability and Transformation Partnership (STP) over the year and has worked closely with local partners to address some of the in-year challenges. It was through the STP that our Interim Director of Finance & Performance, Steve Washbourne, was sourced. Steve has continued to support us this year to address the Trust's financial challenges and we are again, although still operating in financial deficit, pleased to report a better financial end of year position than was planned for, a position that many other NHS organisations have struggled to achieve.

Discussions have also been held during the year with neighbouring trust, University Hospitals Birmingham NHSFT, where it has been agreed that there is much benefit to be gained by a closer working relationship, particularly to achieve standardised orthopaedic pathways across the region. Work to improve the linkages between the two organisations will continue over the coming year.

In terms of the composition of the Board and Executive Team this year, Paul Athey continued in the role of Acting Chief Executive. The process to secure a substantive Chief Executive did however, occupy the later months of the year and into the new financial year, the outcome of which in April 2019, was the appointment of Jo Williams as the new substantive Chief Executive. Jo has supported the Board as interim Chief Operating Officer since June 2017 and is now focussed on steering the Trust through the next phase of its development. Andrew Pearson stepped down as Medical Director in February 2019 and was succeeded after a competitive appointment process by Matthew Revell. Thanks are to be given to Andrew for his excellent leadership of the medical workforce over the past six years over what has been in very difficult circumstances at times. The Board welcomes Matthew as an Executive member, who will play a pivotal role in embedding new medical workforce models over coming months.

The Council of Governors agreed that the terms of office for both Tim Pile, Vice Chair and Simone Jordan, Associate Non Executive Director, be extended for a further year each on the basis that their skills and experience in finance and workforce respectively would be of value as the Trust continued its financial and operational recovery and sought to address some of its challenges with workforce leadership and development.

The Trust had a number of events to mark and celebrate in 2018. It was a landmark year for the NHS as the 70<sup>th</sup> anniversary of the establishment of the health service was reached. Here at the ROH, there was wide celebration of the event on 5 July 2018. This was a really positive event for the Trust and thankfully the weather was kind as we marked the occasion on our courtyard balcony. In terms of other national celebratory events, the Trust marked International Nurses Day on 12 May 2018, which was a very well received event by all those participating and on 8

March 2019, the Trust celebrated International Women's Day where staff were encouraged to make a pledge to support the campaign theme of 'balance for better', a call-to-action for driving gender balance across the world. Other events that we held during the year included a week focussed on Continuous Improvement in April 2018 and in the week between 25 & 29 March 2019, the hospital celebrated our LGBT+ awareness week with a range of events and activities organised by the Equality & Diversity Network to promote the inclusive culture we value at the ROH. The Equality & Diversity Network, chaired by research nurse Claudette Jones, has been up and running for over 6 months now, and is really starting to make its mark thanks to the enthusiasm shown by its members. Further events are planned for the remainder of 2019.

We are delighted with some more accolades and achievements that the Trust has received during the year. Shortly after the outcome of the CQC inspection was published, the Trust was awarded recognition as a Venous Thrombosis Embolism (VTE) exemplar centre by the NHS England National VTE Prevention programme. Further detail of the Trust's success in relation to VTEs can be found in the Quality Report section of this document. The Trust was also shortlisted for two Health Service Journal awards, one for our pioneering Rapid Recovery Service and another for our daily Multi Disciplinary Team approach in Oncology. Although the Trust did not walk away with a trophy on the night, the team very much enjoyed the opportunity to attend the awards ceremony in Manchester on 7 June.

We held our long service awards on 11 May 2018, where ten members of staff were recognised for serving in the NHS for 20 years and one, Carol Reeves, had served for a remarkable 40 years who started at the Royal Orthopaedic Hospital 1977 as a Nursing Auxiliary. She later became the Manual Handling Training officer, a role she continued throughout her career at the Trust. The Trust held its annual staff awards ceremony on 8 February 2019, where we recognised our most talented and courageous staff, as well as those who had gone the extra mile in the name of the ROH. This was a very upbeat event, which had received a tremendous 290 nominations for the 15 categories of award. A particular highlight of the event was when one of his paediatric patients joined the ceremony to present Professor Lee Jeys with the award for Outstanding Contribution to Patient Experience in recognition of the remarkable and life-changing rotationplasty he had performed for her which had gained the interest of national and local press and media. Recognition is needed for all those who picked up an award at the celebration however and there are plans to make the staff awards ceremony for 2020 even bigger, grander and more inclusive of a wider group of staff.

During the year we have had to say goodbye to a number of key members of staff, including Dr Carmalt, Mr Waldram, Mr Grainger and Dr Girgis. A number of staff have also moved over to University Hospitals Birmingham NHSFT as part of the transfer of the Pathology service. We said farewell to two of our valuable volunteers, Brenda and Arthur Wall, who had worked for the Trust for 40 years. We wish them all well with their future careers or retirement.

It has been another year of change for our governors, with a number of departures and the start of others to fulfil this incredibly important role. The final term of office of one of our long

serving public governors, Rob Talboys, came to an end during the year; he will be missed and we thank him for his dedicated years of service to the ROH. New arrivals include two new stakeholder governors, David Robinson from the Bournville Village Trust and Councillor Liz Clements from Birmingham City Council. Gavin Newman also joined the Council as Non-Clinical Staff Governor, replacing Alex Gilder whose term of office came to an end, alongside Adrian Gardner who replaced Mel Grainger as Clinical Staff Governor. Arthur Hughes joined as a new public governor and the following were re-elected to serve a further term in office: Carol Cullimore, Marion Betteridge and Petro Nicolaidis. The work to foster proactive and positive relationships between the Board and the governors has continued during the year. The Annual General Meeting was held in October which was again well attended by a number of our devoted members.

Embracing the ROH’s core value of innovation, we are delighted that, in partnership with Stryker Performance Solutions, we are offering a redesigned pathway based on a ‘wellness’ model that is enjoying success in the USA and in other places. JointCare emphasises early mobilisation, group therapy sessions and is delivered in an environment which reinforces wellness, movement and recovery. The formal launch was in November 2018 and since then 1056 patients have been treated using the pathway. The results are very promising so far, with patient feedback being overwhelmingly positive. Given the success of this innovation, we hope that this pathway can be offered as standard to all of our patients to reduce the length of time they need to spend in hospital and speed up their recovery after surgery.

As the Trust looks to the future and continues its upward journey of improvement, we are confident that the ROH can build on its very solid foundations of great care and clinical practice to become an exceptional leader in the delivery of ground-breaking orthopaedics, both nationally and internationally.

We would like to take this opportunity to thank all the incredibly dedicated people: patients, staff, volunteers, governors and the public, who support the ROH in their different ways to make the Trust the great place that it is.



*Y. H. Buckland*

**Yve Buckland, Chairman**



*Jo Williams*

**Jo Williams, Chief Executive**



# PERFORMANCE REPORT

## 1.0 Overview of Performance

### 1.1 Purpose of the overview section

The purpose of the overview is to give the user a short summary that provides them with sufficient information to understand the organisation, its purpose, the key risks to the achievement of its objectives and how it has performed during the year.

### 1.2 Purpose and Activities, Business Model and Organisational Structure

The Royal Orthopaedic NHS Foundation Trust (ROH) is one of the largest providers of elective orthopaedic surgery in the UK and is one of five specialist orthopaedic centres. It offers three tiers of service:

- Routine orthopaedic operations for a local population of 4 million people in Birmingham and North Worcestershire;
- Specialist services such as spinal surgery and children's orthopaedics to 5 million people who live in greater Birmingham and the West Midlands, (although it should be noted that in June 2017 we gave notice to commissioners that we planned to cease delivery of treatment for paediatric patients); and
- Diagnosis and treatment of malignant bone.

The Trust's annual financial turnover is in the region of £85 million. It has ten operating theatres and 129 beds on seven wards, nine of which are on a High Dependency Unit.

The Trust employs circa 1,100 staff including more than 40 Consultant medical staff, each supported by multi-disciplinary clinical teams including surgeons, nurses, anaesthetists, physiotherapists, radiologists, pathologists, occupational therapists and other clinical professionals.

Only a small amount of emergency and urgent activity is undertaken, generally in the field of spinal disorders; no trauma activity is undertaken in the early stages after injury. The main elective surgery activities are joint replacement surgery (arthroplasty), joint arthroscopy and reconstruction (keyhole surgery and ligament repairs), plus hand and foot surgery.

The hospital provides a specialist bone infection service. The hospital is one of five centres in England for the diagnosis and treatment of malignant bone tumours and the bone tumour service commissioned by specialised commissioning. The Trust is one of 12 centres in England for the treatment of soft tissue sarcomas.

The Trust's vision is 'to be the first choice for orthopaedic care' and there are plans in place to grow and enhance the services offered to patients via our teams of highly specialist surgeons, many of whom are nationally and internationally recognised for their expertise. The Trust is working closely with partners in the Birmingham & Solihull STP to lead and shape the future of musculoskeletal services and orthopaedic services across the city.

### **1.3 Planning for the future**

The Trust works closely with local partners including Birmingham Women's and Children's NHS Foundation Trust and University Hospitals Birmingham NHS Foundation Trust and in doing so ensures that best orthopaedic practice is shared across the local health community. The links with other local hospitals ensures that the ROH can draw on their expertise if its patients require it.

The Trust strategic intentions were outlined in the Trust Five Year Strategic Plan (2014-2019), which was refreshed during 2016 and are detailed below:

- Delivering exceptional patient experience and world class outcomes.
- Developing services to meet changing needs, through partnership where appropriate.
- At the cutting edge of knowledge, education, research and innovation.
- With safe, efficient processes that are patient centred.
- Delivered by highly motivated, skilled and inspiring colleagues.

In 2017, a further five-year vision supplementary to the strategy was developed, which takes into account the changing national and local environment. The key success factors defined within the vision are as follows:

- Exceptional patient outcomes – Top decile for Patient Reported Outcome Measures (PROMs).
- Increased activity – Trajectory in line with 50% growth target by 2022.
- Improved Referral to Treatment Time target compliance – 92% target achieved in all sub-specialties.
- Increased theatre productivity – A 20% increase in cases per theatre session.
- Reduced length of stay – A 30% reduction in overall average length of stay (case mix adjusted).
- Primary hip and knee length of stay in top decile of peer benchmarking.
- Highly recommended – Friends and Family Score in top decile.
- Engaged workforce – Improvement in staff survey responses.
- Financial sustainability – Breakeven by 2019/20; surplus by 2021/22.
- Positive regulatory position – Rated 'Outstanding' by CQC and Segment 1 as per NHS Improvement Oversight Framework.



Further work is currently underway to revisit the strategy and shape it into a form that better reflects the current context in which the Trust is now operating and some of the national drivers set out in the NHS Long Term Plan towards the development of integrated ways of working.

The Trust is also developing relationships with a number of commercial partners to improve and enhance its current service offering.

During the year, the Trust Board agreed to invest in a modular theatre set up which will provide additional capacity, both in terms of operating theatres and ward space to treat a higher number of patients. It is envisaged that this set up will be commissioned during the second half of 2019/20.

#### **1.4 Brief History and Statutory Background**

The ROH is situated in the south of Birmingham, five miles from Birmingham City Centre. It provides services to a population of around 1.3 million.

The ROH was established on 17 June 1817 when a Committee, chaired by the Earl of Dartmouth, was established to provide a “general institution for the relief of persons labouring under bodily deformity.” It became a foundation trust in 2007.

The Trust is part of the National Orthopaedic Alliance (NOA). The NOA is an acute care collaboration (ACC) vanguard project, providing a framework for improving quality in orthopaedic care across England.

The accounts have been prepared under a direction issued by NHS Improvement under the National Health Service Act 2006.

#### **1.5 Key Issues and Risks**

The Trust manages its internal risks through a Corporate Risk Register and the Board Assurance Framework, the second of which highlights major risks to the delivery of the Trust’s strategic objectives and organisational goals. The key risks included in the Board Assurance Framework can be summarised as:

- Lack of a clear financial and operational plan that describes how the organisation will be sustainable in the long term.
- Failure to identify future workforce models which are sustainable and take advantage of new emerging roles and apprenticeship routes to employment.
- The current gap between staff in post and staffing required creates operational difficulties with a potential impact on patient safety and experience, premium cost of temporary staffing or has a negative impact on staff engagement.
- Limited capital funding to replace equipment that is beyond its useful life.

- National tariff failing to remunerate specialist work adequately as the ROH case mix becomes more specialised.
- Potential impact of cyber attacks on the integrity of the Trust's IT and operational systems
- Failure to deliver the full quantum of the Cost Improvement Programme.
- Inability to commission the new modular theatres with sufficient rapidity to offset the loss of income expected as a result of transferring the paediatric inpatient services.

Further information on the key risks can be found in the Annual Governance Statement (Section 8 of this report).

## **1.6 Going Concern Statement**

International Accounting Standards (IAS 1) requires the directors to assess, as part of the account's preparation process, the Foundation Trust's ability to continue as a Going Concern. The formal review period to be assessed is at least 12 months from the date of approving the financial statements, i.e. up to May 2020, although the wording of the standard is the foreseeable future and is often assessed as 18 months after the year end (September 2020).

The Trust has been in a recurrent deficit position for a number of years which means it has been reliant on cash funding from the DHSC to support ongoing operations.

However, whilst the Trust has submitted a further planned deficit (compliant with its set control total from NHS Improvement) for 2019/20, it has been notified that it would receive £5m from the newly established Financial Recovery Fund if the control total was met. This, together with additional Provider Sustainability Funding received in 2018/19 (£1.8m) would negate the need for further borrowing in 2019/20. If the control total was not met, then further cash support would be required.

Moreover, the Trust is required to assess going concern under the NHS Foundation Trust Annual Reporting Manual 2018/19, which states 'the anticipated continuation of the provision of a service in the future, as evidenced by the inclusion of financial provision for that service in published documents, is normally sufficient evidence of going concern'. The Trust is a specialist provider of orthopaedic services, treating patients not only from the local area for common procedures such as primary hip and knee surgery, but also from across the UK for some of its specialist services, such as complex spinal deformity (e.g. spinal scoliosis), orthopaedic oncology, bone infection procedures and complex revision surgery. Increases in referrals in many of these areas suggest a continuing need in the UK population that is required to be met. This guidance, in addition to the discussions held with NHS Improvement and correspondence received from the Department of Health and Social Care, have allowed the Directors to assess that, on the basis of their enquiries, there is still a reasonable expectation that the Trust will have adequate resources to continue in operational existence for the foreseeable future.

In reaching this conclusion, the Directors have considered the Trust's operational and financial plans, the agreement of service delivery contracts with CCG and NHS England commissioners for 2019/20 and the strength of the Trust's liquidity position which will ensure that cash remains available to cover operating expenses over the current planning period.

As such the financial statements, as provided in detail in later sections of the Annual Report, have been prepared on a Going Concern basis. The assumptions within the financial statements have been fully challenged through Audit Committee and Trust Board.

**Approved by the Board of Directors on 24 May 2019**



**Mrs Jo Williams  
Chief Executive  
24 May 2019**

## **2.0 Performance Analysis**

### **2.1 Purpose**

The purpose of the 'Performance analysis' is to provide a detailed summary of how the Trust has performed against key financial and operational indicators and how this is measured.

### **2.2 Performance Framework**

The Trust's performance framework operates at a variety of levels. Performance against key performance indicators is reviewed and challenged within three Board sub-committees: Quality & Safety Committee, Finance & Performance Committee and the Staff Experience & OD Committee. These committees review detailed performance reports covering their areas of responsibility and scrutinise and challenge performance in these specific areas, which may include deep-dives into specific areas of concern and a review of longer-term trends. In addition to performance, any key risks and areas of needing further analysis are highlighted within these reports and followed up at subsequent meetings where assurance on treatment plans is sought.

The Trust Board reviews the monthly Finance & Performance Overview and the Quality & Safety Report. The workforce overview is also considered on alternate months. Additionally, the Board receives regular reports from the committee Chairs as to the assurance gained at their respective committees.

Local performance scrutiny takes place at divisional performance meetings. These are chaired by the Chief Executive and attended by other Executive Directors and the relevant divisional teams and take place monthly for the two clinical divisions and quarterly for the non-clinical and corporate divisions.

The Chief Operating Officer also chairs the Operational Management Board, which now meets approximately monthly. The meeting considers a range of operational performance information, workforce matters, improvement project updates and strategic developments that will impact on the Trust's operational pathways.

The Board also receives updates on Information Governance and Information Management and Technology via upward reports from the Audit Committee and Finance and Performance Committee where the detail is discussed.

### **2.3 Patient Care Performance**

The year started with the publication of our Care Quality Commission (CQC) inspection report which improved the Trust's overall rating to 'Good', with all five domains (Safe, Effective, Caring, Responsive and Well-Led) also rated as 'Good'.

The CQC noted positive progress and performance in a number of important quality areas including:

- Reporting and learning from incidents

- Duty of Candour
- Safeguarding processes
- Infection Control
- The caring approach and values-driven culture of staff.

The Trust has made good progress on its quality priorities and has achieved fully those below:

- Medical ward rounds supported by the wider Multi-disciplinary team.
- Learning and sharing following incidents and complaints.
- Reduction in waiting times in Outpatient clinics.
- A reduction in cancellations on the day of surgery.

Those that have not been achieved will be rolled over into 2019/20, each with a renewed delivery focus.

The Trust has worked hard to improve the experience of our patients, with key successes including:

- The implementation of the JointCare pathway, which focuses on efficient and supportive discharge to enable patients to get home sooner and patient 'wellness'. Many patients having had a hip or knee replacement have been able to return home the day after surgery, with others being discharged within 48 hours. Feedback from patients has been very positive.
- The embedding of the 'Perfecting Pathways' programme, which encompasses a range of initiatives to streamline the key processes from the start of the patients' journey through to discharge and beyond.
- A major achievement of the Trust has been the total removal of all 52 week waits, with no patients waiting over 52 weeks for surgery from April 2019, which in October 2017 was over a hundred patients.
- A significant reduction in the number of patient falls in 2018/19 with training, reviewed documentation and our benchmarking against the West Midlands Quality Review Service (WMQRS) for falls being undertaken.
- The embedding of the Trust's Learning Disabilities Strategy. This was an area identified as part of the CQC inspection in 2018 as being 'Good'; this was a really pleasing area of achievement, with great benefits for our patients.
- The Trust was awarded as a VTE exemplar site and member of the National VTE Exemplar Centre Network in May 2018.
- The Trust has implemented mental health improvements during 2018/19, including, accredited Mental Health First Aid training, mental health resources and intranet page to support and signpost staff, and referral pathways for mental health support for patients. Further actions including finalising awareness training for all staff and associated policies are due to be completed in Quarter 1 of 2019/20.

During the year, the Trust undertook significant preparation and planning for a 'no deal' outcome to the Brexit negotiations, particularly to assess how this might impact on the

continuity and quality of care that the ROH could offer to its patients. A steering group, chaired by the Executive Director of Strategy & Delivery was implemented to oversee the regional and national returns that were needed during the negotiations and a resilience exercise was undertaken to assess the organisation's preparedness for a 'no deal' Brexit outcome.

## 2.4 Operational performance

### Operational performance

During 2018/19, the strategic and operational performance of the Trust was delivered through our divisional structure, comprising two clinical divisions (Patient Services and Patient Support Services) and two supporting divisions (Estates & Facilities and Corporate Services). These divisions were responsible for the delivery of safe and effective patient centred care, high quality outcomes and compliance with national and local finance and performance targets.

The Trust treated 14,444 admitted patients and 70,375 outpatients in 2018/19, an underperformance of 1.6% and an overperformance of 4.5% respectively as compared to planned levels of activity.

	Performance Against 2018/19 Plan			Performance Against 17/18 Actual	
	Actual Treated 2018/19	Plan to Treat 2018/19	Variance	Actual Treated 2017/18	Variance
Inpatients	6,881	6,640	241	6,449	432
Daycases	7,563	8,045	(482)	8,197	(634)
<b>Total Admitted Patient Care</b>	<b>14,444</b>	<b>14,685</b>	<b>(241)</b>	<b>14,646</b>	<b>(202)</b>
First Appointment	22,631	21,873	758	20,593	2,038
Follow Up Appointment	42,811	43,477	(666)	43,606	(795)
Outpatient Procedures	5,293	2,349	2,944	2,443	2,850
<b>Total Outpatients</b>	<b>70,735</b>	<b>67,699</b>	<b>3,036</b>	<b>66,642</b>	<b>4,093</b>

Compared to 2017/18, inpatient activity has increased by 432 episodes (6.6%) whilst day case activity has reduced by 634 episodes (7.7%). The reduction in day case activity is reflective of a significant increase in work during 2017/18, and also shift to Outpatient with Procedure Activity during 2018/19.

First appointment outpatient activity continued to increase (2,038 or 9.9%) reflecting a continuing increase in referrals, whilst Follow Up Activity continued to reduce which is reflective of good practice being adopted across the orthopaedic pathway and local and national initiatives to reduce the proportion of new to follow up activity.

## **Key Performance Indicators**

<b>Key Performance Indicators</b>	<b>Target</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
% incomplete pathways less than 18 weeks	92%	83.92%	85.34%	86.82%	86.85%
Number of patients waiting over 52 weeks	0	61	20	11	0
% urgent cancer referrals seen within 2 weeks wait	93%	98.7%	100.0%	98.8%	98.8%
% patients treated within 31 days of decision to treat	96%	100.0%	100.0%	100.0%	94.4%
% patients receiving subsequent treatment within 31 days (surgery)	94%	96.7%	100.0%	97.9%	95.2%
% cancer patients treated within 62 days of urgent GP referral	85%	81.9%	69.9%	51.3%	96.0%
% patients waiting less than 6 weeks for diagnostic test	99%	99.68%	99.48%	99.62%	99.80%

## **Commentary**

The Trust has seen significant improvement in its performance against key national operational targets this year. In terms of the overall performance against the national 18 weeks referral to treatment time standard, since the beginning of the year an improvement of nearly 5% has been achieved. The trajectory agreed with NHS Improvement sees a return to meeting the 92% target at an aggregated level by autumn 2019. Most notably, the Trust has reduced the number of patients waiting in excess of 52 weeks for treatment to zero during the year, a position that the Trust anticipates it can sustain over coming months. The Trust's patient tracking list (PTL) is actively monitored on a daily basis with a formal weekly tracking meeting chaired by the Deputy Chief Operating Officer.

Nearly all patients referred with suspected cancer were seen within two weeks, this being in excess of the required 93% target. The Trust met for the first time in Quarter 4, the target to treat 85% of cancer patients within 62 days of an urgent GP referral. The reporting function against the cancer targets will be further enhanced during 2019/20 as the new Somerset IT system becomes embedded.

Across the year, there has been strong performance against the diagnostic performance target, with this being met for each quarter.

## 2.5 Financial Performance

### Statement from the Director of Finance

At the start of the year, the Trust had planned for a deficit of £6,615k which also represented the control total that had been identified by our Regulators. Whilst finances for the year remained challenged for the whole NHS, we were successful in posting an improved deficit position of £6,115k securing £2,464k of Provider Sustainability Funding (PSF), resulting in a control deficit of £3,651k. Once other technical accounting adjustments (as explained below) are considered, this leaves the Trust with a Retained Deficit of £4,513k for the year as per the Statement of Comprehensive Income.

The delivery of an improved deficit position is a significant achievement that could not have been achieved without the efforts of all staff groups throughout the organisation and on behalf of the Trust Board, I should like to place on record our thanks and appreciation.

This section sets out the key features of the Trust's financial performance in 2018/19. A full set of accounts is attached including:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Taxpayers' Equity
- Statement of Cash Flows

### Statement of Comprehensive Income (SOI)

The table below summarises the financial performance for the trust.

£k	2018/19	2017/18
Operating Income (inc PSF)	87,460	81,979
Operating Expenses	(90,089)	(85,169)
Net impairment	(783)	1,554
<b>Operating Surplus / (Deficit)</b>	<b>(3,412)</b>	<b>(1,636)</b>
Net Finance Costs / Other gains and losses	(1,102)	(1,292)
<b>Retained deficit for the year (per SOI)</b>	<b>(4,514)</b>	<b>(2,928)</b>
Control Total Adjustments:		
CQUIN risk reserve (16/17)		(232)
Reversal of impairments	783	(1,554)
Consolidation of charities	352	51
Donated assets	(272)	61
<b>Control Total Deficit</b>	<b>(3,651)</b>	<b>(4,602)</b>



Provider Sustainability Funding (PSF)	(2,464)	(1,844)
<b>Control Total Deficit (exc PSF)</b>	<b>(6,115)</b>	<b>(6,446)</b>
Control Total	(6,615)	(6,619)

Whilst the retained deficit for 2018/19 increased from £2,928k to £4,514k, this included both the receipt of PSF income and the impact of revaluation and impairment. To arrive at the Control Total Deficit of £3,651k the following adjustments are made:

- Impairments (£783k). The Trust has been subject to a valuation of its land and buildings during the current financial year. As a result, a loss has been identified, and recognised in the accounts. This is detailed in Note 9.3, and shows £783k being charged to the SOCI, whilst a further £1,126k is charged to the revaluation reserve;
- Consolidation of Charities (£352k). The accounts are provided in Group form inclusive of the ROH Charity. This adjusts to show Trust transactions only; and
- Donated assets income and depreciation (£272k). This is the net impact of funding for the Regenerative Laboratory based on works completed at 31<sup>st</sup> March.

The Trust also received a total of £2,464k in PSF. This was a £1,851k increase in PSF over the planned (core) £613k that was received on meeting the Control Total. This includes incentive (£427k), bonus (£475k) and general distribution (£949k).

The Trust's control total deficit excluding PSF is £6,115k. This is a slightly improved position from the 2017/18 deficit of £6,446k.

## Income

The largest component of the Trust's income relates to the provision of NHS patient care funded by NHS commissioners. This accounted for £80,000k (91%) of total income.

A significant proportion (67%) of the Group's income is sourced from its main two commissioners, Birmingham and Solihull Clinical Commissioning Group (£26,195k) and NHS England Specialised Commissioning (£27,332k).

A further £7,460k of Other Operating Income was received which included £2,399k in support of Education and Training and Research and Development, and £2,464k of PSF.

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. In 2018/19 the Royal Orthopaedic Hospital's income from the provision of goods and services for other purposes, derived from private patients and other overseas patients, was £1,725k (2.2%); therefore, the Trust has complied with the Act in this regard. The Trust does not anticipate this proportion changing within the foreseeable future.

Any financial profit from the treatment of private patients is re-invested into improving care for NHS patients.

## **Expenditure**

The Trust incurred operating expenses of £90,089k in 2018/19, a rise of £4,920k (or 5.8%) compared to the previous year (2017/18, £85,169k). Pay costs continue to account for the majority of expenditure, with £53,706k (or 59%) in 2018/19 (2017/18, £50,271k and 59%).

The £5,317k increase in expenditure is attributable to the following factors:

- Pay costs increased by £3,433k (6.8%) from 2017/18;
- Increase in healthcare related SLAs £930k;
- Establishment and premises costs increased by £626k; and
- Clinical negligence costs increase of £677k.

In addition to Operating Expenditure, there was an impairment charge of £783k relating to the annual valuation.

## **Productivity and Efficiency**

Cost Improvement Plan (CIP) realisation was of a significant challenge in 2018/19. £1,688k (57%) was delivered against a plan of £2,985k, although this was in-line with Q4 operational led expectations. Whilst the plan proved to be overly optimistic, performance was still disappointing with slippage and under-delivery recorded against large-scale schemes. The CIP process is being changed for 2019/20 to ensure trust-wide engagement in the identification and delivery of CIP.

## **Statement of Financial Position as at 31 March 2019 (SOFP)**

The Statement of Financial Position sets out Total Assets employed by the Group and the Trust.

- Non-current assets (£776k reduction) - due to the revaluation;
- Current assets (£3,135k increase) – This includes an increase in stock, and trade receivables which includes the expected additional PSF. Cash has reduced by £1,454k although this was still £1,200k higher than plan;
- Current liabilities (£2,325k increase) - this includes an increase in borrowings (relating to IT investment) and trade payables. Further detail can be found in Note 15; and
- Long term liabilities (£5,577k increase) – this shows the impact of the cash loan received in year from the DHSC (Note 15.2).

## **Statement of Changes in Taxpayers Equity**

This statement reflects a £5,543k decrease in the total assets of the Group from a taxpayer point of view, from £45,439k to £39,826k, due to:

- £1,126k charge to revaluation reserve;
- £138k of PDC received in year for Cyber Security; and
- £4,514k retained deficit for the year.

### **Statement of Cash Flows for the year ended 31 March 2019**

The Group ended 2018/19 with a cash balance of £3,763k, a reduction of £1,453k on the previous year end cash balance.

### **Financial Accounts**

The full set of Accounts is included within this report. The accounts have been prepared on a Going Concern basis and in accordance with International Financial Reporting Standards (IFRS) and the Trust's accounting policies. Their preparation has been guided by the 2018/19 NHS Trust Manual for Accounts.

The Trust's accounting policies are in accordance with directions provided by the Secretary of State for Health and follow International Financial Reporting Standards and HM Treasury's Government Financial Reporting Manual to the extent that they are meaningful and appropriate to the NHS.

### **Auditors' Opinion**

Audit opinion is supplied by Deloitte LLP and is included within the 'Financial Statements'.

## 2.6 The Knowledge Hub

### 2.6.1 Education and Training Summary

When it comes to Education and Training, The Royal Orthopaedic Hospital NHS Foundation Trust, is a highly regarded teaching hospital. As a Local Education Provider (LEP) for Health Education England (HEE), the Trust provides specialist orthopaedic teaching and education for a number of local universities and Higher Education institutes. Through the annual Learning and Development Agreements (LDA) with HEE, the Trust's educational activity generates £2.2m in financial income. The income received from the LDA, supports the Trust in mitigating the impact student teaching may have on activity levels, whilst allowing the Trust to provide an exceptional education infrastructure to enable the provision and delivery of the training, education activities and resources.

### 2.6.2 Education and Training – Key Highlights 2018/19

#### Medical Education

##### Undergraduate Medical Education

The Trust continues its partnership with the University of Birmingham (UoB), with 380 fourth year medical students completing a two week musculoskeletal placement on site. Our Patient Simulated Teaching (SIMS) sessions continue to be very well received and are widely recognised as the leading simulated teaching experience in the West Midlands.

Feedback gathered by UoB confirms their positive placement experience. Below are Medical Student Quotes from their feedback reports during 2018:

*“An excellent example of how to teach a speciality, every bit of it was pretty exemplary!”*

*“The friendly environment and good library for working in. The morning seeing patients on the day case unit was particularly helpful to see real patients with signs under supervision and guidance”.*

*“Teaching and review of the clinical examinations was extremely useful. I also enjoyed my experiences in surgery as the consultants were eager to teach and allowed medical students to engage including opportunities to scrub up”.*

*“I feel really privileged to be able to do a 2-week placement here because this is one of the leading orthopaedics centre in the world”.*

*“Being able to scrub for complex rare surgery. It has been my highlight of med school”.*

At the Trust's 2018 Annual Staff Awards, Uzo Ehiogu, the Clinical teaching fellow from the Undergraduate Teaching Academy received the Personal Development Achievement Award for his contribution to student teaching and experience, and was ultimately awarded the overall Trust Board Award for his contribution to the Trust and embodying the Trusts Values!

#### Aston University Medical School:

The Trust continues to work in close partnership with the new Aston University Medical School whose first students commenced at Aston in September 2018. The Trust will welcome these students in their third year for their orthopaedic placement. This will see an increase of 100 medical students visiting the ROH each year from September 2020. Robust plans are in place which will be implemented over the next 18 months to ensure the Trust is 'Aston Ready'.

#### Post Graduate GP trainee placements and teaching:

During their rotational placements from the West Midlands Deanery, five GP trainees support the Trust in providing high standards of patient care. During this time the trainees receive weekly musculoskeletal and orthopaedic training and teaching. In addition to the GP trainees, the Trust also provides training placements for sports and exercise medicine, histopathology, radiography and anaesthetic registrars.

#### Birmingham Orthopaedic Teaching Programme (BOTP):

The Trust continues to host the BOTP. One of the largest and most successful orthopaedic training programmes in the UK, comprising 40 trainees rotating through twelve hospitals across the West Midlands, all of which are committed to training the orthopaedic consultants of the future; the ROH hosts the weekly teaching sessions. Sixteen registrars work on rotation with the Trust developing their skills whilst delivering great patient experience and outcomes.

#### FRCS Revision Course:

In January 2019, the Medical Education team hosted its annual three-day FRCS T&O Revision Course, led by Mr Khalid Baloch, Training Programme Director and Consultant Orthopaedic Surgeon. The course is designed to prepare senior registrars for their FRCS exams. The course faculty is made up of over 60 consultants from across the West Midlands. Each year up to 16 additional places are offered to other registrars and junior doctors preparing for their FRCS exams. This year delegates attended from both the UK and internationally. The feedback was very positive, with delegates valuing the knowledge and experience of the Faculty of examiners.

#### Birmingham Orthopaedic Network:



The Birmingham Orthopaedic Network ([www.BON.ac.uk](http://www.BON.ac.uk)) continues to grow from strength to strength since its launch, and the initiative has been shortlisted in the 2019 HSJ Value Awards for Training and Development Initiative of the Year. Finalists will be announced in May 2019. The platform was developed in partnership between the BOTP registrars and the Medical Education Team, with Usman Ahmed (Senior Registrar) and Brett Ellis (Knowledge Hub Coordinator) taking the lead.

Brett Ellis was also shortlisted in the Trust's Leading Lights Staff Awards 2019 for the Innovation and Continuous Improvement Award.

The BON is active on social media (twitter@borthonet), and through connections with colleagues and regional and national level stakeholders, has been shared and presented widely. It has supported two specialties within the region to establish their own collaborative network. The web presence has led to 12 medical students requesting projects this year (compared to five students prior to the BON). In addition, out of region doctors are asking about opportunities within the BON. BON is not restricted to just medical staff, and we continue to engage and develop the platform to include colleagues in other specialties, including nursing and therapy services.

The BON website was used to promote, advertise and receive abstract submissions for the bi-annual Naughton Dunn Club (NDC) at which Trainees showcase research work. At which an NDC Best Paper prize is awarded and feedback and advice provided for development and learning. The use of the BON platform resulted in a 300% increase in Consultant engagement with 75 attendees compared with 25 in previous years.

The overall benefit has been in two main areas. Larger stakeholders are affiliated with a project that helps them meet their strategic aims. Smaller stakeholder groups have seen an improvement in their career development, particularly as collaborative work is now becoming increasingly recognised.

The BON maintains a public and visible website which will continue to expand. In time we hope to engage more with the public and patient groups to ensure that the collaboration never loses sight of our aim of providing the best care to our communities.

#### Non-medical Education and Training

The Trust provides educational placements for up to 60 non-medical students, from partner universities at any one time. The Trust supports a range of speciality placements, including:

- ✓ adult and paediatric nursing degree
- ✓ physiotherapy
- ✓ radiography
- ✓ occupational therapists
- ✓ operating department practitioners
- ✓ pharmacy

In addition, the Trust supports elective student placements from other universities, where the student specifically requests to attend the ROH to gain experience from our organisation. These students are supported by a network of trained professional mentors and this area is overseen by the Trust's Practice Placement Manager.

The Trust is actively engaged with supporting the implementation of the education reforms across the Solihull and Birmingham STP. Working closely with the local trusts, universities and HEI's as part of the regions Education Reform Group, to ensure university places are fully

utilised, the regional capacity for providing placements is enhanced, and that a future workforce supply of registered professionals is continually produced.

### Library Services

As part of the standards within the Learning and Development Agreement, the Trust is required to provide multi-professional library services and resources. The ROH library holds an extensive specialist orthopaedic journal collection, spanning in excess of 30 years, with more recent content being available to access online. Training and support is available to all staff and students with literature searching and finding evidence and information to enhance innovation in research and patient care. The library also offers access to an informal study space with computers, printing, scanning and photocopying freely available. This year has seen a number of enhancements to the library services:

- ✓ Reconfiguration of the library space creating a more open and vibrant environment
- ✓ Introduced four additional Trust VDIs for quiet self-study
- ✓ Creation of a well-being and mindfulness area with resources
- ✓ Relocated the Trusts archive collection to The Library of Birmingham.
- ✓ Implementation of a patient and service user information desk
- ✓ Developed a strong presence on social media; Facebook and twitter: @ROHKnowledgehub
- ✓ Supported National Change week with a Trust wide Poster Competition and display.
- ✓ Participated in the NHS 70<sup>th</sup> Birthday celebrations by creating a 200 year Trust Timeline exhibition.
- ✓ Hosted an exhibition for International Women's Day and other national events.

Due to the impact of the above initiatives, our Librarian, Helen Farquharson was awarded the Chair and Governors Award for Engagement, at the Trust's Leading Lights Staff Awards 2019.

### Personal and Professional Development of our workforce

#### Apprenticeships:

The Trust Apprenticeship Strategy 2018 – 2020 was agreed and signed off in March 2018.

The aims and outcomes of the strategy are as follows:

- Develop a fair, consistent and equitable approach to our apprenticeship offering and to the allocation and utilisation of the levy
- Provide clear and transparent career development routes for admin and clerical and clinical roles
- Review and revise workforce models and plans to support the achievement of the Trust Strategy
- Agree attractive and competitive salary and benefits package to attract and retain talent, offering apprenticeship opportunities with roles at the end of their course.

In the last 12 months the following actions / approaches have been delivered:

- ✓ Awareness events and information for line managers and staff on apprenticeship opportunities and how to integrate new roles into departments
- ✓ The Trusts Guiding Principles to apprenticeships was defined and published in September 2018
- ✓ Implemented Changes to the workforce modelling, e.g. all Band 1-3 vacancies are converted into apprenticeship opportunities where feasible, new staffing models and roles have been signed up to including Trainee Nurse Associates and Theatre Assistant Practitioner Apprenticeships.
- ✓ Continuing to support the Apprenticeship federation to develop a product which provides clear and transparent career development routes for admin and clerical and clinical roles
- ✓ Developed a strong working relationship with partner Trusts as part of the BSol Apprenticeship Federation, and with local HEIs as apprenticeship qualification providers.
- ✓ Implemented a revised competitive salary and benefits package for direct recruited apprenticeships.

The impact of all these actions of the last 12 months has meant that the Trust will have enabled 26 staff to commence apprenticeship qualifications, exceeding our nationally set target of 23. (This figure nearly quadruples our 2017/18 figure of 7). Of the 26 apprenticeships, four were externally recruited Level 2 or 3 Business Administration apprentices, 14 were our Management Skills Programme candidates who are undertaking a Level 3 Team Leader / Supervisor apprenticeship qualification and eight were a range of career development apprenticeship qualifications for existing staff.

The future of our apprenticeship strategy is looking bright with proposals to introduce over 50 apprenticeship opportunities over the next 12 months. These will include Trainee Nursing Associates, Theatre Assistant Practitioners, and delegates for the next cohort of our Management Skills Programme plus future career development opportunities for our existing staff.

The Trust will continue its work with the BSol Apprenticeship Federation, leading on the 'career development on a page' frameworks, developing a web platform that enables individuals to review the career web of career development stages, and the opportunities and requirements to move between each. This will be available for all staff later in the year.

### **Investment in Learning:**

The Investment in Learning charitable fund was set up in December 2013, with the key aim to support the personal and professional development of staff in Band 1-4 roles and higher banded non-clinical staff. Charitable funding was allocated to support apprenticeship qualifications, Customer care training, developing technical skills and professional qualifications for career progression.



The Investment in Learning charitable fund allocation continues to support the professional and personal development of staff, who continues to be extremely grateful for the support, which has enabled them to progress in their careers and achieve further development opportunities.

**Access to Health care qualifications:**

Over the last 18 months, six Theatre Assistants have been supported to undertake an “Access to Health Care” qualification. This has enabled three of these staff to be accepted onto the Theatre Assistant Practitioner Apprenticeship Qualification in April 2018, with plans to support more staff during 2019.

**Environmental Excellence training for Housekeeping and facilities staff:**

Working with Environmental Excellence, the Head of Facilities and Housekeeping Managers have been able to provide a series of professional development workshops for housekeeping and facilities staff. The overall aim of this programme is to review the requirements of cleaning in NHS Health Care environments. The investment will enable up to 48 housekeeping staff to complete the programme. This programme initiative is still in its delivery, outcomes will be evaluated during 2019/20.

**AMSPAR medical terminology training:**

Four staff have been supported with funding to complete the AMSPAR medical terminology programme with the “Activity Group”.

**Activity group Personal development courses:**

The Trust has also commissioned the Activity Group to deliver a series of personal and professional development workshops that support the achievement of the Trusts Objectives and support staff in their personal development. These programmes have generated great interest and we have experienced high attendance rates. The courses have also evaluated very positively.

**The titles of the programmes delivered are included in the table below:**

The Professional Receptionist	Delivering an enhanced patient experience
Getting the best from People	Strengthening emotional resilience
Performance Management “Nipping it in the Bud”	Effective minute taking
Managing Difficult and Demanding people	Effective report writing
Executive Secretary / PA	Working with Assertiveness
Managing change	Getting the best from people

**Additional support**

The fund has supported a member of the finance team to complete a Credit Control workshop, and the team leader for Therapies Admin has completed the Mary Seacole Leadership development programme through the Leadership Academy.

Over the 5 years since the introduction of the Investment in Learning funding, the Trust has been able to support the personal and professional development of a high number of staff, from a range of specialities and backgrounds. Funding is still available for staff to apply for support, and the charitable fund continues to be committed to support this investment.

#### Mandatory training activity

Over the last 12 months the Trust has continued to enhance its mandatory training provision for staff, seeking to improve efficiencies, and reduce the amount of time off job. The Trust has aligned its core mandatory modules to the National Core Skills Training Framework, streamlining processes with other NHS trusts. We have also identified an alternative online provider for these modules, reducing costs of delivery. During 2019/20, we will continue to review and refine training processes to reduce costs and enhance delivery of training materials.

#### Knowledge hub developments



In March 2019, the Charitable Fund launched the 'Sponsor a chair' campaign to enable the refurbishment of the Harrison Lecture Theatre within the Knowledge Hub. Each sponsored chair will be inscribed with up to ten words and sponsors will receive a special certificate and note of thanks from the Royal Orthopaedic Hospital. Each chair costs £220 which can be paid in a lump sum or monthly over a year.

For full details on payment and the appeal, please visit [www.rohcharity.org](http://www.rohcharity.org) or call 0121 685 4379.

## **2.7 Research and Development**

### **Executive Summary**

At ROH we believe that every patient has the right to be given the chance to participate in clinical research and to contribute to the generation of new knowledge which can lead to improvements in their health and care or that of future generations. The Trust has a vibrant research portfolio of clinical trials, observational studies and biological studies which underpin our delivery of evidence-based care. We are working with world leading academic and industry partners to ensure that our patients have access to the latest innovations in orthopaedic care whether that is a new approach to physiotherapy rehabilitation, advanced therapies to regenerate diseased bone tissue or pharmaceutical treatments which aim to reduce the need for invasive surgery and speed up recovery.

There have been several exciting new developments over the course of the past year which moves us ever closer to achieving our goals of being recognised as a knowledge leader in orthopaedic care.

- **Building the Dubrowsky Regenerative Medicine Laboratory**

Work has commenced on the building of a new state of the art regenerative medicine laboratory onsite at the Trust which is planned to open in summer 2019. Funded by a charitable legacy gift from a former ROH patient, Mr Dubrowsky. The lab, will provide translational research facilities for developing new orthopaedic therapies which use the body's own cells to restore function.

- **Dedicated clinical outpatient space for research**

In December 2018, the Trust designated much needed clinic space in the busy outpatient department for clinical research activities. This marks an important milestone in the Trust's progress toward its vision to be a knowledge leader in orthopaedic care, prioritising the need for clinical research facilities in which patients can safely take part in high quality clinical trials of new orthopaedic treatments.

- **New infrastructure to boost bone cancer sample collection**

Research sample donations from ROH patients treated for bone cancer have increased by 50% in 2018/19. This is thanks to the funding received from the Bone Cancer Research Trust to support the coordination and collection of tissue samples from patients with various types of bone cancer who are eligible and wish to take part in our active oncology research programmes.

- **Developing clinical academic career pathways for our physiotherapy stars**

We have continued nurture the development of clinical academic physiotherapists within our Trust, working with service leads and staff members to develop physiotherapy roles which combine academic training, research and development and clinical care delivery and are supported by appropriate funding models. Two research physiotherapists have already completed their masters to PhD bridging programmes and have secured further funding to continue the development of PhD research proposals. It is hoped that this launch pad will enable them to go on to secure studentships and fellowships through national competition and to continue to forge the pathway for clinical academic roles within the Trust. It is hoped that this model can be rolled out to nursing and other allied health professional disciplines over the coming years.



We have made considerable progress in delivering our research strategy, demonstrated through the continued growth in our research portfolio, enhanced research facilities and improved financial sustainability. We have seen a slight reduction in the numbers of patients recruited to research studies, consistent with national trends in orthopaedic research activity and study portfolio. We have invested in training our workforce and developing our research infrastructure to underpin the generation of future orthopaedic research programmes across our clinical specialities and in collaboration with both industry and academic partners.

### **2.7.1 Key Research Highlights from 2018/19**

Research is fundamental to the delivery of high-quality patient care and provides the evidence base to better understand the nature and impact of orthopaedic diseases and to confirm the safety and effectiveness of our current and future approaches to diagnosing and treating them. The following examples illustrate how research underway within the Trust has led to benefits to patients and the health service.

#### a) Developing innovative orthopaedic therapies:

- **FACT OA** - In February 2019 we were the first UK centre to open recruitment to a phase 3, randomised controlled trial to evaluate the use of a monoclonal antibody in managing pain and improving quality of life for patients with osteoarthritis of the hip or knee. This is particularly important as many patients find that standard pain relief, such as paracetamol, is not adequate enough to help maintain a good quality of life.
- **RACER** – In November 2018 we opened the RaCeR study, sponsored by Keele University. The study is a randomised controlled trial aiming to assess the differences between two physiotherapy pathways following Rotator Cuff Repair surgery. Currently patients are advised to keep their arm rested in a sling for three weeks post-surgery but recent evidence suggests that mobilising earlier can improve recovery and help patients return to their usual activities quicker. The RaCeR trial is currently at a pilot stage and it will be used to assess feasibility for a larger main trial. The study has proved to be of great interest to our patients and recruitment was initially planned to take nine months; the Trust has already surpassed its initial recruitment target after only five months and the Trial sponsor has approved the recruitment further patients based on our proven success compared with other participating sites.

- MANTIS – This year we opened the MANTIS trial, a phase III randomized clinical trial of alendronate, a type of bisphosphonate, in patients with avascular necrosis of the hip (AVN). While this treatment is available on the NHS it is not routinely used in the treatment of people with AVN. The trial aims to assess whether this treatment can delay or prevent the need for total hip replacement and improve overall hip function. It will also evaluate the cost-effectiveness of alendronate and whether it can provide both a clinical benefit to patients and a cost saving for the NHS.
- STAR - Working with Bristol University, the STAR trial was opened at our site in August 2018. STAR is a randomised controlled trial of a new pathway for patients with long-term pain following Total Knee Replacement (TKR) surgery. Typically, patients experience pain for the first three months after a TKR, however one in five patients report that they still suffering from moderate or severe pain after this time. Many patients do not seek or receive further care when experiencing long-term pain and so the STAR trial will explore a new ‘best-care pathway’ to see how it compares to the current standard pathway. The new pathway involves a multi-disciplinary approach, with patients seeing a healthcare professional at three months post-surgery. At this appointment, referrals can be made as appropriate to other health professionals such as physiotherapists, GPs, orthopaedic surgeons or pain specialists. This study has the potential to change the care our patients receive following TKR surgery, hopefully resulting in a better recovery and an improved experience and quality of life.

b) Generating new knowledge in orthopaedic medicine

- Validating chemosensitivity assays – We are currently working alongside Imagen Therapeutics and Manchester Children’s Hospital to explore the feasibility of ‘real-time’ chemosensitivity testing to identify the most appropriate post-operative treatment for patient with osteosarcoma. Each individual’s cancer is unique to them and depends upon their own personal genetic background, meaning that each individual will respond differently to different treatments. Because of this we are helping to test whether the clinical response to drugs can be predicted at an early stage based on the patients’ own drug response profile. To do this, samples are taken during standard treatment and sent to the labs, where cells can be grown and

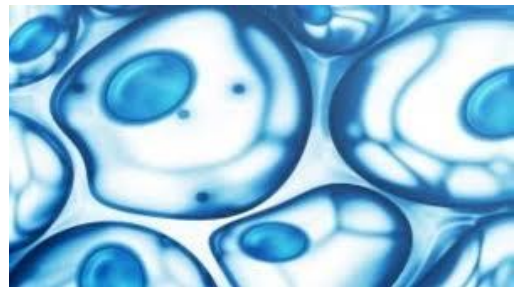


different drugs can be used in an attempt to kill the cancer. If it can be proved that by following this process the clinical response to drugs can be predicted then we can provide

treatments more tailored to each individual patient, with a higher chance of treatment being successful.

- CTC&RNA in Osteosarcoma – There has been little development to the treatment of osteosarcoma in the last twenty-five years, because of this we are working to develop new methods of understanding its biology so that we can diagnose it earlier and treat it better. By taking samples from patients with osteosarcoma ‘RNA sequencing’ can then be performed, this means identifying the genes in circulating tumour cells (CTCs) and collecting molecular data. In future this data could be used for the development of an early diagnosis pathway and the development of more targeted therapies.

- Stromal Cells in Osteoarthritis – We are currently collecting tissue from patients undergoing Total Knee or Hip Replacements due to rheumatoid arthritis or osteoarthritis. Rheumatoid Arthritis causes a thickening of the layer lining patients’ joints and this study is investigating the way the cells in the lining communicate with each other and the role they have to play in joint damage. It is hoped that this research will help to identify new ways of controlling the pain and destruction of joints that occur in osteoarthritis.



- Muscle Fat Cross Talk – We are working collaboration with scientists at the University of Birmingham to examine the interaction, also called ‘cross-talk’, between muscle, fat and joint tissue in joint damage amongst patients undergoing orthopaedic surgery. The study aims to determine the role of adipokines and myokines in controlling inflammation and metabolism, and in causing damage to the joint. Improved understanding of this mechanism is hoped to help us identify a site of action for a drug (called a drug target) to prevent or slow down the progression of joint damage.

c) Translating research into healthcare service improvements and enhancing our patient care

- 100,000 Genomes – Led by NHS England, 100,000 Genomes is a national project aiming to collect and sequence 100,000 genomes from patients with certain cancers and rare diseases. Due to our hospital’s-specialities and our unique patient population we were the largest contributor of sarcoma tissue and blood samples to the project. The study will help to improve our understanding of the role of genetics in the development of cancers and enable us to predict treatment response. The

project is soon to be translated into standard care, changing orthopaedic oncology into a genetics-led service and transforming the way in which the NHS diagnoses and treats sarcoma patients.

- SAM – The Royal Orthopaedic Hospital is the highest recruiter to phase one of the SAM study which we opened in early 2018 and is seeking to develop and validate a Sarcoma-specific Patient Reported Outcome Measure questionnaire (PROM). While there are many generic cancer PROMs, they may not capture all areas that are important and unique to patients diagnosed with a sarcoma. By identifying the physical and psychosocial impacts sarcomas have, we will be able to develop methods and pathways to best support our patients through their diagnosis and treatment. The ROH was the highest recruiting site nationally to this study, and based on the findings from phase one, we are now opening phase two which involves a more concise questionnaire, further refining and validating the initial findings.
- PQIP – We are currently working alongside University College London to measure complications following major planned surgery and to find out if rates of complications vary between different hospitals. Currently there are no national databases which provide an insight in to post-operative complications and by collecting clinical data as well as patient reported outcomes we will gain a valuable understanding on how we can improve patient care and patient experience.

### **3. Delivery of our research strategy:**

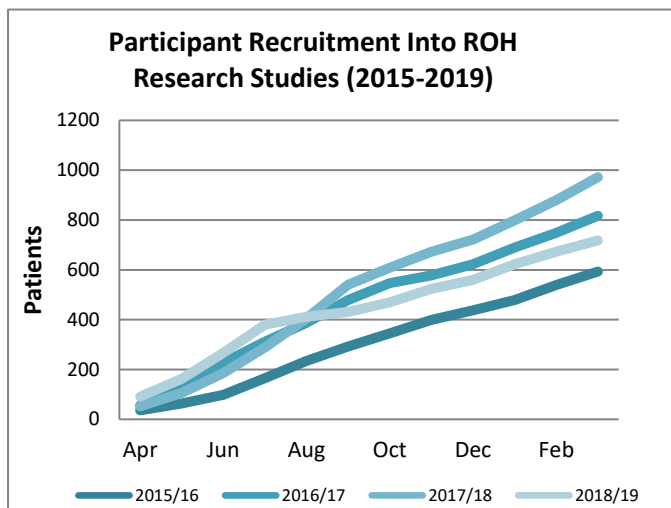
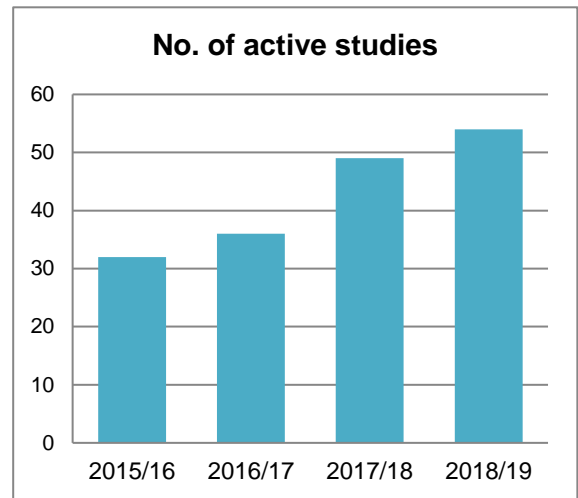
Our ambitions include developing our individual research strands in relation to:-

- Cultivating a home-grown research portfolio based on local priorities and patient needs
- Developing academic and basic science type studies in collaboration with local universities and other NHS providers
- Expanding our commercial portfolio which will validate and evaluate new and existing medicines, medical devices and surgical techniques

For the ROH to become a knowledge leader and the first choice for orthopaedic care, our new strategic objectives in relation to our research are based on the following strategic intentions, and actions to deliver these:

i) Increasing our research activity

We have seen an increase in the number of studies which were active during the year, with 71 studies in 2018/19 compared with 64 in 2017/18. Of these 71, 49 are currently open, five were completed, 14 are in set-up to be opened in 2019/20 and three were withdrawn or suspended. The reasons for study withdrawal or suspension included a lack of clinical equipoise (uncertainty in the expert medical community over whether a treatment will be beneficial), failure of the sponsor to obtain required approvals to open the study and a study which involved a treatment which was incompatible with ROH standard care.



The number of ROH patients recruited to research studies was slightly lower than the previous year with 718 patients agreeing to take part in 2018/19, however this is reflective of a national trend in activity due to fluctuations in the UK's orthopaedic research portfolio. It does however highlight the importance of ROH's role in driving this activity through the generation of new orthopaedic research programmes in future years.



As seen in the previous year our most research active clinical specialties continue to be oncology, arthroplasty, and spinal services. We have seen a broadening of our research portfolio to include studies across anaesthesiology, pain management and nursing. Although several large recruiting studies have closed during the year we have maintained a steady flow of new studies in set-up with over 80% opening in less than 40 days and recruiting the first patient within 30 days of opening.



We have seen an increase in the proportion of interventional studies including clinical trials of medicinal products and clinical investigations of medical devices as well as a large number of therapeutics trials comparing other types of interventions such as surgery and physiotherapy. Of the studies delivered in the past year 56% were interventional and 44% were observational (i.e. patient data and/or tissue collection alongside of standard care); this represents an increase of 11% in the proportion of interventional studies compared with 2017/18.

Of the 71 studies delivered during the year, 63% were included in the NIHR portfolio and accounted for 82% of our total number of participants. This is an increase of 5% compared with the previous year. Those studies not included in the NIHR portfolio were largely biological studies / tissue-based projects which were not suitable for adoption.

There were nine studies which were sponsored by commercial organisations delivered in 2018/19 compared with eight in 2017/18 and three in 2016/17. This reflects our strategic intentions to increase our ability to give our patients access to the latest pharmaceutical and technological innovations developed within the commercial sector.

ii) Developing our clinical research facilities



There are several practical challenges intrinsic to the delivery of early-phase and interventional clinical research programmes which have historically limited the trusts capacity to offer these type of trials to our patients. The Trust has invested significantly over the past year in addressing these challenges, unblocking the barriers and enabling the Trust to broaden its clinical research participation.

The first of which is the development of state of the art, onsite Regenerative medicine research facilities, which will enable local scientists and researcher to develop new cell based therapies. Aligned with this, we are also now able to process research samples onsite and within 30 minutes of sample collection. While routine clinical samples do not normally require this expedience, such research samples are used to monitor the biological safety of trial drugs in accordance with approved clinical trial protocols. Therefore having these onsite capabilities allows us to safely deliver a wider portfolio of pharmaceutical trials.

We have also achieved a milestone in securing dedicated clinical outpatient space within the Trust in which we can conduct patient consent, clinical assessments, data collection and non-surgical research interventions. This allows research to be accommodated and prioritised alongside standard care and helps to integrate research activities into patient pathways.

iii) Developing our research workforce

It is the goal of the R&D Department of the ROH to continue to grow this collaboration and to that end there is a strategy to reintroduce academic posts into the ROH to support and lead on research in collaboration with a higher research degree from a partner university.

In association with both Keele University and the University of Birmingham our AHP research active physiotherapists have secured funding to continue their development to a PhD programme. We have also been successful in securing a competitively sought Clinical Trials scholarship within the Birmingham Clinical Trials Unit at the University of Birmingham. This NIHR training programme is designed to grow Chief Investigators within the West Midlands region, partly funded by the NIHR with the benefit of training

in research methodology which can then be brought back to the ROH and passed on to both established researchers and also to our trainees through ROH training programmes.

iv) Increasing our collaborations and research reputation

The R&D department of the ROH has spent the last year actively seeking collaborations with other interested researchers in both academic and industry arenas and at both the local and national level.

On a university front there are currently collaborations with University of Birmingham, Aston University, Keele University, Birmingham City University and Oxford University. This is through the use of samples from the ROH through to the consideration of new technologies to improve orthopaedic implants. ROH clinicians are involved and supervisors for PhD students in several sites.

Industrial collaboration has grown with several interventional research studies involving both pharmaceutical and med-tech commercial partners, again covering the range of research interests from pharmacological to orthopaedic implant related. We have been selected to participate in several novel and highly complex industry sponsored clinical trials which will provide our patients with access to the latest orthopaedic innovations.

The ROH was recognised as exceptional for its R&D activities underway across the Trust in the 2018/19 CQC inspection report, reflecting the trusts passion to translate research outputs into improvements in care and outcomes for our patients

v) Increasing our research income

Work has been undertaken to ensure that the R&D activities in the trust are properly funded by appropriate research income encompassing charitable and grant funding, NIHR service support costs, commissioned treatment costs and commercial contract funding as applicable. Although it is expected that the income generated from the delivery of research activities may fluctuate from year to year, it is essential that the Trust establishes financial sustainability to safeguard and enhance its research support infrastructure.

