



The Royal  
Orthopaedic Hospital  
NHS Foundation Trust

# The Royal Orthopaedic Hospital Annual Report & Accounts 2017/18



**RESPECT COMPASSION  
EXCELLENCE PRIDE  
OPENNESS INNOVATION**



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

## **Annual Report & Accounts 2017/18**

**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**

2017/18 has been an exciting year at the Royal Orthopaedic Hospital, characterised by progress and improvement in the context of the challenging environment that all hospitals are facing.

At the beginning of the year we received a letter of undertakings of enforcement action from our regulators, regarding the management of our waiting list and performance against the national 18 weeks referral to treatment time target. Addressing this was a significant matter of focus for the organisation for a large part of the year, however incredible progress has been made: waiting times are reducing in all specialties and structures are in place to ensure continued improvement towards full compliance in 2018/19.

The Trust was inspected by the Care Quality Commission (CQC) in the early part of 2018, this being against their new framework, which included an unannounced inspection against three of our core services: Medicine, Surgery and Outpatients. This was followed later by a planned visit to assess us against the Well Led standards. There was much hard work dedicated to preparing us for the visit and thanks are given to those involved. The inspection report is planned for publication in the first quarter of the new financial year [see supplementary note at the end of this introduction]

One of the most significant decisions made by the Trust Board during the year was agreement to cease the provision of paediatric surgery on the ROH site. The CQC had expressed concerns about our ability to provide the best environment for children as part of their inspection in 2015 and the subsequent review by the Royal College of Paediatrics and Child Health, which they commissioned, supported this view. We had agreed a set of actions to ensure that the patients were kept safe using the model of care that we could provide, however a review by the West Midlands Quality Review Service in Spring 2017 again raised questions around the sustainability of our service model. With this and the children's interests in mind, the Board took the decision over the summer to move Paediatric surgery out of the ROH and into a setting where there is greater access to the range of centralised medical services needed to ensure a sustainable and resilient service. There have been many discussions with regulators, commissioners and Birmingham Women's and Children's Hospitals NHS Foundation Trust to finalise the timetable for this movement of service, however given the complexity of the action, work is still underway to finalise the plan. We very much expect that the coming year will see a resolution to this, however for now we are taking all the steps necessary to ensure that our paediatric patients are safe and well cared for.

Despite this challenging environment, we remain firmly wedded to the Trust's vision to become the first choice in orthopaedic care as set out in our ambitious five year strategic plan. Given the influence of the changing landscape on how we work and offer our services, the Trust Board developed during the year, an updated five year vision, outlining a set of goals and success factors that it anticipated would be achieved over the coming period. Most of

these were patient-focussed and underlined the commitment of the ROH to achieve even better clinical outcomes and ensure that patients stay in hospital for the shortest time necessary. The goals also focus on improving the efficiency of the way the hospital works, so more patients can be treated in a shorter time. Finally, the goals aim to improve our underlying financial position and attract a more positive rating from our regulators. Further detail of the five year vision is outlined in 1.3 of the overview of performance later in the report.

The Trust has been 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 Chief Operating Officer, Jo Williams and Interim Director of Finance & Performance, Steve Washbourne, were sourced, who have delivered huge improvement in the Trust's performance against key targets and the financial challenges. We are 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.

In terms of changes at Board level, Jo Chambers stepped down as Chief Executive during the year and Paul Athey, former Director of Finance & Performance took on the role, steering the Trust through its challenges during the year. The Council of Governors agreed that the term of office for Kathryn Sallah, Clinical Non Executive Director should be extended for a second term of three years. Simone Jordan also joined the Board as an Associate Non Executive, providing much welcomed expertise and input to the development of the workforce agenda during the year. In further support of this, the Board established a new Committee, the Staff Experience & Organisational Development (OD) Committee, the regular attendance at which includes our new Associate Director of Workforce, HR & OD, Darren Tidmarsh. Darren joins us from a career in education and will be critical to the development of key workforce strategies, such as leadership, engagement and new ways of working.

2017 was a landmark year for the hospital as we celebrated our bicentenary and hosted a well-received summer fete to mark the occasion, this being opened by the Lord-Lieutenant of the West Midlands. This was a really positive event for the Trust and thankfully the weather was kind to all that turned up to celebrate with us.

We are delighted with some more accolades and achievements that the Trust has received during the year. Notably, the Trust received a letter from the Secretary of State for Health & Social Services, Rt. Hon. Jeremy Hunt, congratulating the Trust for achieving 100% in its Friends and Family Test results. Furthermore in June, the CQC inpatient survey reported that the Trust was one of the top ten organisations in the country for patient experience. This is testament to the hard work of our dedicated staff in ensuring that the service we deliver to our patients is second to none. The Trust was also pleased to be awarded a grant for bone cancer studies, being only one of four centres in the UK to receive this from the Bone Cancer Research Trust. The Trust's musculoskeletal pathology service was also awarded full

accreditation when it was assessed by the United Kingdom Accreditation Service (UKAS) in November and thanks are extended to all who helped achieve this very positive outcome. We hosted a visit by the Environmental Health Officer in December 2017 and were awarded a rating of 5, this being the highest standard that can be awarded. Finally, the Trust was 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. The outcome of both will be known later in 2018.

At a more local level, we held our long service awards and celebrated International Nurses day in May 2017, plus an upbeat staff awards ceremony in February 2018, 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. Congratulations to Gavin Newman, Craig Pinner, the Rapid Recovery team, Vickie Pring & Enderjit Aujla, the housekeeping team, Mandy Johal, the Outpatients team, the large joints medical secretary team, the ROHBTS charity team and Jonathan Bamford who all received Staff Awards in February 2018. We especially congratulate Uzo Ehiogu, Clinical Teaching Fellow for undergraduate education, who won the award for excellence in personal development and the overall Trust Board award for his work on developing the ward based teaching for medical students at the ROH.

We have been fortunate to recruit some talented new consultants in spinal, anaesthetics and oncology services and wish them well with their careers at the ROH.

Embracing the ROH's core value of innovation, we were delighted that, in partnership with Strkyer, we became the first NHS organisation to use robotic technology to assist with joint replacements for private patients. There was great publicity around this and we are immensely proud to be able to showcase this new development. Building on this appetite for innovation during the year, we have also introduced 'Perfecting Pathways', a structured model of continuous improvement which comprises a range of projects and initiatives designed to improve the overall pathway of care from pre-operative assessment through to discharge. The organisation has embraced this fully and many staff from across the organisation are involved in delivering these important improvements for our patients.

The Harrison lectures have continued this year with great success. Most notably, the lecture concerning Innovation in Oncology and Arthroplasty by Professor Lee Jeys, was well received and attracted a good attendance.

It has been another year of transition 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 our long serving lead governor, Alan Last, came to an end during the year; he will be missed and we thanked him for his dedicated years of service to the ROH, however we welcomed Brian Toner, one of our existing public governors into the role, who the Council elected at their autumn meeting. Other departures include Lynda Hindley, Tony Thomas and our stakeholder governor representing the Bournville Village Trust, Paul Sabapathy. New arrivals include two new stakeholder governors, Dr Dagmar Scheel-Toellner from University of Birmingham and

Hannah Abbott from Birmingham City University. Other governors we welcomed included Kennedy Iroanusi, public governor and David Richardson, non-clinical staff governor. 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 well attended by a number of our devoted members.

As the Trust embraces the challenges it faces during the next year that we have described, 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.



Dame Yve Buckland, **Chairman**

A handwritten signature in blue ink that reads "Yve Buckland".



Paul Athey, **Acting Chief Executive**

A handwritten signature in blue ink that reads "Paul Athey".

*SUPPLEMENTARY COMMENTARY:* Since this report was drafted, we have received the welcome news from the CQC that following their inspection in the final quarter of 2017/18, that our overall regulatory rating has moved from 'Requires Improvement' to 'Good'. The Trust is now rated as 'Good' across all domains of the CQC framework. We are currently digesting the report and working through the implications and will include greater detail in next year's Annual Report. The contents of this report do not reflect the publication of the CQC inspection report.

# 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 UK's five specialist orthopaedic centres. It provides specialist and routine orthopaedic care to its local catchment area, and specialist orthopaedic care regionally and nationally.

The Trust specialises in planned treatments of large and small joint replacement, spinal services and orthopaedic oncology. It also provides paediatric orthopaedics, although in June 2017, the trust gave notice to commissioners that it planned to cease delivery of case for paediatric patients. 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 has six inpatient wards including a private patient ward; ten operating theatres, a day case unit and outpatient and diagnostic facilities. The hospital has a purpose built two-bedded paediatric high-dependency unit (HDU) with an additional eight adult HDU beds.

### 1.3 Planning for the future

The Trust works closely with local partners including Birmingham Women's and Children's Hospitals NHS Foundation Trust and University Hospitals Birmingham and in doing so ensures that best orthopaedic practice is shared across the local health community. The Trust's patients benefit from a team of highly specialist surgeons, many of whom are nationally and internationally recognised for their expertise. 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.

During the year, the Board took the opportunity to develop a further five year vision supplementary to the strategy, 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.

#### **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 1,073,045 and employs around 1000 staff. It is a tertiary specialist orthopaedic centre treating the local population and people from across the UK and internationally.

The ROH was established on 17th 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 the Board Assurance Framework, 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:

- The Trust Board is currently carrying all the clinical risk associated with transition of inpatient Paediatric services whilst the system re-commissions and re-provides the services elsewhere.
- Loss of income from the transition of paediatric services out of the Trust, without the certainty around growth in additional adult work to offset this.
- Lack of a clear financial and operational plan that describes how the organisation will be sustainable in the long term.
- Long waiting times for spinal deformity and the potential impact on patient experience and outcomes, together with the significant financial impact that these waiting times incur.
- 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.

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

## **1.6 Going Concern Statement**

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, and the Directors have a reasonable expectation that the ROH has adequate resources to continue in operational existence for the foreseeable future.

In reaching this conclusion, the Directors have taken into account the Trust's operational plan, the agreement of service delivery contracts with CCG and NHS England commissioners for 2018/19 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.

Despite the difficult financial environment in which all public services exist, the Directors are confident that the Trust has robust plans in place to ensure its sustainability. For this reason, they continue to adopt the Going Concern basis in preparing the accounts.

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 Trust has introduced enhanced cash management controls during recent months to allow more accurate monitoring of cash levels and allow early warning of any working capital risks. Despite these controls, the cash position at the year end, in addition to the deficit expected to be delivered during 2018/19, have resulted in the Trust's financial plans for 2018/19 including an assumption of cash funding from the Department of Health. This is an assumption which has been fully discussed with NHS Improvement as part of the planning process.

Formal agreement of cash financing under current Department of Health financing arrangements does not take place until the month immediately preceding the requirement for cash, and thus at the time of completing the Going Concern assessment this information is not available, creating a material uncertainty that may cast significant doubt over the entity's ability to continue as a going concern.

Section 4.89 of the Department of Health Group Accounting Manual states 'the anticipated continuation of the provision of a service in the future, as evidenced by inclusion of financial provision for that service in published documents, is normally sufficient evidence of Going Concern'.

This guidance, in addition to the discussions held with NHS Improvement, 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.

For this reason 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.

**Approved by the Board of Directors on 25 May 2018**



**Mr Paul Athey**  
**Acting Chief Executive**  
**25 May 2018**

## **2.0 Performance Analysis**

### **2.1 Purpose**

The purpose of the 'Performance analysis' is to provide a detailed performance summary of how the Trust measures.

### **2.2 Performance Framework**

The Trust's performance framework operates at a variety of levels. Performance against key performance indicators are reviewed and challenged within three Board sub-committees: Quality & Safety Committee, Finance & Performance Committee and the Staff Experience & OD Committee. These committees review detailed monthly performance reports covering their areas of responsibility and undertake a detailed review of 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, and 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.

During the year, the Interim Chief Operating Officer relaunched and reinvigorated the Operational Management Board, which now meets on a monthly basis. 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.

### **2.3 Patient Care Performance**

During the year there has been much work undertaken to deliver the plan arising from the CQC inspection in 2014, the reinspection in 2015 and the review by the Royal College of Paediatrics and Child Health (RCPCH). The majority of actions have now been closed, with those residual largely being strategic in nature and requiring system-wide support.

The Care Quality Commission undertook an inspection against their new framework in Quarter 4 2017/18, starting with an unannounced inspection against three core services: Medicine; Surgery; and Outpatients. There followed a planned inspection against the Well Led standards.

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

- Reduce the number of avoidable pressure ulcers;
- Learning from deaths – implement, embed a culture of learning from deaths; and
- Reduction in PALS complaints by 20%.

Those that have not been achieved will be rolled over into 2018/19, each with a renewed delivery focus.

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

- The embedding of the Rapid Recovery pathway, which focuses on efficient and supportive discharge to enable patients to get home sooner. Many patients having had a hip 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 and there are plans in place to roll this pathway out to other specialities.
- The introduction 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.
- The reinvigoration of the Throne Project, which aims to reduce patient falls in bathrooms and toilets.
- The recruitment of a Learning Disabilities nurse and the development and launch of a Learning Disabilities strategy. This had been an area of improvement identified as needing to be taken forward as part of the CQC inspection in 2015, so this was a really pleasing area of achievement, with great benefits for our patients.
- In terms of Dementia, it had been previously identified there were some gaps in consistent assessment of emergency patients. A dementia strategy has been developed during the year and the Trust has delivered the obligations in the strategy set out for the first year, which has largely resolved this shortfall.
- The Trust has joined a national nutrition collaborative to enhance nutritional care in line with best practice.
- Improved waiting times in outpatient clinics. There is further work planned in 2018/19 to reduce this further, particularly in Oncology clinics.
- Improved compliance with the use of the World Health Organisation (WHO) checklist through the use of Theatreman.

During the year, the Trust introduced new ward boards displaying performance against a set of nursing key performance indicators. Each month the Divisional Heads of Nursing review the results and submit an upward report to the Clinical Quality Group with exception reporting to the Quality & Safety Committee.

## 2.4 Operational performance

During 2017/18, 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 14,646 admitted patients and 66,642 outpatients in 2017/18, an underperformance of 3.4% and 4.4% respectively as compared to planned levels of activity.

	Performance against 2017/18 Plan			Performance against 2016/17 Actual	
	Actual Treated 2017/18	Plan to Treat 2017/18	Variance	Actual Treated 2016/17	Variance
Inpatients	6,449	7,164	(715)	6,992	(543)
Day Cases	8,197	7,999	198	6,981	1,216
<b>Total Admitted Patient Care</b>	<b>14,646</b>	<b>15,163</b>	<b>(517)</b>	<b>13,973</b>	<b>673</b>
First Appointment	20,593	20,602	(9)	20,240	353
Follow Up Appointment	43,606	46,548	(2,942)	43,999	(393)
Outpatient Procedures	2,443	2,547	(104)	2,942	(499)
<b>Total Outpatients</b>	<b>66,642</b>	<b>69,915</b>	<b>(3,055)</b>	<b>67,181</b>	<b>(539)</b>

Compared to 2016/17, inpatient activity has reduced by 543 episodes (7.7%) whilst day case activity has increased by 1,216 episodes (17.4%). This is reflective of a focus nationally to undertake more work on a day case basis. At the planning stage for the year, the Trust did expect to see more significant day case growth than elective, as has been shown in the plans above, although the actual shift to day case was higher than expectation.

Income relating to inpatient activity underperformed against plan by 1.2%, whilst day case income over-performed by 4.9%, resulting in an overall balanced outturn position when compared to plan. Although inpatient activity was reduced, case-mix between sub-specialties and additional complexity within specialties resulted in an increase in the average tariff received in 2017/18 when compared against 2016/17.

Outpatient activity has remained broadly consistent with 2016/17 with a reduction in Follow-Up appointments (against plan) being driven by local and national initiatives to reduce the proportion of new to follow up activity.

### **Key Performance Indicators**

During the year, our performance against the 92% Referral to Treatment (RTT) standard was not achieved. This reflects the work that the Trust needed to undertake to ensure that its data was accurate. In July 2017 the Trust suspended national reporting against the target until the end of November 2017. This period allowed the organisation to ensure that all data after this time had been through a comprehensive validation process to ensure its accuracy. In December 2017, in line with returning to national reporting for RTT, the Trust submitted a trajectory to NHS Improvement confirming it would return to 92% aggregated performance in November 2018.

The National Quality Requirement is that no patient on an RTT pathway waits over 52 weeks. In July 2017 the Trust had 177 patients showing over 52 weeks waiting for surgery. A significant amount of work has been undertaken to reduce this figure and at the end of March 2018 the Trust had 52. All these patients now only remain within the spinal deformity speciality, which is a highly specialised surgical service for Children and Adults. The service has been a challenge for the Trust for a number of years and for a cohort of medically complex children, the Trust is reliant upon a whole health system approach to identify and ring-fence appropriate capacity in terms of specialist staffing and facilities to enable timely treatment of these patients. Working closely with NHS stakeholders we have developed an improvement plan with additional capacity planned throughout 2018/2019.

Our diagnostic performance standard was achieved in all months throughout 2017/2018, less than 1% of patients waited over six weeks for a diagnostic test.

The 62-day cancer performance standard was achieved in 6 out of 12 months which was a significant improvement on last year's performance. The Trust treats a very small number of cancer patients, and those that are treated tend to have complex pathways and treatments which may at times involve a number of providers across the health economy.

We recognise that last-minute cancelled operations are a distressing experience for patients and we have been working hard to reduce operations which are cancelled on the day of surgery. During this period we had 10 patients who were cancelled on the day and were not treated within 28 days subsequently.

Key Performance Indicators	Target	Q4	Q1	Q2	Q3
% incomplete pathways less than 18 weeks	92%	81.06%	Not Available		79.02%
Number of patients waiting over 52 weeks	0	52	Not Available		70
% urgent cancer referrals seen within 2 week wait	93%	97.10%	97.60%	99.20%	98.40%
% patients treated within 31 days of decision to treat	96%	90.60%	96.60%	96.60%	97.70%
% patients receiving subsequent treatment within 31 days (surgery)	94%	97.50%	100.00 %	97.40%	100.00 %
% cancer patients treated within 62 days of urgent GP referral	85%	83.30%	66.70%	72.20%	87.50%
% patients waiting less than 6 weeks for diagnostic test	99%	99.53%	99.64%	99.70%	99.46%

## 2.5 Financial Performance

The financial performance of the NHS has continued to be a subject of major debate during 2017/18 and the Trust, in common with many of our counterparts, has faced material challenges in delivering high quality healthcare within a finite financial envelope.

### Statement from the Director of Finance

At the start of the year, the Trust had planned for a deficit of £6.6m 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 £6.4m securing £1.8m of Sustainability and Transformation Funding (STF), which together with other adjustments, resulted in the Trust achieving a £4.38m deficit. Within this we delivered £2.7m of cost improvement schemes.

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 Consolidated Group's financial performance in 2017/18. 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

## Performance

The table below summarises the financial performance for the Trust.

£m	2017/18	2016/17
Operating Income (Turnover)	83.6	79.4
Operating Expenses	(85.2)	(82.5)
<b>Operating Surplus / (Deficit)</b>	<b>(1.6)</b>	<b>(3.1)</b>
Net Finance Costs / Other gains and losses	(1.3)	(1.4)
<b>Surplus / (Deficit from continuing operations)</b>	<b>(2.9)</b>	<b>(4.5)</b>
Consolidation of charitable funds	0.1	(0.2)
<b>Surplus / (Deficit from continuing operations) (Trust Only)</b>	<b>(2.8)</b>	<b>(4.7)</b>
Add back Impairment / re-valuation	(1.6)	0.2
Adjustment for Donated Assets	0.1	0.0
<b>Net Underlying deficit*</b>	<b>(4.3)</b>	<b>(4.5)</b>

\*Represents the primary view used by the Board of Directors to monitor the Trust's financial performance and is the position used to measure its performance against the breakeven duty.

Whilst the operating deficit for 2017/18 improved by circa £1.5m to £1.6m, this included both the receipt of STF income and the impact of revaluation and impairment. The latter represent technical accounting adjustments to the Trust accounts rather than actual cash transactions or flows of money; therefore this is excluded to provide a net underlying deficit of £4.38m which is comparable to the position obtained in 2016/17.

## Income

The largest component of the Trust's income relates to the provision of NHS patient care funded by NHS commissioners. This accounted for £73.4m (89%) of total income. Other income from patient care includes costs recovered from insurers under the Injury Cost Recovery Scheme of £1.2m. Private patient income in the period was £0.8m (2016/17: £0.6m).

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 2017/18 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 0.97% (£0.8m); 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 reinvested into improving care for NHS patients

A further £6.5m of Other Operating Income (2016/17: £5.0m) was received which included £2.5m in support of Education and Training and Research and Development (2016/17: £2.4m), and £1.8m of Sustainability and Transformation Funds (2016/17: £nil).

### **Expenditure**

The Trust's total operating expenditure for 2017/18 totalled £83.6m. This is less than 1% increase in 2016/17 operating expenses of £82.3m, or a 3.5% increase if impairments and revaluations are excluded.

The largest cost element continues to relate to salaries and wages with a pay cost of £50.3m (60.1% of total operating expenditure). This compares to a cost of £47.5m in 2016/17. This increase relates to pay awards and increases in National Insurance and pension costs. External agency costs reduced slightly from £4.3m to £4.1m.

Clinical supplies and services accounted for £16.7m (20.1%) whilst the Trust incurred drug expenditure of £1.6m. Both of these represented reduced spend compared to 2016/17.

### **Capital Expenditure**

In 2017/18 the Trust spent £2.3m on capital schemes. £1.4m of this related to significant investment into IT infrastructure, the development of electronic prescribing and cyber security. The remainder was spent mainly on equipment replacement and building works.

### **Revaluation of land and buildings**

As part of the preparation of the annual accounts, the Trust is required to assess the value of its land and buildings. This exercise is carried out at the end of each financial year. This year, the full impact on the Statement of Comprehensive Income is £1.6m. This is excluded in calculating the net underlying deficit.

### **Cash and Working Capital**

Cash is largely in line with plan at the year end at £5.2m, which is comparable to the position in March 2017. The Group was in receipt of £3.9m of interim revenue support from the Department of Health which was slightly less than forecast.

### **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 2017/18 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 Trusts educational activity generates £2.2 million 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 an education activities and resources.

### 2.6.2 Education and Training – Key Highlights 2017/18

#### Medical Education

Undergraduate Medical Education:

The Trust continues its partnership with the University of Birmingham, with up to 400 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. During 2017, we reviewed the effectiveness of the new Specialist Physiotherapist for Education role. The impact of this role has been outstanding, with clear demonstrable evidence that it has improved the student experience.

*“This was the best placement I've had in 4th year. The teaching was outstanding, it focused on what we need to know and was really well structured and organised. Felt like you actually cared about us and our learning, which hasn't been the case for the rest of my placements. I've learnt a lot which is quite a new experience for 4th year! Thank you!” (Medical Student: March 2018)*

University of Birmingham Quality Assurance Visit 2017:

In November 2017, the Trust received a Quality Assurance visit from the University of Birmingham Medical School to assess the student environment and standards of teaching whilst on placement at the Trust. It was a highly successful visit with the subsequent recommendations report stating:

*“The tone of the visit was very positive with commitment to undergraduate medical education displayed throughout the Trust.”*  
*“The Undergraduate team continue to provide an excellent experience for students”*  
*“The panel was impressed with the enthusiasm and dedication from staff during the visit and some areas of good practice were demonstrated”*

#### Aston University Medical School:

The Trust has signed a Memorandum of Understanding with Aston University Medical School to be a partner in the provision of its undergraduate medical degree. The first students are due to commence on the programme in September 2018. These students will attend the ROH in their third year for their orthopaedic placement. This will see an increase of 100 medical students visiting the ROH each year from 2020.

#### 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.

#### 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. In addition to orthopaedic registrars, the Trust also provides placements for sports and exercise medicine, histopathology, radiography and anaesthetic registrars.

#### Birmingham Orthopaedic Network:



In October 2017, the Birmingham Orthopaedic Network was launched ([www.BON.ac.uk](http://www.BON.ac.uk))

The aim of the BON is to provide a virtual platform with physical infrastructure and support for:

- Co-ordinating Research & Audit
- Identifying and sharing education & Training opportunities
- Co-ordinating Naughton Dunn Club
- Enhancing Public Profile & Engagement

The site will provide a central resource for education and research information, open to registrars, medical students, junior doctors and others, with engagement and additional information from Health Education England, British Orthopaedic Association/Trainees Association, University of Birmingham Medical School and other Allied Healthcare Professions.

The Birmingham Orthopaedic Network came about as a trainee-led collaboration between Birmingham Orthopaedic Training Programme (BOTP) registrars, the Naughton Dunn Club (NDC), and the Medical Education Team based at the Royal Orthopaedic Hospital (ROH). Development of the BON is part of the project requirements for Usman Ahmed (BOTP registrar) as a BOA Clinical Leadership Fellow (supported by a bursary granted by HEE West Midlands)

### Non-medical Education and Training

The Trust provides educational placements for up to 60 non-medical students at any one time from a range of specialties provided from partner universities 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 organization. These students are supported by network of trained professional mentors and this area is overseen by the Trust's Practice Placement Manager.

### 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.

### Personal and Professional Development of our workforce

Apprenticeship Strategy 2018 - 2020:

Since April 2017, and the introduction of the new Apprenticeship levy, the Trust has been working closely with local trusts, and local colleges and Higher Education Institutes (HEIs) to identify and create a robust infrastructure to ensure best utilisation of the levy funds across the system. The apprenticeship levy can be used to create apprenticeship roles, converting

vacancies into apprenticeship opportunities, and can also be used to provide training opportunities for existing staff within their current roles.

The Trust is an active member of the Birmingham and Solihull Apprenticeship Federation (a subgroup of the Local Workforce Action Board) in developing processes around procurement, contracts and working with colleges and HEIs on the development of the new apprenticeship standards, with the potential to introduce rotational apprenticeships.

Following the recent review of the Trusts Strategy, and the developing People Strategy, we can bring a renewed focus to support the personal and professional development of staff whilst ensuring that the Trust effectively utilises the levy. The strategy identified the following aims to be achieved over the next two years:

Aims and outcomes of the strategy:

- 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's 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.

The Apprenticeship strategy was agreed and signed off in March 2018.

Investment in Learning:

Our Charitable Funds Committee continues to support the Investment in Learning initiative. This initiative is open to all Band 1-4 staff, and higher banded staff in non-clinical roles, who can bid for funding to support them with their professional career development. In the last 12 months, this funding has allowed staff to complete "access to higher education courses", which enables them to go on to university to study for a nursing degree or Operating Department Practitioner (ODP) diploma. It has also funded a series of training programmes which has supported both the Trusts Perfecting Pathways initiative, and individual's personal development requirements, with titles such as Managing Change, Emotional Resilience, Report Writing and Minute taking.

Management Skills Programme:

The Trust ran two cohorts of the Management Skills Programme in the last twelve months. Delegates on the programme completed department projects, which had a positive impact on either efficiency or performance. Following the course delegates have demonstrated an

increase in personal and team performance and some have received individual career promotions.

## 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.

2017/18 has been an exciting period of significant change and improvement within our research and development department. This included the appointment of our new Clinical Service Lead for R&D, and the development of new infrastructure and facilities to support clinical trials and biological studies. We have also made substantial progress in relation to the achievement of our strategic goals, increasing our research activity and financial performance, developing our research facilities and workforce, and enhancing our research collaborations and reputation.

We have been recognised as one of the country's largest contributors of sarcoma samples to the 100,000 genomes programme and as the highest recruiting UK site for several major studies including:-

- BOOST (Better Outcomes for Older People with Spinal Trouble) – a randomised controlled trial of two types of physiotherapy in older people with lumbar spinal stenosis
- Pre-OB – A randomised controlled trial of stem cell therapy for avascular necrosis of the femoral head
- DISC – a randomised controlled trial of collagenase injection versus surgery for Dupuytren's contracture



The Trust was also the largest recruiting site worldwide for the GSSG (Growing Spine Surgical Group) observational study examining the prognosis following treatment for early onset scoliosis.

### 2.7.1 Key Research Highlights from 2017/18

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) Enhancing our patient care

Throughout the summer, the Trust undertook an observational study evaluating the use of innovative continuous patient monitoring technology developed in collaboration with bio-tech company Sensium Healthcare Ltd and Aston University. This automated system continuously analysed and recorded patient vital signs to closely monitor their health during post-operative recovery following major orthopaedic surgery. The technology aims to improve orthopaedic post-op care by providing real-time, continuous data which can identify any deterioration in the patients' health and allow early intervention. Essential user acceptance data was recorded by patients and members of the healthcare team to provide feedback on the experience of using the system.