Significant improvements have been made over the course of the year to create improved sustainability. These have included enhancing the support available to researchers in preparing grant applications, study costing tools for non-commercial projects to ensure adequate funding is in place and working with research charities, NIHR and other major funders to develop our strategic plans and infrastructure requirements. We have proactively engaged with key industry partners to grow our commercial research programmes and have worked closely with research sponsors and

the NIHR to ensure that study delivery and performance is maximised. Each of these activities has helped to create a more stable financial foundation upon which our research and development activities can continue to flourish.

## 2.7.4 Future directions

Over the coming year we will be prioritising the following strategic plans:

1. Developing training pathways for ROH nurses, Allied Health Professionals and doctors to build their skills and experience in clinical research.
2. Increasing and expanding our collaborations with other orthopaedic centres to develop and deliver large scale research programmes across these sites.
3. Improving our engagement and communications with our patients, colleagues and members of the public about the research taking place within the Trust and how they can influence and support it.
4. Developing our commercial and academic clinical trials portfolio to ensure that we are contributing to the development of new treatments for orthopaedic diseases which will lead to improved outcomes for our patients.

## 2.8 The impact of the business on the environment

The Trust recognises its responsibility for carbon emissions associated with the use of energy and burning of fossil fuels. It continues to promote carbon reduction initiatives to encourage a culture of carbon efficiency to ensure improvements can be made to patient services in an environment where our staff colleagues are able to control the use of energy.



The Trust's aim is to minimise the impact on the organisation, as far as practicably possible, by further developing our energy management measures not only to meet legislative and statutory requirements but also to encourage good use of energy. The Trust monitors energy and its incoming water supplies through intelligent meters.

Investment has been made to ensure that any refurbishment to the hospital estate includes energy efficient devices and fittings. The installation of magnetic rings to some of the gas supplies serving the hospital has seen a reduction in overall gas usage; there is a plan that this technology will be rolled out across the Trust. Energy efficient boilers have also been installed in a number of locations which will reduce our energy consumption. Alterations to our courtyard entrance have improved our energy performance.

The Trust has also started to make changes to non-clinical waste streams and again this has seen a reduction in the amount of waste going to landfill for the same period. Further work is planned this year to embed a culture of change in the way we collect and manage waste.

The Trust is the proud owner of a 'Green Apple Award' as a result of our effort to maintain and develop the semi-wooded environment on our Woodlands site. This continues the tradition maintained by the Cadbury family of keeping tree planting as a vibrant part of our community.



For more than 100 years the Royal Orthopaedic Hospital has been fondly referred to as the Woodlands, due to its location here in the former home of Dame Elizabeth Cadbury. Trees have always been a dominant part of the hospital's landscape, and part of the pride that many staff and patients derive from the hospital. Additional trees have been planted in 2018 to enhance our external environment and maintain this tradition.

## **2.9 Equality and Diversity at ROH**

Equality and Diversity for all our staff, patients and communities is incredibly important to the Trust. We make every effort to ensure staff and patients are treated in an inclusive way by encouraging everyone to role model the values, create equal opportunities, treat people fairly and develop good working relationships at ROH.

The Trust works to a number of equality and diversity objectives and interventions underpinned by a core set of Trust values. The senior leaders also support the work to ensure that patients, staff and other stakeholders have a voice to put forward suggestions, concerns and ideas.

The Trust utilises the Equality Delivery System (EDS2) and this forms the foundation for our ROH Equality and Diversity objectives and action plan.

The EDS2 framework is split into four outcomes:

- Better health outcomes for all
- Improved patient access and experience
- Empowered, engaged and well supported staff
- Inclusive leadership at all levels

## **Implementation of EDS2 at ROH**

This is the fifth year that ROH has developed annual equality and diversity objectives against the EDS2 criteria. The framework includes key equality data, data analysis, input and feedback from staff, patients and key stakeholders, key outcomes from the previous year and actions for the coming year. A copy of this report can be found on the Trust website under 'Equality and Diversity'.

The report is underpinned by the nine protected characteristics outlined in the Equality Act 2010.

The Inclusion team consult and engage with a number of expert leads from across the Trust to ensure the actions identified are priorities. Staff and external partners are also invited to review and comment on actions.

Monitoring and reviewing of the Equality and Diversity (E&D) Action Plan will be through the delivery of the EDS2 action plan in the following ways:

- Monthly progress updates to Associate Director of Workforce and OD
- Bi annual E&D report presented to the Trust Board for review and sign off
- Quarterly Equality and Diversity update to the Staff Experience and OD Committee
- Updates to Executive Directors and Trust Board as requested
- Six monthly written and verbal progress update to the local Clinical Commissioning Group (CCG)
- Updates at the newly formed Equality and Diversity network

### **2.10 Statement on the Modern Slavery Act 2015**

The ROH recognises it has a responsibility to take a robust approach to slavery and human trafficking and is absolutely committed to preventing slavery and human trafficking in its activities.

The Trust has comprehensive safeguarding policies that highlight the need to protect vulnerable individuals. The policies are:

- Safeguarding Adults and Families at Risk
- Safeguarding Children, Young People and Families

We also refer to the Birmingham Safeguarding Adults Board and Birmingham Safeguarding Children's Board policies and procedures.

Both safeguard leads attend regular external training sessions to keep up to date with the latest information and support available.

As part of the Trust Statutory and Mandatory training day (attended once a year), all staff members are required to attend a safeguarding session to give a general awareness on modern slavery. There is also information and guidance on where to go for help if they are concerned about vulnerable individuals that they come into contact with.

### **2.11 Anti bribery**

In line with national guidance issues by NHS England over the summer of 2017, the Trust adopted the model policy around conflicts of interest, which includes references to the Bribery Act 2010. The policy remained live for the 2018/19 year. It provides clear guidance on the acceptability of accepting gifts, hospitality and sponsorship and the processes needing to be followed when offered. The Trust has the benefit of the services of a Local Counter Fraud Specialist, who working with the Chief Executive, has developed a public statement for the Trust on anti-fraud and bribery.

### **2.12 Post year-end events**

There have been no important events since the end of the financial year affecting the Foundation Trust that influence the information within this annual report.

### **2.13 Overseas Operations**

There were no branches operated by the ROH outside the UK during the year.



Jo Williams  
Chief Executive

24 May 2019



# ACCOUNTABILITY REPORT

## Section 1:

### Directors' Report

#### 1.0 Directors holding office during 2018/19

The following held office throughout the period of this report:



**Dame Yve Buckland – Chairman (First Term of Appointment 1 May 2014 to 30 April 2017, extended until 30 April 2020)**

Yve Buckland started her professional life as an archivist having completed a history degree and archives training at Leeds and Liverpool Universities. She went on to have a series of managerial roles in local government working for Cheshire and Birmingham Councils before, in the early 1990s, she was appointed by Nottingham City Council as its Deputy Chief Executive and City Secretary, the first female Chief Officer in the Council since its establishment in the 1880s.

By 2000 Yve had achieved her first national role when she was appointed by the Government to set up the Health Development Agency, a body which assembled and analysed the evidence-base for tackling key public health problems such as childhood obesity and smoking-related diseases. She was awarded a DBE by the Queen for her work in this area.

Yve became the Chairman of the NHS Institute for Innovation and Improvement and for ten years between 2005 and 2015, was the Chairman of the Consumer Council for Water. She is a governor of the Kingsley School and is also a member of the independent panel advising ministers on Further Education College restructuring.

In June 2017, Yve was appointed Pro-Chancellor and Chair of the Council of Aston University. She is also currently acting as Interim Chair for Dudley Group of Hospitals NHS Foundation Trust for an initial period of six months.



**Mr Paul Athey – Acting Chief Executive Officer**

Paul has worked at the ROH for 13 years in a variety of finance roles. Before taking on the role of Acting Chief Executive, he was Director of Finance and Performance (2013 – 2017). He has nearly 20 years of NHS experience in a variety of provider and commissioner roles. Paul has sat on a number of national finance committees and is passionate to enhance the role that finance can play in improving patient outcomes and experience. He was proud to have had the opportunity to lead the organisation at an exciting time for the NHS and believes the ROH has a vital role to play in delivering high quality orthopaedic care to the population of Birmingham and beyond. Paul stepped down as Acting Chief Executive from 3 May 2019 and Jo Williams took on the substantive role of Chief Executive.



**Mr Timothy Pile - Vice Chairman, Senior Independent Director – Non-Executive Director (Term of Appointment: First term of office completed 31 December 2015, extended until 31 December 2018)**

Tim Pile is Chair of The Greater Birmingham & Solihull Local Enterprise Partnership, a non-executive director at Marshalls PLC and The Greater Birmingham Chamber of Commerce. He

was previously Chief Executive of Sainsbury's Bank, Non-Executive Director of Cancer Research UK, Trustee of the Library of Birmingham and Governor of Bromsgrove School. Tim has held various management positions at Alliance & Leicester and Lloyds TSB.



**Mr Rod Anthony – Non-Executive Director and Chairman of the Audit Committee (Term of Appointment: First Term of Appointment until 31 May 2017, extended until 31 May 2020)**

Rod Anthony is a Chartered Accountant and experienced Chief Finance Officer and Managing Director. Currently Chairman of Social and Local CIC (a strategic marketing agency providing support to the public and third sectors), Rod is a director of The Innovations in Healthcare Gateway Limited (supporting improvement across primary care) and a director of Sirona Design Ltd (a medical devices development and design business).

Rod also provides consultancy and Board advisory support to a number of public sector, commercial and social enterprise businesses, primarily operating within the field of healthcare innovation and improvement. Formerly CFO and Interim Managing Director at the NHS Institute for Innovation and Improvement, CFO at the Forensic Science Service Ltd and senior executive at GlaxoWellcome Plc (now GlaxoSmithKline Plc). Previously Rod was Vice Chair of Birmingham and Solihull NHS PCT cluster and Deputy Chair at Solihull Care Trust.

At the Council of Governors meeting held on 15 March 2017, the Governors re-appointed Rod as a Non-Executive Director for a further period of three years to end on 31 May 2020.



**Mrs Kathryn Sallah – Non-Executive Director (Term of Appointment: First term of Appointment until 31 March 2018, extended until 31 March 2021)**

Kathryn Sallah worked as an independent management consultant from January 2007 following her retirement from the NHS. Her portfolio consisted of health service reviews and redesign, advice to and development of NHS Boards, policy development and providing professional coaching. Previous clients include the Department of Health, the Welsh Office, primary care trusts, community provider services and acute trusts in England. Kathryn, a qualified nurse and midwife, has over 40 years' experience in healthcare in the UK and abroad. Kathryn's main focus has been on women's health issues and improvement in maternity services and, due to this, has also been the Midwifery Advisor to the Department of Health over several years. Kathryn has developed a keen interest in public health issues, which resulted in her successfully completing a Master's in Public Health at Birmingham University. She has held three Director of Nursing posts: Walsall Manor Hospital, Birmingham Women's Hospital and Birmingham Strategic Health Authority.

This considerable experience at Board level has given Kathryn great understanding of corporate governance and accountability from both an Executive and Non-Executive Director perspective. Kathryn chaired the national 'Birthplace' research steering committees and was the Project Director for the Mid Staffordshire independent case note review. In 2007 Kathryn was awarded a MBE for services to Health Care in the Queen's Birthday Honours list.



**Prof David Gourevitch – Non-Executive Director (Term of appointment: 1 February 2017 until 31 January 2020)**

Professor David Gourevitch was appointed as a consultant surgeon in 1992 after completing his surgical training with dual accreditation in thoracic and upper GI/general surgery. Previously, he had worked in Africa (Mzuzu, Malawi, Durban, South Africa and Nqutu, Kwazulu) and written his MD thesis in vascular surgery.

Originally appointed with a particular interest in upper GI re-sectional surgery to Sandwell Hospital, his clinical practice was large and encompassed those of the neighbouring hospitals. In addition, he ran a large paediatric surgical service.

His practice was transferred to University Hospitals Birmingham NHS Foundation Trust (UHB) in 2003 when he was asked to lead the upper GI service at the teaching hospital. He subsequently established the Midland Abdominal and Retroperitoneal/Pelvic Sarcoma Unit (MARSU) in 2007 and, together with the Bone Sarcoma Service based at the ROH, formed the Birmingham Sarcoma Service.

MARSU continues to expand and operates a multispecialty unit with other surgical specialties based at UHB. The unit supports local and national sarcoma trials and contributes to the 100,000 Genome Project. It has also established a sarcoma fellowship and has close links to the sarcoma centres in Paris and Milan with whom the unit exchanges training surgeons.

Professor Gourevitch has held administrative appointments at UHB and national surgical societies, national committees and the Royal College of Surgeons.

Prof Gourevitch retired from regular clinical practice in March 2019 however he continues in a consulting capacity to QEHB and as a magistrate in the Birmingham Division.



**Mr Richard Phillips - Non-Executive Director (Term of Appointment: 1 February 2017 - 31 January 2020)**

Richard joined the Association of British Healthcare Industries as Director, Healthcare Policy in June 2015 with over 25 years' experience in the pharmaceutical and medical devices industries.

Richard holds a first degree in Sports Science from Brighton Polytechnic and a Master's in Health Economics Research and Management from Keele University. He served from 2003 until 2013 as a member of the Technology Appraisal Advisory Committee of the National Institute for Health and Care Excellence and also on the Programme Advisory Group of the Healthcare Quality and Information Authority in Ireland.

Richard is a Non-Executive Director of both the West Midlands and South West Peninsula Academic Health Science Networks, serving as Chair of the latter for most of 2015. He also chairs the Programme Board of the Small Business Research Initiative Healthcare. He is a longstanding member of the Institute of Healthcare Management.



**Simone Jordan – Associate Non-Executive Director (Term of Appointment: 1 July 2017 – 30 June 2019)**

Simone is an experienced Executive, working at Board level for 20 years, as a Chief Executive, Executive and Non Executive Director. Her professional background is in Workforce, Human Resources and Organisational Development. She also has significant leadership and personal development expertise. Her UK experience includes service and hospitality sectors, manufacturing, health, higher education and other public sector organisations. Simone's roles have included Managing Director of Health Education East Midlands, Director of Workforce for East Midlands Strategic Health Authority and Deputy Chief Executive and Chief Operating Officer for the NHS Institute for Innovation & Improvement.

Simone holds an honours degree in History and has an MBA.

Simone has led numerous major cultural and organisation change programmes across multiple organisations working in complex political environments.

Simone is an experienced leader, qualified coach, mentor and facilitator with a detailed understanding of organisation dynamics and functioning, governance and accountability frameworks.





**Mr Andrew (Andy) Pearson – Executive Medical Director (until February 2019)**

Andy Pearson is a Consultant Orthopaedic Surgeon and Medical Director for the Royal Orthopaedic Hospital.

He qualified at Charing Cross and Westminster Medical School in London and underwent his higher surgical training in orthopaedic surgery in the West Midlands. On completion of this training he undertook a fellowship in advanced hip surgery at The Nuffield Orthopaedic Centre in Oxford.

He has published papers and chapters in medical literature, taught other surgeons on courses and has presented work nationally and internationally. His research work centres on improving the success of hip replacement surgery for his patients. Mr Pearson has particular interest in surgical safety and improvements in surgical output. He has championed '*Rapid Recovery*' empowering patients to be in control of their hospital care and driving down unnecessary length of stay.

His orthopaedic practice encompasses primary and revision hip replacement surgery as well as hip resurfacing surgery. He receives tertiary referrals from other orthopaedic surgeons both regionally and nationally.

Andy stepped down as Medical Director on 18 February 2019. Mr Matthew Revell was subsequently appointed into the post.



**Matthew Revell – Executive Medical Director (from February 2019)**

Matthew Revell is a Consultant Orthopaedic Surgeon with an interest in hip replacements and revisions. Matthew was appointed as Medical Director for the Royal Orthopaedic Hospital on 18 February 2019 immediately after Mr Andrew Pearson stepped down.

He qualified in medicine from Guys Hospital and worked as a Junior Doctor at St Thomas’s and in the South East of England. He undertook higher surgical training in the West Midlands and was a Cavendish Hip Fellow in Sheffield.

Since being a consultant, Matthew has maintained an interest in research, medical education, clinical outcomes and medical leadership. He obtained an MBA from Warwick Business School and is a Founding Fellow of the Faculty of Medical Leadership and Management.

Matthew has held a number of management and leadership roles, including Clinical Director for outcomes and effectiveness, Chief Clinical Information Officer and Associate Medical Director for patient support services. He is currently the Caldicott Guardian and the Responsible Officer for the Trust.



**Mr Garry Marsh – Executive Director of Nursing & Clinical Governance**

Garry joined the Trust in February 2015 from United Lincolnshire NHS Trust, where he had been Deputy Chief Nurse for four years.



Beginning his nursing career as a healthcare assistant in an orthopaedic hospital, Garry continued to undertake his nurse training, qualifying in 1997.

Since qualifying he has gained a wide range of experience in a variety of both clinical and operational roles. Garry holds an MSc in Healthcare Management & Policy.

His portfolio responsibilities include Nursing, Clinical Governance, Controlled Drug Accountable Officer, Safeguarding & Director of Infection Prevention & Control.

He is Executive Lead for the Quality & Safety Committee.



**Prof Phil Begg – Executive Director of Strategy & Delivery**

Phil has been in the Trust since 2014 he provides executive leadership at Board level on strategy, estates and research, education, innovation and development. His role is to lead on the implementation of the five-year strategy and the development of the Trust’s profile within the STP, where he sits on both the strategy directors group and the overarching delivery group. He is also holds academic and research Chairs at the Universities of Birmingham, Kentucky, USA and Brunel. He has a history of senior management positions, which sit alongside a successful clinical career.



**Mrs Joanne Williams, Interim Chief Operating Officer (COO) (Chief Executive from 6 May 2019)**

In June 2017, Jo joined the Trust on secondment from University Hospitals Birmingham NHSFT, where she was Deputy Chief Operating Officer for 3 years and Deputy Director of Partnerships for the STP (Sustainability and Transformation Partnership). She is the lead for delivery of the operational performance through the Trust Clinical Divisions.

Jo has gained significant operational experience working in a number of acute hospitals delivering and leading service transformation projects. As well as 14 years in operational management, she also worked in procurement both in the NHS and as a capital buyer for the private healthcare sector.

After an external selection and recruitment process in April 2019, Jo was appointed as substantive Chief Executive of the ROH, a post she assumed from 6 May 2019.



#### **Mr Stephen Washbourne, Interim Director of Finance**

Steve joined the Trust on secondment from University Hospitals Birmingham NHSFT (UHB) in October 2017, where he was the trust lead for strategy and planning, as part of a broader package of support through the local Birmingham and Solihull Sustainability and Transformation Partnership.

Steve was an NHS National Financial Management Trainee, qualifying as an accountant in 2000. Since then he has gained significant financial management experience working in a number of acute hospitals, as well as 10-year spell in commissioning specialised services, becoming Regional Head of Specialised Commissioning for the West Midlands in 2013, before re-joining UHB in 2014.

Steve grew up and went to school in Northfield, and still lives locally.

**The Board is supported by:**

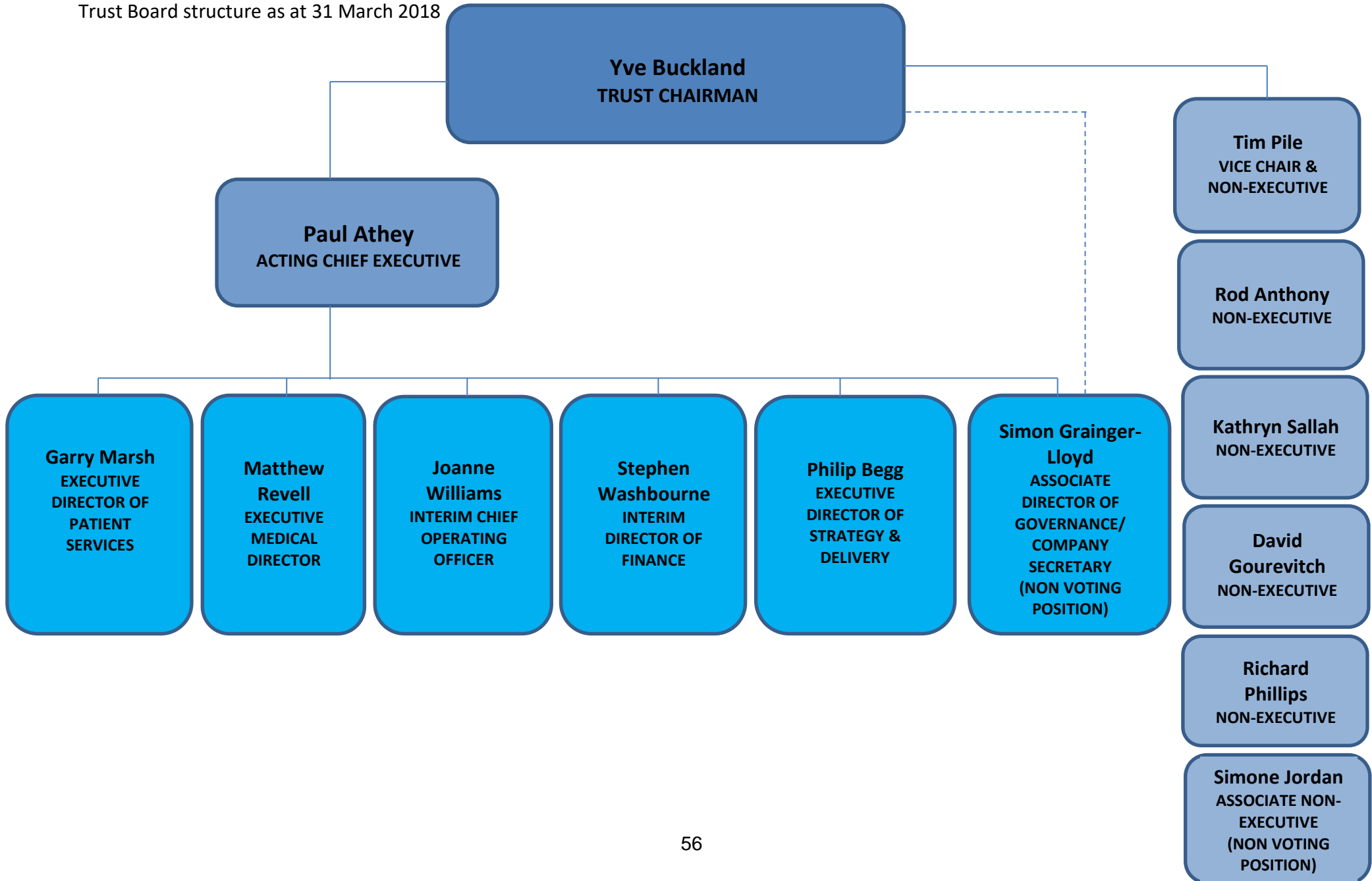


**Mr Simon Grainger-Lloyd - Associate Director of Governance & Company Secretary**

Simon was appointed in August 2015, following a number of years as Trust Secretary of a large acute provider trust and Board Secretary of the Forensic Science Service prior to this. He has a BSc in Biology and has extensive experience of project and programme management, risk management and Board support.

Simon is the ROH's Data Protection Officer. His other portfolio responsibilities include risk management, claims & litigation, Freedom to Speak Up, Freedom of Information and membership.

Trust Board structure as at 31 March 2018



### **1.1 Directors' interests and independence**

The Trust's Register of Directors' interests is open to the public and can be accessed by writing to:

Associate Director of Governance & Company Secretary  
The Royal Orthopaedic Hospital NHS Foundation Trust  
Bristol Road South  
Northfield  
Birmingham, B31 2AP

The Board considers all Non-Executive Directors are independent in character and judgment and there are no relationships or circumstances which are likely to affect, or appear to affect, their judgment.

### **1.2 Balance, completeness and appropriateness of the Board of Directors**

The purpose of the Trust's Board is to govern effectively and in doing so build patient, public and stakeholder confidence that their health and healthcare is in safe hands. The Board of Directors is made up of Non-Executive and Executive Directors.

As at 31 March 2019, the Trust has two Non-Executives on its Board with a clinical background; two Non-Executives with financial expertise: one of whom is a qualified Accountant, a Non-Executive with a clear commercial focus, and an Associate Non-Executive with skills and experience in workforce and innovation & improvement. The Chairman has a wide range of experience as both a Non-Executive and Board Chairman and was awarded DBE in 2003 for services to Public Health.

Taking the wide range of experience of the Board of Directors as a whole, the balance and completeness of the Board is felt to be appropriate.

### **1.3 Board of Directors' discharge of obligations**

Under law each year the Directors are obliged to prepare financial statements and present these to the Trust's Council of Governors and members at its Annual General Meeting.

The Directors are responsible for the adoption of suitable accounting policies and their consistent use in the financial statements, supported where necessary by reasonable and prudent judgments.

The Directors confirm the above requirements have been complied with in the financial statements. The Directors are also responsible for maintaining adequate accounting records and sufficient internal controls to safeguard the assets of the Trust and to prevent and detect fraud or any other irregularities.

The Directors also confirm the Board has conducted a review of the effectiveness of its system of internal controls as set out in the Annual Governance Statement.

#### **1.4 Meetings of the Non-Executive Directors**

In accordance with the Foundation Trust Code of Governance during the year, as and when required, the Chairman held meetings with the Non-Executive Directors without the executives being present. In addition, the Chairman systematically held regular meetings prior to formal Board meetings with Non-Executive Directors without Executive Directors being present. On some occasions, the Chief Executive attended these meetings by invitation to discuss a particular item of interest.

#### **1.5 Significant Commitments of the Trust Chairman**

Dame Yve Buckland, Trust Chairman was appointed as Pro-Chancellor of Aston University in 2017, a position she still holds. Dame Yve was also invited to act as Interim Chair of Dudley Group of Hospitals NHS Foundation Trust for an initial six month period from May 2019.

#### **1.6 Appointment of Chairman and Non-Executive Directors and process for appointing Non-Executive Directors**

During 2018/19 the Non-Executive cadre of the Board comprised five Non-Executive Directors, an Associate Non Executive, plus the Chairman.

The Council of Governors has the power to appoint and remove the Chair and Non-Executive Directors of the Trust. Much of the business of appointment or removal is carried out by the Council of Governors' joint Nominations and Remuneration Committee.

In accordance with the Trust's constitution, Non-Executives and the Trust Chairman are appointed for an initial term of three years, with the possibility of reappointment for a further term once this has expired. Extension beyond this is subject to agreement by the Council of Governors that the individuals remain independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement.

During the year, the Council of Governors was asked to support the extension of Tim Pile for a further year, following the conclusion of his second three year term of office on 31 December 2018. On the basis that the Trust was currently experiencing a period of significant change and a continued focus on operational and financial recovery was needed, this was agreed. Likewise, to retain a focus on the key workforce strategies and staff experience, the Council of Governors agreed that Simone Jordan be reappointed as an Associate Non Executive Director for a period until 30 June 2019.

#### **1.7 Removal of the Chair or Non-Executive Director**

Removal of the Chair or another Non-Executive Director requires the approval of three-quarters of the members of the Council of Governors.

## 1.8 Statement of operation of the Board of Directors and Council of Governors

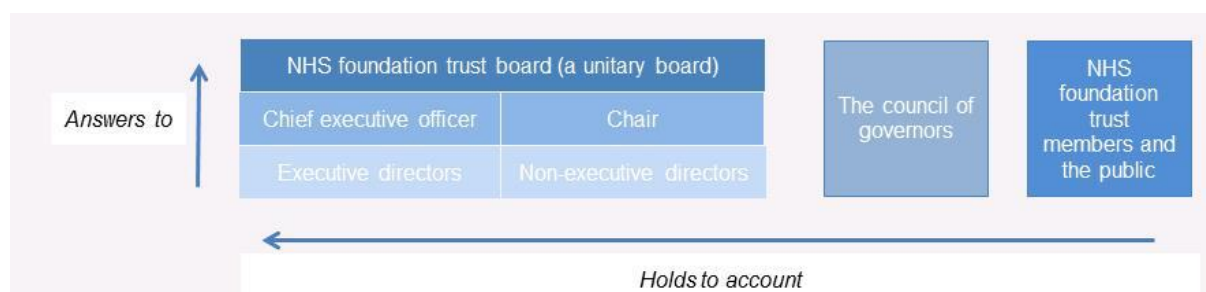
The Board of Directors comprises Executive Directors and Non-Executive Directors. The Executive Directors are employees, led by the Chief Executive Officer and they are responsible for the day-to-day management of the Trust.

The Non-Executive Directors are not employees and bring an independent perspective to Board meetings. They have a particular duty to challenge decisions and proposals made by Executive Directors. The Board is led by the Chairman who is also a Non-Executive Director. There is a Deputy Chair who is also the Senior Independent Director (SID). Tim Pile fulfils this responsibility at the Trust, this position being approved by the Council of Governors, the last time being when Tim's term of office was renewed.

The primary role of the Board of Directors is to lead the Trust within the context of its strategy, whilst ensuring successful financial stewardship of the Trust. To achieve this, the Board receives regular reports on all aspects of its business to enable appropriate decisions to be taken.

The Board has a schedule of reserved decisions, which lists out decisions which only the Board can make and a scheme of delegation which details areas of responsibility delegated to committees and individual Directors/Manager.

The Trust's "chain of accountability" – including the position of the Council of Governors - is shown below:



The Chairman of the Board of Directors is also the Chairman of the Council of Governors and she is responsible for ensuring the Board and Council work effectively together.

A key role of the Council of Governors is to oversee the work of the Board and the Board and Council have agreed a statement that defines how each will operate and how any disagreements will be resolved.

The overriding role of the Council of Governors is to hold the Non-Executive Directors, individually and collectively, to account for the performance of the Board of Directors and to represent the interest of the Trust's members and the public. Notwithstanding this, the Board of Directors and Council of Governors at the Royal Orthopaedic Hospital NHS Foundation Trust view their interaction as primarily one of constructive partnership with both the Board and Council seeking to work effectively together in their respective roles.

The Governors are responsible for appointing and removing the Chairman and the Non-Executive Directors and set their terms of office. The Trust's auditors are appointed by the Governors and the Governors and the Board must, by majority, agree changes to the Constitution.

The Board is collectively responsible for the performance of the Trust. The general duty of the Board of Directors, and each director individually, is to act with a view to promoting the success of the organisation to maximise the benefits for members of the Trust as a whole and the public.

The Board of Directors:

- provides entrepreneurial leadership within a framework of prudent and effective controls, which enables risk to be assessed and managed;
- is responsible for ensuring the Trust complies with its licence, Constitution, mandatory guidance issued by NHSI, relevant statutory requirements and contractual obligations;
- sets the Trust's strategic aims, at least annually, taking into consideration the views of the Council of Governors, ensuring the necessary financial and human resources are in place for the Trust to meet its priorities and objectives and, then, periodically reviewing progress and management performance;
- is responsible for ensuring the quality and safety of healthcare services, education, training and research delivered by the Trust and applying the principles and standards of clinical governance set out by the Department of Health (DH), NHS England, the Care Quality Commission (CQC) and other relevant NHS bodies;
- ensures the Trust functions effectively, efficiently and economically;
- sets the Trust's vision, values and standards of conduct and ensures that its obligations to its members are understood, clearly communicated and met.

Informal and frequent communication between the Governors and the Directors is an essential feature of a positive and constructive relationship which benefits the Trust and the services it provides. The Senior Independent Director and Chairman encourage informal communication on behalf of the Board of Directors. This includes discussions between individual Governors and the Chairman, the Chief Executive or a Director, through the office of the Chief Executive or any other person appointed to perform the duties of the Chief Executive to the Board.

Communications initiated by the Council of Governors, and intended for the Board of Directors, are conducted as follows:

- Specific requests by the Council of Governors are made through the Chairman to the Board of Directors;
- Any Governor has the right to raise specific issues at a duly constituted meeting of the Council of Governors through the Chairman. In the event of disagreement, two-thirds of the Governors present must approve the request. The Chairman will raise the matter with the Board of Directors and provide the response to the Council of Governors;



- Joint informal meetings take place between the Council of Governors and the Board of Directors as and when necessary.

## **1.9 Working with Governors and Members**

The Royal Orthopaedic Hospital NHS Foundation Trust is a membership organisation with a membership which consists of two constituencies of staff members and two constituencies of the general public. Members in each constituency vote to elect governors and can also stand for election themselves.

The Trust is locally accountable and it is the Council of Governors who collectively bind the Trust to its patients, service users, staff and stakeholders. The Council of Governors consists of elected members and appointed individuals who represent both members and other stakeholder organisations and the Governors act as a link between patients, the public and the Board of Directors.

Members of the Board and, in particular, the Non-Executive Directors, develop an understanding of the views of Governors and Members about the Trust through a number of ways including:

- Attendance at Council of Governors meetings by the Non-Executive Directors, the Chief Executive and Executive Team colleagues who brief the Governors on the Trust's strategy and current developments and answer questions to ascertain their views.
- At meetings, Non-Executive Directors report on their role on the Board and their Committee responsibilities. At meetings a question and answer session is held. Non-Executive Directors also account to the Governors for key Board decisions.
- Governors are invited to attend public Board meetings and attend some of the key committees and the Trust's working groups as observers and report back on the work of those groups.
- Non Executives and Governors are invited to participate in multi-disciplinary quality assurance walkabouts.

## **1.10 Evaluation of the Trust Board**

Each Board Committee prepares an annual work plan and evaluates its performance against this by way of an annual report which is presented to the Trust Board. In addition, each Board and Committee agenda includes an item for some reflection on the effectiveness of the meeting. During 2018/19 there was a continued drive for improvement and refinement in the operation of the Board committees, with an emphasis on strengthened upward reporting on matters of positive assurance or concerns requiring Board attention.

Within the year two workshops were held where there was an opportunity to reflect on how the Board was operating. The one in October 2018 focussed on partner views on the future of

the ROH; the Trust's vision and risks to its achievement; board effectiveness and the Board Development plan, which included a recap of the Board's Code of Practice; and thoughts around how the Trust might build on its successful CQC inspection and the route to an 'Outstanding' rating. The workshop in February 2019 provided some training for board members on their responsibilities as the Charity Trustee, in addition to some discussion around next steps in terms of equality and diversity at the ROH and a session on the development of the Trust's strategy.

Executive Directors are set objectives which are evaluated by the Chief Executive. The Chief Executive's own performance is evaluated by the Chairman. The Non-Executive Directors' objectives are set by the Chairman; their evaluation is carried out by the Chairman, informed by feedback from a 360 degree appraisal exercise. The results are shared with the Council of Governors. The Chairman's appraisal is carried out by the Senior Independent Director, facilitated by the Associate Director of Governance & Company Secretary, with input from the Lead Governor. The results are shared with the Council of Governors.

### **1.11 Board and Committee Membership**

The Board continually reviews the structure of its Board Committees with a view to improving upward reporting and the escalation of issues. During the year, the Board agreed to a proposal to merge the Nominations and Remuneration Committees of the Board, to provide an opportunity for a more streamlined discussion around performance, composition of the Executive Team and the terms and conditions of individuals within this.

#### **Trust Board**

The Royal Orthopaedic Hospital's Trust Board is a unitary board which means that within the Board of Directors the Non-Executive directors and the Executive Directors share the same liability. All directors, Executive and Non-Executive, have responsibility to constructively challenge the decisions of the Board and help develop proposals on priorities, risk mitigation, values, standards and strategy. The Non-Executive Directors have a particular duty to ensure appropriate challenge is made and have to satisfy themselves as to the integrity of financial, clinical and other information, and that financial and clinical quality controls and systems of risk management and governance are robust and implemented.

A key strength of the unitary board is the opportunity to exchange views between Executive and Non-Executive Directors, drawing on and pooling their experience and capabilities with all Board members sharing corporate responsibility for formulating strategy, ensuring accountability and shaping culture.

Board meetings are held on a regular basis and the Chair of the Board is the Trust Chairman. There were 12 meetings of the Trust Board, including two workshops during the year and one special meeting to approve the annual report and accounts.

Although the Board exercises all the powers of the Trust some powers may be delegated to a Committee of Directors or to an Executive Director.

Attendance at the Trust Board during the year was as follows:

MEMBER	MEETING DATE												TOTAL
	4/4/2018	2/5/2018	25/5/2018	6/6/2018	4/7/2018	5/9/2018	3/10/2018	7/11/2018	18/12/2018	9/1/2019	6/2/2019	6/3/2019	
Yve Buckland (Ch)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12/12
Tim Pile	✓	✓	A	✓	✓	✓	✓	✓	A	✓	✓	✓	10/12
Kathryn Sallah	✓	✓	✓	✓	✓	✓	✓	✓	✓	A	✓	✓	11/12
Rod Anthony	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12/12
Richard Phillips	✓	A	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/12
David Gourevitch	✓	✓	A	✓	✓	✓	✓	A	A	✓	✓	✓	9/12
Simone Jordan	✓	✓	A	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/12
Paul Athey	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12/12
Andy Pearson#1	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		11/11
Matthew Revell#2												✓	1/1
Garry Marsh	✓	✓	✓	✓	✓	✓	✓	✓	A	✓	A	✓	10/12
Phil Begg	✓	✓	A	✓	A	✓	A	✓	✓	✓	✓	✓	9/12
Jo Williams	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	A	✓	11/12
Stephen Washbourne	A	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/12

KEY:

✓	Attended	A	Apologies tendered
	Not in post or not required to attend		
#1	Stepped down as Medical Director on 18 February 2019	#2	Took up post as Medical Director on 18 February 2019

## Board Committees

During 2018/19 the Board had the following committees:

### Audit Committee

The Audit Committee is chaired by a Non-Executive of the Trust, Rod Anthony, who is a finance professional. During 2018/19 the Committee met five times. The Director of Finance & Performance is the lead executive for the Committee, supported by the Associate Director of Governance & Company Secretary. The Audit Committee ensures the provision and maintenance of an effective system of financial risk identification and associated controls, reporting and governance. It maintains an oversight of the Trust's general risk management structures, processes and responsibilities, including the production and issue of any risk and control-related disclosure statements. It reviews the adequacy of underlying assurance processes that indicate the degree of achievement of corporate objectives and the effectiveness of the management of principal risks.

The Committee provides assurance to the Board that the controls and systems in place are robust, reliable and fit for purpose.

MEMBER	MEETING DATE					TOTAL
	23/04/18	25/05/18	18/07/18	18/10/18	23/02/18	
Rod Anthony (Ch)	✓	✓	✓	✓	✓	<b>5/5</b>
Tim Pile	✓	✓	✓	✓	✓	<b>5/5</b>
David Gourevitch	A	A	A	✓	✓	<b>2/5</b>
<i>Executive Directors in attendance</i>						
Steve Washbourne	✓	✓	✓	✓	✓	<b>5/5</b>
Garry Marsh	✓	✓	A	✓	✓	<b>4/5</b>

#### KEY:

✓	Attended	A	Apologies tendered
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- During 2018/19, in line with its approved internal audit plan, the Trust commissioned a number of internal audit reviews. The internal auditors issued three positive assurance reports (all reasonable assurance opinion), the remaining six were partial assurance opinion reports. There was also an advisory report on cyber security risk on the Board Assurance Framework. A summary of the opinions from the internal audit report is below:

<b>Review</b>	<b>Assurance provided</b>
Clinical Audit	Partial
Catering - stock control	Partial
Internal financial performance reporting	Reasonable
Estates – clinical waste management	Partial
Patient consent	Partial
Management of Controlled Drugs	Reasonable
Procurement	Partial
Stores and stock management	Reasonable
Board Assurance Framework – cyber risk review	No opinion issued
Implementation of NICE guidance	Partial

During 2018/19 the Audit Committee sought assurances and reviewed performance across a range of areas, primarily:

- Reviewing evidence of the effective operation of internal controls and risk management processes;
- Ensuring an effective internal audit function that provides appropriate independent assurance to the Audit Committee, Chief Executive and Board;
- Receiving reports on counter-fraud work within the Trust;
- Considering the nature and scope of the external audit, reviewing all external audit reports and ensuring coordination, as appropriate, with other external audit functions in the local health economy;
- Reviewing audit and management reports, and monitoring progress with the implementation of improvement actions and report recommendations across the Trust;
- Reviewing the standing orders, standing financial instructions and standards of business conduct for the organisation; and
- Receiving reports from executive managers across the Trust on areas of assurance and risk management of interest to the Committee.

In addition, the Committee:

- Considers and makes recommendations to the Council of Governors in relation to the appointment, re-appointment and removal of the Trust's External Auditor and oversees the relationship with the External Auditor;

- Monitors the integrity of the financial statements of the Trust, reviewing significant financial reporting issues and judgments which they contain.

The Audit Committee provides an annual report of its work to the Trust Board meeting and an assurance report is provided by the Chair of the Audit Committee to the following Trust Board meeting. The Committee has an annual work plan that ensures it embraces the necessary range of activities, including those relating to internal and external audit activities.

Where work which is not of an audit nature is undertaken by auditors, this is separately commissioned against a clear brief and is undertaken by someone not engaged in independently auditing the Trust. Where possible, this is scheduled into the work plan and is included in the information presented to the Council of Governors. The Chairman of the Audit Committee is available to update the Council on any matters of interest.

### **Discharge of Responsibilities**

During 2018/19 the Audit Committee reported assurance to the Trust Board with a particular focus on:

- Ensuring the financial statements for the year ended 31st March 2019 reflected a true and fair position that there were no significant issues within the External Auditors' report that needed to be reported to the Trust Board;
- Ensuring the Annual Governance Statement reflected the Committee's knowledge of the Trust and no further disclosures were required. The Committee considered in detail the Head of Internal Audit Opinion on the 2018/19 financial year and other sources of assurance;
- Following-up on audit work completed in the previous year, the Committee continued to receive regular reports from executive managers;
- During the year the Committee continued to strengthen a supportive working relationship with the Quality & Safety Committee (QSC). A Non Executive member of the Quality & Safety Committee is a member of the Audit Committee which provides the link between Audit Committee and the work of the Quality & Safety Committee and its sub-committees. The Executive Director of Nursing and Clinical Governance also attends each meeting;
- The Audit Committee reviews arrangements that allow staff of the Trust and other individuals where relevant to raise, in confidence, concerns about possible improprieties in matters of financial reporting and control, clinical quality, patient safety or other matters;
- The Committee monitored closely matters of compliance with specific clinical policies and procedures, as noted in the Annual Governance Statement and worked with the Quality & Safety Committee to strengthen controls and compliance in this area;
- The term of office for the external auditors concluded during the year and the Council of Governors was asked to and approved a further extension to the contract;

- The Trust's internal audit function is provided by RSM and the Trust works closely with a Partner and Senior Manager to ensure independent, objective assurance is provided on our systems of internal controls and evaluation of improvements on the effectiveness of our risk management, control and governance processes. The Audit Committee agrees an annual internal audit plan that has been developed in line with the Trust's key strategic risks and objectives and the Committee monitors delivery against this plan at each meeting.
- To strengthen the role of the Audit Committee in holding the Executive to account, a slot was included on the agenda of each meeting to allow the relevant Executive leads to join the meeting to update the Committee on the work undertaken to address the recommendations arising from the internal audit reviews.



## Quality & Safety Committee

The Quality & Safety Committee has designated responsibility for oversight of clinical risk management and is chaired by Kathryn Sallah, a Non-Executive Director of the Trust with a clinical background. The Director of Nursing and Clinical Governance is the lead Executive. A member of the Council of Governors has a standing invitation to attend meetings. The Trust Chairman, although not a member of the Committee joined a number of the meetings. The Quality & Safety Committee meets most months and regularly reviews clinical risks through consideration of an extract of the Corporate Risk Register, which also includes risks of a clinical nature of sufficient severity and/or impact as to warrant inclusion on the Board Assurance Framework.

The Quality & Safety Committee provides upward assurance to the Board on the activities undertaken by its subgroups covering particular aspects of quality, for example drugs and therapeutics, safeguarding, research & development, health & safety and infection control. Much work has been undertaken during the year to strengthen the quality and content of the upward reports from the subgroups into the Quality & Safety Committee and a new simpler prescribed 'quadrant' format has been embedded during the year which subgroup chairs use when they attend by rotation to present to the Committee.

MEMBER	MEETING DATE											TOTAL
	25/4/18	30/5/18	27/6/18	29/8/18	26/9/18	31/10/18	28/11/18	28/12/18*	30/1/19	27/2/19	27/3/19	
Kathryn Sallah (Ch)	✓	✓	✓	✓	✓	✓	A	✓	✓	✓	✓	<b>10/11</b>
David Gourevitch	A	✓	✓	✓	A	✓	✓	A	✓	A	✓	<b>7/11</b>
Simone Jordan	✓	✓	✓	✓	✓	A	✓	A	✓	A	✓	<b>8/11</b>
Garry Marsh	✓	✓	✓	✓	✓	✓	✓	✓	✓	A	✓	<b>10/11</b>
Paul Athey	✓	A	✓	A	✓	A	✓	A	✓	✓	✓	<b>7/11</b>
Andrew Pearson	A	✓	✓	A	A	✓	✓	A	✓			<b>5/9</b>
Matthew Revell										✓	✓	<b>2/2</b>
Jo Williams	✓	✓	A	✓	✓	✓	A	A	✓	✓	✓	<b>8/11</b>

### KEY:

✓	Attended	A	Apologies tendered
	Not in post/not required	*	The December meeting was an assurance meeting by telephone conference

## Finance and Performance Committee

The Committee is chaired by Tim Pile, the Vice Chair, and the Director of Finance and Performance is the lead Executive for this committee. The Trust Chairman and other members of the Board, although not formal members, attended the committee meetings from time to time during the year. The Committee meets monthly (apart from December) and regularly reviews finance and performance-related risks through consideration of an extract of the Corporate Risk Register, which also includes risks of a sufficient severity and/or impact as to warrant inclusion on the Board Assurance Framework.

A key area of focus for the Committee during the year was on continued financial and performance recovery however the Committee's remit was also expanded during the year to receive upward reports from the IM&T Programme Board and the Estates Strategy & Delivery Group. The Committee received a report on the plans to improve the productivity of the private patient unit and to develop capability in respect of marketing and GP liaison. Within the year, the Committee asked the Staff Experience & OD Committee to review sickness absence given a spike seen in October 2018. The Chair of the Staff Experience & OD Committee, being a member of the Finance and Performance Committee, reported back after a number of months of review that there was sufficient assurance that the increased sickness absence was not a systemic issue and that there were adequate controls in place to manage sickness absence.

MEMBER	MEETING DATE											TOTAL
	24/4/18	1/6/18	26/6/18	24/7/18	25/9/18	26/10/18	27/11/18	18/12/18	28/1/19	26/2/19	26/3/19	
Tim Pile (Ch)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	<b>11/11</b>
Rod Anthony	✓	✓	✓	✓	✓	A	✓	✓	✓	✓	✓	<b>10/11</b>
Richard Phillips	✓	A	✓	✓	A	✓	✓	✓	A	✓	✓	<b>8/11</b>
Paul Athey	✓	A	✓	✓	✓	✓	✓	✓	✓	✓	✓	<b>10/11</b>
Stephen Washbourne	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	<b>11/11</b>
Jo Williams	✓	✓	A	✓	✓	✓	✓	✓	✓	✓	A	<b>9/11</b>
Phil Begg	✓	✓	A	✓	✓	A	A	✓	✓	A	A	<b>6/11</b>

KEY:

✓	Attended	A	Apologies tendered
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## Staff Experience and Organisational Development (OD) Committee

The Staff Experience & OD Committee was established by the Board in 2018 to provide enhanced oversight of the Trust's workforce agenda. The Committee is chaired by a Non Executive, Richard Phillips, and the Director of Strategy & Delivery is the executive lead. The Associate Director of Workforce, HR & OD is the key operational lead for the Committee.

The focus for the Committee is to provide the Board with assurance concerning the arrangements and progress with performance against key workforce targets and delivery of key activities in support of the Trust's workforce strategies. As with the Quality and Safety Committee and the Finance & Performance Committee, the Staff Experience & OD Committee regularly reviews workforce performance and related risks through consideration of a workforce dashboard and a Risk Register, which also includes risks of a sufficient severity and/or impact as to warrant inclusion on the Board Assurance Framework. The Committee also receives at each meeting a presentation from a member of staff or team outlining their experience of working at the ROH and have the opportunity to make suggestions for ways in which the life of staff working at the Trust might be improved.

MEMBER	MEETING DATE										TOTAL
	4/4/18	2/5/18	6/6/18	4/7/18	5/9/18	3/10/18	7/11/18	9/1/19	6/2/19	6/3/19	
Richard Phillips (Ch)	✓	A	✓	✓	✓	✓	✓	✓	✓	✓	<b>9/10</b>
Simone Jordan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	<b>10/10</b>
Kathryn Sallah	✓	✓	✓	✓	✓	✓	✓	A	✓	✓	<b>9/10</b>
Paul Athey	✓	✓	A	✓	✓	✓	✓	✓	✓	✓	<b>9/10</b>
Phil Begg	✓	✓	✓	A	✓	A	✓	✓	✓	✓	<b>8/10</b>
Jo Williams	✓	✓	✓	A	✓	✓	✓	✓	A	✓	<b>8/10</b>
Garry Marsh	✓	✓	✓	✓	✓	✓	✓	✓	A	✓	<b>9/10</b>
Matthew Revell <sup>#1</sup>										✓	<b>1/1</b>

KEY:

✓	Attended	A	Apologies tendered
	Not in post/not required to attend		

Also in attendance at this meeting are the Associate Director of Workforce, HR and OD and the Associate Medical Director.

<sup>#1</sup>Prior to the March meeting, Matthew Revell attended in the capacity of Associate Medical Director.

## Charitable Funds Committee

The Trust Board is the corporate trustee for the charitable funds of the Trust. Charitable funds are examined separately from exchequer funds and the Trustees discharge their responsibilities independently from the Foundation Trust itself. The Committee usually meets four times per year however during 2018/19 it met three times while the plans for the reinvigoration of the charity are implemented and embedded. Membership comprises all voting members of the Trust Board, a governor representative, a patient representative and a patient facing staff member.

During the year, the Committee considered a number of requests for funding, an update on the financial health of the charity and the annual report and accounts, which was considered and approved at the January 2019 meeting.

DIRECTOR	MEETING DATE			TOTAL
	15/6/18	3/10/18	30/1/19	
David Gourevitch (Ch)	A	✓	✓	<b>2/3</b>
Rod Anthony	A	✓	✓	<b>2/3</b>
Kathryn Sallah	✓	✓	✓	<b>3/3</b>
Richard Phillips	A	✓	A	<b>1/3</b>
Yve Buckland	✓	✓	A	<b>2/3</b>
Tim Pile	A	✓	A	<b>1/3</b>
Paul Athey	A	✓	✓	<b>2/3</b>
Garry Marsh	A	✓	✓	<b>2/3</b>
Andy Pearson	A	✓	A	<b>1/3</b>
Stephen Washbourne	✓	✓	✓	<b>3/3</b>
Phil Begg	A	A	✓	<b>1/3</b>
Jo Williams	✓	✓	✓	<b>3/3</b>

KEY:

✓	Attended	A	Apologies tendered
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In 2018/19 we focused on promoting the charity both internally and externally as well as increasing engagement across the local community and various events were held to support our charity.

### **Appeals**

Over 2018/19 we worked with departments in the hospital to build several appeals which patients and the public could get involved with and support. Each appeal had one or more organised events assigned to it in order to ensure each appeal engaged fundraisers and supporters throughout the year. This also enabled promotion of all appeals consistently throughout the year.

These will appeals will continue into 2019/20:



## **LEARNING DISABILITY APPEAL**

**Learning disability appeal, supporting patients, staff and relatives with learning disabilities**

All NHS staff have access to basic training around learning disabilities, however in order to access specialist training, staff often have to attend university, an option which for many of our staff is not feasible. This appeal will enable us to provide staff with specialist training that the NHS is unable to provide. It will give our staff specialist skills in order to understand patients with learning disabilities needs and help ensure there stay with us is as smooth as possible.



## **THE THRONE PROJECT APPEAL**

**The Throne Project appeal, making our hospital bathrooms dementia friendly**

The Throne project has been launched to ensure our patient bathrooms provide the best environment for patients with dementia and with visual impairments. With dementia on the

rise our hospital is actively taking measures to ensure we are dementia friendly at every point in a patients journey.



## EUREKA! APPEAL

**The Eureka Appeal, supporting research & development at ROH**

Eureka is an ongoing appeal which our charity has supported for a long time. The Royal Orthopaedic Hospital has been a research pioneer for 200 years. We want to keep pushing the boundaries of what is possible in orthopaedic care and Eureka enables us to do just that.



## INVEST IN THE BEST

**Invest in our best | The Thank you Appeal, supporting staff at the ROH**

Invest In Our Best allows individuals to support additional training in the latest treatments and techniques. It helps grow the skills on offer in the Trust and provides all those extra bits of funding which help make the Royal Orthopaedic Hospital so special. It also helps to fund celebratory awards which publicly thank our hard-working doctors and nurses for the care they provide.

**How support has made a difference:**

In 2018/19 there was a focus on utilising charity funds on patient experience projects and showing our community the impact their donations have made. Just some of the key achievements over the year are:

### **iPads in theatres**

Many of our small joint patients undergo surgery under local anaesthetic for several hours, meaning they are awake during the procedure. After feedback from patients and the surgical team, we invested in iPads and headphones in order for patients to watch films or surf the web while undergoing their surgery. This enables them to feel calmer, and improves the patient experience.

A feedback questionnaire on the effectiveness of this is currently being completed and will be fully reported in the charity annual report and accounts.

### **Enhanced healthcare programmes**

As part of our new JointCare programme built around wellness, we offer an enhanced recovery for patients running through the programme.

The charity supported funding for:

Therapy chairs that allow lying, sitting and standing exercises to be completed safely and effectively, while interacting with other patients going through the same experience. The chairs are also fully recline into a 'Trendelenburg position' and are easy to manoeuvre, ensuring any unwell patients can be cared for appropriately. These chairs are something above and beyond anything the NHS would provide, and enable patients to complete optimised therapy sessions to increase recovery rates.





### **Enhanced physiotherapy equipment**

The enabled the purchase of specific equipment for each patient to use whilst in group therapy sessions. These enable independence in the sessions and offer additional therapy needs to usual physiotherapy sessions.



### **Wellness room mural**

The wellness room is designed to create an environment that concentrates on what the patient can do, rather than what they cannot. It allows them to forget the hospital environment, and the idea of being ill, instead encouraging independence, peer support and friendly competition with fellow patients. A mural would help makes this room feel different to the patients, and help them to buy in to the idea of wellness.

After evaluating the feedback of 50 patients following these changes being implemented, the programme received 5/5 satisfaction of the therapy sessions, room environment and overall satisfaction of the care pathway.

There will be a continued focus on charity spend in 2019/20 with new project launches ensuring patient and family experience are at the forefront of our work.

### **External promotion**

There is a continued focus on promoting our work through our website which launched in July 2017. In 2018 social media pages were built in order to further promote the charity and encourage engagement.



2019/20 will focus on external engagement in the community with an increase in volunteers and external events.

## Nominations and Remuneration Committee (Executive Directors)

The Nominations and Remuneration Committee is chaired by the Trust Chairman and comprises all the Non-Executive Directors. The Chief Executive is a member but, in the case of matters relating to the Chief Executive themselves, they must withdraw from the Committee. It meets as required to consider any matters relating to the continuation in office of any Executive Director, including the supervision or termination of service of an individual or an employee of the Trust. During the year, the Committee met four times.

The Committee serves a dual purpose:

- To review the structure, size and composition of the Board (including skills, knowledge and experience) required of the Board and make recommendations to the Board or Council of Governors where appropriate with regard to any changes. It also gives full consideration to succession planning. The Committee identifies and nominates suitable candidates to fill Executive Director vacancies. The Committee liaises closely with the Council of Governors' Nominations and Remuneration Committee.
- The Remuneration Committee has delegated responsibility for setting the remuneration for all Executive Directors, including pension rights and any compensation payments. The Committee also recommends and monitors the level and structure of remuneration for senior management. The Committee provides the Board with advice concerning the terms and conditions of employment, including the remuneration packages for the Chief Executive and the Executive Directors. The Committee also seeks assurance on the robustness of the plans for the delivery of Trust's reward and recognition strategy for the Chief Executive and Executive Directors.

MEMBERS	MEETING DATE				TOTAL
	6/6/18	5/9/18	7/11/18	6/2/19	
Yve Buckland (Chair)	✓	✓	✓	✓	4/4
Tim Pile	✓	✓	✓	✓	4/4
Kathryn Sallah	✓	✓	✓	✓	4/4
Rod Anthony	✓	✓	✓	✓	4/4
Richard Phillips	✓	✓	✓	✓	4/4
David Gourevitch	✓	✓	A	✓	3/4
Simone Jordan	✓	✓	✓	✓	4/4

KEY:

✓	Attended	A	Apologies tendered
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### **1.12 Cost allocation and charging guidance**

The Trust has complied with the cost allocation and charging guidance, (Chapter 6 of HM Treasury Managing Public Money).

### **1.13 Political Donations**

There were no political donations during the financial year.

### **1.14 Better Payment Practice**

The Trust paid 57.4% of non-NHS invoices (62.9% by value) within 30 days against the target of 95%. Of the remaining balance, 42.49% of invoices were paid late and 0.11% were paid late due to a dispute on the invoice. The Trust did not incur any late payment penalties during 2018/19 under the Late Payment of Commercial Debts (Interest) Act 1998.

### **1.15 NHS Improvement's well-led framework**

During the year the Trust discussed plans for undertaking an assessment against the NHS Improvement Well Led Framework and the options to satisfy the regulators around this are ongoing. The Trust was rated as 'Good' for Well Led following the inspection in early 2018 and discussed what changes might need to be made to improve this rating at a Board workshop in October 2018 and the Board against undertook a further self-assessment against the Well Led key lines of enquiry at its Board meeting in December 2018.

### **1.16 How the Foundation Trust has had regard to NHS Improvement's quality governance framework in arriving at its overall evaluation of the organisation's performance, internal control and board assurance framework and a summary of action plans to improve the governance of quality**

Quality governance and quality are discussed in more detail in the Annual Governance Statement (Section 8) and Quality Report; this section gives a brief overview of the arrangements in place to govern service quality.

The Board receives assurance on quality governance through the Board Assurance Framework, performance against a wide range of indicators in the monthly Finance and Performance Overview, through assurance provided by the Quality and Safety Committee, which considers in detail a comprehensive report on Quality and Patient Safety and by the performance against a range of workforce indicators considered by the Staff Experience & OD Committee.

The Quality and Safety Committee provides upward assurance to the Board on the activities undertaken by its subgroups covering particular aspects of quality. Much work has been undertaken during the year to strengthen the reporting lines and quality of information provided to the Quality and Safety Committee.

Work has continued throughout the year to develop enhanced approaches to data reporting through the continuous refinement of the Finance and Performance Overview, Quality and Patient Safety report and Workforce overview to enable greater and more informed scrutiny. In 2019/20 there are plans to introduce an integrated performance dashboard which will be presented to each of the main Board committees to allow better triangulation of data.

There is a process of escalation of risk related to quality throughout the Trust; much work has been undertaken during the year to strengthen existing risk registers, with further work planned during 2019/20, particularly around better use of the electronic risk management solution and to deliver training on risk management more systematically.

Board members carry out informal walkabouts in which they gain first-hand experience regarding the quality of care and the views of patients and staff and others. A formal programme of Quality Assurance walkabouts is in place led by a senior nurse in conjunction with the Chair of the Quality & Safety Committee.

Assurance is obtained routinely on compliance with CQC registration requirements through Directors and Senior Managers of the Trust having specific responsibilities in respect of CQC standards and more generally in maintaining internal control systems to support those standards.

The Trust had continued to deliver the action plan developed in response to the inspection by the CQC in 2018. There now remain a small number of open actions with a robust plan to address these. Exception reports on the delivery of the plan are considered by the Quality and Safety Committee and Trust Board as part of their routine cycle of business.

### **1.17 Patient Care**

Further information concerning patient care activities can be found in more detail within the Quality Report section.

The Trust has demonstrated significant progress in delivering its Quality Priorities for 2018/19, which included success in implementing Multi-Disciplinary ward rounds, learning from serious incidents and complaints, reductions in Outpatient waiting times and a reduction in theatre cancellations. Some elements of those priorities not achieved in 2018/19 have been taken forward to 2019/20 as part of our continued commitment to excellent patient care.

The Trust continues to work hard to sustain these improvements and we are committed to continue our improvement journey for the coming year. To this end, the Trust has identified six improvement priorities for 2019/20, progress against which will be monitored using a range of surveys and audits to determine, in a number of cases, improvement against a benchmarked position. Oversight of the performance will be provided overall by the Clinical Quality Group where a regular progress report will be presented. Any concerns will be escalated to the Quality & Safety Committee.

The Commissioning for Quality and Innovation (CQUIN) system was introduced in 2009 to make a proportion of healthcare providers' income conditional on demonstrating improvements in quality and innovation in specified areas of patient care. This means that a proportion of our income depends on achieving quality improvement and innovation goals, agreed between the Trust and its Commissioners. The key aim of the CQUIN framework is to secure improvements in the quality of services and better outcomes for patients, a principle fully supported at all levels of the hospital. The Trust agreed 15 CQUINs for 2018/19.

The overall CQUIN value relates to 2.50% of the contract value for contracts with both the CCG and NHSE. During 2018/19 the total amount of CQUIN awarded from the CCG was 2.36% (£1.1m) and the full CQUIN value of 2.50% (£493K) was awarded by NHS England.

The provision of Patient Experience services has continued to be monitored during the year; the transition of all Patient Experience data to the PALs and Complaints department has proved to be successful from a number of perspectives. Firstly, it has enabled triangulation of all data to ensure that any concerns are identified and acted upon promptly. It has also ensured that good practice is identified and shared.

The Trust continues to perform strongly in the National Inpatient Survey and resulted in official recognition last year for the level of improvement seen. The Trust remains in the top 20% of Trusts for overall patient experience of our services.

The Trust has received just over 14,000 individual pieces of feedback from the Friends and Family Test in 2018/19, across all areas and departments. All data is collected via the 'iwantgreatcare' system, all feedback is read on receipt by the Patient Experience Team and action is taken immediately where necessary. Compliments from these are also now recorded and shared with individuals and teams. The Trust has maintained a 96.4% positive score meaning that over 13,650 patients have indicated that they are happy with and would recommend the care that they have received here in the last twelve months.

The PALs department has handled over 1500 contacts in 2018/19, which has decreased as planned by the removal of the PALs telephone number from all letters and correspondence and the appropriate contact information being provided. This has resulted in better support being provided for patients that require assistance, as PALs staff are not being overwhelmed with redirecting calls to the appropriate place.

The Complaints Department continues to function effectively in line with the policy developed last year. Divisional Managers have now received complaint report writing and investigation training to further improve the quality of responses. All of the key performance indicators for the year have been met and greater scrutiny of actions taken as a result of complaints is happening within the Divisional meetings. The Executive Team receive weekly updates on the status of all complaints and there have been no issues highlighted with the management of complaints during the year.

The team has continued to work closely with operational and nursing colleagues to ensure that patient experience remains at the heart of decision making in the Trust. In particular, the Trust has developed a Patient Involvement, Engagement and Volunteer Strategy involving patients, carers and Healthwatch Birmingham. The Strategy will inform the work being undertaken by the Patient and Carer Forum and the newly formed Patient Engagement and Experience Group.

### **1.18 Stakeholder Relations**

During the year, the Trust has developed its place and contribution within the refreshed Birmingham and Solihull Sustainability and Transformation Partnership (STP). Alongside this, there have been discussions with neighbouring trusts, University Hospital Birmingham NHSFT and Birmingham and Women's NHSFT to create a closer working relationship, known as Birmingham Hospitals Alliance.

The decision to cease paediatric surgery in 2017 necessitated a widescale public engagement process, both communicating the decision and the potential impact where understood, as well as listening to concerns from the relatives and carers of our paediatric patients. Discussions with stakeholder partners, including commissioners, the CQC and Birmingham Women's and Children's NHSFT has also been an essential part of working through the transition plan in readiness for the service to move from 30 June 2019.

The Trust has continued to work with Stryker Performance Solutions during the year, particularly to develop and launch the new JointCare pathway, this being based on a 'wellness' model that is enjoying success in the USA and in other places. The Trust has also continued to use the robotic technology from Stryker to assist with joint replacement surgery. Although the offering is still only available to private patients, it is laudible that the ROH was the first NHS organisation to host such technology from January 2018.

Throughout the year there have been approaches from commercial companies seeking to understand what opportunities for partnership with the ROH might be feasible and beneficial for patients. The Trust Board over 2019/20 will consider these more fully and pursue those that might be of most value to the Trust and its service users.

The Trust has an active Patient and Carers' Forum in place, which has met regularly during 2018/19 and has reported on its work to the Council of Governors. The Forum is a great source of patient feedback and its focus on developing fit for purpose patient information has continued to be particularly valuable this year. Further work has also been undertaken during the year to establish a Patient Engagement and Experience Group (PEEG), which will focus on more strategic issues impacting on patients and will cement some of the processes already in place to seek the views of our service users.

While the PEEG becomes established and embedded, the focus of public and patient activity this year has continued to be on creating regular and one-off opportunities for engagement directly with the Trust. Engagement also continues to be through our Council of Governors, both through their routine meetings and through informal communications that have been issued throughout the year on key topics. To strengthen this opportunity for engagement using the governors as the key link, the Trust has introduced a series of drop in sessions to allow visiting patients, relatives and the Trust's own staff to give feedback to the governors or to find out information about the happenings at the Trust that can be disseminated back into the community.

To conclude this chapter, two specific statements need to be made as to the consistency of the annual report with other corporate documents and a statement to the auditors that the Directors of the organisation have taken all reasonable steps to disclose information to the auditors and to take all steps necessary to identify information of which they are aware which needs to be disclosed.

### **1.19 Material inconsistencies**

There are no material inconsistencies between:

- the annual governance statement;
- annual Board declarations
- the Corporate Governance Statement submitted with the annual plan;
- the Quality Report;
- the Annual Report;
- reports arising from Care Quality Commission planned and responsive reviews of the NHS Foundation Trust and any consequent action plans developed by the NHS Foundation Trust.

### **1.20 Statement as to Disclosure to Auditors**

For each individual who is a Director at the time that the report is approved:

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

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

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



## **Section 2:**

### **Remuneration Report**

#### **1.0 Annual statement on Remuneration**

During the year the Nominations and Remuneration Committee met on four occasions and made decisions concerning executive pay in relation to determining whether or not to agree an annual uplift of salary for Executive Directors.

Guidance was released from NHS Improvement in relation to implementation of a national pay award for Very Senior Managers of a payment of £2075 from 1 April 2018; and this has been duly honoured by the Trust.

The Committee did not seek the advice or services of any director or third party in assisting the Committee with its decision-making at this meeting.

## 2.0 Senior managers' remuneration policy

### 2.1 Future policy table: Executive Directors

	Salary and fees	Taxable Benefits	Annual Performance-related bonuses	Long-term Performance-related bonuses	Pension-related benefits	Other Remuneration
<b>Description</b>	Basic pay for Executive role	None	Not Applicable	Not Applicable	NHS Pension Scheme membership	Basic pay for consultant role (Medical Director only)  Allowance for the Acting Chief Executive paid as a short term recruitment and retention premium
<b>How that component supports the short and long-term strategic objectives of the foundation trust</b>	To ensure the Trust is well-led and all short and long term objectives are met, the salary for senior managers must be competitive in order to recruit and retain talented individuals	To ensure senior managers are appropriately compensated for those journeys they have undertaken on behalf of the Trust. The policy for senior managers is the same as that applying to other staff.	Not Applicable	Not Applicable	This enables the Trust to recruit sufficient talent at Executive Director level and accords with custom and practice in the rest of the NHS.	This is essential to ensure a medically qualified person can occupy the role of Medical Director  This enables continuity of service and leadership until a substantive CEO is appointed

	<b>Salary and fees</b>	<b>Taxable Benefits</b>	<b>Annual Performance-related bonuses</b>	<b>Long-term Performance-related bonuses</b>	<b>Pension-related benefits</b>	<b>Other Remuneration</b>
<b>An explanation of how that component operates</b>	Executive Director Salaries are determined by the Remuneration Committee of the Trust Board, informed by benchmark salary derived from established national NHS pay surveys. Executive directors are appointed on a permanent basis under a contract of service at an agreed salary	Trust Expenses Policy applies to Senior Managers. Taxable benefits incurred fell within the scope of this policy. Levels of benefits reflect national terms and conditions for other staff groups to ensure consistency	Not Applicable	Not Applicable	This is determined in accordance with NHS Pension Scheme Benefits. No additional payments are made	As determined by national terms and condition of employment
<b>The maximum that could be paid in respect of that component</b>	Fixed salary determined by Remuneration Committee	Not Applicable	Not Applicable	Not Applicable	As determined by NHS Pension Scheme Entitlements	As determined by national terms and condition of employment
<b>Where applicable, a description of the framework used to assess performance</b>	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Provisions for the recovery of sums paid to directors exist where overpayments have been made in error or annual leave taken in excess of entitlement.

#### **Accompanying notes**

There were no new core components of the remuneration package, save the allowance for the Finance Director to act into the Chief Executive role.

There were no changes made to existing components of the remuneration package other than the pay award referred to above.

The policy on remuneration for other employees is to utilise national terms and conditions of employment, with local policies relating to pay progression.

The approach for senior managers is currently as determined above.

## 2.2 Future policy table: Non-Executive Directors

	<b>Fee payable</b>	<b>Any additional fees payable for any other duties to the foundation trust</b>	<b>Such other items that are considered to be remuneration in nature</b>
<b>Description</b>	Fee for the Chair , Committee Chairs and other Non-Executive Directors	Not applicable	Expenses incurred in the course of their duties such as public transport, mileage and subsistence as determined by Trust policy.
<b>How that component supports the short and long-term strategic objectives of the foundation trust;</b>	To ensure the Trust is well-led and all short and long term needs met, the fee for Non-Executive Directors must be competitive in order to recruit and retain talented individuals	Not applicable	To ensure Non-Executive Directors are appropriately compensated for those journeys they have undertaken on behalf of the Trust. The policy for Non-Executive Director expenses is the same as that applying to other staff
<b>An explanation of how that component operates</b>	The Chair and Non-Executive members are entitled to be remunerated by the Trust for so long as they continue to hold office as Chair or Non-Executive member. They are entitled to receive remuneration only in relation to the period for which they hold office. There is no entitlement to compensation for loss of office. The level of remuneration is determined by the Governors with due regard to the remuneration paid in other Foundation Trusts	Not applicable	Mileage and subsistence allowances for Non-Executive Directors are set by the Council of Governors.

	<b>Fee payable</b>	<b>Any additional fees payable for any other duties to the foundation trust</b>	<b>Such other items that are considered to be remuneration in nature</b>
<b>The maximum that could be paid in respect of that component</b>	The rate of remuneration payable to the Chairman of the Trust is £36,417.50 pa for up to two days a week. The Chair of the Audit Committee and the Senior Independent Director are remunerated at a rate of £14,567.03 pa. The current rate of remuneration payable to other Non-Executives is £11,445.52 pa for approximately three days a month.	Not applicable	Not applicable
<b>Where applicable, a description of the framework used to assess performance</b>	Performance of Non-Executive Directors is assessed by the Chairman annually, and for the Chairman, by the Lead Governor and Senior Independent Director	Not applicable	Not applicable

### **2.3 Service contracts obligations**

There were no obligations on the Trust which:

- were contained in all senior managers' service contracts or;
- were contained in the service contracts of any one or more existing senior managers (not including any obligations in the preceding disclosure); and/or
- the Trust proposes would be contained in senior managers' service contracts to be entered into and which could give rise to, or impact on, remuneration payments or payments for loss of office but which are not disclosed elsewhere in the remuneration report.

### **2.4 Policy on payment for loss of office**

Where possible, all Executive Directors are employed on permanent contracts of employment with a six month notice period. Where the Trust has a requirement to use off-payroll or seconded Executive Directors and Non-Executive Directors, they are usually employed for a fixed-term basis and the Trust acts to ensure a permanently employed appropriate replacement is identified as soon as possible.

No Executive Directors have provision for other payments over and above their contractual notice period or other statutory entitlements, to be made on termination of employment.

During the year there have been no payments made to senior managers for loss of office.

### **2.5 Statement of consideration of employment conditions elsewhere in the Foundation Trust**

The pay and conditions of employees were taken into account when setting the remuneration approach for senior managers by ensuring consistency in determination of non-pay taxable benefits to ensure no favourable treatment for Executive Directors.

The staff governors contribute to the determination of non-executive pay, alongside other governors, however they have no further responsibility to consult more widely to ensure their views reflect those of the wider staff and community and do not have any involvement in the determination of executives' remuneration.

In determining pay for Executive Directors, the remuneration levels for other NHS Trusts are reviewed, utilising published and recognised remuneration reports.

The Trust has in place, in addition to the professional indemnity cover provided under the Trust's arrangements with the NHS Litigation Authority, an additional directors & officers liability policy.

## 2.6 Trade Union Facility Time

**Table 1**

### Relevant union officials

What was the total number of your employees who were relevant union officials during the relevant period?

<i>Number of employees who were relevant union officials during the relevant period</i>	<i>Full-time equivalent employee number</i>
5	941.29

**Table 2**

### Percentage of time spent on facility time

How many of your employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

<i>Percentage of time</i>	<i>Number of employees</i>
0%	3
1-50%	1
51%-99%	1
100%	0

**Table 3**

### Percentage of pay bill spent on facility time

Provide the figures requested in the first column of the table below to determine the percentage of your total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

	<i>Figures</i>
Provide the total cost of facility time	£23,074
Provide the total pay bill	£52,819,636

	<i>Figures</i>
Provide the percentage of the total pay bill spent on facility time, calculated as:  (total cost of facility time ÷ total pay bill) x 100	0.044%

#### **Table 4**

##### **Paid trade union activities**

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

*Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: 0.56%*

*(total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100*

#### **2.7 Senior managers paid in excess of £150,000<sup>#1</sup>**

One director whose remuneration exceeded £150,000 was in post prior to 1 April 2019. The remuneration for this post holder was assessed and benchmarked against comparable Trusts, utilising published independent market salary information and was considered appropriate.

<sup>#1</sup>£150k is the threshold used in Civil Service for approval by the Chief secretary to the Treasury, as set out in guidance issued by the Cabinet Office. The Cabinet Office approvals process does not apply to NHS foundation trusts but this is considered a suitable benchmark above which NHS foundations trusts should make this disclosure.

#### **2.8 Payments to past senior managers**

During the year there have not been any payments made to past senior managers.



### 3.0 Annual Report on Remuneration

#### 3.1 Service contracts

Name and title	Date of service contract	Unexpired term	Notice period
Dame Yve Buckland <b>Chairman</b>	1 May 2014	Until 30 April 2020	Note 3
Mr Timothy Pile <b>Non-Executive Director and Vice Chairman</b>	1 January 2016	Until 31 Dec 2019	Note 3
Mr Paul Athey <sup>#1</sup> <b>Acting Chief Executive</b>	1 June 2013	Not applicable	6 months
Mr Andrew Pearson <b>Medical Director</b>	11 March 2013	Stepped down on 18/2/19	N/A
Mr Matthew Revell <b>Medical Director</b>	18 February 2019	Not applicable	6 months
Mr Garry Marsh <b>Director of Nursing &amp; Clinical Governance</b>	1 September 2015	Not applicable	6 months
Prof Philip Begg <b>Director of Strategy &amp; Delivery</b>	1 November 2014	Not applicable	6 months
Jo Williams <sup>#4</sup> <b>Interim Chief Operating Officer</b>	On secondment from University Hospital Birmingham NHS Foundation Trust from June 2017		
Stephen Washbourne <b>Interim Director of Finance</b>	On secondment from University Hospital Birmingham NHS Foundation Trust from October 2017		
Mr Rod Anthony <b>Non-Executive Director</b>	1 June 2014	Until 31 May 2020	Note 3
Mrs Kathryn Sallah <b>Non-Executive Director</b>	1 April 2015	Until 31 March 2021	Note 3
Mr Richard Phillips <b>Non-Executive Director</b>	1 February 2017	Until 31 January 2020	Note 3
Prof David Gourevitch <b>Non-Executive Director</b>	1 February 2017	Until 31 January 2020	Note 3
Ms Simone Jordan <sup>#2</sup> <b>Associate Non-Executive Director</b>	1 July 2017	30 June 2019	Note 3

**Notes:**

#1 Acting CEO from 1 August 2017 and stepped down from 6 May 2019

#2 One year fixed term appointment initially extended by a further year to 2019

#3 Non-Executive Directors may resign by giving one month's notice in writing

#4 Chief Executive from 6 May 2019

### **3.2 Remuneration Committee**

The Directors' Report (within the Accountability Report) provides the following details in respect of the Remuneration Committee:

- Details of the membership of the Remuneration Committee. This means the names of the Chair and members of the Remuneration Committee should be disclosed (Code of Governance A.1.2).
- The number of meetings and individuals' attendance at each should also be disclosed (Code of Governance A.1.2).

### **3.3 Disclosures required by Health and Social Care Act**

The Trust believes that all relevant disclosures are detailed elsewhere in the report.

#### 4.0 Remuneration report subject to audit

#### 4.1 Remuneration of the Board directors for 2018/19

Name and Title	2018-19 (12 months to 31 <sup>st</sup> March 2019)					
	Salary and fees  (bands of £5,000) £000	Taxable Benefits  Rounded to the nearest £100	Annual Performance-related bonuses  (bands of £5,000) £000	Long-term performance-related bonuses  (bands of £5,000) £000	Pension-related benefits  (bands of £2,500) £000	Other Remuneration  (bands of £5,000) £000
Mr Paul Athey Acting Chief Executive Officer	140-145	0	0	0	(127.5 – 130)	0
Mr Garry Marsh Executive Director of Nursing & Clinical Governance	110-115	0	0	0	(17.5-20)	0
Mr Andrew Pearson Executive Medical Director <b>Note 1</b>	125-130	0	0	0	(102.5-105)	0
Mr Matthew Revell Executive Medical Director <b>Note 1</b>	10-15	0	0	0	Note 1	0
Professor Philip Begg Director of Strategy and Delivery	105-110	100	0	0	(110-112.5)	0
Mr Stephen Washbourne Interim Executive Director of Finance	115-120	0	0	0	Note 2	0
Mrs Joanne Williams Interim Chief Operating Officer	120-125	0	0	0	Note 3	0
Dame Yve Buckland, Chairman	35-40	300	0	0	0	0
Mr Tim Pile Vice Chair and Non Executive Director	10-15	0	0	0	0	0
Mr Rod Anthony Non Executive Director	10-15	0	0	0	0	0
Mrs Kathryn Sallah Non Executive Director	10-15	200	0	0	0	0
Prof David Gourevitch Non Executive Director	10-15	0	0	0	0	0
Mr Richard Phillips Non Executive Director	10-15	0	0	0	0	0

#### **Note**

1. Mr Andrew Pearson stepped down as the Trust's Medical Director on the 18th February. On the same date Mr Matthew Revell took up the position of Medical Director. The above information has been pro-rated accordingly. Part of the remuneration received by the Medical Director is in relation to their clinical role. Mr Pearson earned £38k and Mr Revell earned £5k as clinical pay during their time as Medical Director.
2. Mr S Washbourne has been Interim Director of Finance from October 2017, the Trust does not hold the pension information for 2017/18 to allow accurate calculation of the pension figures for the table above.
3. Mrs J Williams joined the Trust part way through 2017/18, the Trust does not hold the pension information for 2017/18 to allow accurate calculation of the pension figures for the table above. The salary figure above includes an element of back pay related to prior year. Substantive salary is 115-120.

## 4.2 Remuneration of the Board directors for 2017/18

Name and Title	2017-18 (12 months to 31 <sup>st</sup> March 2018)					
	Salary and fees  (bands of £5,000) £000	Taxable Benefits  Rounded to the nearest £100	Annual Performance-related bonuses  (bands of £5,000) £000	Long-term performance-related bonuses  (bands of £5,000) £000	Pension-related benefits  (bands of £2,500) £000	Other Remuneration  (bands of £5,000) £000
Mrs Joanne Chambers Former Chief Executive <b>Note 1</b>	150-155	100	0	0	67.5-70	0
Mr. Garry Marsh Executive Director of Patient Services	110-115	0	0	0	67.5-70	0
Mr Andrew Pearson Executive Medical Director	150-155	0	0	0	90-92.5	0
Mr. Paul Athey Acting Chief Executive Officer	130-135	100	0	0	145-147.5	0
Professor Philip Begg Director of Strategy and Delivery	100-105	100	0	0	(60-62.5)	0
Mr Stephen Washbourne Interim Executive Director of Finance <b>Note 2</b>	50-55	0	0	0	0	0
Mrs Joanne Williams Interim Chief Operating Officer <b>Note 2</b>	60-65	0	0	0	0	0
Dame Yve Buckland, Chairman	35-40	300	0	0	0	0
Mr Tim Pile Vice Chair and Non Executive Director	10-15	0	0	0	0	0
Mr. Rod Anthony Non Executive Director	10-15	0	0	0	0	0
Mrs. Kathryn Sallah Non Executive Director	10-15	100	0	0	0	0
Prof. David Gourevitch Non Executive Director	10-15	0	0	0	0	0
Mr. Richard Phillips Non Executive Director	10-15	0	0	0	0	0

### Note

1. Mrs Chambers continued to be remunerated by the Trust until the end of her period of secondment to George Eliot NHS Trust which finished on 30 April 2018
2. These directors have been seconded from another organisation part way through the year. As a result, their pension-related benefits figures are not available

### **4.3 Fair Pay Multiple**

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

The banded remuneration of the highest-paid director in the financial year 2018/19 was £140-145k (2017/18: £150-155k). This was 4.8 times (2017/18: 7 times) the median remuneration of the workforce, which was £29k (2017/18: £22k). The median remuneration is calculated by grossing up the payment to be the equivalent of a full-time member of staff on an annualised basis. The highest-paid director salary does not necessarily match the tables above, as all salaries are required to be annualised before inclusion in the ratio calculation.

In 2018/19, 11 employees (2017/18: 3) received remuneration in excess of the highest-paid director. Annualised remuneration ranged from £4k to £164k (2017/18: £1k to £220k), with individuals at the lower end of the salary range, including apprentices used by the Trust and individuals performing bank work on an ad-hoc basis.

## 5.0 Salary and Pension Entitlements of Senior Managers

### a) Pension Benefits 2018-19

Name and title	Real increase/ (decrease) in pension and related lump sum at age 60  (bands of £2500) £000	Total accrued pension and related lump sum at age 60 at 31 March 2018  (bands of £5000) £000	Cash Equivalent Transfer Value at 31 March 2019  £000	Cash Equivalent Transfer Value at 31 March 2018  £000	Real Increase/ (decrease) in Cash Equivalent Transfer Value  £000	Employer's Contribution to Stakeholder Pension  To nearest £100
Mr. P. Athey – Acting Chief Executive Officer	7.5-10	110-115	339	355	(17)	0
Mr. G. Marsh – Executive Director of Nursing & Clinical Governance	(0-2.5)	100-105	480	421	58	0
Mr. Stephen Washbourne – Interim Director of Finance and Performance	<b>Note 1</b>	80-85	490	394	95	0
Mrs Joanne Williams Interim Chief Operating Officer <b>Note 2</b>	<b>Note 2</b>	55-60	346	275	71	0
Mr. A. Pearson – Medical Director <b>Note 3</b>	(30-32.5)	160-165	1050	1027	18	0
Mr. Matthew Revell – Medical Director <b>Note 3</b>	<b>Note 3</b>	100-105	581	<b>Note 3</b>	<b>Note 3</b>	0
Professor. P. Begg – Director of Strategy and Delivery	(0-2.5)	45-50	475	418	56	0

**Note 1** Mr S Washbourne has been Interim Director of Finance from October 2017, the Trust does not hold the pension information for 2017/18 to allow accurate calculation of the pension figures for the table above.

**Note 2** Mrs J Williams joined the Trust part way through 2017/18, the Trust does not hold the pension information for 2017/18 to allow accurate calculation of the pension figures for the table above.

**Note 3** Mr A Pearson stepped down as Medical Director in February 2019, his pension figures in the table above have been pro-rated. Mr M Revell replaced Mr A Pearson in the role. Due to the timing not all of the pension information was available for this report.

## Pension benefits 2017-18

Name and title	Real increase/ (decrease) in pension and related lump sum at age 60  (bands of £2500) £000	Total accrued pension and related lump sum at age 60 at 31 March 2018  (bands of £5000) £000	Cash Equivalent Transfer Value at 31 March 2018  £000	Cash Equivalent Transfer Value at 31 March 2017  £000	Real Increase/ (decrease) in Cash Equivalent Transfer Value  £000	Employer's Contribution to Stakeholder Pension  To nearest £100
Mrs. J. Chambers – Chief Executive	10-12.5	225-230	1,195	1,074	121	0
Mr. G. Marsh – Director of Patient Services	10-12.5	100-105	421	363	58	0
Mr. P. Athey – Director of Finance and Performance/Acting Chief Executive Officer	25-27.5	100-105	355	247	108	0
Mr. A. Pearson – Medical Director	15-17.5	195-200	1027	921	106	0
Professor. P. Begg – Director of Strategy and Delivery	(15-17.5)	45-50	418	377	42	0

**Note:** Mr P Athey has been Acting Chief Executive Officer from 1 August 2017 following Mrs J Chambers' departure.

## **5.1 Total Pension Entitlement**

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 2007-08 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.

The Real Increases in CETV 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 and uses common market valuation factors for the start and end of the period.



## 6.0 Directors and Governors in office and expense claims

*This information is subject to audit*

The total number of Directors and Governors in office in the financial year, and their expense claims, has been shown below:

	2018-19	2017-18
Number of Directors in office*	10*	11*
Number of Directors with expense claims	7	5
Financial value of expense claims made by Directors (£)	3,667	567
Number of Governors in office	18	18
Number of Governors with expense claims	1	1
Financial value of expense claims made by Governors (£)	530	345

\*excludes interim Board members and the Associate Non Executive Director. Includes the former Chief Executive.



Mrs Jo Williams  
Chief Executive  
24 May 2019

## **Section 3:**

### **1.0 Staff Report**

#### **1.1 Analysis of Average Staff Numbers**

During the course of the year, the Trust employed an average number of **1,034** staff per month (heads) and **906.46** (whole time equivalent), which represents an increase of an average of 15 more people employed in the Trust every month than last year. This represents on balance a stable year for staffing.

The Trust has grown its workforce in the last 12 months by over 60 WTE across a range of disciplines.

The recruitment position has particularly improved in theatres since last year, with a recently successful open day attracting both professionally registered and non-professionally registered candidates to whom jobs have been offered. This is a helpful start towards our planned theatre expansion in 2019/20.

For medical staff, we are delighted to report that we have recently been successful in appointing consultants in anaesthesia, oncology, arthroplasty (one for knees and one for hips) and radiology. We are hoping to appoint a spinal surgeon and a further anaesthetist in the months ahead.

There continues to be a challenge in recruiting Trust junior doctors due to national shortage of supply. In response, work is underway to review the overall skill mix within the Trust considering different types of professional roles to augment 24/7 medical cover for wards in particular.

The Trust is also embracing new roles in the form of Nursing Associates and Theatre Assistant Practitioners: staff in these roles will play an important role in future years.

## 1.2 Employee expenses and numbers – Trust only

	2018/19			2017/18		
	Total	Permanently Employed	Agency	Total	Permanently Employed	Agency
	£000	£000	£000	£000	£000	£000
Salaries and wages	39,677	39,677	0	37,835	37,835	0
Social security Costs	3,963	3,963	0	3,884	3,884	0
Apprenticeship levy	178	178	0	169	169	0
Employers contributions to NHS Pensions	4,235	4,235	0	4,151	4,151	0
Agency and contract staff	5,543	0	5,543	4,117	0	4,117
<b>TOTAL EMPLOYEE EXPENSES</b>	<b>53,596</b>	<b>48,053</b>	<b>5,543</b>	<b>50,156</b>	<b>46,039</b>	<b>4,117</b>

## 1.3 Employee expenses

The total Employer Pension contribution payable for the period to 31 March 2019 is £4,209,218 (31 March 2018 £4,059,684).

## 1.4 Average number of persons employed

*Note: the information above relates to Trust employees only as the associated charity which has been consolidated into these accounts does not employ any staff.*

	2018/19			2017/18		
	Total	Permanently Employed	Agency	Total	Permanently Employed	Agency
	Number	Number	Number	Number	Number	Number
Medical and dental	130	105	25	119	102	17
Administration and estates	397	349	48	236	211	25
Healthcare assistants and other support staff	149	122	27	256	210	46
Nursing, midwifery and health visiting staff	270	210	60	258	214	44
Nursing, midwifery and health visiting learners	0	0	0	0	0	0
Scientific, therapeutic and technical staff	128	109	19	160	144	16
Other	0	0	0	0	0	0
<b>TOTAL PERSONS EMPLOYED</b>	<b>1,074</b>	<b>895</b>	<b>179</b>	<b>1,029</b>	<b>881</b>	<b>148</b>

### 1.5 Breakdown of staff by type of employment contract

<b>Average number of Staff in Post (1 April 2018 - 31 March 2019) Staff Group</b>	<b>Fixed Term Temp</b>	<b>Locum</b>	<b>Permanent</b>
Additional Prof Scientific and Technical	2	0	41
Additional Clinical Services	4	0	139
Administrative and Clerical	26	0	263
Allied Health Professionals	2	0	69
Estates and Ancillary	1	0	112
Healthcare Scientists	0	0	8
Medical and Dental	34	1	81
Nursing and Midwifery Registered	12	0	238
Students	0	0	1
<b>Grand Total</b>	<b>81</b>	<b>1</b>	<b>952</b>

In addition, as at 31<sup>st</sup> March 2019 the Trust had access to the following bank workers:

<b>Staff Group</b>	<b>Bank and substantive</b>	<b>Bank Only</b>
Additional Prof Scientific and Technical	20	19
Additional Clinical Services	127	76
Administrative and Clerical	168	57
Allied Health Professionals	40	26
Estates and Ancillary	29	42
Medical and Dental	8	23
Nursing and Midwifery Registered	214	66
<b>Grand Total</b>	<b>606</b>	<b>309</b>

In this table, the 'bank only' column refers to people who are available to the Trust on an ad-hoc basis, while the 'bank and substantive' column reflects the fact that many of our existing staff are available for additional hours via a separate registration agreement, in addition to their existing contracts of employment.

In addition, the Trust employed other agency staff during the year who were not on the payroll. These are covered in the section relating to 'off payroll disclosures' later in the report.

## **1.6 Breakdown of staff at year end by gender**

In terms of gender composition, the Trust's substantive workforce as at 31 March 2019 was as follows:

	<b>Male</b>	<b>Female</b>	<b>Total</b>
<b>Directors<sup>#1</sup></b>	8	2	10
<b>Senior Managers</b>	12	21	33
<b>Employees</b>	295	734	1030

<sup>#1</sup>This figure is Voting Directors (including Non Executive Directors) but not interim or Associate Board members

## **1.7 Sickness Absence**

At the end of March 2019, the Trust's average figure for the financial year was 4.45% (versus 4.16% in March 2018). This represents a worsened position.

This represents a decline in our position this year. The Trust would like to see further progress in this area in the next year and has begun the 2019 calendar year well, with progress being made in reducing long term absence in particular.

The Trust will be reviewing its arrangements for support and management of stress related illness in particular in the next 12 months, as this remains the single highest reason for sickness absence days lost.

## **1.8 Policies and Actions applied during the financial year**

### **1.8.1 Policies applied during the financial year for giving full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities**

The Trust has a Recruitment and Selection Policy and an approach which ensures fairness and equity for all people with protected characteristics, including people with a disability. Reasonable adjustments are always made for those with a disability who are shortlisted for interview to enable them to perform their best during the selection process.

### **1.8.2 Policies applied during the financial year for continuing the employment of, and for arranging appropriate training for, employees who have become disabled persons during the period.**

The Sickness Absence Policy, agreed with the Trust's trade unions, is also instrumental in ensuring staff with disabilities, or staff who become disabled during the course of their employment, are fairly treated and supported. Equally, the Capability Policy allows the Trust to retain staff and to enable them to perform their best in work, in line with clear expected standards.

### **1.8.3 Policies applied during the financial year for the training, career development and promotion of disabled employees**

The Trust's policies are open to all of our staff, irrespective of protected characteristics including disability.

### **1.8.4 Actions taken in the financial year to provide employees systematically with information on matters of concern to them as employees**

The Trust has a variety of robust communication channels in order to provide employees with relevant information in a timely manner. These include regular daily composite e-mails via e-bulletins, a weekly e-mail update from the Chief Executive, a monthly team brief, and staff intranet, in addition to other specific briefing sessions as issues have arisen in year, for instance in relation to the potential transfer of paediatric services.

The Trust also holds formal consultative forums held with trade union representatives, usually on a eight weekly basis.

### **1.8.5 Actions taken in the financial year to consult employees or their representatives on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests and to encourage the involvement of employees in the Trust's performance**

The monthly Team Brief has regularly contained detail around the Trust's financial performance which is cascaded throughout the Trust by managers and also available on the intranet and an open invitation to all staff every month.

The Trust Consultative Committee in particular receives an update from the Executive Team on finance, performance, strategy and operational issues.

## 1.9 Occupational Health and Health and Safety Performance

The Health & Safety Executive (HSE) has agreements with regulatory health bodies i.e. the CQC/GMC/NMC, which set out roles and responsibilities and clarifies which regulator is likely to act in the event of a patient suffering serious harm/death.

These health bodies have important roles to play ensuring professional standards are maintained and are likely better placed than the HSE to secure justice, improve standards and prevent a recurrence.

The HSE will **not**, in general, investigate or take action against NHS organisations in the event of:

- a. Incidents affecting patients arising due to poor clinical judgements;
- b. Incidents affecting patients associated with poor quality care, such as failing to meet hydration and nutritional needs.
- c. Incidents involved with standards of care, such as the effectiveness of diagnostic equipment; or the numbers and experience of clinicians;
- d. Incidents arising from disease or illness for which the patient was admitted (whether or not that disease was properly diagnosed or treated) - unless the prime cause was inadequate maintenance of, or training in the use of equipment needed to treat the disease or illness.

The HSE **will** investigate a systemic failure of management systems, which may include:

- a. A systemic failure to implement 'established standards' - i.e. H&S statutory law.
- b. The absence of or wholly inadequate arrangements for assessing risks to health and safety.
- c. Lack of suitable controls and inadequate monitoring and maintenance of the procedures or equipment needed to control the risks, resulting in serious harm or death.

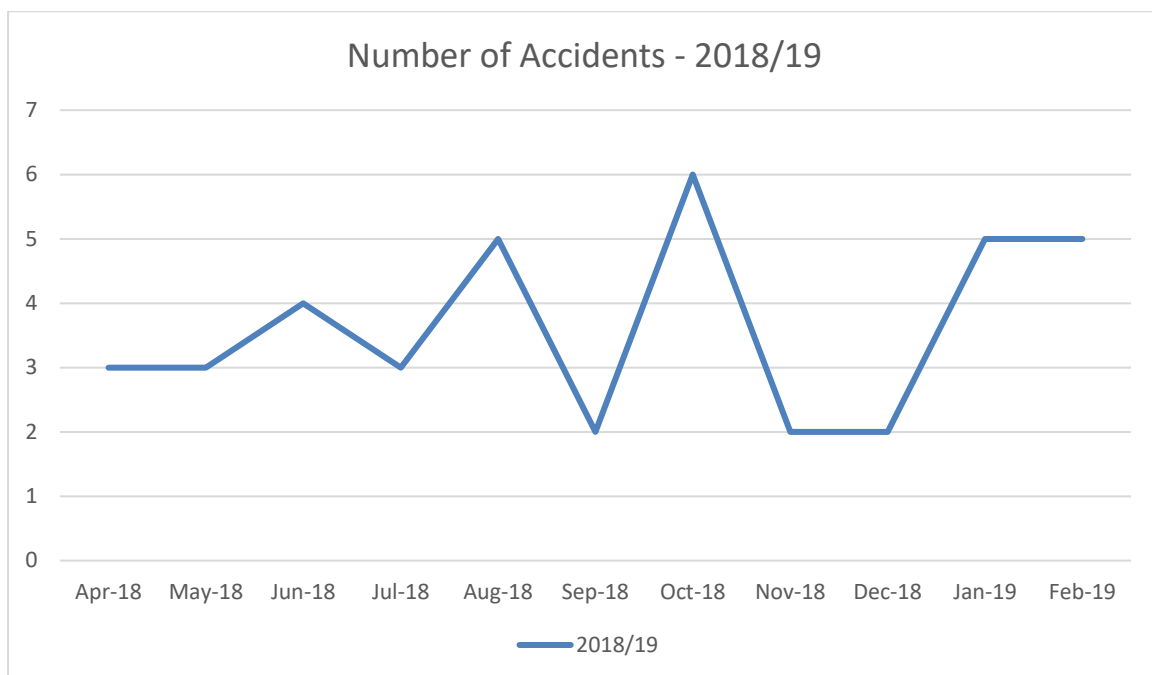
The HSE **may**, dependant on the circumstances, investigate the following incidents:

- a. Inadequate maintenance of, or training in the use of work equipment needed to diagnose or treat disease or illness.
- b. RIDDOR reportable incidents (burns and scolds from hot water, patients falling from windows resulting in fractures, unconsciousness and fatalities, serious slip trip and fall injuries, serious injuries or fatalities after gaining access to hazardous substances).
- c. Failing to implement Safety Alerts, or similar warnings that are widely known across the sector - i.e. a failure to implement Estates & Facilities Alerts/Medical Device Alerts leading to serious harm or death.
- d. Failure to uphold the duty holders own internal guidance, or well-established external guidance from others.
- e. In general, 'established standards' will **not**, in general, include those that cover drugs and quality of care issues i.e. hydration and nutrition.

Forty work related accidents were reported from 1 Apr 18- 28 Feb 19. Severity tended to be, for the most part, relatively minor in nature. This is attributed to our strong pro-safety culture, in partnership with H&S policies and procedures. Although three RIDDOR reports were submitted:

- Person dropped a travel case onto his foot resulting in a fracture.
- Person fainted and collapsed onto knee resulting in over 7 days ill health sickness absence.
- Medical sharps injury from infected patient ('dangerous occurrence'). Later cleared by Occupational Health.

**Number of Accidents Per Month 2018/19:**





**Accidents by Category. 1 April 2018 - 28 February 2019**

<b>Accident Category</b>	<b>Apr 18</b>	<b>May 18</b>	<b>Jun 18</b>	<b>Jul 18</b>	<b>Aug 18</b>	<b>Sep 18</b>	<b>Oct 18</b>	<b>Nov 18</b>	<b>Dec 18</b>	<b>Jan 19</b>	<b>Feb 19</b>
Manual Handling Injuries	0	0	0	1	0	0	1	0	0	1	0
Burns / Scalds	0	0	0	0	0	0	0	0	0	0	0
Contact with hazardous substances (COSHH)	0	0	0	0	0	2	0	1	0	0	2
Road traffic accident/ incident	0	0	0	1	0	0	0	0	0	0	0
Sharps injuries	2	2	3	0	1	0	3	0	0	1	0
Slips, trips and falls (staff, visitors & contractors)	1	0	1	1	2	0	1	1	2	2	1
Impact Injury (with static or moving object)	0	1	0	0	2	0	1	0	0	1	2
<b>Total figure for each month</b>	<b>=3</b>	<b>=3</b>	<b>=4</b>	<b>=3</b>	<b>=5</b>	<b>=2</b>	<b>=6</b>	<b>=2</b>	<b>=2</b>	<b>=5</b>	<b>=5</b>

We have improved arrangements for staff experiencing medical sharps injuries. Staff no longer have to travel to Heartlands Hospital and are now receiving treatment more locally. The Sharps Policy has been amended to reflect the new arrangements, a Trust wide communications bulletin was published and mandatory training sessions are used to convey the message across to staff. The Infection Control Team published posters around the Trust advertising the initial first-aid actions to take in the event of a medical sharps injury and summarises the support offered by a neighbouring trust.

To comply with the Safer Sharps in Healthcare Regulation 2013, the theatres area reviewed their sharps risk assessment. The purpose is to identify traditional sharps that can be replaced with safer alternatives, so far as is reasonably practicable. Similarly, the Patient Safety & Clinical Training Lead reviewed the risk assessment for all other areas.

The Occupational Health Department brought it to the attention of the H&S Adviser that there had been a global shortage of Hepatitis B vaccine since 2017. As a result, many of our 'low priority' staff had not received timely Hepatitis B vaccinations during the recruitment stage. Shortly afterwards Public Health England stated vaccines were now ready to order and Occupational Health recalled staff outstanding the vaccine as a priority from September 2018. The position was closely monitored by the Trust's Quality & Safety Committee.

From 1 Apr 18 - 28 Feb 19 a total of 75 CAS Alerts were disseminated throughout the Trust for action. To date there are no significant concerns to report.

To comply with the Control of Vibration at Work Regulations 2005 an external company 'Environmental Essentials' assessed work equipment that may present a reasonably foreseeable risk to operators - i.e. hand and arm vibration syndrome. This was undertaken in the Estates and Facilities department i.e. power drills and floor buffing machines. No are no significant concerns to report.

The staff health and wellbeing diagnostic tool published by NHS Employers was completed. This tool helps providers identify local policies and initiatives, big and small, which all help to support and promote health and wellbeing of staff. The results were shared with the Wellbeing Action Group. An action plan was subsequently developed to identify strategies i.e. diet/exercise/stress reduction/welfare arrangements/support groups etc. To help support the process stress awareness training sessions are being delivered in May 2019; each one includes a 15-minute Mindfulness session.

A meeting was arranged with Birmingham and Solihull Mental Health to discuss ligature points and the risk of suicide by hanging (in accordance with Alert EFA/2018/0065). A risk assessment was developed in partnership with ROH staff. The findings were presented to the Clinical Quality Group in April.

A new security provider is on-site - 'Securepro'. One security officer is present from 4pm-11pm Mon-Fri and 11am-11pm Sat and Sun. The officer is based on the Welcome Desk in Outpatients. The aim is to arranged for CCTV system installed behind the desk to help prevent, deter and detect crime. Officers pay frequent visits to wards to reassure staff of their presence.

The Trust is smoke and ‘vape’ free. The awareness campaign and policy worked to good effect and there does not appear to be significant issues in terms of compliance.

The following policies have been written/reviewed and most are available to view on the intranet:

- Smoke Free Policy;
- Medical Devices Policy;
- Medical Gas Policy;
- Lone Working Policy (awaiting ratification).
- Stress Policy (awaiting ratification)

**Information on policies with respect to countering fraud and corruption**

The Trust has a Counter Fraud Policy which sets the framework for fraud and corruption prevention and action. The Local Counter Fraud Specialist remains active in the Trust in policy development, staff education and provision of reactive support.

**1.10 Off-payroll engagements as of 31 March 2019, for more than £245 per day and that last for longer than six months**

No. of existing engagements as of 31 March 2019	0
Of which...	
No. that have existed for less than one year at time of reporting	0
No. that have existed for between one and two years at time of reporting	0
No. that have existed for between two and three years at time of reporting	0
No. that have existed for between three and four years at time of reporting	0
No. that have existed for between four and five years at time of reporting	0

All existing off-payroll engagements, 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, assurance has been sought.

**Off-payroll engagements as of 31 March 2018, for more than £245 per day and that last for longer than six months**

No. of existing engagements as of 31 March 2018	0
Of which...	
No. that have existed for less than one year at time of reporting	0
No. that have existed for between one and two years at time of reporting	0
No. that have existed for between two and three years at time of reporting	0
No. that have existed for between three and four years at time of reporting	0
No. that have existed for between four and five years at time of reporting	0

All existing off-payroll engagements, 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, assurance has been sought.

**New off-payroll engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019, for more than £245 per day and that last for longer than six months**

No. of new engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019,	0
No. 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
No. for whom assurance has been requested	0
Of which...	
No. for whom assurance has been received	0
No. for whom assurance has not been received	0
No. that have been terminated as a result of assurance not being received	0

Those individuals where contractual clauses were not included in their contracts were instead requested to complete the off-payroll engagements assurance statement provided by HMRC in their guidance on IR35 arrangements. The Trust continues to review its procedures with regards to the use of off-payroll contractors to reflect the evolution in guidance as it is received from HMRC.

**New off-payroll engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018, for more than £245 per day and that last for longer than six months**

No. of new engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018,	1
No. 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
No. for whom assurance has been requested	0
Of which...	
No. for whom assurance has been received	0
No. for whom assurance has not been received	0
No. that have been terminated as a result of assurance not being received	0

Those individuals where contractual clauses were not included in their contracts were instead requested to complete the off-payroll engagements assurance statement provided by HMRC in their guidance on IR35 arrangements. The Trust continues to review its procedures with regards to the use of off-payroll contractors to reflect the evolution in guidance as it is received from HMRC.

**1.11 Off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2018 and 31 March 2019**

No. of off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during the financial year.	0
No. of individuals that have been deemed "Board members and/or senior officials with significant financial responsibility" during the financial year. This figure should include both off-payroll and on-payroll engagements.	13

**1.12 Off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2017 and 31 March 2018**

No. of off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during the financial year.	0
No. of individuals that have been deemed "Board members and/or senior officials with significant financial responsibility" during the financial year. This figure should include both off-payroll and on-payroll engagements.	13

**1.13 Off-payroll engagements: Trust policy**

The Trust is required as part of this report to disclose its policy in relation to the engagement of individuals via off-payroll arrangements. At present the Trust does not have a specific policy in relation to the circumstances in which off-payroll engagements would be utilised. However,

these would always be procured via the Trust's normal procurement procedures with value for money being considered.

The Trust does have a policy in relation to the management of these arrangements once these are in place. The Trust monitors engagements which are more than £245 per day and are expected to last at least six months. Individuals who fall into this category are required to provide assurance to the Trust that the income they receive is properly accounted for in relation to tax. Contracts for these individuals include a clause which states that this information must be provided when requested by the Trust; failure to do so could result in the contract being terminated. Where information is not provided the Trust notifies HMRC.

To date no contracts have been ended or notified to HMRC due to the failure to provide the required assurance to the Trust.

## 1.14 Exit packages

Exit package cost band (including any special payment element)	2018/19			2017/18		
	Number of compulsory redundancies Number	Number of other departures agreed Number	Total number of exit packages by cost band Number	Number of compulsory redundancies Number	Number of other departures agreed Number	Total number of exit packages by cost band Number
<£10,000	0	0	0	0	0	0
£10,001 - £25,000	0	0	0	0	1	1
£25,001 - 50,000	0	0	0	0	0	0
£50,001 - £100,000	0	0	0	0	1	1
£100,001 - £150,000	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0
>£200,001	0	0	0	0	0	0
<b>Total number of exit packages by type</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>
<b>Total resource expense (£000s)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>82</b>	<b>82</b>

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Scheme except for three employees who left the Trust via the Mutually Agreed Resignation Scheme. This disclosure reports the number and value of exit packages taken by staff leaving in the year and the expense associated with these departures may have been recognised in part or full in a previous period.

### **1.15 Retirements due to ill health**

During the year to 31 March 2019 there were no early retirements from the Trust agreed on the grounds of ill-health (31 March 2018, nil).



## 2.0 Staff Survey Results

### 2.1 Commentary

The Trust is required to participate in the National Staff Survey (NSS) each year. All permanent or fixed term contract (FTC) staff are requested to complete a survey either online (via an email link) or paper based between October and November each year. In 2018, the Trust response rate was 41% which was higher than 2017 at 38%. The average response rate across trusts nationally was 46% and across Acute Specialist Trusts (ASTs) the percentage was 53%. The survey is administered on behalf of the Trust by Capita People Solutions.

The format has been changed this year to present the results around 12 themes rather than 32 Key Findings (KF). The individual questions have therefore been transposed to enable results to still be compared from previous years.

Overall the results for 2018 have been very positive. The Health Service Journal (HSJ) has reported ROH as being one of the five trusts across the UK where staff have reported a significant improvement on engagement.

Comparing ROH results from 2017:

- Out of 59 questions from 79 that improved nine have improved by over 10%
- 23 questions improved between 6% and 9%
- Only one question has deteriorated by over 5%

Some of the areas where we have seen most improvement are:

- Communication between senior management and staff is effective
- My appraisal identified training needs
- Senior managers act on staff feedback
- My organisation treats staff who are involved in an error, near miss or incident fairly
- I look forward to going to work
- I am enthusiastic about my job
- Satisfied with "My level of pay"
- We are given feedback about changes made in response to reported errors, near misses
- I would recommend my organisation as a place to work

The ROH Engagement score has increased to 7.4 from 7.1 against a score across the NHS of 7.0. Across Acute Specialist Trusts, the average is the same as the Trust at 7.4%.

Overall Engagement score is significantly driven by 'recommend as place to work'. This has improved since 2017 both in the ROH score from staff feedback and when compared against other Acute Specialist Trusts.

## 2.2 Summary performance- NHS Staff Survey

### Details of the key findings from the latest NHS Staff Survey.

The response rate to the 2018 survey among trust staff was 41% (2017: 38%). Scores (out of 10) for each indicator together with that of the survey benchmarking group (Specialist Acute Trusts) are presented below:

	2018/19		2017/18		2016/17	
	Trust	Benchmarking Group	Trust	Benchmarking Group	Trust	Benchmarking Group
Equality, diversity and inclusion	9.2	9.3	9.2	9.3	9.3	9.3
Health and wellbeing	6.3	6.3	6.2	6.3	6.3	6.3
Immediate managers	7.3	7.0	6.9	6.9	6.9	6.9
Morale*	6.4	6.3	n/a	n/a	n/a	n/a
Quality of appraisals	5.9	5.7	5.5	5.5	5.5	5.5
Quality of care	7.9	7.8	7.8	7.7	7.6	7.8
Safe environment – bullying & harassment	8.1	8.2	8.1	8.4	8.2	8.3
Safe environment - violence	9.8	9.7	9.7	9.7	9.8	9.7
Safety culture	6.9	6.9	6.6	6.9	6.4	6.9
Staff engagement	7.4	7.4	7.1	7.4	7.0	7.5

\*Questions in this section are new in the survey, therefore only data for 2018/19 is available

## 2.3 Commentary on the Key Findings

The Trust continues to experience a significant period of change. However, the results show a significant improvement in feedback from staff members which may be linked to:

- The Agenda for Change contract refresh implemented in 2018
- The Trust had increased its focus on performance management across all teams.
- Senior Leaders have continued to engage with staff using different formats

- The Trust has successfully implemented a number of new initiatives including Joint Care to improve patient outcomes
- The new branding of **Speak up and Join in** is working well in the Trust

### 2.3 Key priorities to improve staff feedback

The Trust understands there is a direct link between staff engagement and patient outcomes and will continue to put in place actions that will enable staff members to give feedback and be heard. The Trust will focus on three key areas as a response to staff feedback in the survey. These are **Promoting Health and Wellbeing**, **Improving Performance** and **Tackling Bullying and Harassment**. The Trust also intends to take the following action to improve the response to the annual staff survey engagement score (and other surveys):

- Continue to embed a coaching style of leadership and management supported by a programme of manager as coach, and solution-based coaching.
- Establish an employer brand and further develop attraction, recruitment and selection processes closing the gap between establishment and filled posts.
- Further improve staff communication with improvements to all staff briefing providing greater opportunity for staff feedback. Enhance the perceived value of staff voice through **Speak Up and Join in**
- Implement staff wellbeing actions arising from stress management task and finish group.
- Supporting employees in completing the survey e.g. access to computers
- Develop and implement local staff engagement plans informed by local staff survey analysis.
- Continue to develop the newly formed Equality and Diversity network

### 2.5 Plans and mechanisms to monitor performance

Trust Board will receive assurance and monitoring of performance through the Staff Experience and OD Committee which is kept informed by reports from the internal People Committee.

The Trust will also ensure that:

- All departments focus on actions to support an improvement in staff engagement.
- All staff have the appropriate time and access to complete the staff survey to ensure everyone has the opportunity to have their say.
- All departments have clear action plans to address some of the issues noted in the survey results. These actions will be reviewed regularly for progress with

bi-annual updates to the Trust Board.

## 2.6 Schwartz Rounds

Schwartz Rounds have been running at the ROH since September 2017 as a means of supporting staff and engaging with them on the social and emotional impact of working in healthcare. They have been extremely well received, with over 200 attendees to date and 91% rating Schwartz Rounds as either 'Excellent' or 'Exceptional'.

### **Background**

In 1994 a health attorney in the U.S. called Ken Schwartz was diagnosed with terminal lung cancer. During his treatment, he found that what mattered to him most as a patient were the simple acts of kindness from his caregivers, which he said made "the unbearable bearable." Before his death, he left a legacy for the establishment of the Schwartz Center in Boston, to help to foster compassion in healthcare.



Rounds are implemented by The Point of Care Foundation and are CPD certified. We were very proud to have introduced Schwartz Rounds here at The Royal Orthopaedic Hospital NHS Foundation Trust. The topics so far have included:

- **The patient I will never forget**
- **The day I made a difference**
- **Responding to a crisis: rallying together**
- **Going above and beyond**
- **When communication breaks down**
- **Dealing with angry families**
- **Fear of getting it wrong**
- **Pushing beyond the stereotypes**
- **Communicating with teenagers and young adults**

Detailed below is a sample of feedback from staff relating to the Rounds:

***91% said the Rounds would help them to work better with their colleagues.***

***91% said that the group discussion was helpful to them.***

All staff who have participated in multiple Schwartz Rounds sessions have reported increased insight into the social and emotional aspects of patient care, improved teamwork,

interdisciplinary communication, appreciation for the roles and contributions of colleagues from different disciplines, decreased feelings of stress and isolation and more openness to giving and receiving support.

There is a group of four trained facilitators who support each panellist in preparation for the Schwartz Round. They also provide facilitation on the day of the Schwartz Round. In addition, a Steering Group is made up of colleagues from across the Trust who are responsible for deciding on the direction and planning of future Rounds.

## **2.7 Expenditure on consultancy**

Consultant spend for the year was £192,439 (2017/18, £172k) which included spend on Governance, HR, IT, Data Quality, Building, Engineering, Maintenance Site and Fire Protection.

## Section 4:

### 1.0 The work of the Council of Governors 2018/19

#### Structure and Members

As a Foundation Trust, the Royal Orthopaedic Hospital has a Council of Governors which helps ensure its key stakeholders - patients, members of the public, staff and partner organisations - all have a say in shaping our local health services. Our Governors act as a direct link between the Trust, local communities and staff and engage with our members to gather feedback and views to ensure their voice is heard.

The Governors play an important role in making the Royal Orthopaedic Hospital publicly accountable for the services it provides and bring valuable perspectives and contributions to our activities. In addition, they help set the strategic direction of the Trust.

Key aspects of the Governors' role include:

- Appointing (or removing) the Trust's Chairman and Non-Executive Directors
- Approving the appointment of the Trust's Chief Executive
- Appointing the Trust's external auditors
- Agreeing salaries of Non-Executive Directors and the Chairman
- Receiving the annual report and accounts
- Advising the Board and representing members' views about the strategic direction
- Helping the Trust to recruit members
- Contributing thoughts, views and opinions at Council of Governors meetings
- Holding the Non-Executive Directors to account for the performance of the Trust Board.

At the Royal Orthopaedic Hospital, The Council of Governors comprises eighteen members, nine of which are elected to represent public constituencies, four members are elected as staff representatives, and five members are appointed from key local stakeholders and partners.

Governors are elected or appointed by constituency members to represent their interests. In accordance with the Constitution, all the Trust's Public and Staff Governors are elected through a formal election process and appointed Governors are nominated by their respective organisations.

Brian Toner is the Royal Orthopaedic Hospital's Lead Governor (but during the year neither had no cause to exercise the role in regard to dialogue with NHS Improvement regarding the performance of the Non-Executive Directors).

### **1.1 Doing its job – as a whole Council**

During the year, the Council of Governors continued to work with the Board to provide input to some of the Trust's key strategic decisions, including the movement of paediatric services and the plans for growth involving the new modular theatre set up. As the next piece of work to refresh the Trust's overall strategy progresses over 2019/20 the Board will consult the governors for their views and feedback on the plans.

### **1.2 Governor Representation on Trust Committees/Groups/walkabouts**

The Council nominates members to attend Trust advisory groups and committees as observers. They are then able to report back directly to the Council on work being carried out by the Trust.

During the year, members of the Council attended as observers at the following groups:

- Quality and Safety Committee
- Charitable Funds Committee
- Patient and Carers' Forum

The governors are also invited to join the quality assurance walkabouts which are scheduled monthly.

In this way the Council actively engages in the work of the Trust, assesses the work of the Board and observes the work of the Chairman in a context other than as Chairman of the Council of Governors. The governors are also formally invited to join the public Board meetings twice yearly and the Lead Governor has a standing invite to each session of the Board.

### **1.3 Council of Governors Nominations and Remuneration Committee**

The Nominations and Remuneration Committee comprises four governors and is chaired by the Trust Chairman. The Committee decides the remuneration, allowances and other terms and conditions for the Chair and Non-Executive Directors. The Associate Director of Governance & Company Secretary provides support to the Committee.

The Nominations and Remuneration Committee of the Council of Governors did not have cause to meet. Agreement to a one-year extension to the terms of office for Tim Pile and Simone Jordan were agreed by the whole Council of Governors as part of routine meetings. The governors were also asked as a whole to consider approving a proposed 2% cost of living pay award at the January 2019 meeting, which was agreed.

## **1.4 Contacting the Governors**

The Governors can be contacted through the Associate Director of Governance & Company Secretary, the Royal Orthopaedic Hospital NHS Foundation Trust, Bristol Road South, Northfield, Birmingham, B31 2AP.

## **2.0 Governor Constituencies**

Members of the public who are members of the Trust are automatically placed into a constituency based on their postcode. Members are able to put themselves forward to become a Governor or vote for a Governor in their registered constituency.