The SAM study which commenced in early 2018 is seeking to develop and validate a Sarcoma specific Patient Reported Outcome Measure (PROM). It is hoped that this will provide an important means of improving patient/clinician communication resulting in improvement of patient care. Similarly, our Lumbar Spine Fusion study follows the patient experience after Lumbar Spine surgery. It is hoped that the study will generate more knowledge about the key aspects of the patient's journey which can be used to develop a risk stratification tool and rehabilitation pathways designed according to the level of risk. This will allow the clinical team to tailor the patient's clinical follow-up and physiotherapy rehabilitation to meet their specific needs.

Another study which is helping to shape our services for patients in the future is the UK Safe study which is evaluating whether or not individual patient-centred follow-up improves rehabilitation following total hip or knee replacement surgery. The results from this study will provide recommendations for the standard post-operative care of all such patients in the future.

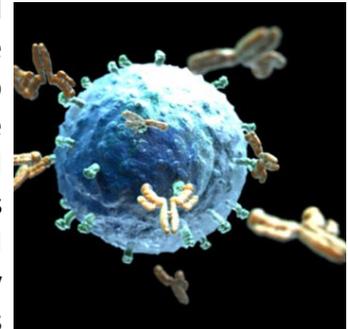
#### b) Clinical trials of orthopaedic therapies:



In the autumn we opened the National Institute for Health Research (NIHR) funded DISC clinical trial which aims to find out if collagenase injections are as good and as safe as surgery for treating Dupuytren's contracture, a condition which affects the tendons of the hand. Both treatments are in use within the UK but there is no definitive knowledge about which one is better for patient safety and

outcomes. This study will help answer that question and will influence which treatment is used in routine practice in future.

ROH is the only UK site selected to participate in an international trial sponsored by major pharmaceutical company Amgen to explore the safety and efficacy of a novel monoclonal antibody therapy to treat Giant Cell Tumour of Bone (GCT). GCT is a precancerous bone tumour which, if left untreated, can lead to bone destruction and may spread to other regions of the body. The trial treatment is hoped to prevent bone destruction from the tumour and also to aid the repair of bone which has already been affected. This study allows patients at the Trust to access this experimental drug which is hoped will lead to significant advances in the treatment of GCT. The trial was successfully delivered at ROH and the next phase clinical trial is currently in development.



Patients at the Trust have been given the opportunity to participate in a pioneering Pre-OB trial, sponsored by medical technology company Bone Therapeutics, investigating the use of their own stem cells in regenerating bone tissue. Patients with avascular necrosis of the hip experience a degeneration of their hip joint, ultimately resulting in the loss of function in their hip and therefore the use of their leg. Current treatment involves the replacement of the affected hip joint with an artificial prosthesis. Hip replacement carries with it additional risks related to all major surgical procedure including the risk of post-operative infection and hip-implant replacements at intervals throughout the patient's life are also normally required.



This trial seeks to discover whether the hip can be made functional again through stem cell regeneration of the hip joint, restoring function without the need for hip replacement. If found to be successful, this novel therapy has the potential to radically change the approach to hip replacement, offering an alternative option to hip replacement surgery and potentially major cost savings to the NHS. For patients this may reduce recovery time and could potentially lead to improved long-term hip function and avoid the need for periodic replacement of hip implants as they wear out.

Due to the nature of the advanced therapies involved, the delivery of this trial is extremely complex. Significant planning and coordination were required by the Trust's multidisciplinary research and Oncology teams in order to ensure the trial's success. ROH is currently the largest recruiting site for the trial in the UK.

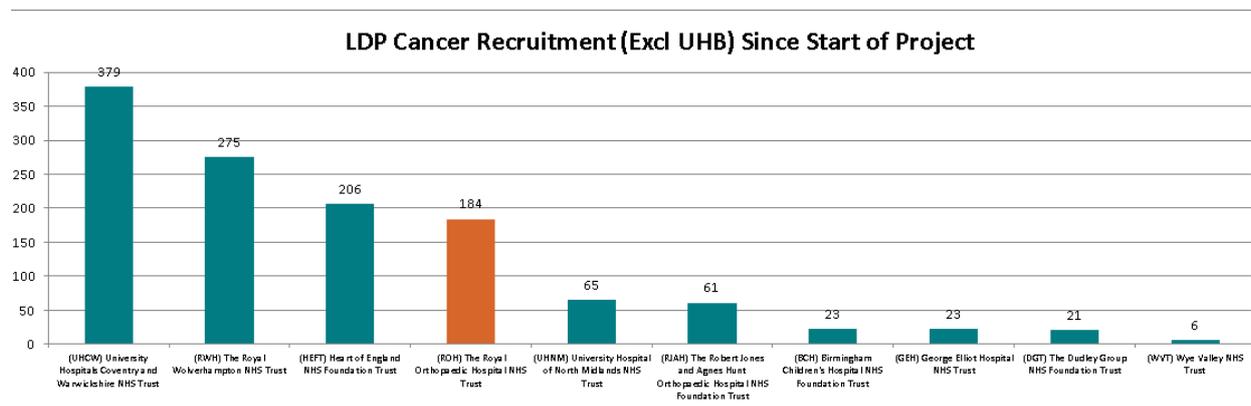
During the year we also successfully completed recruitment and follow-up to the NERVES trial led by The Walton Centre NHS Foundation Trust. This randomised controlled trial compared two commonly used treatments for sciatic leg pain, nerve root block injection and surgery, to see if one treatment works better than the other. Although both treatments are used routinely in the NHS, there is no definitive evidence to say which works best in the short and long term and which is more cost effective. This study is expected to provide pivotal

information to guide future treatment planning for all patients with sciatica caused by a prolapsed disc.

c) Generating new knowledge

Due to our unique patient population and the collaborative work of the Oncology Service and the R&D Delivery Team, the Trust is currently the UK’s largest contributors of sarcoma specimens to the 100,000 genomes programme led by NHS England. This programme seeks to collect and sequence 100,000 whole genomes from patients with certain cancers and rare diseases. This will help to improve our understanding of the role of genetics in the development of sarcomas and predict treatment response amongst patients with this rare disease. The aim of 100,000 genomes project is to create a new genomic medicine service for the NHS – transforming the way people are cared for. In the long term this will lead to the development of new treatments which are tailor-made to fit the patients’ unique genetic profile, increasing the chances of them working and improving patient outcomes in the future. It is also an ambitious programme to support the transition of NHS oncology services to genetics-led diagnosis and treatment pathways.

Despite the 100,000 genomes project being underway nationally for three years, due to the difficulties in getting the project off the ground in the clinical service, the Trust did not recruit its first patient until February 2017. The research and development team became involved at the beginning of 2017 and put in place the staffing and processes to make the project work. In this short space of time, the performance of the Trust increased rapidly, placing ROH as the fourth largest contributor of cancer accruals in the West Midlands LDP (local Delivery Partnership) region (excluding the projects lead site, UHB), and helped the West Midlands region become the largest recruiter of cancer patients to the 100,000 genomes programme in the UK.



We are working with leading research universities on several studies which are helping us to understand the biological processes which lead to the development, progression or treatment response of several different orthopaedic diseases. These include our work with the University of Birmingham on the Muscle and Fat Cross Talk study which seeks to identify if there is a connection between adipose tissue and osteoarthritis and our collaboration with the University of East Anglia on the Circulating Tumour Cells & RNA study to identify the mechanism for the progression of osteosarcoma spread and treatment resistance in patients.

Our research physiotherapists are conducting a study looking at early identification of bone tumours via physiotherapy services in order to speed up diagnosis and improve outcomes for patients. This involves generating data on early symptom development and creating new criteria to assist allied health professionals across the healthcare system to identify the signs of bone tumour early and refer them for specialist treatment sooner, improving their prognosis.

#### d) Translating research into healthcare service improvements

In early 2018 the Trust reached the end of a five-year research programme, supported by medical technology company Medtronic. This programme led to the continued development of an innovative imaging technology which enhances the care of patients with scoliosis. This simple, low cost device significantly reduces the number of X-rays which patients with scoliosis would normally require as part of their monitoring, corrective surgery planning and follow-up. Instead patients are offered an innovative imaging method called 'posterior surface topography'. This method, unlike X-ray, does not use harmful radiation. Instead, it uses a structured light method with digital photography which provides a 3D representation of the shape of the back, thus showing the extent of surface asymmetry of the torso and also estimating the degree of spinal curvature. This provides essential information to the surgeon and also to the patient on the visual, as well as physical, improvement which is likely to be achieved by surgery.

Researchers within the Trust are presently developing the posterior surface topography approach so that the 3D anterior (or 'front') surface of patients with scoliosis can also be captured and analysed. This work will also be used for assessing other disorders which affect the shape and symmetry of the front of the chest. In addition to the benefits to patients of reducing the radiation exposure and providing enhanced clinical data to support their care, the topography system also provides significant cost savings for the NHS. The cost of performing a topography scan is 30% less than the cost of a whole spine X-ray. On the basis of these impressive results, the Trust plans to incorporate topography into standard care pathways for scoliosis from 2018/19.

The Early PROMPT study, which completed during the year, is expected to lead to significant improvements in patients' post-operative care following total knee replacement. The study is exploring which of the patient reported outcomes that are routinely collected best predicts the need for additional treatment or intervention in order to achieve the best long term results for our patients. The study data is currently being analysed and the report is expected to be published in 2018/19. It is expected that the findings will help us to target problems in patients' recovery earlier so we can improve the long term success of their knee replacement procedure.

### **2.7.2 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

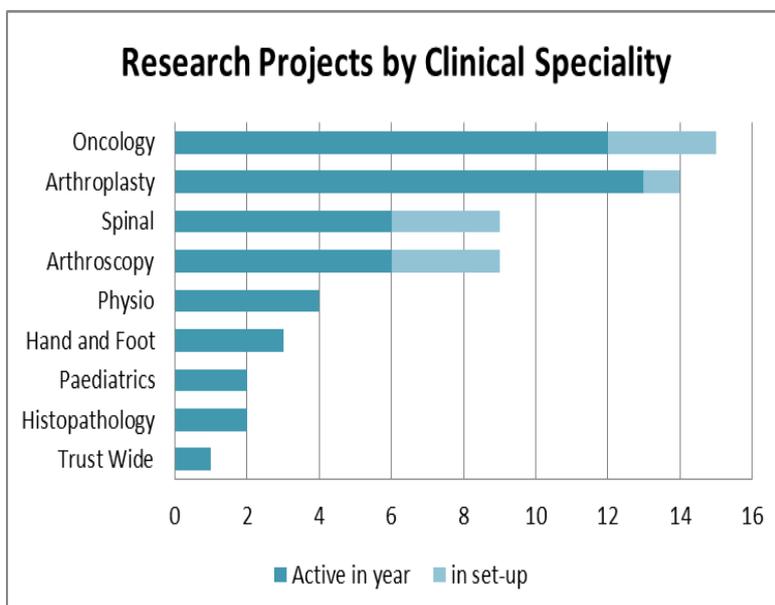
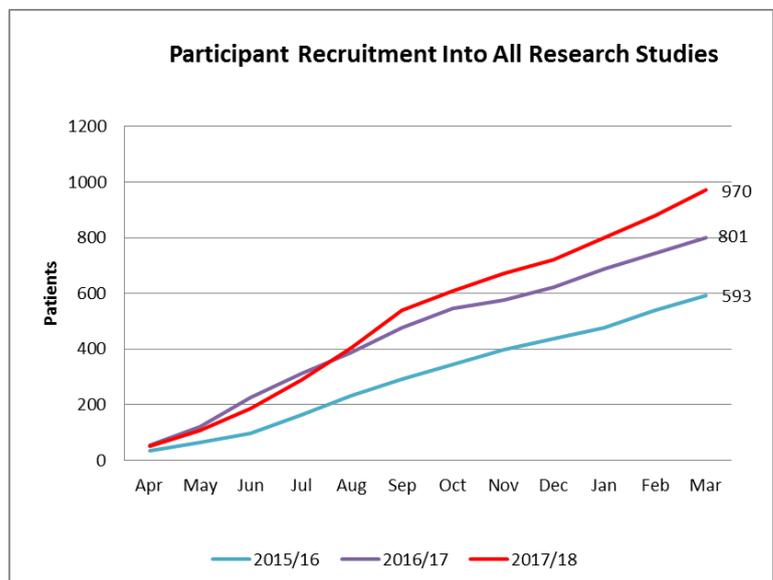
- Developing academic and basic science type studies in collaboration with local universities and other NHS providers
- Expanding our commercial portfolio which will validate and evaluate new and existing medicines, medical devices and surgical techniques

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

For the second successive year we have seen a dramatic 63% increase in the number of our patients taking part in research with nearly 1000 patients contributing to studies in the past year.

There were 49 studies active during the year, a further 10 were in set-up to be opened in 2018/19 and 5 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 the sponsor closing recruitment for the study before the first patient from the Trust could be identified.



As seen in the previous year our most research active clinical specialties continue to be oncology, arthroplasty, and spinal services. After an initial back-log in opening new studies at the beginning of the year, we have streamlined our procedures and the vast majority of those in set-up at the beginning of the year are now well underway. As such the number of studies currently in set-up has reduced from 25 to 10 with a steady stream of new studies being

developed and opened throughout the year.

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 45% were interventional and 55% were observational (i.e. patient data and/or tissue collection alongside of standard care); this represents an increase of 8% in the proportion of interventional studies compared with 2016/17.

Of the 49 studies delivered during the year, 31 (63%) were included in the NIHR portfolio and accounted for 77% of our total number of participants. The proportion of portfolio adopted studies is consistent with the previous year. The main reasons for non-adoption were funding type not meeting adoption criteria and sponsor decision.

There was a 7% increase in the proportion of studies which were sponsored by commercial organisations with 8 commercial studies delivered in 2017/18 compared with just 3 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

Plans are well under way to develop a purpose built regenerative medicine laboratory, specifically to explore the biological basis of certain sarcomas. This new facility will provide on-site capabilities for scientists and clinicians to develop 'basic science' research programmes. These programmes will seek to expand our current knowledge of bone tumours with the long term ambition to develop the next generation of therapies to tackle this rare disease. The new facility is expected to be operational by Autumn 2018 and will provide a fantastic platform upon which we can grow our already thriving portfolio of translational medicine studies.

The Trust was one of only four UK based Trusts to be awarded vital infrastructure funding from the Bone Cancer Research Trust. This funding will be used to help us to increase recruitment of patients into primary bone cancer studies which often involve very resource intensive sample collection procedures.

During the year the research administration team has also been developed to include additional study coordination and trial management support for our investigators. These key resources will provide dedicated support to clinicians within the Trust in the development of new research studies, including preparing grant applications, protocols and applications for ethical and regulatory approvals. They will also ensure that the studies are delivered to the highest standards and are routinely monitored and audited throughout their lifecycle.

Clinical trials which explore the safety of new medicines often require blood samples to be collected and checked at regular intervals after the patient receives the experimental medicine to ensure their safety. As the Trust's main laboratory is a short distance away off-

site this has not always been feasible and has meant that some studies could not be conducted. Over the past year we have been working hard to overcome this barrier by creating specimen processing and storage facilities within the Trust's main site. It is hoped that these new capabilities will improve our ability to offer a wider range of interventional clinical trials to our patients in future.

### iii. Developing our research workforce

The Trust has over recent years, developed a highly productive team of research physiotherapists. With 'seed funding' from the National Institute for Health Research for one full time post, the team has successfully built a small cadre of experience investigators who have developed and delivered important research to improve the care offered to our patients.

On the basis of their proven success, two members of the team (Gareth Stephens and Lucie Gosling) were also awarded prestigious studentships with the University of Birmingham to develop their established research programmes to doctorate level. Another new addition to the team (Jodie Walters) has also successfully secured funding to develop her first research project. Jodie is investigating whether an accelerated rehabilitation programme is better than standard care for adolescents undergoing scoliosis correction surgery.



There is now a firm foundation within the Trust for the development of clinical academic careers for Allied Health Professionals and over the coming year we hope to make the first steps toward replicating this model in our nursing workforce.

A number of studies were delivered in the past year by new investigators developing their skills and experience in clinical research. Working under the mentorship of experienced chief investigators these clinicians have had the opportunity to take their first steps into leading clinical research programmes. Our newly appointed Clinical Lead for Research and Development is working closely with senior medical and surgical colleagues to further develop our training and support pathways for junior doctors and clinical fellows.

### iv. Increasing our collaborations and research reputation

Our long term vision is to continue to strengthen our local, national and international collaborations with NHS, academic, and industry partners.

The Trust has joined three other Sarcoma Surgical Centres in the UK to collaborate in the delivery of primary bone tumour studies with the help of additional funding support from the Bone Cancer Research Trust. This collaboration means that we can work together to continually improve best practice in sarcoma research across these centres, particularly

around the procedural aspects of specimen collection and processing, and ensure that studies in this area can be delivered across all four sites.

We have continued to grow our collaborations with key academic partners at the Universities of Birmingham and Oxford in the development of our therapies led research programmes. These partnerships have been extremely fruitful, having led to the delivery of hugely successful trials including BOOST, CORKA and DRPA, and is now leading to the collaborative development of further potential studies.

Over the last year we have seen a marked increase in the number studies delivered in collaboration with pharmaceutical and bio-technology. These studies span the spectrum of clinical trials evaluating new vaccines, medical devices and treatments for a range of orthopaedic conditions. Our ongoing collaborations include on projects with commercial partners including Regenron, Bone Therapeutics, Zimmer BioMet, Smith and Nephew, and Amgen. These studies have created opportunities for us to participate in other subsequent programmes with these companies as they continue to develop orthopaedic products through the research pathway towards marketing authorisation and adoption into standard care. We have also been actively working towards opening several new pharmaceutical and medical device studies in the coming year which will further enhance the care we can offer to our patients.

v. Increasing our research income

The Trust recognises that research and development can generate healthcare cost savings and also stimulate investment into the UK economy from the pharmaceutical and medical technology industries. Within the ROH we receive core research delivery infrastructure funding from the NIHR (the research arm of the NHS) to provide support for the recruitment and safety aspects of clinical research. Other research costs must be met by the research funder in order to ensure that the resource costs within the Trust are met.

In the past year there has been an 8% reduction in our core NIHR funding and there will be a further 25% reduction in 2018/19, despite continuing growth in our activity and performance over the previous two years. It is therefore essential that the Trust maintains a balanced portfolio of studies which provide sufficient funding to meet the cost of the research infrastructure and ensure financial sustainability. It is our aim to achieve a financial position where we are able to reinvest any additional research income into supporting researchers to develop grant applications and undertake important unfunded pilot work in order to generate research hypotheses.

Over the past year improvements have been made in achieving financial sustainability within R&D. These include improving the costing of research studies to ensure that the full resource cost is reflected when negotiating contracts with research funders. There has also been a small rise in the number of commercial studies which help to create a financial balance within our portfolio. The creation of the new Trial Manager and Tissue Studies Coordinator roles, funded from research grant income, will ensure that investigators are supported to prepare and submit further research grant applications to research charities and councils.

## 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 install of magnetic rings to some of the gas supplies serving the hospital has seen a reduction in overall gas usage over the last twelve months and this technology is planned to be rolled out across the Trust. Energy efficient boilers have also been installed in a number of locations which will reduce our energy consumption.

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 fourth 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.

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

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)

### **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 issued 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 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.

# ACCOUNTABILITY REPORT

## Section 1:

### Directors' Report

#### 1.0 Directors holding office during 2017/18

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.



**Mr Paul Athey – Acting Chief Executive Officer (From 1 August 2017)**

Paul has worked at the ROH for 11 years in a variety of finance roles, most recently as Director of Finance and Performance for the last 4 years, and is currently the Acting Chief Executive Officer. He has 16 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 is proud to be leading 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.



**Mrs Jo Chambers - Chief Executive Officer (Until 30 July 2017 and then on secondment to George Eliot Hospital NHS Trust for the remainder of the financial year)**

Jo started at the Trust in December 2013. Jo has over 30 years NHS experience in acute, community and primary care services as Chief executive and previously as Director of Finance and Performance, with a track record of service improvement and developing teams.



**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 LEP, a non-executive director at Marshalls PLC, the City of Birmingham Symphony Orchestra 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 has been working as an independent management consultant since January 2007. Her portfolio consists 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 35 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. Her responsibilities at the SHA included lead Director for the reduction of perinatal mortality.

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 is currently a Trustee of two Charitable Trusts, which have honed further her non-executive skills. 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. He continues as the older operating sarcoma surgeon at MARSU.



**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 Office 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**

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.



**Mr Garry Marsh – Executive Director of Patient Services**

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 and the Children’s Board.



**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, workforce and research 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) (from June 2017)**

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 Partnership 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.



**Mr Stephen Washbourne, Interim Director of Finance (from October 2017)**

Steve joined the Trust on secondment from University Hospitals Birmingham NHSFT (UHB) in October 2017. At UHB 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 a 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**

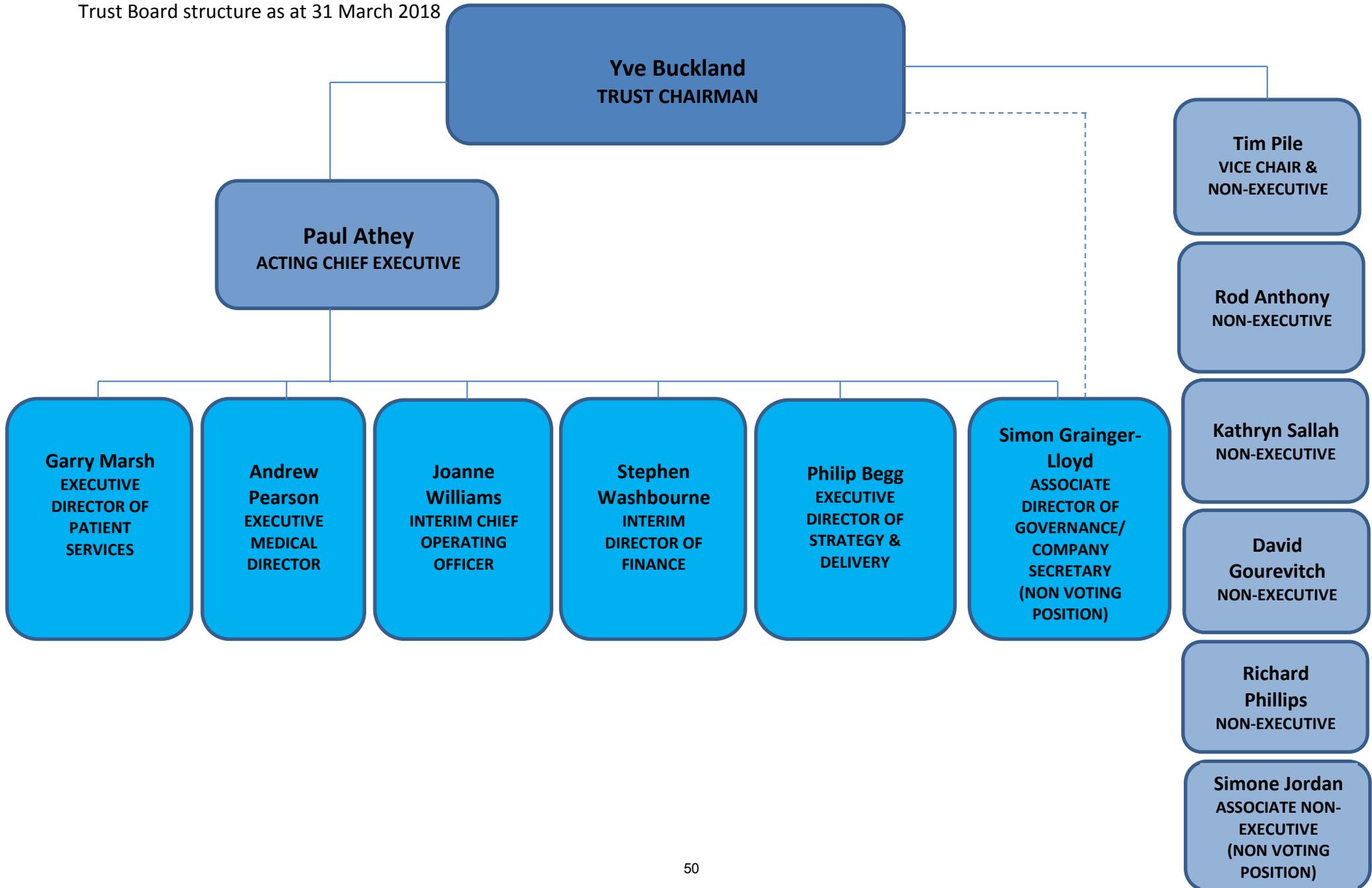
Simon was appointed in August 2015, following a number of years as Trust Secretary of a large acute provider trust and Board Secretary of the Forensic Science Service prior to this. He has a BSc in Biology and has extensive experience of project and programme management, risk management and Board support.

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.

**Sarah Marwick, Shadow Non-Executive (NHS Improvement NeXT Scheme)**

During the year, the Board was joined by Sarah Marwick from the NHS Improvement NeXT scheme, which aims to provide those wishing to pursue an opportunity as a Non Executive Director in Healthcare the chance to gain experience as a shadow Non Executive on an established Board. Sarah has been a GP since 2001 and her clinical work has focused on the homeless primary care service in Birmingham. At present Sarah is a Non Executive of the Strategic Policing and Crime Board.

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 2018, 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.

The Directors consider the annual report and accounts, taken as a whole, to be fair, balanced and understandable and that they provide the information necessary for patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy.

#### **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**

During the year Dame Yve Buckland, Trust Chairman was appointed as Pro-Chancellor of Aston University.

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

During 2017/18 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.

The Chairman, Dame Yve Buckland's first term of office was due to conclude on 30 April 2017. In terms of skillset and experience, Yve brings to the Board a good degree of commercial awareness, as well as a solid background in public service and health. Her skill set is of particular value, especially at the present time, given some of the challenges that the Trust is facing. She is well networked and has the ability to influence at a regional and national level. At their September 2016 meeting, the Council of Governors heard that the Chairman's appraisal had been very positive and had indicated that she was keen to be reappointed. On this basis, at a meeting of the Council of Governors held on January 2017, Yve Buckland was reappointed for a further term of office to conclude on 30 April 2020, when she will have been in post for the maximum recommended six year period.

The first term of office for Rod Anthony, Chairman of the Trust's Audit Committee was due to conclude on 31 May 2017. Given the nature of the Trust's challenge on matters such as financial performance and data quality, and the wish of the Chairman to ensure stability at Board level, Rod Anthony indicated he would welcome being reappointed for a second term and, at a meeting of the Council of Governors held on 18 January 2017, Rod was reappointed for a further term until 31 May 2020.

Likewise, the first term of office for Kathryn Sallah, the Chair of the Quality & Safety Committee was due to end on 31 March 2018. In view of the challenges anticipated over the coming year, particular in light of the Trust's decision to cease the provision of Paediatric services, and Mrs Sallah's personal wish to continue her engagement with the Trust and its quality agenda, the Council of Governors, at a meeting held on 17 January 2018, agreed that she should be reappointed for a second term.

### **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**

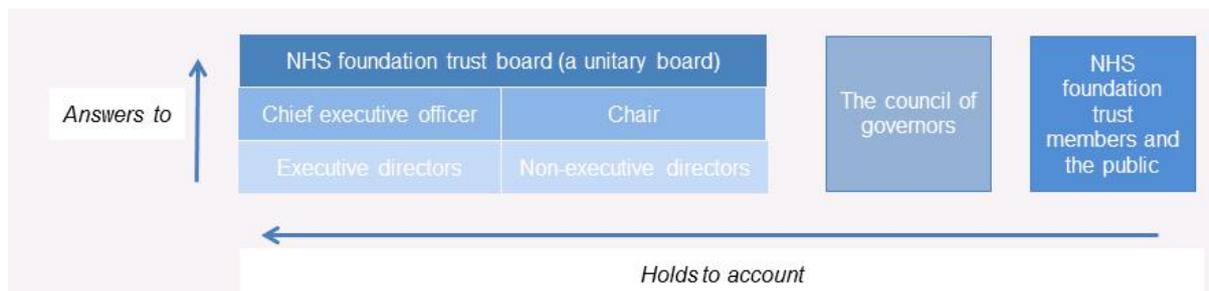
The Board of Directors comprises Executive Directors and Non-Executive Directors. The Executive Directors are employees, led by the Chief Executive Officer and they are responsible for the day-to-day management of the Trust.

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 in December 2015.

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 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 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.