Staff membership is open to those with a permanent or twelve-month fixed term employment contract with the Trust. Staff members are able stand as a Governor or vote for a Governor in their registered class. At the Royal Orthopaedic Hospital there are two classes of staff governor: clinical and non-clinical.

### **2.1 Public Members**

At the Royal Orthopaedic Hospital, public members of the Trust are drawn from two identified constituencies across England and Wales.

During 2018/19 the Trust had two public constituencies within its public membership:

- Birmingham and Solihull (five seats)
- Rest of England & Wales (four seats)

Eligibility for membership is restricted to those living within the relevant boundary and over sixteen years of age. All election boundaries for public members (including patients) are coterminous with local authority boundaries.

### **2.2 Staff Members**

The Trust has two constituencies within its staff membership:

- Clinical (two seats)
- Non-clinical (two seats)



## 2.3 Appointed Governors

The Trust's Appointed Governors, represent local stakeholder organisations. They provide key insight into the health needs of the communities the Trust serves and put forward the views of their organisations at Council of Governors' meetings. The following organisations make nominations to the Council of Governors:

- Birmingham City Council
- Bournville Village Trust
- Member of Parliament from the parliamentary constituency in which the ROH is located
- Birmingham City University
- University of Birmingham

During 2018/19 Liz Clements was nominated from Birmingham City Council and David Robinson from Bournville Village Trust.

## 2.4 Governor Elections 2018/2019

During the year, the Trust conducted Governor Elections to fill seats that had become vacant and used an external company, Electoral Reform Services, to oversee the election process with both sets of elections being conducted using the single transferable electoral system.

At the start of the process an invitation letter, from the Chairman, was sent to all relevant members (where a Governor seat was open for election) to inform them that the election process was starting. The invitation letter included the contact details of the external company facilitating the election process. Ballot papers were then sent to members who in turn voted for the candidate(s) that they wished to be elected to our Council of Governors.

### 2.4.1 Result: Birmingham and Solihull

A Governor election was called during the Summer of 2018 to fill **two** vacancies in the Public Constituency for Birmingham & Solihull:

Electorate	3,262
Total number of votes cast	428
Turnout	13.1%
Invalid votes cast	2
Total valid votes	426

The election was run by an external provider, Electoral Reform Services and the successful candidates were Marion Betteridge and Petro Nicolaides. Marion was re-elected for a third and final term of office of three years from 30 July 2018. Petro was re-elected for a second term of office of three years which will finish on 31 July 2021.

#### 2.4.2 Result: Rest of England and Wales

Concurrently with the above election, an election took place in the Summer of 2018 to fill **two** seats for the Rest of England and Wales:

Electorate	1823
Total number of votes cast	299
Turnout	16.4%
Invalid votes cast (see below)	3
Total valid votes	296

This election was also overseen by Electoral Reform Services and the successful candidates were Carol Cullimore and Arthur Hughes. Carol was re-elected for a second term of office of three years from 30 July 2018. Arthur was elected for a first term of office for three years which will finish on 31 July 2021.

#### 2.4.3 Staff Elections and Results

In August 2018 an election was overseen by the Electoral Reform Services for two clinical staff governors and one non-clinical staff governor within the Trust's staff membership.

- Staff clinical Two seats

Electorate	525
Total number of votes	139
Turnout	26.5%
Invalid votes cast (see below)	0
Total valid votes	139

This election was contested and Adrian Gardner and Karen Hughes were elected as clinical staff governors. Adrian's first term of office will end on 18 August 2021 and Karen's third and final term of office will finish on 9 September 2021.

- Staff non-clinical One seat

Electorate	285
Total number of votes	117
Turnout	41%
Invalid votes cast (see below)	0
Total valid votes	117

This election was contested and Gavin Newman was elected as non-clinical staff governor. Gavin's first term of office will end on 9 September 2021.

#### 2.4.4 Elections during 2019/2020

A planned election will be undertaken during the month of May 2019 when the term of office for Governors in the following will be complete:

Birmingham and Solihull	1 seats
Rest of England and Wales	2 seats

#### 2.4.5 Process for removal of a governor

The Trust's constitution makes provision for the removal and disqualification of members of the Council of Governors. Governors shall cease to be a member of the Council if:

- They resign in writing to the Company Secretary;
- They fail to attend at least half of the meetings of the Council of Governors in any financial year, unless the majority of the Council of Governors consider the reasons for the absence to be reasonable;
- They, during their tenure, fail to meet the criteria for being a member of the Council of Governors set out in Annex 6 of the Constitution – 'Additional provisions – Council of Governors'; or
- They fail to undertake training without good reason.

A member of the Council of Governors may be removed from the Council by a resolution approved by not less than two-thirds of the remaining members present and voting at a general meeting of the Council of Governors that they have committed a serious breach of the Trust principles set out in the Constitution; acted in a manner detrimental to the interests of the Trust; and the Council considers that it is not in the best interests of the Trust for them to continue as a member of the Council of Governors.

#### 2.5 Governor Profiles

Profiles for each governor, together with their term of office, who served on the Council of Governors during the period 1 April 2018 to 31 March 2019 are provided below:

##### Public Governors

- **Brian Toner, Lead Governor** - Brian belongs to the Rest of England and Wales constituency. He considers the Trust's paramount goal is to deliver high quality health care, whilst responding to today's economic demand. Having twice been a patient at the Hospital, he had been hugely impressed by the professionalism of the staff and care he received and was happy to become a member and later a Governor, and give something back. Brian believes that quality services are delivered by committed staff, supported by a strong governance foundation, including feedback from service users. Equally, strategic direction needs to be developed through genuine stakeholder

engagement and his experience as a patient, his health service background, work with charities and his involvement with the Care Quality Commission will enable him to make a positive contribution as a Governor to the Trust's success and ongoing development. Brian's term of office will end on 12 May 2019. Brian was selected to be the lead governor at the Council of Governor's meeting in October 2017.

#### **Birmingham and Solihull (five seats):**

- **Lindsey Hughes** - Having spent over 38 years in the NHS, including several as a Head of Nursing and Clinical Governance Lead, Lindsey became a volunteer at the Royal Orthopaedic Hospital. Lindsey is passionate about the best care for patients and wishes to ensure high standards of care are maintained. Lindsey has participated in two PLACE assessments and enjoys obtaining feedback from patients on their care. Lindsey is an experienced risk assessor and problem solver; constructive and tenacious. This is Lindsey's first term of office which will end on 12 May 2019.
- **Marion Betteridge** - Marion was re-elected in 2018. Marion has lived in Northfield for the last fifty years and has been a volunteer at the Royal Orthopaedic Hospital for a number of years doing a range of jobs to assist patients. Marion wanted to give something back which is why she became a Governor. She is proud to help the hospital continue to provide its excellent care and treatment. Marion's second term of office ended on 31 July 2018 and she was elected to serve a third and final term ending on 31 July 2021.
- **Sue Arnott** - Sue has been a patient at the Hospital for 30 years and has received many joint replacements and much physiotherapy at the Hospital. Sue has a clear understanding of the need for balancing budgets with improvement to services within the cost constraints imposed on all health-related services and is acutely aware of the importance of research to enable patients to benefit from advancements in treatment and care. Sue represents the Council of Governors on the Trust's Quality and Safety Committee as an observer. Sue was re-elected for a second term of office which will end on 9 December 2020.
- **Petro Nicolaides** - Petro has been a patient with ongoing treatment since January 2010. He is extremely grateful to the hospital for all it has done and continues to do for him. Petro put himself forward to make a contribution back to the hospital. Petro runs a small financial and business consultancy practice locally and serves as a School Governor in a local secondary school. Petro was elected to the Council of Governors for three years which ended on 31 July 2018; he was successful in the elections during the year to serve a second term ending on 31 July 2021.

- **Kennedy Iroanusi** - Kennedy was elected as Governor in December 2017 for a first term of office of three years. Kennedy is currently an Electrical and Electronics Engineering Lecturer at Dudley College. He formerly worked at the Trust as a Theatre Assistant, whilst studying at the University of Birmingham. As a former employee, and his personal experience of a family member using the NHS service regularly, he would like to give something back to the community for the greater good of others in need of health and social wellbeing.

#### **Rest of England and Wales (four seats including Lead Governor as above)**

- **Robert Talboys** - Rob became a patient of the Hospital in 1996. Without the care and dedication of all the staff life would be very different for him today, which is why he tries to do his best to repay what has been done and continues to be done for him. In May 2016, Rob was successfully elected to a third term of office which will end on 12 May 2019.
- **Carol Cullimore** – Carol was elected as a Governor in July 2015 and her first term of office ended on 31 July 2018; she was successfully elected to serve a second three year term, which will end on 31 July 2021. Carol retired from nursing after 45 years and has also been a patient of the Hospital for over 20 years. She brings her expertise as both a nurse and as a patient to the role of Governor and recognises the challenges faced by the Trust and to give something back to help make a difference.
- **Arthur Hughes** - Arthur was elected as Governor in July 2018 for a first term of office of three years. Arthur’s national and international business life has given him experience of listening to both sides of discussions in helping/guiding with solutions. Arthur has lived/worked in Africa, Europe, North America and China working alongside management boards of companies, government departments/organisations and professional bodies (including the World Health Organisation). Arthur is a former patient of the hospital and also a member of Patient and Carers Forum. He wishes to work with the Trust in his Governor role to help the hospital continue its successful progress.

#### **Stakeholder Governors**

- **Bournville Village Trust** - David Robinson is the Director of Financial Resources at Bournville Village Trust who own the freehold of Hospital as the Cadbury family donated the building and land to the people of Birmingham for health purposes. David joined BVT in May 2017 and covers all aspects of Finance and IT for them and

its associated managed societies. David's professional membership includes Fellow of the Royal Society of Arts (FRSA) and through his fellowship he contributes to several groups and forums on public policy and supports the Society in their aims to contribute to building a better society. He is also a member of the Charity Finance Group and Charity Group as well as a Member of the Voluntary Organisations Disabilities Group – Finance Director Group. David's first term of office will come to an end on 30 April 2021.

- **Member of Parliament** - Richard Burden is the MP for Birmingham Northfield and has represented the area since 1992. Having lived in Birmingham for most of his adult life, he is proud to have represented the city and constituents in Parliament for many years. One of the central themes of his work has always been to argue for the voice of local people to be heard in the corridors of power.
- **Birmingham City Council** - Liz Clements is a Councillor on Birmingham City Council and was elected on 3 May 2018 to represent the Bournville and Cotteridge Ward. On the Council she is Chair of the Sustainability and Transport Overview & Scrutiny Committee. Her Committee Membership from 2018 to 2019 consisted of Co-ordinating the Overview & Scrutiny Committee, Sustainability and Transport Overview & Scrutiny Committee and WMCA Overview & Scrutiny Committee. Liz's first term of office as Governor with the Trust will come to an end on 31 July 2021.
- **University of Birmingham** - Dr Dagmar Scheel-Toellner represents the University of Birmingham on the Council of Governors. Dagmar is currently leading a research team at the University of Birmingham that investigates the basic mechanism of joint inflammation in patients with rheumatoid arthritis. Dagmar initially trained as a pharmacist, and the translation of her research on autoimmunity into therapeutic strategies is still an important long-term aim in her work. She closely collaborates with her clinical colleagues within the Rheumatology Research Group in their investigation of the early stages of the development of rheumatoid arthritis. Dagmar's first term of office will come to an end on 31 July 2020.
- **Birmingham City University** - Hannah Abbott represents Birmingham City University (BCU) on the Council of Governors. Hannah's current role at BCU is an Associate Professor and Acting Head of School for the School of Health Sciences. Hannah is passionate about the development of the future healthcare workforce and being part of ROH allows her to better understand the issues affecting the hospital. Hannah's professional background is in theatres as an Operating Department Practitioner, and therefore has a keen interest in surgery and particularly patient safety. Hannah's first term of office will end on 31 August 2020.

### **Clinical Staff Representatives (two seats)**

- **Mel Grainger** - Mel was elected as Clinical Staff Governor on 19 August 2016 with a view to serving a three year term. He left the Trust in July 2018 and therefore did not complete this term.
- **Adrian Gardner** – Adrian was elected as Clinical Staff Governor on 17 August 2018. Adrian has been involved with the Trust, firstly as a trainee and then became a consultant since 2002. He acknowledges in the future the ROH faces even more change with the loss of paediatrics and the inevitable reorganisation of some services with UHB at the Queen Elizabeth Hospital.

Adrian feels that colleagues should all be able to say “I would bring my mother to the ROH for her surgery” knowing it would be the best. He did exactly that several years ago and stands by that decision. He is of the opinion that this is the level where we as a hospital should be and can be. Adrian’s first term of office will end on 18 August 2021.

- **Karen Hughes** - Karen has been a registered nurse since 1989 and has a background in surgical nursing. Karen has worked at the Hospital as clinical nurse tutor since 2010. She is undertaking a Master’s Degree in Advanced Healthcare Practice. Karen is passionate about high quality standards of care and the good stewardship of valuable NHS resources. Karen was re-elected to serve a third term which will end on 9 September 2021.

### **Non-Clinical Staff Representative (two seats)**

- **Alexandra Gilder** - Alex has worked as the Deputy Director of Finance at the Hospital since January 2014, having previously worked at a large accountancy firm as an NHS audit and advisory specialist. Alex was elected for three years which ended on 31 July 2018.
- **David Richardson** - David has worked at the hospital for 8 years, and currently works as the Head of Education and Training. His interest in being a governor is twofold: firstly, he is passionate about the Trust, and wants it to be successful and he feels that his experience in both the public sector and private sector would enable him to be of value during this significant period of change. His role touches on all departments and staff within the Trust, and spreads externally through schools, colleges, higher education institutes and other NHS organisations. This breadth of contact enables David to understand the views and experiences of a much wider audience. David’s first term of office will end on 14 September 2020.

- **Gavin Newman** – Gavin joined the hospital in 2014 and was appointed as Staff Governor on 8 September 2018. Gavin currently works in the IT Department as Service Desk Manager. Gavin has strived to make a difference in any way he can, be it service related or via support for and to his colleagues.

As a governor, Gavin wishes to continue to embrace the changes required to provide the best possible outcome for the ROH and its patients and continue to build on the CQC “good” evaluation.

Gavin is very proud to be a Governor of an organisation that strives to provide excellent care for every patient it serves and having been born and bred within a mile of the ROH he appreciates value to the community. Gavin’s first term of office will come to an end on 9 September 2021.

## **2.6 Attendance by Governors at Council of Governor Meetings 2018/19**

During the period 1 April 2018 to 31 March 2019 the Council of Governors formally met on three occasions. A record of the number of attendances by each Governor at these formal meetings is included in the table below:



GOVERNOR/CHAIRMAN	MEETING DATE			TOTAL
	16/5/18	4/10/18	16/01/19	
Yve Buckland (Ch)	✓	✓	✓	<b>3/3</b>
Brian Toner	✓	✓	✓	<b>3/3</b>
Rob Talboys	✓	✓	✓	<b>3/3</b>
Arthur Hughes		✓	✓	<b>2/2</b>
Sue Arnott	✓	✓	✓	<b>3/3</b>
Carol Cullimore	A	✓	✓	<b>2/3</b>
Petro Nicolaidis	✓	✓	✓	<b>3/3</b>
Marion Betteridge	✓	✓	✓	<b>3/3</b>
Lindsey Hughes	✓	✓	✓	<b>3/3</b>
Kennedy Iroanusi	-	-	✓	<b>1/3</b>
Richard Burden	A	A	A	<b>0/3</b>
Liz Clements		✓	✓	<b>2/3</b>
David Robinson		✓	✓	<b>2/3</b>
Dagmar Scheel-Toellner	✓	A	A	<b>1/3</b>
Hannah Abbott	✓	✓	✓	<b>3/3</b>
Mel Grainger	-			
Adrian Gardner		✓	A	<b>1/2</b>
Karen Hughes	✓	A	✓	<b>2/3</b>
Alex Gilder	✓			
David Richardson	✓	✓	✓	<b>3/3</b>
Gavin Newman		✓	✓	<b>2/2</b>

**KEY:**

✓	Attended	A	Apologies tendered
	Not in post or not required to attend		

A record of attendance by Board members at Council of Governor Meetings during 2018/19 is provided in the table below:

BOARD MEMBERS	MEETING DATE		
	16/5/18	4/10/18	16/01/19
Tim Pile		✓	
Kathryn Sallah	✓	✓	
Rod Anthony	✓	✓	✓
Richard Phillips		✓	
David Gourevitch	✓		
Simone Jordan		✓	✓
Paul Athey	✓	✓	✓
Jo Williams	✓		✓
Garry Marsh			
Andrew Pearson			
Steve Washbourne	✓		
Phil Begg			

The Annual Members' Meeting was held on 4 October 2018, at which over 50 members (including governors) attended.

## 2.7 Council of Governor Meetings

There were three Council of Governor meetings held during the year. Topics covered at meetings included:

- A review of the draft version of the Annual Report (including Quality Account) and Accounts 2017/18.
- CQC Inspection update
- Updates on the plans for the transfer of paediatrics out of the ROH
- Information on the work of the STP and Birmingham Hospitals Alliance
- Plans to establish a modular theatres set-up
- Staff survey results and action plan
- Update on the plans for membership engagement and development
- Chair and Non Executive appraisals
- Annual complaints report
- Council of Governors effectiveness review

- Proposal to reappoint the Trust's external auditors
- Proposal to award a cost of living pay award to the Chair and Non Executives
- Patient and Carers' Forum update from Stella Noon, Chair of the forum.

Executive Directors of the Trust attended meetings to provide updates as follows:

- The Chief Executive (Paul Athey in an Acting capacity) attended each Council of Governors meeting during the year to provide updates on key areas.
- The Interim Chief Operating Officer attended the May 2018 and January 2019 meetings to provide an overview of the plans to transfer paediatric services and to provide an update on the plans to develop a modular theatre set-up with the aim of increasing the throughput of activity
- The Interim Director of Finance joined the May meeting to present an overview of the annual accounts

As the overriding role of the Council of Governors is to hold the Chairman and Non-Executive Directors, individually and collectively, to account for the performance of the Board of Directors, Non-Executive Directors of the Trust regularly attended meetings and provided updates to the Council of Governors on the following areas during the year:

- Outcome of the staff survey and actions taken to address areas of shortfall – Kathryn Sallah presented the overview of the staff survey results and talked the Council through the improvements that were planned which would be overseen by the Staff Experience & OD Committee. There was particular challenge around the engagement of disabled workers with the work and the Council was advised that a specialist adviser had been co-opted onto the Staff Experience & OD Committee for a period to help the Trust progress its equality and diversity agenda.
- Audit Committee – at the May 2018 meeting, Rod Anthony gave an overview of the work of the Audit Committee and he was challenged around how there was sufficient oversight that the actions arising from the audits were being completed by the Executive. He advised that the Executives attended Audit Committee by rotation to provide an update on their work. It was also reported that a governance review was being undertaken by the Chair of the Audit Committee.
- Complaints report – Kathryn Sallah at the October 2018 presented the latest version of the annual complaints report. The ROH was noted to be the top Trust in the country for patients complimenting the Trust on the quality of information provided on how they might provide feedback.
- Finance and Performance Committee - Tim Pile, Chair of the Finance and Performance Committee attended the Council of Governors meeting in October 2018, where he was challenged around the pace of financial recovery. He provided an overview of the impact of tariff on the Trust's income and provided assurances that the overall financial position was more positive than planned.

- Quality and Safety Committee - Kathryn Sallah, Chair of the Quality and Safety Committee, was challenged around the plans to improve the governance around resuscitation. She advised that effort was being directed to ensuring that the information was accurate and that theatres downtime had been used to ensure that there was sufficient time available for those needing training to attend. She also advised that there had been detailed scrutiny of the Trust's pressure ulcer position, given that there had been a spike in occurrences. There had been no immediate explanation available on investigation, therefore the position would be kept under review.
- Staff Experience & OD Committee – Simone Jordan, on behalf of Richard Phillips updated the Council of Governors at their October 2018 meeting on the work of the Staff Experience & OD Committee. She was asked how, given the departure of the Associate Director of Workforce, HR and OD, there would be sufficient focus on workforce matters. She advised that the agenda had been carved up between the heads of service who would caretake the work until a replacement Associate Director was appointed.

In addition to the formal meeting, the Council was kept abreast of key developments during the year via e-mail notification, such as those in anticipation of the CQC inspection report and the plans and decision-making around the recruitment of a substantive Chief Executive.

## **2.8 Governor Training and Induction**

The Trust continually reviews delivery of Governor training and continues to develop in-house Trust-specific training.

At the May 2018 meeting of the Council, the governors were given an overview of the statutory duties that are attached to their role given that a number of the governors had been in post for sometime and would benefit from a refresh of their duties, with others being new to the role and needed to understand the expectations of them.

Acknowledging that there is more that can be done to train our governors, work will be undertaken in 2019/20 to develop additional training sessions, including creating a forum for sharing best practice between our peer organisations.

During the year, all new governors received an induction booklet setting out the key responsibilities of being a governor and for non-staff governors, a walk around the ROH site was organised.

## 2.9 Effectiveness of the Council of Governors

During the year an effectiveness review of the Council of Governors was organised, the outcome being presented at the October 2018 meeting. Questionnaires had been issued to all governors seeking views on the effectiveness of the body across a range of areas. Overall, the review presented a positive view of the arrangements, particularly around:

- Skill mix of the governors
- Quality and discussion and debate
- The Council being able to identify performance issues

There were a number of areas where there was an opportunity to strengthen the processes and understanding however, particularly in relation to the induction of new governors. Some of the feedback identified some training needs and this would be picked up in the workplan for the governors over the coming year.

## 2.10 The Council of Governors' Register of Interests

The Register is available for inspection on application to the Trust's Associate Director of Governance & Company Secretary, The Royal Orthopaedic Hospital NHS Foundation Trust, Bristol Road South, Northfield, Birmingham, B31 2AP.

No member declared a material conflict of interest during the year and all interests were registered and available for inspection.

Members of Council receive no remuneration, but they are entitled to claim expenses at an agreed rate.

## 3.0 Engaging Our Membership

During 2018, a number of engagement activities were undertaken with the Members:

### Member communication

In **June 2018**, the summer publication of member news was sent to all public members, along with a formal privacy notice informing our members of the new General Data Protection Regulations and what it means for them as members.

Previously we had only written to those with whom we had contact preferences, however due to the importance of this message, we issued the notice to all individuals on our database. This mail-out resulted in a loss of 265 members due to the below reasons:

Deleted category	Number
Individual deceased	34
Individual opted to be removed from membership	219
Removed from database as contact details are not valid	12

Through active promotion of changing contact preferences we also gained 30 email addresses, however.

We agreed as part of the member new publication we should regularly promote the below in each edition:

- Volunteering
- Patient and carers forum
- Charity & fundraising
- Governor drop in sessions & contact details
- Hospital improvement projects & new initiatives


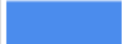



In **September 2018** the Autumn edition of member news sent to all public members who had notified us of their contact preferences.

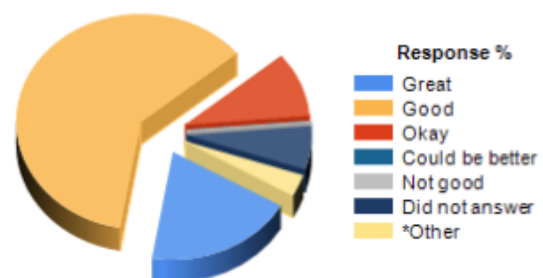
We decided to make an additional effort to reach members via email, to both save costs and provide capability to send more current and regular updates. We advertised a ‘giveaway’ within this publication for anyone who contacted us to change their contact preference. From this we gained an additional 50 email addresses.

Within this mailout we also sent the formal invitation to our Annual General Meeting in October.

From the member news evaluation we found the following:

**Question 2: How would you rate this edition?**

Available Responses	Total	
Great	6 (19.35%)	
Good	19 (61.29%)	
Okay	3 (9.68%)	
Could be better	0 (0.00%)	
Not good	0 (0.00%)	
Did not answer	2 (6.45%)	
*Other	1 (3.23%)	



**Some improvement ideas given in the survey were:**

*“If meetings are held out of working hours I could attend sometimes”*

*“Would like to know more about the Orthopaedic Procedures, e.g. The Birmingham Hip”*

*“I find all the information you send out is user-friendly and well laid out. There has been a lot of thought gone into the content.”*

**In December 2018**, an email was sent to all members who had opted to receive email updates from us outlining the opportunity to get involved with two elements of hospital improvements:

- Equality & Diversity Forums. A chance for members to be involved in the 2019/20 plan for increasing inclusion across the hospital.
- Patient & Public involvement. A change for members to be actively involved with the new improvement strategy to ensure patients and public have their say.

From the 758 individuals to which this was sent, none of the members contacted us to get involved in these opportunities. We have since reflected that members are much more likely to get involved in surveys, rather than in house focus groups or improvement meetings and therefore changed the way we ask for support to reflect this.

**In February 2019**, the spring winter/spring edition of member news was sent to all individuals for whom we held contact preferences for.

Within this edition we also notified all our members that the publication will be moving to a digital Member News document from Summer 2019.

**In March 2019**, an email was sent to all members who had opted to receive email updates asking for their engagement with a survey around a new Patient & Public involvement strategy. From the 817 whom this was sent to, 52 completed this in full which we saw as a real success compared to the previous mail-out asking for individuals to be involved in a meeting in December. These responses will be fed directly into the next Patient Experience meeting for review.

In July 2018, Governor drop-in sessions within the hospital, & the general governor email address, was launched.

The drop-in sessions were to be held on a monthly basis for both public, and stakeholder governors. These were promoted via the member news publication, as well as the website and hospital social media pages.

We have since had engagement from both foundation trust members submitting their views, as well as members of the public.

Member feedback received:

Feedback	Response
<p>Housekeeping staff do not have access to equipment they need to do their job properly. They believe ordering of new floor cleaning equipment has been blocked above their immediate line managers. This is affecting staff morale.</p>	<p>ANSWER FROM PHIL BEGG, DIRECTOR OF STRATEGY &amp; DELIVERY</p> <p>This issue occurred as a result of the sickness absence of one of those involved in the approval chain for the purchase of this equipment. To overcome this and prevent any further delay with the receipt of goods, the Director of Strategy &amp; Delivery has approved the purchases, so they should be in the Trust now or be on their way.</p>
<p>Sunday Theatre-have things beyond theatre itself been considered i.e. support services needed (no RR Team, pharmacy, imaging, limited physio etc), staffing, bed availability for direct admissions. Is there going to be a DOM as there is on all other theatre working days? Neither of us knew Sunday lists are planned so couldn't answer.</p>	<p>ANSWER FROM JO WILLIAMS, CHIEF OPERATING OFFICER:</p> <p>We have run approx. four Sunday lists over the last 6 months. While this isn't the preferred day the staffing for the 4 additional lists on a Saturday that have been run routinely has been a challenge. As part of the weekly 6-4-2 (theatre scheduling meeting), teams are alerted to the need to run Sunday theatre lists so they are able to pre-plan for additional support etc.</p> <p>As part of the hospital moving toward a 7 day service and in line with our JointCare offer, all services were asked to plan and cost a 7 day services. The initial cost is in excess of £250k and is currently being reviewed with the Exec leads and the relevant teams. It is anticipated that this will need to be supported by a business case which it is anticipated will be developed over the next few months for consideration by Execs . This will then be followed where required with a consultation exercise undertaken with any staff group impacted by changes in their working hours</p>
<p>Concern re BME representation at Board level. What is being done to get more BME representation at Exec/NED level. I explained I am assured that appointments I had been involved in were not influenced by this but that appointments were given to the best interviewee on the day. David explained Clair Mair's work. Query as to what we can do to provide exposure and training to</p>	<p>ANSWER FROM PAUL ATHEY, ACTING CHIEF EXECUTIVE:</p> <p>The Trust acknowledges the lack of BME representation at Board level and, whilst there isn't an immediate solution to this, the following actions have been or are being taken to ensure that the Board and the Trust offer an inclusive environment for staff from all backgrounds:</p> <ul style="list-style-type: none"> <li>• We have sought advice from the NHS England Workforce Race Equality Standards (WRES) team around key issues to consider when advertising for Board level posts. This includes advice around those recruitment agencies that tend to attract a broader range of applicants and expressions of interest.</li> </ul>



<p>BME candidates that then make them the best interviewee.</p>	<ul style="list-style-type: none"> <li>• The Board, through the Staff Experience and OD Committee, reviews our performance against WRES every month and so is fully briefed on areas where we benchmark favourably and those where we perform less favourably.</li> <li>• The Board will have scheduled discussion time at one of its scheduled workshops to discuss inclusion and equal opportunities. This will include training around unconscious bias in recruitment.</li> <li>• The Board has appointed Surinder Sharma as special advisor to the Board and Trust on Inclusion issues. Surinder has a strong and varied background in working with in senior roles promoting diversity in organisations such as the BBC and Ford and was also appointed the first National Director for Equality and Human Rights for the Department of Health. Surinder is supporting the Trust to move forward our inclusion priorities.</li> <li>• We have provided strong encouragement for candidates looking to join the NHS BAME Leadership Programme and have been pleased to find out this week that 2 members of staff in the Trust have been successful with their applications.</li> <li>• We will shortly be offering career workshops and interview support to all interested staff in the Trust.</li> <li>• The recently formed Equality &amp; Diversity Network is growing in numbers and provides a forum for issues to be highlighted and discussed and a group of staff who are prepared to support and champion the work that we are doing to promote inclusion across the hospital.</li> </ul>
<p>How do Governors feedback to wider staff what we have raised and what the outcome is–this is worth discussion. As staff Governors David and I feedback on an individual basis but not widely. How do public governors feedback?</p>	<p>ANSWER FROM SIMON GRAINGER-LLOYD, ASSOCIATE DIRECTOR OF GOVERNANCE &amp; COMPANY SECRETARY:</p> <p>This has been tricky for some time now so there is a plan to do a couple of things: include a section in the staff magazine detailing the issues raised and the response/action taken as a result. There will also be a section on the intranet dedicated to staff governors where the same information can be added so staff can see the issues raised and what was done in a more timely way. Public governors feed back through articles in the Members’ Newsletter which goes to the majority of the public members.</p>

	Members of the public are also invited to join the public meetings of the Council of Governors where they can hear first hand the challenges and discussions. There are further steps planned, including the creation of a members' portal on the Trust's internet site which it is hoped will be in place by Spring 2019.
Do staff get told when any public papers e.g. annual report are available for reading or is it just on the internet?	ANSWER FROM SIMON GRAINGER-LLOYD, ASSOCIATE DIRECTOR OF GOVERNANCE & COMPANY SECRETARY: Good point well made. The notification of publication of public papers and their location, including Board papers, will be made proactively in future through the use of staff communication channels.

## **Member Events**

### ***Annual General Meeting (AGM)***

Due to the success of the previous year, we decided to arrange a market place along with refreshments, displaying all the work done over the last year. This included displayed the improvement projects completed by the hospital, fundraising and charity events throughout the year as well as information around our governor drop-in sessions.

We had over 70 individuals attend, 24 of which were public members, a significant increase from the 18 public members who attended in 2017.

In a bid to make the AGM more inclusive, we asked for the help of one of our members on how best to make our events more inclusive. From this conversation we opted to use Facebook live, whereby anyone could log on and listen to the AGM at any time or place. From this being uploaded to Facebook, we received 838 unique views and reached 1,610 individuals.

### ***Member Recruitment***

Although the strategy in place for this year focussed on specifically on engagement rather than recruitment, there have been some small steps taken in order to actively recruit new members. In order to support the Hospital, the Trust needs to continue to recruit a broad range of members from a variety of backgrounds, including hard-to-reach areas.

Below are some of the actions taken over the last year:

- A social media campaign is undertaken once a quarter to advertise the benefits in this way; and
- A membership presence is at all the Harrison Lectures, as well as junior doctors induction and Simulated patients day.
- A membership session at the yearly work experience sessions, and encourage all individuals to sign up or consider signing up.
- Attend careers fairs to promote the use of foundation trust membership on CV's and to improve employability.

- All staff leavers were sent information regarding foundation trust membership and how to apply.
- All charity donors were sent information regarding foundation trust membership and how to apply.

Since April 2018, over 20 members have been referenced to the volunteer service as they expressed an interest through their application form.

### 3.1 Membership Strategy

In May 2018 the membership engagement strategy and action plan was signed off and confirmed by Council of Governors. Monthly updates with the Membership officer and the Trust's Associate Director of Governance & Company Secretary are held to ensure all actions are met appropriately.

Any member may contact the Trust's Associate Director of Governance & Company Secretary at the Royal Orthopaedic Hospital NHS Foundation Trust, Bristol Road South, Birmingham B31 2AP. Tel: 0121 685 4000.

### 3.2 Membership size and movements

	2018-19	2019-20 (estimated)
<b>Public constituency</b>		
At year start (April 1)	5,343	4995
New members	96	300
Members leaving	444 (97 of which were deceased)	100
At year end (March 31)	4995	5195
<b>Staff constituency</b>		
At year start (April 1)	1,009	1,065
New members	144	160**
Members leaving	99	110*
At year end (31 March)	1,067	1,117

\* Leavers on flat turnover rate of 11.12%

\*\* New starters increase of 11.09%

### 3.3 Analysis of current membership

Due to the new General Data Protection Regulation, we took the decision to cleanse all unneeded sensitive data off our database. The types of data removed was:

- Ethnicity
- Religious belief
- Disability
- Sexual orientation

The analysis of information we hold is below. Further work is planned over coming months to target key areas of the public, including hard to reach communities to improve the diversity of our membership.

<b>Public constituency</b>	<b>Number of members</b>
<b>Age (years):</b>	
0-16	3
17-21	74
22+	4460
Not stated	232

<b>Public constituency</b>	<b>Number of members</b>
<b>Socio-economic Category</b>	
AB	1233
C1	1405
C2	1067
DE	1206
<b>Gender</b>	
Male	1904
Female	3018
Unspecified	79

### **3.4 Volunteers**

Some members of the Trust are also volunteers and they play an important role at the Royal Orthopaedic Hospital.

Our volunteers are part of a dedicated team of over 120 people who support our staff and enhance patient experience through a variety of roles.

Our volunteers demonstrate and promote the Trust's values. Visitors and our surveys regularly mention how much patients value having volunteers around the hospital.

Their commitment of time, skills and experience is greatly valued and appreciated by all.

There are a variety of roles that the volunteers carry out from ward visiting, gardening and administration to welcoming visitors to our Outpatient Department. Currently we are specifically looking for administration, gardeners, simulated patient and Day Case Unit Volunteers.

## Section 5:

### 1.0 Code of Governance and FT Reporting Manual Disclosure requirements

#### 1.1 Disclosure of Corporate Governance Arrangements

The Royal Orthopaedic Hospital NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a 'comply or explain' basis. The NHS Foundation Trust Code of Governance, last updated July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.

#### 1.2 Statutory Requirements

The Code of Governance contains a number of statutory requirements, with which the Trust is compliant and do not require disclosure statements in the Annual report.

#### 1.3 Provisions Requiring a Supporting Explanation

The Code of Governance contains a number of provisions that require the Trust to give a supporting explanation as to whether the Trust is compliant or not. The relevant disclosure statements are detailed below.

<b>Code of Governance reference</b>	<b>Summary of requirement</b>	<b>Reference in Annual Report/ Response</b>
A.1.1	The schedule of matters reserved for the Board of Directors should include a clear statement detailing the roles and responsibilities of the Council of Governors. This statement should also describe how any disagreements between the Council of Governors and the Board of Directors will be resolved. The annual report should include this schedule of matters or a summary statement of how the Board of Directors and the Council of Governors operate, including a summary of the types of decisions to be taken by each of the boards and which are delegated to the executive management of the Board of Directors.	Detail included in the Accountability Report (Section 1: Directors Report)

A.1.2	The annual report should identify the Chairperson, the deputy Chairperson (where there is one), the Chief Executive, the senior independent director and the Chairperson and members of the Nominations, Audit and Remuneration Committees. It should also set out the number of meetings of the Board and those committees and individual attendance by directors.	Detail included in the Accountability Report (Section 1: Directors Report)
A.5.3	The annual report should identify the members of the Council of Governors, including a description of the constituency or organisation that they represent, whether they were elected or appointed, and the duration of their appointments. The annual report should also identify the nominated Lead Governor.	Detail included in the Accountability Report (Section 4: Council of Governors Report)
n/a	The annual report should include a statement about the number of meetings of the Council of Governors and individual attendance by governors and directors.	Detail included in the Accountability Report (Section 4: Council of Governors Report)
B.1.1	The Board of directors should identify in the annual report each Non-Executive Director it considers to be independent, with reasons where necessary.	Detail included in the Accountability Report (Section 1: Directors Report)
B.1.4	The Board of Directors should include in its annual report a description of each director's skills, expertise and experience. Alongside this, in the annual report, the Board should make a clear statement about its own balance, completeness and appropriateness to the requirements of the NHS Foundation Trust.	Detail included in the Accountability Report (Section 1: Directors Report)
n/a	The annual report should include a brief description of the length of appointments of the Non-Executive Directors, and how they may be terminated.	Detail included in the Accountability Report (Section 1: Directors Report)
B.2.10	A separate section of the annual report should describe the work of the Nominations Committee(s), including the process it has used in relation to Board appointments.	Detail included in the Accountability Report (Section 1: Directors Report)
n/a	The disclosure in the annual report on the work of the Nominations Committee should include an explanation if neither an external search consultancy nor open advertising has been used in the appointment of a Chair or Non-Executive Director.	n/a

B.3.1	A Chairperson's other significant commitments should be disclosed to the Council of Governors before appointment and included in the annual report. Changes to such commitments should be reported to the Council of Governors as they arise, and included in the next annual report.	Accountability Report (Section 1: Directors Report)
B.5.6	Governors should canvass the opinion of the Trust's members and the public, and for appointed governors the body they represent, on the NHS Foundation Trust's forward plan, including its objectives, priorities and strategy, and their views should be communicated to the Board of Directors. The annual report should contain a statement as to how this requirement has been undertaken and satisfied.	Accountability Report (Section 4: Council of Governors Report)
n/a	If, during the financial year, the Governors have exercised their power* under paragraph 10C** of schedule 7 of the NHS Act 2006, then information on this must be included in the annual report. This is required by paragraph 26(2)(aa) of schedule 7 to the NHS Act 2006, as amended by section 151(8) of the Health & Social Care Act 2012. * Power to require one or more of the directors to attend a Governors' meeting for the purpose of obtaining information about the Foundation Trust's performance of its functions or the Directors' performance of their duties (and deciding whether to propose a vote on the Foundation Trust's or Directors' performance). ** As inserted by section 151 (6) of the Health and Social Care Act 2012	This power was not exercised during 2018/2019
B.6.1	The Board of Directors should state in the annual report how performance evaluation of the Board, its Committees and its Directors, including the Chairperson, has been conducted.	Accountability Report (Section 1: Directors Report)
B.6.2	Where there has been external evaluation of the Board and/or governance of the Trust, the external facilitator should be identified in the annual report and a statement made as to whether they have any other connection to the Trust.	N/A
B.6.5	Led by the Chairperson, the Council should periodically assess their collective performance and they should regularly communicate to members and the public details on how they have discharged their responsibilities.	Accountability Report (Section 4: Council of Governors Report)



C.1.1	The Directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the NHS Foundation Trust's performance, business model and strategy. Directors should also explain their approach to quality governance in the Annual Governance Statement (within the annual report).	Accountability Report (Section 1: Directors Report and Section 7: Annual Governance Statement)
C.2.1	The annual report should contain a statement that the Board has conducted a review of the effectiveness of its system of internal controls.	Accountability Report (Section 7: Annual Governance Statement)
C.2.2	A Trust should disclose in the annual report: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Accountability Report (Section 1: Directors Report and Section 7: Annual Governance Statement)
C.3.5	If the Council of governors does not accept the audit Committee's recommendation on the appointment, reappointment or removal of an external auditor, the Board of Directors should include in the annual report a statement from the Audit Committee explaining the recommendation and should set out reasons why the Council of Governors has taken a different position.	N/A
C.3.9	A separate section of the annual report should describe the work of the Audit Committee in discharging its responsibilities. The report should include: the significant issues that the Committee considered in relation to financial statements, operations and compliance, and how these issues were addressed; an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or re-appointment of the external auditor, the value of external audit services and information on the length of tenure of the current audit firm and when a tender was last conducted; and If the external auditor provides non-audit services, the value of the non-audit services provided and an explanation of how auditor objectivity and independence are safeguarded.	Accountability Report (Section 1: Directors Report)

D.1.3	Where an NHS foundation trust releases an Executive Director, for example to serve as a Non-Executive Director elsewhere, the remuneration disclosures of the annual report should include a statement of whether or not the director will retain such earnings.	N/A
E.1.5	The Board of Directors should state in the annual report the steps they have taken to ensure that the members of the Board, and in particular the Non-Executive Directors, develop an understanding of the views of Governors and members about the NHS Foundation Trust, for example through attendance at meetings of the Council of Governors, direct face-to-face contact, surveys of members' opinions and consultations.	Accountability Report (Section 1: Directors Report and Section 4: Council of Governors Report)
E.1.6	The Board of Directors should monitor how representative the NHS Foundation Trust's membership is and the level and effectiveness of member engagement and report on this in the annual report.	Accountability Report (Section 4: Council of Governors Report)
E.1.4	Contact procedures for members who wish to communicate with Governors and/or Directors should be made clearly available to members on the NHS Foundation Trust's website and in the annual report.	Accountability Report (Section 4: Council of Governors Report)
n/a	The annual report should include: a brief description of the eligibility requirements for joining different membership constituencies, including the boundaries for public membership; information on the number of members and the number of members in each constituency; and a summary of the membership strategy, an assessment of the membership and a description of any steps taken during the year to ensure a representative membership [see also E.1.6 above], including progress towards any recruitment targets for members.	Accountability Report (Section 4: Council of Governors Report)
n/a	The annual report should disclose details of company directorships or other material interests in companies held by Governors and/or Directors where those companies or related parties are likely to do business, or are possibly seeking to do business, with the NHS Foundation Trust. As each NHS Foundation Trust must have registers of governors' and directors' interests which are available to the public, an alternative disclosure is for the annual report to simply state how members of the public can gain access to the registers instead of listing all the interests in the annual report.	Alternative disclosure Accountability Report (Section 1: Directors Report)

**2.0 Comply or explain requirements**

The Trust believes it complies with all of the requirements of the Code of Governance in the “comply or explain” category except as detailed below:

Code of Governance reference	Summary of requirement	Explanation in where the trust has departed from the Code of Governance, explaining the reasons for the departure and how the alternative arrangements continue to reflect the main principles of the Code of Governance
E.1.2	The Board should clarify in writing how the public interests of patients and the local community will be represented, including its approach for addressing the overlap and interface between governors and any local consultative forums.	<p>Largely compliant but some work in progress:</p> <p>The Council of Governors included nine public governors, across two constituencies: Birmingham &amp; Solihull and the rest of England, whose responsibility it is to represent the views of the population and local community served by the Trust.</p> <p>The Patient &amp; Carer’s Council includes representatives from the Council of Governors and the Chair of the Patient and Carers Forum joins the Council of Governors on a regular basis to report on the work of the group.</p> <p>Further work is planned to strengthen the representation of the Council of Governors on trustwide corporate committees or groups, including the most recently established Staff Experience &amp; OD Committee</p>



Jo Williams  
Chief Executive

24 May 2019

## Section 6:

### Regulatory Ratings Report

#### 1.0 Single Oversight Framework

In 2016/17, NHS Improvement introduced the Use of Resources Rating as a replacement for the Financial Sustainability Risk Rating. The Use of Resources Rating measures the Trust against five key financial indicators which include both short term financial performance and longer term financial resilience. A score of 1 is the highest score than can be received, whilst a score of 4 is the lowest.

NHSI Use of Resources Rating (UOR)		
	Plan	Actual
Capital Service Cover	4	4
Liquidity	4	4
I&E Margin	4	4
I&E Margin – Variance against plan	1	1
Agency metric	2	4
Overall UOR	N/A	3

Given the Trust is still managing a deficit position and is in receipt of a revenue support loan, it receives the lowest rating across the first three metrics which relate to the cash / surplus generated by operational activities. However, the Trust also receives the highest rating for financial planning as we improved upon the original financial plan, meeting the control total set for us. Due to pressures around increased vacancies in clinical areas and the requirement for additional staffing resources to meet increased demand and activity in 2018/19, the Trust has incurred a significant increase in agency expenditure resulting in a rating of 4 against our agency metric. In overall terms, the Trust's Use of Resources Rating is 3.

#### Breach of Licence

See Section 8, paragraph 4.6 of the Annual Governance Statement entitled "The principal risks to compliance with the NHS foundation trust condition FT4 (FT governance)" regarding Breach of Licence provides this detail.



Jo Williams  
Chief Executive

24 May 2019

## Section 7:

### Statement of the Chief Executive's responsibilities as the Accounting Officer of The Royal Orthopaedic Hospital NHS Foundation Trust

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

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which The Royal Orthopaedic Hospital NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in 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 Royal Orthopaedic Hospital NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

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

- observe the Accounts Direction issued by Monitor, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *NHS Foundation Trust Annual Reporting Manual have been followed*, and disclose and explain any material departures in the financial statements;
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance;
- Confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS foundation trust's performance, business model and strategy; and
- prepare the financial statements on a Going Concern basis.

The Accounting Officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS Foundation Trust and to enable him/her to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the

NHS Foundation Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



Jo Williams  
Chief Executive  
24 May 2019

## **Section 8:**

### **Annual Governance Statement**

#### **1.0 Scope of responsibility**

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

#### **2.0 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 Royal Orthopaedic Hospital NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Royal Orthopaedic Hospital NHS Foundation Trust for the year ended 31 March 2019 and up to the date of approval of the annual report and accounts.

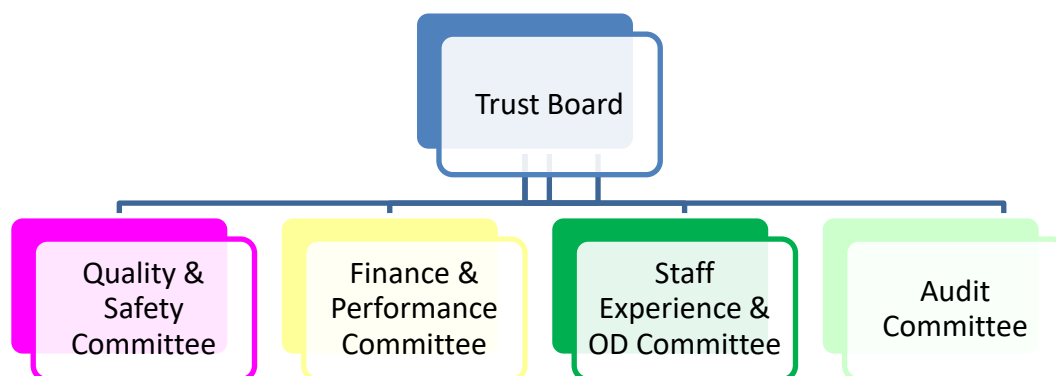
#### **3.0 Capacity to handle risk**

##### ***3.1 How leadership is given to the risk management process***

The Chief Executive has overall responsibility for having an effective risk management system in place within the Trust and for meeting all statutory requirements.

At an operational level, the Associate Director of Governance & Company Secretary, oversees the risk management framework within the Trust.

The Trust Board now has four primary committees to oversee risk management: the Quality & Safety Committee, the Finance & Performance Committee, the Audit Committee and the Staff Experience & Organisational Development Committee. Figure 1 sets out the reporting Board & Committee framework within the Trust.



*Figure 1: Trust Board & Committee structure*

**Quality & Safety Committee:** The Quality & Safety Committee has designated responsibility for oversight of clinical risk management and is chaired by a Non Executive Director (NED) of the Trust. The Executive Director of Nursing & Clinical Governance is the lead executive for this committee. The Committee meets each month and regularly reviews clinical risks through consideration of a Quality & Patient Safety overview. The Committee’s cycle of routine business also requires a set of subcommittees and groups with a clinical focus to report to the Committee on their work and to highlight any risks within their remit which may not otherwise be included on the formal risk registers. This process includes the evaluation of mitigating actions that have taken place to understand and assess the outcomes of these actions.

**Finance & Performance Committee:** The Finance & Performance Committee has a designated responsibility for the oversight of the performance of the organisation from a financial and operational perspective and is chaired by the Vice Chair of the Trust. The Interim Director of Finance is the lead executive for this committee. The Committee meets monthly and regularly reviews risks associated with the financial position & operational performance through a comprehensive finance and performance overview report.

**Staff Experience & OD Committee:** The Staff Experience & OD Committee has designated responsibility for the oversight of workforce-related matters, including HR performance metrics, delivery of workforce strategies and organisational development. It is chaired by a Non Executive. The Chief Executive is the lead executive for this committee, supported by the Associate Director of Workforce, HR & OD. The Committee meets monthly and regularly reviews risks associated with the Trust’s workforce and its development through a workforce overview which is considered on alternate months. The overview includes a focus on different professional groups on a rotational basis.



The Quality & Safety, Finance & Performance and the Staff Experience & OD Committees all consider an extract of the Corporate Risk Register, which also includes risks pertinent to the remit of the Committee that are of sufficient severity and/or impact as to warrant inclusion on the Board Assurance Framework.

**Audit Committee:** The Audit Committee is chaired by a NED of the Trust, and meets at least five times a year. The Interim Director of Finance is the lead executive for the Committee. The Audit Committee ensures the provision and maintenance of an effective system of financial risk identification and associated controls, reporting and governance. It maintains an oversight of the foundation trust's general risk management structures, processes and responsibilities, including the production and issue of any risk and control related disclosure statements. It reviews the adequacy of underlying assurance processes that indicate the degree of achievement of corporate objectives and the effectiveness of the management of principal risks.

All committees report back to the Board as part of its formal agenda through the use of an assurance report that presents matters agreed at committee meetings that require escalation or are of concern, together with any key action that has been taken.

The Acting Chief Executive chairs a weekly business meeting of the **Executive Team** which comprises the Executive Directors, the Associate Director of Governance/Company Secretary and the Associate Director of Workforce, HR & OD. The agenda for the Executive Team covers operational delivery, clinical governance, risk management and policy approval as standard items, together with a range of ad hoc matters which require decision or discussion by the entire Executive Team. The Executive Team business meeting provides a forum for the Acting Chief Executive to hold colleagues to account and offers assurance to the Board and its Committees on the day to day management and decision-making in the organisation when needed, including via a report back to the Board on the matters discussed by the Executive Team in the Chief Executive's update at the public sessions of the Trust Board meetings.

Finally, the Trust Board considers its Board Assurance Framework (BAF) at each of its public and private sessions. There has been a conscious decision to add the BAF at the start of each agenda to ensure that there is a contextual focus on the key risks facing the Trust that may be pertinent to consider as part of discussions at Board meetings.

The Trust has an electronic risk register system (Ulysses) that facilitates management of both local and corporate risk registers and the Board Assurance Framework and further work is planned through 2019/20 to develop the functionality of this system further and better align its structure to that of the organisation.

### ***3.2 How staff are trained or equipped to manage risk in a way appropriate to their authority and duties***

The education and training of all staff on the principles of risk management is an essential element of the Trust's Risk Management policy. Risk management update training is provided to new staff as part of the induction programme to the organisation and all existing staff receive annual updates on key elements as part of the governance section of the mandatory training

programme. The Litigation and Risk Manager also attends key operational management meetings to present the risk register and offers support to those wishing to raise a risk or strengthen their knowledge of risk management. There is further work planned over 2019/20 to devise a formal risk management training programme, which will be structured around the Risk Management policy and incorporate best practice guidance.

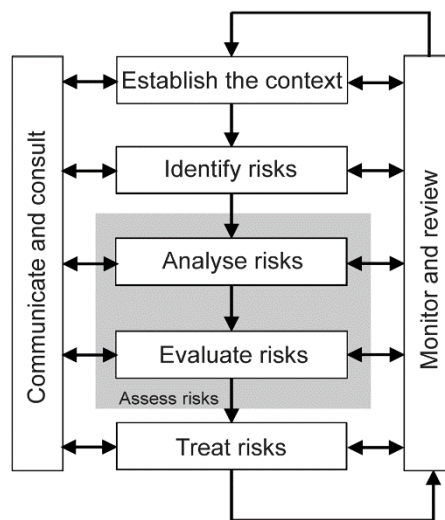
### **3.3 Ways in which the Trust seeks to learn from good practice**

The Trust seeks to learn from good practice in governance and the management of risk through a number of means including partnering with other organisations, external reviews by experts and internal activities such as trustwide learning events for staff. There has been extensive work undertaken this year on developing processes for learning lessons from incidents, Root Cause Analyses and complaints.

## **4.0 The risk and control framework**

### **4.1 The key elements of the risk management framework**

To ensure a consistent approach to risk, the Trust has used during the year, a systematic approach to risk management. The prioritisation of risks is identified through the use of a risk assessment matrix which enables the Trust to assess the level of risk based upon the measurement of likelihood and consequence of occurrence.



*Figure 2: Risk management process*

The risk management framework includes:

- Identification of hazards and risks and their communication to all stakeholders
- Risk analysis and control including prevention and reduction of loss
- Developing and maintaining a risk register
- Managing, reporting and recording of near miss and incidents
- Investigation of serious incidents and root cause analyses
- Complaints and claims management

- Education of staff on safety awareness including feedback from incidents, complaints and claims
- Ensuring compliance with law and professional or other relevant standards

During the year, there has been much work undertaken to cleanse the content of existing risk registers and the Ulysses system to ensure that only relevant risks remain captured. The divisional risk registers and risk registers of some of the key governance committees have also undergone an overhaul during the year to ensure that the information is current and that risks are framed appropriately.

#### ***4.2 How risk appetites are determined***

The Trust recognises that eliminating all risk is not possible and that systems of control must not be so rigid that they stifle innovation, creativity and the imaginative use of resources. In this context the Trust Board interprets “acceptable” levels of risk as follows:-

An acceptable risk is one which has been accepted after proper evaluation (risk assessment) and is one where effective and appropriate controls have been implemented. The acceptance of a risk should represent an informed decision to accept the likelihood of that risk. It must be:-

- Identified and entered on the Risk Register
- Quantified (impact and likelihood)
- Reviewed and have been deemed acceptable by the relevant committee or area
- Controlled and kept under review

As a general principle the Trust will seek to eliminate or control risks which have the potential to:

- Harm patients, staff, volunteers, visitors, contractors and other stakeholders
- Harm the reputation of the organisation
- Have severe financial consequences which would prevent the Trust from carrying out its functions

Further work is planned during 2019/20 to review the Board’s risk appetite as part of a Board workshop, given the significant changes to the external context in which the Trust is operating at present.

#### ***4.3 The key elements of the quality governance arrangements, including how the quality of performance information is assessed and how assurance is obtained routinely on compliance with Care Quality Commission (CQC) registration requirements***

The Board receives assurance on the quality of care through the Board Assurance Framework, performance monitoring against a wide range of indicators in the monthly Finance & Performance Overview, the Quality & Patient Safety report and Workforce overview.

The Quality & Safety Committee provides upward assurance to the Board on the activities undertaken by its subgroups covering particular aspects of quality, for example drugs and therapeutics, safeguarding, health & safety, research & development and infection control. More work has been undertaken during the year to strengthen the quality and content of the upward reports from the subgroups into the Quality & Safety Committee and a new simpler

prescribed format has been introduced during the year which subgroup chairs use when they attend by rotation to present to the Committee.

Quality information is also scrutinised by the Clinical Quality Group, one of the bodies upwardly reporting into Quality & Safety Committee, this being chaired by the Deputy Director of Nursing & Clinical Governance.

The clinical outcomes data is reviewed by the Clinical Audit & Effectiveness Committee, a further subgroup of the Quality & Safety Committee with a remit that is complementary to the agenda of the Clinical Quality Group.

Some Board members during the year have carried out informal walkabouts in which they gain first-hand experience regarding the quality of care and the views of patients and staff and others. A formal programme of Quality Assurance walkabouts is also in place, led by the Clinical Governance Team which involves Non Executives, patient representatives and members of the Council of Governors, together with operational managers.

The Acting Chief Executive has held monthly briefings with senior managers for dissemination of key messages to teams and to receive feedback from the organisation. He has also arranged special briefings on significant matters of interest to the wider organisation and has undertaken 'back to the floor' exercises to gain a perspective on the operational issues facing the Trust from front line staff.

During the year, the CQC published its findings following its unannounced inspection in early 2018 on three of the Trust's core services: outpatients, surgery and medicine and then a planned review against the Well Led framework. The Trust's overall rating improved from 'Requires Improvement' to 'Good', with a 'Good' rating being awarded across each of the CQC domains.

During 2018/19 there has been good progress with delivery of our CQC action plan, following the inspection with only a small number of longer term strategic or minor operational actions outstanding.

Assurance is obtained on compliance with CQC registration requirements on an ongoing basis through Directors and Senior Managers of the Trust holding specific responsibilities in respect of CQC standards and more generally in maintaining internal control systems to support those standards. During the year, there has been work undertaken to implement a HealthAssure system which will provide the capability to assess the Trust's position against the CQC Key Lines of Enquiry (KLoE), both at a divisional and department level and at an organisational level. A divisional assessment against the KLoE has been undertaken to date.

#### ***4.4 How risks to data security are being managed and controlled***

The Head of IT holds the IT Security role and is responsible for managing the technical/cyber security aspect of data. The Information Governance Manager supports the awareness and communications part of this work. Data Security and associated risks are monitored via the Information Governance (IG) Group and cyber security is a standard agenda item on the IM&T

Programme Board. Both groups maintain a Risk Register and an action list which addresses issues which are reviewed and actioned quarterly. Lessons learned are fed into training and awareness.

The Data Security & Protection (DSP) Toolkit is used as one of the controls for implementing data security and it is monitored by the IG Group. The Head of IT has a rolling action plan for improving technical and cyber security which is monitored by the IM&T Programme Board.

A new network infrastructure has been implemented which has in built data security control features and security threats are monitored. Unencrypted data sticks are not permitted and all portable devices are protected by encryption and trust owned tablets/smartphones are monitored via Mobile Device Management (MDM) software. No personal devices can operate on the Trust network.

Information flows containing personal/sensitive data in and out of the Trust have been identified, reviewed and risk assessed, and transfer methods changed where required. The Trust is moving away from faxing where possible and encouraging more use of secure email. Information assets (IT systems and paper records) have been risk assessed to ensure that data is held securely with appropriate access controls in place. All staff receive annual IG training via mandatory training to ensure up to date knowledge about the importance cyber security and the confidentiality and security of information.

**4.5 Description of the organisation’s major risks, including significant clinical risks, separately identifying in-year and future risks, how they are/will be managed and mitigated and how outcomes are/will be assessed**

The following is an extract from the Trust’s Board Assurance Framework, which details the strategic risks with the highest pre-mitigation and controlled residual risk scores and therefore represent the area where the Trust Board has been focussing its attention in 2018/19.

RISK	CONSEQUENCE	IN YEAR/ FUTURE	HOW THEY ARE/WILL BE MANAGED AND MITIGATED AND HOW OUTCOMES ARE/WILL BE ASSESSED
FINANCE			
The Trust does not currently have a clear financial and operational plan that describes how the organisation will deliver sustainability over the	The Trust’s long term sustainability and Going Concern status is placed in jeopardy	F	Mitigation/Controls: <ul style="list-style-type: none"> <li>• Five Year Vision (2017 – 2022)</li> <li>• Financial and activity plan for 2019/20</li> <li>• Modular theatres plans</li> <li>• ‘Perfecting Pathways’ programme</li> </ul>

RISK	CONSEQUENCE	IN YEAR/ FUTURE	HOW THEY ARE/WILL BE MANAGED AND MITIGATED AND HOW OUTCOMES ARE/WILL BE ASSESSED
medium to long term.			<ul style="list-style-type: none"> <li>• Discussions within the STP to agree and develop a region-wide orthopaedics pathway</li> </ul> <p>Outcome Assessment:</p> <ul style="list-style-type: none"> <li>• Adult activity grows and replaces the activity from paediatric services</li> <li>• Agreement reached with local partners and the STP about the role of the Royal Orthopaedic Hospital (ROH) in future plans</li> <li>• Trust meets its financial and operational obligations on an ongoing basis</li> <li>• Undertakings set by NHS Improvement around sustainability are lifted</li> </ul>
Loss of income as a result of the transfer of paediatric services without currently having certainty around growth in additional adult work to offset this	The Trust's long term sustainability and Going Concern status is placed in jeopardy	F	<p>Mitigation/Controls:</p> <ul style="list-style-type: none"> <li>• Financial and activity plan for 2019/20</li> <li>• Oversight by Finance &amp; Performance Committee and at an Executive level</li> <li>• Modular theatres plans</li> <li>• 'Perfecting Pathways' programme</li> <li>• Discussions within the STP to agree a region-wide orthopaedics pathway</li> </ul> <p>Outcome Assessment:</p> <ul style="list-style-type: none"> <li>• Achievement of the required control total in the coming year</li> </ul>

RISK	CONSEQUENCE	IN YEAR/ FUTURE	HOW THEY ARE/WILL BE MANAGED AND MITIGATED AND HOW OUTCOMES ARE/WILL BE ASSESSED
			<ul style="list-style-type: none"> <li>• Delivery of the Trust's Cost Improvement Programme</li> <li>• Growth in adult orthopaedics activity</li> </ul>
<b>OPERATIONAL PERFORMANCE</b>			
<p>Failure to meet the national 18 weeks RTT target trajectory agreed with regulators</p>	<ul style="list-style-type: none"> <li>• Patients wait excessively lengthy time before treatment</li> <li>• Regulatory oversight regime invoked, including failure to improve segmental rating</li> </ul>	<p>IY</p>	<ul style="list-style-type: none"> <li>• Trajectories developed at a sub speciality level</li> <li>• Oversight by Finance &amp; Performance Committee through the finance and performance overview</li> <li>• Routine operational meetings to review RTT position</li> </ul> <p>Outcome Assessment:</p> <ul style="list-style-type: none"> <li>• Month on month improved performance against the 18 weeks RTT target, leading to meeting the national target by autumn 2019</li> <li>• Reduced scrutiny and oversight by regulators</li> <li>• Improved segmental rating against the Single Oversight Framework</li> </ul>
<p>Inability to replace equipment beyond its useful life due to limited capital funding</p>	<p>Poor patient flow and inability to meet performance targets</p>	<p>IY/F</p>	<p>Mitigation/Controls:</p> <ul style="list-style-type: none"> <li>• Capital plan 2019/20</li> <li>• Theatre close down over Easter 2019 for routine maintenance</li> <li>• Modular theatre plan</li> </ul> <p>Outcome Assessment:</p> <ul style="list-style-type: none"> <li>• Increased theatre utilisation</li> </ul>

RISK	CONSEQUENCE	IN YEAR/ FUTURE	HOW THEY ARE/WILL BE MANAGED AND MITIGATED AND HOW OUTCOMES ARE/WILL BE ASSESSED
			<ul style="list-style-type: none"> <li>• Activity plan improved or exceeded</li> <li>• Reduction in hospital-instigated cancellations</li> </ul>
The Trust may experience supply chain disruption and experience an adverse impact on areas which are dependent on overseas staffing in the event of a "no-deal" Brexit	Operations cancelled and long lead times for securing overseas staff	IY/F	Mitigation/Controls: <ul style="list-style-type: none"> <li>• Brexit Steering Group</li> <li>• National and regional situation reports</li> <li>• Business continuity and resilience exercises</li> <li>• Linkages with neighbouring organisations</li> </ul> Outcome Assessment: <ul style="list-style-type: none"> <li>• Ability to maintain service provision for limited time</li> </ul>
<b>PATIENT SAFETY</b>			
The Trust carries all the clinical risk residing with the transition of inpatient Paediatric services, while the system recommissions and re-provides the services elsewhere	Poor patient experience and adverse clinical outcomes	IY/F	Mitigation/Controls: <ul style="list-style-type: none"> <li>• Paediatric transition/transfer programme</li> <li>• Harm review process</li> <li>• Stakeholder Oversight group</li> <li>• Monthly report to Trust board in public</li> </ul> Outcome assessment: <ul style="list-style-type: none"> <li>• Few patients identified as suffered harm as a result of waiting excessively for treatment</li> <li>• No patients inappropriately treated on HDU</li> </ul>



RISK	CONSEQUENCE	IN YEAR/ FUTURE	HOW THEY ARE/WILL BE MANAGED AND MITIGATED AND HOW OUTCOMES ARE/WILL BE ASSESSED
There is a risk that the current gap between staff in post and staffing required creates operational difficulties, premium cost of temporary staffing or has a negative impact on staff engagement	Poor patient experience, disrupted operational processes and disengaged staff	IY/F	Mitigation/Controls: <ul style="list-style-type: none"> <li>• Oversight by Staff Experience &amp; OD Committee through workforce overview and nurse staffing updates</li> <li>• Incident reporting process</li> <li>• Staff Survey</li> <li>• Finance overview which reports on agency spend</li> <li>• Recruitment open days</li> <li>• Staff experience walkabouts</li> </ul> Outcome assessment: <ul style="list-style-type: none"> <li>• Good staff and patient experience</li> <li>• Positive results in staff survey</li> <li>• Reduction in agency spend</li> </ul>

#### 4.6 The principal risks to compliance with the NHS foundation trust condition FT4 (FT governance)

There has been a marked improvement in the arrangements and governance framework in the organisation that provides confidence in the Trust's ability to comply with the conditions of its licence. Within the year, the undertakings set out by NHS Improvement that were discussed in the previous year's Annual Governance Statement around governance and timely reporting of information through the Board and Committee structure have been addressed. There is a consensus by the Board that the reporting lines and accountabilities between these bodies is clear and effective and within the year there have been examples of topics remitted to other committees, which are then reported back to the originating committee.

The Board has been supported by two interim Executive Directors (Chief Operating Officer and Director of Finance) during the year, most notably to assist with some of the key activity to resolve the operational regulatory concern reported previously. As at the end of March 2019, no patients were waiting in excess of 52 weeks for treatment and there is trajectory for the achievement of the 18 weeks national standard in place which has been agreed with regulators. The only regulatory enforcement action concerns the long term sustainability of the Trust,

however the work being undertaken to improve the Trust's throughput and to create alliances and partnerships is anticipated to address this issue.

With the introduction of a Staff Experience & OD Committee of the Board, oversight of workforce matters has been greatly enhanced and the quality of workforce information has improved during the year.

There remains some residual risk in terms of the robustness of the clinical and corporate governance framework which will be addressed by the implementation of a new Health Assure system and the work planned to refine the Ulysses incident and risk management system.

#### ***4.7 How the Trust is able to assure itself of the validity of its Corporate Governance Statement***

The role of the Quality & Safety Committee, Finance & Performance Committee, the Audit Committee, and the Staff Experience & OD Committee in providing assurance regarding Corporate Governance has been described earlier in this Statement.

Each year a Board paper is created with input of the whole of the Executive Team summarising evidence for the validity of each element of the Corporate Governance Statement which is available for Board members to interrogate if needed. This is presented to the Trust Board with a recommendation that the Trust declare compliance or otherwise.

#### ***4.8 How risk management is embedded in the activity of the Trust***

The Trust's risk management processes are embedded within all aspects of service planning, delivery and redesign as a means of prioritising and decision making. These key elements, processes and priorities for the management of risk are required to be applied locally to all wards, areas, departments and operational management/ service units.

The Litigation and Risk Manager provides dedicated support given to improving the quality of risk registers across the organisation, most notably at division level, but also at Trustwide committee level.

Divisions receive localised risk register reports which are discussed as part of monthly Divisional Governance Board meetings and specific risk registers have been developed for some of the key operational and clinical fora, such as Clinical Quality Group, Drugs and Therapeutics Committee, Safeguarding Board, Infection Prevention and Control Committee and Operational Management Board.

The Executive Team considers approximately every six weeks a Corporate Risk Register report which shows progress with delivery of key mitigating actions to address the organisation's key risks.

The Board Assurance Framework (BAF) provides a framework for reporting key information to the Board. It identifies which of the Trust's objectives are at risk because of inadequacies in the operation of controls and, at the same time, it provides structured assurances about where risks are being managed effectively and objectives are being delivered. The BAF draws together the key corporate risks from the Corporate Risk Register and strategic risks identified by the Board itself and is considered by the Trust Board and Audit Committees during the year to

ensure a bottom up and top down approach to capturing key corporate risks. Each reported risk has a lead executive, summary treatment plan and an indication of further actions planned to reduce the severity and/or likelihood of the risk.

As an example of risk management activity below the level of the BAF and potentially feeding into it, reporting of potential risk situations, adverse incidents, 'near-misses', accidents and concerns is a vital part of managing and controlling risks. The Trust has a unified system for the reporting of both clinical and non-clinical incidents. This is an electronic system called 'Ulysses'. This system enables members of staff to report incidents in a timely fashion and allows managers and other relevant individuals to receive real time notification of incidents. This system also allows managers to complete an electronic management review of incidents. All managers are expected to encourage an incident reporting culture and support their staff in utilising the incident reporting system. Ulysses continues to be updated to develop detailed reports in order to provide Divisions and wards with better information on risk. To support the strengthened process of incident reporting, the Serious Incident policy has been refreshed. This standardises the process and ensures effective and accurate reporting of incidents. Incidents are reviewed on a daily basis by the Clinical Governance Team to ensure timely escalation of any patient safety queries that may arise as well as to quality check the data inputted.

Information on all incidents requiring an investigation and any clinical negligence claims is shared with key staff and through the Divisional Management routes. A medico-legal forum has been established during the year which will consider any learning from clinical negligence claims and decide how best these should be shared.

The Executive considers a weekly report on complaints, including those that have been reopened or referred to the Parliamentary Health Service Ombudsman. The Quality & Safety Committee reviews incidents monthly as part of the routine Quality & Patient Safety report. Through the Clinical Quality Review forum, the clinical performance and risk information is shared with lead commissioners and scrutinised as part of the contract review process.

#### ***4.9 How public stakeholders are involved in managing risks which impact on them.***

The Trust is committed to involving stakeholders as appropriate in all areas of the Trust's risk management activities. This includes informing and consulting on the management of any significant risks. Key stakeholders include the Trust's Council of Governors, NHS Improvement, CQC, NHS England, Commissioners, Subcontractors, Voluntary Groups, the Trust's membership, Patient and Carers' Forum, patients and the local community. This year, the Trust has actively involved those impacted by the paediatric transition plans and updated its stakeholders on progress and key risks on a routine basis. A Patient Engagement and Experience Group has been established during the year which will provide a more strategic focus for discussion around matters affecting public and patients.

#### ***4.10 Ways in which the Trust ensures that short, medium and long-term workforce strategies and staffing systems are in place which assure the Board that staffing processes are safe, sustainable and effective. Compliance with the 'Developing Workforce Safeguards' recommendations***

In 2018, the Board approved a new and refined five-year 'People and OD Strategy' (2018-2023). The two key strategic priorities are:

- 1) To become an 'Employer of Choice' providing a great place to work through an integrated approach to maximising staff engagement, with 4 distinct domains to work on. These are detailed within the action plan that is monitored via the Staff Experience and OD sub-committee of the Board; and
- 2) To establish an effective organisational design with a sustainable workforce. This element covers identification of vacancies in the short term and workforce redesign in the medium to long term.

Based on the above, work has been undertaken to align the Electronic Staff Record (ESR) and ledger systems, enabling greater transparency in vacancies.

The approach to the workforce plan this year has involved greater engagement with individual services, who have been invited to detail plans for next year, together with workforce challenges and submission of business cases. Service planning discussions this year have involved check and challenge meetings around workforce, activity, quality and finance.

There is a specific Clinical Workforce Development Group which has been established and refreshed in the last year, and the Training and Development Group has an overview of apprenticeships within the Trust.

Creation of an STP workforce plan is under way via a specific project linked to a workforce supply work stream. The Trust aims to increase substantive and bank staffing while reducing the use of agency staffing. The STP is reviewing different options to attract high quality staffing and there is likely to be merit in the development of an STP Brand to accommodate career aspirations and retain and develop talent within this footprint.

The Trust already uses Allocate as a Job planning system and for e-rostering of nursing staff and in theatres. Good rostering practice and KPIs continue to be developed.

A 'Safe Staffing Policy' is in place and the Trust uses 'Safecare' an evidence-based acuity and dependency tool.

Daily staffing huddles are held which are led by matrons.

Performance against a range of quality indicators is triangulated with staffing levels through the use of a ward healthcheck (dashboard) which is reviewed monthly by the Quality & Safety Committee.

The Trust Board and relevant Board subcommittees consider risks from the Corporate Risk Register and the Board Assurance Framework around staffing.

The Staff Experience and OD Committee is sighted on plans to fill nursing gaps and receives a monthly report on nursing vacancies in particular. Any issues of concern are escalated via the monthly assurance report from the Committee to the Trust Board. Further work is planned during 2019/20 to strengthen compliance with the requirements of the 'Developing Workforce Safeguards' recommendations.

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

The outcome of the Trust's unannounced inspection and planned assessment against the Well Led Framework are described in Section 4.3. The Trust improved its overall rating from 'Requires Improvement' to 'Good'.

The action plan to address any weaknesses identified by the inspection is considered monthly by the Quality & Safety Committee.

#### ***4.12 Managing Conflicts of interest guidance***

The foundation trust has published an up-to-date register of interest for decision-making staff within the past twelve months, as required by the 'Managing Conflicts of Interest in the NHS' guidance

#### ***4.13 NHS Pension Scheme***

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

#### ***4.14 Equality and Diversity and sustainability***

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

The foundation trust has undertaken risk assessments and has a sustainable development management plan in place which takes account of UK Climate projections 2018 (UKCP18). The Trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

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

The Trust robustly reviews performance throughout the organisation to ensure that resources are used economically, efficiently and effectively. There is a robust budget setting and financial management control system which includes activity related budgets, monthly budget manager meetings, Divisional performance meetings and regular reports to the Trust Board. The budgetary control system is complemented by a clear scheme of delegation and financial approval limits. This process enables regular review of financial performance by highlighting areas of concern via variance analysis.

The Trust is structured into two principal divisions: Patient Services & Access and Patient Support services. These are supported by a number of corporate departments.

This arrangement provides a robust structure of accountability for the key elements of the Trust's business. Each division meets monthly for a management board, the agenda for which

is divided into a section to review performance and operations, with the second part primarily concerned with clinical governance and risk and is supported by members of the Trust's clinical governance team. Each division is subject to formal reviews with Executive Directors. These reviews combine outcomes with efficiency, effectiveness, use of resources, quality and governance to ensure a holistic view of performance is taken.

The Trust has developed, within its Finance Overview, a set of infographics which monitor both national and local targets together with efficiency indicators which are reported on a monthly basis. This is considered and challenged on a monthly basis by the Finance and Performance Committee and also by the Trust Board when it meets in public.

A component of the Trust's financial planning is the implementation and delivery of a Cost Improvement Programme (CIP). Financial delivery against the Trust's CIP is monitored on a divisional basis through the divisional management boards and the formal executive divisional reviews, with Trust-wide performance monitored and challenged monthly as part of the Finance Overview to the Finance & Performance Committee. The quality impact of the schemes is reviewed through Quality & Safety Committee.

The Trust has been at the forefront of the National Costing Transformation Programme over the last three years, working closely with NHS Improvement to develop national costing standards that have now been implemented across the NHS. Pilot National Cost Collections have been running since 2016-17 and the Trust has participated in all voluntary returns and will again be using the Patient-Level Information and Costing System (PLICS) to generate the compulsory collection for 2018-19. In addition, the Trust continues to be a member of NHS Improvement's Technical Focus Group that influences the improvement to costing standards and direction of travel.

Service Line reporting is now being reported on a monthly basis across all specialities and reported at Consultant level using the PLICS data. This is now used to benchmark consultant performance and highlight any areas where efficiencies can be gained, such as change in prosthesis type. The PLICS is also being used to maximise income generated through the national Payment by Results system, highlighting any areas where income is being 'lost' due to quality and recording inefficiencies. The Trust is also using the system to develop business cases for change in service using the underlying data to evidence the potential gains.

The Trust along with other National Orthopaedic Alliance members has been successful in influencing NHS Improvement and NHS England in view of the specialist nature of the activity that stand alone Orthopaedic Hospitals are undertaking and will continue to develop this relationship going forward to ensure continued support to specialist organisations.

The Board receives regular updates from its Audit Committee on the reviews carried out by both Internal Audit and External Audit. They receive and consider the Internal Auditor's opinion and the Annual Management Letter by the External Auditor which comments on the economy, efficiency and effectiveness of the use of resources. The Audit Committee considers the recommendations from all audits carried out and oversees, by appropriate monitoring of actions taken by responsible officers, any required corrective action needed. The Audit Committee receives regular technical updates from the Trust's external auditor, a number of

which have related to a changing external context and the drive for greater efficiency and transformational practice. The Director's report provides further information regarding the Committee structure, attendance records and coverage of each of the Committees' work.

The Council of Governors review and challenge planned and actual corporate performance throughout the year as part of the regular presentations by the Non Executive Directors and consideration of the Quality & Patient Safety report, Workforce Overview and Finance Overview.

In 2018/19, the Trust achieved a Use of Resources rating of 3 (1 being the highest rating, 4 being the lowest). The recurrent deficit of the Trust drove a rating of 4 for capital service cover; liquidity; and Income & Expenditure margin elements. Overall financial performance against plan was better than expected, resulting in a rating of 1 for the Income & Expenditure margin: distance from financial plan, which resulted in an overall score of 3. The Trust breached its agency cap in 2018/19 which resulted in a rating of 4 for this element.

The Trust's segmental rating under the Single Oversight Framework remained at Level 3 during 2018, in recognition that the undertakings in respect of financial sustainability remain in place, there remained further work to do to achieve the national 18 weeks RTT standard and there was a small cohort of patients waiting in excess of 52 weeks for treatment.

## **6.0 Information Governance**

During the year the Trust reported 25 incidents relating to information governance and data security. None of these met the threshold for reporting to the Information Commissioner and/or the DHSS.

For the remaining incidents common themes are carelessness such as dropping handover sheets and theatre lists or leaving documentation in insecure places, or sending documentation for other patients in with correspondence.

The Trust's Information Governance Manager investigates all incidents, and learning from these is shared at the IG Group and with the individuals involved, and cascaded to staff via training and awareness. Where required, letters of apology and explanation are sent to affected patients.

## **7.0 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 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 Executive Director of Nursing & Clinical Governance has executive responsibility for the completion of the Annual Quality Report and Account. This process involves significant input from a range of stakeholders including staff, patients and the Council of Governors. The views of our commissioners and the Birmingham Healthwatch are directly incorporated into the Annual Quality Report and Account and offer a balanced view of the Trust's performance.

Performance against the metrics included within the Annual Quality Report and Account are regularly reported to the Trust Board within the monthly Finance & Performance overview and Quality & Patient Safety report.

Consultation on the quality indicators for 2018/19 took place with the Quality & Safety Committee, the Trust Board and the Council of Governors prior to the completion of the Annual Quality Report and Account.

The Trust has a large number of policies and plans which are in place to ensure the quality of care provided. These include the 'Policy on the Development, Approval and Management of Policies', which ensures consistency of approach when developing, monitoring and auditing policies. Much work has continued during 2018/19 to ensure that the collection of policies having passed their review date were updated, both for clinical and non-clinical policies. This also forms a key quality indicator for 2018/19 within the Quality Account.

The Trust also has a number of methods of both collecting and reporting quality data. Collection systems are at both a local level and Trust level, and monitoring is performed through a number of key committees within the Trust. Examples include the Quality metrics which are included monthly within the Trust's Finance & Performance Overview and the Quality & Patient Safety Report; these reports are received and reviewed by Finance & Performance Committee, Quality & Safety Committee and the Trust Board, in addition to being shared with the Trust's partner commissioners. Other examples of outcome specific data that are reviewed and shared include Patient Reported Outcome Measures (PROMs) and NJR (National Joint Registry), which is reported principally to the Quality & Safety Committee, the Clinical Quality Group and the Clinical Audit & Effectiveness Committee.

Professional leads provide some of the data for the Quality & Patient Safety report; these are experts in their quality fields. This is done in conjunction with the informatics team.

## **8.0 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, and its committees, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

I can place reliance on the Head of Internal Audit Opinion for 2018/18, which states that *'the organisation has an adequate and effective framework for risk management, governance & internal control. However, our work has identified further enhancements to the framework of risk management, governance & internal control to ensure it remains adequate and effective'*. The opinion notes that out of the ten assurance reports issued, three provided positive (either



substantial or reasonable) assurance opinions, six negative (partial) assurance opinions and one advisory report. The report states that in the view of the Head of Internal Audit, there were no specific issues identified during the year that needed to be raised as significant control issues within this Annual Governance Statement. For completeness however, it is worth noting that the following key actions have been taken to address the recommendations raised from the partial assurance reviews:

- there has been focused work undertaken to improve the robustness of the controls around clinical audits, including sign off of audit reports and the management of the clinical audit database
- work has been completed to implement more stringent controls around stock management in the catering department
- improved compliance with the Trust's waste management policy
- all actions raised as part of the consent review have been completed and there is good continued oversight of the process through the Quality & Safety Committee
- the issue concerning the Service Level Agreement for procurement services provided by another organisation has been resolved
- the actions raised in relation to the implementation of NICE guidance remain ongoing but are on track to be delivered as planned, these being around the dissemination of new NICE guidance and consideration of the guidance by the Clinical Audit and Effectiveness Committee

The effectiveness of our systems has also been considered during 2018/19 through an unannounced CQC visit and visits by our commissioning partners and professional bodies.

Other steps taken during 2018/19 to maintain and improve the Trust's systems of internal control include:

- the Audit Committee receiving regular reports on reviews undertaken by the Internal and External Auditors, and follow up of any recommendations to ensure that the management team are implementing the agreed improvements to internal control processes within the agreed timeframe or that there are reasonable explanations for variances.
- the Board Committee structure has been enhanced during the year to provide better oversight of workforce matters.
- the terms of reference for all Board Committees have been reviewed and refreshed during the year.
- the annual work plan for the Board and its committees have been revised and made more comprehensive.
- a refreshed series of Quality Assurance walkabouts has been implemented and a programme of staff experience walkabouts has also been introduced to complement the clinical assurance process.

- Clinical Audit sessions continue to share good practice, learn from experience and improve local clinical governance processes, ensuring there is protected time for teams to come together on a regular basis to review the quality of care provided. There are further plans to strengthen these sharing and learning processes in 2019/20 through the adoption of standardised agendas and reporting mechanisms.
- The revised operational management structure has embedded, supported by a strong governance framework to ensure that there are clear lines of accountability and risk management and clinical governance discussions are given significant focus.
- The Executive Management Team has been joined by a replacement Associate Director of Workforce, HR and OD to provide strong leadership to the workforce agenda.
- During the year, the terms of office of the Non-Executives with a skill set in finance and in workforce were renewed to provide continuity and challenge in these areas.
- An acting Freedom to Speak Up Guardian was appointed to cover a period of maternity leave and an 'app' has been developed to allow staff to register concerns from their mobile devices if they wish.
- A routine Quality bulletin is issued to communicate lessons learned and any key developments on quality and safety matters that need to be shared with staff.
- During the year, there was much work undertaken nationally and internally to mitigate any risks associated with the impact of the plan to leaving the European Union (Brexit). The Trust established a Brexit Steering group to review any risks associated with the plans and to oversee the national returns that were required to provide assurance to the Department of Health that the Trust was prepared for Brexit and most notably should there be a 'no deal' situation. The Trust also organised an exercise to test the Trust's resilience and business continuity plans in the event of a shortage of supplies, which was well received and effective.

During the year the following areas of weakness in internal control have been highlighted:

- In March 2018 an unencrypted laptop attached to a medical device went missing from the Outpatient's store room. This contained patient information for around 1,086 patients, including name, date of birth and hospital number but fortunately no clinical information or address or phone details. This was reported to the Information Commissioner's office immediately and an internal investigation carried out. This revealed weaknesses in physical security, and the lack of monitoring and control over IT type devices attached to medical devices. All such IT equipment has now been identified and risk assessed, with passwording and encryption applied. The Trust wrote to all patients affected and received 15 responses of concern which were addressed by the IG Manager. There was no evidence of loss or harm to these patients. The Information Commissioner reviewed our investigation and action plan, and in August 2018 decided to take no further action.

## 9.0 Conclusion

Whilst acknowledging the issue identified concerning the unencrypted laptop described above, I am assured by the advice I have received about the effective operation of controls across the Trust during the year as confirmed by internal audit, managers, committees of the board, the Quality Account and external audit opinion, and on balance I am able to take sufficient assurance that overall the Trust has a sound system of internal control.

The Trust is committed over 2019/20 to the continued development of our governance and control system building on the progress and learning undertaken in 2018/19.



Jo Williams  
Chief Executive

Date: 24 May 2019

**The Royal Orthopaedic Hospital NHS Foundation Trust**  
**Consolidated Accounts for the year ended 31 March 2019**



**THE ROYAL ORTHOPAEDIC  
HOSPITAL NHS FOUNDATION  
TRUST QUALITY ACCOUNT  
2018/19**

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# PART ONE



## 1.0 STATEMENT OF QUALITY FROM THE CHIEF EXECUTIVE OFFICER

The delivery of high quality services, both in terms of clinical outcomes and patient experience, is the key priority for this hospital in delivering our vision to be the “First Choice for Orthopaedic Care”. I am proud of the progress that the Trust has made in 2018/19, building on the improvements highlighted in our CQC report published on 17<sup>th</sup> May 2018, and our Quality Accounts for 2018/19 demonstrate this.

As noted above, the year started with the publication of our CQC Inspection Report which improved the Trust’s overall rating to Good, with all 5 domains (Safe, Effective, Caring, Responsive and Well-Led) also rated as Good. This was a significant achievement for the Trust and one that represented the hard-work and commitment of staff from all areas of the hospital in ensuring that high standards of patient care were achieved at all times.

The CQC noted positive progress and performance in a number of important quality areas including:

- Reporting and learning from incidents locally
- Duty of Candour
- Safeguarding processes
- Infection Control
- The caring approach and values-driven culture of staff

They also noted the outstanding practice of our research and development department, emphasising the way in the which the hospital uses research to directly improve patient outcomes and reduce the

need to offer invasive treatment.

As a learning organisation, we have been focused throughout 2018/19 on the areas of practice that the CQC highlighted where improvement would benefit the hospital. These included policies, procedures and training with regards to caring for patients with mental ill-health, sharing learning from never events, the flow of patients through the outpatient department and the development of a strategy to support the involvement and experience of our patients. This Quality Account provides details about how these, and other, quality priorities have been addressed.

In addition to the areas of focus identified by the CQC, the Trust also set our own quality priorities for 2018/19, as described in last year's Quality Accounts. Four of these have been fully achieved during the year; MDT ward rounds, learning from serious incidents and complaints, reductions in outpatient waiting times and reductions in theatre cancellations. Progress has been made against the other three priorities, however as work is still ongoing in these areas, they have been rolled forwards and added to our 2019/20 quality priorities. These are listed below, and described in more detail later in these Accounts:

- Reduce the number of incidences of consent on the day.
- Ensure that all clinical and corporate policies are in date and have an appropriate audit plan.
- Reduce the number of times patients Outpatient clinic appointments are rescheduled.
- Staggered admission times for all patients attending ADCU, including those attending for diagnostics.
- Improvement in acute pain management.
- Embedding learning and improvements made relating to sepsis.

The Trust places significant emphasis on the importance of every patient's experience at the Royal Orthopaedic Hospital. As such, we were very proud to again be voted as one of the Top 10 hospitals in the country for patient experience in this year's CQC inpatient survey. We continued to receive positive feedback from our patients through the Friends and Family test, with 95% of patients stating that they would recommend the hospital as a place to receive treatment. One important test of a hospital's



commitment to patient care is whether staff would recommend the hospital if one of their friends or family required treatment. We were therefore very pleased to see that this measure increased by 8% to 91% in the 2018 national staff survey, placing us as the 6<sup>th</sup> best acute/specialist acute hospital in the country based on staff views.

The role of healthcare providers in delivering and developing high quality healthcare extends beyond the physical boundaries of the hospital and, as a specialist orthopaedic provider, it is important that we provide leadership and drive to system-wide improvements in orthopaedic and musculoskeletal (MSK) health. 2018/19 has been a busy year in this regard, with work ongoing to standardise and improve orthopaedic services across Birmingham and Solihull such that any patient requiring care can be confident that they will receive the same outcome and experience wherever they are treated. As such, we are working closely with our partners at University Hospitals Birmingham NHSFT to make this a reality.

The ROH has also been leading the way on the development of new pathways for Bone Infection patients across the city which should mean that, from 2019, more patients will be treated in the right location at the right time to ensure improved outcomes for these complex conditions.

In addition to our collaborations with other hospitals, we have also been working closely with our GP and commissioning colleagues to support the development of MSK and triage services in primary care, enabling patients to access the specialist skills of our clinicians closer to their own homes.

2018/19 has been an exciting year for the ROH, but the challenge to ensure that our services continue to high quality and sustainable remains. We therefore enter 2019/20 with renewed energy and vigour to continue the progress we have made and ensure that we deliver on our vision to be “First Choice for Orthopaedic Care”.

The Trust has a number of different processes in place for the collection and interpretation of data, and not all of these are subject to external audit and review. With this caveat, I confirm to the best of my knowledge that the information contained in this report is accurate.

*Williams*

**Jo Williams**  
**Chief Executive**  
**The Royal Orthopaedic Hospital**  
**May 2019**

# ABOUT THE QUALITY ACCOUNT 2018/19

## 1.1 WHAT IS A QUALITY ACCOUNT?

Patients want to know they are receiving the very best quality of care. Providers of NHS healthcare are required to publish a quality account each year. These are required by the Health Act 2009, and in the terms set out in the National Health Service (Quality Accounts) Regulations 2010 as amended ('the quality accounts regulations'). Information on quality accounts can be found on the NHS Choices website.

NHS Improvement also require all NHS Foundation trusts to produce quality reports as part of their annual reports. Quality reports help trusts to improve public accountability for the quality of care they provide.

A Quality Account is a report about the quality of services by an NHS provider. The report is an important way for providers to publish information on the quality of care it provides and to demonstrate improvements and developments in its services. The report enables local communities and stakeholders to review the progress that the Trust is making in delivering its Quality Priorities and to hold the provider to account.

The Royal Orthopaedic Hospital NHS Foundation Trust is committed to continuously improving the services it provides to patients and their families. Within the Quality Account, we aim to make the following information available to stakeholders, patients and the public;

- Our Quality Priorities for the year 2019/20.
- Our progress against delivery of the Quality Priorities we outlined in 2018/19.
- How we have performed against national quality indicators for patient safety, patient experience and clinical effectiveness.
- How we have performed against local quality measures as agreed with our commissioners.

- How we will ensure that The Royal Orthopaedic NHS Foundation Trust maintains continuous quality improvement.

## **1.2 WHO HAS BEEN INVOLVED IN PRODUCING THE QUALITY ACCOUNT?**

The Quality Account has been developed by The Royal Orthopaedic Hospital NHS Foundation Trust with input and assistance from a range of stakeholders, including;

- The Royal Orthopaedic NHS Foundation Trust Council of Governors.
- The Royal Orthopaedic NHS Foundation Trust Quality and Safety Committee.
- The Royal Orthopaedic NHS Foundation Trust Clinical Quality Group.
- The Royal Orthopaedic NHS Foundation Trust Patient and Carers Forum.
- Sharing of Quality Priorities and draft Quality Account with Birmingham Healthwatch.
- Sharing of Quality Priorities and draft Quality Account with lead commissioners, CCG.

# PART TWO

## 2.0 ABOUT THE TRUST

The Royal Orthopaedic Hospital NHS Foundation Trust is a single speciality orthopaedic hospital offering elective and specialist services at a local and regional level. Our vision is ‘to be the first choice for orthopaedic care’ and we are committed to delivering world leading outcomes and excellent patient experience in line with our values: respect, openness, compassion, excellence, pride and innovation.

We work closely with our partners across the Birmingham and Solihull Sustainability & Transformation Partnership (STP) to ensure that the best orthopaedic practice is developed and shared across the local health community. Our patients benefit from a team of highly specialist clinicians, many of whom are nationally and internationally recognised for their expertise. Throughout 2018/19, the Trust has worked with partners at University Hospitals Birmingham (UHB) to streamline & improve elective orthopaedic services for patients across Birmingham & Solihull as part of a newly developed Orthopaedic Provider Alliance. This work will continue into 2019/20 as we collaborate closely with Heartlands, Good Hope & Solihull (HGS) to develop a consistently high standard of orthopaedic care across the region.

We are proud of the research and innovation led by teams at The Royal Orthopaedic Hospital NHS Foundation Trust, including the introduction of robotic-arm assisted surgery (first NHS organisation in the UK), our JointCare programme which reduces length of stay for hip & knee replacement patients and focuses on patient ‘wellness’, and being a major research partner in the national 100,000 Genomes project. We are committed to updating our systems and processes so that we are able to offer the most efficient services to patients, and have seen the introduction of a new electronic prescribing system (PICS) in 2018/19, as well as being one of the first Trust’s to implement the new electronic referral system (ERS).

As part of the Trust's ambition to become a centre of excellence, we have focused on broadening access to our services. This has included the delivery of Musculoskeletal (MSK) clinics in the community, hosting GP out of hour's clinics in the Trust's Outpatients department, and implementing our MSK triage services in primary care through the role of First Contact Practitioner.

We are committed to tracking our progress against each of these goals. We have defined what success looks like (2017-2022):

- **Exceptional patient outcomes:** We will continue to be in the top 10% for positive Patient Reported Outcome Measures (PROMs).
- **Increased activity:** We will treat enough patients each year to reach our 50% growth target by 2022.
- **Improved Referral To Treatment compliance:** 92% target achieved in all sub-specialties.
- **Increased theatre productivity:** A 20% increase in cases per theatre session\*
- **Reduced length of stay:** A 30% reduction in overall average length of stay.\* Primary hip and knee length of stay in top 10% of peer benchmarking.
- **Highly recommended:** Positive 'Friends & Family Test' scores in the top 10%.
- **Engaged workforce:** Improvement in staff survey responses.
- **Financial stability:** Breakeven by 2019/20, Surplus by 2021/22.
- **Positive regulatory position:** Rated 'Outstanding' by the CQC & NHS Improvement will class us as 'Segment 1' in their Single Oversight Framework, a rating which assures that we require minimal oversight.

\*Case mix adjusted

The Trust's five year strategy will be redefined in 2019, highlighting the Trust's growth ambition and the plans in place to secure future financial stability and sustainability.

## 2.1 TRUST VALUES

The Royal Orthopaedic Hospital NHS Foundation Trust values define what is important in the way we deliver our vision.

Our key behaviours set out how we work, irrespective of the role we have in the Trust. These behaviours consistently carried out, will embed The Royal Orthopaedic Hospital NHS Foundation Trust values in our everyday working lives, and support the delivery of our vision 'to be the first choice in orthopaedic care'.



### Excellence



Work **TOGETHER** and deliver **EXCELLENCE**

Behaviours we are looking for	Behaviours we will not accept
<ul style="list-style-type: none"><li>• Collaborates with colleagues, patients and other care providers to deliver high quality care for patients.</li><li>• Accepts responsibility and critically reviews own performance; delivers improvement and fulfils promises made to others.</li><li>• Values the contribution of all colleagues, irrespective of their role</li><li>• Delivers consistently at or above required standards</li></ul>	<ul style="list-style-type: none"><li>• Works in isolation from colleagues/other teams</li><li>• Places own or team priorities above those of the Trust</li><li>• Does not share good practice or learn from others/other teams</li><li>• Refuses to accept feedback from colleagues</li><li>• Inconsistent delivery of care/achievement of objectives</li></ul>

## Innovation



Learn, **INNOVATE** and improve to continually develop orthopaedic care

Behaviours we are looking for	Behaviours we will not accept
<ul style="list-style-type: none"> <li>• Embraces new ideas and challenges self and others to adopt new ways of working/alternative approaches.</li> <li>• Networks with others to keep updated; leads on developing best practice.</li> <li>• Seeks new and better ways of caring for patients for today and in the future</li> </ul>	<ul style="list-style-type: none"> <li>• Does not challenge self , nor change working or clinical practice</li> <li>• Does not network with others, fails to innovate/develop good practice</li> <li>• Prefers to maintain status quo and relies on existing skills and knowledge</li> <li>• Does not learn from experience or feedback, mistakes are repeated</li> </ul>

## Compassion



Have **COMPASSION** for all

Behaviours we are looking for	Behaviours we will not accept
<ul style="list-style-type: none"> <li>• Acts to support the health and well-being of own team.</li> <li>• Carries out genuine acts of kindness for others.</li> <li>• ‘Reads’ others and acts with empathy, especially with different personalities.</li> <li>• Helps colleagues make the connection between their feelings and values and the quality of the service they provide.</li> </ul>	<ul style="list-style-type: none"> <li>• Shows no understanding of others’ perspective</li> <li>• Avoids responsibility for the well-being of colleagues.</li> <li>• Does not understand the impact of emotions and behaviour on colleagues</li> </ul>



## Openness



Be **OPEN**, **HONEST** and **CHALLENGE** ourselves to deliver the best

Behaviours we are looking for	Behaviours we will not accept
<ul style="list-style-type: none"> <li>• <b>Truthful and transparent with patients and colleagues when makes mistakes</b></li> <li>• <b>Supports colleagues who make mistakes or behave inappropriately by giving balanced, honest feedback.</b></li> <li>• <b>Communicates in a way that is clear, concise and honest.</b></li> <li>• <b>Is courageous in challenging unsafe practice and inappropriate behaviour; raises concerns about things they don't believe to be right</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Inconsistent in messages to patients and colleagues, not forthcoming when mistakes have been made, fails to accept own responsibility</b></li> <li>• <b>Feedback is either withheld or provided ineffectively/aggressively, rather than constructively</b></li> <li>• <b>Does not communicate clearly, provides ambiguous responses</b></li> <li>• <b>Does not challenge unsafe practice or inappropriate behaviour.</b></li> <li>• <b>Raises concerns through inappropriate channels, or without respect for Trust process.`</b></li> </ul>

## Pride



Have **PRIDE** in and contribute fully to patient care

Behaviours we are looking for	Behaviours we will not accept
<ul style="list-style-type: none"> <li>• <b>Shows pride in their work and strives to deliver the best within available resources</b></li> <li>• <b>Utilises all knowledge, skills and experience for the benefit of patients and the Trust</b></li> <li>• <b>Takes responsibility to overcome obstacles and adopts a 'can do' approach</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Accepts and/or delivers work which is less than their best.</b></li> <li>• <b>Is unable to explain how their role helps the Trust to deliver excellent patient care</b></li> <li>• <b>Low resilience to disappointment, allows patient experience to suffer because of personal disappointments</b></li> </ul>

## Respect



**RESPECT & listen to everyone**

<b>Behaviours we are looking for</b>	<b>Behaviours we will not accept</b>
<ul style="list-style-type: none"><li>• <b>Listens without interrupting, is sensitive to others and shows patience</b></li><li>• <b>Acknowledges and empathises with others, irrespective of their needs, views and beliefs</b></li><li>• <b>Is always polite, in person, by email or telephone</b></li><li>• <b>Says 'hello my name is..' to every patient and where care is to be provided, explains this clearly in advance</b></li></ul>	<ul style="list-style-type: none"><li>• Does not listen to others views, interrupts inappropriately</li><li>• Disregards the contribution that others can make</li><li>• Abrupt/discourteous in their communication (e.g. emails without salutation, unaware of their personal impact</li><li>• Does not introduce self to patients/colleagues, does not explain care to be provided.</li></ul>

## 2.2 EQUALITY AND DIVERSITY

Equality is about creating a fairer society where everyone has the opportunity to fulfil their potential.

We recognise the right of all our patients, visitors and employees to be treated fairly and considerably irrespective of age, gender, marital status, religious belief, ethnic background, nationality, sexual orientation, disability and social status.

## 2.3 QUALITY PRIORITIES FOR IMPROVEMENT 2018/19.

The Trust's 2017/18 Quality Account set out seven priorities for improvement during 2018/19; these were confirmed following consideration of performance in relation to patient safety, patient experience and effectiveness of care:

- Priority 1: Reduce the number of incidences of consent on the day
- Priority 2: Medical ward rounds to be supported by the wider MDT
- Priority 3: Increase the evidence of learning identified from serious incidents and complaints and ensure they are embedded in practice
- Priority 4: Ensure that all clinical and corporate policies are in date and have an appropriate audit plan
- Priority 5: Reduction in waiting times in OPD to less than 60 minutes
- Priority 6: Reduction in cancellation on the day of surgery (Governors priority)
- Priority 7: Reduce the number of times patients Outpatient clinic appointments are rescheduled

The quality improvement priorities have been part of the Clinical Quality Group work plan and have been individually scrutinised within the Clinical Quality Group chaired by the Deputy Director of Nursing and Clinical Governance. The Clinical Quality Group took the decision based on delivery and ongoing scrutiny within a governance forum within the Trust to close four of the seven priorities. This decision was supported by the Trust's Quality and Safety Committee.

Table 1 below provides a summary of the Trust's progress in the quality improvement priorities during 2018/19;

**TABLE 1: ACHIEVEMENT OF QUALITY PRIORITIES 2018/19.**

<p>Reduce the number of incidences of consent on the day.</p>	<p>To be carried forward to 2019/20 as a Quality Priority.</p> <p>Whilst there has been a reduction in the number of patients consented on the day further operational work is required to ensure full compliance.</p>
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	<p>The quality priority will be changed to also focus on the quality of consent; for example, the information provided to patients.</p>
<p>Medical ward rounds to be supported by the wider Multi-disciplinary team.</p>	<p>This priority has been achieved.</p> <p>Multidisciplinary ward rounds have been embedded within the High Dependency Unit, Oncology, Spinal and Arthroplasty services.</p> <p>Physician led MDT ward rounds take place weekly on all adult in-patient wards.</p> <p>The Multi-disciplinary ward round methodology continues to be developed within the Arthroscopy service.</p>
<p>Increase the evidence of learning identified from serious incidents and complaints are embedded in practice.</p>	<p>This priority has been achieved.</p> <p>The Governance Structure and processes are strongly embedded within the Trust around Serious Incidents and complaints with evidence of learning from incidents within the investigation reports.</p> <p>The Trust has had a reduction in Serious Incidents and has met all of the Clinical Commissioning Group key performance indicators.</p> <p>The Governance team developed and implemented a Quality Governance Framework, including methodology for reaching frontline staff to engage with them and share learning.</p> <p>The most recent staff survey results relating to 'Safety Culture' has seen a positive increase (statistically significant).</p>
<p>Ensure that all clinical and corporate policies are in date and have an appropriate audit plan.</p>	<p>To be carried forward to 2019/20 as a Quality Priority.</p> <p>There has been a significant reduction in clinical policies that are beyond their review date within the Trust.</p> <p>Further work is required to address corporate policies.</p>

	<p>The implementation of the Health Assure system will aid to improve the transparency of policies and their author.</p> <p>This priority will be carried forward with a focus on the embedding mechanisms for policies into the Trust and associated audit plans for policies.</p>
<p>Reduction in waiting times in OPD clinics to less than 60 minutes.</p>	<p>This priority has been achieved.</p> <p>There has been a reduction in wait times in OPD. The targets of 5% for 60-minute waits have been met consistently throughout 2018/19.</p> <p>The InTouch system provides data that is now published monthly and scrutinised in the following Groups and Committees:</p> <ul style="list-style-type: none"> <li>• Divisional Operations.</li> <li>• Divisional Board.</li> <li>• Divisional Governance (incident reports)</li> <li>• 6-4-3.</li> <li>• OPD Operational Group.</li> </ul> <p>Assurance is sought at:</p> <ul style="list-style-type: none"> <li>• Finance and Performance Committee.</li> <li>• Quality and Safety Committee.</li> </ul>
<p>Reduction in cancellation on the day of surgery (Governors Priority).</p>	<p>This priority has been achieved.</p> <p>The main causation for on the day cancellation has been patients unfit due to short term illness and patients failing to attend on the day of surgery.</p> <p>A robust weekly look back meeting has been implemented where the cancellations data is reviewed and a deep dive into each cancellation is undertaken by both operational and clinical staff.</p> <p>The Trust transferred the 72 hour patient call into the Pre-Operative Assessment clinic which now has a stronger model of clinical oversight. This service has been reviewed and operational hours are being extended.</p>
<p>Reduce the number of times patients Outpatient clinic appointments are rescheduled.</p>	<p>To be carried forward to 2019/20 as a Quality Priority.</p>

	<p>Rescheduling of appointments continues to be a key theme in our PALs and complaints data.</p> <p>This year a new electronic clinic rescheduling process and tool was developed and rolled out that built in an operational authorisation process.</p> <p>The Trust is seeking information technology solutions.</p>
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## 2.4 QUALITY PRIORITIES FOR IMPROVEMENT 2019/20.

The quality improvement priorities for 2019/20 were decided following a review of the quality priorities from 2018/19, a review of our patient complaint and PALs themes and following a review from our Trust data on quality performance.

The quality improvement priorities for 2019/20 were agreed at the Trust’s Quality and safety Committee in March 2019, and the Clinical Quality Group and Patient and Carer Forum in April 2019.

The priorities were shared and agreed with the Trust’s governors in April 2019 including their sponsored quality priority. The quality improvement priorities will be cascaded to all staff via team brief in May 2019.

### **Priority 1: Reduce the number of incidents of consent on the day, improving the quality of consent.**

#### **Background**

The consent process has two stages; the first being the provision of information, discussion of options, risks and initial (oral) decision, and the second being confirmation that the patient still wishes to go ahead. The consent form should be used as a means of documenting the information stage(s), as well as the confirmation stage. Good practice guidance recommends that patients receiving elective treatment or investigations for which written consent is appropriate should be familiar with the contents of their

consent form before they arrive for the actual procedure, and should have received a copy of the page documenting the decision-making process.

### **Initiatives implemented in 2018/19**

The Trust undertook an audit of compliance against the Trust Consent policy and found that although there has been a significant reduction in patients being consented on the day of surgery, the Trust look to further improve the consent process.

### **Initiatives to be implemented in 2019/20**

- A review of the Trust's Consent policy to be undertaken by the Executive Medical Director
- Agree consent Key Performance Indicators (KPIs) and future reporting.
- Review of the Consent form
- Patient Information to support the consent process
- Register consent as an audit.

### **How progress will be monitored, measured and reported.**

Monitored and measured via the approved KPIs and planned consent audits scheduled are for 2019/20; reported to the Clinical Service Leads (CSL) meetings and Quality and Safety Committee.

### **Priority 2: Ensure that all clinical and corporate policies are in date and have an appropriate audit plan.**

#### **Background**

In accordance with the Trust's policy for the Development, Approval and Management of Trust wide policies, all Trust wide policies are due for review every three years, unless otherwise indicated as being required earlier within the body of the policy. It is important that Trust wide policies are reviewed regularly and kept up to date, to ensure that both clinical and corporate practices across the Trust adhere to current statutory requirements, as well as national and NHS guidelines. Early review may be required in response to or following an event which highlights the need to review a particular policy urgently or following new legislation, NHS guidance or changes in clinical practice.

### **Initiatives implemented in 2018/19**

- A cleanse of policies has taken place, ensuring review dates, authors and Executive leads are accurate.
- Policies have been aligned to the Groups and Committees for oversight.
- Allocate Policy Module being built as part of the Trust's Governance Assurance System, to provide further oversight and transparency of Trust policies.

### **Initiatives to be implemented in 2019/20**

- Training for staff in the Allocate Policy Module.
- Trust go live and roll out of the Allocate Policy Module.
- Review the process and data collection for the auditing and implementation of policies.
- Agree future reporting metrics and forums.

### **How progress will be monitored, measured and reported.**

Clinical and corporate policies will be monitored via the reporting from the Allocate Policy Module and reported to the Clinical Quality Group and Operational Management Board.

### **Priority 3: Reduce the number of times patients Outpatient clinic appointments are rescheduled.**

#### **Background**

Complaints and PALs concerns have highlighted to us that rescheduling and cancellation of Outpatient appointments is a significant issue. Patients may receive several letters rescheduling their Outpatient appointment which can be both frustrating and confusing and lead to delay for patients as their appointments can be pushed back repeatedly. Did not attend (DNA) rates can also be increased as reschedule letters can be received too late for the patient to act upon them or they may clash with long-standing commitments.



### **Initiatives implemented in 2018/19**

The Trust's Access policy was reviewed and communicated out to relevant staff groups. The development of a new electronic clinic rescheduling process that built in an operational authorisation process was introduced in 2018/19 with 'partial booking' implemented in pain management services.

### **Initiatives to be implemented in 2019/20**

- Roll out of 'partial booking' to all specialities.
- Implementation of the DrDoctor system.
- Agree rescheduling Key Performance Indicators (KPIs) and future reporting.

### **How progress will be monitored, measured and reported.**

This priority will be monitored by the Outpatient Operational Group and KPIs reported to the Operational Management Board and Finance and Performance Committee.

The Trust will continue to monitor PALs and complaints themes quarterly regarding rescheduling of Outpatient clinic appointments.

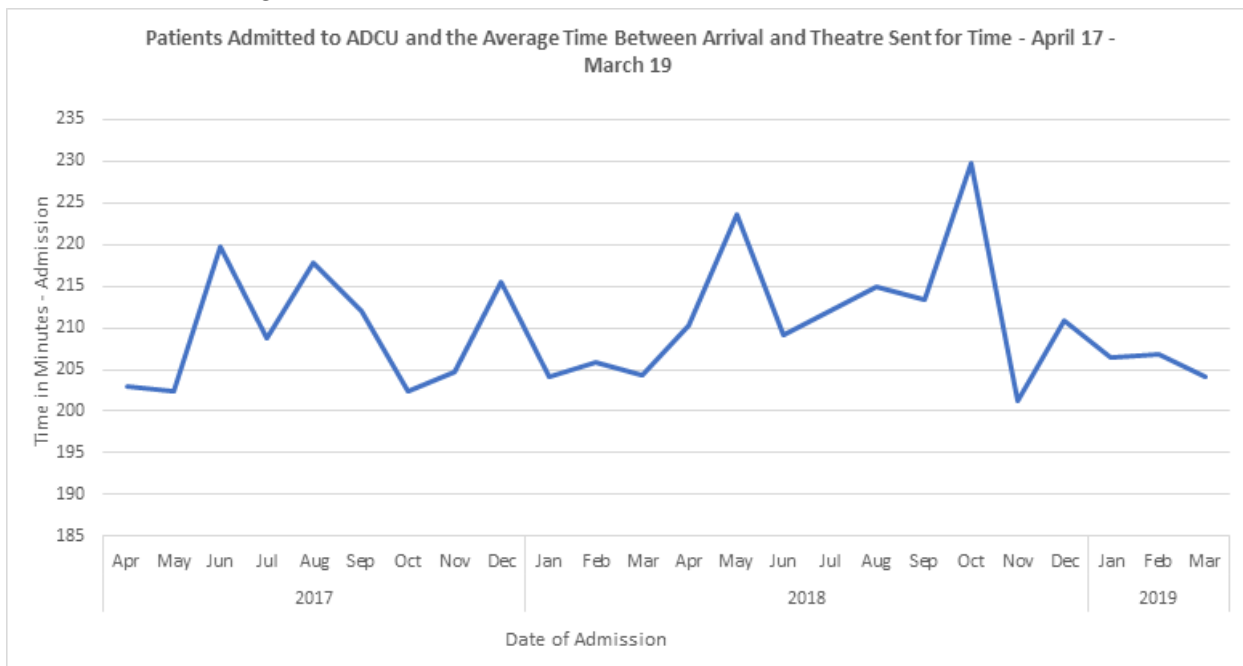
### **Priority 4: Staggered admission times for all patients attending ADCU, including those attending for diagnostics.**

#### **Background**

Previous work has been conducted at the Royal Orthopaedic Hospital NHS Foundation Trust to improve the patient experience in our Admission and Day Case Unit, reducing the amount of time patients are waiting for their planned surgery or procedure. Staggered admission times were introduced in many specialities improving the patient flow within the department and creating a more effective and efficient service for our patients.

Following a review of our patient complaints and PALs contacts; it was evident that at times patients wait in excess of what the Trust and our patients would want; therefore in 2019/20 we want to extend the previous work conducted to include our diagnostic pathway, and review all specialities to ensure the positive experience created occurs for all our patients.

## GRAPH 1: AVERAGE WAITING TIMES BETWEEN ARRIVAL AT ADCU AND TIME SENT FOR FROM THEATRES



Data source: Informatics, PAS and TheatreMan

The above illustrates current average waiting times between arrival at ADCU and admission to theatres.

The 2018/19 average was 212 minutes. It is anticipated that with the introduction of staggered admission times, there should be a 10% reduction in the average waiting times. This is a local priority and the local indicator to measure this will be average wait times for patients arriving at ADCU. This has been reviewed by External Audit in the external assurance over the Quality Account in 2018/19.

### **Initiatives to be implemented in 2019/20**

- Data and Key Performance Indicators (KPIs) to ensure measurement and transparency.
- Establish a forum or review existing forums where this piece of work can be taken forward and monitored/reported.
- Involving the Multi-disciplinary team, review the patient pathways.

### **How progress will be monitored, measured and reported.**

Progress will be monitored through data and KPIs, monitored via an established working group. The Trust will continue to monitor patient complaints and PALs themes quarterly regarding excessive wait times in the Admissions and Day Case Unit (ADCU).

## **Priority 5: Improvement in acute pain management.**

### **Background**

Managing people's pain is a vital part of the care that any hospital provides and is key to improving quality of life. Controlling pain helps to reduce complications and shortens time in hospital. Effective pain management relies on a multidisciplinary approach with transparent and usable data to support reviews and changes in practice.

### **Initiatives to be implemented in 2019/20**

- Finalise and approve the Acute Pain Guidelines with a planned launch
- Finalise agreed pain tools, incorporating the move to electronic (PICS) recording
- Implement 'analgesic ladder' or analgesic protocols; for example, JointCare
- Staff and patient education in pain management
- Review in line with PICS reporting, analgesia omissions, delays in administration, drug usage and forums for reporting and monitoring.

### **How progress will be monitored, measured and reported.**

Progress will be monitored at ward and Trust levels through the Clinical Dashboards and Head of Nursing Condition reports. Improvements will be measured via planned pain audits; reporting to the Clinical Quality Group.

### **Priority 6: Embedding learning and improvements made relating to sepsis.**

#### **Background**

Sepsis is a potentially life-threatening condition which is the result of a bacterial infection in the blood. It affects an estimated 260,000 people per year in the UK and is a significant cause of preventable mortality. Though sepsis is common, it is important to understand that if sepsis is recognised early and appropriately managed it is treatable.

Sepsis has been on the national agenda as a high priority area for the Commissioning for Quality and Innovation (CQUIN) system. The Royal Orthopaedic Hospital NHS Foundation Trust has participated in this CQUIN since 2017, developing a Sepsis group, implementing a sepsis screening tool, training and education for staff and sepsis boxes in wards and departments.

For 2019/20 there is no national CQUIN, however monthly reporting will be introduced as part of the Quality Indicators.

#### **Initiatives to be implemented in 2019/20**

- Launch of the reviewed and updated Adult Deteriorating Patient policy.
- Further sepsis and NEWS2 training and education roll out for all nursing and medical staffing.
- Agree the monthly reporting requirements and Key Performance Indicators (KPIs) and forums for reporting.
- Continue to report incidences relating to sepsis on the Trusts incident reporting system.
- Register sepsis as a quarterly audit.

### **How progress will be monitored, measured and reported.**

Improvements will be measured and monitored via the agreed KPIs and planned sepsis audits from the Sepsis Group; reporting to the Clinical Quality Group.

## **2.5 STATEMENT OF ASSURANCE FROM THE TRUST BOARD.**

### **2.5.1 PROVISION OF SERVICES BY THE TRUST**

During 2018/19, The Royal Orthopaedic Hospital NHS Foundation Trust provided 14 relevant health services. The Royal Orthopaedic Hospital NHS Foundation Trust has reviewed all the data available to them on the quality of care in 14 of these relevant health services.

The 14 services provided by the Trust are:

- Anaesthesia
- Bone Infection Services
- Functional Restoration
- Imaging
- Large Joints
- Small Joints
- Spinal Surgery
- Paediatric Orthopaedics
- Pain Management
- Orthopaedic Oncology
- Orthotics
- Podiatry
- Royal Orthopaedic Community Scheme (ROCs)
- Therapy Services

## **2.5.2 PERCENTAGE OF INCOME GENERATED BY TRUST SERVICES**

The income generated by the relevant health services reviewed in 2018/19 represents 89.22 % of the total income generated from the provision of relevant health services by The Royal Orthopaedic Hospital NHS Foundation Trust for 2018/19.

## **2.5.3 PARTICIPATION IN CLINICAL AUDIT**

During 2018/19, eight national clinical audits covered relevant health services that The Royal Orthopaedic Hospital NHS Foundation Trust provides.

During that period, The Royal Orthopaedic Hospital NHS Foundation Trust participated in 75% national clinical audits of the national clinical audits which it was eligible to participate in.

The national clinical audits that The Royal Orthopaedic Hospital NHS Foundation Trust was eligible to participate in during 2018/19 are as follows:

- National PROMS Programme – Elective Surgery (PROMS)
- Medical and Surgical Clinical Outcome Review Programme, National Confidential Enquiry into Patient Outcome and Death (NCEPOD)
- Child Health Clinical Outcome Review Programme - National Confidential Enquiry into Patient Outcome and Death (NCEPOD)
- National Comparative Audit of Blood Transfusion Programme – (NHS Blood and Transplant)
- National Joint Registry (NJR) – (Healthcare Quality Improvement Partnership)
- Surgical Site Infection Surveillance Service – (Public Health England)
- Case Mix Programme - (ICNARC)
- Consent Audit

Table 2 below gives the national clinical audits that The Royal Orthopaedic Hospital NHS Foundation Trust participated in during 2018/19. The national clinical audits that The Royal Orthopaedic Hospital NHS Foundation Trust participated in, and for which data collection was completed during 2018/19 are

also listed within table 2, alongside the number of cases submitted to each audit as a percentage of the number of registered cases required by the terms of that audit.