### **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 2017/18 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 where there opportunity to reflect on how the Board was operating. The one in April 2017 focussed heavily on the Board's response to the letter of undertakings received from NHS Improvement and the action and oversight needed to drive improvement in performance. The workshop in February 2018 was a more reflective session where the Board considered a self-assessment against the CQC well led framework, in readiness for the CQC inspection. A set of actions were proposed to address the areas which were identified as needing strengthening, which in turn were deemed as matters which could improve the effectiveness of the Board. The Board continued to work to the set of Board 'rules' developed in 2016/17 and during the year periodically considered its position against these at the end of formal Board meetings.

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.

## **Trust Board**

The Royal Orthopaedic Hospital 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 13 meetings of the Trust Board, including two workshops during the year.

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
	05/04/17	17/05/17	30/05/17	07/06/17	05/07/17	02/08/17	06/09/17	04/10/17	01/11/17	20/12/17	10/01/18	07/02/18	07/03/18	
Yve Buckland (Ch)	✓	✓	✓	✓	✓	A	✓	✓	✓	✓	✓	✓	✓	12/13
Tim Pile	✓	✓	A	✓	✓	✓	A	✓	✓	✓	A	✓	✓	10/13
Kathryn Sallah	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13/13
Rod Anthony	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13/13
Richard Phillips	✓	✓	A	✓	✓	✓	✓	✓	✓	✓	✓	✓	A	11/13
David Gourevitch	✓	✓	✓	A	✓	A	✓	A	✓	✓	A	✓	✓	9/13
Simone Jordan					✓	✓	✓	✓	✓	✓	✓	✓	✓	9/9
Jo Chambers #1	✓	✓												2/2
Paul Athey #2	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13/13
Andy Pearson	✓	A	✓	✓	✓	A	✓	✓	✓	✓	✓	✓	✓	11/13
Garry Marsh	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	A	12/13
Phil Begg	✓	✓	✓	✓	✓	✓	✓	✓	A	✓	A	✓	✓	11/13
Jo Williams					A	✓	✓	✓	✓	A	✓	✓	✓	7/9
Stephen Washbourne								✓	✓	✓	✓	✓	✓	6/6

KEY:

✓	Attended	A	Apologies tendered
	Not in post or not required to attend		
#1	Left the Trust on 31 July 2017	#2	Executive Director of Finance to 31 July 2017, appointed Acting CEO on 1 August 2017

## Board Committees

During 2017/18 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 2017/18 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
	25/04/17	30/05/17	29/09/17	01/12/17	23/02/18	
Rod Anthony (Ch)	✓	✓	✓	✓	✓	5/5
Tim Pile	✓	A	✓	✓	✓	4/5
Kathryn Sallah	✓	✓	✓	A	✓	4/5
<i>Executive Directors in attendance</i>						
Paul Athey	✓	✓	✓			3/3
Steve Washbourne				✓	✓	2/2
Garry Marsh			✓	A	✓	2/3

#### KEY:

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

- During 2017/18, in line with its approved internal audit plan, the Trust commissioned a number of internal audit reviews. The internal auditors issued five positive assurance reports (one substantial and four reasonable assurance opinion), the remaining four were partial assurance opinion reports. There was also an advisory report on the Information Governance toolkit. A summary of the opinions from the internal audit report is below:

<b>Review</b>	<b>Assurance provided</b>
Additional Duty Hours (ADH) Waiting List Incentive Sessions	Reasonable
Research & Development	Partial
e-Rostering	Partial
Patient Consent	Partial
Cost Improvement Plans	Partial
Cash Management	Reasonable
Data Quality Cancer Waits	Reasonable
18 Weeks Referral to Treatment	Reasonable
Information Governance Toolkit – advisory only	No opinion issued
Board Assurance Framework	Substantial

During 2017/18 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. This work plan is made available to the Council of Governors and the Chairman of the Audit Committee is available to update the Council on any matters of interest.

### **Discharge of Responsibilities**

During 2017/18 the Audit Committee reported assurance to the Trust Board with a particular focus on:

- Ensuring the financial statements for the year ended 31st March 2018 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 2017/18 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 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. In respect of Patient Safety, the Committee received a detailed update on the work of the Freedom to Speak Up Guardian;
- 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 was not due to conclude during the financial year;
- 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.

## 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 Patient Services 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 the Corporate Risk Register, which also includes risks of a clinical nature of sufficient severity and/or impact as to warrant inclusion on the Corporate Risk Register.

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 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 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
	26/04/17	31/05/17	28/06/17	26/07/17*	30/08/17	27/09/17	25/10/17	29/11/17	31/01/18	28/02/18	28/03/18	
Kathryn Sallah (Ch)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	<b>11/11</b>
David Gourevitch	✓	✓	✓	A	✓	✓	✓	A	✓	A	✓	<b>8/11</b>
Simone Jordan									✓	✓	A	<b>2/3</b>
Garry Marsh	✓	✓	✓	✓	A	✓	✓	A	✓	✓	✓	<b>9/11</b>
Jo Chambers #1	✓											<b>1/1</b>
Paul Athey #2					A	✓	✓	✓	✓	✓	✓	<b>6/7</b>
Andrew Pearson	✓	✓	✓	✓	✓	A	✓	✓	✓	✓	A	<b>9/11</b>
Jo Williams					✓	✓	✓	✓	✓	A	A	<b>5/7</b>

### KEY:

✓	Attended	A	Apologies tendered
	Not in post/not required	*	The July meeting was an assurance meeting by telephone conference
#1	Left Trust on 31 July 2017	#2	Executive Director of Finance to 31 July 2017, appointed Acting CEO on 1 August 2017

## 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 financial and performance recovery and was the primary body for overseeing the action plans to achieve the improvements in the 18 weeks RTT position, cancer waiting times and spinal deformity long waits. The Committee also took responsibility for reviewing progress with the strategic development work during the year, including the creation of the Strategic Outline Case and as such, amended its terms of reference during the year to include the Director of Strategy and Delivery within its membership.

MEMBER	MEETING DATE									TOTAL
	03/05/17	27/06/17	31/07/17	26/09/17	24/10/17	28/11/17	29/01/18	27/02/18	27/03/18	
Tim Pile (Ch)	✓	✓	✓	✓	✓	✓	✓	✓	✓	9/9
Rod Anthony	✓	✓	✓	✓	✓	✓	✓	✓	✓	9/9
Richard Phillips	✓	A	✓	✓	A	✓	✓	✓	✓	7/9
Jo Chambers #1	✓									1/1
Paul Athey #2	✓	A	✓	✓	✓	✓	✓	✓	✓	8/9
Garry Marsh	✓									1/1
Stephen Washbourne #3					A	✓	✓	✓	✓	4/5
Jo Williams		A	✓	✓	✓	✓	✓	A	A	5/8
Phil Begg				A	✓	✓	✓	✓	✓	6/6

### KEY:

✓	Attended	A	Apologies tendered
	Not in post/not required to attend		
#1	Left Trust on 31 July 2017	#2	Executive Director of Finance to 31 July 2017, appointed Acting CEO on 1 August 2017
#3	Appointed Interim Director of Finance in September 2017.		

## Major Projects and Organisational Development Committee

The Major Projects and Organisational Development Committee was chaired by Richard Phillips, Non-Executive Director. The Executive Director of Strategy and Delivery was the lead Executive for the Committee. The focus for the Committee was to provide the Board with assurance concerning the arrangements and progress with delivery of major projects and key initiatives in support of the Trust's strategic plan. During the term of its tenure, the Committee focussed on major IT initiatives, staff and clinical engagement and on leadership development and invited the Trust's project manager and the Head of OD & Inclusion as standing attendees at meetings.

An extraordinary meeting was held on 25 April 2017 to consider a proposal to work with a commercial partner, representatives of which joined the Committee, on development and delivery of a change programme and performance solution in the Trust.

Following a scoping session held in October 2017, the Board agreed at its meeting in January 2018 that the Committee should be disestablished, in favour of the Staff Experience & Organisational Development Committee to provide enhanced focus on workforce-related matters.

MEMBER	MEETING DATE			TOTAL
	5/04/17	26/04/17	5/07/17	
Richard Phillips (Ch)	✓	✓	✓	<b>3/3</b>
David Gourevitch	✓	✓	✓	<b>3/3</b>
Rod Anthony	✓	✓	✓	<b>3/3</b>
Phil Begg	✓	✓	✓	<b>3/3</b>
Jo Chambers	✓	✓		<b>2/2</b>
Paul Athey	✓	✓	A	<b>2/3</b>

✓	Attended	A	Apologies tendered
	Not in post/not required		
#1	Extraordinary meeting at which other members of the Trust Board attended		

## Staff Experience and Organisational Development (OD) Committee

The Staff Experience & OD Committee was established by the Board in January 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 membership also includes the Associate Medical Director.

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.

MEMBER	MEETING DATE			TOTAL
	10/01/18	07/02/18	07/03/18	
Richard Phillips (Ch)	✓	✓	A	<b>2/3</b>
Simone Jordan	✓	A	✓	<b>2/3</b>
Kathryn Sallah	✓	A	✓	<b>2/3</b>
Phil Begg	A	✓	✓	<b>2/3</b>
Paul Athey	✓	✓	✓	<b>3/3</b>
Jo Williams	✓	✓	✓	<b>3/3</b>
Garry Marsh <sup>#1</sup>			✓	<b>1/1</b>
Darren Tidmarsh	✓	✓	✓	<b>3/3</b>

✓	Attended	A	Apologies tendered
	Not in post/not required		
#1	Joined the Committee as a member from March 2018.		

## 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 2017/18 it met less than this while the plans to refresh and reinvigorate the committee and the charity were being developed. 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 was keen to raise the profile of fund raising in the Trust and now has a draft fund raising strategy and has recruited a dedicated fund raiser with the intention being that during 2018/19 there will be a strong focus on fund raising.

DIRECTOR	MEETING DATE		TOTAL
	29/09/17	20/12/17	
Yve Buckland (Ch)	✓	✓	<b>2/2</b>
Rod Anthony	A	✓	<b>1/2</b>
Kathryn Sallah	✓	A	<b>1/2</b>
Tim Pile	✓	A	<b>1/2</b>
Paul Athey	✓	A	<b>1/2</b>
Garry Marsh	A	A	<b>0/2</b>
Andy Pearson	A	A	<b>0/2</b>
Stephen Washbourne		✓	<b>1/2</b>
Phil Begg	A	✓	<b>1/2</b>

KEY:

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

In 2017/18 various events were planned for our charity. We have had some great fun raising money with our new fundraiser focusing on building the profile of the Royal Orthopaedic Hospital's Charitable Fund. We now have re-occurring events which the charity helps to facilitate and this is having a positive impact in the Trust.

In 2018/19 we will be focussing on maximising the impact of our charity events by fundraising for more specific projects and appeals to ensure donors have a better understanding of the impact their donation is having.

Below are a few of our fundraising highlight events:-

### *Sports Events*

In 2017/18 we were involved in three different running events. Our fundraisers raised over £3,000 which is three times more than then previous year.



### *Quiz Night*

In November we had our very first ROH quiz night. We also conducted a raffle with some great prizes, generously donated from companies and partners around Birmingham. The event raised around £700 for the Trust Charitable Fund.





### *AmputEA FeBREWary*

This was a joint fundraising campaign with the ROH Charitable Funds and Limbpower UK, organised by Elaine Chapman and Cathy Cook to raise money for individuals with limb differences and Amputee for both Children and Adults. The event raised nearly £300 for both charities and consisted of a bake sale and raffle whereby a number of local businesses contributed to the event.





### *Christmas Celebrations*

During the festive period we organised a range of celebrations for both staff and patients to enjoy. We created commemorative ROH Bicentenary calendars and Christmas cards which sold well and we also held a 'Great Christmas Bake Off' baking competition. There was a lot of engagement with the events and we raised over £1,400 for the charity, and we had great fun in the process.





*During the year a brand new Charity website was launched. To find out about current events, how to get involved, & how your support helps, visit [www.rohcharity.org](http://www.rohcharity.org)*

## Nominations Committee (Executive Directors)

The Nominations 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 once.

The Committee reviews the structure, size and composition of the Board (including skills, knowledge and experience) required of the Board and makes 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.

### Attendance:

MEMBERS	04/10/18
Yve Buckland (Chair)	✓
Tim Pile	✓
Kathryn Sallah	✓
Rod Anthony	✓
Richard Phillips	✓
David Gourevitch	A
Simone Jordan	✓

### KEY:

✓	Attended	A	Apologies tendered
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## 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.

During the year, one meeting of the Remuneration Committee was held which was chaired by the Vice Chair on this occasion.

**Attendance:**

<b>MEMBERS</b>	<b>31/07/17</b>
Tim Pile	✓
Yve Buckland	✓
Kathryn Sallah	✓
Rod Anthony	✓
David Gourevitch	A
Richard Phillips	A

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 65.74% of non-NHS invoices (69.3% by value) within 30 days against the target of 95%. Of the remaining balance, 32.47% of invoices were paid late and 1.78% were paid late due to a dispute on the invoice. The Trust did not incur any late payment penalties during 2017/18 under the Late Payment of Commercial Debts (Interest) Act 1998.

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

During the year the Trust was inspected by the Care Quality Commission under its new framework, which included an assessment. Further detail can be found in Section 4.6 of the Annual Governance Statement around how the Trust prepared for this and the plans to develop this further into consideration of the NHS Improvement's well-led framework over the coming year.

**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 and through assurance provided by the Quality and Safety Committee, which considers in detail a comprehensive report on Quality and Patient Safety.

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 evolution of the Finance and Performance Overview and Quality and Patient Safety report to enable greater and more informed scrutiny.

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 2018/19, 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 Board received two update on compliance with the CQC's Fundamental Standards during the year.

The Trust had continued to deliver the action plan developed in response to the inspection by the CQC in 2015. There now remain a small number of longer term actions to close, some of which are inextricably linked to the plans to transfer paediatric services out of the ROH. 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. The delivery of the

action plan to be developed in response to the most recent inspection of the CQC will be monitored through the same governance arrangements. The progress with any residual actions from the Royal College of Paediatrics and Child Health (RCPCH) action plan and those developed in response to the West Midlands Quality Review Service, is monitored at an operational level by the Children's Board, one of the subgroups reporting upwardly into Quality and Safety Committee.

### **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 2017/18, which included success in reducing the number of avoidable pressure ulcers, reducing the number of operations cancelled on the day of surgery due to equipment issues and theatres over running, delivering the commitment made in reducing the number of complaints and introducing a robust Learning from Deaths process. Some elements of those priorities not achieved in 2017/18 have been taken forward to 2018/19 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 seven improvement priorities for 2017/18, 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.

Following recruitment of a Learning Disabilities nurse during the year, a Learning Disabilities strategy has now been developed, approved and launched in the Trust. All staff now receive awareness training as part of the suite of Mandatory Training. Arrangements for adequate Paediatrician cover and nurse staffing to support the paediatric services remain an ongoing challenge for the ROH.

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 14 CQUINs for 2017/18.

The overall CQUIN value relates to 2.50% of the contract value for contracts with both the CCG and NHSE. During 2017/18 the total amount of CQUIN awarded from the CCG was 2.36% (£1,010,323) and the full CQUIN value of 2.50% (£481,336) was awarded by NHS England.

During the year the Communications team engaged with a diverse group of patients across the organisation. The feedback we receive continues to inform our approach to patient information. In addition to the patient information already developed for Rapid Recovery, new booklets were launched in November 2017 for hip & knee patients, giving patients a tailored guide to supporting them before, during and after their joint replacement. Patient feedback was a critical part of developing this suite of information, including input from the Trust's Patient & Carers' Council. Members of the Patient and Carer's forum have also undertaken voluntary work at the hospital and helped with the collection of feedback, including the effectiveness of the new hospital map, which patients have indicated is much better than the original version. The Chair of the forum attends the monthly Trust Clinical Quality Committee to allow a direct link into the governance structure of the organisation and also briefs the Council of Governors quarterly on the work the forum has undertaken.

The management and provision of Patient Experience services was reviewed during the year. It was agreed that the Friends and Family Test feedback and other patient surveys would be used more effectively if they were aligned with the PALS and Complaints team, which would ensure triangulation of feedback from all of these sources. This moved across in September 2017 and almost immediately provided a more robust overview of trends, which is now compared with the monthly quality dashboard to identify any potential issues. The Public and Patient Relations Manager now attends the weekly Divisional Governance meetings to discuss all aspects of feedback with Directorate Leads, which has improved communication channels and ensures changes that are needed are implemented within the Division.

Patient Information remained with the Communications team and the handbooks for patients in the Rapid Recovery scheme were delivered as expected. Feedback from these patients, who have had hip and knee replacements, has indicated that the new booklets have proved to be very informative and well received.

The Trust continues to perform strongly in the National Inpatient Survey and remains in the top 20% of Trusts for overall patient experience of our services. Despite this success, an action plan is produced from the results of this survey to ensure that we continue to strive for excellent patient experience in all that we do.

The Trust has received just under 20,000 individual pieces of feedback from the Friends and Family Test in the last year across all areas and departments. All data is collected via the 'iwantgreatcare' system, all feedback is now 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 96.6% positive

score meaning that over 19,150 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 5000 contacts in the last twelve months, which has greatly increased due to the Patient Advisory Liaison Service (PALS) telephone number being printed on every letter from the Trust. However, the majority of these calls are enquires that need to be handled by other departments so this has been reviewed by the PALS Manager and the Clinical Service Manager for Patient Access and a decision reached to remove the details for the patient correspondence. It is hoped that the changes made to letters will result in patients being signposted to the correct department, streamlining their experience and leaving the PALS department free to manage calls relating to concerns and offering assistance. We therefore expect to see a reduction in enquiry calls to PALS during the next 12 months.

The complaints department continues to function effectively in line with the policy developed last year. 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 as mentioned earlier. The Executive Team receives 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 worked closely with operational colleagues to integrate and translate all patient experience data into meaningful information that can be used to inform service development and improvement. As a result, they have also become involved in other improvement work such as the 'Perfecting Pathways' programme and the implementation of changes to the Accessible Information Standard. This joint working has resulted in more complete information on which to base new projects and less duplication of effort to the benefit of staff and patients alike.

### **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. There have been productive discussions with local partner organisations to position the Trust as the lead provider for the orthopaedic workstream within the wider STP programme and to establish the ROH as a true centre of excellence for the speciality.

The decision to cease paediatric surgery during the year has 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 Hospitals NHS Foundation Trust has also been an essential part of working through the transition plan.

The Trust has, during the year, agreed to work in partnership with Stryker to introduce robotic technology to assist with joint replacement surgery. Although the offering is only available to private patients, it is laudible that the ROH is the first NHS organisation to host such technology. The service started in January 2018 and covers hip replacements, however there is ambition to widen this out to knee-replacement surgery in coming months.

The Trust has an active Patient and Carers' Forum in place, which has met regularly during 2017/18 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 been particularly valuable this year.

The focus of public and patient activity this year has been on creating regular and one-off opportunities for engagement directly with the Trust. Public and patients were invited to join the discussions around the development of the 'Perfecting Pathways' work during the year, highlighting the importance of the patient voice in the end to end process of patient care. Engagement continues to be through our Council of Governors, both through their routine meetings and through briefing sessions that have been held throughout the year on key topics. To strengthen this opportunity for engagement using the governors as our key link, there are plans to introduce a series of drop in sessions 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 Remuneration Committee met on one occasion and made decisions concerning executive pay in relation to determining whether or not to agree an annual uplift of salary for Executive Directors. The Committee had due regard to the national pay awards made to other staff groups and at the July 2017 meeting took the decision to award an annual uplift of salary to Executive Directors in line with this of 1%.

The Committee also considered and approved the salary for the Acting Chief Executive, who had taken on the role following the departure of Jo Chambers.

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	Expenses incurred in the course of their duties such as public transport, mileage and subsistence as determined by Trust policy	Not Applicable	Not Applicable	NHS Pension Scheme membership	Basic pay for consultant role (Medical Director only)
<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
<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>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>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 components of the remuneration package.

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 £35,703.90 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 £14,281.40 pa. The current rate of remuneration payable to other Non-Executives is £11,221.00 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

### Relevant union officials

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	879.20

### Percentage of time spent on facility time

The number of 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%	1
1-50%	3
51%-99%	1
100%	0

### Percentage of pay bill spent on facility time

The percentage of the total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period:

Provide the total cost of facility time	£22,825.18
Provide the total pay bill	£45,830,000
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.05%

## **Paid trade union activities**

As a percentage of total paid facility time hours, the number of hours 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: 0.9%*

*(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 2018. 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 4
Mr Timothy Pile <b>Non-Executive Director and Vice Chairman</b>	1 January 2016	Until 31 Dec 2018	Note 4
Mrs Jo Chambers <sup>#1</sup> <b>Chief Executive Officer</b>	1 December 2013	Not applicable	6 months
Mr Paul Athey, Acting CEO <sup>#2</sup> <b>Director of Finance</b>	1 June 2013	Not applicable	6 months
Mr Andrew Pearson <b>Medical Director</b>	11 March 2013	Not applicable	6 months
Mr Garry Marsh <b>Director of Patient Services</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 <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 4
Mrs Kathryn Sallah <b>Non-Executive Director</b>	1 April 2015	Until 31 March 2021	Note 4
Mr Richard Phillips <b>Non-Executive Director</b>	1 February 2017	Until 31 January 2020	Note 4
Prof David Gourevitch <b>Non-Executive Director</b>	1 February 2017	Until 31 January 2020	Note 4
Ms Simone Jordan <sup>#3</sup> <b>Associate Non-Executive Director</b>	1 July 2017	30 June 2019 <sup>#4</sup>	Note 4

**Notes:**

#1 Chief Executive until 31 July 2017

#2 Acting CEO from 1 August 2017

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

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

### **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 subject to audit (*\*This element of the annual report has been not audited*)

2017-18

Name and Title	2017-18 (12 months to 31 <sup>st</sup> March 2018)					
	Salary and fees	Taxable Benefits	Annual Performance-related bonuses	Long-term performance-related bonuses	Pension-related benefits	Other Remuneration
	(bands of £5,000) £000	Rounded to the nearest £100	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £2,500) £000	(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

**Notes**

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

2016-17

Name and Title	2016-17 (12 months to 31 <sup>st</sup> March 2017)					
	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. J. Chambers – Chief Executive	150-155	200	0	0	40-42.5	0
Mr. G. Marsh – Director of Patient Services	95-100	0	0	0	7.5-10	0
Mr. A. Pearson – Medical Director <b>Note 2</b>	140-145	0	0	0	45.0-47.5	0
Mr. P. Athey – Director of Finance and Performance	100-105	0	0	0	(0.0-2.5)	0
Professor Philip Begg – Director of Strategy and Delivery	90-95	100	0	0	(20-22.5)	0
Mr. J. Lofthouse – Director of Operations (left 6 <sup>th</sup> September 2016)	45-50	0	0	0	<b>Note 1</b>	0
Dame Y. Buckland – Chairman	35-40	0	0	0	0	0
Mr. T. Pile – Non-Executive Director Vice Chairman	10-15	0	0	0	0	0
Mr. R. Anthony – Non-Executive Director and Audit Committee Chair	10-15	0	0	0	0	0
Mrs. K. Sallah – Non-Executive	10-15	0	0	0	0	0
Prof. D. Gourevitch – Non-Executive (Commenced 1 <sup>st</sup> February 2017)	0-5	0	0	0	0	0
Mr. R. Phillips – Non-Executive (Commenced 1 <sup>st</sup> February 2017)	0-5	0	0	0	0	0
Mrs. F. Kirkham – Non-Executive Director (ceased 31 <sup>st</sup> January 2017)	05-10	0	0	0	0	0
Mr. T. Southwood – Non-Executive Director (ceased 31 <sup>st</sup> January 2017)	05-10	0	0	0	0	0

**Notes**

1. Pension-related benefits is calculated by taking 20 times multiples of Director’s annual rate of pension, plus their lump sum entitlement, and subtracting the equivalent figures for the previous year. The Directors indicated joined or left the Trust in either the current or prior year. As a result, the calculation would give a misleading result to the readers of the financial statements, and it has therefore been omitted from the financial statements for the current year.
3. Included within our Medical Director’s salary and fees is his remuneration in relation to his clinical role, £141k.

#### **4.1 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 2017/18 was £150-155k (2016/17: £150-160k). This was 7 times (2016/17: 5.4 times) the median remuneration of the workforce, which was £22k (2016/17: £29k). 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 2017/18, three employee (2016/17: one) received remuneration in excess of the highest-paid director. Annualised remuneration ranged from £1k to £220k (2016/17: £1k to £154k), 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.

The multiple has increased this year due to a combination of the highest remuneration being larger this year, and a reduction in the median salary. The increase in the 'highest remuneration' is due to the annualised nature of the calculation, which includes agency staff. The individual involved did not work for a significant period of time at the Trust. The reduction in median salary is due a reduction in higher paid agency staff generally in the organisation, which lowers the overall median salary. Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

## 5.0 Salary and Pension Entitlements of Senior Managers

### a) 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

\*This element of the annual report has not been audited

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

**b) Pension benefits\* 2016-17**

<b>Name and title</b>	<b>Real increase/ (decrease) in pension and related lump sum at age 60  (bands of £2500) £000</b>	<b>Total accrued pension and related lump sum at age 60 at 31 March 2017  (bands of £5000) £000</b>	<b>Cash Equivalent Transfer Value at 31 March 2017  £000</b>	<b>Cash Equivalent Transfer Value at 31 March 2016  £000</b>	<b>Real Increase/ (decrease) in Cash Equivalent Transfer Value  £000</b>	<b>Employer's Contribution to Stakeholder Pension  To nearest £100</b>
Mrs. J. Chambers – Chief Executive	5-7.5	215-220	1,074	1,006	66	0
Mr. G. Marsh – Director of Patient Services	0-2.5	90-95	363	330	32	0
Mr. A. Pearson – Medical Director	7.5-10	180-185	921	830	89	0
Mr. J. Lofthouse – Director of Operations from (20 October 2014 to 6 <sup>th</sup> September 2016)	(0-2.5)	0-2.5	8	7	1	0
Mr. P. Athey – Director of Finance and Performance	0	75-80	247	240	7	0
Professor. P. Begg – Director of Strategy and Delivery	(0-2.5)	45-50	376	377	-5	0

\*This element of the annual report has been audited

**Note**

1. The figures shown for Mr. J. Lofthouse are in relation to contributions made into the NHS England Pension scheme only. Mr. Lofthouse has previously made contributions into the NHS Scotland pension scheme and these contributions had not been transferred as at the year end.

## **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:

	<b>2017-18</b>	<b>2016-17</b>
Number of Directors in office*	10*	14
Number of Directors with expense claims	5	6
Financial value of expense claims made by Directors (£)	567	85
Number of Governors in office	25	25
Number of Governors with expense claims	1	1
Financial value of expense claims made by Governors (£)	345	345

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



Mr Paul Athey  
Acting Chief Executive  
25 May 2018

## **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 **1,019** staff per month (heads) and **887.04** (whole time equivalent), which represents an increase of an average of 9 more people employed in the Trust every month than last year. This represents on balance a stable year for staffing.

The recruitment position has remained steady in theatres since last year but has remained a challenge in an area of national shortage. Recruiting dual qualified nurses in paediatrics/ HDU has also proven difficult but in general, the numbers of staff employed have been consistent.

For medical staff, we have been successful in attracting Consultant Anaesthetists, spinal surgeons and an Arthroplasty surgeon in year and are confident that we will appoint to a Consultant Histopathologist vacancy in early 2018/19 financial year.

Recruitment and retention of staff will be areas of significant focus for the Trust in 2018/19 as we seek to grow our numbers in nursing in particular, to reduce reliance on bank staff.

## 1.2 Employee expenses and numbers – Trust only

	2017/18			2016/17		
	Permanently			Permanently		
	Total £000	Employed £000	Agency £000	Total £000	Employed £000	Agency £000
Salaries and wages	37,835	37,835	0	35,622	35,622	0
Social security Costs	4,053	4,053	0	3,567	3,567	0
Employers contributions to NHS Pensions	4,151	4,151	0	3,789	3,789	0
Agency and contract staff	8,234	4,117	4,117	4,355	0	4,355
<b>TOTAL EMPLOYEE EXPENSES</b>	<b>54,273</b>	<b>50,156</b>	<b>4,117</b>	<b>47,333</b>	<b>42,978</b>	<b>4,355</b>

## 1.3 Employee expenses

The total Employer Pension contribution payable for the period to 31 March 2018 is £4,059,684 (31 March 2017: £3,788,908).