**TABLE 2: NATIONAL CLINICAL AUDIT OUTCOMES**

<b>NATIONAL CLINICAL AUDIT</b>	<b>% CASES SUBMITTED</b>
National PROMS Programme – Elective Surgery	100%
National Comparative Audit of Blood Transfusion Programme	100% (1/1 case eligible)
National Joint Registry (NJR)	Compliance number of hip and knee procedures =2,378. Hips = 102% Knees – 101%
Public Health England Surgical Site Infection Surveillance (Hip and Knee)	Quarter 2 and 3 = 100% (921/921) Quarter 1 and 4 – no participation.
Case Mix Programme (ICNARC)	Quarters 1-3 = 100% (542/542) – Quarter 4 results not available until end May 2019.
Consent Audit	100%

The reports of six national clinical audits were reviewed by the provider in 2018/19 and The Royal Orthopaedic Hospital NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided:

- The level of compliance with NJR and PROMS continues to attain high levels throughout the year. NJR data is being reported monthly to the Trust’s Clinical Audit and Effectiveness Committee.
- PROMS data is reviewed at both the Clinical Audit and Effectiveness Committee and Quality and Safety Committee and has provided assurances regarding the quality of outcomes in both hip and knee replacement surgery.
- The Trust employed a Blood Transfusion lead in 2018, to ensure all elements of blood safety are fully implemented and the Trust is compliant.

The reports of 25 local clinical audits were reviewed by the provider in 2018/19 and The Royal Orthopaedic Hospital NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided as detailed in table 3 below.

**TABLE 3: LOCAL CLINICAL AUDIT OUTCOMES**

NAME OF LOCAL AUDIT	BACKGROUND	RECOMMENDATIONS/ACTIONS
<p>PICC line: Incidence of PICC line insertion and its associated complications.</p>	<p>We have found an increasing number of PICC lines being inserted in our hospital especially as our oncology patient numbers expand with the growing specialist orthopaedic service we offer at ROH.</p> <p>Our audit is to look at whether our PICC lines are removed prematurely. PICC lines should not be removed prematurely so the audit will identify some factors that may have led to the lines being removed early.</p>	<p>Review of PICC line care documentation; paperwork as a bundle is more useful which will close episode at the removal of PICC</p>
<p>Spinal Day Case Surgery</p>	<p>Other centres perform single level spinal decompression as a day case. ROH currently doesn't, and patients have an overnight stay.</p>	<p>1. Pre-op: to identify day cases from the clinic. 2. Intra-op: Surgery before mid-day and uncomplicated Intra-op judicious opioids, anti-emetics and LAI. 3. Post-op: Appropriate analgesics and anti-emetics.</p>
<p>Post-operative dizziness in primary total hip replacement</p>	<p>Decrease the risk of post op hypotension, dizziness and acute kidney injury (AKI).</p>	<p>1. To provide patient information regarding diet on the day before surgery. 2. To ensure high risk patients are listed in the morning session. 3. To engage patients in physiotherapy.</p>
<p>Audit of National Joint Registry consent</p>	<p>The National Joint Registry (NJR) was established in 2002 to collect information on joint arthroplasties and monitor trends and performance for hip, knee, ankle, elbow and shoulder joint replacements. It is recommended that all arthroplasties be registered with the NJR within the United Kingdom, following patients signing a consent form. The importance of undertaking this audit is evidenced by the targets in place for NJR consent: HQIP (Healthcare Quality Improvement Project) NJR consent target should be at least 95% "Yes" and BPT (Best Practice Tariff) for</p>	<p>1. The green NJR consent form to be filed accurately in patient notes 2. Re-audit by either theatre or team to identify source of discrepancy 3. Possible on-line data collection to reduce human errors.</p>



NAME OF LOCAL AUDIT	BACKGROUND	RECOMMENDATIONS/ACTIONS
	primary hip and knee replacements is conditional with a minimum NJR compliance rate of 75% and <25% "Not Known". This audit has previously been undertaken and is now planned for re-audit.	
'Survey of Inpatients' self-assessment of postoperative pain management'	To evaluate postoperative pain management services on the ward and to assess patient satisfaction with pain control.	1. Staff education and/or training with regular auditing to achieve the required targets. 2. Standardise pain measurement and assessment. Pain is the 5th vital sign. 3. A guideline for acute pain management in adults is being drafted to aid Ward staff in the management of post-operative pain.
Audit of BSR Compliance	National guideline recommends all patients undergoing spinal surgery are given the option of having their data put onto a national registry. The spinal unit utilises the British spine registry (BSR) for this purpose. Compliance rates should be above 90%.	1. Present audit findings back to the spinal surgery department at ROH, increasing overall awareness of the current level of BSR utilisation (done). 2. Re-audit at a future date/complete the cycle utilising existing excel template. 3. Trust to put in place appropriate admin support to data entry onto BSR. - This includes appropriately supported admin staff: Admin Staff role to include: Entering patient demographic details/email and consenting patient for BSR. Attending MDT. Going to ward on day of surgery to ensure PROM's done. Ensuring follow up of patient PROM and complication data. 4. Consultants/medical team to ensure that operative details entered onto BSR. 5. Consultants to delegate registrars for BSR as appropriate. 6. Trust to ensure connectivity between "amplitude" and "enterprise" and BSR data platforms. 7. BSR induction for new registrars each term. 8. Allow time for the implementation of changes in practice.
Audit of cell salvage use and blood loss in total en bloc spondylectomy	Total en bloc spondylectomy (TES) for spinal tumours has potential for significant blood	A blood loss of 3310mls should be anticipated and use of cell salvage – in light of recent evidence

NAME OF LOCAL AUDIT	BACKGROUND	RECOMMENDATIONS/ACTIONS
	loss. Cell salvage and transfusion rates are not known in our unit for this procedure therefore this is an audit of practice to ensure we have rates of blood loss and cell salvage use in keeping with reported rates.	proving its safety – is recommended. Estimated blood loss is not a reliable predictor for actual blood loss, we recommend using the technique as described by Gross <sup>1</sup> for a more accurate representation of blood loss.
Compliance with recommendations for preventing wrong side nerve block	To check our levels of compliance with recommendations from analysis of the never event in 2016.	1. Stop before You Block info to be included in agency ODP's induction. 2. Anaesthetists & ODP's to be informed about SOP AN11 (posters in theatres with SBYB, audit meetings involving theatre staff) 3. Mark block site close to insertion point. 4. SBYB dialogue to be initiated. 5. Minimise interruptions.
Audit of image-guided biopsies	A previous audit of image-guided biopsies in the department in 2014 found that biopsy was diagnostic in approx. 90% of cases for both ultrasound and CT.	1. To review the final pathology of the open biopsies performed in patients with non-diagnostic CT guidance biopsies and compare it with the histology reported from the initial CT-guided biopsies. 2. Re-audit in 2 years.
SuperPath: a new surgical approach to total hip replacements	The SuperPath hip replacement is a new form of total hip replacement being performed in the UK. It is a tissue-sparing procedure that aims to decrease hospital stay and improve range of movement in patients. As with all new procedures, now that there is a sufficient sample size, it is important to consider the effectiveness and safety of SuperPath.	1. Improved post-operative control of nausea and vomiting would help to increase the speed at which patients are mobilised post-operatively. 2. Investigating and comparing the complication rates in traditional total hip replacement procedure versus SuperPath would offer an interesting avenue for further research.
Utility of Routinely Additional T2 Sagittal Whole Spine Sequences in Patients with Cauda Equina Compression	Currently some hospitals around UK are including routinely T2 sagittal whole spine sequences in their lumbar spine MR scan protocols, when cauda equina compression is clinically suspected. These sequences are supposed to contribute in finding additional pathological findings more proximally when	None.

NAME OF LOCAL AUDIT	BACKGROUND	RECOMMENDATIONS/ACTIONS
	radiological findings in lumbar spine do not justify the clinical symptoms or do not satisfy the clinical suspicion.	
Evaluation of the Oncology Consultant of the Week Ward Round	Evaluation of the service provided following the introduction of the Consultant of the Week ward round in the Oncology department. Important to assess the current standard that is being obtained on the ward round with respect to record keeping and action plan implementation after the introduction of this new service.	1. Continue existing practice with C.O.W. rounds. 2. Feedback to administrative staff regarding note filing. 3. ? Redesign of patient notes to remove/separately file the more erroneous material to reduce note bulk. Teams need to be aware. 4. Patients should have a recorded senior review every 2-3 days.
Do patients who undergo surgery on a Friday or Saturday get a medical review on Day 1 post-op before discharge	There is a perception that patients who undergo spinal surgery on Friday or Saturday, which only require an overnight inpatient stay, are often discharged without medical review on Day 1 post-op.	To continue the current good practice of reviewing all patients on day 1 post-op. Some scope to improve to senior review of all day 1 post-op patients, but 95% is good.
An evaluation of the level 3 transfers out of the ROH as a stand-alone hospital with no level 3 facility	The ROH is a stand-alone speciality hospital that carries out a high number of high risk and complicated operations. There is no level 3 ICU facility on site and so if patients deteriorate, in theatre or on the wards, and require invasive ventilation or renal replacement therapy they have to be transferred to another hospital. By knowing the total number of cases performed, specifically looking at high risk cases, along with the number of level 3 transfers out we can work out our incidence of transfers out, which anecdotally is low. Also, by looking at the patients notes that have been transferred out we may be able to identify clinical themes with the aim to reduce the rate of future transfers.	The risk of transfer to level 3 critical care beds following major complex orthopaedic surgery is very low, when compared to other centres and would suggest that carrying out this surgery at the hospital is safe. Patients should have a pre-operative stratification score i.e. p-possun or Charleston co-morbidity index: <ul style="list-style-type: none"> <li>• High risk patients should be consented that risk of transfer is a possibility.</li> <li>• Collection of this data and ongoing review of transferred patients could lead to a more accurate – electronic patient record would aid in this data collection.</li> </ul>

NAME OF LOCAL AUDIT	BACKGROUND	RECOMMENDATIONS/ACTIONS
Assessing the Effectiveness of Occupational Therapy Intervention with Adolescent Idiopathic Scoliosis (AIS) Patients	There is a relatively large time scale between patients being seen at POAC (pre-operative assessment clinic) and then admitted for their surgery. Equipment is always discussed at POAC and usually then ordered on admission before the patient has even tried completing daily activities after surgery. Not issuing equipment could be a cost saving and improve independence on discharge.	From the information gathered, it is recommended that equipment should be issued on an individual basis. All patients presenting with adolescent idiopathic scoliosis who are listed for surgery will benefit from a pre-operative assessment with written information being provided by an Occupational Therapist, but no equipment should be recommended at this stage. These patients should then be seen by an Occupational Therapist approximately 4 days post op to assess bed/chair/toilet transfers, discuss discharge home and managing their daily routine, including personal care activities. At this stage equipment can be recommended as required on an individual basis.
An audit of microbiology samples obtained during image-guided biopsies	Concerns were raised following recent Sarcoma MDT meetings that microbiology samples obtained during image-guided biopsies in the Radiology Department were not being received in the microbiology laboratories.	Ongoing vigilance when handing over samples to theatre staff, ensuring appropriate forms are completed, sample labels are checked and logged in theatre logbook.
“Flow-void” sign in osseous metastatic renal cell carcinoma	The “flow void” sign is an important imaging sign in bone metastases from renal cell carcinoma but little emphasis is placed on this sign when evaluating solitary bone lesions.	None.
Compliance with current prophylactic antibiotic guidance in patients undergoing emergency and elective spinal procedures at the Royal Orthopaedic Hospital	Antibiotic prophylaxis is a key intervention in helping to prevent surgical site infections. Appropriate choice of agent, timing of administration and consideration of additional dosing depending on operative factors are important in optimising the efficacy of antibiotic prophylaxis in preventing surgical site infections.	Recommend: New drug chart/sticker for use in spinal procedures to help compliance with recommended prophylaxis Consider discontinuation of routine practice of post-operative antibiotic use unless clinically indicated Re-audit following implementation of recommendations within 12 months.

NAME OF LOCAL AUDIT	BACKGROUND	RECOMMENDATIONS/ACTIONS
MSCC referral to tertiary centre (ROH), an audit of NICE guidelines	ROH is a tertiary centre for the region accepting all MSCC patients for advice, surgical management and follow up. We receive regular referrals from different hospitals and GP without proper work up according to NICE guidelines. This leads to delay in planning surgical and patient transfer.	This was agreed to arrange for regional dissemination of MSCC pathway (Regional meetings). Also to design a prospective audit for more robust data collection and document reasons for delay in investigations and feedback. After this audit, we are discussing with the hospital management to have an up to date admission online system to streamline referrals and to capture full data.
FEMOR audit of metastatic femoral tumour management	With patient survival increasing following cancer there is increased need for durability following reconstruction after surgery for metastatic bone disease [MBD]. With education lesions at risk of pathological fracture should be being detected earlier. There is a vogue for more aggressive treatment of proximal femoral metastases.	Recommendations will be made by the FEMOR collaborative team who will make these on looking at data from across all the hospitals in the country involved.
Audit for antibiotic management and review of patients suspected of having a Prosthetic Joint Infection (PJI) at The Royal Orthopaedic Hospital NHS Foundation Trust	Following surgery, patients with suspected Prosthetic Joint Infection (PJI) are administered vancomycin and meropenem until culture results are available and negative. Vancomycin and meropenem should be stopped after 5 days if culture results are negative. The culture results for gram-negative bacteria are available after 48 hours so meropenem should be stopped after 48 hours if cultures are negative. It is important to ensure these guidelines are adhered to and to promote antimicrobial stewardship. It is also important to ensure CQUIN guidance on reducing antibiotic consumption is being followed.	1. The Trust's antimicrobial guidelines should be updated to include the recommendations to stop Meropenem at 48 hours for the management of PJI if cultures are negative. 2. Refresher session for junior doctors to ensure they are aware of the guidelines; this will be presented at the junior doctor educational sessions. 3. Pharmacists need to be more active in enforcing the guidelines and document the reason for continuation. 4. Improvements in documentations need to occur and this includes: Investigate when cultures have not been made available at 48 hours after samples are taken and ensure prescribers document clearly when microbiology have been contacted and the reason for the delay. An additional resource (i.e. an antibiotic sticker) should be utilised to ensure review of antibiotics occurs after 48 hours.

NAME OF LOCAL AUDIT	BACKGROUND	RECOMMENDATIONS/ACTIONS
		5. The results from this audit will be presented within the Trust to the surgical teams to highlight compliance and recommendations.
An Evaluation Of Anaesthetic Techniques For Primary Lower Limb Joint Arthroplasty (Total Hip Replacement (Thr) And Total Knee Replacement (Tkr) At The Royal Orthopaedic Hospital	At our centre there is no formal enhanced recovery protocol for lower limb arthroplasty and so we set out to evaluate our current practice looking for positive and negative themes that can be incorporated into future plans.	The possibility that blocks reduce length of stay should be more closely looked into and if a true effect is seen it should prompt a change in anaesthetic protocol.
Questionnaire: Patient Information about Anaesthesia	Providing information about anaesthesia prior to the pre-operative visit from the anaesthetist is a prerequisite. This has been a guideline from Department of Health since 2001. It is required to provide both verbal and written information to all those patients undergoing anaesthesia to help them decide about their choice.	<ul style="list-style-type: none"> <li>• Ensure every patient gets the Patient Information Leaflet before their operation at an appropriate point in their care (and making sure the surgical (rapid team) and POAC clinics have an adequate supply).</li> <li>• Engaging with patients about their ideas, concerns and expectations prior to surgery.</li> <li>• Discussing the available alternatives to and side effects of general anaesthetics.</li> <li>• Keep being friendly and welcoming to patients – the feedback was generally very good!</li> <li>• Re-audit in 6 months' time.</li> <li>• Further audit into patient suggestions regarding the leaflets aimed at enhancing their understanding and satisfaction.</li> </ul>
Timing of post-operative blood results documentation. Are there delays and are there consequences?	To review the timing of review of post-operative bloods and documentation in the notes. To see if this has any consequences to patient care. This is in part to allow comparison following implementation of new computer system for reporting bloods (PICS).	1. Reminder to junior doctors to use the correct inpatient stickers on blood request forms. 2. Re-audit to assess progress and determine if the introduction of PICS has improved outcomes.
Clinical Audit Sonographer, Radiologist and Radiology Fellow & Registrar Ultrasound Guided Injections	Sonographer protocol for ultrasound guided injections is now also the protocol for Fellow, Registrars and Consultant Radiologists.	Since the introduction of sonographer injections, protocol has been followed. WHO check list have been introduced for all ultrasound guided injections. As

NAME OF LOCAL AUDIT	BACKGROUND	RECOMMENDATIONS/ACTIONS
	Annual audit to adhere to department guidelines and Patient Specific Order. All staff performing ultrasound guided injections must complete and obtain written consent, WHO checklist, and prescription.	previously proposed there will be annual audits to cover Consultant/Sonographer / Fellow ultrasound guided injections to check compliance.

#### **2.5.4 PARTICIPATION IN CLINICAL RESEARCH**

At The Royal Orthopaedic Hospital NHS Foundation Trust we believe that every patient has the right to be given the chance to participate in clinical research and to contribute to the generation of new knowledge which can lead to improvements in their health and care or that of future generations. The Trust has a vibrant research portfolio of clinical trials, observational studies and biological studies which underpin our delivery of evidence based care. We are working with world leading academic and industry partners to ensure that our patients have access to the latest innovations in orthopaedic care whether that is a new approach to physiotherapy rehabilitation, advanced therapies to regenerate diseased bone tissue or pharmaceutical treatments which aim to reduce the need for invasive surgery and speed up recovery.

There have been several exciting new developments over the course of the past year which moves us ever closer to achieving our goals of being recognised as a knowledge leader in orthopaedic care.

- Building the Dubrowsky Regenerative Medicine Laboratory

Work has commenced on the building of a new state of the art regenerative medicine laboratory onsite at the Trust which is planned to open in summer 2019. Funded by a charitable legacy gift from a former ROH patient, Mr Dubrowsky, The lab, will provide translational research facilities for developing new orthopaedic therapies which use the body's own cells to restore function.

- Dedicated clinical outpatient space for research

In December 2018 the Trust designated much needed clinic space in the busy outpatient department for clinical research activities. This marks an important milestone in the Trusts progress toward its vision to be a knowledge leader in orthopaedic care, prioritising the need for clinical research facilities in which patients can safely take part in high quality clinical trials of new orthopaedic treatments.

- New infrastructure to boost bone cancer sample collection

Research sample donations from ROH patients treated for bone cancer have increased by 50% in 2018/19. This is thanks to the funding received from the Bone Cancer Research Trust to support the coordination and collection of tissue samples from patients with various types of bone cancer who are eligible and wish to take part in our active oncology research programmes.

- Developing clinical academic career pathways for our physiotherapy stars

We have continued to nurture the development of clinical academic physiotherapists within our Trust, working with service leads and staff members to develop physiotherapy roles which combine academic training, research and development and clinical care delivery and are supported by appropriate funding models. Two research physiotherapists have already completed their masters to PhD bridging programmes and have secured further funding to continue the development of PhD research proposals. It is hoped that this launch pad will enable them to go on to secure studentships and fellowships through national competition and to continue to forge the pathway for clinical academic roles within the Trust. It is hoped that this model can be rolled out to nursing and other allied health professional disciplines over the coming years.

We have made considerable progress in delivering our research strategy, demonstrated by a further 10% growth in our research portfolio, enhanced research facilities and improved financial sustainability.

We have seen a slight reduction in the numbers of patients recruited to research studies, consistent with national trends in orthopaedic research activity and study portfolio.

The number of patients receiving relevant health services provided by The Royal Orthopaedic Hospital NHS Foundation Trust in 2018/19 that were recruited during that period to participate in research approved by a research ethics committee was 718.

### **2.5.5 CQUIN PAYMENT FRAMEWORK**

Commissioning for Quality and Innovation (CQUIN) is a payment framework which allows commissioners to agree on payments to NHS Trusts based on delivery of improvement work.



A proportion of The Royal Orthopaedic Hospital NHS Foundation Trust income in 2018/19 was conditional on achieving quality improvement and innovation goals agreed between The Royal Orthopaedic Hospital NHS Foundation Trust and any person or body they entered into a contract, agreement or arrangement with for the provision of relevant health services, through the Commissioning for Quality and Innovation payment framework.

For 2018/19 this figure was £1.64M (2017/18 - £1.72M).

Further details of the agreed goals for 2018/19 and for the following 12-month period are available on request from Julie Gardner, Assistant Director of Finance – [julie.gardner14@nhs.net](mailto:julie.gardner14@nhs.net)

## **2.5.6 CARE QUALITY COMMISSION (CQC) REGISTRATION AND COMPLIANCE**

The Royal Orthopaedic Hospital NHS Foundation Trust is required to register with the Care Quality Commission and its current registration status is 'without conditions'.

The Care Quality Commission has not taken enforcement action against The Royal Orthopaedic Hospital NHS Foundation Trust during 2018/19.

The Royal Orthopaedic Hospital NHS Foundation Trust has not participated in any special reviews or investigations by the Care Quality Commission during the reporting period.

In January 2018 the Trust received a formal CQC assessment against the CQC assessment framework.

The Trust's report from this visit was published in May 2018 and has seen the Trust move from an overall rating of 'requires improvement' to an overall rating for the Trust of 'good'.

**TABLE 4: CQC RATING FOR THE ROYAL ORTHOPAEDIC NHS FOUNDATION TRUST**



Overview and CQC Inspections



**2.5.7 INFORMATION ON THE QUALITY OF DATA**

The Royal Orthopaedic Hospital NHS Foundation Trust submitted records during 2018/19 to the Secondary Uses Service for inclusion in the Hospital Episode Statistics which are included in the latest published data.

The percentage of records in the published data which included the patient's valid NHS number was:\*

- 99.73% for admitted patient care.
- 99.81% for outpatient care.

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

- 100% for admitted patient care.
- 100% for outpatient care.

\*Figures cover the latest available period: April 2018 – February 2019.

## **2.5.8 INFORMATION GOVERNANCE ASSESSMENT REPORT**

Information Governance (IG) assesses the way in which an organisation handles and processes the information that is available to it. It covers both personal (e.g. patient records, complaints) and corporate (e.g. financial records) information.

The Data Security and Protection (DSP) toolkit has 10 data security standards prescribed by the National Data Guardian which comprises of a 100 mandatory evidence terms which must be supported in order to pass with a "standards met". This toolkit is much more demanding than the previous IG Toolkit therefore NHS Digital are permitting a score of "Standards not fully met (Plan Agreed)" for 2018/19.

The Royal Orthopaedic Hospital NHS Foundation Trust currently meets 89 mandatory evidence items and has a detailed improvement plan in place to meet the remaining standards by the end of September 2019.

## **2.5.9 PAYMENT BY RESULTS CLINICAL CODING AUDITS**

The Royal Orthopaedic Hospital NHS Foundation Trust was not subject to the Payment by Results clinical coding audit during 2018/19 by the Audit Commission.

## **2.5.10 IMPROVEMENTS IN DATA QUALITY**

The Royal Orthopaedic Hospital NHS Foundation Trust will be taking the following actions to improve data quality;

- The establishment of a Data Quality Group.
- The implementation of an in-house RTT training programme for all administrative staff.

- RTT external training for Operational Service managers and the Revalidation team, with an assessment prior to completion.

### **2.5.11 LEARNING FROM DEATHS**

Learning from deaths of people in their care can help providers improve the quality of the care they provide to patients and their families, and identify where they could do more. A CQC review in December 2016, 'Learning, candour and accountability: a review of the way trusts reviews and investigate the deaths of patients in England found some providers were not giving learning from deaths sufficient priority and so were missing valuable opportunities to identify and make improvements in quality of care.

In March 2017, the National Quality Board (NQB) introduced new guidance for NHS providers on how they should learn from the deaths of people in their care. The Royal Orthopaedic Hospital NHS Foundation Trust have been required to publish all patient deaths since September 2017.

During 2018/19, 10 of The Royal Orthopaedic Hospital NHS Foundation Trust patients died. This comprised the following number of deaths which occurred in each quarter of that reporting period:

- 4 in the first quarter;
- 1 in the second quarter;
- 3 in the third quarter;
- 2 in the fourth quarter.

By March 2019, 10 case record reviews and 4 investigations have been carried out in relation to all 10 of the deaths.

In 4 cases a death was subjected to both a case record review and an investigation. The number of deaths in each quarter for which a case record review or an investigation was carried out was:

- 3 in the first quarter;
- 0 in the second quarter;
- 1 in the third quarter;
- 0 in the fourth quarter.

None of the patient's deaths during the reporting period are judged to be more likely than not to have been due to problems in the care provided to the patient. These numbers have been estimated using The Royal Orthopaedic Hospital NHS Foundation Trust's learning from deaths process and methodology based on the national guidance.

As part of each case review and investigation The Royal Orthopaedic Hospital NHS Foundation Trust produces reports that include the lessons learnt and detailed action plans. The implementation of these actions and recommendations are robustly monitored via the Trust's Divisional Governance meetings to ensure ongoing compliance.

A summary of these actions and the learning in 2018/19 are;

- Falls policy reviewed and updated.
- Proforma for medical review of patient following a fall.
- Falls information booklet for all patients.
- Training & awareness of sepsis for all staff.
- Review of MEWS application.
- Full utilisation of 'Fluid Balance Charts'.
- Timely collection of bloods on the first post-operative day.
- Review of the 24 hour re-assessment for VTE risk.
- Review of End of Life policy.
- Oncology service to review transfer in criteria.

The Royal Orthopaedic Hospital NHS Foundation Trust will assess the impact of these actions via its Clinical Audit and Effectiveness Committee and Divisional Board meetings. If the desired output is not achieved, these actions are reviewed and amended to ensure change and improvements are implemented and sustained.

The Royal Orthopaedic Hospital NHS Foundation Trust had no case record reviews and therefore no investigations completed which related to deaths which took place before the start of the reporting period and since the learning from deaths was mandated nationally in September 2017. Therefore, 0%

of the patient deaths before the reporting period, are judged to be more likely than not to have been due to problems in the care provided to the patient and 0% of the patient deaths during September 2017 to March 2018 are judged to be more likely than not to have been due to problems in the care provided to the patient.

## **2.6 REPORTING AGAINST CORE INDICATORS.**

### **2.6.1 SUMMARY HOSPITAL MORTALITY INDEX (SHMI)**

The standardised mortality rates for hospitals, produced nationally are not applicable to The Royal Orthopaedic Hospital NHS Foundation Trust, because the number of deaths that occur are too small for change to be statistically significant.

However, all deaths that occur at The Royal Orthopaedic Hospital NHS Foundation Trust are reviewed in line with the Trust's Learning from Deaths policy following the National Quality Board (NQB) 2017 guidance.

### **2.6.2 PATIENT REPORTED OUTCOME MEASURES**

The Royal Orthopaedic Hospital NHS Trust considers that this data is as described for the following reasons, Patient Reported Outcome Measures (PROMs) provides information on the effectiveness of care delivered to NHS patients as perceived by our patients themselves. Patients complete a questionnaire before, and six months after their surgery.

**TABLE 5: PROMS FINAL DATA APRIL 2017 – MARCH 2018 (PUBLISHED FEBRUARY 2019)**

Procedure Type	Measure	England Average	England Highest	England Lowest	ROH	Position
Hip Replacement Primary	EQ-5D Index	0.468	0.566	0.376	0.469	Above National Average
Hip Replacement Primary	Oxford Hip Score	22.68	26.30	18.87	22.71	Above National Average
Hip Replacement Revision	EQ-5D Index	0.289	0.322	0.142	0.318	Above National Average
Hip Replacement Revision	Oxford Hip Score	13.90	17.66	10.74	14.60	Above National Average
Knee Replacement Primary	EQ-5D Index	0.338	0.417	0.234	0.353	Above National Average
Knee Replacement Primary	Oxford Knee Score	17.26	20.64	13.16	17.89	Above National Average
Knee Replacement Revision	EQ-5D Index	There are too few revision knee replacements with completed data in 2017/18 for comparison with the England average.				

\*Data source: Informatics

The Royal Orthopaedic Hospital NHS Foundation Trust has taken the following action to improve this score, and so the quality of its services by, maintaining a high focus on submitted cases and continued monitoring of submitted case totals, EQ-5D and Oxford score data through the Clinical Audit and Effectiveness Committee.

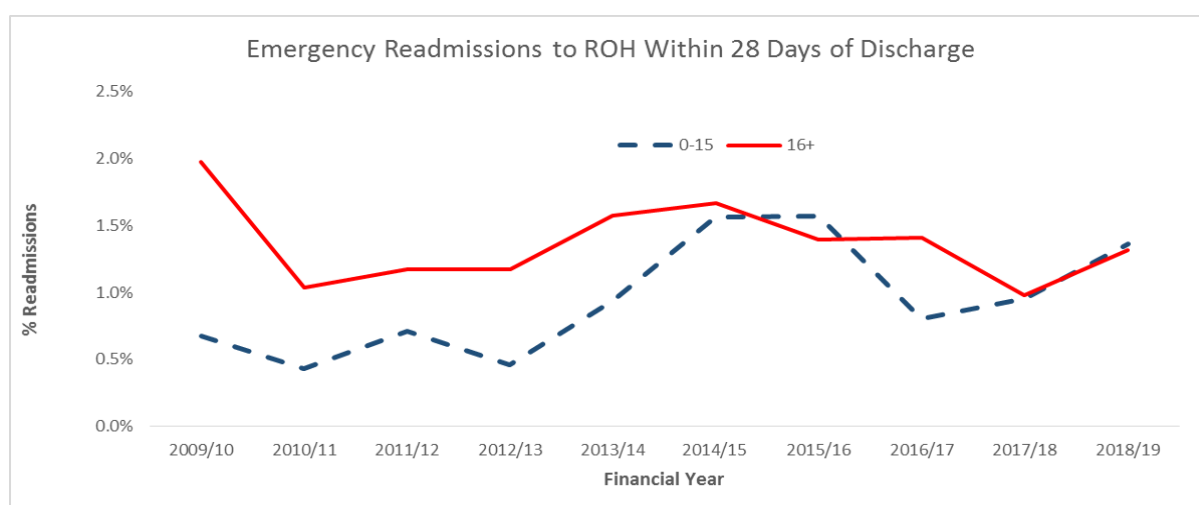
### **2.6.3 READMISSIONS WITHIN 28 DAYS OF DISCHARGE**

The percentage of patients aged 0-15 and 16 or over, who were readmitted to The Royal Orthopaedic Hospital NHS Foundation Trust within 28 days of being discharged are shown in table 6 and graph 1 below.

**TABLE 6: READMISSION RATES WITHIN 28 DAYS**

Readmission Rate	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
0-15	0.7%	0.4%	0.7%	0.5%	0.9%	1.6%	1.6%	0.8%	1.0%	1.4%
16+	2.0%	1.0%	1.2%	1.2%	1.6%	1.7%	1.4%	1.4%	1.0%	1.3%
All	1.8%	1.0%	1.1%	1.1%	1.5%	1.7%	1.4%	1.3%	1.0%	1.3%

**GRAPH 2: READMISSION RATES WITHIN 28 DAYS**



The Royal Orthopaedic Hospital NHS Foundation Trust considers that this data is as described for the following reason; the data is submitted and quality checked on a monthly basis as part of regular reporting.

The Royal Orthopaedic Hospital NHS Foundation Trust intends to take the following actions to improve this indicator, and so the quality of its services, by including this core quality indicator within the Trust’s Quality report for further oversight and scrutiny.

**2.6.4 RESPONSIVENESS TO PERSONAL NEEDS**

The responsiveness to personal needs data is taken from five questions within the National Inpatient Survey. These questions are:

- Were you as involved as much as you wanted to be in decisions about your care and treatment?



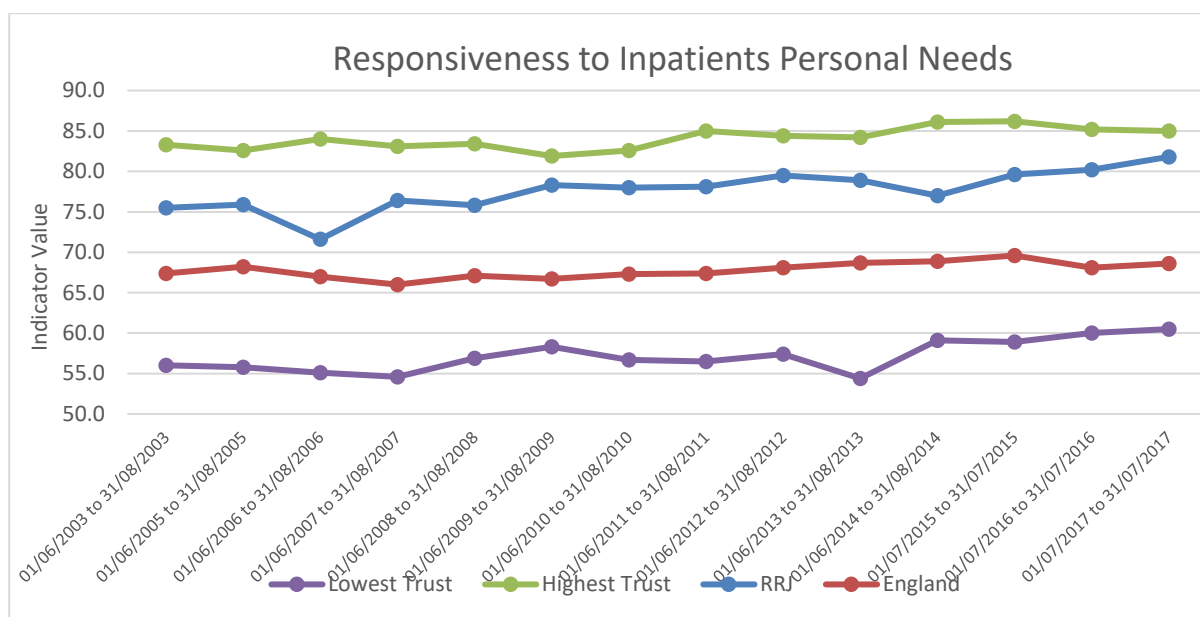
- Did you find someone on the hospital staff to talk about your worries and fears?
- Were you given enough privacy when discussing your condition or treatment?
- Did a member of staff tell you about the medication side effects to watch for when you went home?
- Did hospital staff tell you who to contact if you were worried about your condition or treatment after you left the hospital?

The Royal Orthopaedic Hospital NHS Foundation Trust considers this data is as described for the following reasons; The Trust collects the data anonymously and sends it to be independently reviewed and scored by an external provider (Iwantgreatcare). Comments made using this collection method are moderated and published external to the Trust. Scoring remains consistently high and feedback is monitored to ensure that any trends or issues are addressed promptly.

The Royal Orthopaedic Hospital NHS Foundation Trust has taken the following actions to improve this score, and so the quality of its services, by;

- Monitoring in real-time and taking corrective actions where necessary.
- Roundtable discussions with regards to concerns in an individual ward, resulting in an action plan and close monitoring.
- Providing a departmental manager with immediate feedback to allow prompt action.

**GRAPH 3: RESPONSIVENESS TO INPATIENTS PERSONAL NEEDS**



**TABLE 7: RESPONSIVENESS TO INPATIENTS PERSONAL NEEDS**

Inpatient Stay	The Royal Orthopaedic NHS Foundation Trust	England	Highest Trust	Lowest Trust
01/06/2003 to 31/08/2003	75.5	67.4	83.3	56.0
01/06/2005 to 31/08/2005	75.9	68.2	82.6	55.8
01/06/2006 to 31/08/2006	71.6	67.0	84.0	55.1
01/06/2007 to 31/08/2007	76.4	66.0	83.1	54.6
01/06/2008 to 31/08/2008	75.8	67.1	83.4	56.9
01/06/2009 to 31/08/2009	78.3	66.7	81.9	58.3
01/06/2010 to 31/08/2010	78.0	67.3	82.6	56.7
01/06/2011 to 31/08/2011	78.1	67.4	85.0	56.5
01/06/2012 to 31/08/2012	79.5	68.1	84.4	57.4
01/06/2013 to 31/08/2013	78.9	68.7	84.2	54.4
01/06/2014 to 31/08/2014	77.0	68.9	86.1	59.1
01/07/2015 to 31/07/2015	79.6	69.6	86.2	58.9
01/07/2016 to 31/07/2016	80.2	68.1	85.2	60.0
01/07/2017 to 31/07/2017	81.8	68.6	85.0	60.5

Data source: Informatics

## 2.6.5 FINDINGS FROM THE STAFF SURVEY/STAFF FRIENDS AND FAMILY TEST

### 2018/19

This section presents the findings from the 2018 annual NHS Staff Survey and the Staff Friends and Family

Test.

## **NHS STAFF SURVEY (NSS)**

Each year The Royal Orthopaedic Hospital NHS Foundation Trust participates in the annual NHS Staff Survey and staff who are employed by or under contract to the Trust are asked to complete the survey. The findings are shared with staff members through communication channels and team meetings as well as the range of management meetings including Executive Directors, Trust Board and other committees. In 2018, 998 staff were asked to take part in the National Staff Survey. 41% of staff (n=401) responded using a mix mode of online and paper copy completions.

The overall staff engagement score which covers questions 21a, 21b and 21c in the NHS Staff Survey saw an improvement from **7.1** to **7.4**.

In addition, question 21d 'If a friend or relative needed treatment I would be happy with the standard of care provided by this organisation' has increased from **83.2%** to **90.7%**.

Question 21c 'I would recommend my organisation as a place to work' saw an improvement from **62.6%** to **72.9%**.

## **STAFF FRIENDS AND FAMILY TEST**

The Royal Orthopaedic Hospital NHS Foundation Trust also takes part in Staff Friends and Family Test which asks the question 'How likely are you to recommend The Royal Orthopaedic Hospital NHS Foundation Trust as a place to work?' All staff are invited once a year to take part in this survey.

In 2018/19, 235 staff responded to this survey using a mixed mode of online and paper copy completions. This was lower than 2017/18 with 319 respondents.

In 2018/19, **95%** of staff said that they would 'recommend the Trust to friends and family if they needed care or treatment.

**75%** of staff said that they would 'recommend the Trust to friends and family as a place to work'. This represents an increase from 2017/18 where the result was **64%**.

The Trust is encouraged by the improved scores and The Royal Orthopaedic Hospital NHS Foundation Trust considers that this data is as described for the following reasons;

- The Trust has continued to make positive progress with patient outcomes with a number of innovative projects including Perfecting Pathways and JointCare.
- Successful implementation of the proposed Agenda for Change (AfC), contract refresh.
- The Trust has increased its focus on performance management across all teams.
- The Trust improved its CQC rating from 'requires improvement' to 'good'.
- The Trust continues to make significant gains in the RTT target for the Trust which has been seen as positive with staff and patients.
- Work has continued to improve communication across the Trust with the new brand of 'Speak up and Join in' now well embedded.
- The Health and Wellbeing strategy has started to be reviewed with input from staff members.

The Royal Orthopaedic Hospital NHS Foundation Trust intends to take the following actions to improve the response to the annual NHS Staff Survey indicator, and the Staff Friends and Family Test results, and so the quality of its services, by;

- Continue to ensure a successful transfer of Paediatric services.
- Continue to embed a culture of continuous improvement.
- Continue to embed a coaching style of leadership and management supported by a programme of manager as coach, and solution based coaching.
- Further improve staff communication with improvements to all staff briefings providing greater opportunity for staff feedback, enhancing the perceived value of the staff voice.
- Continue to implement the staff wellbeing actions arising from the Health and Wellbeing Task and Finish Group.

### **2.6.6 VENOUS THROMBOEMBOLISM (VTE)**

The Royal Orthopaedic Hospital NHS Foundation Trust considers that this data is as described for the following reason:

- Monitoring and compliance against the national standard continues and is reported monthly to ensure that >95% of all patients admitted to the Trust are risk assessed for VTE.

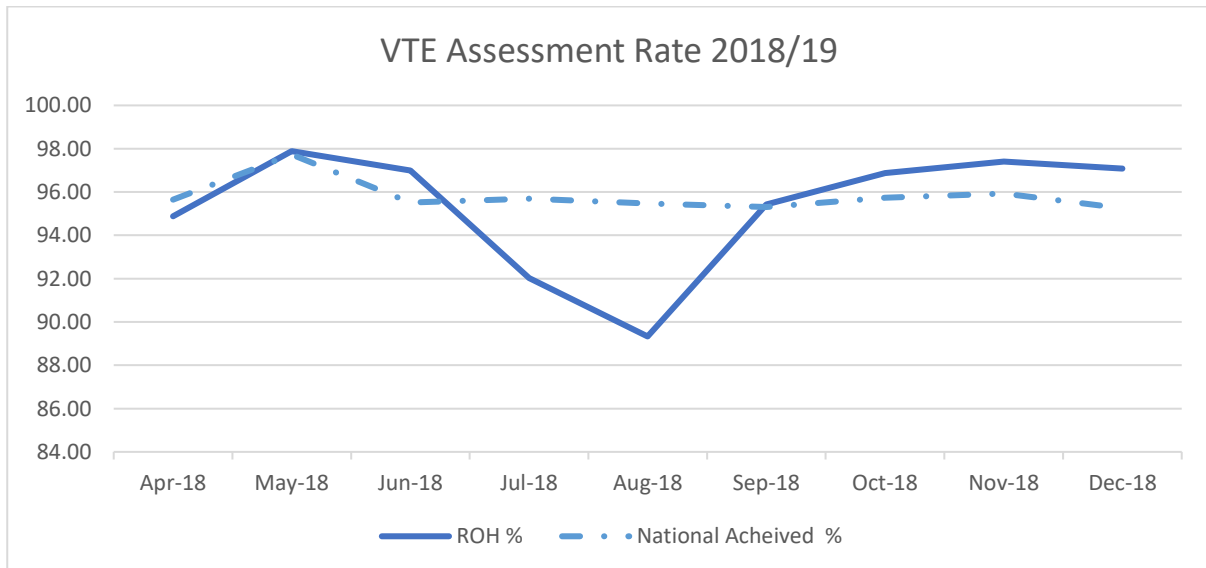
**TABLE 8: VTE RISK ASSESSMENTS BY MONTH 2018/19**

Month	No. Assessed	No. Admitted	ROH %	National Achieved %
Apr-18	834	879	94.88	95.64
May-18	1112	1136	97.89	97.73
Jun-18	1065	1098	96.99	95.52
Jul-18	957	1040	92.02**	95.69
Aug-18	854	956	89.33**	95.47
Sep-18	940	985	95.43	95.31
Oct-18	1177	1215	96.87	95.73
Nov-18	1052	1080	97.41	95.93
Dec-18	899	926	97.08	95.25
Jan-19	1037	1047	99.04	Not Published at Present
Feb-19	1010	1048	96.37	Not Published at Present
Mar-19	1062	1082	98.15	Not Published at Present

\*Data source: Informatics

\*\* PICS introduced in July/August 2018 without VTE collection method

**GRAPH 4: VTE RISK ASSESSMENT VS NATIONAL AVERAGE**



\*PICS introduced in July/August 2018 without VTE collection method

The Royal Orthopaedic Hospital NHS Foundation Trust intends to take the following actions to improve this data, and so the quality of its services, by continuing to ensure our patients are risk assessed for venous thromboembolism (VTE) on admission using the PICS electronic system.

### **2.6.7 CLOSTRIDIUM DIFFICILE INFECTION (CDI)**

The Royal Orthopaedic NHS Foundation Trust considers that this data is as described for the following reasons; Clostridium Difficile infections are monitored and reported on a monthly basis, with Root Cause Analysis (RCA) conducted on every positive case.

The control of infection is of paramount importance for our patients; during 2018/19, there has been two unavoidable cases of CDI.

The Trust is compliant with Department of Health Guidance against which CDI is reported and is subject to the external scrutiny of its data for audit purposes.

The Royal Orthopaedic Hospital NHS Foundation Trust intends to take the following actions to improve this indicator, and so improve the quality of its services:

- Maintain our focus on the application and implementation of infection prevention and control principles to ensure that they are embedded in daily practice.
- Staff training and awareness in understanding the WHO 5 Moments hand hygiene principles will continue, and we will ensure application of the principles of bare below the elbow.
- Continue with bespoke Ward and Department level training.
- We will continue to maximise the effectiveness of ward rounds and ensure that best practice is upheld in respect of the antimicrobial strategy.
- Support environmental cleaning processes to minimise the risk of potential cross contamination.
- Continue to carry out enhanced Chlor cleaning throughout Wards and Departments in autumn and winter.
- We will continue to monitor appropriate isolation room utilisation in order to maintain safety and facilitate effect bed flow.

## 2.6.8 PATIENT SAFETY INCIDENTS

The number and, where available, rate of patient safety incidents reported within the trust during the reporting period, and the number and percentage of such patient safety incidents that resulted in severe harm or death.

**TABLE 9: PATIENT SAFETY INCIDENT DATA**

	Number of Patient safety Incidents reported	Number of patient Safety Incidents with Severe harm/ death	% of patient safety incidences that resulted in severe harm/ death	The rate of Patient safety Incident per 1000 bed days ( NB this indicator changed in 2014/15 from the rate of incidences per 100 admissions	National Rate (Best)	National Rate (Worse)
2018/19	2202*	1*	0.20%	***	***	***
2017/18	1530*	7*	0.04%	45.38**	19.1	142.0

\*Source – Ulysses Incident System

\*\*Source – NRLS

\*\*\*at the time of the report – the data is not available

The Royal Orthopaedic Hospital NHS Foundation Trust considers that this data is as described for the following reasons;

- The Trust submits patient safety incidents to the NRLS which enables benchmarking against other similar organisation in respect of numbers and types of patient safety incidents.
- The Trust categorises incidence from no harm to severe harm and uses the definitions provided by the National Reporting and Learning System (NRLS) and the Duty of Candour Regulation 20 to categorise the level of harm.
- All reported incidents are subject to review by a member of the governance team at the Royal Orthopaedic Hospital NHS Foundation Trust who will seek clarity on the level of harm at the

weekly Divisional Governance meetings from clinical staff where necessary and amend the initial categorisation if required.

- The Trust actively promotes a culture of incident reporting so that issues can be identified, actions initiated and lessons learned.

The Royal Orthopaedic Hospital NHS Foundation Trust has taken the following actions to improve the number of incidents reported and so the quality of its services by ensuring learning from incidences is shared and embedded across the Trust, by;

- The Trust had this Indicator as a Quality Priority for 2018/19.
- Trust wide information relating to patient safety and patient experience activity is contained within the Trust Quality report that is presented monthly at the Clinical Quality Group and Quality and Safety Committee.
- Serious incidents are presented at the Trust Clinical Audit meeting.
- Improvement work on the Ulysses system that will allow better triangulation of data between complaints and patient safety incidents.
- The Trust has established weekly Divisional Governance meetings that include any incidents that are graded by the reporter as moderate harm or above, any complaints and local and divisional risks.
- A review of the way actions from incidents are tracked and shared across the Trust, including the development of action trackers that are used to monitor progress and provide oversight at Divisional Governance meetings.
- Actively encourage the reporting of incidents by reviewing our feedback mechanism through our incident reporting system, Ulysses.
- Final Root Cause Analysis reports are anonymised and sent to all clinicians, these are discussed at local level and at Trust wide forums.
- Continue to deliver Root Cause Analysis Training to members of staff who undertake investigations.



# PART 3

## 3.0 REVIEW OF QUALITY PERFORMANCE 2018/19

### 3.1 REVIEW OF QUALITY PRIORITIES 2018/19

The Trust's 2017/18 Quality Account set out seven priorities for improvement during 2018/19; these were confirmed following consideration of performance in relation to patient safety, patient experience and effectiveness of care:

- Priority 1: Reduce the number of incidences of consent on the day
- Priority 2: Medical ward rounds to be supported by the wider MDT
- Priority 3: Increase the evidence of learning identified from serious incidents and complaints and ensure they are embedded in practice
- Priority 4: Ensure that all clinical and corporate policies are in date and have an appropriate audit plan
- Priority 5: Reduction in waiting times in OPD to less than 60 minutes
- Priority 6: Reduction in cancellation on the day of surgery (Governors priority)
- Priority 7: Reduce the number of times patients Outpatient clinic appointments are rescheduled

The quality improvement priorities have been part of the Clinical Quality Group work plan and have been individually scrutinised within the Clinical Quality Group chaired by the Deputy Director of Nursing and Clinical Governance. The Clinical Quality Group took the decision based on delivery and ongoing scrutiny within a governance forum within the Trust to close four of the seven priorities. This decision was supported by the Trust's Quality and Safety Committee.

Table 10 below provides a summary of the Trust's progress in the quality improvement priorities during 2018/19;

**TABLE 10: ACHIEVEMENT OF QUALITY PRIORITIES 2018/19.**

<p>Reduce the number of incidences of consent on the day.</p>	<p>To be carried forward to 2019/20 as a Quality Priority.</p> <p>Whilst there has been a reduction in the number of patients consented on the day further operational work is required to ensure full compliance.</p> <p>The quality priority will be changed to also focus on the quality of consent; for example, the information provided to patients.</p>
<p>Medical ward rounds to be supported by the wider Multi-disciplinary team.</p>	<p>This priority has been achieved.</p> <p>Multidisciplinary ward rounds have been embedded within the High Dependency Unit, Oncology, Spinal and Arthroplasty services.</p> <p>Physician led MDT ward rounds take place weekly on all adult in-patient wards.</p> <p>The Multi-disciplinary ward round methodology continues to be developed within the Arthroscopy service.</p>
<p>Increase the evidence of learning identified from serious incidents and complaints are embedded in practice.</p>	<p>This priority has been achieved.</p> <p>The Governance Structure and processes are strongly embedded within the Trust around Serious Incidents and complaints with evidence of learning from incidents within the investigation reports.</p> <p>The Trust has had a reduction in Serious Incidents and has met all of the Clinical Commissioning Group key performance indicators.</p> <p>The Governance team developed and implemented a Quality Governance Framework, including methodology for reaching frontline staff to engage with them and share learning.</p> <p>The most recent staff survey results relating to 'Safety Culture' has seen a positive increase (statistically significant).</p>

<p>Ensure that all clinical and corporate policies are in date and have an appropriate audit plan.</p>	<p>To be carried forward to 2019/20 as a Quality Priority.</p> <p>There has been a significant reduction in clinical policies that are beyond their review date within the Trust.</p> <p>Further work is required to address corporate policies. The implementation of the Health Assure system will aid to improve the transparency of policies and their author.</p> <p>This priority will be carried forward with a focus on the embedding mechanisms for policies into the Trust and associated audit plans for policies.</p>
<p>Reduction in waiting times in OPD clinics to less than 60 minutes.</p>	<p>This priority has been achieved.</p> <p>There has been a reduction in wait times in OPD. The targets of 5% for 60-minute waits have been met consistently throughout 2018/19.</p> <p>The InTouch system provides data that is now published monthly and scrutinised in the following Groups and Committees:</p> <ul style="list-style-type: none"> <li>• Divisional Operations.</li> <li>• Divisional Board.</li> <li>• Divisional Governance (incident reports)</li> <li>• 6-4-3.</li> <li>• OPD Operational Group.</li> </ul> <p>Assurance is sought at:</p> <ul style="list-style-type: none"> <li>• Finance and Performance Committee.</li> <li>• Quality and Safety Committee.</li> </ul>
<p>Reduction in cancellation on the day of surgery (Governors Priority).</p>	<p>This priority has been achieved.</p> <p>The main causation for on the day cancellation has been patients unfit due to short term illness and patients failing to attend on the day of surgery.</p> <p>A robust weekly look back meeting has been implemented where the cancellations data is reviewed and a deep dive into each cancellation is undertaken by both operational and clinical staff.</p>

	<p>The Trust transferred the 72 hour patient call into the Pre-Operative Assessment clinic which now has a stronger model of clinical oversight. This service has been reviewed and operational hours are being extended.</p>
<p>Reduce the number of times patients Outpatient clinic appointments are rescheduled.</p>	<p>To be carried forward to 2019/20 as a Quality Priority.</p> <p>Rescheduling of appointments continues to be a key theme in our PALs and complaints data.</p> <p>This year a new electronic clinic rescheduling process and tool was developed and rolled out that built in an operational authorisation process.</p> <p>The Trust is seeking information technology solutions.</p>

### 3.1.1 PATIENT EXPERIENCE – COMPLAINTS AND PALS

During 2018/19, the Trust has received 137 formal complaints. This is a 7% decrease compared with 2017/18. This year, the Trust has continued to strive to improve the service offered to patients to resolve their concerns at the most appropriate level. This ensures that we continue to adhere to all of the recommendations of the Clywd/Hart Review (2013) and Francis (2013) report.

The Complaints department continues to manage incoming complaints in a pro-active manner. Time scales for investigations vary depending on the complexity of the complaint. We continue to aim for resolution in 25 working days and local resolution meetings are increasingly being used to facilitate improved communication and successful resolution for complainants. The Trust follows the PHSO Principles of Remedy when responding to formal complaints

- Getting it right
- Being customer focused
- Being open and accountable
- Acting fairly and proportionately

- Putting things right
- Seeking continuous improvement

**TABLE 11: NUMBER OF COMPLAINTS AND PALS CONTACTS 2018-2019**

	<b>PALS</b>	<b>COMPLAINTS</b>
<b>2015/2016</b>	<b>1094</b>	<b>113</b>
<b>2016/2017</b>	<b>4136</b>	<b>170</b>
<b>2017/2018</b>	<b>5094</b>	<b>148</b>
<b>2018/2019</b>	<b>1531</b>	<b>137</b>

\*Data source: Complaints department

Top three categories for Complaints through 2018/19 were:

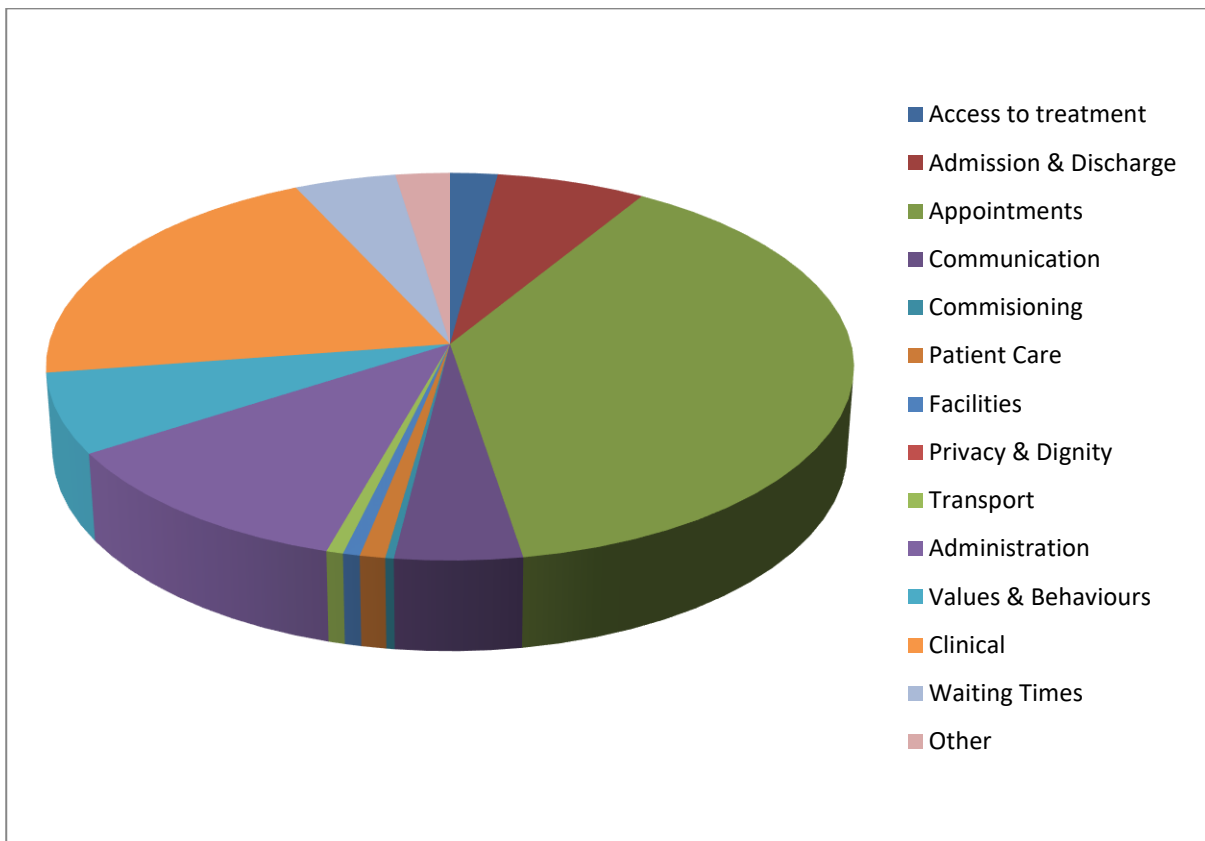
- Clinical Treatment, including outcome of surgery, treatment plans and complications.
- Communication, including patients, staff, carers and other NHS Providers.
- Values & Behaviour of Staff members across all specialties and staff groups.

Where actions have been identified as specific to a complaint, an individual action plan is created, which is monitored through the Divisional Governance structure. Complainants are informed of the completion of these actions. All complainants are offered the opportunity to provide feedback on the outcome of the process.

The PALS department has continued to deliver a responsive PALS service through 2018/19, with a focus on providing support where concerns are identified. Contacts are made through a range of sources including face to face, telephone and email. Contacts through PALS are not necessarily a concern or problem but can be an enquiry. Each contact is assessed individually and proactive measures are taken to assist as efficiently and effectively as possible. During the year, the coding of the PALS concerns was aligned to complaints to allow comparison and to identify trends. Any trends identified are also compared to other sources of patient data and discussed at Divisional Governance meetings and wider forums where appropriate.

The PALS department has handled 1531 individual contacts in the last twelve months, which has greatly reduced as planned from last year. This is due to the removal of the PALS telephone number from every letter leaving the Trust. This was identified as not helpful for patients as the majority of the calls were enquiries, which need to be passed onto other departments, resulting in a less efficient service for patients. The letters were changed to ensure that patients are signposted to the right service for help, thereby streamlining their experience and leaving the PALS department to manage calls relating to concerns and assistance more effectively. This has been achieved; 41% of PALS calls this year were concerns that required more assistance, compared with 22% the previous year.

**TABLE 12: PALS CONCERNS BY TREND 2018/19**



\*Data source: Complaints department

The top 3 categories for PALS contacts continue to be Appointment Queries, Clinical Queries and Administration Queries respectively with a detailed breakdown of activity shown in table 12 above.

### 3.1.2 FRIENDS AND FAMILY TEST

The Friends and Family Test (FFT) is the mandated patient tool that supports the fundamental principle that people who use NHS services should have the opportunity to provide feedback on their experience.

The Friends and Family question is a single question with a choice of answers used across the NHS to establish whether patients and service users are happy with the standard of care that they receive.