## 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.*

	2017/18			2016/17		
	Permanently			Permanently		
	Total Number	Employed Number	Agency Number	Total Number	Employed Number	Agency Number
Medical and dental	119	102	17	124	105	19
Administration and estates	237	211	25	260	258	2
Healthcare assistants and other support staff	255	210	46	255	248	7
Nursing, midwifery and health visiting staff	258	214	44	254	230	24
Nursing, midwifery and health visiting learners	0	1	0	1	1	0
Scientific, therapeutic and technical staff	160	144	16	142	135	7
<b>TOTAL PERSONS EMPLOYED</b>	<b>1,030</b>	<b>882</b>	<b>148</b>	<b>1,036</b>	<b>977</b>	<b>59</b>

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

Average number of Staff in Post (1 April 2017-31 March 2018) Staff Group	Fixed Term Temp	Locum	Permanent
Additional Prof Scientific and Technical	4	0	38
Additional Clinical Services	5	0	142
Administrative and Clerical	32	0	245
Allied Health Professionals	3	0	68
Estates and Ancillary	8	0	104
Healthcare Scientists	0	0	7
Medical and Dental	32	1	77
Nursing and Midwifery Registered	18	0	235
Students	0	0	1
<b>Grand Total</b>	<b>100</b>	<b>1</b>	<b>918</b>

In addition, as at 31<sup>st</sup> March 2018 the Trust had access to the following bank workers:

Staff Group	Bank and substantive	Bank Only
Additional Prof Scientific and Technical	22	17
Additional Clinical Services	117	67
Administrative and Clerical	148	55
Allied Health Professionals	34	15
Estates and Ancillary	22	38
Medical and Dental	4	40
Nursing and Midwifery Registered	203	51
<b>Grand Total</b>	<b>550</b>	<b>283</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 2018 was as follows:

	<b>Male</b>	<b>Female</b>	<b>Total</b>
<b>Directors<sup>#1</sup></b>	7	2	9
<b>Senior Managers</b>	7	19	26
<b>Employees</b>	292	682	973

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

## **1.7 Sickness Absence**

At the end of March 2018, the Trust's average figure for the financial year was 4.16% (versus 4.32% in March 2017). This represents an improved position. The Trust would like to see further progress in this area in the next year and has begun the 2018 calendar year well, with progress continuing to be 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 6 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 regularly contains detail around the Trust's financial performance which is cascaded throughout the Trust by managers and also available on the intranet. The format of the Team Brief has changed during the year to include a targeted question to gather feedback on a particular issue or to consult staff on proposed changes.

## **1.9 Occupational Health and Health and Safety Performance**

We have adopted a new COSHH strategy - 'Sypol'. Sypol is an electronic risk assessment tool. A number of staff has been trained in its use. It allows operators to produce suitable and

sufficient risk assessments for hazardous substances much more quickly than the traditional 'manual' method previously taught. Sypol was brought in primarily to support Theatres.

Much work has been done ensuring the Trust is compliant with the Safer Sharps in Healthcare Regulations 2013. The support and work of the Patient Safety & Clinical Training Lead has been instrumental in achieving this. This is an ongoing process - the HSE expects healthcare providers to continuously adapt to new technology and replace traditional sharps with safer alternatives, where reasonably practicable. The risk assessment will be reviewed at regular intervals.

Concerns remain about the poor quality and serviceability of our CCTV system. The risk is on the Corporate Risk Register. The system has received numerous patches over the last several years but it is overdue replacement. In the last 5 years alone CCTV technology has rapidly advanced and the cost of 4K/high definition cameras decreased markedly.

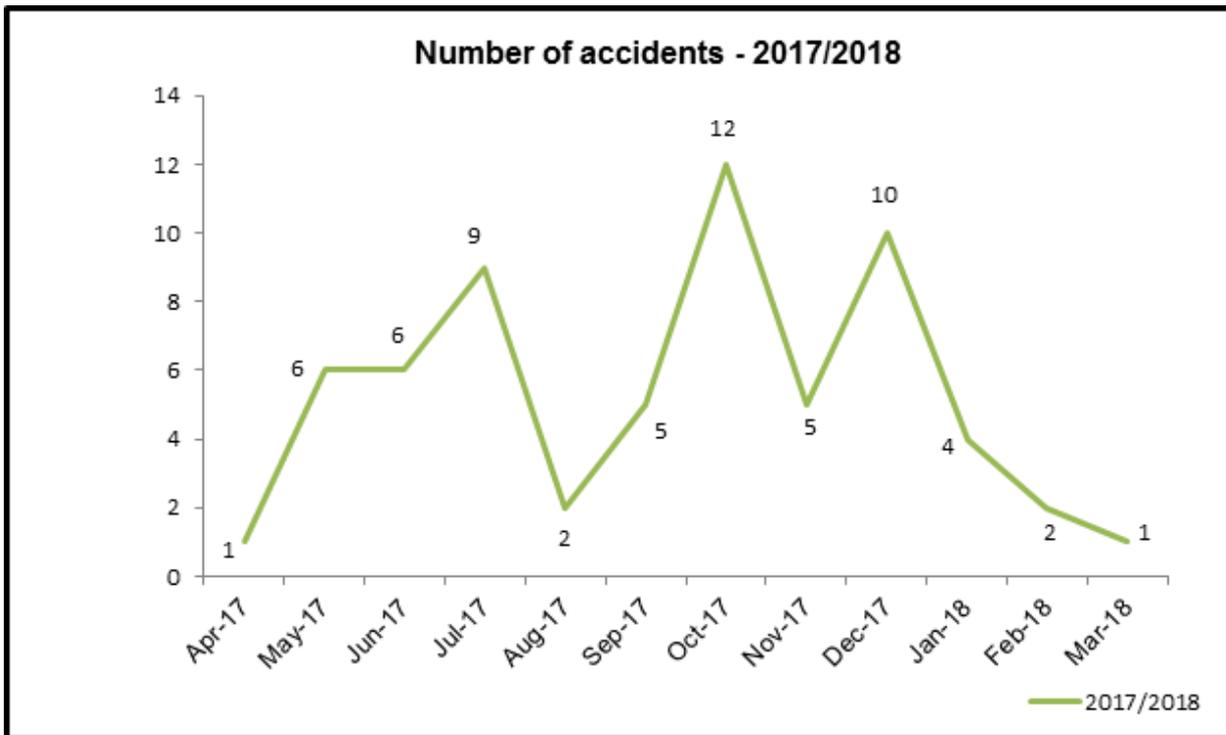
There is no legal obligation on the Trust to have a CCTV system, however consideration is planned over the coming year to determine the best solution for safety on the ROH site, which may include revamping the CCTV facility and revising the physical security model.

The following policies were written/reviewed and submitted for publication during the year:

- Safe Operation and Maintenance of Water Systems Policy;
- Fire Safety Policy;
- Sharps Injury Policy;
- First Aid Policy;
- Latex Allergy Policy;
- Patients Recording NHS Staff on Trust Premises;
- Misuse of Social Media to Harass ROH Staff

As in 2016/2017 the reporting culture remains encouraging. It is clearly evident that staff, for the most part, can see the benefits of reporting. Again, the majority of incidents were 'low harm'. Managers demonstrate their duty of care by reviewing incidents, evaluating existing control measures and, where appropriate, implementing new controls to mitigate future risk. In the period 1 April 2017 - 31 January 2018 sixty accidents were reported, equating to an average six accidents per month.

### 1.9.1 Average Number of Accidents per Month 2017/18:



### Accidents by Category (1 April 2017 - 31 January 2018)

Accident Category	Apr 17	May 17	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18
Manual Handling Injuries	0	2	0	1	0	2	3	0	1	0	0	0
Burns / Scalds	0	0	0	0	1	0	0	0	0	0	0	0
Contact with hazardous substances (COSHH)	0	0	0	3	0	0	2	0	0	0	1	0
Road traffic accident / incident	0	0	0	0	0	0	0	0	0	0	0	0
Sharps injuries	0	2	3	2	0	1	1	1	3	3	1	0
Slips, trips and falls (staff, visitors & contractors)	0	2	2	1	1	2	4	3	5	1	0	1
Impact Injury (with static or moving object)	1	0	1	2	0	0	2	1	1	0	0	0
<b>Total figure for each month</b>	<b>1</b>	<b>6</b>	<b>6</b>	<b>9</b>	<b>2</b>	<b>5</b>	<b>12</b>	<b>5</b>	<b>10</b>	<b>4</b>	<b>2</b>	<b>1</b>

## 1.9 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 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.

### Off-payroll engagements as of 31 March 2017, for more than £245 per day and that last for longer than six months

No. of existing engagements as of 31 March 2017	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 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.

**New off-payroll engagements, or those that reached six months in duration, between 1 April 2016 and 31 March 2017, 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 2015 and 31 March 2016,	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.

**1.11 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.	14

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

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.	14

**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)	2017/18			2016/17		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	Number of compulsory redundancies Number	Number of other departures agreed Number	
<£10,000	0	0	0	0	0	0
£10,001 - £25,000	0	1	1	0	2	2
£25,001 - 50,000	0	0	0	0	0	0
£50,001 - £100,000	0	1	1	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>2</b>	<b>2</b>	<b>0</b>	<b>3</b>	<b>3</b>
<b>Total resource expense (£000s)</b>	<b>0</b>	<b>82</b>	<b>82</b>	<b>0</b>	<b>70</b>	<b>70</b>

*This note relates to the Trust only as the Charity does not have any employees.*

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 2018 there were no early retirements from the Trust agreed on the grounds of ill-health (31 March 2017, nil).

## 2.0 Staff Survey Results

### 2.1 Commentary

The Trust is required to participate in the National Staff Survey (NSS) each year. All staff are requested to complete a survey either online (via an email link) or paper based. In 2017, the Trust response rate was 38% which was lower than 2016 at 46%. The average response rate across Trusts nationally was 45% and across Acute Specialist Trusts (ASTs) the percentage was 53%. The survey is administered on behalf of the Trust by Capita Employee Solutions.

Responses from the individual survey questions are used to create 32 Key Findings (KF).

In 2017, compared to Acute Specialist Trusts, ROH performs better than average in two Key Findings, average in fifteen and worse than average in fifteen.

Comparing ROH results from 2016, Two Key Findings have improved (statistically significantly):

- KF29 % - reporting errors, near misses or incidents witnessed in last month
- KF15. % satisfied with the opportunities for flexible working patterns

In addition, 30 Key Findings show no statistically significant change and none have deteriorated (statistically significantly). The table below shows the top 5 ranked scores and bottom 5 ranked scores compared to other Specialist Acute Trusts.

The Overall Engagement score is also included in the table overleaf. The score is made up of 3 Key Findings:

- KF1 – Staff recommendation of the trust as a place to work or receive treatment
- KF4 – Staff motivation at work
- KF7 – Staff ability to contribute to improvements at work

The ROH Engagement score has marginally increased up 0.03 to 3.83 against a decline nationally across the NHS to 3.78. Across Acute Specialist Trusts, the average is higher at 3.95%.

Overall Engagement is significantly driven by recommend as place to work responses, which whilst improved in 2017 remains well below the average for Acute Specialist Trusts.

## 2.2 Summary performance- NHS Staff Survey

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

	Trust	National Average Indicator	Improvement/ deterioration from 2016
<b>Top five ranking scores</b>			
KF 29: Percentage of staff reporting errors, near misses or incidents witnessed in the last month	97%	92%	2%
KF 15 : Percentage of staff satisfied with the opportunities for flexible working patterns	61%	54%	4%
KF 20: Percentage of staff experiencing discrimination at work in the last 12 months	8%	9%	1%
KF 7: Percentage of staff able to contribute towards improvements at work	75%	73%	1%
KF28: Percentage of staff witnessing potentially harmful errors, near misses or incidents in last month	26%	27%	5%
<b>Bottom five ranking scores</b>			
KF 30: Fairness and effectiveness of procedures for reporting errors, near misses and incidents	3.68%	3.80%	0.03%
KF 6: Percentage of staff reporting good communication between senior management and staff	29%	35%	5%
KF 1: Staff recommendation of the organization as a place to work or receive treatment	3.74	4.16	0.12
KF 19: Organisation and management interest in and action on health and wellbeing	3.60	3.73	5
KF 27: Percentage of staff/colleagues reporting most recent experience of harassment, bullying or abuse	40%	47%	9%
<b>Overall engagement score</b>	3.83	3.95	+0.03

#### Notes:

The ROH comparator group is 'Acute Specialist Trusts'

Results are calculated as a score (rated out of 5) or a percentage

### **2.3 Commentary on the Key Findings**

The Trust is in a significant period of change. The Trust announced the cessation of Paediatric services in 2017. Ongoing discussions local partners continue to determine when and how this service will be relocated. This along with uncertainty about a potential merger or acquisition by another NHS trust increased the concerns of staff members. In addition:

- The Trust had experienced financial pressure in line with national NHS challenges.
- The National Pay constraint continued to have an effect.
- The Trust had increased its focus on performance management across all teams.
- The Trust was rated 'Requires Improvement' by the CQC.
- The Trust had made significant gains in the RTT target for the hospital which had been seen as positive with staff and patients.
- The proportion of the staffing establishment filled by permanent post holders averaged around 85% during 2017/18.
- The Trust had started a number of initiatives to improve patient outcomes and their experience including 'Perfecting Pathways' examining the patient journey and seeking continuous improvement.
- Work to improve communication with staff had commenced.

### **2.4 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 intends to take the following action to improve the response to the annual staff survey indicator (and other surveys):

- Successfully transfer Pediatric Services.
- Continue to embed a culture of continuous improvement.
- Adopt a coaching style of leadership and management supported by a programme of manager as coach, and solution based coaching.
- Implement the proposed Agenda for Change (AfC) contract refresh and refresh performance and development processes.
- 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.
- Implement staff wellbeing actions arising from stress management task and finish group.

- Develop and implement local staff engagement plans informed by local staff survey analysis.

## 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 actions to address some of the issue 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 were introduced at the ROH in September 2017 as a means of supporting staff and engaging with them on the social and emotional impact of working in healthcare.

### ***Background***

In 1994 a health attorney 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 introduce Schwartz Rounds here at The Royal Orthopaedic Hospital NHS Foundation Trust. Four Rounds have been held to date and over 100 staff have attended. 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**

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.***

Healthcare 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.

## **2.7 Expenditure on consultancy**

Consultant spend for the year was £172,000 (2016/17, £273k) 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 2017/18**

#### **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 and his predecessor up until November 2017 was Alan Last (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 develop the Trust's strategy and contributed to the process for setting out the Trust's Five Year Vision, which was discussed at the January 2018 meeting.

### **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
- Estates Programme Board
- 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 routinely and the Lead Governor has a standing invite to the private sessions 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.

During the year the terms of office of Kathryn Sallah was due to end. Following a meeting of the Nominations and Remuneration Committee on 21 December 2017, a recommendation was made the Council of Governors at its January meeting to extend the terms of office of Mrs Sallah by a further three years.

At the same meeting, on the recommendation of the Nominations and Remuneration Committee, in line with all other staff groups, a 1% cost of living pay uplift for Chairman

and Non-Executive Directors was approved, with a view to revisiting salaries next year to ensure that they remain competitive and comparable to peers.

#### **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 2017/18 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 2017/18 Hannah Abbott was nominated from Birmingham City University (BCU) and Dr Dagmar Scheel-Toellner from the University of Birmingham (UoB).

## 2.4 Governor Elections 2017/2018

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 between 18 September and 13 November 2017 to fill **two** vacancies in the Public Constituency for Birmingham & Solihull:

Electorate	3,337
Total number of votes cast	491
Turnout	15%
Invalid votes cast	7
Total valid votes	484

The election was run by an external provider, Electoral Reform Services and the successful candidates were Sue Arnott and Kennedy Iroanusi. Sue was re-elected for a second term of office of three years from 10 December 2017. Kennedy was elected as Governor for the ROH for a first term of office to run until 9 December 2020.

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

Concurrently with the above election, an election ran from 18 September to 13 November 2017 to fill **one** seat for the Rest of England and Wales:

Electorate	1,863
Total number of votes cast	0
Turnout	0
Invalid votes cast (see below)	0
Total valid votes	0

This election was also overseen by Electoral Reform Services and there were no nominations and therefore this seat remains vacant.

#### 2.4.3 Staff Elections and Results

In September 2017 an election was overseen by the Electoral Reform Services for a non-clinical staff governor within the Trust's staff membership.

- Staff non-clinical One seat

Electorate	377
Total number of votes	63
Turnout	16.7%
Invalid votes cast (see below)	0
Total valid votes	6

This election was contested and David Richardson was elected as non-clinical staff governor. David's first term of office will end on 14 September 2020.

#### 2.4.4 Elections during 2018/2019

A planned election will be undertaken in June 2018 when the term of office for Governors in the following will be complete:

Birmingham and Solihull	2 seats
Rest of England and Wales	2 seats
Staff Non-Clinical Governor	1 seat
Staff Clinical Governor	1 seat

#### 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 2017 to 31 March 2018 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 2015. 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 will end 31 July 2018.
- **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 until 31 July 2018.

- **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.
- **Anthony Thomas** - As a past and future patient Tony wanted to give something back. Apart from being a Governor, Tony is a member of the Patient and Carers Forum, and has been involved in the annual PLACE inspections and the Falls Working Group to try to avoid patients suffering injury whilst in hospital. Tony's term of office came to an end on 9 November 2017.

#### **Rest of England and Wales (four seats)**

- **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 will come to an end on 31 July 2018. 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.
- **Alan Last** - Alan served three terms of office as Lead Governor at the Royal Orthopaedic Hospital. Alan worked for 40 years in the NHS, 28 of which were spent working in Birmingham hospitals. He understands the NHS' good points and failings and firmly believes in its core values and feels the people who use its services must be fully represented in decision making at every level. He

believes the Hospital is a precious and successful resource and represents the views of patients and the public by being available to listen to views and bring them to the attention of senior managers. Alan's third term of office ended on 9 November 2017.

- **Vacancy** - There is currently one vacant post within this constituency.

### **Stakeholder Governors**

- **Bournville Village Trust** - Paul Sabapathy CBE was a nominated Governor for seven years and was a Trustee of Bournville Village Trust who owns the freehold of Hospital as the Cadbury family donated the building and land to the people of Birmingham for health purposes. Paul is the former Lord Lieutenant of the West Midlands and was the first non-white person to hold this prestigious position. As a former Chief Executive and Chairman in the NHS, Paul is passionate about the provision of joined up, patient centred high quality health and social care, by well led, highly skilled and well-motivated staff at the Hospital. He is a great believer in hospitals which focus on specialities as this enables greater specialisation and focus at the Hospital without the distraction of competing specialities and priorities for limited available resources. He believes this specialisation has greater benefit for patients' experience and outcome. Paul's term of office expired in February 2018.
- **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** - Changese Khan is a Councillor on Birmingham City Council for the Selly Oak Ward. On the Council he is a member of the Corporate Resources and Governance Overview and Scrutiny Committee. He is a Trustee of the West Midlands Pension Fund, which is one of the UK's largest pension funds and an experienced solicitor and Director of a solicitors practice, having extensive experience dealing with private, corporate and third sector clients.
- **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. He is a full-time spinal surgeon at the Royal Orthopaedic Hospital and was appointed in 2004. He graduated from the University of Manchester in 1992 and after initial post graduate experience in the North West, carried out his basic orthopaedic and spinal training in the West Midlands which was consolidated by the combined Orthopaedic/Neurosurgical Liverpool Spinal Fellowship in 2003. His practice encompasses a comprehensive range of spinal conditions covering all levels of the spine including surgery for spinal cord and nerve root compression, other degenerative conditions including degenerative malalignment, spinal trauma and infections. Mel is experienced in all surgical approaches to the spine and instrumentation techniques. He has an interest in reconstructive surgery of the spine and is a nationally recognised expert in surgery for tumours of the spinal column, in particular en-bloc resections for primary bone tumours. He undertakes a limited amount of intradural and paediatric deformity surgery. Mel is the Clinical Service Lead for the Hospital's Spinal Unit in addition to mentoring practitioners undertaking spinal triage services. He reviews articles for the European Spine Journal and has lectured and taught both nationally and internationally. He advises local teams on the management of spinal conditions in professional sportsmen. Mel's term of office will end on 18 August 2019.

- **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 second term which will end on 31 July 2018.

#### **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. Before pursuing a career in finance, Alex gained her degree in Microbiology and Virology, and worked as a Healthcare Assistant in a residential care home. She is very interested in the improvement of patient care and patient experience whilst also understanding the financial pressures that exist within the NHS. Alex is very proud to work for the Hospital and the NHS and wants to help it further improve. Alex was elected for three years until 31 July 2018.
- **David Richardson** - David has worked at the hospital for 7 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.
- **Lyn Hindley** - Lyn was elected as a Non-clinical staff governor on 19 August 2016. Lyn has worked at the Hospital for nearly ten years, initially in HR. For the past six years she has worked as an administrator for the Infection Prevention and Control team and the Bone Infection Unit. Lyn has built strong relationships through the Trust from housekeepers through to Consultants and also with patients. She is a keen believer in teamwork, working in an efficient thoughtful manner and having respect for each other. Lyn's first term of office was due to end on 18 July 2019 but left the Trust on 11 July 2017.

During the year, Alan Last's final term of office came to an end, with him having served nine years as a governor and acting as the Lead Governor. All governors were asked to register an expression of interest for the role of Lead Governor, which would be discussed at the October 2017 meeting. Brian Toner put himself forward for the role

and the governors unanimously agreed that Brain should take up this position when Alan Last's term of office formally ended in November 2017. Alan was formally thanked for his dutiful service at the Annual Members' Meeting on 5 October 2017, where he was presented with a gift and a cake.

## 2.6 Attendance by Governors at Council of Governor Meetings 2017/18

During the period 1 April 2017 to 31 March 2018 the Council of Governors formally met on four 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
	17/05/17	19/07/17	05/10/17	17/01/18	
Yve Buckland (Ch)	✓	✓	✓	✓	4/4
Alan Last	✓	✓	✓		3/3
Brian Toner	A	✓	✓	✓	3/4
Rob Talboys	✓	✓	A	A	2/4
Anthony Thomas	A	✓	✓		2/3
Sue Arnott	A	✓	✓	✓	3/4
Carol Cullimore	✓	A	✓	✓	3/4
Petro Nicolaides	✓	A	✓	✓	3/4
Marion Betteridge	✓	✓	✓	✓	4/4
Lindsey Hughes	✓	✓	✓	✓	4/4
Kennedy Iroanusi				A	0/1
Richard Burden	A	A	✓	A	1/4
Changese Khan	✓	A	A	A	1/4
Paul Sabapathy	✓	✓	✓	✓	4/4
Dagmar Scheel-Toellner			✓	A	1/2
Hannah Abbott			✓	✓	2/2
Mel Grainger	A	✓	✓	✓	3/4
Karen Hughes	✓	✓	✓	✓	4/4
Alex Gilder	✓	✓	✓	✓	4/4
David Richardson			✓	✓	2/2
Lyn Hindley	A				1/1

**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 2017/18 is provided in the table below:

BOARD MEMBERS	MEETING DATE			
	17/05/17	19/07/17	05/10/17	17/01/18
Tim Pile	✓	✓	✓	
Kathryn Sallah	✓	✓	✓	✓
Rod Anthony	✓		✓	
Richard Phillips		✓		
Simone Jordan			✓	✓
Jo Chambers	✓			
Paul Athey	✓	✓	✓	✓
Jo Williams		✓	✓	✓
Garry Marsh	✓			
Andy Pearson				✓

The Annual Members' Meeting was held on 5 October 2017, at which over 50 members (including governors) attended.

## 2.7 Quarterly Council of Governor Meetings

Council of Governor meetings are held quarterly and 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.
- Updates on delivery of the actions to address regulatory concerns expressed in the letter of undertakings from NHS Improvement, including the performance against the 18 weeks RTT recovery plan.
- Data quality update in line with the concern over the quality of the information being reported in association with the 18 weeks RTT and cancer waiting time performance.
- An update on the implementation of the MAKO robot which was to be used for private patient work.
- The establishment of the Staff Experience & OD Committee.
- The development of the Strategic Outline Case, with the support from the strategy experts from the STP.

- The decision to cease Paediatric inpatient work and the progress with the transition plan.
- An update from the Freedom to Speak Up Guardian, Mandy Johal, on her work during the first year in post.
- An update on Fire Safety from the Head of Estates and Facilities, Stuart Lovack, following the Grenfell fire tragedy.
- Updates on staff and public governor elections held during the year and the appointment of new stakeholder governors.
- Complaints report from Lisa Kealey, Public and Patient Relations Manager
- 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 from August 2017) attended each Council of Governors meeting during the year to provide updates on key areas.
- The Director of Patient Services attended the May 2017 meeting to provide assurance on the Trust's plans to respond to the concerns raised by regulators in their letter of undertakings received in Spring 2017. From July 2017, this item was presented by the Interim Chief Operating Officer, who joined the Trust from the STP.
- The Executive Medical Director joined the January 2018 meeting to support the discussions around the implementation of the new robotic technology for private patients.

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:

- Actions to be taken in response to the NHS Improvement concerns – the Chairman led the Board's response to the receipt of the letter of undertakings from NHS Improvement, outlining the planned action at the May 2017 meeting of the Council of Governors. The discussion was continued at the July 2017 meeting, when the governors sought assurance from the Non Executives as to the learning that had been gained from the identified inadequacies in the robustness and quality of performance information. Tim Pile as Chair of the Finance & Performance Committee led the discussions on progress with the action plans at the October 2017 meeting.
- Paediatric services decision – the Chairman, at the July 2017 meeting, fronted the discussions around the Board's decision to cease paediatric inpatient

services at the Trust. There was challenge from the governors as to the available capacity elsewhere to handle the work and in relation to those listed for surgery at the time, how the uncertainty as to where they would be treated would be handled.

- Finance and Performance Committee - Tim Pile, Chairman of the Finance and Performance Committee attended the Council of Governors on three occasions during the year to ensure the Council of Governors was kept up to date on the scrutiny on financial and performance recovery by his Committee. The Governors challenged strongly on the actions that would be taken during the year to ensure that financial and performance recovery was successful, this being distinct from the actions they had been advised previously would deliver improved performance which in their view had not been successful. The governors also sought assurances on how the low levels of activity being handled by the Trust would impact on jobs, highlighting that there was a level of unease and uncertainty among the staff in this respect.
- Major Projects & OD Committee – Richard Phillips joined the Council of Governors at their July meeting to outline the work of the newly established committee.
- Quality and Safety Committee - Kathryn Sallah, Chair of the Quality and Safety Committee, attended the Council of Governors at each meeting and on two occasions presented an update on the latest discussions and point of scrutiny of her committee.
- Audit Committee – Rod Anthony joined the October 2017 meeting to update the governors on latest discussions at the Audit Committee. He highlighted how he had joined the Audit Committee of a neighbouring trust to glean any practices that could be applied to the ROH's Audit Committee.
- Staff Experience & OD Committee – Simone Jordan, on behalf of Richard Phillips updated the Council of Governors at their January 2018 meeting on the Board's decision to establish a new Board-level committee with responsibility for oversight of workforce matters. The governors were of the view that the workforce indicators on which the Committee should focus needed to be meaningful and practice elsewhere needed to be reviewed.

In addition to the formal meeting, briefings were held for the Council of Governors on four occasions during the year to keep them updated on matters including the receipt of the letter of undertaking from NHS Improvement and the plans to respond to this; delivery of the 18 weeks RTT action plan; financial and operational performance recovery; the decision to cease provision of Paediatric inpatient work; development of the Trust's strategic direction, including work underway within the STP; and the Trust's preparation for the CQC inspection.

## **2.8 Governor Training and Induction**

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

Paul Athey, at the May 2017 meeting of the Council of Governors, delivered a training session on data quality. This was designed to assist the governors with holding the Non Executives to account in relation to the issues raised by NHS Improvement regarding the data quality of the Trust's performance information.

Mandy Johal joined the governors at their meeting in January 2018 to educate the Council about the role of the Freedom to Speak Up Guardian and to highlight her successful first year, which had resulted in some key changes in the Trust as a result of staff feeling comfortable to speak up about patient safety concerns that they felt needed to be raised.

Acknowledging that there is more that can be done to train our governors, work will be undertaken in 2018/19 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**

With the change in the Lead Governor, the opportunity was taken to conduct a stocktake in terms of the way the Council of Governors operated and how the Trust could help the governors to better discharge their statutory duties and become more involved in the fabric of the organisation. This was informed in part by outputs of one to one discussions that happened throughout the year between the Chairman, Associate Director of Governance & Company Secretary and each governor. In January 2018, the Associate Director of Governance & Company Secretary presented a set of proposals arising from this to the Council of Governors which suggested a set of improvements which could be made, these included:

- Introduction of pre-meetings, led by the Lead Governor, to provide focus and agree lines of scrutiny at the formal meetings;
- The creation of a set of principles in terms of how the Council of Governors will operate;
- Create more of a focus on having Non Executives presenting items, rather than Executive colleagues, to allow the governors to better hold the Non Executives to account;
- Provision of additional training sessions;
- 'Buddying' arrangements for governors new into post;

- Involving the governors in quality assurance walkabouts and corporate meetings;
- Undertaking a formal effectiveness self-assessment of the Council of Governors during the year;
- Introduction of governor ‘surgeries’ for both staff and public to raise a query with their representatives;
- Attendance by the Lead Governor at Board meetings and a more systematic invitation of all governors to the public Board meetings; and
- Establishment of an annual set of one to one meetings between the Lead Governor, Chairman, Associate Director of Governance & Company Secretary and each governor.

These plans will be delivered over the course of 2018/19.

### **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 2017, a number of engagement activities were undertaken with the Members:

- May 2017 – Members were invited to join us in celebrating the 200<sup>th</sup> anniversary with an invitation to the Bicentenary Summer Fete.
- September 2017 – written invitation to the Annual Members Meeting, along with the Autumn edition of Member News which included various engagement opportunities:
  - Joining our Patient & Carers Forum
  - Becoming a volunteer
  - Equality and Diversity Forum
  - Arthritis Seminar

Within this pack we included a feedback form to obtain views of the new Member news format. This asked questions around what their initial impression was and what would they like to hear about next. 28 people engaged with the feedback form, and we used this information to then shape the next edition.

- September 2017 – Annual Members Meeting held at the Hospital, led by the Chairman, Dame Yve Buckland.

This year we held a market place along with refreshments, displaying all the work done over the last year. This included the bicentenary timeline display, heritage artefacts, children's visit photographs and continuous improvement projects. We had over 60 members attend this year this was a significant increase from last year.

- October 2017 – 20 Members attended the Arthritis Seminar which was a free seminar open to members of the public, built to raise awareness of arthritis and the treatment options available at the ROH.
- November 2017 – We welcomed a new member to our Patient & Carers' Forum. This individual was informed about this via the Member News documentation. This group now totals 20 members.
- November 2017 – Local schools visited the ROH to join in our Christmas light switch on. This engaged staff of the hospital, patients and local schools. The children then stayed and spoke to various clinical staff including junior doctors and nurses, around careers in the NHS.
- January 2018 – Equality & diversity forums took place whereby members, staff and the public were asked to review the ROH based on numerous different categories. This was really successful and will be taking place again next year.

A new improved Member News document was sent to all members in September and proved to be really successful. This has now been agreed this will be a quarterly edition that is issued to both individuals with and without email addresses so that we can engage with all of our members. Members told us that they were interested in the following activities:

- Regular news updates on Trust activities;
- Opportunity to feed into hospital developments and improvement projects;
- Surveys sent to their home;
- Annual report summary document;
- Invitation to specific events and lectures; and
- Involvement in fundraising.

Detailed below are comments from members relating to the Member News Survey and feedback from an Arthritis Seminar held at the Trust included:

**Member News Survey**

***"I have been a patient at this hospital for 69 years and am so grateful for everything that has been done for me over the years. I like to hear all of the achievements and successes that the hospital achieves."***

***"Member news is informative appropriate and interesting"***

***"It is great to be informed and consulted, as it makes us feel involved and it's good to know that our views are valued"***

***"As far as I know your communication with me whether its by letter or email has always been good. I can only give it 10 out of 10"***

**Arthritis Seminar 2017**

***"Everything was very good. Method of self help for various conditions was very important".***

***"Mr Thomas talk, great slides fabulous delivery and pace, he is clearly an expert in his field".***

***"The mix between scientific detail & commentary on care of conditions was really interesting."***

***"Presentation from surgeon showing photos/videos of surgery explaining steps and procedures."***

***"Interesting to hear from several different department."***

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.

We have done the below in order to recruit more effectively:

- Have a roaming volunteer once a week who asks for patients to become a member whilst in waiting rooms;
- Membership is advertised on patient information screens, waiting areas and flyers in the café;
- 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.

Since a dedicated member of staff has been in post we have successfully recruited over 300 members which is a significant increase from the year before whereby we only recruited 50 members.

### 3.1 Membership Strategy

During the year the Trust continued to create regular and one-off opportunities for members to engage directly with the Trust.

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

	2017-18	2018-19 (estimated)
<b>Public constituency</b>		
At year start (April 1)	5,094	5,343
New members	397	350
Members leaving	148	150
At year end (March 31)	5,343	5,543
<b>Staff constituency</b>		
At year start (April 1)	1,008	1,002
New members	173	203 **
Members leaving	178	209 *
At year end (31 March)	1,011	1,005

\* Leavers on flat turnover rate of 17.61%

\*\* New starters increase of 17.11%

### 3.3 Analysis of current membership

In some cases, members have been willing to provide us with information about their age, ethnicity, sex and socio-economic status. This helps us understand whether the membership is fully representative of the population served by the Trust. 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	1
17-21	76
22+	4,696
Not stated	266
<b>Ethnicity</b>	
White	3,662
Mixed	60
Asian or Asian British	441
Black or Black British	262
Other	79
Not Stated/Do not wish to state	750

<b>Public constituency</b>	<b>Number of members</b>
<b>Socio-economic Category</b>	
AB	1,326
C1	1,504
C2	1,136
DE	1,279
<b>Gender</b>	
Male	2,020
Female	3,220
Unspecified	72

### **3.4 Volunteers**

Some members 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. Our Friends and Family surveys regularly quote how much patients value having volunteers around the hospital, a recent Friends and Family survey comment was that 'the lovely volunteers who met me at the front of the hospital and helped me figure out where I needed to be were fantastic'.

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 Patient Experience, Simulated Patient and Outpatient Volunteers.

If you are interested in becoming a volunteer please contact Gail Booth on 0121 685 4226.

## 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 2017/2018
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.	Accountability Report (Section 1: Directors Report and Section 7: Annual Governance Statement)
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	Accountability Report (Section 1: Directors Report and

	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).	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.	Not applicable
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.	Accountability Report (Section 1: Directors Report and Section 3: Remuneration

		Report)
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
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.	<p>The Chair includes a reflective element to the discussions at each meeting of the Council of Governors.</p> <p>Within the year there have been some specific sessions organised for the Council of Governors to provide them with training and education in some key, relevant areas, including data quality and the role of the Freedom to Speak Up Guardian. Further networking and training opportunities are being explored for Council members.</p> <p>The Chairman with the Company Secretary held a series of one to one meetings with the governors during the year with a view to gathering views as to the effectiveness of the Council of Governors</p> <p>An improvement programme was discussed by the Council of Governors at the January 2018 meeting, led by the Associate Director of Governance &amp; Company Secretary. Many of the actions within this will be delivered over 2018/19.</p> <p>Member News is issued to the public which includes updates from the governors</p> <p>The annual report highlights in a public document how the Council of Governors held the Non Executives to account and where other duties of the governors have been exercised during the year</p>

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 newly established Staff Experience &amp; OD Committee</p>
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## 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	1	2
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. A rating of 2 was received for performance against agency expenditure, although expenditure was still reduced from 2016/17.

#### Breach of Licence

See Section 8, paragraph 4.7 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.



Paul Athey  
Acting Chief Executive

25 May 2018

## 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.

Under the NHS Act 2006, Monitor has directed 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 the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of 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; 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.



Paul Athey  
Acting Chief Executive  
25 May 2018

## **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 2018 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 Officer 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 considered its Board committee structure in the year, in order to ensure risk is appropriately discussed and managed within the organisation and includes fully all disciplines. As a result of this review, it was decided to disestablish the Major Projects and Organisational Development Committee and instead form a new committee focused on Staff Experience &

Organisational Development to provide greater in depth oversight of workforce related matters and risks.

The Trust Board therefore 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.

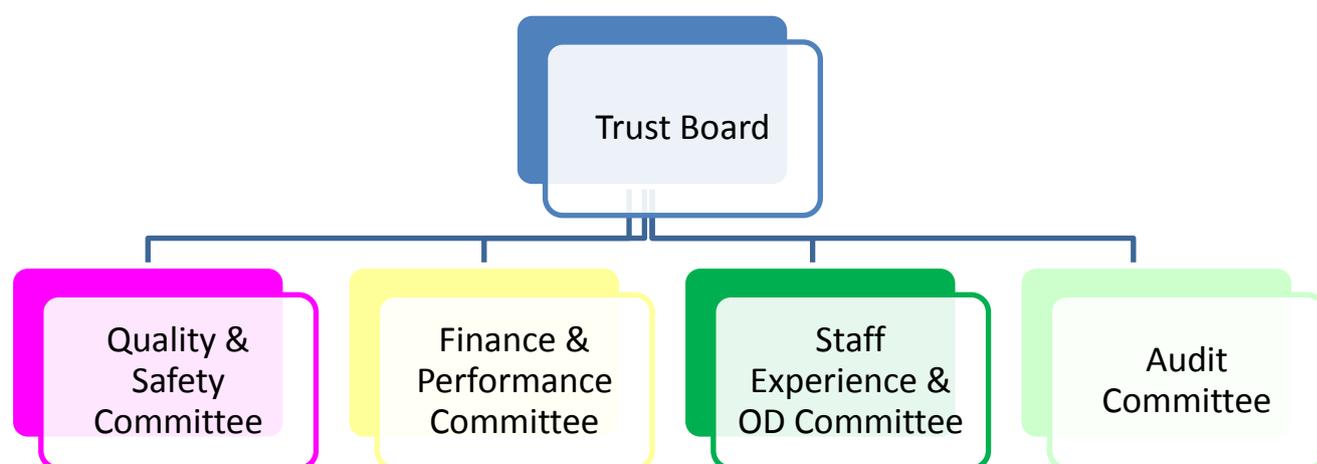


Figure 1: Trust Board & Committee structure

**Quality & Safety Committee:** The Quality & Safety Committee has designated responsibility for oversight of clinical risk management and is chaired by a Non Executive Director of the Trust who has a clinical background. The Executive Director of Patient Services is the lead executive for this committee. The Committee meets monthly 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 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.

**Major Projects & OD Committee [until January 2017]:** The Major Projects and OD Committee was chaired by a Non Executive Director. The Committee met quarterly. The Director of Strategy and Delivery was the lead executive for the Committee. The focus for the Committee was to provide the Board with assurance concerning the arrangements and progress with delivery of major projects and key initiatives in support of the Trust's strategic plan. The Committee focused principally on major IT initiatives, staff & clinical engagement and on leadership development. The Committee was disestablished in January 2018 and replaced by the Staff Experience & OD Committee.

**Staff Experience & OD Committee [from January 2018]:** The Staff Experience & OD Committee has a designated responsibility for the oversight of workforce-related matters, including organisational development and is chaired by a Non Executive Director of the Trust. The Director of Strategy & Delivery is the lead executive for this committee. The Committee meets monthly and regularly reviews risks associated with the Trust's workforce and its development through the Workforce Overview. This report is an evolving document, and as the Committee becomes embedded and assesses the most useful information for it to consider to provide the necessary assurances to the Board, the report will be refreshed.

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 Non Executive 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 and the Associate Director of Governance/Company Secretary. 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.

The Trust has an electronic risk register system that facilitates the use of both local and corporate risk registers and the Board Assurance Framework. More work is planned through 2018/19 to develop the functionality of this system further.

### **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. Staff receive annual updates on key elements of risk management as part of the governance section of the mandatory training programme identified through the Trust Training Needs Analysis. The Corporate Governance Officer also attends key operational management meetings to present the risk register and offers ad hoc support to those wishing to raise a risk or strengthen their knowledge of risk management.

### **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.

## **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.

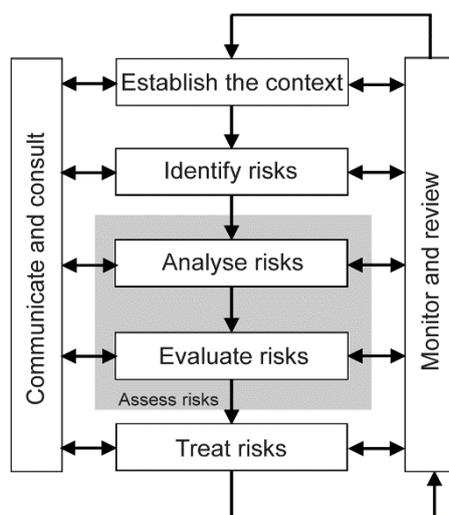


Figure 2: Risk management process

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 analysis
- 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 further effort to improve the Trust's risk management processes by embedding the risk management policy that was launched in 2016. Much work has been 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 2018/19 to review the Board's risk appetite given the significant changing 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 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 and the Quality & Patient Safety report. The Board also receives upwards assurance from the Staff Experience & OD Committee on the management of key workforce-related risks.

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 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 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 or the Executive Director of Patient Services.

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 a senior nurse which involves Non Executives, patient representatives and members of the Council of Governors, together with operational managers.

The Acting Chief Executive holds 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 joined team meetings during the year to receive feedback from the 'front line' and communicate news and plans for the Trust.

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. During the year, the Board considered twice a self-assessment against the CQC's 13 fundamental standards of care.

During 2017/18 there has been further progress with our CQC action plans, with now only a small number of longer term strategic actions outstanding, some of which relate to system-wide decisions relating to our paediatric services. In the early part of 2018, we were visited by the CQC who inspected us against their new framework, comprising two parts – an unannounced inspection of our core services, followed by a structured and planned review to determine how well led as an organisation we are. Improvements identified as part of the inspection will be a key area of focus for the coming year.

#### **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 IG toolkit is used as one of the controls for implementing data security and it is monitored by the IG Group. This was replaced by the Data Protection and Security Toolkit on 1 April 2018 which includes more stringent controls around cyber security. 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. Additional software is being implemented during 2018 to enable proactive monitoring of security threats. Encrypted datasticks are no longer permitted. 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. Information security is being included in the Quality Assurance walkabout programme during 2018.

The Trust has undertaken some significant work to prepare for the General Data Protection Regulations (GDPR) which come into force on 25 May 2018. Part of this has been to review how information is held and stored and create a more robust environment for this where needed.

**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 2017/18.

RISK	CONSEQUENCE	IN YEAR/ FUTURE	HOW THEY ARE/WILL BE MANAGED AND MITIGATED AND HOW OUTCOMES ARE/WILL BE ASSESSED
FINANCE			
<p>The Trust does not currently have a clear financial and operational plan that describes how the organisation will deliver sustainability over the medium to long term.</p>	<p>The Trust's long term sustainability and Going Concern status is placed in jeopardy</p>	<p>F</p>	<p>Mitigation/Controls:</p> <ul style="list-style-type: none"> <li>• Strategic Outline Case approved by the Board in January 2018</li> <li>• Five Year Vision (2017 – 2022)</li> <li>• Financial and activity plan for 2018/19</li> <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>• Agreement reached with local partners and the STP about the role of the ROH in future plans</li> <li>• Trust meets its financial and operational obligations on an ongoing basis</li> </ul>
<p>Loss of income as a result of the transfer of paediatric services without currently having certainty around growth in additional</p>	<p>The Trust's long term sustainability and Going Concern status is placed in jeopardy</p>	<p>F</p>	<p>Mitigation/Controls:</p> <ul style="list-style-type: none"> <li>• Financial and activity plan for 2018/19</li> <li>• Oversight by Finance &amp; Performance Committee and at an Executive level</li> <li>• Strategic Outline Case approved by the Board in</li> </ul>

RISK	CONSEQUENCE	IN YEAR/ FUTURE	HOW THEY ARE/WILL BE MANAGED AND MITIGATED AND HOW OUTCOMES ARE/WILL BE ASSESSED
adult work to offset this			<p>January 2018</p> <ul style="list-style-type: none"> <li>• Discussions within the STP to agree a region-wide approach to orthopaedics services</li> </ul> <p>Outcome Assessment:</p> <ul style="list-style-type: none"> <li>• Achievement of the required control total in the coming year</li> <li>• Delivery of the Trust's Cost Improvement Programme</li> <li>• Growth in adult orthopaedics activity</li> </ul>
National tariff fails to remunerate specialist work adequately	The Trust's long term sustainability and Going Concern status is placed in jeopardy	IY/F	<p>Mitigation/Controls:</p> <ul style="list-style-type: none"> <li>• Oversight by Finance &amp; Performance Committee</li> <li>• Reduced reliance on the use of agency and locum staff</li> <li>• Ongoing application to regulators for cash support</li> <li>• Further discussion with regulators and commissioners regarding the impact of the tariff</li> <li>• Completion of patient-level information and costing ensuring that specialist costs are understood</li> <li>• Participation in the Group advising on pricing improvements which aims to use patient costing data to more accurately understand the cost of procedures,</li> </ul>

RISK	CONSEQUENCE	IN YEAR/ FUTURE	HOW THEY ARE/WILL BE MANAGED AND MITIGATED AND HOW OUTCOMES ARE/WILL BE ASSESSED
			<p>thereby enabling more accurate prices to be set</p> <p>Outcome Assessment:</p> <ul style="list-style-type: none"> <li>• Stability of the Trust’s cash reserves position</li> <li>• Cash loan accessed from regulators and reported through to Finance &amp; Performance Committee</li> <li>• Adjustment to tariff</li> <li>• Lower expenditure associated with temporary staffing</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 an 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>• Weekly scrutiny of RTT position by Executive Team</li> <li>• Oversight by Finance &amp; Performance Committee</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</li> <li>• Reduced scrutiny and oversight by regulars</li> <li>• Improved segmental rating against the Single Oversight Framework</li> </ul>

RISK	CONSEQUENCE	IN YEAR/ FUTURE	HOW THEY ARE/WILL BE MANAGED AND MITIGATED AND HOW OUTCOMES ARE/WILL BE ASSESSED
Long waiting times for spinal deformity treatment	Financial adversity and possibility of financial penalties imposed by commissioners; poor patient experience/outcomes	IY/F	<p>Mitigation/Controls:</p> <ul style="list-style-type: none"> <li>• Sourcing additional capacity from external sources</li> <li>• Paediatric transition programme</li> <li>• Ongoing discussions with Birmingham Children’s Hospital and NHS England</li> <li>• Harm review process</li> </ul> <p>Outcome Assessment:</p> <ul style="list-style-type: none"> <li>• Reduction in the waiting list for spinal deformity cases</li> <li>• Reduction in the overall number of patients waiting in excess of 52 weeks</li> </ul>
Theatres not operating effectively due to an inadequate workforce model	Over-reliance on temporary staffing, which incurs high costs and threatens to breach the agency cap set by NHS Improvement	IY/F	<p>Mitigation/Controls:</p> <ul style="list-style-type: none"> <li>• Appointment of a theatre manager and Head of Nursing</li> <li>• Theatre performance metrics and agency use monitored through the finance and performance overview</li> <li>• Workforce planning group established to consider different models of medical and nursing service</li> </ul> <p>Outcome Assessment:</p>

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>• Agency spend is under the agency cap</li> <li>• New workforce models introduced</li> </ul>
Inability to replace equipment beyond its useful life due to limited capital funding	Poor patient flow and inability to meet performance targets	IY/F	<p>Mitigation/Controls:</p> <ul style="list-style-type: none"> <li>• Capital plan 2018/19</li> <li>• Theatre close down over Easter 2018 for routine maintenance</li> <li>• Modular theatre plan</li> </ul> <p>Outcome Assessment:</p> <ul style="list-style-type: none"> <li>• Improved theatre utilisation</li> <li>• Activity plan achieved or exceeded</li> <li>• Reduced hospital-instigated cancellations</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	Poor patient experience and adverse clinical outcomes	IY/F	<p>Mitigation/Controls:</p> <ul style="list-style-type: none"> <li>• Paediatric transition programme</li> <li>• Ongoing discussions with Birmingham Children's Hospital and NHS England</li> <li>• Harm review process</li> <li>• Mitigations agreed in response to the review by the</li> </ul>

RISK	CONSEQUENCE	IN YEAR/ FUTURE	HOW THEY ARE/WILL BE MANAGED AND MITIGATED AND HOW OUTCOMES ARE/WILL BE ASSESSED
services elsewhere			Royal College of Paediatrics and Child Health  Outcome assessment: <ul style="list-style-type: none"> <li>• Few patients identified as suffering harm as a result of waiting excessively for treatment</li> <li>• No patients inappropriately treated on HDU</li> </ul>

Many of the top risks in 2017/18 relate to the Board’s decision in the summer 2017 to cease the provision of paediatric inpatient services at the Trust. While the plans for the movement of the service into a setting elsewhere, the Trust continues to carry the risk of operating a model of paediatric care that, although is safe, is unsustainable in the long term. The Trust also recognises the risks associated with the loss of income attached to Paediatric services when these move out and is working, jointly with regional partners, to identify opportunities to attract work that compensates for this.

#### **4.6 Well Led Framework**

In preparation for the CQC's Well Led review of the Trust, the Board worked through a self-assessment against the key lines of enquiry in this domain in order to anticipate where there may need to be work undertaken to strengthen compliance. Many of the areas identified were recognised risks, particularly in relation to oversight of workforce matters, staff engagement and the embryonic culture of innovation and continuous improvement. Although addressing these gaps has been given significant focus during the final quarter of 2017/18, it is acknowledged that there remains further work to do. It is also anticipated that the CQC inspection due to be received in Quarter 1 of 2018/19 will provide commentary on our position and may include some required actions to take.

During 2018/19, a similar self-assessment against NHS Improvement's Well Led Framework will also be undertaken, although given the similarity and the conscious plans to harmonise the frameworks, it is anticipated that the outcome may be in line with that of the CQC well led self-assessment.

#### **4.7 The principal risks to compliance with the NHS foundation trust condition FT4 (FT governance)**

During the year, the Trust received a letter from NHS Improvement setting out a series of enforcement undertakings, these being as a consequence of suspected breaches against a number of elements of its licence, specifically within the overarching condition FT4.

Those elements which NHS Improvement considered the Trust to be at risk of being breached were:

- FT4 (4) – Establish and implement: effective board and committee structures; clear responsibilities for its Board, for committees reporting to the Board and for staff reporting to the Board and those committees; and clear reporting lines and accountabilities throughout the organisation
- FT4 (5) (a), (b), (e), (f) – Establish and implement systems and/or processes to ensure compliance with the Licencee's duty to operate efficiently, economically and effectively; for timely and effective scrutiny and oversight by the Board of the licencee's operations; to obtain and disseminate accurate, comprehensive, timely and up to date information for Board and Committee decision-making; to identify and manage material risks to compliance with the Conditions of its Licence
- FT4 (6) (a), (c), (d), (e), (f) – To ensure that the systems and or processes include, but are not limited to the provision of sufficient capability at Board level to provide effective organisational leadership on the quality of care provided; the collection of accurate, comprehensive, timely and up to date information on quality of care; the Board receives and takes into account accurate comprehensive, timely and up to date information on quality of care; that the Licencee including the Board actively engages on quality of care with patients staff and other relevant stakeholders and takes into account as appropriate views and information from these sources; and that there is clear accountability for quality of care throughout the Licencee's organisation, including but not restricted to systems and/or

processes for escalating and resolving quality issues, including escalating them to the Board where appropriate

The evidence used by NHS Improvement to demonstrate the conditions had been breached concerned:

- the identification of a large number of open invalidated patient pathways;
- deteriorating performance against the 18 weeks RTT national target;
- identification that there was poor knowledge and understanding of the RTT rules amongst Trust's staff;
- poor management of the overall waiting list;
- concerns regarding the way in which cancer waiting times were being tracked and reported;
- a perceived delay in the Board being informed of the issues
- the absence of a medium-term solution to the Trust's strategic options and milestones to drive progress on this

The mitigating actions applied to treat these risks to breaches of the Trust's licence can be summarised as:

- The Board held a special meeting in April 2017 to review the plans to improve the 18 weeks RTT position.
- Three action plans were developed to address the regulatory concerns, these being: 18 weeks RTT; cancer waiting times; and spinal deformity waiting list.
- A joint stakeholder forum was set up to monitor progress with delivery of the action plans to address the regulatory concerns which includes commissioners, NHS Improvement and CQC.
- The focus of the Finance & Performance Committee and Trust Board (private) agendas focussed heavily on the 18 weeks RTT data quality position as well as the absolute performance against the national target, with the Non Executives holding the Executive to account strongly for recovery.
- Additional operational expertise was secured from the STP in the form of an Interim Chief Operating Officer, who was previously the Deputy Chief Operating Officer from a neighbouring trust. This individual brought to the Trust expertise in the management of the 18 week RTT pathway. Additional support from the STP was also provided in the form of an Interim Director of Finance, who again had undertaken a senior finance role in a large acute trust. Although both of these individuals remain on an interim basis, they are engaged for the near future, which provides stability to the Board and the Trust while it addresses its challenges.

- During the year, the Executive responsibility for the management of operational performance was changed, so that the portfolio of the Executive Director of Patient Services was focussed on strategic nursing and clinical governance, with the responsibility for Operational matters being taken on by the new Interim Chief Operating Officer.
- A new Patient Tracking List (PTL) was developed, which enhanced the management of the waiting list.
- A recovery trajectory to achieve the national 18 weeks RTT target was developed at an overall and sub speciality level.
- The Executive Team considered a weekly report on performance against the 18 weeks RTT target at a sub speciality level.
- Additional briefing of the Council of Governors were arranged to ensure that they were appraised regularly of the Trust's response to the letter of undertakings and of the improvements being made and given the opportunity to challenge non executive directors on the adequacy of the mitigating actions.

In more general terms, compliance with the governance licence condition has been strengthened in year by the following actions:

- A review of the terms of reference of all Board Committees has been undertaken
- Membership of the committees has been revised to ensure adequate representation by Board members on the various committees, including overlap between committees where this is seen to be appropriate
- Upward assurance reports from the Board committees continue to be received at each public meeting of the Trust Board which are presented by the Committee chairs
- Key points from the Executive Team meetings are included within the Chief Executive's monthly report to the Trust Board in public
- A new, more comprehensive, organogram has been developed showing the relationships and reporting lines between the Trust Board, its committees and any trustwide subgroups that report upwardly
- A Staff Experience & OD Committee was introduced during the year to improve the Board's oversight of workforce-related matters. This replaced the Major Projects & OD Committee which was disestablished during the year.
- An assurance review into the effectiveness of the Board committees was commissioned during the year which is due to report in Quarter 1 of 2018/19.

#### **4.8 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.

Prior to the submission of the annual Corporate Governance Statement to NHS Improvement a Board paper is created with input from 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.

#### **4.9 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 Corporate Governance Officer has during the year, provided dedicated support 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.

The Executive Team considers a monthly Corporate Risk Register report which shows progress with delivery of key mitigating actions to address the organisation's key risks. The Board Committees receive an extract of this which contains risks pertinent to their terms of reference. As from Quarter 1 of 2018/19, the Board will also receive a quarterly summary of the Corporate Risk Register and will take assurances from the Executive and committee chairs as to the adequacy of the mitigating actions for each risk.

Additionally, 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 highest scored corporate risks from the Corporate Risk Register and strategic risks identified by the Board 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.

In terms 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. During the year, much effort has been directed into improving the reporting culture, which as a result has generated an increased number of incidents being handled on a monthly basis. Ulysses is currently being updated to develop detailed reports in order to provide Divisions and wards with better information on risk. Incidents are reviewed on a daily basis by the 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.

Information on incidents and trends is considered in detail by the Clinical Quality Group, chaired by the Executive Director of Patient Services. The Quality & Safety Committee also reviews incidents monthly as part of the routine Quality & Patient Safety report. Through the Contract Review meetings, the clinical performance and risk information is shared with lead commissioners and scrutinised as part of the contract setting process.

#### ***4.10 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.

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

The Trust has not been placed under any special measures or conditions.

The Trust has continued to deliver the requirements set out in the CQC action plan, which was developed following the publication of the re-inspection report of the Trust in July 2015.

Good progress had been made against the delivery of the actions within the CQC action plan. Most notably, there has been good progress with the development of the requirements associated with a Learning Disabilities strategy, with the recruitment of a Lead Nurse for Learning Disabilities during the year. The learning disabilities strategy was published and launched in February 2018. Outstanding actions from the CQC action plan remain around securing additional Paediatric nurses, improving waiting times for Outpatient clinics and enhancing the cover provided by Paediatric medical staff.

The Trust received an unannounced visit by the CQC in Quarter 4 of 2017/18, where the Trust was assessed for its quality of care in three of its core services: surgery; medicine; and Outpatients. In addition, the Trust was later assessed against the CQC's well-led key lines of enquiry, where most Board members were interviewed, in addition to a number of specialist

staff and members of the Council of Governors. The outcome of the inspection will be published during the first quarter of 2018/19.