Patients who indicate that they are extremely likely or likely to recommend the service they have used are considered to have provided positive feedback. Similarly, patients who indicate that they are unlikely or extremely unlikely to recommend the service they have used are considered to have provided negative feedback. Any neither likely nor unlikely or don't know feedback is considered neutral.

NHS England set a mandatory response rate of 35% for all inpatient services. There are no minimum response requirements for out-patient and community services.

In 2018/19, we have continued to work with an external provider called 'I Want Great Care' to support our delivery of the Friends and Family test. The Trust has received 14,200 individual pieces of feedback from the Friends and Family Test in the last year across all areas and departments. Compliments from these are also now recorded and shared with individuals and teams. The Trust has maintained a 96.4% positive score meaning that over 13,680 patients have indicated that they are happy with and would recommend the care that they have received here in the last twelve months.

**TABLE 13: 2018/19 FRIENDS AND FAMILY TEST**

Service	Number of individual feedback forms received		% of positive reviews		% of negative reviews	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
Adult Inpatient Services	3951	1761	97.7	95.7	0.53	1.1
Adult Outpatient Services	13979	9151	96.4	97.3	0.53	0.54
Community Services	848	436	97.6	98.4	0.59	0.23

Children and Young People Inpatient Services	268	370	96.6	92.7	0.37	1.35
Children and Young People Outpatient Services	794	1065	90.8	88.9	0.88	1.5

\*Data source: Iwantgreatcare

### 3.1.3 TRUST QUALITY METRICS

The Royal Orthopaedic Hospital NHS Foundation Trust's integrated Quality Report aims to provide a Trust-wide overview and assurance relating to the quality of care, patient safety, and patient experience activity at The Royal Orthopaedic Hospital NHS Foundation Trust. The report is also submitted to Birmingham and Solihull Clinical Commissioning Group to satisfy contractual information requirements and the CQC for routine engagement visits.

The data is validated by the relevant Trust Leads and the Governance Department.

The Trust's Quality Report is produced monthly and presented at the Clinical Quality Group and for assurance at the Quality and Safety Committee.

Table 14 below outlines the key quality metrics; a sustained or significant improvement has been demonstrated across all the quality metrics in 2018/19.

**TABLE 14: TRUST QUALITY METRICS 17/18 AND 18/19**

QUALITY METRIC	NUMBER OF 17/18	NUMBER OF 18/19
Pressure Ulcers – Category 3 Avoidable	3	2
Pressure Ulcers – Category 2 Avoidable	6	7
Patient Falls All harms	125	88
VTE Avoidable	10	4
VTE Serious Incidents	36 (All reported regardless of avoidability in 17/18)	4 (Avoidable)
Never Events	0	0
Serious Incidents Non VTE Related	19	9
MRSA	0	0
Clostridium Difficile Infection	0	0



(CDI) Avoidable		
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\*Data source: Ulysses Incident Reporting System

**Developments within the Tissue Viability service:**

- The Tissue Viability team are now part of the Documentation Task and Finish Group; a review of the associated nursing documentation was completed in October 2018.
- A new patient information leaflet regarding pressure ulcer prevention has been developed.
- The 'React to Red' Skin Strategy was introduced.
- Tissue Viability resource folders were introduced in all wards and departments.
- Wound management guidelines, and a review of wound dressings were undertaken.

**Developments in the prevention and management of falls:**

- Falls training reviewed and reinstated into the Clinical update day in 2018.
- Falls documentation and risk assessments reviewed; including implementation of a document to support medical staff in post fall management.
- Benchmarking against the West Midlands Quality Review Service (WMQRS) for falls has been undertaken, and gaps in compliance addressed.

**Developments in the prevention and management of VTE:**

- The Trust was awarded as a VTE exemplar site and a member of the National VTE Exemplar Centre Network in May 2018.
- Mandated VTE risk assessment was introduced into our electronic prescribing system (PICS); to further improve compliance.
- A review has commenced against the new VTE NICE guidance released in March 2018.

### **3.1.4 INVOLVEMENT, EXPERIENCE AND VOLUNTEERING STRATEGY**

The Royal Orthopaedic Hospital NHS Foundation Trust has made significant progress in 2018/19 in formulating a patient experience strategy to provide a vision and ambition, ensuring we involve patients and their families, and use their feedback to ensure change, service improvements and redesign of pathways.

The strategy articulates our vision for the development of effective involvement strategies for patients, carers, families, partners and volunteers over the next three years (2019-2022).

Our aim is to develop a truly inclusive culture where patients become partners not only in their care, but in the development of services, pathways and facilities, with our ultimate aim being to further enhance and ensure a positive experience.

The strategy has been developed by:

- Guidance documents and requirements that as a NHS organisation we must consider and fulfil.
- The views and ideas from volunteers, patients and the public following an engagement event held in December 2018, seeking to understand 'what matters to them'.
- Our Patient and Carer Forum.
- Gaining the views from and involving our staff with consultation on the draft document.
- Undertaking and incorporating the findings from the NHS Improvement (2018) Patient Experience Improvement Self-assessment Tool
- Undertaking and incorporating the findings from Healthwatch Birmingham's Quality Standards for Public and Patient Involvement tool; with regular meetings with Healthwatch and their consultation of the draft document.

### **3.1.5 MENTAL HEALTH IMPROVEMENTS**

Following the Trust's CQC inspection and subsequent report in May 2018, which identified that staff did not feel confident to care and support patients with mental health needs; a significant amount of

improvement works have been carried out to rectify this. The Trust identified a lead to take this work forward and they have worked closely with our local mental health provider.

During 2018/19, the following improvements and actions have been implemented:

- Two Mental Health First Aid trainers who have completed accredited Mental Health First Aid training by Mental Health First Aid England.
- The Trust now has 74 staff members who have received Mental Health First Aid training, with further training sessions planned.
- A roll out of Tier 1 Mental Health awareness training for all staff as part of the Trust's Mandatory training day is in planning for 2019/20.
- A review of the Trust's Service Level Agreement (SLA) with our local mental health provider to ensure it fulfils the needs of the Trust.
- A mental health intranet page and resource folders have been designed and launched, detailing common mental health conditions, signs and symptoms, specific care plans and risk assessments and information to signpost staff.
- Updated and relevant referral pathways for mental health support.
- Trust mental health boards, displayed in all wards and departments offering information for both staff and patients.

### **3.1.6 ENGAGEMENT AND LEARNING FROM SERIOUS INCIDENTS**

The Governance structure and processes have been strongly embedded within the Trust around serious incidents and complaints, with evidence of learning from incidents within the investigation reports.

The Trust in 2018/19 has had a reduction in serious incidents and has met all the Clinical Commissioning Group key performance indicators.

The Governance team developed and implemented a Quality Governance Framework, which includes methodology for reaching frontline staff to engage with them and share learning. The methodology was launched in 'Quality week' at the Trust in December 2018. The solution each month, following thematic review of root cause analysis and incidents, a particular investigation or theme where it is felt most

critical to share information across the organisation is chosen. Working with the Communications team, the Governance team devise patient safety case studies, outlining the learning identified. The Governance team deliberately avoid using a standard format which would remind staff of national guidance and instead opt for a more informal eye-catching design. Where appropriate, case studies include a link to where staff can find more detailed guidance. The Governance team initially share these case studies with clinical leads and have quality engagement roadshows, going out to Wards and departments each month that capture the frontline staff, engaging and having face to face conversations.

The Trust's most recent staff survey results relating to 'Safety Culture' has seen a positive increase (statistically significant).

## **3.2 COMPLIANCE WITH NATIONAL TARGETS AND REGULATORY REQUIREMENTS 2018/19**

### **3.2.1 REFERRAL TO TREATMENT (RTT)**

Over the past 18 months the Trust has been reviewing its demand and capacity, and patient tracking list management processes, to move the Trust's 18 week referral to treatment (RTT) position towards 92%. New key performance indicators have been developed which are monitored at weekly meetings in order to give full assurance that all inpatient and outpatient waiting lists are being actively managed, to reduce the number of patients over 18 and 52 weeks.

A major achievement of the Trust has been the total removal of all 52 week waits with no patients waiting over 52 weeks from April 2019, which in October 2017 was over a 100 patients. Not only has this been achieved but the number of patients over 18 weeks has been significantly reduced with seven out of the thirteen specialities within the Trust achieving 92%. A trajectory has been submitted to NHS

Improvement for achievement of 92% RTT across the organisation as a whole by October 2019. The Trust is currently on target for this trajectory, delivering 87.3% in March 2019.

The proactive management and tracking of all patients coupled with transformation of patient pathways has enabled this sustained achievement in access and performance to deliver an improved patient experience.

Table 15 below illustrates how the Trust has performed in 2018/19 against the national target of 92%.

**TABLE 15: 18 WEEK REFFERAL TO TREATMENT 2018/18**

18-Week Incomplete	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
Waiting Under 18 Weeks	6898	7097	7274	7495	7666	7727	7608	7426	7296	7552	7586	7903
Waiting Over 18 Weeks	1398	1314	1362	1277	1325	1331	1223	1086	1080	1186	1157	1146
% Waiting Under 18 Weeks	83.15%	84.38%	84.23%	85.44%	85.26%	85.31%	86.15%	87.24%	87.11%	86.43%	86.77%	87.34%
Longest Wait in Days	895	926	956	733	764	549	527	556	567	518	399	344
Longest Wait in Weeks	127	132	136	104	109	78	75	79	80	73	56	49
Average Days Wait	75.9	75.7	74.7	72.0	72.2	73.1	69.7	68.3	73.6	70.4	67.9	67.4
Average Weeks Wait	10.1	10.3	10.2	9.6	9.8	9.9	9.4	9.3	9.8	9.5	9.2	9.1

\*Data source: Informatics

**TABLE 16: 18 WEEK REFERRAL TO TREATMENT 2017/18 (COMPARISON)**

18-Week Incomplete	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
Treated Under 18 Weeks	6898	6553	6439	6456	6611
Treated Over 18 Weeks	1832	1740	1603	1511	1445
% Treated Within 18 Weeks	79.01%	79.02%	80.07%	81.03%	82.06%
Longest Wait in Days	1028	1059	1090	975	1006
Longest Wait in Weeks	146	151	155	139	143
Average Days Wait	82.8	87.2	82.1	79.4	76.6
Average Weeks Wait	11.8	12.5	11.7	11.3	10.5

\*Data source: Informatics

**TABLE 17: 52 WEEK WAITS 2018/19**

	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
52 Week Waiters	46	55	61	47	27	20	13	14	11	5	2	0

\*Data source: Informatics

**TABLE 18: 52 WEEK WAITS 2017/18 (COMPARISON)**

52 Week Waiters				
Dec-17	Jan-18	Feb-18	Mar-18	Apr-18
70	62	56	52	46

\*Data source: Informatics

### 3.2.2 62 DAY CANCER TREATMENT TARGETS

The Trust is one of only five specialist bone sarcoma centres in the United Kingdom and often has referrals from a wide geographical spread. Some of the patients have been referred to us after a prolonged pathway which makes treatment within 62 days challenging. However, since autumn of 2018, new processes and more stringent tracking of patients to progress them effectively through their pathway has seen improved cancer performance. Individual timelines for any cancer breach are prepared and discussed at the Cancer Board, chaired by the Executive Medical Director, to see if any lessons can be learned and changes in process adopted.

The Trust is also working on the new 28 day faster diagnosis standard (FDS), to ensure that the Oncology Service and our diagnostic partners are working collaboratively to improve results turnaround ready for April 2020 when this shadow target will be officially monitored.

**TABLE 19: 62 DAY CANCER TREATMENT TARGETS 2018/19**

Target Name	National Standard	Q4	Mar-19	Feb-19	Jan-19	Q3	Dec-18	Nov-18	Oct-18	Q2	Sep-18	Aug-18	Jul-18	Q1	Jun-18	May-18	Apr-18
62 day (traditional)	85%	96.3%	100%	100%	90%	75%	0%	53.8%	100%	72.0%	62.5%	57.1%	90%	81.8%	88.9%	91.7%	66.7%
Number in target			5.5	3.0	4.5		0.0	3.5	7.0		2.5	2.0	4.5		4.0	5.5	4.0
Number outside target			0.0	0.0	0.5		0.5	3.0	0.0		1.5	1.5	0.5		0.5	0.5	2.0

Data source: Onkos; from November 2018 Somerset cancer registry (SCR).

**TABLE 20: 62 DAY CANCER TREATMENT TARGETS 2017/18 (COMPARISON)**

Target Name	National Standard	Q4 (Jan, Feb, Mar)	Breach	Total	Q3 (Oct, Nov, Dec)	Breach	Total	Q2 (July, Aug, Sept)	Breach	Total	Q1 (April, May, June)	Breach	Total
2 Week Wait	93%	97.10%	3	103	98.4%	2	119	99.20%	1	120	97.60%	3	123
31 day first treatment	96%	90.60%	3	32	96.30%	1	27	96.60%	1	29	96.60%	1	29
31 day subsequent (surgery)	94%	97.5%	1	40	100.00%	0	30	97.40%	1	38	100%	0	22
31 day sub (drugs)	98%	n/a	n/a		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
62 day (traditional)	85%	83.3%	2.5	15	87.5%	1.5	8	72.20%	2.5	9	66.70%	3	9
62 day (Cons Upgrade)	n/a	79.2%	2.5	12	82.10%	2.5	14	88.90%	1	9	100%	0	4
31 day rare (test, ac leuk, child)	n/a	0.00%	0.5	0.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
No. day patients treated 104+ days		0	0	0									

\*ROH performance is shown after applying the National Reallocation Cancer Policy

\*Data source: Onkos

### 3.2.3 6 WEEK WAIT – DIAGNOSTICS

Table 18 below illustrates how the Trust has performed in 2018/19 in relation to the diagnostic 6 week wait, against the national standard of 99%.

**TABLE 21: DIAGNOSTIC 6 WEEK WAITS 2018/19**

Month	ROH				National Average
	Over 6 Weeks	Under Six Weeks	Total	% Under Six Weeks	% Under Six Weeks
Apr-18	8	1571	1579	99.49	99.98
May-18	1	1490	1491	99.93	99.97
Jun-18	5	1256	1261	99.60	99.97
Jul-18	4	1176	1180	99.66	99.97
Aug-18	9	967	976	99.08	99.97
Sep-18	4	1113	1117	99.64	99.97
Oct-18	7	1254	1261	99.44	99.98
Nov-18	7	1245	1252	99.44	99.98
Dec-18	0	1159	1159	100.00	99.97
Jan-19	4	1263	1267	99.68	99.96
Feb-19	3	1361	1364	99.78	Not Published at Present
Mar-19	1	1369	1370	99.93	Not Published at Present

\*Data source: Informatics

**TABLE 22: DIAGNOSTIC 6 WEEK WAITS 2017/18 (COMPARISON)**

Month	Over 6 weeks	Under 6 weeks	Total	% under 6 weeks
April 2017	8	1151	1159	99.31
May 2017	4	1155	1159	99.65
June 2017	5	1328	1333	99.62
July 2017	6	1277	1283	99.53
August 2017	12	1330	1342	99.11
September 2017	1	1407	1408	99.93
October 2017	4	1423	1427	99.72
November 2017	12	1352	1364	99.12
December 2017	7	1425	1432	99.51
January 2017	4	1200	1204	99.67
February 2017	8	1244	1252	99.36
March 2017	4	1182	1186	99.66

\*Data source: Informatics



### **3.3 ADDITIONAL 2018/19 CONSIDERATIONS**

#### **3.3.1 SEVEN DAY HOSPITAL SERVICES**

It is understood from NHS Improvement that the 7 day services work stream applies only to patients on an emergency pathway, and does not apply across elective services. Therefore, for The Royal Orthopaedic Hospital NHS Foundation Trust, the standard only applies to the spinal emergency service.

On this basis, the tailored priorities set are:

- Daily ward rounds by a spinal surgeon.
- Availability of diagnostic services for emergency patients on a 24/7 basis - either in house or via a Service Level Agreement (SLA), including radiologist reporting to inform patient management.
- Availability of an emergency theatre 24/7.
- Availability of the wider Multi-Disciplinary Team (MDT) across the 7 day week where this is required.

#### **3.3.2 RESPONSE TO THE GOSPORT INDEPENDENT PANEL REPORT – FREEDOM TO SPEAK UP**

The Trust encourages to speak up over matters of patient safety, quality and issues of bullying and harassment.

A freedom to speak up Guardian is in post who is visible and accessible to all members of staff, be they clinical or non-clinical. The remit of the Freedom to Speak Up Guardian (the Guardian) is principally around patient safety concerns. The Guardian routes concerns raised through the Company Secretary who in turn decides which Executive Director should take responsibility for resolving the issue raised.

The Guardian keeps those reporting concerns who do not wish to remain anonymous updated with progress with resolving the concerns and a confirmatory response is given to the individual via the Guardian that the matter has been investigated and closed where possible. Staff are able to access an 'app' via their personal mobile phones which also allows them to register concerns if they do not wish to access the Guardian on a face to face basis. The Guardian meets with the Chief Executive on a routine

basis and also reports to the Trust Quality and Safety Committee on at least an annual basis. A Non-Executive Director is assigned as the Freedom to Speak Up Board champion, with whom the Guardian meets regularly. The Trust has a corporate Freedom to Speak Up policy in place which signposts staff to the routes by which they can raise their concerns.

Staff wishing to raise an issue of bullying and harassment are encouraged to speak to their line manager in the first instance. If they do not feel this is an appropriate route then they may access the network of contact officers, who offer support to the individuals and suggest impartially a route to resolving the issues. The Human Resources department also supports staff wishing to raise a grievance or feel that they are experiencing bullying and harassment in the work place by guiding them through the appropriate corporate policies that the Trust has in place.

### **3.3.3 NHS DOCTORS AND DENTISTS IN TRAINING – ROTA GAPS**

To ensure the Trust fulfils the requirements of the rota, junior doctor posts are replaced with locums on a permanent basis. The Trust has a Guardian for safe Working in post. The Trust has appointed a Consultant lead with the purpose of supporting locums in their work here and helping to integrate our other Middle Grade providers. The Trust has recently completed a diary exercise on junior doctors' duties and are waiting for a confirmatory report before further rationalisation and integration work on the rota proceeds this summer.

In 2018/19 the Trust appointed a full-time rota coordinator; this post is paying dividends in terms of maintaining safe cover on a day to day basis. The Trust has funded five new GP trainee posts, taking our total to ten; this will improve the educational and safety profile by ensuring we have substantive staff for almost all of the junior doctor rota.

# STATEMENT OF DIRECTORS RESPONSIBILITY IN RESPECT OF THE QUALITY REPORT.

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

NHS Improvement has issued guidance to NHS foundation trust boards on the form and content of annual quality reports (which incorporate the above legal requirements) and on the arrangements that NHS foundation trust boards should put in place to support the data quality for the preparation of the quality report.

In preparing the quality report, directors are required to take steps to satisfy themselves that the content of the quality report meets the requirements set out in the *NHS foundation trust annual reporting manual 2018/19* and supporting guidance *Detailed requirements for quality reports 2018/19*.

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 2018 to March 2019.
- Papers relating to quality reported to the board over the period April 2018 to March 2019.
- Feedback from commissioners dated 08/05/2019
- Feedback from governors dated 22/15/2019
- Feedback from local Healthwatch organisations dated 11/05/2019
- Birmingham Health, Wellbeing and Environment Overview and Scrutiny Committee were offered the opportunity to review but declined.
- The trust's complaints report published under Regulation 18 of the Local Authority Social Services and NHS Complaints Regulation 2009, dated 26/09/2018
- The 13/06/2018 national patient survey.
- The March 2019 national staff survey.

- The Head of Internal Audit's annual opinion of the trust's control environment dated 26/04/2019.
- CQC inspection report dated May 2018.

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.

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

24 May 2019		Chairman
24 May 2019		Chief Executive

## Statement from Healthwatch Birmingham on The Royal Orthopaedic Hospital NHS Foundation Trust Quality Account 2018/19

Healthwatch Birmingham welcomes the opportunity to provide our statement on the Quality Account for The Royal Orthopaedic Hospital NHS Foundation Trust. We are pleased to see that the 2018/19 Quality Account has outlined achievements in many areas across the Trust. In particular, that the Trusts CQC rating is now 'Good' in all five domains (caring, safe, effective, responsive and well-developed). We note the improvements in the core indicators reported in the Quality Account as well as improved quality performance. The Trust has demonstrated in this Quality Account the structures it has in place to not only measure but also monitor and report on progress made in the services it delivers. We acknowledge the work that has gone into making these improvements.

### Patient and Public Involvement

In our response to the 2017/18 Quality Accounts, we expressed concern that it was not clear how the Trusts use of patient feedback and experience is embedded in the various activities it carries out. We, therefore, asked the Trust to demonstrate:

- how feedback, insight and experiences have informed changes within the Trust.
- how the Trust shares good practice from positive feedback and the impact of this on services and practice.
- how the Trust communicates with patients about how you are using their feedback to make changes, and

We also asked the Trust to consider developing a strategy that outlines how and why patients, the public and carers' are engaged in plans to improve health outcomes and reduce health inequality.

We welcome the structured approach the Trust has taken to working with patients, service users, carers and volunteers. The development of a patient experience strategy is positive and will help the Trust embed patient, service user and carer experience in service improvement and the redesign of pathways. We are pleased with the activities outlined in the Quality Account that support the implementation of the strategy. In particular, improvement work on the Ulysses system that will allow better triangulation of data. Also important is that the Trust has emphasized the staff behaviours that are important for the use of patient experience such as requiring staff that 'learn from experience and feedback data'. We agree that having a staff team that understands the Trusts strategic approach for patient experience is important for developing a shared vision around the use of patient experience and feedback.

Over the past year, we have worked with the Trust in thinking through some of these issues and we hope to continue to support the Trust as you continue to develop systems to deliver consistently high-quality Patient and Public Involvement. We would like to read in the 2019/20 Quality Account:

- How the patient and public involvement (PPI) policy and procedure document being developed is helping to ensure that the Trusts engagement activities are equitable and representative of the Trusts patients, service users and carers. In particular, examples of the people the Trust is listening to including 'seldom-heard groups'.
- The number of employees that have been trained using the new training module that aims to ensure that employees understand their responsibilities for involving patients in all service decisions, and gives guidance as to how and where this data

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is to be collected and used. We welcome that this training is already part of induction training for staff.

- How the PPI activity register is helping the Trust to quality assure and better coordinate PPI activities.

Regarding the Friends and Family Test (FFT), it is positive to see that the Trust received 14,200 pieces of feedback. Although this is a reduction on the 2018/19 FFT responses which was 19,150, the Trust has maintained a consistently high positive recommender score. We note that overall 96.4% of patients are happy with the treatment they receive at the hospital. This is consistent with a majority of the feedback Healthwatch Birmingham has heard from patients and the public. We also note that whilst the positive score is above 90% across four of the services the Trust delivers, it is slightly lower and under 90% for 'Children and Young People Outpatient Services'. We ask that the Trust looks into this and feed the findings into service improvement.

Similarly, we note that 401 members of staff responded to the NHS Annual Staff Survey in comparison to 319 in 2017/19. It is positive that:

- 91% (83% last year) of staff said they would be happy with the standards of care if a friend or relative was treated at the Trust
- 95% said they would recommend the Trust to family and friends if they needed care or treatment, and
- 73% (63% last year) would recommend the Trust as a place to work.

It is encouraging that the FFT and staff scores complement each other. We commend the Trust for the actions it has taken to improve these scores, such as perfecting pathways and joint care, contract refresh and the implementation of 'speak up and join in' to improve communication across the Trust. We would like to see these continued to also see an improvement in the numbers of staff responding to the survey. We would like to read on these improvements in the 2019/20 Quality Account.

### **Complaints, PALs and Patient Safety Incidents**

We note that the Trust received 137 formal complaints. This represents a 7% decrease on 2017/18. Equally, the Trusts PALs contact has reduced from 5094 in 2017/18 to 1531. The concerns raised by patients and carers to Healthwatch Birmingham are reflected in the themes identified by the Trust. Although the majority of patients tell us they receive excellent care, some are dissatisfied with waiting times and the behaviour of some frontline staff. We share real-time patient and carer experiences with the Trust and provide them with the right to respond to feedback left on our online feedback centre. We note the process the Trust takes in developing action plans for each complaint and communicating with complainants throughout the process. We are particularly pleased to see that complainants are offered the opportunity to provide feedback on the outcome of the process. We believe that the Trust's offer should include giving complainants the opportunity to give feedback about the process itself, not just the outcome. This was a key finding of Healthwatch Birmingham's report regarding clinical commissioning group's complaints systems (available on the Healthwatch Birmingham website). The report highlighted the importance of collecting and using complainant feedback in order to improve the quality and effectiveness of the complaints system.

The Trust seems to be still facing a challenge regarding patient safety incidents, which increased from 1530 in 2017/18 to 2022 in 2018/19. It is, however, promising that the number of incidents that led to harm/death has decreased from seven in 2017/18 to one in 2018/19. We note the various actions the Trust is carrying out to ensure and embed learning from incidents across the Trust. Including reviewing how actions from incidents are tracked

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and shared across the Trust, continuing to deliver root cause analysis training to staff and improvement work on the electronic incident reporting system (Ulysses) to enable triangulation of complaints/PALs and incident data. We would like to read examples of incidents, corresponding actions taken and the impact on practice across the Trust in the 2019/20 Quality Account.

### **Learning from Audits**

We note the number of Local Clinical Audits the Trust has taken part in 2018/19. We welcome that the Trust has taken the time to develop actions/recommendations to address the findings of the audits. We particularly welcome plans around improvement to review of patients on day one post-operation before discharge, and ensuring that every patient gets an information leaflet before their operation at an appropriate point in their care. We welcome that this includes engaging with patients about their ideas, concerns and expectations prior to surgery, and auditing patients' suggestions regarding leaflets to make improvements. We would like to read in the 2019/20 Quality Account, how many patients received a leaflet and were engaged about their care.

### **Learning from Deaths**

We note that over the past year, ten of the Trust's patients died. We also note that a case review and investigation into these deaths judged that they were not caused by problems in the care they received. We welcome that the Trust has implemented a number of actions and lessons have been developed as part of the case review and investigation of deaths within the Trust. We would like to read about the impact of these actions in the 2019/20 Quality Account following the assessment of these by the Clinical Audit and Effectiveness Committee.

### **Core Indicators and Quality Metrics**

The quality metrics data (p59-60 of the draft QA) shows that the Trust has managed to make improvements in all but one of the quality metrics. The number of patients getting pressure ulcers (Category 2 Avoidable) has increased from six in 2017/18 to eight in 2018/19. The number of patient falls, whilst decreasing, is still high (125 in 2017/18; 88 in 2018/19). In the 2019/20 Quality Account, we would like to read on the impact of the actions you have outlined here.

Indicators to 'Responsiveness to Patients Personal Needs' have seen a modest increase over the year and remain above the England average. We commend this, and welcome the actions the Trust is taking to improve this score.

### **Compliance with national targets**

We commend the Trust for the total removal of the 52-week wait from April 2019 and now no patients are having to wait 52 weeks from referral to treatment. We note that the Trust is facing a challenge in achieving the 92% target in the percentage of those waiting more than 18 weeks for treatment following referral. We note that as of March 2019, the Trust was at 87% compliance and we would like to see continued improvement in the 2019/20 Quality Account.

11<sup>th</sup> May, 2019

### **The Trusts Priorities for 2019/20**

We are pleased that a wide range of people have been involved in developing the Quality Priorities for the coming year including the Trust's Patient and Carers Forum. As the forum seems to be the only route for input into the quality priorities, we ask that the Trust ensure that the forum is representative of the Trust's patients and is not static (such that it is made up of a few dedicated people).

We commend the Trust for setting out clear measures for the goals you would like to achieve in 2019/20. Having a measurable criteria for assessing success ensures that the Trust can track how well you are meeting your objectives. We welcome the Trusts plans to redefine the five-year strategy. We would like to see the Trust involve as many stakeholders in this process as possible.

We are particularly pleased with the inclusion of priority 4: *'Staggered admission times for all patients attending ADCU, including those attending for diagnostics'*. We believe that this priority will have an impact on waiting times whilst being admitted. Healthwatch Birmingham's recent report into people's experiences in NHS Hospital waiting rooms (available on our website) highlighted the Trusts patients concern with waiting times in outpatients. Our report, therefore, recommended that the Trust reviews the management of appointments for clinics that have consistently long running times in order to make improvements to ensure that they are being run in the most efficient manner possible. We look forward to reading in the 2019/20 Quality Account the impact of the various initiatives to address concerns with waiting times the Trust has outlined in the current Quality Account.



**Andy Cave**  
CEO  
Healthwatch Birmingham



## **The Royal Orthopaedic Hospital NHS Foundation Trust**

### **Quality Account 2018/19**

#### **Statement of Assurance from NHS Birmingham and Solihull CCG, May 2019**

- 1.1 NHS Birmingham and Solihull Clinical Commissioning Group, as coordinating commissioner for the Royal Orthopaedic Hospital NHS Foundation Trust welcomes the opportunity to provide this statement for inclusion in the Trust's 2018/19 Quality Account.
- 1.2 A draft copy of the quality account was received by the CCG on the 26<sup>th</sup> April 2019 and this statement has been developed from the information presented to date.
- 1.3 This is a well-constructed report which has laid out the challenges and objectives of the trust.
- 1.4 It was noted that the quality account includes the trust values and that within these it offers clarity on what is considered to be acceptable and unacceptable behaviours.
- 1.5 It was positive to see the promotion of staff being 'courageous in challenging unsafe practice and inappropriate behaviour'. It is recognised that appropriate clinical challenge can be effective in preventing or reducing patient safety incidents and near misses.
- 1.6 There were seven quality priorities identified for 2018/2019, the Trust has made good progress against four of these and the CCG agrees that progress has been sufficient to conclude that these have been achieved.
- 1.7 It would be helpful to see more about the Quality Governance Framework that has been developed and implemented over 2018/19, particularly the methodology in place for reaching frontline staff to promote engagement and sharing learning.
- 1.8 Three quality priorities are to be carried forward with an additional three new quality priorities which will run over 2019/2020.
- 1.9 The CCG are pleased that the Trust are focusing on and embedding learning and improvements made relating to sepsis and also in acute pain management as quality priorities. Also that they are continuing to learn from the serious incident reviews.
- 1.10 It is commendable to see compliance with recommendations for preventing wrong side nerve block and referencing a look back to recommendations made following the never event in 2016.

- 1.11 It was exciting to read about the new development in the trust research facilities around Dubrowsky regenerative medicine, which has been developed through a generous legacy for the benefit of their patients.
- 1.12 The work carried out over the past year to improve the services within the trust post CQC visit has been recognised. This work secured a CQC rating of good in May 2018.
- 1.13 The Trust is to be congratulated on the collaborative working with general practitioners and commissioning colleagues to support the development of MSK and triage services in primary care.
- 1.14 It was encouraging to see the increase in positive feedback from the friends and family test following the actions and initiatives implemented over 2018/2019.
- 1.15 As commissioners we have worked closely with ROH over the course of 2018/2019. We have met with the Trust regularly to review the organisations' progress in implementing its quality improvement initiatives and joined them on their internal quality assurance walkabouts. We are committed to engaging with the Trust in an inclusive and innovative manner and are pleased with the level of engagement from the Trust. We hope to continue to build on these relationships as we move forward into 2019/2020.



**Paul Jennings**  
Chief Executive Officer  
Birmingham and Solihull CCG

## **Independent auditor's report to the council of governors of The Royal Orthopaedic Hospital NHS Foundation Trust on the quality report**

We have been engaged by the council of governors of The Royal Orthopaedic Hospital NHS Foundation Trust to perform an independent assurance engagement in respect of The Royal Orthopaedic Hospital NHS Foundation Trust's quality report for the year ended 31 March 2019 (the 'quality report') and certain performance indicators contained therein.

This report, including the conclusion, has been prepared solely for the council of governors of The Royal Orthopaedic Hospital NHS Foundation Trust as a body; to assist the council of governors in reporting The Royal Orthopaedic Hospital 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 2019, 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 Royal Orthopaedic Hospital NHS Foundation Trust for our work or this report, except where terms are expressly agreed and with our prior consent in writing.

### **Scope and subject matter**

The indicators for the year ended 31 March 2019 subject to limited assurance consist of the national priority indicators as mandated by NHS Improvement:

- Number of patients on incomplete pathways who have been waiting no more than 18 weeks, as a percentage of the total number of patients on incomplete pathways; and
- Maximum waiting time of 62 days from urgent GP referral to first treatment for all cancers, reported in accordance with the 2016 National Cancer Breach Allocation Guidance.

We refer to these national priority indicators collectively as the 'indicators'.

### **Respective responsibilities of the directors and auditors**

The directors are responsible for the content and the preparation of the quality report in accordance with the criteria set out in the 'NHS foundation Trust annual reporting manual' issued by NHS Improvement.

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that:

- the quality report is not prepared in all material respects in line with the criteria set out in the 'NHS foundation Trust annual reporting manual' and supporting guidance;
- the quality report is not consistent in all material respects with the sources specified below:
  - Board minutes and papers for the period April 2018 to May 2019;
  - Papers relating to quality reported to the board over the period April 2019 to May 2019;
  - feedback from Commissioners, dated 8<sup>th</sup> May 2019;
  - feedback from governors, dated 22<sup>nd</sup> May 2019;
  - feedback from local Healthwatch organisations, dated 11<sup>th</sup> May 2019;
  - the Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 26<sup>th</sup> September 2018;
  - the national patient survey, dated 13<sup>th</sup> June 2018;
  - the national staff survey, dated March 2019;

- Care Quality Commission inspection report, dated 17<sup>th</sup> May 2018; and
  - the Head of Internal Audit's annual opinion over the Trust's control environment, dated 26<sup>th</sup> April 2019; and
  - Any other information included in our review.
- the indicators in the quality report identified as having been the subject of limited assurance in the quality report are not reasonably stated in all material respects in accordance with the 'NHS foundation Trust annual reporting manual' and the six dimensions of data quality set out in the 'Detailed guidance for external assurance on quality reports'.

We read the quality report and consider whether it addresses the content requirements of the 'NHS foundation Trust annual reporting manual' and supporting guidance, and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the quality report and consider whether it is materially inconsistent with the documents listed above and specified in the detailed guidance for external assurance on Quality Reports (collectively the 'documents').

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with those documents (collectively the 'documents'). Our responsibilities do not extend to any other information.

We are in compliance with the applicable independence and competency requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics. Our team comprised assurance practitioners and relevant subject matter experts.

### **Assurance work performed**

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('ISAE 3000'). Our limited assurance procedures included:

- evaluating the design and implementation of the key processes and controls for managing and reporting the indicators;
- making enquiries of management;
- testing key management controls;
- limited testing, on a selective basis, of the data used to calculate the indicator back to supporting documentation;
- comparing the content requirements of the 'NHS foundation Trust annual reporting manual' to the categories reported in the quality report; and
- reading the documents.

A limited assurance engagement is smaller in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

### **Limitations**

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw allows for the selection of different, but acceptable measurement techniques which can result in materially different measurements and can affect comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to


determine such information, as well as the measurement criteria and the precision of these criteria, may change over time. It is important to read the quality report in the context of the criteria set out in the 'NHS foundation Trust annual reporting manual' and supporting guidance.

The scope of our assurance work has not included governance over quality or non-mandated indicators which have been determined locally by The Royal Orthopaedic Hospital NHS Foundation Trust.

### **Conclusion**

Based on the results of our procedures, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2019:

- the quality report is not prepared in all material respects in line with the criteria set out in the 'NHS foundation Trust annual reporting manual' and supporting guidance;
- the quality report is not consistent in all material respects with the sources specified in 2.1 of the 'NHS Improvement Detailed requirements for external assurance for quality reports 2018/19' for foundation Trusts; and
- the indicators in the quality report subject to limited assurance have not been reasonably stated in all material respects in accordance with the 'NHS foundation Trust annual reporting manual' and supporting guidance.

A handwritten signature in black ink, appearing to read "Deloitte LLP", with a long horizontal line extending to the right.

Deloitte LLP  
Birmingham  
United Kingdom  
24 May 2019

# **The Royal Orthopaedic Hospital NHS Foundation Trust**

**Consolidated Accounts for the year ended  
31 March 2019**

# INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS AND BOARD OF DIRECTORS OF THE ROYAL ORTHOPAEDIC HOSPITAL NHS FOUNDATION TRUST

## Report on the audit of the financial statements

### Opinion

**In our opinion the financial statements of The Royal Orthopaedic Hospital NHS Foundation Trust (the 'foundation trust') and its subsidiaries (the 'group'):**

- **give a true and fair view of the state of the group's and foundation trust's affairs as at 31 March 2019 and of the group's and foundation trust's income and expenditure for the year then ended;**
- **have been properly prepared in accordance with the accounting policies directed by NHS Improvement – Independent Regulator of NHS Foundation Trusts; and**
- **have been prepared in accordance with the requirements of the National Health Service Act 2006.**

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the group and foundation trust statements of financial position;
- the group and foundation trust statements of changes in taxpayers' equity;
- the group and foundation trust statements of cash flow; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and the accounting policies directed by NHS Improvement – Independent Regulator of NHS Foundation Trusts.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the foundation trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Summary of our audit approach

<b>Key audit matters</b>	The key audit matters that we identified in the current year were: <ul style="list-style-type: none"><li>• <i>Recognition of NHS clinical revenue;</i></li><li>• <i>Valuation and existence of stock;</i></li><li>• <i>Going concern; and</i></li><li>• <i>Arrangements to secure value for money (see 'matters on which we are required to report by exception – use of resources section).</i></li></ul>
<b>Materiality</b>	The materiality that we used for the group financial statements was £1.8m (2017/18: £1.6m) which was determined on the basis of revenue.
<b>Scoping</b>	The focus of audit work was on the foundation trust, with work performed at the Trust's head offices in Birmingham directly by the audit engagement team, led by the audit partner. Our audit covered all of the entities within the Group, including the Trust's subsidiaries.
<b>Significant changes in our approach</b>	Our key audit matters relating to going concern and inventory each have a revised scope compared to the prior year. This is because management did not identify a material uncertainty related to going concern in the current year, and also the control matters relating to consignment stock identified in the prior year were resolved in the current year.

## Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the accounting officer's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the accounting officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the foundation trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**We have nothing to report in respect of these matters.**

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the matters on which we are required to report by exception – use of resources section, we have determined the matters described below to be the key audit matters to be communicated in our report.

### NHS revenue and provisions

#### Key audit matter description



As described in Note 1, Accounting Policies, there are significant judgements in recognition of revenue from care of NHS patients and service users due to adjustments agreed in settling current year disputes and agreement of future period contracts, including:

- accrued income, over-performance and any other unconfirmed revenue or open areas of dispute/challenge; and
- The Q4 element of the Provider Sustainability Fund (PSF), which is dependent on the Trust meeting certain performance and access standard targets.

Details of the Group's income, including £76.9m of Commissioner Requested Services, are shown in Note 3 to the financial statements. NHS debtors and accrued income are included in contract receivables shown in note 12 to the financial statements. The Trust has recognised £0.3m of provision for NHS debtors.

#### How the scope of our audit responded to the key audit matter



We evaluated the design and implementation of controls around revenue recognition.

We tested the recognition of income through the year, including year-end cut-off, and evaluated the results of the agreement of balances exercise. We reconciled income recorded to signed contracts for material counterparties and reviewed material contract variations.

We obtained an understanding of the nature of each provision, the basis for the position adopted, and evidence of the historical accuracy of provisions made for disputes with commissioners.

We challenged management's assessment of areas of dispute and actual or potential challenge from commissioners and the rationale for the accounting treatment adopted.



We assessed the appropriateness of the judgements made in recognising revenue and providing for disputes on the basis of discussion with staff involved, reviewed correspondence with commissioners and other relevant documentation, and considered benchmark information from our knowledge of the local health economy.

We reviewed with management the key changes and any open areas in setting 2019/20 contracts, and considered whether, taken together with the settlement of current year disputes, there were any indicators of inappropriate adjustments in revenue recognised between periods.

**Key observations**

Based on the audit evidence obtained, we conclude that NHS revenue and provisions are appropriately recognised.



**Valuation and existence of stock**

**Key audit matter description**

The Group holds stock which consists of pharmacy and theatre items, of which implants make up the majority of the value; these are held at cost, as described in note 1. Stock has increased in value at 31 March 2019 to £6.8m in comparison to £4.9m at 31 March 2018 as per Note 11 largely as a result of increased orders.



Management is responsible for maintaining records regarding the physical stock stored on site and recording its value in the financial statements. Management's stock count procedures identified that there were a number of items owned by the Foundation Trust but for which there is no assigned value. We therefore identified a key audit matter relating to the risk that stock is understated.

**How the scope of our audit responded to the key audit matter**

We evaluated the design and implementation of relevant controls around stock valuation and existence.



We attended the year end stock count for both pharmacy and theatres, and tested the existence of stock by tracing a sample of items from the floor to the stock listing and vice versa. On a sample basis we have agreed the stock items on the stock listing to invoices to assess whether the appropriate cost is being used to value stock.

We further evaluated management's explanations regarding items for which the Trust did not have an assigned value, including consideration of the nature of these items, and assessed the potential impact on the financial statements.

**Key observations**

Based on the audit evidence obtained, we conclude that the stock recorded in the Group's financial statements is appropriate. Although some progress has been made regarding internal control over stock management and record keeping from the prior year, further enhancement is required and management are in the process of reviewing the arrangements in place.



**Going concern**

**Key audit matter description**

It is management's responsibility to ensure appropriate governance and management to deliver financial sustainability and determine if the going concern assumption is appropriate. We identified a key audit matter relating to going concern as a result of the foundation trust delivering a deficit and its requirement for cash support during the year. The foundation trust's performance and reported pre-Provider Sustainability Funding (PSF) control total deficit for the year was £6.1m, this was ahead of plan (£6.6m deficit). During the year the Trust has drawn down additional cash support from the Department of Health and Social Care to support its operational cash requirements.



The foundation trust has agreed its control total for 2019/20 and is forecasting to breakeven post PSF and Financial Recovery Fund (FRF), with no additional cash support required. In order to achieve this the foundation trust are required to deliver its agreed efficiency target.

**How the scope of our audit responded to the key audit matter**



We evaluated the design and implementation of key controls in place around management’s assessment and monitoring of the foundation trust’s financial sustainability and going concern.

We reviewed the foundation trust’s financial performance during the year and outturn position as well as reviewing and challenging management’s assessment of going concern.

We reviewed the foundation trust’s high level forecasts and Cost Improvement Plans set out within its 2019/20 operational plan.

We have considered the actions taken by the trust during the year to monitor and manage the current and forecast cash position and reviewed management’s cashflow forecast over the next 12 months and understood management’s progress in identifying a solution to ensure long term sustainability.

We have reviewed the foundation trust’s board minutes board assurance framework to confirm that risks in relation to sustainability are appropriately recognised and mitigating controls being implemented.

We have considered the adequacy of disclosures made in note 1 to the financial statements concerning the foundation trust’s ability to continue as a going concern.

We have considered the historical accuracy of management’s forecasting.

We have reviewed the correspondence with NHSI in relation to the Trust’s performance and regulatory action including correspondence in relation to the enforcement undertakings discussed further below in ‘*matters on which we are required to report by exception – use of resources section*’.

**Key observations**



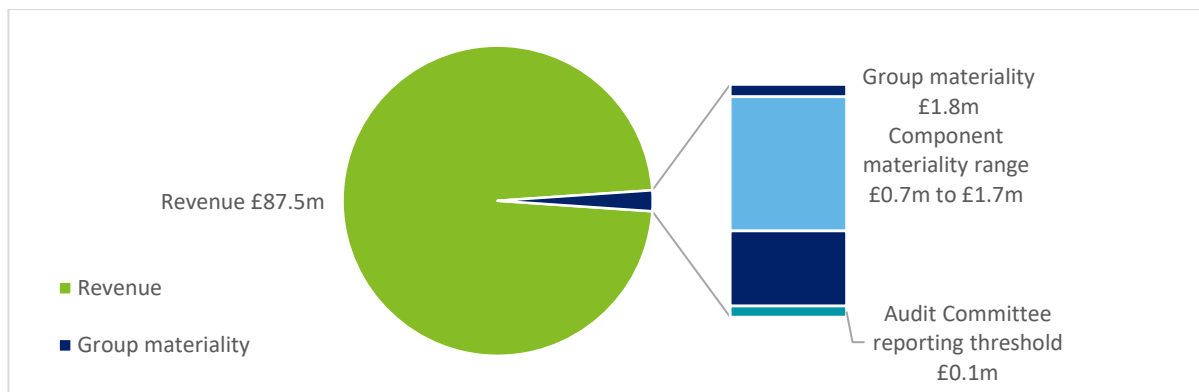
We concur with management’s judgement to adopt the going concern basis of accounting

**Our application of materiality**

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

	Group financial statements	Foundation trust financial statements
<b>Materiality</b>	£1.8m (2017/18: £1.6m)	£1.7m (2017/18: £1.6m)
<b>Basis for determining materiality</b>	2% of revenue (2017/18: 2% of revenue)	2% of revenue (2017/18: 2% of revenue)
<b>Rationale for the benchmark applied</b>	Revenue was chosen as a benchmark as the foundation trust is a non-profit organisation, and revenue is a key measure of financial performance for users of the group financial statements.	Revenue was chosen as a benchmark as the foundation trust is a non-profit organisation, and revenue is a key measure of financial performance for users of the foundation trust financial statements.



We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £87k (2017/18: £75k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

### An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement at the Group level. Our audit covered all of the entities within the Group, including the Trust's subsidiary The Royal Orthopaedic Hospital NHS Foundation Trust Charitable Fund, which account for 100% of the Group's net assets, revenue and surplus (2017/18: 100%).

Our audit work was executed at levels of materiality applicable to each individual entity which were lower than group materiality. The range of materiality used was £1.7m to £0.7m.

### Other information

The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

***We have nothing to report in respect of these matters.***

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

### Responsibilities of accounting officer

As explained more fully in the accounting officer's responsibilities statement, the accounting officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, the accounting officer is responsible for assessing the group's and the foundation trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the group or the foundation trust or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Report on other legal and regulatory requirements

#### Opinion on other matters prescribed by the National Health Service Act 2006

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In our opinion:

- the parts of the Directors' Remuneration Report and Staff Report to be audited have been properly prepared in accordance with the National Health Service Act 2006; and
- the information given in the Performance Report and the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### Matters on which we are required to report by exception

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##### *Use of resources*

We are required to report to you if, in our opinion the NHS Foundation Trust has not made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

##### *Basis for qualified conclusion*

NHSI has issued enforcement undertakings under section 105 of the Health and Social Care Act 2012. NHSI stated that it had reasonable grounds to suspect that the Trust has provided and is providing healthcare services for the purpose of the NHS in breach of condition FT4(5)(a) of its licence. This condition relates to compliance with the duty to operate efficiently, economically and effectively. While management have been taking mitigating actions in this area these have not yet been cleared.

The issue above is evidence of weaknesses in proper arrangements for sustainable resource deployment to ensure compliance with the Trust's duty to operate efficiently, economically and effectively.

##### *Qualified conclusion*

On the basis of our work, having regard to the guidance issued by the Comptroller & Auditor General, with the exception of the matters reported in the basis for qualified conclusion paragraph above, we are satisfied that, in all significant respects, the Royal Orthopaedic Hospital NHS Foundation Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

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##### *Annual Governance Statement, and compilation of financial statements*

Under the Code of Audit Practice, we are required to report to you if, in our opinion:

- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual, is misleading, or is

**We have nothing to report in respect of these matters.**

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inconsistent with information of which we are aware from our audit; or

- proper practices have not been observed in the compilation of the financial statements.

We are not required to consider, nor have we considered, whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

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#### *Reports in the public interest or to the regulator*

Under the Code of Audit Practice, we are also required to report to you if:

- any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit; or
- any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006 because we have reason to believe that the foundation trust, or a director or officer of the foundation trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency.

***We have nothing to report in respect of these matters.***

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#### **Certificate**

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

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#### **Use of our report**

This report is made solely to the Council of Governors and Board of Directors (“the Boards”) of The Royal Orthopaedic Hospital NHS Foundation Trust, as a body, in accordance with paragraph 4 of Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Boards those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the foundation trust and the Boards as a body, for our audit work, for this report, or for the opinions we have formed.



Gus Miah (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Birmingham, United Kingdom  
24 May 2019

## FOREWORD TO THE ACCOUNTS

The accounts for the year ended 31 March 2019 have been prepared by The Royal Orthopaedic Hospital NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006 and are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) (a) of the National Health Service Act 2006.



**Mrs. Joanne Williams**  
Accountable Officer

**THE ROYAL ORTHOPAEDIC HOSPITAL NHS FOUNDATION TRUST  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED  
31 MARCH 2019**

		Consolidated	
		Year Ended 31 March 2019 £000	Year Ended 31 March 2018 £000
	<b>Notes</b>		
Income from patient care activities	3.1	80,000	75,479
Other operating income (excluding PSF and STF)	3.1	4,996	4,656
Provider Sustainability Fund (PSF) and Sustainability and Transformation Funding (STF)	3.1	2,464	1,844
Operating expenses	4	(90,089)	(85,169)
Net impairment (loss)/gain on land and buildings	9.2	(783)	1,554
<b>Operating Deficit</b>		<b>(3,412)</b>	<b>(1,636)</b>
<b>Finance Expenses</b>			
Finance income	6	49	41
Finance expense - financial liabilities	6	(119)	(34)
Finance expense - unwinding of discount on provisions	16	120	(34)
PDC dividends payable		(1,152)	(1,265)
<b>Net Finance Expenses</b>		<b>(1,102)</b>	<b>(1,292)</b>
<b>DEFICIT FOR THE YEAR</b>		<b>(4,514)</b>	<b>(2,928)</b>
<b>Other comprehensive (expense)/income</b>			
<b>Will not be reclassified to income and expenditure:</b>			
Valuation (impairment loss)/gains on land and buildings	9.2	(1,126)	1,890
Other reserves movements		5	0
<b>May be reclassified to income and expenditure when certain conditions are met:</b>			
Fair value gains/(losses) on investment	10	(2)	(21)
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR</b>		<b>(5,637)</b>	<b>(1,059)</b>
<b>TRUST ONLY COMPREHENSIVE EXPENSE FOR THE YEAR</b>		<b>(5,289)</b>	<b>(987)</b>

All income and expenditure is derived from continuing operations. There is no deficit for the year attributable to minority interests.

The group has been subject to a valuation of its land and buildings during the current financial year. As a result, a loss has been identified, and recognised in the accounts. The full impact of this loss has been described in further detail in note 9.3. The element recognised in the Statement of Comprehensive Income is a loss of £783,000 (2017/18: £1,554,000 gain) as shown above. This is a non-cash adjustment. For 2018/19 the consolidated group had an operating deficit excluding valuation of £2,629,000 (2017/18: £3,190,000).

The notes on pages 271 to 308 form part of these accounts.



**THE ROYAL ORTHOPAEDIC HOSPITAL NHS FOUNDATION TRUST  
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019**

The financial statements were approved by the Audit Committee and authorised for issue on behalf of the Board of Directors on 24 May 2019 and are signed on its behalf by:

	Notes	Consolidated		Trust only	
		31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
<b>Non-current assets</b>					
Intangible assets	8	1,389	683	1,389	683
Property, plant and equipment	9	46,129	47,609	46,129	47,609
Investments	10	755	757	0	0
<b>Total non-current assets</b>		<b>48,273</b>	<b>49,049</b>	<b>47,518</b>	<b>48,292</b>
<b>Current assets</b>					
Inventories	11	6,752	4,857	6,752	4,857
Trade and other receivables	12	8,740	6,076	8,739	6,153
Short term investments and deposits	13.1	123	93	0	0
Cash and cash equivalents	14	3,763	5,217	2,655	3,751
<b>Total current assets</b>		<b>19,378</b>	<b>16,243</b>	<b>18,146</b>	<b>14,761</b>
<b>Current liabilities</b>					
Trade and other payables	15	(15,629)	(13,500)	(15,487)	(13,499)
Borrowings	15.2	(726)	(444)	(726)	(444)
Provisions	16	(84)	(173)	(84)	(173)
Other liabilities	15.1	(210)	(207)	(210)	(207)
<b>Total current liabilities</b>		<b>(16,649)</b>	<b>(14,324)</b>	<b>(16,507)</b>	<b>(14,323)</b>
<b>Total assets less current liabilities</b>		<b>51,002</b>	<b>50,968</b>	<b>49,157</b>	<b>48,730</b>
<b>Non-current liabilities</b>					
Borrowings	15.2	(10,891)	(5,175)	(10,891)	(5,175)
Provisions	16	(215)	(354)	(215)	(354)
<b>Total non-current liabilities</b>		<b>(11,106)</b>	<b>(5,529)</b>	<b>(11,106)</b>	<b>(5,529)</b>
<b>Total assets employed</b>		<b>39,896</b>	<b>45,439</b>	<b>38,051</b>	<b>43,201</b>
<b>Financed by taxpayers' equity</b>					
Public Dividend Capital		37,114	36,976	37,114	36,976
Revaluation reserve		3,594	4,720	3,594	4,720
Charitable fund reserve		1,845	2,225	0	0
Income and expenditure reserve		(2,657)	1,518	(2,657)	1,505
<b>Total taxpayers' equity</b>		<b>39,896</b>	<b>45,439</b>	<b>38,051</b>	<b>43,201</b>

**Mrs. Joanne Williams** – Chief Executive Officer



**THE ROYAL ORTHOPAEDIC HOSPITAL NHS FOUNDATION TRUST**  
**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2019**

	Consolidated					Trust only			
		Public	Charitable	Income and		Public	Charitable	Income and	
	Total	Dividend	Revaluation	Fund	Expenditure	Total	Dividend	Revaluation	Expenditure
£000	Capital	Reserve	Reserve	Reserve	£000	Capital	Reserve	Reserve	£000
<b>Taxpayers' Equity at 1 April 2017</b>	<b>46,216</b>	36,696	2,829	2,310	4,381	<b>43,906</b>	36,696	2,829	4,381
Deficit for the year	(2,928)	0	0	(51)	(2,877)	(2,877)	0	0	(2,877)
Valuation gain on property, plant and equipment	1,890	0	1,890	0	0	1,890	0	1,890	0
Public dividend capital received	280	280	0	0	0	280	280	0	0
Fair value gains/(loses) on investments	(20)	0	0	(20)	0	0	0	0	0
Elimination	0	0	0	(14)	14	0	0	0	0
Other reserve movements	1	0	1	0	0	2	0	1	1
<b>Taxpayers' Equity at 31 March 2018</b>	<b>45,439</b>	36,976	4,720	2,225	1,518	<b>43,201</b>	36,976	4,720	1,505

	Consolidated					Trust only			
		Public	Charitable	Income and		Public	Charitable	Income and	
	Total	Dividend	Revaluation	Fund	Expenditure	Total	Dividend	Revaluation	Expenditure
£000	Capital	Reserve	Reserve	Reserve	£000	Capital	Reserve	Reserve	£000
<b>Taxpayers' Equity at 1 April 2018</b>	<b>45,439</b>	36,976	4,720	2,225	1,518	<b>43,201</b>	36,976	4,720	1,505
Deficit for the year	(4,511)	0	0	(348)	(4,163)	(4,163)	0	0	(4,163)
Valuation loss on property, plant and equipment	(1,126)	0	(1,126)	0	0	(1,126)	0	(1,126)	0
Public dividend capital received	138	138	0	0	0	138	138	0	0
Other reserve movements	(44)	0	0	(32)	(12)	1	0	0	1
<b>Taxpayers' Equity at 31 March 2019</b>	<b>39,896</b>	37,114	3,594	1,845	(2,657)	<b>38,051</b>	37,114	3,594	(2,657)

**THE ROYAL ORTHOPAEDIC HOSPITAL NHS FOUNDATION TRUST**  
**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	Consolidated		Trust only	
		Year Ended 31 March 2019 £000	Year Ended 31 March 2018 £000	Year Ended 31 March 2019 £000	Year Ended 31 March 2018 £000
<b>Cash flows from operating activities</b>					
Operating deficit		(3,412)	(1,636)	(3,029)	(1,554)
<b>Non-cash income and expense</b>					
Depreciation and amortisation	4	2,065	1,770	2,065	1,770
Donated assets		0	0	(334)	0
Impairments	4	783	0	783	0
Reversal of impairments	4	0	(1,554)	0	(1,554)
Increase in Trade and other receivables	12	(2,603)	(1,608)	(2,525)	(1,608)
Increase in Inventories	11	(1,895)	(1,392)	(1,895)	(1,392)
Increase in Trade and other payables	15	1,834	2,403	1,834	2,403
Decrease/(Increase) in Other Liabilities	15	3	(84)	3	(84)
(Decrease)/Increase in Provisions	16	(108)	6	(108)	6
Movement in Charitable fund working capital		140	92	0	0
Other movements in operating cash flows		(18)	(14)	19	(19)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>(3,211)</b>	<b>(2,017)</b>	<b>(3,187)</b>	<b>(2,032)</b>
<b>Cash flows from investing activities</b>					
Interest received		16	11	16	11
Proceeds from sales of property, plant and equipment		2	0	2	0
Purchase of intangible assets	8	(920)	(96)	(920)	(96)
Purchase of Property, Plant and Equipment	9	(1,777)	(2,260)	(1,443)	(2,260)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(2,679)</b>	<b>(2,345)</b>	<b>(2,345)</b>	<b>(2,345)</b>
<b>Cash flows from financing activities</b>					
Interest element of finance lease		(7)	(19)	(7)	(19)
Capital element of finance lease rental payments		(135)	(150)	(135)	(150)
Interest element of loans		(112)	0	(112)	0
Movement in finance lease borrowings					
Movements on loans from the Department of Health and Social Care	15.2	5,398	3,979	5,398	3,979
Movements on other loans	15.2	366	1,585	366	1,585
PDC Dividend received		138	280	138	280
PDC Dividend paid		(1,212)	(1,303)	(1,212)	(1,303)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>4,436</b>	<b>4,372</b>	<b>4,436</b>	<b>4,372</b>
<b>Decrease in cash and cash equivalents</b>		<b>(1,454)</b>	<b>10</b>	<b>(1,096)</b>	<b>(5)</b>
<b>Cash and Cash equivalents at 1 April</b>		<b>5,217</b>	<b>5,207</b>	<b>3,751</b>	<b>3,756</b>
<b>Cash and Cash equivalents at 31 March</b>		<b>3,763</b>	<b>5,217</b>	<b>2,655</b>	<b>3,751</b>

## **1 Accounting policies and other information**

### **Basis of preparation**

NHS Improvement, in exercising the statutory functions conferred on Monitor has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the DHSC Group Accounting Manual 2018/19, issued by the Department of Health and Social Care.

The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the DHSC Group Accounting Manual permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the NHS foundation trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

### **Going concern**

As described in further detail with the Annual Report, the Directors have assessed the financial plans for 2019/20 and 2020/21 and note the potential requirement for cash funding from the Department of Health and Social Care. However, upon consideration of the Trust's operational and financial plans submitted for 2019/20 which show a break even position being realised upon receipt of Financial Recovery Funding, the agreement of service delivery contracts with CCG and NHS England commissioners for 2019/20 which support that plan, in addition to the correspondence received from the DHSC, the Directors have been able to conclude that there is still a reasonable expectation that the Trust will have adequate resources to continue in operational existence for the foreseeable future.