#### **4.12 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.

#### **4.13 Equality and Diversity**

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

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

### **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 operational element of the Trust is structured into two principal Divisions, under the leadership of the Chief Operating Officer. The Executive Director of Strategy & Delivery has oversight of third division which contains the estates and facilities functions. This revised model has been introduced and embedded during the year. Figure 3 below presents this structure:

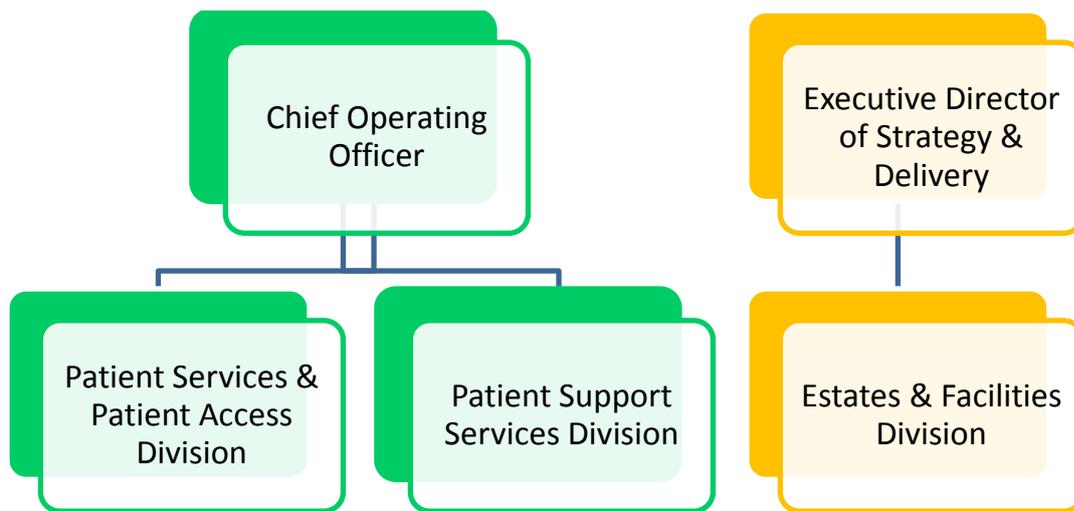


Figure 3: Operational management structure

This arrangement provides a robust structure of accountability for the key elements of the Trust's business. The Patient Divisions meets monthly for a management board, the agenda of which is divided into a section to review performance and operations, with the second part primarily concerned with clinical governance and risk. Each Division is subject to formal reviews with Executive Directors, with the Patient Divisions being monthly and the Estates & Facilities Division being on a quarterly basis. 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 & Performance 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 Executive Team, 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 by the Finance & Performance Committee. The assessments of the impact of the schemes on quality are reviewed by the Executive Medical Director and Executive Director of Patient Services, with any exceptions being reported up into the Quality & Safety Committee.

The Trust regularly benchmarks its reference costs with national tariffs to highlight the areas of potential inefficiency; as the Model Hospital information is developed, then this will be used as a primary source of benchmarked information.

The Trust benefits from the data produced by the Patient Level Information and Costing System, which has enabled the Trust to increase the understanding of where efficiencies can be targeted and has focused discussions with the Department of Health around issues with the national Payment by Results tariff system. Information from the Patient Level Information and Costing System is being used to develop Service Line Reporting. In addition, the Trust has

been working as a costing roadmap partner with NHS Improvement to help influence and develop the future accuracy of orthopaedic costing.

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 reviews and challenges 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 and Finance Overview.

The Trust achieved a full year Use of Resources rating of 3 for 2017/18 (1 being the highest rating, 4 being the lowest). This was reflective of achievement of the control total resulting in a distance from financial plan rating of 1, control of agency spend sufficiently to achieve a rating of 2, and ratings of 4 for liquidity, I&E margin and capital service cover.

The Trust's rating against NHS Improvement's Single Oversight Framework was reduced to 3 during the year, (1 being the highest rating, 4 being the lowest), largely as a result of the regulatory concerns expressed in the letter outlining the enforcement undertakings detailed elsewhere in this statement.

## **6.0 Information Governance**

During the year the Trust reported 17 serious incidents relating to Information Governance. Two of these were level 2 incidents which were reported to the Information Commissioner:

- An email advertising the Trust Summer Fayre was emailed to all 500 Trust members without using the blind copy function (bcc) so all members could see all e-mail addresses of those of the distribution list. An apology was sent out to all persons affected. The Information Commissioner investigated but did not take any action.
- An unencrypted laptop used with a medical device went missing/was stolen from Outpatients in March 2018 containing personal identifiable data (hospital number, name and date of birth) but not clinical data for 1,100 patients. At the time of writing a full Root Cause Analysis is in progress and the Trust is awaiting an Information Commissioner's Office investigation. The Trust is identifying and making safe any

similar devices and a letter has been sent to all patients to inform them of the breach and to apologise.

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 Patient Services 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 2017/18 to ensure that the collection of policies having passed their review date were updated, both for clinical and non-clinical policies. Ensuring that policies have a robust audit plan also forms a key quality indicator for 2018/19 within the Quality Account.

The Trust benefits from a data warehouse, which is operated by the Business Intelligence team who are called on to extract data from this system to assist with populating information in the Quality & Patient Safety report and the Finance & Performance Overview. This is a key tool that is accessed to provide information to support the narrative within the Quality Account.

Professional leads provide some of the data for the Quality & Patient Safety report and the Finance & Performance Overview; these are experts in their quality fields, such as Infection Prevention & Control, Safeguarding and Tissue Viability. This is done in conjunction with the informatics team to finalise the reports prior to receipt by the Trust Board.

The Trust 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.

During the year there has been much work to address the data quality issues identified last year which concerned the management of the waiting list and the performance against the 18 weeks RTT target. This has included the delivery of an 18 weeks RTT action plan that was monitored through the Joint Stakeholder Oversight forum, in addition to the completion of actions raised in the internal audit review of the Trust's 18 weeks RTT management. To undertake the data cleanse required to establish the true number of open pathways, the Trust employed a set of external validators on a temporary contract for a number of months during the year. The Trust also involved NHS Improvement's Intensive Support Team in reviewing the position, particularly around the work to reduce and manage the number of patients waiting in excess of 52 weeks for treatment. Oversight of this work was primarily through the Finance & Performance Committee, but remained a key focus of the Trust Board. The external audit review of the Quality Account will test the data quality of the 18 weeks RTT position, a position that was not possible in 2017/18.

## **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 2017/18, 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 assurance reports issued, one report provided substantial assurance; four reasonable assurance; and four partial assurance. Those that provided partial assurance relate to some specific internal control compliance weaknesses in some clinical and corporate areas which are being addressed through actions already in progress. The new leadership in the Research and Development area is addressing issues identified through the audit of this area, particularly in relation to the consistency of managing the projects and the weakness in the oversight of the area through the established governance mechanisms. There is ongoing work to improve the use of e-roster and oversight of this is now within the domain of the Governance Team. Work is ongoing to ensure that there is a consistent and robust process to consent and the Executive Medical Director has instigated a quarterly in-house audit, which will be the subject of an internal audit review in the coming year. Finally, with the commencement of the Assistant Director of Finance (Financial Delivery), there has been much improvement in the process for Cost Improvement in the Trust, with a notable enhanced delivery of schemes during the latter part of 2017/18 and a sound process to identify new schemes for delivery in 2018/19, with new arrangements in place for effective oversight of these.

The effectiveness of our systems has also been considered during 2017/18 through a range of external reviews including a visit by NHS Improvement to assess the Trust’s compliance against the hygiene code and visits by our commissioning partners to establish compliance with Regulation 20, Duty of Candour.

Other steps taken during 2017/18 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 reviewed during the year to provide better oversight of workforce-related matters. The recruitment of a professional HR lead during the year has also strengthened the development of the workforce agenda.
- Refinement of the way that the Quality & Safety Committee operates, including the use of more succinct templates for upward reporting from the trustwide governance committees.
- The terms of reference for all Board Committees have been reviewed during the year
- A refreshed series of Quality Assurance walkabouts has been established, with these now including members of the Council of Governors.
- Introduction of ‘Perfecting pathways’ which provides a systematic and structured approach to improvement across the Trust

- Service Quality Improvement Days 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.
- The Operational Management Board has been refreshed and is now chaired by the Interim Chief Operating Officer. This provides a strong governance framework to ensure that there are clear lines of accountability for operational matters.
- The Executive Team has been refashioned to streamline responsibilities under the Chief Executive, supported by five Executive Directors: the Executive Medical Director; interim Chief Operating Officer; Executive Director of Patient Services; Interim Director of Finance & Performance; and the Executive Director of Strategy & Delivery, together with the Associate Director of Governance/Company Secretary.
- During the year, the terms of the Chairman and two of the Non Executive Directors expired and in line with the provisions within the Trust's constitution they were reappointed to serve a further term.
- The Council of Governors was joined by two additional stakeholder governors during the year, meaning that for the first time for several years, all stakeholder positions are now filled.

During the year the following areas of weakness in internal control have been highlighted:

- The Trust continued the work started in 2017/18 to address the data quality issues associated with the management of the 18 weeks Referral to Treatment pathway. This involved significant validation of the open pathways and the development of a new patient tracking list.
- Work also continued throughout 2017/18 to address the issues with the management of the cancer pathway implementing the latest guidance for the management of oncology patients. This included the development of a new cancer patient tracking list and sourcing of a more up to date software solution to manage these patients.
- As captured within Section 6.0, during the year two Information Governance incidents were classified as Level 2 incidents which were reported to the Information Commissioner.

## **9.0 Conclusion**

Whilst acknowledging the issues identified, 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 2018/19 to the continued development of our governance and control system building on the progress and learning undertaken in 2017/18.

A handwritten signature in blue ink, appearing to be 'Paul M. J.', is positioned above the text 'Acting Chief Executive'.

Acting Chief Executive

Date: 25 May 2018

**The Royal Orthopaedic Hospital NHS Foundation Trust  
Consolidated Accounts for the year ended 31 March 2018**



# THE ROYAL ORTHOPAEDIC HOSPITAL NHS FOUNDATION TRUST QUALITY ACCOUNT

A Quality Account is a report about the quality of services by an NHS provider and each year all NHS providers are required to publish a Quality Account. The report is an important way for local services to publish information on the quality of care it provides and to demonstrate improvements and developments in its services



2018/2019

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# PART ONE



## 1.1 STATEMENT FROM THE CEO

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We are firmly committed to the delivery of high-quality services which are both safe and effective. The Quality Accounts 2017/18 is evidence of this. Our goal remains to become ‘first choice for orthopaedic care’ and progress against our priorities this year has taken us further forward with this ambition.

During 2017/18 there has been further progress with our CQC action plans, with now only a small number of longer-term strategic actions outstanding, some of which relate to system-wide decisions relating to our paediatric services. In the early part of 2018, we were visited by the CQC who inspected us against their new framework, comprising two parts – an unannounced inspection of our core services, followed by a structured and planned review to determine how well led as an organisation we are. Improvements identified as part of the inspection will be a key area of focus for the coming year.

Last year we were visited by the West Midlands Quality Review Service (WMQRS) which highlighted the risks to the sustainability of continuing to provide a Paediatric inpatient service, particularly for patients needing intensive care, using the model we had agreed with the Royal College of Paediatrics and Child Health during the year before. As a result, the Trust Board took the decision over the summer of 2017 to cease providing Paediatric inpatient services, with the intention of moving this out into a setting that was more appropriate. Work continues within the region and with key stakeholders and commissioners to agree on the timing and detail of these plans. In the meantime, we continue to mitigate any risk to safety for the care of children at our hospital. The Children’s Board that was established last year continues to be the key internal body that monitors the effectiveness of these arrangements, reporting upwardly to the Board committee responsible for Quality & Safety oversight.

We have made some good progress in delivering our Quality Priorities for 2017/18, which included reducing the number of avoidable pressure ulcers, implementing and embedding a learning from deaths culture and reducing the number of formal complaints. Those priorities not fully achieved in 2017/18 have been taken forward to 2018/19, some of which with a renewed focus, as part of our continued commitment to excellent patient care.

We recognise that quality must underpin every improvement that we make. Our seven Quality Priorities for 2018/19 have therefore been set as:

- Reduce the number of incidences of consent on day
- Medical ward rounds to be supported by the wider MDT
- Ensure that learning identified from serious incidents and complaints are embedded in practice
- Ensure that all clinical and corporate policies are in date and have an appropriate audit plan
- Reduction in waiting times in OPD clinics
- Reduction in cancellation on the day of surgery (Board of Governors)
- Reducing the number of times patient Outpatient Clinic appointments are rescheduled

Sustaining improvement also relies on our ability to listen to the people who use our services. The ‘I Want Great Care’ system helps us fulfil our statutory duty to deliver the Friends and Family Test (FFT), and has proved an excellent tool to capture actionable feedback. Patient experience at the Royal Orthopaedic Hospital is consistently positive, with our FFT scores regularly reaching 97% of patients being likely to recommend the Royal Orthopaedic Hospital as a place to be treated. Within the year we were pleased to receive a letter from the Secretary of State for Health & Social Care congratulating us on the achievement of 100% rate for our FFT rating.

2017/18 has also seen significant development of the Birmingham and Solihull Sustainability & Transformation Partnership (STP), which has provided a welcome opportunity to explore ways in which we can work with our local provider organisations to deliver better care for our patients. The development of the orthopaedic work stream within the STP plans has been a key area of focus for us over the past year and as relationships with local partners continues to develop, this work will accelerate as we enter 2018/19.

As for every other NHS organisation, the environment in which we operate continues to be challenging. We remain focused on ensuring that the services we offer are of high quality and sustainable so that we can meet demand and continue to improve.

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.



Paul Athey  
Acting Chief Executive Officer  
The Royal Orthopaedic Hospital

May 2018

*SUPPLEMENTARY COMMENTARY:* Since this report was drafted, we have received the welcome news from the CQC that following their inspection in the final quarter of 2017/18, our overall regulatory rating has moved from 'Requires Improvement' to 'Good'. The Trust is now rated as 'Good' across all domains of the CQC framework. We are currently digesting the report and working through the implications and will include greater detail in next year's Quality Report. The contents of this report do not reflect the publication of the CQC inspection report.

# ABOUT THE QUALITY ACCOUNT 2017/18

## 1.2 WHAT IS A QUALITY ACCOUNT?

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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<sup>1</sup> ('the Quality Accounts regulations'). Information on quality accounts can be found on the NHS Choices website.

A Quality Account is a report about the quality of services by an NHS provider and each year all NHS providers are required to publish a Quality Account. The report is an important way for local services 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 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 2018/19
- Our progress against delivery of the Quality Priorities we outlined in 2017/18
- 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 Hospital maintains continuous quality improvement

### 1.2.1 WHO HAS BEEN INVOLVED IN PRODUCING THE QUALITY ACCOUNT?

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The Quality Account has been developed by the Royal Orthopaedic Hospital with input and the help of a range of stakeholders including:

- The Royal Orthopaedic Hospital Patient and Carers Forum
- The Royal Orthopaedic Hospital Clinical Quality Group
- Discussion of Quality Account priorities through the local Contract Quality Review Group
- Sharing of Quality Priorities and draft Quality Account with local Healthwatch
- Sharing of Quality Priorities and draft Quality Account with lead commissioners CCG

# PART TWO

## 2.0 ABOUT THE TRUST

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The Royal Orthopaedic Hospital NHS Foundation Trust is a single specialty 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.

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.

We are proud of the research and innovation led by teams at the Royal Orthopaedic Hospital, including the introduction of robotic-arm assisted surgery (first NHS organisation in the UK), our Rapid Recovery programme which reduces the length of stay for hip & knee replacement patients, 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 Theatre management system, as well as completing a major network infrastructure upgrade.

Throughout 2017-18, the Trust was supported by partners from the STP to develop a Strategic Outline Case (SOC) to define future options of service provision at the Trust. We are collaborating with partners in the STP to develop orthopaedic services across the region, and 2018-19 will see these options come to fruition.

The Trust's strategic goals were refreshed to reflect the need to improve and grow continually. These goals are as follows:

- **World leading outcomes:** Our outcomes will continue to improve and distinguish us as leaders in orthopaedic care
- **Specialist skills and services:** Our specialist services are crucial to our future and reputation for excellence
- **The orthopaedic centre of excellence:** We will be recognised as a centre of excellence for the West Midlands, as well as experts nationally and internationally
- **A plan for growth:** We will grow to ensure our resilience and investment capability
- **Productive and efficient processes:** We will add value through efficiency, quality, standardisation and cost effectiveness
- **Invest in new systems:** We will invest in new systems and capabilities to deliver the very best orthopaedic care
- **Leaders in innovation, teaching, research and development:** We will be leaders of orthopaedic innovation in surgery, technology and treatment
- **Continuous improvement culture:** We will invest to become an organisation with a strong continuous improvement culture where staff are empowered to make improvements
- **Supporting our workforce:** We will support our workforce to be motivated and engaged by giving them the right tools, training and resources and strong clinical leadership

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

## 2.1 TRUST VALUES

The Royal Orthopaedic Hospital Trust values define what is important in the way we deliver our vision.

Our key behaviors set out how we work, irrespective of the role we have in the organisation. These behaviours consistently carried out, will embed The Royal Orthopaedic Hospital 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>• Truthful and transparent with patients and colleagues when makes mistakes</li> <li>• Supports colleagues who make mistakes or behave inappropriately by giving balanced, honest feedback.</li> <li>• Communicates in a way that is clear, concise and honest.</li> <li>• Is courageous in challenging unsafe practice and inappropriate behaviour; raises concerns about things they don’t believe to be right</li> </ul>	<ul style="list-style-type: none"> <li>• Inconsistent in messages to patients and colleagues, not forthcoming when mistakes have been made, fails to accept own responsibility</li> <li>• Feedback is either withheld or provided ineffectively/aggressively, rather than constructively</li> <li>• Does not communicate clearly, provides ambiguous responses</li> <li>• Does not challenge unsafe practice or inappropriate behaviour.</li> <li>• Raises concerns through inappropriate channels, or without respect for Trust process.’</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>• Shows pride in their work and strives to deliver the best within available resources</li> <li>• Utilises all knowledge, skills and experience for the benefit of patients and the Trust</li> <li>• Takes responsibility to overcome obstacles and adopts a ‘can do’ approach</li> </ul>	<ul style="list-style-type: none"> <li>• Accepts and/or delivers work which is less than their best.</li> <li>• Is unable to explain how their role helps the Trust to deliver excellent patient care</li> <li>• Low resilience to disappointment, allows patient experience to suffer because of personal disappointments</li> </ul>

## Respect



RESPECT & listen to everyone

Behaviours we are looking for	Behaviours we will not accept
<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>

## 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 of 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.

We are committed to promoting equality and diversity in everything we do and the Trust is looking to hold an Equality & diversity public event during the year to understand the challenges that different groups face

## 2.2 SEVEN DAY SERVICE

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The Trust offers seven day services including physiotherapy and occupational therapy. Medical staff were available on a rota six days a week and on call on Sundays and overnight. Pharmacy and radiology services were available six days a week and were available on call for the seventh day.

# QUALITY PRIORITIES FOR IMPROVEMENT 2017/18

The Quality Priorities set by the Trust for 2018/19 focus on some key areas of improvement which have been informed by discussion with staff, patients and the public. During 2017/18 the Trust identified a total of 8 improvement priorities. Table 3 below shows a summary of achievement against those priorities. Greater detail about each of these priorities is provided in Section 3 at the end of this report.

**TABLE 1: ACHIEVEMENT OF QUALITY PRIORITIES 2017/18**

<b>Reduce the number of incidences of consent on day</b>
<b>Medical wards round to be supported by the wider MDT</b>
<b>Reduce the number of avoidable pressure ulcers</b>
<b>Learning from deaths – implement, embed a culture of learning from deaths</b>
<b>Ensure that all clinical and corporate policies are to date and have an appropriate audit plan</b>
<b>Reduction in waiting times in clinic</b>
<b>Reduction in cancellation on the day of surgery (Governors Priority)</b>
<b>Reduction in PALS complaints by 20% in all clinical areas</b>
<b>Ensure that learning identified from serious incidents and complaints are embedded in practice</b>

The Royal Orthopaedic Hospital has made good progress on the 3 priorities below and considers this sufficient to conclude that the priorities have been achieved.

- Reduce the number of avoidable pressure ulcers;
- Learning from deaths – implement, embed a culture of learning from deaths;
- Reduction in PALS complaints by 20%

Whilst there has been some progress made against the other six priorities it was felt that further progress could be made during 2018/19. Therefore the following Quality Priority's will carry over to 2018/19. In addition to these six priorities, the Trust has agreed one new Quality Priority for 2018/19 of 'reducing the number of times patients Outpatient Clinic appointments are rescheduled'.

Table 2 below is a summary of the Quality Priorities and the areas of focus for 2018/19 with alignment to the 3 domains of quality.

**TABLE 2: QUALITY PRIORITIES 2018/2019**

Quality Priorities 2017/18	Patient safety			Patient experience		
	Clinical			2015/16	2016/17	2017/18
Reduce number of incidences of consent on day	✓	✓	✓		✓	✓
Medical wards round to be supported by the wider MDT	✓	✓	✓		✓	✓
Ensure that learning identified from serious incidents and complaints are embedded in practice	✓	✓	✓	✓	✓	✓
Ensure that all clinical and corporate policies are to date and have an appropriate audit plan	✓	✓	✓		✓	✓
Reduction in waiting times in OPD clinic	✓		✓		✓	✓
Reduction in cancellation on day of surgery (Board of Governors)	✓	✓	✓	✓	✓	✓
Reduced the number of times patients Outpatient Clinic appointments are rescheduled.	✓		✓			✓

# QUALITY PRIORITIES 2018/19

## **Priority 1: Reduce the number of incidences of consent on day**

### **Why?**

The consent process has two stages: the first being the provision of information, discussion of options and initial (oral) decision, and the second being confirmation that the patient still wants 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

### **How will we monitor this?**

All Staff have been trained on the consent process. The Trust undertook an audit of compliance against the Trust policy and found that although there has been a significant reduction in the incidence of consenting on the day, there had been patients who had consented for the first time on the day of surgery. Whilst there will always be a number of cases where 'on the day' consent will be necessary, such as emergencies, the Trust look to further improve the consent process.

Further Audits are planned for 2018/19 and this overseen by the Trust Medical Director and Clinical Audit Committee.

## **Priority 2: Medical wards rounds to be supported by the wider Multi Disciplinary Team (MDT)**

### **Why?**

Ward rounds play a crucial part in reviewing and planning a patient's care. They are an opportunity to inform and involve patients, and for joint learning for healthcare staff. This priority calls for the multidisciplinary team – doctors, nurses, pharmacists, therapists and other allied health professionals – to be given dedicated time to participate, with clarity about individual roles and responsibilities during and after wards rounds.

### **How will we monitor this?**

As a multidisciplinary group, we will review all current ward round practices to streamline and coordinate an MDT approach, embedding these principles into the Ward routine and individual's job plans.

## **Priority 3: Increase the evidence of learning identified from serious incidents and complaints are embedded in practice**

### **Why?**

The Royal Orthopaedic Hospital is committed to becoming the safest provider of Orthopaedic services. In order to do this effectively, it is imperative that we learn from incidents and complaints where harm has occurred to patients. This learning is essential if we are to improve our care processes and the safety of the care we give to patients.

### **How will we monitor this?**

The Royal Orthopaedic Hospital has seen a reduction in the number of serious incidents and complaints 2017/18. The Governance Structure and processes around Serious Incidents and complaints are strongly embedded within the Trust with evidence of learning from incidents within the investigation reports. We will continue to embed our 'action tracker' against every recommendation made following a serious incident report.

The Quality Priority will be changed to focus on the 'embedding' of learning into the wider organisation and also address the staff survey results in relation to the poor quality feedback our staff receive feedback from the incidents they report.

#### **Priority 4: Ensure that all clinical and corporate policies are to date and have an appropriate audit plan**

##### **Why?**

In accordance with the Trust's Policy for the Development, Approval and Management of Trustwide Policies, all Trustwide Policies are due for review every 3 years, unless otherwise indicated as being required earlier within the body of the policy. It is important that Trustwide 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.

This priority will be carried forward with a focus on embedding policies into the Trust and associated audit plans for policies.

##### **How will we monitor this?**

In regards to assurance, the Corporate Governance Team will provide a reminder to Policy Authors six months prior to a policy's scheduled review date and a quarterly report will be submitted to the Trust's Quality and Safety Committee, noting policies that are due for review.

#### **Priority 5: Reduction in waiting times in all Outpatient Department (OPD) clinics to less than 60 minutes.**

##### **Why?**

There has been a reduction in wait times in Outpatient Department (OPD) clinics. The targets of 10% for 30-minute waits and 5% for 60-minute waits have not been met. However, there has been a downward trend in waiting times within clinics from April 2017 and any exception being clearly understood through robust incident reporting.

Patients tell us via the local Friends and Family test that they are sometimes frustrated by the length of time they have to wait when attending for clinic appointments. There has been a steady improvement in many areas, however, we continue to see long waits primarily within oncology. Clinic templates have been developed to help reduce waiting time within our clinics. Further work is required to reduce waiting times to less than 60 minutes across all areas.

##### **How will we monitor this?**

We will continue to monitor performance against our Standard Operating Procedure (SOP) for clinic waits across all clinics. Software is actively being utilised to deliver this standard using the InTouch system with an upgrade to the system planned which will allow even greater oversight.

The Division 1 Governance Board will take responsibility for monitoring waiting times and for developing action plans to respond to 'off track' reports. A monthly upward progress report will be provided to the Clinical Quality Group (CQG).

#### **Priority 6: Reduction in cancellation on the day of surgery (Board of Governors Priority)**

##### **Why?**

Cancellation on the day of surgery is both distressing for patients and their families and wasteful of NHS resources. Better planning and organisation of theatre lists and capacity will continue to reduce the number of on the day cancellations for non-clinical reasons through 2017/18. During 2017/18 we have seen a decline in cancelled operations due to operational issues. The main cause of cancellation is now unfit patients due to short-term illness and patients failing to attend on the day of surgery.

However, we recognise that we can improve and reduce on the day cancellations further during 2018/19 by enhancing our pre-operative assessment phase of care. The key improvement work required is a consistent methodology of the 72-hour call to patients before their surgery with a stronger model of clinical oversight.

##### **How will we monitor this?**

Cancellations are monitored in The Trusts Finance and Performance Committee.

**Priority 7: Reduced the number of times patients Outpatient Clinic appointments are rescheduled.**

**Why?**

The new priority this year is reducing the number of times that Outpatient clinics are rescheduled; this is a result of a number of complaints and PALS concerns that highlighted to us that rescheduling and cancellation of outpatient appointments is a significant issue. Patients may receive several letters rescheduling their outpatient appointments which can be both frustrating and confusing, and lead to delay for patients as their appointments are pushed back repeatedly. Did Not Attend rates (DNA) 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.

**How will we monitor this?**

This will be monitored by the Outpatient Improvement Board. The Trust will also continue to monitor PALS and complaints themes quarterly regarding rescheduled appointments.

## 2.2 STATEMENT OF ASSURANCE FROM THE TRUST BOARD

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### PROVISION OF SERVICES BY THE TRUST

During 2017/18, The Royal Orthopaedic Hospital NHS Foundation Trust provided 14 NHS services. The Trust has reviewed all the data available to them on the quality of care in 14 of these NHS services.

The 14 services provided by the Trust are listed below.

- Anaesthesia
- Bone infection Unit
- Functional Restoration
- Imaging
- Large Joints
- Small Joints
- Spinal surgery
- Paediatric Orthopaedics
- Pain Management
- Orthopaedic cancer
- Orthotics
- Podiatry
- ROCs
- Therapy Services

### 2.2.0 - PERCENTAGE OF INCOME GENERATED BY TRUST SERVICES

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The income generated by the relevant Health services reviewed in 2017/18 represents 91.06% of the total income generated from the provision of relevant services by The Royal Orthopaedic NHS Foundation Trust for the reporting period 2017/18. This is defined as the total income from activities (excluding private patients) as a proportion of the Trust's total operating income.

### 2.2.1 PARTICIPATION IN CLINICAL AUDIT AND RESEARCH

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During 2017/18 the Trust was involved in nine national clinical audits relevant covered health services that The Royal Orthopaedic Hospital provides.