For this reason, in addition to the anticipated continuation of service provision in the future (as defined within the Department of Health and Social Care Group Accounting Manual), they continue to adopt the going concern basis in preparing the financial statements, and they do not include the adjustments that would result if the Trust was unable to continue as a going concern.

### **Accounting convention**

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and certain financial assets and financial liabilities.

#### **1.1 Basis of consolidation**

These consolidated financial statements have been prepared incorporating the accounts of the Trust's subsidiary undertaking, The Royal Orthopaedic Hospital NHS Foundation Trust Charitable Fund (The Charity).

#### **1.2 NHS Charitable Fund**

The Royal Orthopaedic Hospital NHS Foundation Trust is the corporate trustee to The Royal Orthopaedic Hospital NHS Foundation Trust Charitable Fund ("the Charitable Fund"). The Royal Orthopaedic Hospital NHS 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.

The charitable fund's statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102. On consolidation, necessary adjustments are made to the charity's assets, liabilities and transactions to eliminate intra-group transactions, balances, gains and losses. The Charity's accounts under UK FRS 102 were considered to identify whether any adjustments were required to bring them in line with The Royal Orthopaedic Hospital NHS Foundation Trust's accounting policies under IFRS. Adjustments were identified and amended. The charity is registered with the UK Charities Commission, registration number 1078046.

**The Charitable Fund's main accounting policies are as follows:**

**Incoming resources**

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised - refer to the trustees' annual report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

**Resources expended**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

**Fund accounting**

Restricted funds are funds subject to specific restrictions imposed by the funding authorities and donors. These funds are not available for the Trustees to apply at their discretion. The purpose and use of the restricted funds is set out in the notes to the charity's financial statements.

All incoming resources are included in full in the Statement of Financial Activities as soon as the following four factors can be met:

- i) entitlement - arises when a particular resource is receivable or the charity's right becomes legally enforceable;
- ii) certainty - when the trustees are virtually certain that the incoming resources will be received;
- iii) measurement - when the monetary value of the incoming resources can be measured with sufficient reliability; and
- iv) apportionment - incoming resources that are not specifically attributable to a fund are apportioned quarterly pro rata to the value of each fund.

**Investment management costs**

Investment management costs are the fees charged by Schroder's for the management of the investment portfolio and are apportioned on the basis of fund values. The Trust is not currently incurring any investment management costs as part of its arrangement with Schroder's.

## Grants payable

Grants payable are payments, made to third parties (including NHS bodies) in the furtherance of the Trust's charitable objectives to relieve those who are in poor health. They are accounted for on an accruals basis where the conditions for their payment have been met or where a third party has a reasonable expectation that they will receive the grant.

## Non-current asset investments

Non-current asset investments are shown at market value.

- i) There are no property assets.
- ii) Quoted stocks and shares are included in the statement of financial position at mid-market price, ex div.
- iii) Other non-current asset investments are included at Trustees' best estimate of market value.
- iv) Non-current asset investments are program related investments.

## Current asset investments

- i) Comprise cash balances available for investment held in capital or income accounts.
- ii) The investments generate dividends and interest, less administration costs.
- iii) Investment current assets are program related investments.

## Realised gains and losses

All gains and losses are taken to the Statement of Comprehensive Income as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (or date of purchase if later). Unrealised gains and losses are calculated as the difference between market value at the year end and opening market value (or date of purchase if later).

### 1.3 Critical accounting judgements and key sources of estimation uncertainty

Accounting policies that have been selected during the process of applying International Reporting Standards have been considered by management to ensure they assist users in understanding financial performance and financial position. Management is required to make various judgements and assumptions about the carrying amounts of assets and liabilities which require estimation of the effects of uncertain future events. Estimates and assumptions are based on historical experience and other factors that are considered to be relevant, all estimates and underlying assumptions are continually reviewed. Any revisions to accounting estimates are recognised in the period to which the revision relates.

#### Sources of estimation uncertainty

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following areas of the financial statements are subject to key estimates and judgements.

#### Valuation of the Trust's estate

A valuation of the Trust's land and buildings was undertaken with an effective date of 31 March 2019 by the Trust's valuer, Cushman and Wakefield. The valuations have been undertaken applying the principles of IAS 16 *Property, Plant and Equipment* and RICS advises that assumptions underpinning the concepts of fair value should be explicitly stated and identifies two potential qualifying assumptions:

- the Market Value on the assumption that the property is sold as part of the continuing enterprise in occupation" (effectively Existing Use Value); or

- the Market Value on the assumption that the property is sold following a cessation of the existing operations" (in effect the traditional understanding of Market Value).

The Department of Health and Social Care has indicated that for NHS assets it requires the former assumption to be applied for operational assets; this is the approach that was taken by the valuer. The Market Value used in arriving at fair value for operational assets is therefore subject to the assumption that the property is sold as part of the continuing enterprise in occupation.

The Trust estimates the pattern of consumption of property, plant and equipment by writing assets down on a straight line basis over useful economic lives. The useful economic lives determined for each asset or group of assets are informed by historical experience or specific information provided by the valuer where appropriate.

### Other estimates

#### *Provisions*

Estimates and judgements are also made in respect of provisions for liabilities and charges (see Note 16) and contingent liabilities (see Note 19) where there is some uncertainty at the Statement of Financial Position date as to either the timing or amount of the Group's financial liability.

#### *Income*

The Trust also makes a significant estimate for amounts due from its commissioners in respect of partially completed spells at the Statement of Financial Position date, which is supported by patient activity data and historical experience.

#### *Contingencies*

The NHS Foundation Trust provides for legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the discount rates published and mandated by HM Treasury. Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of 0.29% (2017/18 0.10%) in real terms.

In the view of the Trust there are no further estimates or judgements which if wrong could materially affect financial performance.

### **1.4 Annual Leave provision**

In accordance with the requirement of IAS 19 *Employee Benefits*, the Trust provides for unpaid annual leave carried forward by staff at the year end. The total number of annual leave days that each of the Trust's employees has not taken at the year-end is accounted for within the financial statements. The number of unused days is multiplied by the employees' average salary per day, to give the total cost on individual cost centres.

### **1.5 Revenue**

The transition to IFRS 15 has been completed in accordance with paragraph C3 (b) of the Standard, applying the Standard retrospectively recognising the cumulative effects at the date of initial application.

In the adoption of IFRS 15 a number of practical expedients offered in the Standard have been employed. These are as follows;

- As per paragraph 121 of the Standard the Trust will not disclose information regarding performance obligations part of a contract that has an original expected duration of one year or less.
- The Trust is to similarly not disclose information where revenue is recognised in line with the practical expedient offered in paragraph B16 of the Standard where the right to consideration corresponds directly with value of the performance completed to date.
- The FReM has mandated the exercise of the practical expedient offered in C7(a) of the Standard that requires the Trust to reflect the aggregate effect of all contracts modified before the date of initial application.

The main source of revenue for the Trust is contracts with commissioners in respect of healthcare services. Revenue in respect of services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer, and is measured at the amount of the transaction price allocated to that performance obligation. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where a patient care spell is incomplete at the year end, revenue relating to the partially complete spell is accrued in the same manner as other revenue.

Where income is received for a specific performance obligation that is to be satisfied in the following year, that income is deferred. The method adopted to assess progress towards the complete satisfaction of a performance obligation is to review the milestones within the individual contracts.

The Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer. The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

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.

## **1.6 Expenditure on employee benefits**

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 for Health in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

### **a) Accounting valuation**

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2019, is based on valuation data as 31 March 2018, updated to 31 March 2019 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 report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

#### **b) Full actuarial (funding) valuation**

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019. The Department of Health and Social Care have recently laid Scheme Regulations confirming that the employer contribution rate will increase to 20.6% of pensionable pay from this date.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

The Trust offers a workplace pension and eligible employees are automatically enrolled, the Trust arranged a defined contribution scheme during 2013/14 to account for those individuals who are not eligible to join the NHS Pension scheme. The scheme is run by the National Employment Savings Trust. The contributions are as follows:-

To 5 April 2019	
Employer contribution	2%
Total contribution	5%

In the year to 31 March 2019 the Trust has made contributions of £4,754 to this fund, (2017/18: £2,736).

#### **1.7 Other expenses**

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.

#### **1.8 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.

#### **1.9 Corporation tax**

All surpluses are generated by activity authorised as an activity relating to the provision of core healthcare and therefore the Trust has determined that there is not a Corporation Tax liability.



## 1.10 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 utilising the following criteria:
  - individually have a cost of at least £5,000; or
  - form a group of assets which individually have a cost of more than £200, 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 single managerial control; or
  - form part of the initial setting-up cost of a new building or a refurbishment of a ward or unit, irrespective of their individual or collective cost.
- Professional fees such as legal costs, design costs, planning fees and feasibility studies incurred in the construction/bringing the asset into use.

### Measurement

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. Land, buildings and dwellings are measured at valuation. Valuations are carried out by professionally qualified valuers in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The last independent asset valuations were undertaken on 31 March 2019 by Cushman and Wakefield (MRICS). The revaluation undertaken at that date has been accounted for in these financial statements as follows:

- Land £5,020,650
- Buildings and Dwellings £33,504,708

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets (MEA) and, where it would meet the location requirements of the service being provided, an alternative site can be valued. The Trust has used this assumption with the revaluation.

Properties under construction for administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 *Borrowing Costs* for assets held at fair value.

Assets depreciation commences when they are brought into use.

For all categories of non-property assets, the Trust considers that depreciated historical cost is an acceptable proxy for current value in existing use, as the useful economic lives used are considered to be a realistic reflection of the lives of assets and the depreciation methods used reflect the consumption of the asset.

Equipment surplus to requirements is valued at net recoverable amount. An item of land and buildings which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13 *Fair Value Measurement*, if it does not meet the requirements of IAS 40 *Investment Property* or IFRS 5 *Non-current assets held for sale and discontinued operations*.

## Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying value amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the Trust and the cost of the item can be determined reliably.

Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Retentions that do not generate additional future economic benefits or service potential are charged to the Statement of Comprehensive income when final payment is made.

Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance is charged to the Statement of Comprehensive Income in the period in which it is incurred.

## Depreciation

Items of Property, Plant and Equipment are depreciated by straight line method. Freehold land is considered to have an infinite life and is not depreciated.

Assets under construction are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

The economic useful lives of the main categories of assets, excluding land on which no depreciation is charged, are as follows:

1. Buildings – as per Professional Valuer's estimate
2. Plant and Machinery

Type	Short life	Medium Life	Long life
Engineering Plant & Equipment	5 years	10 years	15 years
Medical Equipment	2 years	10 years	15 years

3. Transport Equipment – 7 years
4. Information Technology – individually assessed based on type of asset - 3 to 10 years
5. Furniture and Fittings – 2 to 5 years

## 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 expenses.

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 Department of Health and Social Care Group Accounting Manual, impairments that are due to a loss of economic benefits or service potential in the asset are charged to operating expenses regardless of existing revaluation reserves. A compensating

transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating income to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

## **De-recognition**

Assets intended for disposal are reclassified as 'Held for Sale' once all of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable i.e.:
  - management are committed to a plan to sell the asset;
  - an active programme has begun to find a buyer and complete the sale;
  - the asset is being actively marketed at a reasonable price;
  - the sale is expected to be completed within 12 months of the date of classification as 'Held for Sale'; and
  - the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished is de-recognised when scrapping or demolition occurs.

## **Donated and 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 imposes 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. Donated assets are accounted for in line with the principles set for government grants.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

### **1.11 Intangible assets**

#### **Recognition**

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Trust's business or which arise from contractual or other legal rights. 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.

## **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. Expenditure on computer software which is deemed not to be integral to the computer hardware is capitalised as an intangible asset.

Intangible fixed assets are capitalised when:

- they are capable of being used in a trust's activities for more than one year;
- they can be reliably valued; and
- they have a cost of at least £5,000.

Purchased computer software licenses are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred and amortised over the shorter of the term of the license and their useful economic 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.

For all categories of intangible assets, the Trust considers that depreciated historical cost is an acceptable proxy for current value in existing use, as the useful economic lives used are considered to be a realistic reflection of the lives of assets and the depreciation methods used reflect the consumption of the asset.

## **Amortisation**

Intangible assets are amortised by the straight line method, over their expected useful economic lives (3 to 10 years) in a manner consistent with the consumption of economic or service delivery benefits. The Trust deems the expected useful lives of intangible assets to be individually assessed based on type of asset.

## **Research and development**

Expenditure on research is not capitalised. Expenditure on development is capitalised if it meets the following criteria:

- there is a clearly defined project;
- the related expenditure is separately identifiable;
- the outcome of the project has been assessed with reasonable certainty as to its technical feasibility and it resulting in a product or services that will eventually be brought into use; and
- adequate resources exist, or are reasonably expected to be available, to enable the project to be completed and to provide any consequential increases in working capital.

Capitalised development costs are limited to the value of future benefits expected and are amortised through the Statement of Comprehensive Income on a systematic basis over the period expected to benefit from the project. Assets are re-valued on the basis of current cost. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. Where possible, NHS foundation trusts disclose the total amount of research and development expenditure charged in the Statement of Comprehensive Income separately. However, where research and development activity cannot be separated from patient care activity it cannot be identified and is therefore not separately disclosed.

Non-current assets acquired for use in research and development are depreciated/amortised over the life of the associated project.

## **Revenue from government and other grants**

Government grants are grants from Government bodies other than income from Clinical Commissioning Groups or NHS trusts for the provision of services. Grants from the Department of Health and Social Care, including those for achieving three star status, are accounted for as Government grants. Where the Government grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

IAS 20 *Government Grants and Disclosure of Government Assistance* is applied to the accounting treatment of government and other grants with the following interpretations;

- The option to deduct the grant from the carrying value of the asset is not permitted.
- Grant income relating to assets is recognised within income when the Trust becomes entitled to it, unless the grantor imposes a condition that the future economic benefits embodied in the grant are to be consumed as specified by the grantor and if it is not, the grant must be returned to the grantor.
- Where such a condition exists, the grant is recognised as deferred within liabilities and carried forward to future financial years to the extent that the condition has not yet been met.

### **1.12 Leases**

#### **Finance leases**

Where substantially all risks and rewards of ownership of a leased asset are borne by the NHS Foundation Trust, the asset is recorded as Property, Plant and Equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease.

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for an item of property, plant and equipment.

The annual rental is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability, is de-recognised when the liability is discharged, cancelled or expires.

#### **Operating leases**

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

#### **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.

### **1.13 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 method.

### **1.14 Cash and cash equivalents**

Cash and cash equivalents comprise of cash in hand and demand deposits, together with short-term highly liquid investments with maturities of 90 days or less and bank overdrafts. Account balances are only off set where a legal agreement has been made with the bank to do so. In all

other cases bank overdrafts are shown within borrowings in 'current liabilities' on the Statement of Financial Position.

### **1.15 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 the rates published and mandated by HM Treasury.

### **1.16 Clinical negligence costs**

The NHS Resolution operates a risk pooling scheme under which the NHS Foundation Trust pays an annual contribution to them, which, in return, settles all clinical negligence claims. Although the NHS Resolution 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 NHS Resolution on behalf of the NHS Foundation Trust is disclosed at note 16 on page 302 but is not recognised in the NHS Foundation Trust's accounts.

### **1.17 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 NHS Resolution and in return receives assistance with the costs of claims arising. The annual membership contributions, and any 'excesses' payable in respect of particular claims are charged to operating expenses when the liability arises.

The Trust has also taken out additional insurance to cover claims in excess of £1 million.

### **1.18 Contingent liabilities and contingent assets**

Contingent liabilities are not recognised, but are disclosed in note 19 on page 303 unless the probability of a transfer of economic benefits are 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.

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 19 on page 303 where an inflow of economic benefits is probable.

Where the time value of money is material, contingent liabilities and contingent assets are disclosed at their present value.

### **1.19 Financial assets**

Financial assets are recognised when the Trust becomes party to the contractual provision of the financial instrument or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or when the asset has been transferred and the Trust has transferred substantially all of the risks and rewards of ownership or has not retained control of the asset.

Financial assets are initially recognised at fair value plus or minus directly attributable transaction costs for financial assets not measured at fair value through profit or loss. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices, where possible, or by valuation techniques.

Financial assets are classified into the following categories:

- financial assets at amortised cost,
- financial assets at fair value through other comprehensive income, and
- financial assets at fair value through profit and loss.

The classification is determined by the cash flow and business model characteristics of the financial assets, as set out in IFRS 9, and is determined at the time of initial recognition. The Trust only holds assets within the first category.

### **1.19.1 Financial assets at amortised cost**

Financial assets measured at amortised cost are those held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and where the cash flows are solely payments of principal and interest. This includes most trade receivables, loans receivable, and other simple debt instruments.

After initial recognition, these financial assets are measured at amortised cost using the effective interest method, less any impairment. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the life of the financial asset to the gross carrying amount of the financial asset.

### **1.19.2 Impairment**

For all financial assets measured at amortised cost, lease receivables and contract assets, the Trust recognises a loss allowance representing expected credit losses on the financial instrument.

The Trust adopts the simplified approach to impairment, in accordance with IFRS 9, and measures the loss allowance for trade receivables, contract assets and lease receivables at an amount equal to lifetime expected credit losses. For other financial assets, the loss allowance is measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition (stage 2), and otherwise at an amount equal to 12-month expected credit losses (stage 1).

HM Treasury has ruled that central government bodies may not recognise stage 1 or stage 2 impairments against other government departments, their executive agencies, the Bank of England, Exchequer Funds, and Exchequer Funds' assets where repayment is ensured by primary legislation. The Trust therefore does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies. Additionally, the Department of Health and Social Care provides a guarantee of last resort against the debts of its arm's length bodies and NHS bodies (excluding NHS charities), and the Trust does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

### **1.20 Financial liabilities**

Financial liabilities are recognised when the Trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been extinguished – that is, the obligation has been discharged or cancelled or has expired.

### **1.20.1 Financial liabilities at fair value through profit and loss**

Derivatives that are liabilities are subsequently measured at fair value through profit or loss, embedded derivatives that are not part of a hybrid contract containing a host that is an asset within the scope of IFRS 9 are separately accounted for as derivatives only if their economic characteristics and risks are not closely related to those of their host contracts, a separate instrument with the same terms would meet the definition of a derivative, and the hybrid contract is not itself measured at fair value through profit or loss.

#### **Financial guarantee contract liabilities**

Financial guarantee contract liabilities are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, and
- the premium received (or imputed) for entering into the guarantee less cumulative amortisation.

#### **Other financial liabilities**

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

### **1.21 Public Dividend Capital (PDC) and PDC dividend**

Public dividend capital is a type of public sector equity finance, which represents the Department of Health and Social Care's investment in the trust. HM Treasury has determined that, being issued under statutory authority rather than under contract, PDC is not a financial instrument within the meaning of IAS 32 *Financial Instruments: Presentation*.

At any time, the Secretary of State can issue new PDC to, and require repayments of PDC from, the trust. PDC is recorded at the value received.

An annual charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health and Social Care as PDC dividend. The charge is calculated at the real rate set by the Secretary of State with the consent of HM Treasury (currently 3.5%) on the average relevant net assets of the trust. Relevant net assets are calculated as the value of all assets less all liabilities, except for:

- donated assets (including lottery funded assets)
- average daily cash balances held with the Government Banking Service (GBS) and National Loans Fund (NLF) deposits (excluding cash balances held in GBS accounts that relate to a short term working capital facility)
- any PDC dividend balance receivable or payable.

The average relevant net assets is calculated as a simple average of opening and closing relevant net assets.

In accordance with the requirements laid down by the Department of Health and Social Care, the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts. The PDC dividend calculation is based upon the trust's group accounts (i.e. including subsidiaries), but excluding consolidated charitable funds.



## 1.22 Foreign currencies

The Trust functional currency and presentational currency is pounds sterling, and figures are presented in thousands of pounds unless expressly stated otherwise. Transactions denominated in a foreign currency are translated into sterling at the spot exchange rate on the date of the transaction. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March 2019.

Exchange gains and losses on monetary items (arising on settlement of the transaction or on retranslation at the Statement of Financial Position date) are recognised in the Statement of Comprehensive Income in the period in which they arise.

## 1.23 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS Foundation Trust has no beneficial interest in them. (see note 13)

## 1.24 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS Trusts not been bearing their own risks with insurance premiums then being included as normal revenue expenditure. However the losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses. (See note 23)

## 1.25 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

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

The Department of Health and Social Care Group Accounting Manual does not require the following IFRS Standards and Interpretations to be applied in 2018-19. These Standards are still subject to HM Treasury FReM adoption, with IFRS 16 being for deferred for implementation until 2019-20, and the government implementation date for IFRS 17 still subject to HM Treasury consideration.

- IFRS 16 *Leases* – Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM: early adoption is not therefore permitted. The Trust is currently working through the implications of the standard. It is expected to have a significant impact on the Trust accounts.
- IFRS 17 *Insurance Contracts* – Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted. The Trust is currently working through the implications of the standard. It is not expected to have a significant impact on the Trust accounts.
- IFRIC 23 *Uncertainty over Income Tax Treatments* – Application required for accounting periods beginning on or after 1 January 2019. The Trust is currently working through the

implications of the standard. It is not expected to have a significant impact on the Trust accounts.

### 1.27 Exemption from presentation of Trust only Statement of Comprehensive Income

In line with section 5.9 of the GAM, the Group has taken advantage of the exemption to present a Trust only Statement of Comprehensive Expenditure. The Trust had a deficit of £4,163,000 (2017/18 £2,877,000 deficit).

## 2 Segmental Reporting

The Trust Board as 'Chief Operating Decision Maker' considers that all of its activities fall within one material segment, which is the provision of healthcare services. The segmental reporting format applied to these accounts reflects the Trust's management and internal reporting structure.

The Trust has identified five operating segments based on expenditure, being identified by the corporate performance report presented monthly to the board. All five operating segments have similar characteristics, the nature of services is similar, and also the type or class of customer and nature of the regulatory environment are the same. The five operating segments are all active in the same business being the provision of healthcare, thus reporting a single segment of Healthcare is consistent with IFRS 8.

The provision of healthcare is within one main geographical segment being the United Kingdom, and materially from Departments of HM Government in England. Income from within the whole of HM Government is disclosed below:

	<b>Consolidated</b>			
	<b>Year Ended 31 March 2019</b>		<b>Year Ended 31 March 2018</b>	
	<b>£000</b>	<b>%</b>	<b>£000</b>	<b>%</b>
Income from whole HM Government	76,873	87.90%	79,257	96.68%
Income from non HM Government	10,587	12.10%	2,722	3.32%
	<b>87,460</b>	<b>100.00%</b>	<b>81,979</b>	<b>100.00%</b>

All business activities of the Trust are continually reviewed for material segments.

### 3 Income from activities arising from Commissioner Requested Services and all other activities.

#### 3.1 Income by nature

	<b>Consolidated</b>	
	Year Ended	Year Ended
	31 March	31 March
	2019	2018
	£000	£000
Elective income	46,063	45,059
Non elective income	2,753	2,034
Outpatient income	8,193	7,537
Other NHS clinical income	21,266	20,045
Private patient income	1,725	804
<b>Total income from patient care activities</b>	<b>80,000</b>	<b>75,479</b>
<b>Other operating income from contracts with customers:</b>		
Research and development (contract)	469	461
Education and training (excluding notional apprenticeship levy income)	1,930	2,063
Income in respect of employee benefits accounted on a gross basis	1,164	1,038
Other contract income	1,354	1,037
<b>Other non-contract operating income:</b>		
Charitable and other contributions to expenditure	79	57
<b>Total other operating income (excluding STF)</b>	<b>4,996</b>	<b>4,656</b>
<b>Sustainability and Transformation Funding</b>	<b>2,464</b>	<b>1,844</b>
<b>TOTAL OPERATING INCOME</b>	<b>87,460</b>	<b>81,979</b>
<b>Commissioner requested services</b>	<b>78,275</b>	<b>74,675</b>
<b>Non-commissioner requested services</b>	<b>9,185</b>	<b>7,304</b>

Other income includes £237,000 from onsite catering services (2017/18: £227,000); staff accommodation rentals of £88,000 (2017/18: £74,000) and car park income of £435,000 (2017/18 - £387,000).

Other NHS clinical income includes £6,251,000 (2017/18: £5,672,000) for oncology block contract, £2,181,000 for critical care bed days (2017/18: £2,485,000), £1,610,000 for CQUIN (2017/18: £1,383,000), £2,259,000 for physiotherapy services (2017/18: £1,741,000), £389,000 for podiatry services (2017/18: £411,000), £1,008,000 for pre-operative assessments (2017/18: £916,000), £290,000 in relation to high cost drugs (2017/18: £288,000), £1,731,000 for diagnostic imaging (2017/18: £1,579,000), £136,000 (2017/18: £177,000) in relation to the Bone Infection Unit, £365,000 for hospital at home (2017/18: £339,000) and £1,497,000 for orthotic appliances (2017/18: £1,442,000).

The Trust has deemed all income from patient care activities as being in relation to commissioner related services except for any private patient income.

### 3.2 Income by Source

	Year Ended 31 March 2019 £000	Year Ended 31 March 2018 £000
NHS Foundation Trusts	734	36
NHS Trusts	0	44
CCGs and NHS England	75,379	73,360
Department of Health - other	724	0
Non NHS: Private patients	1,725	804
NHS injury scheme (was RTA)	36	136
Non NHS: Other	1,402	1,099
<b>TOTAL INCOME FROM ACTIVITIES</b>	<b>80,000</b>	<b>75,479</b>

*The income for the Charity is not included here as this has been classified as other operating income only.*

### 3.3 Additional information on contract revenue (IFRS 15) recognised in the period

	2018/19 £000
Revenue recognised in the reporting period that was included within contract liabilities at the previous period end	207

The Department of Health and Social Care group accounting manual has allowed Trust's to adopt the new IFRS 15 standard without the need to restate the prior year figures. Due to this no comparative figures are available in relation to this note.

#### 4 Operating Expenditure

	<b>Consolidated</b>	
	<b>Year Ended 31 March 2019 £000</b>	<b>Year Ended 31 March 2018 £000</b>
Purchase of healthcare from NHS and DHSC bodies	3,271	2,341
Purchase of healthcare from non-NHS and non-DHSC bodies	2,052	2,195
Staff and executive directors costs	53,596	50,156
Non-executive directors	117	115
Supplies and services – clinical (excluding drugs costs)	15,360	15,336
Supplies and services - general	1,040	1,410
Drugs costs (drugs inventory consumed and purchase of non-	1,642	1,633
Inventories written down (net including drugs)	17	0
Consultancy	166	172
Establishment	1,278	912
Premises - business rates collected by local authorities	292	286
Premises - other	3,301	2,675
Transport (business travel only)	114	82
Transport - other (including patient travel)	34	7
Depreciation	1,823	1,544
Amortisation	242	226
Movement in credit loss allowance: contract receivables/assets	(148)	110
<b>Audit fees payable to the external auditor:</b>		
Audit services - statutory audit	47	52
Other services - audit related assurance services	32	26
Charitable fund independent examination	5	5
Internal audit	71	71
Clinical negligence	4,210	3,533
Legal fees	65	17
Insurance	104	84
Research and development	37	25
Education and training	329	300
Operating lease expenditure (net)	374	120
Redundancy costs - staff costs	0	82
Car parking and security	62	0
Hospitality	8	2
Other losses and special payments	1	1
Other services (e.g. external payroll)	90	331
Other NHS charitable fund resources expended	109	86
Other	348	1,234
<b>OPERATING EXPENDITURE (excluding impairment)</b>	<b>90,089</b>	<b>85,169</b>
Valuation impairment/(gain)	783	(1,554)
<b>TOTAL OPERATING EXPENDITURE</b>	<b>90,872</b>	<b>83,615</b>

## 5 Operating leases

### 5.1 Payments recognised as an expense

	Year Ended 31 March 2019 £000	Year Ended 31 March 2018 £000
Lease payments	374	120
<b>TOTAL PAYMENTS</b>	<b>374</b>	<b>120</b>

*This note relates to the main Trust only as the Charity does not hold any operating leases.*

The Trust's operating leases for 2018/19 consists of £19,000 (2017/18: £18,000) for the use of an offsite car park, £55,000 (2017/18: £52,000) for Histopathology property lease, £202,000 in relation to the lease of Mako Robotics equipment (2017/18: £nil), £4,000 in relation to a lease car (2017/18: £nil) and the remainder of £94,000 (2017/18: £46,000) relates to a small amount of plant and equipment.

### 5.2 Total future minimum lease payments

	Land £000	Buildings £000	Other £000	Year Ended 31 March 2019 £000	Year Ended 31 March 2018 £000
- not later than one year;	19	55	433	507	118
- later than one year and not later than five years;	47	186	517	750	244
<b>TOTAL FUTURE PAYMENTS DUE</b>	<b>66</b>	<b>241</b>	<b>950</b>	<b>1,257</b>	<b>362</b>

*This note relates to the main Trust only as the Charity does not hold any operating leases.*

## 6 Finance income and expense

	<b>Consolidated</b>	
	Year Ended 31 March 2019 £000	Year Ended 31 March 2018 £000
Interest from deposit accounts	17	10
Investment dividend income	32	31
<b>TOTAL FINANCE INCOME</b>	<b>49</b>	<b>41</b>

	<b>Consolidated</b>	
	Year Ended 31 March 2019 £000	Year Ended 31 March 2016 £000
Finance lease interest	7	5
Loan interest - DHSC	84	0
Loan interest - Other	28	29
<b>TOTAL FINANCE EXPENSE</b>	<b>119</b>	<b>34</b>

## 7 Employee expenses and numbers

	2018/19			2017/18		
	Total	Permanently Employed	Agency	Total	Permanently Employed	Agency
	£000	£000	£000	£000	£000	£000
Salaries and wages	39,677	39,677	0	37,835	37,835	0
Social security Costs	3,963	3,963	0	3,884	3,884	0
Apprenticeship levy	178	178	0	169	169	0
Employer's contributions to NHS Pensions	4,235	4,235	0	4,151	4,151	0
Agency staff	5,543	0	5,543	4,117	0	4,117
<b>TOTAL EMPLOYEE EXPENSES</b>	<b>53,596</b>	<b>48,053</b>	<b>5,543</b>	<b>50,156</b>	<b>46,039</b>	<b>4,117</b>

### 7.1 Average number of persons employed (WTE Basis)

	2018/19			2017/18		
	Total	Permanently Employed	Agency	Total	Permanently Employed	Agency
	Number	Number	Number	Number	Number	Number
Medical and dental	130	105	25	119	102	17
Administration and estates	397	349	48	236	211	25
Healthcare assistants and other support staff	149	122	27	256	210	46
Nursing, midwifery and health visiting staff	270	210	60	258	214	44
Scientific, therapeutic and technical staff	128	109	19	160	144	16
<b>TOTAL PERSONS EMPLOYED</b>	<b>1,074</b>	<b>895</b>	<b>179</b>	<b>1,029</b>	<b>881</b>	<b>148</b>

*Note: the information above relates to Trust employees only as the associated charity which has been consolidated into these accounts does not employ any staff.*

## 7.2 Staff Cost reconciliation to operating expenses note

	<b>Consolidated</b>	
	<b>Year Ended 31 March 2019 £000</b>	<b>Year Ended 31 March 2018 £000</b>
Employee expenses - Executive Directors	875	689
Employee expenses – Staff	52,721	49,467
<b>Total Employee expenses</b>	<b>53,596</b>	<b>50,156</b>

## 7.3 Exit packages

Exit package cost band (including any special payment element)	2018/19			2017/18		
	Number of compulsory redundancies Number	Number of other departures agreed Number	Total number of exit packages by cost band Number	Number of compulsory redundancies Number	Number of other departures agreed Number	Total number of exit packages by cost band Number
<£10,000	0	0	0	0	0	0
£10,001 - £25,000	0	0	0	0	1	1
£25,001 - 50,000	0	0	0	0	0	0
£50,001 - £100,000	0	0	0	0	1	1
£100,001 - £150,000	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0
>£200,001	0	0	0	0	0	0
<b>Total number of exit packages by type</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>
<b>Total resource expense (£000s)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>82</b>	<b>82</b>

*This note relates to the Trust only as the Charity does not have any employees.*

## 7.4 Retirements due to ill health

During the year to 31 March 2019 there were no early retirements from the Trust agreed on the grounds of ill-health, (31 March 2018, nil).



## 8 Intangible assets

	Software licences (purchased) £000	Assets under construction	Total £000
Gross cost at 1 April 2018	1,554	59	1,613
Additions - purchased	945	(25)	920
Reclassifications	38	(10)	28
<b>Gross cost at 31 March 2019</b>	<b>2,537</b>	<b>24</b>	<b>2,561</b>
Amortisation at 1 April 2018	930	0	930
Provided during the year	242	0	242
<b>Amortisation at 31 March 2019</b>	<b>1,172</b>	<b>0</b>	<b>1,172</b>
Net book value			
NBV - Purchased at 31 March 2019	1,365	24	1,389
<b>NBV total at 31 March 2019</b>	<b>1,365</b>	<b>24</b>	<b>1,389</b>

	Software licences (purchased) £000	Assets under construction	Total £000
Gross cost at 1 April 2017	1,098	458	1,556
Additions - purchased	57	0	57
Reclassifications	399	(399)	0
<b>Gross cost at 31 March 2018</b>	<b>1,554</b>	<b>59</b>	<b>1,613</b>
Amortisation at 1 April 2017	704	0	704
Provided during the year	226	0	226
<b>Amortisation at 31 March 2018</b>	<b>930</b>	<b>0</b>	<b>930</b>
Net book value			
NBV - Purchased at 31 March 2018	624	59	683
<b>NBV total at 31 March 2018</b>	<b>624</b>	<b>59</b>	<b>683</b>

*This note relates to the Trust only as the Charity does not hold any intangible assets.*

## 9 Property, plant and equipment for the year ended 31 March 2019

	Total £000	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction and POA £000	Plant and Machinery £000	Transport Equipment £000	Information Technology £000	Furniture & fittings £000
Cost or valuation at 1 April 2018	57,141	5,021	34,183	819	1,917	11,086	20	4,004	91
Additions - purchased	1,946	0	461	0	(10)	859	0	636	0
Additions - donated	334	0	0	0	334	0	0	0	0
Impairments charged to operating expenses	(783)	0	(704)	(79)	0	0	0	0	0
Impairments charged to the revaluation reserve	(1,126)	0	(1,126)	0	0	0	0	0	0
Reclassifications	(28)	0	542	103	(1,808)	0	0	1,135	0
Revaluation	(652)	0	(634)	(18)	0	0	0	0	0
Disposals	(29)	0	0	0	0	(29)	0	0	0
<b>Cost or Valuation at 31 March 2019</b>	<b>56,803</b>	<b>5,021</b>	<b>32,722</b>	<b>825</b>	<b>433</b>	<b>11,916</b>	<b>20</b>	<b>5,775</b>	<b>91</b>
Accumulated depreciation at 1 April 2018	9,532	0	0	0	0	7,234	16	2,204	78
Provided during the year	1,823	0	634	18	0	724	2	439	6
Revaluation	(652)	0	(634)	(18)	0	0	0	0	0
Disposals	(29)	0	0	0	0	(29)	0	0	0
<b>Accumulated depreciation at 31 March 2019</b>	<b>10,674</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,929</b>	<b>18</b>	<b>2,643</b>	<b>84</b>
Net book value									
NBV - Purchased at 31 March 2019	43,162	5,021	30,472	825	99	3,604	2	3,132	7
NBV - Finance lease at 31 March 2019	264	0	0	0	0	264	0	0	0
NBV - Donated at 31 March 2019	2,703	0	2,250	0	334	119	0	0	0
<b>NBV total at 31 March 2019</b>	<b>46,129</b>	<b>5,021</b>	<b>32,722</b>	<b>825</b>	<b>433</b>	<b>3,987</b>	<b>2</b>	<b>3,132</b>	<b>7</b>

*This note relates to the Trust only as the Charity does not hold any property, plant and equipment.*

There is no restriction by the Donor on the use of donated assets.

## 9.1 Property, plant and equipment for year ended 31 March 2018

	Total £000	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction and POA £000	Plant and Machinery £000	Transport Equipment £000	Information Technology £000	Furniture & fittings £000
Cost or valuation at 1 April 2017	51,973	4,519	31,304	808	1,273	10,695	20	3,263	91
Additions - purchased	2,283	0	339	0	1,059	391	0	494	0
Reversal of impairments	2,926	0	2,915	11	0	0	0	0	0
Impairments charged to the revaluation reserve	(543)	0	(543)	0	0	0	0	0	0
Reversal of impairments credited to the revaluation reserve	502	502	0	0	0	0	0	0	0
Reclassifications	0	0	168	0	(415)	0	0	247	0
<b>Cost or Valuation at 31 March 2018</b>	<b>57,141</b>	<b>5,021</b>	<b>34,183</b>	<b>819</b>	<b>1,917</b>	<b>11,086</b>	<b>20</b>	<b>4,004</b>	<b>91</b>
Accumulated depreciation at 1 April 2017	8,548	0	0	0	0	6,462	13	2,004	69
Provided during the year	1,544	0	543	17	0	772	3	200	9
Revaluation	(560)	0	(543)	(17)	0	0	0	0	0
<b>Accumulated depreciation at 31 March 2018</b>	<b>9,532</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,234</b>	<b>16</b>	<b>2,204</b>	<b>78</b>
Net book value									
NBV - Purchased at 31 March 2018	45,280	5,021	32,211	819	1,917	3,495	4	1,800	13
NBV - Finance lease at 31 March 2018	217	0	0	0	0	217	0	0	0
NBV - Donated at 31 March 2018	2,112	0	1,972	0	0	140	0	0	0
<b>NBV total at 31 March 2018</b>	<b>47,609</b>	<b>5,021</b>	<b>34,183</b>	<b>819</b>	<b>1,917</b>	<b>3,852</b>	<b>4</b>	<b>1,800</b>	<b>13</b>

*This note relates to the Trust only as the Charity does not hold any property, plant and equipment.*

There is no restriction by the Donor on the use of donated assets.

## 9.2 Gains/(Impairments)

	<b>Total 31 March 2019 £000</b>	<b>Operating expenses £000</b>	<b>Revaluation reserve £000</b>
Changes in market place	(1,909)	(783)	(1,126)
<b>TOTAL GAINS AT 31 MARCH 2019</b>	<b>(1,909)</b>	<b>(783)</b>	<b>(1,126)</b>

	<b>Total 31 March 2018 £000</b>	<b>Operating expenses £000</b>	<b>Revaluation reserve £000</b>
Changes in market place	3,444	1,554	1,890
Reversal of impairments	0	0	0
<b>TOTAL IMPAIRMENTS AT 31 MARCH 2018</b>	<b>3,444</b>	<b>1,554</b>	<b>1,890</b>

*This note relates to the Trust only as the charity does not hold any assets.*

## 10 Investments

	<b>Consolidated</b>	
	<b>31 March 2019 £000</b>	<b>31 March 2018 £000</b>
<b>Fixed Asset Investments:</b>		
Market value at 31 March 2018	757	778
Net loss on revaluation	(2)	(21)
Transfer equity to cash pool	0	0
Market value at 31 March 2019	<u>755</u>	<u>757</u>
Historic cost at 31 March	<u>785</u>	<u>785</u>
<b>Market value at 31 March</b>	<b>31 March 2019 £000</b>	<b>31 March 2018 £000</b>
Securities - managed funds	<u>755</u>	<u>757</u>
	<u>755</u>	<u>757</u>
<b>Analysis of gross income from investments</b>		
<b>Total gross income</b>	<b>31 March 2019 £000</b>	<b>31 March 2018 £000</b>
Investments in a Common Deposit Fund or Common Investment Fund	<u>32</u>	<u>31</u>

*Note: all investments are held by the Trust's associated charity which has been consolidated into these financial statements.*

## 11 Inventories

	<b>Consolidated</b>	
	<b>31 March 2019 £000</b>	<b>31 March 2018 £000</b>
Inventories	6,752	4,857
<b>TOTAL INVENTORIES</b>	<u>6,752</u>	<u>4,857</u>
	<b>31 March 2019 £000</b>	<b>31 March 2018 £000</b>
Inventories recognised in expenses	5,916	6,377
Write-down of inventories recognised as an expense	17	0
<b>TOTAL</b>	<u>5,933</u>	<u>6,377</u>

*This note relates to the Trust only as the Charity does not hold any inventories.*

## 12 Trade receivables and other receivables

	Consolidated		Trust	
	31 March		31 March	31 March
	31 March 2019	2018	2019	2018
	£000	£000	£000	£000
<b>Current</b>				
Contract receivables*	6,812	0	6,812	0
Trade receivables*	0	5,573	0	5,573
Accrued income*	1,042	123	1,042	123
Allowance for impaired contract receivables / assets*	(746)	0	(746)	0
Allowance for other impaired receivables	0	(894)	0	(894)
Prepayments	575	734	575	734
Interest receivable	1	0	1	0
PDC dividend receivable	130	70	130	70
VAT receivable	82	62	82	62
Other receivables	843	408	843	485
NHS charitable funds: trade and other receivables	1	0	0	0
<b>Total current receivables</b>	<b>8,740</b>	<b>6,076</b>	<b>8,739</b>	<b>6,153</b>
<b>Of which receivable from NHS and DHSC group bodies:</b>				
Current	6,449	4,877	6,449	4,877
Non-current	0	0	0	0

\*Following the application of IFRS 15 from 1 April 2018, the trust's entitlements to consideration for work performed under contracts with customers are shown separately as contract receivables and contract assets. This replaces the previous analysis into trade receivables and accrued income. IFRS 15 is applied without restatement therefore the comparative analysis of receivables has not been restated under IFRS 15.

### 12.1 Allowance for credit losses

	Consolidated and Trust	
	Contract receivables and contract assets	All other receivables
	£000	£000
<b>Allowances as at 1 April 2018</b>	0	894
Impact of implementing IFRS 9 (and IFRS 15) on 1 April	894	(894)
New allowances arising	40	0
Reversals of allowances	(188)	0
<b>Allowances as at 31 March 2019</b>	<b>746</b>	<b>0</b>

IFRS 9 and IFRS 15 are adopted without restatement therefore this analysis is prepared in line with the requirements of IFRS 7 prior to IFRS 9 adoption. As a result it differs in format to the current period disclosure.

## 13 Other current assets

### 13.1 Short-term investments and deposits

The Consolidated group held short-term cash deposits within a multi-asset fund of £123,000 (2017/18: £93,000) managed by Cazenove Capital. The Trust does not hold any short-term cash deposits (2017/18: £nil).

## 14 Cash and cash equivalents

	<b>Consolidated</b>		<b>Trust only</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash and cash equivalents at 1 April	5,217	5,207	3,751	3,756
Net change in year	(1,454)	10	(1,096)	(5)
Cash and cash equivalents at 31 March	<u>3,763</u>	<u>5,217</u>	<u>2,655</u>	<u>3,751</u>
Broken down into:				
Cash at commercial banks and in hand	1,108	1,466	0	0
Cash with the Government Banking Service	<u>2,655</u>	<u>3,751</u>	<u>2,655</u>	<u>3,751</u>
<b>Cash and cash equivalents as in Statement of Financial Position and Statement of Cash Flows</b>	<b><u>3,763</u></b>	<b><u>5,217</u></b>	<b><u>2,655</u></b>	<b><u>3,751</u></b>

## 15 Trade and other payables

	Consolidated		Trust only	
	Financial liabilities		Financial liabilities	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	£000	£000	£000	£000
NHS Payables	6,190	5,058	6,190	5,058
Trade payables - capital	495	331	495	331
Social security costs	560	516	560	516
Taxes payable	539	488	539	488
Other trade payables	6,499	5,991	6,499	5,991
Accruals	1,346	1,116	1,204	1,115
<b>TOTAL TRADE AND OTHER PAYABLES</b>	<b>15,629</b>	<b>13,500</b>	<b>15,487</b>	<b>13,499</b>

Other Trade Payables include outstanding pension contributions of £608,000 at 31 March 2019 (31 March 2018: £575,000).

### 15.1 Other liabilities

	Consolidated and Trust			
	Current		Non-Current	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	£000	£000	£000	£000
Deferred income	210	207	0	0
<b>TOTAL OTHER LIABILITIES</b>	<b>210</b>	<b>207</b>	<b>0</b>	<b>0</b>

### 15.2 Borrowings

	Consolidated and Trust			
	Current		Non-Current	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	£000	£000	£000	£000
DHSC Loan	22	0	9,377	3,979
Third Party Loans	590	389	1,362	1,196
Obligations under finance leases	114	55	152	0
<b>TOTAL BORROWINGS</b>	<b>726</b>	<b>444</b>	<b>10,891</b>	<b>5,175</b>

The interest rate applied in relation to the loans from The Department of Health and Social Care is 1.5% and loans are due for repayment within 3 years of when the loan was taken out. The Trust will start repaying the loan principal payments during 2020/21.

The interest rates applicable in relation to the third-party loans are 3.64% and 4.5%. The Trust is currently making principal and interest repayments in relation to these loans and they will be fully repaid by 2021.



### 15.3 Finance lease obligations

<b>Consolidated and Trust</b>				
	<b>Net lease liabilities</b>		<b>Gross lease liabilities</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Within one year	114	55	129	55
Between one and five years	152	0	188	0
After five years	0	0	0	0
	<b>266</b>	<b>55</b>	<b>317</b>	<b>55</b>
Included in:				
Current borrowings	114	55		
Non-Current borrowings	152	0		
	<b>266</b>	<b>55</b>		

Finance leases are for use of medical and IT Equipment (MRI and IT Infrastructure).

### 15.4 Reconciliation of liabilities arising from financing activities

	<b>DHSC</b>	<b>Other</b>	<b>Finance</b>	<b>Total</b>	
				<b>loans</b>	<b>liabilities</b>
				<b>loans</b>	<b>from</b>
				<b>leases</b>	<b>financing</b>
<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>activities</b>	
<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>31 March</b>	
<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>2019</b>	
<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	
<b>Carrying value at 1 April 2018 - brought forward</b>	3,979	1,585	55	<b>5,619</b>	
Impact of applying IFRS 9 as at 1 April 2018	10	0	0	<b>10</b>	
<b>Cash movements:</b>					
Financing cash flows - principal	5,398	366	(135)	<b>5,629</b>	
Financing cash flows - interest (for liabilities measured at amortised cost)	(92)	(20)	(7)	<b>(119)</b>	
<b>Non-cash movements:</b>					
Additions	0	0	339	<b>339</b>	
Interest charge arising in year (application of effective interest)	84	28	7	<b>119</b>	
Other changes	20	(7)	7	<b>20</b>	
<b>Carrying value at 31 March 2019</b>	<b>9,399</b>	<b>1,952</b>	<b>266</b>	<b>11,617</b>	

## 16 Provisions

	Legal claims £000	Other £000	Total £000
At 1 April 2018	10	517	527
Utilised during the year	0	(81)	(81)
Reversed unused during the year	0	(27)	(27)
Unwinding of discount	0	(120)	(120)
<b>At 31 March 2019</b>	<b>10</b>	<b>289</b>	<b>299</b>

Expected timing of cash flows:

not later than one year	10	74	84
later than one year and not later than five years	0	49	49
later than five years	0	166	166
<b>Total expected timing of cash flows</b>	<b>10</b>	<b>289</b>	<b>299</b>

	Legal claims £000	Other £000	Total £000
At 1 April 2017	30	457	487
Arising during the year	0	87	87
Utilised during the year	(20)	(61)	(81)
Unwinding of discount	0	34	34
<b>At 31 March 2018</b>	<b>10</b>	<b>517</b>	<b>527</b>

Expected timing of cash flows:

not later than one year	10	163	173
later than one year and not later than five years	0	56	56
later than five years	0	298	298
<b>Total expected timing of cash flows</b>	<b>10</b>	<b>517</b>	<b>527</b>

***This note relates to the main Trust only as the Charity does not hold any provisions.***

The provisions included under legal claims are for employee and public liability, and are subject to changes in value and timing by either third party insurers or NHS Resolution depending on the incident date.

Early retirement provisions are discounted using HM Treasury's pension discount rate of 0.29% (2017-18: positive 0.10%) in real terms. All Other claims relate to injury benefit provisions which are discounted using the real discount rate set by HM Treasury. The rates below have been applied for 2018/19: -

Short-term (less than one year)	0.76%
Medium-term (one – five years)	1.14%
Long-term (later than 5 years)	1.99%

Other claims also includes a dilapidation provision for the leased histopathology laboratory at the University of Birmingham, £30,000 (2017/18: £30,000).

NHS Resolution as at 31 March 2019 has £5,308,632 (2017/18: £14,112,446) in respect of clinical negligence liabilities of the Trust included in its accounts. The cost of these liabilities would be paid for by NHS Resolution.

## 17 Contractual Capital Commitments

	Consolidated & Trust	
	31 March 2019 £000	31 March 2018 £000
Property, plant and equipment	1,538	847
<b>TOTAL CONTRACTUAL CAPITAL COMMITMENTS</b>	<b>1,538</b>	<b>847</b>

Capital commitments include £606,000 in relation to implementation of electronic prescribing, £60,000 in relation to a mini C-Arm, £81,000 in relation to general IT upgrades, £404,000 in relation to the development of an onsite laboratory which is being donated by the associated charity and £387,000 in relation to general site building works.

## 18 Revaluation Reserve

	Revaluation Reserve - Property, plant and equipment £000
Revaluation reserve at 1 April 2018	4,719
Revaluation loss	(1,126)
<b>Revaluation reserve at 31 March 2019</b>	<b>3,593</b>
	<b>£000</b>
Revaluation reserve at 1 April 2017	2,829
Revaluation gain	1,890
<b>Revaluation reserve at 31 March 2018</b>	<b>4,719</b>

*This note relates to the Trust only as the Charity does not hold and assets subject to revaluation.*

## 19 Contingent Liabilities

There are no contingent liabilities or contingent assets for the year ending 31 March 2019 (2017/18: £nil).

## 20 Events after the reporting period

The Consolidated Group does not have any disclosable events which have occurred after the end of the reporting period.

## 21 Related party Transactions

The Royal Orthopaedic Hospital NHS Foundation Trust is a public benefit corporation which was established under the granting of authority by the independent regulator for Foundation Trusts, Monitor (now NHS Improvement) on February 1 2007.

During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with The Royal Orthopaedic Hospital NHS Foundation Trust.

The consolidated group's ultimate controlling party is the Department of Health and Social Care.

During the year The Royal Orthopaedic Hospital NHS Foundation 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 Department. In addition, the Trust has had a number of material transactions with other Government Departments and other central and local Government bodies. These entries are listed below.

Under IAS 24 entities which are related parties because they are under the same governmental control are permitted to give reduced disclosures on those transactions. This note has therefore been prepared under this basis.

The Trust has had material dealings with the following bodies during 2018/19:

Birmingham Women's and Children's Hospital NHS Foundation Trust  
Department of Health and Social Care  
Health Education England  
HM Revenue & Customs  
NHS Birmingham and Solihull CCG  
NHS Dudley CCG  
NHS England - West Midlands Specialised Commissioning Hub  
NHS Pension Scheme  
NHS Redditch and Bromsgrove CCG  
NHS Resolution (formerly NHS Litigation Authority)  
NHS Sandwell and West Birmingham CCG  
NHS South East Staffs and Seisdon Peninsular CCG  
NHS South Worcestershire CCG  
NHS Walsall CCG  
NHS Wyre Forest CCG  
University Hospitals Birmingham NHS Foundation Trust  
Welsh Assembly Government

The Trust has had material dealings with the following bodies during 2017/18:

Birmingham Women's and Children's Hospital NHS Foundation Trust  
Health Education England  
HM Revenue & Customs  
NHS Birmingham Crosscity Clinical Commissioning Group  
NHS Birmingham South and Central Clinical Commissioning Group  
NHS Dudley Clinical Commissioning Group  
NHS Pension Scheme  
NHS Redditch and Bromsgrove Clinical Commissioning Group  
NHS Resolution (formerly NHS Litigation Authority)  
NHS Sandwell and West Birmingham Clinical Commissioning Group  
NHS Solihull Clinical Commissioning Group  
NHS South Worcestershire Commissioning Group  
NHS Walsall Commissioning Group  
NHS Wyre Forest Commissioning Group

The Trust has also received revenue payments from the associated charitable funds where the Trustees are also members of the NHS Trust Board. The Trust charged the charity for finance administration services totalling £14,040 during the year (2017/18: £13,500).

## 22 Third Party Assets

The Trust held £2,000 in relation to advance payments from private patients in relation to treatment which is yet to take place (2017/18 £128,000). These payments have been included within the Trust's financial statements for 2018/19.

### 22.1 Financial Assets

		<b>Consolidated</b>			
		<b>Carrying value</b>	<b>Fair value</b>	<b>Carrying value</b>	<b>Fair value</b>
<b>Notes</b>		<b>31 March 2019 £000</b>	<b>31 March 2019 £000</b>	<b>31 March 2018 £000</b>	<b>31 March 2018 £000</b>
<b>Current financial assets</b>					
	Receivables - with NHS and DHSC bodies	12	6,313	6,313	4,749
	Receivables - with other bodies	12	1,461	1,461	593
	Investments	10	755	755	757
	Other current assets		0	0	0
	Short term investments and deposits	13.1	123	123	93
	Cash and cash equivalents	14	3,763	3,763	5,217
	<b>TOTAL FINANCIAL ASSETS</b>		<b>12,415</b>	<b>12,415</b>	<b>11,409</b>

		<b>Trust only</b>			
		<b>Carrying value</b>	<b>Fair value</b>	<b>Carrying value</b>	<b>Fair value</b>
		<b>31 March 2019 £000</b>	<b>31 March 2019 £000</b>	<b>31 March 2018 £000</b>	<b>31 March 2018 £000</b>
<b>Current financial assets</b>					
	Receivables - with NHS and DHSC bodies	12	6,313	6,313	4,749
	Receivables - with other bodies	12	1,460	1,460	671
	Other current assets		0	0	0
	Cash and cash equivalents	14	2,655	2,655	3,751
	<b>TOTAL FINANCIAL ASSETS</b>		<b>10,428</b>	<b>10,428</b>	<b>9,171</b>

All financial assets are held at amortised cost.

## 22.2 Financial Liabilities

		<b>Consolidated</b>			
		<b>Carrying value 31 March 2019 £000</b>	<b>Fair value 31 March 2019 £000</b>	<b>Carrying value 31 March 2018 £000</b>	<b>Fair value 31 March 2018 £000</b>
<b>Current financial liabilities</b>					
Borrowings excluding finance leases	15.2	612	612	389	389
Obligations under finance leases	15.2	114	114	55	55
Trade and other payables	15	14,530	14,530	13,500	13,500
		<u>15,256</u>	<u>15,256</u>	<u>13,944</u>	<u>13,944</u>
<b>Non-current financial liabilities</b>					
Borrowings excluding finance leases	15.2	10,739	10,739	5,175	5,175
Obligations under finance leases	15.2	152	152	0	0
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>26,147</b>	<b>26,147</b>	<b>19,119</b>	<b>19,119</b>

		<b>Trust only</b>			
		<b>Carrying value 31 March 2019 £000</b>	<b>Fair value 31 March 2019 £000</b>	<b>Carrying value 31 March 2018 £000</b>	<b>Fair value 31 March 2018 £000</b>
<b>Current financial liabilities</b>					
Borrowings excluding finance leases	15.2	612	612	389	389
Obligations under finance leases	15.2	114	114	55	55
Trade and other payables	15	14,388	14,388	13,499	13,499
		<u>15,114</u>	<u>15,114</u>	<u>13,943</u>	<u>13,943</u>
<b>Non-current financial liabilities</b>					
Borrowings excluding finance leases	15.2	10,739	10,739	3,979	3,979
Obligations under finance leases	15.2	152	152	1,196	1,196
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>26,005</b>	<b>26,005</b>	<b>19,118</b>	<b>19,118</b>

All financial liabilities are held at amortised cost.

## **22.3 Financial Instruments**

The Royal Orthopaedic Hospital NHS Foundation Trust seeks to minimise its financial risks and through its treasury management policy does not buy or sell financial instruments. Trust treasury activity is subject to review by the Trust's internal auditors on a rotational basis.

### **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.

### **Interest Rate Risk**

The Foundation Trust's financial assets and financial liabilities carry nil or fixed rates of interest. The Foundation Trust is not, therefore, exposed to significant interest-rate risk.

### **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 2019 are in receivables from customers, as disclosed in the Trade Receivables and Other Receivables note.

### **Liquidity Risk**

The Trust's operating costs are incurred under contracts with NHS Clinical Commissioning Groups who are financed annually from resources voted from Parliament. Such contract income is received in accordance with the NHS funding mechanism Payments by Results with regular twelfth payments made monthly and a quarterly adjustment made to bring payments in line with actual activity. The Trust aims to fund capital schemes by internally generated funds. In addition the Trust can borrow from the Department of Health's financing facility or commercially. The Trust is therefore not exposed to significant liquidity risk.

Set out above is an analysis, by category, of the Trust's financial assets and liabilities as at 31 March 2019. Fair value approximates to the book value because of the short maturity of these instruments.

## 23 Losses and Special Payments

NHS Foundation Trusts are required to record cash payments and other adjustments that arise as a result of losses and special payments. The table below records the losses and special payments incurred by the Trust by the type of loss/special payment category:

	2018/19 Total number of cases Number	2018/19 Total value of cases £000	2017/18 Total number of cases Number	2017/18 Total value of cases £000
<b>LOSSES:</b>				
<b>1. Losses of cash due to:</b>				
a. theft, fraud etc	2	0	0	0
<b>TOTAL LOSSES</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>SPECIAL PAYMENTS:</b>				
<b>7. Ex gratia payments in respect of:</b>				
a. loss of personal effects	2	0	5	1
g. other	7	1	0	0
<b>TOTAL SPECIAL PAYMENTS</b>	<b>9</b>	<b>1</b>	<b>5</b>	<b>1</b>
<b>TOTAL LOSSES AND SPECIAL PAYMENTS</b>	<b>11</b>	<b>1</b>	<b>5</b>	<b>1</b>

For the year ending 31 March 2019 the Trust had 11 (31 March 2018: 5) separate losses and special payments, totaling £1,000 (31 March 2018: £1,000).

There were no clinical negligence, compensation under legal obligation or fruitless payment cases where the net payment for the individual case exceeded £300,000.

These amounts are reported on an accruals basis but excluding provisions for future losses.

## 24 Auditor's Liability

The auditor has a limitation of their liability in accordance with their engagement letter signed on 5<sup>th</sup> February 2019 for the amount of £1 million.







The Royal Orthopaedic Hospital  
NHS Foundation Trust  
Annual Report & Accounts 2017/18  
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**RESPECT COMPASSION**  
**EXCELLENCE PRIDE**  
**OPENNESS INNOVATION**

**NHS**  
The Royal  
Orthopaedic Hospital  
NHS Foundation Trust