During that period The Royal Orthopaedic Hospital NHS Foundation Trust participated in all nine national clinical audits (100%) it was eligible to participate in. Listed below these are:

- Elective Surgery (National PROMS Programme Elective Surgery (National PROMS Programme)
- Medical and Surgical Clinical Outcome Review Programme, National Confidential Enquiry into Patient Outcome and Death (NCEPOD)
- National Cardiac Arrest Audit (NCAA)
- National Comparative Audit of Blood Transfusion Programme
- National Joint Registry (NJR)
- British Spine Registry
- ICNARC
- Consent Audit
- Getting it Right First Time Surgical Site Infection Audit

The number of patients receiving relevant health services provided or sub-contracted by The Royal Orthopaedic Hospital NHS Trust in 2017/2018 that were recruited during that period to participate in research approved by a research ethics committee was 976.

**TABLE 3: AUDIT OUTCOMES**

<b>Audit</b>	<b>Participation</b>	<b>% Cases Submitted</b>
1. Elective Surgery (National PROMS Programme Elective Surgery (National PROMS Programme))	Yes	100%
2. Medical and Surgical Clinical Outcome Review Programme, National Confidential Enquiry into Patient Outcome and Death (NCEPOD)	Yes	Data collection underway
3. National Cardiac Arrest Audit (NCAA)	N/A	
4. National Comparative Audit of Blood Transfusion Programme	No	
5. National Joint Registry (NJR)	Yes	TBC
6. British Spine Registry	Yes	Ongoing
7. ICNARC	Yes	Data collection underway
8. Consent Audit	Yes	100%
9. Getting it Right First Time Surgical Site Infection Audit	Yes	Data collection underway

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 the 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 has been reviewed by Clinical Audit and Effectiveness Committee and has provided assurances regarding the quality of outcomes in hip and knee replacement.
- PROMS reports have shown that for 2017/18 the Trust is above the national average in all hip primary and revision arthroplasty. With reference to knees, the figures show that during the period, although the Trust has improved its position for primary knee arthroplasty, we do continue to be slightly below the national average for EQ5D.
- The Trust has improved the processes around collecting national audit data by using innovative IT solutions to increase efficiency.

The reports of the following local clinical audits were reviewed by the provider in 2017/2018, and The Royal Orthopaedic Hospital NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided:

Name of Audit	Name	Background	Recommendations
<b>Appropriateness of GP referrals for MRI knee in elderly patients</b>	Dr Rajesh Botchu	The Trust have noticed a number of inappropriate referral for MRI of the knee in elderly patients	Radiograph in patients over 60 years prior to MRI
<b>Parental understanding of pre operative fasting at The Royal Orthopaedic Hospital</b>	Dr Jayapal	Importance of understanding pre-op fasting its clinical implication and to minimise fasting period	A robust system of further educating patients and parents is worth considering.  Anaesthetist for the list to communicate with ward after team briefing regarding clear liquids for patients last on the list
<b>To assess whether plain radiographs are useful in the radiological follow up of osteoid osteomas post-RF ablation</b>	Dr Christine Azzopardi	Current practice recommends RFA as a treatment for osteoid osteomas. Clinical follow up is key in determining whether the patient requires further imaging or to detect recurrence. There are no current guidelines to determine the radiological follow up for such procedures. Plain radiography is still in use as follow up imaging, and this does not add much to the patient's management and may result in unnecessary radiation exposure. Assessing how frequently plain film imaging is being used to follow up osteoid osteomas may result in the need for post RF ablation imaging guidelines.	Need for discussion with the orthopaedic team regarding the use of X-rays in follow up imaging of osteoid osteomas

<b>Retrospective Audit looking at referral from Musculoskeletal Spinal Triage Clinic to the spinal surgeon and the conversion rate to surgery</b>	Jane Scott-Davies	This Audit is to look at the conversion rate to surgery for patients referred for surgical opinion following an assessment in the ESP lead spinal MSK service.	<p>TO re-audit the service in 2020. Injection Criteria- has been expanded in 2017 to allow ESP to refer more procedures which previously outside our criteria, this should reduce the number of injections done for patient's referred into the spinal Surgical Clinics from Spinal ESPs; Achieved 2017.</p> <p>Following recommendation on the national guidelines a Multidisciplinary Team Meeting within the Musculoskeletal Service attended surgeons, pain consultant, orthopaedic physicians and ESP's to discuss complex spinal patient's and make a MDT decision on best management plan has been set up. This should reduce the patients previously referred on to a surgeon for an opinion on whether they are an appropriate surgical case, and increase the number of patient's listed for surgery. Completed 2017</p>
<b>Empirical antibiotics for acutely infected arthroplasties &amp; endoprostheses</b>	J D Stevenson	Perceived inappropriate antibiotic prescribing practices for suspected infected arthroplasties	<p>Highlight that 12.5% had not received optimum care at hospital audit meeting.</p> <p>Re-audit after re-education of receiving surgical teams</p>
<b>Audit of Post-operative Venous thromboembolism risk assessment and administration of appropriate thromboprophylaxis</b>	Farris Latief	<p>Patients undergoing orthopaedic procedures, particularly lower limb surgery, are at increased risk of DVT, a preventable cause of mortality. Without thromboprophylaxis, approximately 40-60% will develop a detectable DVT (1). Of these, approximately 1-14% will be symptomatic within 7-14 days of surgery (1). It is imperative that risk is identified early</p>	<p>To improve note-keeping/documentation.</p> <p>Reminders to check VTE risk assessments at 24hrs .</p> <p>To reduce the number of criteria of assessment in order to improve the compliance</p>
<b>MAGEC Rod length audit</b>	Alastair Beaven	Suspicion of increased error in MAGEC rod lengthening	<p>By 1st September 2018, a discussion will occur with the Clinical Service Lead for radiology over the practicalities of the use of existing technology (ultrasound machines) with appropriate training provided in-house in the lengthening of MAGEC rods.</p>

<b>Timing and Dosage of Prophylactic Antibiotic Administration Prior to Skin Incision In Arthroplasty Surgery</b>	Mr Jonathan Stevenson	Increasingly there is concern over the number of infections seen following arthroplasty surgery. The prophylactic antibiotic administration has been extensively researched and established as an important preventative measure; however, the efficacy of prophylactic antibiotic therapy has been directly linked to the timing of the antibiotic administration prior to the initiation of surgery. A window of between 30 and 60 minutes has been established as the optimum time for administration of antibiotics prior to skin incision in order to prevent post-surgical infection (1–6).	Review of dosing of prophylactic antibiotic doses with BIU pharmacist to identify where the under-dosing is occurring. Repeat the presentation and present findings at hospital audit meeting to highlight the timing and dosing issue to anaesthetics and surgeons. Repeat audit 3 months after trust presentation using the same methodology.
<b>Empirical antibiotics for acutely infected arthroplasties &amp; endoprostheses</b>	JD Stevenson	Perceived inappropriate antibiotic prescribing practices for suspected infected arthroplasties	Highlight that 12.5% had not received optimum care at hospital audit meeting. Re-audit after re-education of receiving surgical teams
<b>Determining the standard of service provided to patients with congenital vertebral malformations presenting at The Royal Orthopaedic Hospital</b>	Dr Muaaz Tahir	Congenital scoliosis is the presence of abnormal curvature in the spine secondary to an anomalous congenital vertebral defect. Patients with congenital scoliosis often have other skeletal and nonskeletal abnormalities. Previous studies suggest that up to 60% of these patients will have one or more associated abnormalities, but due to lack of symptoms they are sometimes overlooked. Some reports recommend that if a child is demonstrated to have a vertebral anomaly, the entire spine should be scanned to look for other anomalies.	All scans should be imported to either The Royal Orthopaedic or Birmingham Women’s and Children’s Hospital PACS for review

<p><b>An audit of antibiotic stewardship in the orthopaedic inpatient setting</b></p>	<p>Mr James McKenzie</p>	<p>Antibiotics are a vital factor in reducing patient mortality and, in surgery, have resulted in far fewer surgical site infections (Scottish Intercollegiate Guidelines Network (SIGN), 2008). They are some of the most commonly prescribed medications in hospital settings. However, antibiotic resistance is increasing at a worrying rate (Department of Health, 2016), making correct stewardship of antibiotic prescription of paramount importance. Local guidelines are available to account for the differences in local prevalence and resistance and give guidance on the prescription of these drugs, such as those available from The Royal Orthopaedic Hospital Foundation Trust (The Royal Orthopaedic Hospital). Adhering to these guidelines is important so as to treat infections adequately and avoid unnecessary complications.</p>	<p>To emphasise the importance of documenting the prescription of antibiotics to all doctors in the hospital, particularly anaesthetists and surgeons because they prescribe the majority of the antibiotics prescribed to the patients we looked at. To put a reminder sheet at the front of patient records highlighting clear documentation for all staff. To highlight the importance of keeping all documents used in patient care together, so as not to lose important documentation. For the prescriptions that failed, we could not be sure if the prescription chart was lost or if it was not completed at all. Recommend a switch to electronic prescribing. This would not only reduce the incidence of incomplete reporting in the patient notes but would also make more notes available, allowing for subsequent re-audits to be complete. Re-audit in 6-12 months to assess for improvement, hoping to achieve 100% concordance for the safety of patients.</p>
<p><b>BPC/SI1 Sciatica codes</b></p>	<p>Yvonne Krantz</p>	<p>Sciatica is a painful and disabling condition whereby the distribution of pain is typically along a dermatomal distribution, commonly caused by a herniated disc. The Pathfinder and NICE guidelines currently recommend early access to diagnosis and treatment to reduce to risk of chronicity. Previous audits of this kind demonstrated variable waiting times and numerous different pathways into the spinal service. A fast-track sciatica pathway within the Back Pain Clinic was established in October 2015</p>	<p>This audit demonstrates that identifying sciatica at the point of referral leads to shorter waiting times for 1<sup>st</sup> appointment; however, this is currently not in line with the Pathfinder guidelines. The implementation of the Pathfinder will have consequences for our service in terms of demand for MRI scans and subsequent review capacity. Previous audits looked at waiting times and pathways of patients who had microdiscectomy surgery, whereby this audit looked at the effectiveness of a newly established fast-track sciatica service. It is difficult to identify a common pathway as patients have different preferences for their treatment and different coping strategies. Therefore individual pathways are not solely a reflection of capacity and efficiency of the Hospital but also a reflection of flexibility and promoting patient choice. The long waiting times for patients seeing a surgeon was probably due to surgical staffing levels at the time which has now been addressed. This audit has established a baseline of our current service and has highlighted areas that could improve both within the BPC and within the Trust, specifically waiting times of each step along the way. Next audit 2018-19</p>

<b>Adequate Contrast Enhancement of CT Pulmonary Angiograms</b>	Dr Cass Chisholm	Royal College of Radiologists state that over 89 % of CTPA's should have contrast opacification of >210 HU in the main pulmonary trunk. The previous audit was performed here one year ago, and this target was not being met. Changes have been made, and a reaudit is required.	Radiographer to save a single slice post contrast with ROI over the main Pulmonary Trunk. Radiologists re-educated on minimum opacification requirements of main PA. Re-audit in 6-12 months
<b>The Surgical Management of Kienbock's Disease</b>	Mr Okezika Uhiara,	To assess the patient reported outcome following an operation for Kienbock's disease	Patients presenting with Kienbock's disease should have the option of radial shortening osteotomy discussed. They should have pre- and post-op DASH and objective outcome scores, with the latter performed at regular monthly intervals, and then yearly on the discretion of the operating surgeon, based on clinical symptoms.
<b>Vascularised fibular epiphyseal transfer for proximal humeral resections for primary sarcomas in children</b>	Mr Jonathan Stevenson	There is a paucity of data on the outcomes of paediatric patient after vascularised fibula transfer, especially looking at the longitudinal growth of the epiphyseal transfer.	Vascularised fibula epiphyseal transfers preserve function and growth in young children following proximal humeral excision for sarcoma. The function compares favourably to other paediatric limb-salvage options in this age group. Longer term analysis is required to determine if this limb-salvage technique proves to be durable into adulthood.
<b>Clinical Audit of Shockwave and Achilles Tendinopathy at The Royal Orthopaedic Hospital</b>	Dr Christopher Speers	Extracorporeal shockwave therapy is a non-invasive treatment for recalcitrant Achilles tendinopathy. Recent NICE guidelines on its use have been published in December 2016. Current evidence on the efficacy of the procedure is inconsistent and limited in quantity – NICE suggests shockwave for Achilles tendinopathy should be completed where special arrangements for audit, governance and consent are in place.	All patients to sign a consent form, detailing risks, prior to having the first course of shockwave therapy. Prior to treatment - All patients to be issued, up to date, shockwave patient information leaflet.
<b>Anaesthetic Chart Documentation Audit</b>	Dr Sudeshkumar Muniyappa	To Measure Anaesthetic documentation chart	To re-audit again in next year and include Physician assistants in anaesthesia also.

<p><b>Excision, irradiation, reimplantation versus allograft reconstruction following segmental resection of tibial sarcomas: Is a vascularised fibula graft necessary?</b></p>	<p>Mr Jonathan Stevenson</p>	<p>The use of intramedullary free fibular grafts was introduced by Capanna et al. as a new technique for bone defect reconstruction and subsequently labelled the “Capanna technique” (1). Many studies since have explored the use of intramedullary free fibular grafts in limb salvage surgery (2–8), whilst previously published research by the oncology team at The Royal Orthopaedic Hospital, Birmingham has also explored the functional outcomes of patients receiving biological reconstruction after excision, irradiation and reimplantation of tibial tumours (9). To our knowledge, none have explored the relative efficacy or benefits of tibial allografts versus excision, irradiation and implantation or the comparison of vascularised and non-vascularised intramedullary free fibular grafts.</p>	<p>The ‘hotdog’ technique is presently recommended for tibial reconstruction, and this project has successfully evaluated the objective clinical outcomes of the novel and rare limb-salvage technique</p>
<p><b>Consent form Audit</b></p>	<p>Dr Siddaiah</p>	<p>Awareness and understanding of two-stage consenting policy implemented Jan 2017</p>	<p>To improve note-keeping. Reminders to check VTE assessment. Reduce the number of criteria on the assessment</p>
<p><b>anaesthetic Management, LOS and Patient Satisfaction with TKR at The Royal Orthopaedic Hospital</b></p>	<p>Dr N. Siddaiah</p>	<p>Total knee replacement (primary TKR) is a major surgery that needs an appropriate anaesthetic to provide optimal postoperative analgesia and timely physiotherapy. Hence the practice varies with individual anaesthetists based on their personal experience. There needs to be an overall consideration regarding the advantages of early mobilisation and length of stay in the hospital</p>	<p>A further audit - More patients Structured method to survey patients’ view - Postoperative Quality of Recovery Scale?</p>
<p><b>Audit of 2 stage Consenting for surgical procedures</b></p>	<p>Mr Abilash H Thimmegowda</p>	<p>NICE recommends that patients need to consent in the clinic at the time of listing them for surgery and the consent is confirmed with the patient on the day of surgery. This audit is to evaluate the compliance with this recommendation.</p>	<p>The re-audit showed a significant improvement in the two-stage consenting process but there is still room for further improvement. Our recommendation is that the non-surgical clinicians consult the surgical clinicians for consenting at the time of listing the patients. This can be re-audited in future to measure this improvement.</p>

<b>Mechanical thromboprophylaxis in adult patients undergoing spinal surgery – A re-audit</b>	Mr H Dong	Venous thromboembolism (VTE) and its prophylaxis have received great attention in the recent years. It remains a significant problem in clinical practice due to the potentially devastating effects on the patient. The current commissioning guidelines include a CQUIN indicator specifically for venous thromboembolism risk assessment and root cause analysis of confirmed hospital associated thromboembolic events.	Feedback to all involved parties - Spinal MDT meetings for surgeons Ward MDT meeting Remind junior doctors the need to complete VTE form at the time of admission.
<b>Direct Anterior Approach for THR – Review of single surgeon outcomes</b>	Usman Ahmed	The DAA is an approach to THR that is becoming increasingly popular but is recognised as having a steep and demanding learning curve.	Continue with the current strategy of surgery and maintain a prospective collection of data.  Prepare a strategy to allow comparison with other techniques used in the department currently.
<b>Major Oncology cases – Are we excessively cross matching? A review of current protocol in soft tissue sarcoma, bone sarcoma and complex revision arthroplasty.</b>	Mr Usman Ahmed	the department currently requests crossmatched blood for major cases. This is often not used due to good surgical technique & haemostasis at time of surgery. Cross-matching blood incurs costs & also results in wasted blood products that once prepared for use cannot be restored.	Policy Change. Widen the scope of the audit.
<b>An audit of imaging available for patients discussed at Oncology Daily Diagnostic MDT</b>	Dr Jennifer Murphy	The Oncology Daily Diagnostic MDT (DMDT) was put in place within the last few months to reduce the number of cases discussed at the Tuesday main Oncology MDT. Patients discussed almost exclusively have imaging at external institutions which must be imported to the local PACS system for review. We would like to evaluate the efficiency of the DMDT from an imaging perspective.	Re-audit at 6 months
<b>Clinical Audit Sonographer, Radiologist and Radiology Fellow &amp; Registrar Ultrasound Guided Injections</b>	Sharon Masters	Sonographer protocol has remained, but Consultant and Fellow / Registrar protocol has changed, this has partly been due to continuous improvement to achieve excellence and patient care but also driven by local incidents. All staff performing ultrasound guided injections must now complete and obtain Written consent, WHO checklist, Prescription.	Since the introduction of sonographer injections, the protocol has been followed. WHO checklist have been introduced for all ultrasound guided injections. Consultant Radiologists and Sonographer were compliant; one Radiology Fellow had 2 instances of non-compliance. This has been addressed, and steps have been taken to ensure all Radiology Fellows follow protocol. It is proposed that there will be annual audits to cover Consultant/Sonographer / Fellow ultrasound guided injections to check compliance.

<b>A service evaluation of cement spacers for staged endoprosthetic revision in the lower limb.</b>	Mr Stevenson,	To identify the causes for failure of staged revision EPR spacers	<p>Although the numbers of this review are quite small, further investigation is required to determine if the positioning of the spacer within the defect could cause a fracture or dislocation.</p> <ol style="list-style-type: none"> <li>1. Ensure that the spacer is more than double the size of the defect.</li> <li>2. Ensure that the spacer is symmetrical – Sufficient amount of spacer inserted into bone either side of the defect.</li> <li>3. Mechanical complications mostly arose within 2 weeks.</li> <li>4. Consider intra-operative radiographs to minimise complications.</li> </ol>
<b>Audit of image-guided biopsies</b>	Jennifer Murphy	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.	<ol style="list-style-type: none"> <li>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.</li> <li>2. Re-audit in 2 years.</li> </ol>
<b>Analysis of perioperative complications in patients with primary spinal tumours treated surgically at The Royal Orthopaedic Hospital over the past ten years</b>	Huan Dong	<p>Primary spinal tumours are rare. It is estimated they comprise 11% of all primary bone tumours and only 4% of all tumours found in the spine. In many cases of primary spinal tumours in which radical resection has been proven to be the most important factor influencing the oncological outcome. However, primary spinal tumours and thus en block spondylectomy is a relatively infrequent procedure ideally performed in highly specialized spinal centres. The surgery has to be aggressive in order to achieve clear margins and give the best chance of true ‘en bloc’ resection offering potential of cure. As a result, there is a relatively high rate of complications and morbidity associated with it. There are several comprehensive reports available providing rates of complications in spinal oncology. According to our knowledge, there has never been a formalised review of primary spinal oncology practice undertaken to compare our results to those reported in the literature.</p>	To perform a study aiming for identification of risk factors for the perioperative complications in patients undergoing surgical resection of the primary spinal tumours.

## 2.2.1 PARTICIPATION IN CLINICAL RESEARCH

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At the Royal Orthopaedic Hospital 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.

2017/18 has been an exciting period of significant change and improvement within our research and development department. This included the appointment of our new Clinical Service Lead for R&D, and the development of new infrastructure and facilities to support clinical trials and biological studies. We have also made substantial progress in relation to the achievement of our strategic goals, increasing our research activity and financial performance, developing our research facilities and workforce, and enhancing our research collaborations and reputation.

We have been recognised as one of the country's largest contributors of sarcoma samples to the 100,000 genomes programme and as the highest recruiting UK site for several major studies including:-

- BOOST (Better Outcomes for Older People with Spinal Trouble) – a randomised controlled trial of two types of physiotherapy in older people with lumbar spinal stenosis
- Pre-OB – A randomised controlled trial of stem cell therapy for avascular necrosis of the femoral Head
- DISC – a randomised controlled trial of collagenase injection versus surgery for Dupuytren's contracture The Trust was also the largest recruiting site worldwide for the GSSG (Growing Spine Surgical Group) observational study examining the prognosis following treatment for early onset scoliosis.

## 2.2.2 USE OF THE CQUIN PAYMENT FRAMEWORK

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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 2017/18 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 2017/2018 this figure was £1.72M (2016/17 - £1.56 million)

Further details of the agreed goals for the year ending 31st March 2017 and 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)

## 2.2.3 CARE QUALITY COMMISSION (CQC) REGISTRATION AND COMPLIANCE

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All NHS hospitals are required to register with the CQC in order to provide services and are required to show that they are compliant with CQC standards in order to maintain their registration. The Royal Orthopaedic Hospital is required to register with the CQC, and its current registration status is 'without conditions'. The Royal Orthopaedic Hospital has not participated in any special reviews or investigations by the CQC during this period nor has there been any enforcement action against the Royal Orthopaedic Hospital by the CQC during this reporting period.

The CQC monitors, inspects and regulates services to make sure that they meet fundamental standards of quality and safety. They ask five key questions of all service providers which are:

- Are they safe?
- Are they effective?
- Are they responsive?
- Are they well-led?
- Are they caring?

To direct the focus of their inspection, the CQC inspection teams use a set of key lines of enquiry (KLOEs) that directly relate to the five key questions – are services safe, effective, caring, responsive and well-led?. CQC has recently consulted on a revised single assessment framework with new and updated KLOEs for all healthcare providers. Once the revised assessment framework has been rolled out, we propose to use this set of KLOEs for digital healthcare providers

The Care Quality Commission (CQC) inspected the Royal Orthopaedic Hospital in July 2015 when they conducted a focused follow-up inspection of HDU and the outpatient's department This was a follow up from the concerns identified in a 2014 CQC inspection. Following the focused inspection in July 2015, the CQC saw improvements in HDU however; they rated the service as 'requires improvement'. The ratings remained the same for HDU as in 2014; however, the issues identified were different and had an impact on the five domains.

The Trust has since had an unannounced inspection in January 2018. Before the inspection, the Trust were asked to complete a provider information data request. The Trust is awaiting the report expected in Q1 of 2018/19.

The overall status of the Trust, therefore, remains as 'Requires Improvement'. Individual ratings for each of the domains are shown in Table 4 below:

**TABLE 9 OVERALL RATING FOR THE ROYAL ORTHOPAEDIC HOSPITAL**

The Royal Orthopaedic Hospital



**The key findings of the follow up review were as follows:**

- Staffing of HDU with regards to children was not suitable. The CQC found that children were being cared for within the unit but not always by a paediatric trained member of staff, nor were the facilities suitable for children.
- Within both core services, the CQC found that infection control practices were well embedded, and staff followed trust policy and procedures.
- The CQC found that although the Trust and its staff worked to the essence of the regulations of the Duty of Candour, in being open and transparent when things went wrong, they did not meet all of the requirements of that regulation.
- Multi-disciplinary working was effective in improving patient experience within the hospital.
- 100% of staff in both HDU and Outpatients services had received their appraisals, which was higher than the hospital's overall rate.

**The Trust is making good progress towards delivery of the actions to address the issues identified within the CQC report with the major achievements and outcomes at the end of 2017/18 as follows:**

- Improved Safeguarding training compliance for both adults and children in Outpatients and Trust wide.
- Addressed the layout and design of the HDU to ensure that adequate toilet and bathroom facilities were provided for all patients.
- Addressed the layout of HDU in order to ensure that children are always cared for in an appropriate environment.
- Developed management reports in OPD to monitor clinic wait times and cancellations. There now is an agreed process which all staff follow in the event of a clinic being cancelled.
- All staff in OPD has been trained to the appropriate level of Safeguarding training. A trust wide review of Safeguarding training across the organisation has been completed.
- The systems and processes required to ensure that information can be uploaded to the Intensive Care National Audit &

Research Centre (ICNARC) have been put into place.

- A review of paediatric services by the Royal College of paediatrics was completed in March 2016.
- A capital build has been undertaken to improve children facilities within the HDU.
- Appointing a paediatric Matron with recruitment ongoing to aim to provide two RSCN twenty four hours per day.
- The trust has an established Children Board chaired by the Director of Nursing which provides oversight and scrutiny to ongoing developments.
- An HDU board has been established to address and monitor the ongoing developments of service improvements sponsored by the Director of Nursing.
  
- A new electronic information system 'In touch' has been employed into the OPD and will enable better management information about waiting times and clinic cancellations. This is monitored in the new OPD improvement operational meeting.
- Improving the Trusts understanding and processes around the Duty of Candour Regulation 20. - A new Duty of Candour Policy has been approved by the Trust and Duty of Candour training has been added to the timetable at local induction and mandatory training days.
  
- The Trust has appointed a Learning Disability Lead Nurse and a new learning disability strategy has been introduced.

A programme of mock inspections and quality assurance visits took place during 2017/18. Additionally, some services have undertaken peer reviews and benchmarking to assess and contextualise the quality and performance of their service.

Trust has begun the implementation of a trust-wide quality improvement programme. There are three main elements to this programme: self-assessment, staff engagement, and quality improvement action planning.

The Trust have a number of ongoing challenges within the CQC report, these are as follows;

- 7 day pediatrician cover.
- The recruitment and retention of Paediatric trained Nurses and fulfilling the requirement of two registered children's nurses on HDU twenty four hours per day.

## 2.2.4 DATA QUALITY AND INFORMATION GOVERNANCE

### NHS Number and General Medical Practice Code Validity

The Royal Orthopaedic Hospital NHS Foundation Trust submitted records during 2017/18 to the Secondary Uses Service for inclusion in the Hospital Episode Statistics which are published in the Data Quality Dashboard from NHS Digital. The percentage of records in the published data which included the patients' valid NHS Number was:

- 99.8% for admitted patient care
- 99.9% for outpatient care

The percentage of records which included the patient's General Medical Practice Code was

- 100% for admitted patient care
- 100% for outpatient care

Table 5 - The percentage of records reported in the published data

Dataset	Number With Valid NHS Number	Total Records	NHS Number Completeness %
Inpatients	12182	12201	99.84%
Outpatients	73150	73223	99.90%

### GP Practice Code Validity - April 2017 - Jan 2018

Dataset	Number With Valid GP Practice	Total Records	GP Practice Completeness %
Inpatients	12200	12201	99.99%
Outpatients	73215	73223	99.99%

## 2.2.5 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. 45 standards are assessed, and the Trust must score at level 2 or above against each of these standards to achieve compliance

The Royal Orthopaedic Hospital Foundation Trust Information Governance Assessment Toolkit overall score for 2017/18 was 74% and graded as green (satisfactory).

## 2.2.6 PAYMENT BY RESULTS CLINICAL CODING AUDITS

The Royal Orthopaedic Hospital Foundation Trust was not subject to the Payment by Results clinical coding audit during 2017/2018 by the Audit Commission, Department of Health or NHSI.

## 2.2.7 IMPROVEMENT OF DATA QUALITY

The Royal Orthopaedic Hospital NHS Foundation Trust takes the following actions to monitor and improve data quality:-

- Regular data quality review was undertaken by the Director of Operations with support from the finance, informatics and clinical teams.
- Addressing concerns identified through this regular review by sharing learning through the Governance structures.

# REPORTING OF CORE QUALITY INDICATORS

## 2.3.0 LEARNING FROM DEATHS

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All data reported in this section has been taken from internal Trust systems unless otherwise specified.

During 2017/2018 6 of The Trusts patients died. This comprised the following number of deaths which occurred in each quarter of that reporting period: 3 in the first quarter; 2 in the second quarter; 1 in the third quarter; 0 in the fourth quarter.

By 2017/2018 6 case record reviews and 1 investigation has been carried out in relation to 6 of the deaths.

In 1 case 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; 2 in the second quarter; 1 in the third quarter; 0 in the fourth quarter.

1 out of the 6 of the patient 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.

Bereavement services are being moved to being a corporate function to provide a more effective process and the plans to seek support from partners in the local health economy in terms of best practice in relation to bereavement services over the coming year.

## 2.3.1 SUMMARY HOSPITAL MORTALITY INDEX (SHMI)

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The standardised mortality rates for hospitals, produced nationally are not applicable to small specialist Trusts like the Royal Orthopaedic NHS Foundation Trust, because the numbers of deaths that occur are too small for change to be statistically significant. However, there has been ongoing monitoring of all deaths which occur within the Trust for some years. Each death going forward will be reviewed against the Trust learning from deaths policy.

## 2.3.2 PATIENT REPORTED OUTCOME MEASURES (PROMS)

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The Royal Orthopaedic Hospital considers that this data is as described for the following reasons Patient Reported Outcome Measures (PROMs) provide information on the effectiveness of care delivered to NHS patients as perceived by our patients themselves. Patients complete a questionnaire before the operation and six months after the operation. The following actions to improve the PROMS data, and so the quality of its services, maintaining a high focus on submitted cases and continue to monitor submitted case totals, and EQ5D and Oxford score data through the Clinical Audit and Effectiveness Committee.

This data is the latest available and is for the period April 2016 - March 2017.

**TABLE 6: ADJUSTED AVERAGE HEALTH GAIN PROMS April 2016 - March 2017 (Provisional Data) (Published February 18)**

**PROMS April 2016 - March 2017 (Provisional Data)**

Procedure Type	Measure	England Average	England Highest	England Lowest	The Royal Orthopaedic Hospital	Position
Hip Replacement Primary	EQ-5D Index	0.445	0.537	0.310	0.442	Below National Average
Hip Replacement Primary	Oxford Hip Score	21.80	25.07	16.43	21.97	Above National Average
Hip Replacement Revision	EQ-5D Index	0.291	0.362	0.239	0.313	Above National Average
Hip Replacement Revision	Oxford Hip Score	13.50	16.51	10.26	13.54	Above National Average
Knee Replacement Primary	EQ-5D Index	0.324	0.404	0.242	0.341	Above National Average
Knee Replacement Primary	Oxford Knee Score	16.55	19.88	12.51	17.13	Above National Average
Knee Replacement Revision	EQ-5D Index	There are too few revision knee replacements with completed data in 2015/16 for comparison with the England average.				

The Royal Orthopaedic Hospital NHS Foundation Trust intends to take the following action to improve PROMS scores and so the quality of its services:

- we will continue to be in the top 10% for positive Patient Reported Outcome Measures (PROMs)
- We will maintain a high focus on submitted cases and continue to monitor submitted case totals, and EQ5D and Oxford score data through the Clinical Audit and Effectiveness Committee.

### **2.3.3 EMERGENCY READMISSIONS WITHIN 28 DAYS OF DISCHARGE**

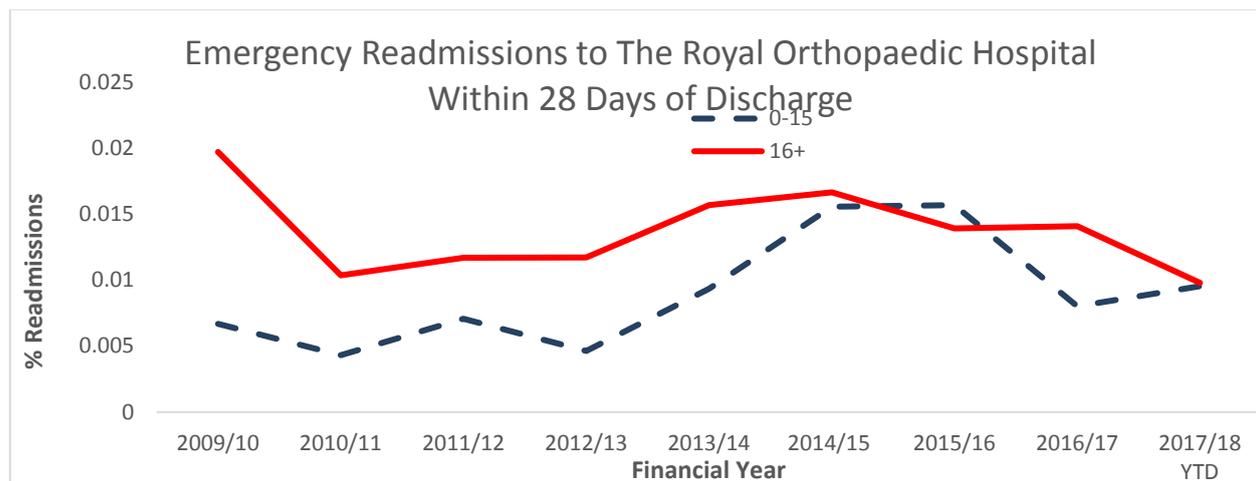
The Royal Orthopaedic Hospital NHS Trust Foundation Trust considers that this percentage is as described for the following reasons: data is submitted and checked on a monthly basis as part of regular reporting.

The percentage of patients aged:

- (i) 0 to 15 and
- (ii) 16 or over

Who are readmitted to a hospital which forms part of the trust within 28 days of being discharged during the reporting period as shown in Table 12 below:

**TABLE 7: EMERGENCY ADMISSIONS WITHIN 28 DAYS OF DISCHARGE**



Financial Year

Readmission Rate	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
0-15	0.7%	0.4%	0.7%	0.5%	0.9%	1.6%	1.6%	0.8%	1.0%
16+	2.0%	1.0%	1.2%	1.2%	1.6%	1.7%	1.4%	1.4%	1.0%
<b>All</b>	<b>1.8%</b>	<b>1.0%</b>	<b>1.1%</b>	<b>1.1%</b>	<b>1.5%</b>	<b>1.7%</b>	<b>1.4%</b>	<b>1.3%</b>	<b>1.0%</b>

The 28-day readmissions as defined by NHSI for the Quality Accounts is a local indicator and therefore cannot be benchmarked or compared to a national average.

The Royal Orthopaedic Hospital intends to take the following actions to improve the specific readmission indicators and so the quality of its services

- Dependent on the data analysis further focused actions will be taken to reduce readmissions if and where possible.

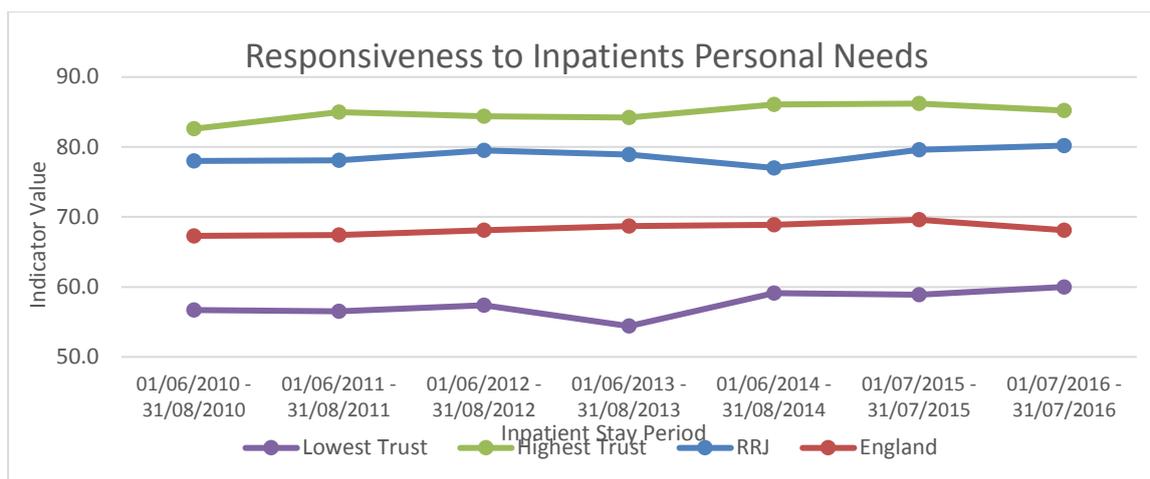
## 2.3.4 RESPONSIVENESS TO PERSONAL NEEDS

The Royal Orthopaedic Hospital NHS Foundation Trust considers that this percentage is as described for the following reasons:

The data is taken from five questions within the national inpatient survey which is carried out by an independent body. 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 to 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?

**TABLE 8 – RESPONSIVENESS TO INPATIENTS PERSONAL NEEDS**



Inpatient Stay	The Royal Orthopaedic Hospital	England	Highest Trust	Lowest Trust
01/06/2010 - 31/08/2010	78.0	67.3	82.6	56.7
01/06/2011 - 31/08/2011	78.1	67.4	85.0	56.5
01/06/2012 - 31/08/2012	79.5	68.1	84.4	57.4
01/06/2013 - 31/08/2013	78.9	68.7	84.2	54.4
01/06/2014 - 31/08/2014	77.0	68.9	86.1	59.1
01/07/2015 - 31/07/2015	79.6	69.6	86.2	58.9
01/07/2016 - 31/07/2016	80.2	68.1	85.2	60.0

The Royal Orthopaedic Hospital NHS Foundation Trust considers that this data is as described for the following reasons; this report has shown that the Royal Orthopaedic Hospital is above the national average in England in being responsive to personal needs. The following actions to improve indicator and so the quality of its services, by continuing to score above the average rate.

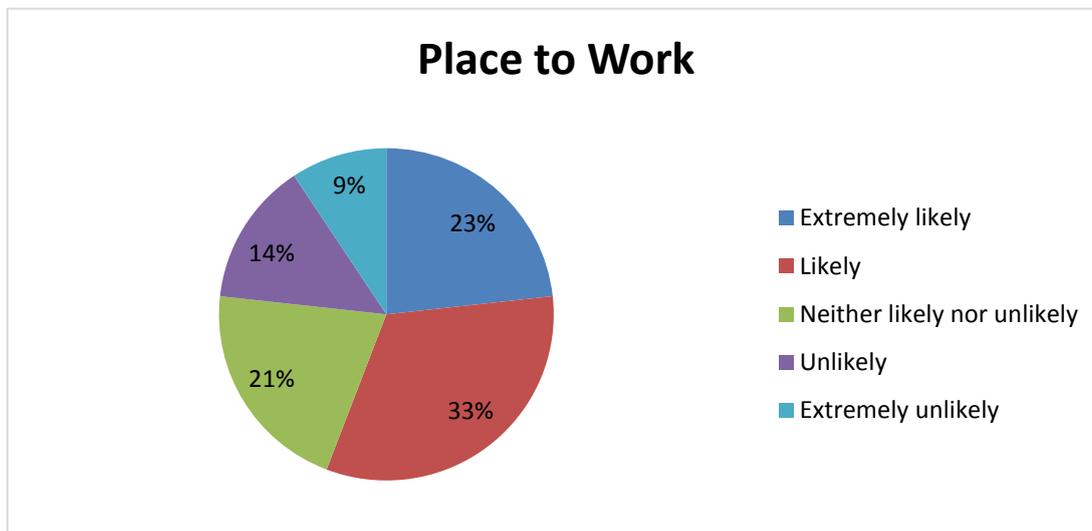
### 2.3.5 FINDINGS FROM THE STAFF SURVEY/STAFF FRIENDS AND FAMILY TEST 2017/18

This section presents the findings from the 2017 annual NHS Staff Survey in respect of Key Findings K21.

- Each year the Trust participates in the annual NHS Staff Survey and shares the findings with staff members through communication channels and team meetings as well as at the range of management meetings including Executive Directors, Trust Board and other committees.

- The Trust takes part in Staff Friends and Family Test which asks the question ‘How likely are you to recommend the Royal Orthopaedic Hospital’ as a place to work’? All staff are invited once a year to take part in this survey.
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**TABLE 9: RESULTS FROM STAFF FRIENDS AND FAMILY TEST 2017/18 (319 RESPONSES) – HOW LIKELY ARE YOU TO RECOMMEND THE ROYAL ORTHOPAEDIC HOSPITAL TO FAMILY AND FRIENDS AS A PLACE TO WORK?**



The Royal Orthopaedic NHS Foundation Trust considers that the data is as described for the following reasons:

- The Trust is in a significant period of change. The Trust announced the cessation of Paediatric services from November 2018. Ongoing discussions with another Trust continue to determine when and how this service will be relocated. Uncertainty during 2017/18 regarding the future contribution of the Royal Orthopaedic Hospital to orthopaedic care across the Birmingham and Solihull STP and staff were concerned about the potential merger or acquisition by another NHS trust.
- The Trust has experienced financial pressure in line with national NHS challenges.
- The National Pay constraint continues to have an effect.
- The Trust has increased its focus on performance management across all teams.
- The Trust is rated Requires Improvement by the CQC.
- The Trust has made significant gains in the RTT target for the hospital which has been seen as positive with staff and patients.
- The proportion of the staffing establishment filled by permanent post holders averaged around 85% during 2017/18
- The Trust has started a number of initiatives to improve patient outcomes and their experience including ‘Perfecting Pathways’ examining the patient journey and seeking continuous improvement. A Perfecting Pathways public event is being held to canvas views on the changes being made to streamline services and make them more effective
- Work to improve communication with staff has commenced
- Work to improve communication with staff has commenced.

The Royal Orthopaedic Hospital NHS Foundation Trust intends to take the following action to improve the response to the annual staff survey indicator, and the staff Friends and Family test results:

- Continue to embed a culture of Continuous improvement

- Adopt a coaching style of leadership and management supported by a programme of manager as coach, and solution-based coaching
- Implement the proposed Agenda for Change (AFC), Contract Refresh and refresh performance and development processes.
- Establish an employer brand and further develop attraction, recruitment and selection processes closing the gap between the 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.
- Implement staff wellbeing actions arising from Stress management task and finish group.
- Develop and implement local staff engagement plans informed by local staff survey analysis.

## 2.3.6 VTE

The Royal Orthopaedic Hospital NHS Foundation Trust considers that this data is described for the following reasons:

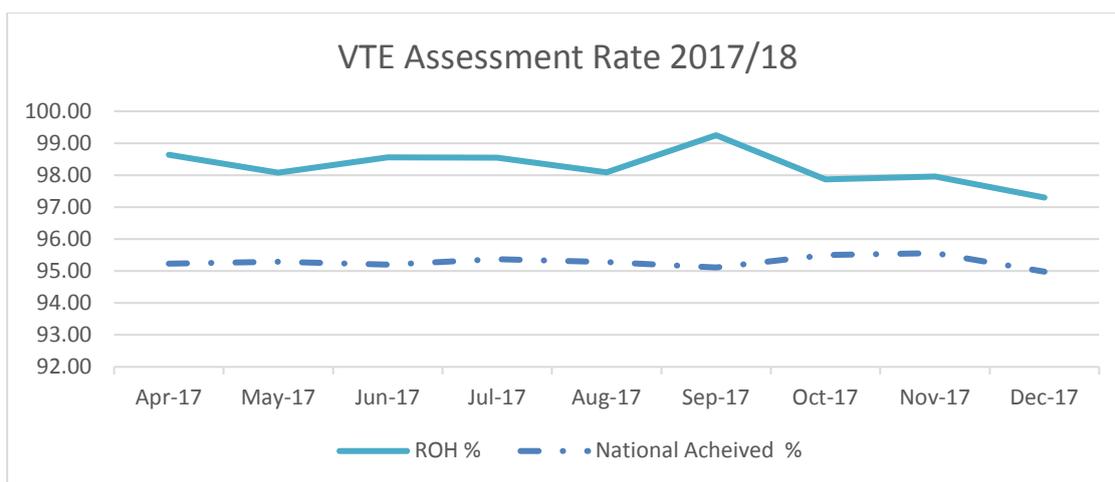
- Monitoring of compliance against the national standard to ensure that > 95% of all patients admitted to the hospital are risk assessed for VTE.

Table 12 below shows the percentage of patients who were risk assessed for VTE against the numbers admitted to hospital in this time frame, whilst Table 13 provides benchmarking data.

**TABLE 10: RISK ASSESSMENTS BY MONTH 2017/18**

Month	No. Assessed	No. Admitted	The Royal Orthopaedic Hospital %	National Achieved %
Apr-17	945	958	98.64	95.23
May-17	1021	1041	98.08	95.29
Jun-17	1028	1043	98.56	95.2
Jul-17	1088	1104	98.55	95.37
Aug-17	976	995	98.09	95.28
Sep-17	1064	1072	99.25	95.11
Oct-17	1150	1175	97.87	95.5
Nov-17	1106	1129	97.96	95.56
Dec-17	973	1000	97.30	94.98
Jan-18	1043	1067	97.75	Not Published at Present
Feb-18	979	1030	95.05	Not Published at Present
Mar-18	Not Published at Present			

**TABLE 11: VTE RISK ASSESSMENTS OVERTIME VS NATIONAL AVERAGE**



It can be seen that the Royal Orthopaedic Hospital continues to consistently report rates of VTE risk assessment that are greater than the national average.

The Trust this year is aiming to have VTE exemplar Centre status by the end of Quarter 2 in 2018.

The Royal Orthopaedic Hospital NHS Foundation Trust intends to take the following actions with the aim of a continued reduction in avoidable cases for 2018-19, and so improve the quality of its services:

- The aim is to continue to reduce the number of avoidable VTE's. This will be monitored via existing reporting and monitoring methods led by the VTE lead and VTE Advisory Group chair. The VTE Advisory group reports quarterly to The Clinical Quality Committee.

## 2.3.7 CLOSTRIDIUM DIFFICILE INFECTION (CDI)

The Royal Orthopaedic Hospital NHS Foundation Trust considers that this percentage is as described for the following reasons: data is monitored and reported on a monthly basis.

- The control of infection is of paramount importance for our patients, and the Trust has continued to meet its objective of 2 avoidable cases of CDI during this reporting period. There have been zero (0) avoidable cases reported during 2017-18 and one (1) unavoidable case.
- 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.

In addition, the Trust remains committed to the prevention of Infection by:

- Prompt isolation of patients
- Obtaining stool specimens for rapid detection.
- Maintaining rigorous attention to good infection control practices through education, training and audit of practice.
- Undertaking regular ward rounds as part of the Bone Infection Service in order to ensure that antibiotic therapy is correctly and appropriately prescribed.
- Taking action to improve practice when concerns are identified through audit and review.
- Reporting and monitoring of actions through the Trust Infection Prevention and Control Committee with upward reporting to the Quality and Safety Committee.
- Terminal cleaning followed by Bioquell fogging.

The Royal Orthopaedic Hospital NHS Foundation Trust intends to take the following actions in order to ensure that it continues to report zero avoidable cases for 2018-19, and so improve the quality of its services:

- We will maintain our focus on the application and implementation of Infection Prevention and Control principles to ensure that they are embedded in daily practice.

- We will ensure that all staff are aware of and understand the importance of the WHO 5 Moments hand hygiene principles and adhere to the principles of bare below the elbows in clinical areas.
- We will maximise the effectiveness of ward rounds and ensure that best practice is upheld in respect of the antimicrobial strategy.
- We will develop schedules of the audit, using national Infection prevention Society audit tools for all clinical areas.
- We will advise on and support environmental cleaning processes to minimize the risk of potential cross contamination.
- We will continue to monitor appropriate isolation room utilization in order to maintain safety and facilitate effect bed flow.

## 2.3.8 PATIENT SAFETY INCIDENTS

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The Royal Orthopaedic Hospital considers that the number of patient safety incidents reported and the number and percentage of such incidents that resulted in severe harm or patient death is as described for the following reasons:

- The Trust actively promotes a culture of incident reporting so that issues can be identified, actions initiated and lessons learned.
- The Trust categorises incidence from no harm to severe harm and uses the definitions provided by the National Reporting and Learning System (NRLS) 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 who will seek clarity on the level of harm from clinical staff where necessary and amend the initial categorization if required.
- 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 Royal Orthopaedic Hospital has taken the following actions in order to ensure learning from incidences is shared and embedded across the organisation:

- Continues to encourage reporting of incidents actively
- Continue to deliver Root Cause Analysis Training and Human factors training to members of senior staff who undertake investigations.
- A review of the way actions from incidents is tracked and shared across the organisation, including the development of action trackers that are used to monitor progress against action at Divisional Governance Meetings.
- Currently, trustwide information relating to Patient safety and patient experience activity is contained within the quality report that is presented monthly at the Clinical Quality Group meeting and the Quality and Safety Committee.
- The Trust now has established weekly Governance meetings that included any incidents that are graded by the reporter as moderate harm or above, any complaints and any other risk or issues.
- Following incident, RCA's and reviews anonymised reports are sent to all clinicians trust wide and are discussed at local and trust wide committees.
- Serious incidents are presented at the Clinical Audit meeting.

**TABLE 12: INCIDENT DATA OVER PAST 5 YEARS**

Indicator	2013/14	2014/15	2015/16	2016/17	2017/2018
Number of Patient safety Incidents reported	883[1]	897	1113[2]	1530 [2]	2019[2]
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)	14.77 per 100 Admissions (this indicator changed in the reporting period 2014/15) [1]	34.72[1]	36.3 [1]April 2015 to Sept 2015)	19.43 [1]	45.38 [1]
Number of patient Safety Incidents with Severe harm/ death	11[1]	8[1]	12[2]	2 [2]	5 [2]
% of patient safety incidences that resulted in severe harm/death	1.1 %[1]	0.9[1]	1.0[2]	0.1 [2]	0.2 [2]

[1] Data taken from NRLS

[2] Data taken from Trust Source

The Trust has seen a significant increase in the number of patient safety incidents reported over the four year period represented above which reflects the ongoing focus through the year on encouraging staff to report incidents of concern actively. During 2017/18 The Royal Orthopaedic Hospital reported zero never events.

The Trust had 5 recorded deaths recorded on the system, 3 of which have been through the new learning from deaths process introduced in Q3 2017/18. Learning from review of these incidents has been widely shared across the Trust at clinical audit meetings and through the Clinical Quality Group. The Trust has a number of quality reports that included the data on incidents.

The Trust recognises that it has work to do to improve the standard of incident reporting and to ensure that feedback from incidents is regularly provided to the incident reporter. The Royal Orthopaedic Hospital intends to take the following action to improve the standard of incident reporting and engage staff in feedback and sharing lessons from incidents and so improve the quality of its services:

- Continue to actively encourage the reporting of incidents by actively reviewing our feedback mechanism through our incident reporting system Ulysses.
- There is planned improvement work on the Ulysses system that will allow better triangulation of data between complaints and patient safety incidents.
- Scope human factors training and learn to understand the human aspect of incidents and harm

## 2.3.9 IMPLEMENTATION OF DUTY OF CANDOUR AT THE ROYAL ORTHOPAEDIC HOSPITAL

As of the 1st of November 2014, it is required that all providers registered with the CQC, both healthcare and adult social care providers, need to be open and transparent with those who use their services about their care and treatment, including when it goes wrong.

The introduction of a statutory duty of candour is recognised as a significant step towards implementing a key recommendation from the Mid Staffordshire NHS Foundation Trust Public Inquiry (commonly referred to as the Francis Inquiry). The Royal Orthopaedic NHS Trust is committed to delivering care and services that are safe, effective, caring, responsive and well-led. However, occasions arise where a patient suffers an unexpected negative outcome or experiences harm.

Promoting a culture of openness is a prerequisite to improving patient safety and the quality of healthcare systems. Being open is a set of principles that healthcare staff should use when communicating with patients their families and carers following an incident in which the patient was harmed.

The Royal Orthopaedic was subject to two external reviews by CCG colleagues in respect of Duty of Candour through 2016/17 and 2017/18 with (100%) compliance achieved.

The Trust considers that the improvement in compliance is evidence that good progress has been made in embedding Duty of Candour across the organisation but recognises that the good work undertaken must be sustained.

# 3.0: REVIEW OF QUALITY PERFORMANCE 2017/18

## 3.1 REVIEW OF QUALITY PRIORITIES 2017/18

During 2017/18 the Trust outlined 8 areas for improvement and successfully achieved 2 of these as summarised in Table 21 below:

TABLE 13: PROGRESS AGAINST QUALITY PRIORITIES 2017/18

Reduce the number of incidences of consent on day
Medical wards round to be supported by the wider MDT
Reduce the number of avoidable pressure ulcers
Learning from deaths – implement, embed a culture of learning from deaths
Ensure that all clinical and corporate policies are to date and have an appropriate audit plan
Reduction in waiting times in clinic
Reduction in cancellation on the day of surgery (Governors Priority)
Reduction in PALS complaints by 20% across all clinical areas
Ensure that learning identified from serious incidents and complaints are embedded in practice

## FUTHER QUALITY PERFORMANCE INDICATORS 2017/2018

Detailed below is 3 further performance indicators' for 2017/2018

COMPLAINTS AND PALS
THE FRIENDS AND FAMILY TEST
COMPLIANCE WITH NATIONAL TARGETS AND THE REGULATORY REQUIREMENTS

# PATIENT SAFETY OBJECTIVES

## 3.2.1 REDUCE THE NUMBER OF INCIDENCES OF CONSENT IN THE DAY.

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During 2017/18 the main focus has been to develop a robust Consent policy. During the year we have provided training and education across the MDT ensuring that we have a policy that is applied in practice. 100% of the relevant staff have received training.

It is recognised the further work is required against this objective which is the reasons this objective will continue into 2018/19. There is a range of outstanding actions relating to an internal audit that has been undertaken that are overseen by the Audit Committee and whilst there has been a reduction in the number of patients consented on the day further operational work is required to ensure full compliance.

## 3.2.2 REDUCE THE NUMBER OF AVOIDABLE PRESSURE ULCERS

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This priority has been achieved as there has been a reduction in avoidable pressure ulcers.

### Summary:

In total, from 1st April 2017 the Trust has reported the following avoidable pressure ulcers:

**TABLE 14 AVOIDABLE PRESSURE ULCERS**

Pressure ulcer Grading	The Royal Orthopaedic Hospital Avoidable Total	CCG Avoidable Contract limit
Grade 2	6	24
Grade 3	3	0
Grade 4	0	0

\*Data source – TV team database

the previous years were as followed

**13 avoidable Grade 2 pressure Ulcers against a limit of 15.**

**3 avoidable Grade 3 pressure Ulcers against a limit of 0.**

The Trust has not remained below the upper limit of zero set for avoidable Grade 3 pressure ulcers. However, there has been no reported avoidable hospital-acquired Grade 4 pressure ulcers during 17/18. The Trust has remained under the limit set for Grade 2 pressure ulcers.

The Trust developed an action plan for 17/18 with the aim to reduce avoidable hospital-acquired pressure ulcers further during the year. An analysis will be undertaken to determine any themes in the reported avoidable pressure ulcers at the Trust and in association with the responsive action plan which has been developed. This analysis and action plan will be overseen by the Clinical Quality Group.

### **3.2.3 MEDICAL WARDS ROUND TO BE SUPPORTED BY THE WIDER MDT**

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#### **Priority 2: Medical wards rounds to be supported by the wider MDT**

This priority will continue onto 17/18 as Multidisciplinary Ward round methodology continues to be developed with inpatient wards. Ward rounds play a crucial part in reviewing and planning a patient's care. They are an opportunity to inform and involve patients, and for joint learning for healthcare staff. This priority calls for the multidisciplinary team doctors, nurses, pharmacists, therapists and allied health professionals – to be given dedicated time to participate, with clarity about individual roles and responsibilities during and afterwards rounds.

The Trust will review all current ward round practices to streamline and coordinate an MDT approach, embedding these principles into the Ward routine and individual's job plans. The Trust had made good progress embedding Multidisciplinary ward rounds within the High Dependency Unit.

### **3.2.4 ENSURING THAT LEARNING IDENTIFIED FROM SERIOUS INCIDENTS AND COMPLAINTS ARE EMBEDDED IN PRACTICE**

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The Royal Orthopaedic Hospital NHS Foundation Trust does not always get everything right. Being open and honest about this puts us in the best position to learn from what has happened so that we can prevent the same thing happening to another patient.

Learning is identified through incidents, complaints, claims, audit and third-party inspections. If learning is embedded in practice and sustained over time, the likelihood of repeated incidents and other events which can cause harm are reduced.

The Trust has the following methods of sharing learning;

- Production of the monthly Quality Report that contains a clear focus on lessons learned from incidents, Litigation, Coroners cases, Serious Incidents, Patient Advice and Liaison Service (PALS), Friends and Family Test FFT, Complaints and Training Compliance. This document is produced each month by the Clinical Governance manager. It includes Trust wide and speciality-specific information about trends and outcomes. It includes lessons that we've learnt from significant incidents that have been investigated. This document is shared widely by the Clinical Governance team with staff at all levels across the Trust to provide the opportunity for all staff to learn from each other and improve the quality of care in their areas;
- The Trust has in place an effective process to report, investigate, monitor and learn from Serious Incidents and complaints. There is the timely and appropriate dissemination of learning following an incident or/and complaint. This includes dissemination to Consultants at the Clinical Audit day;
- All Trust Operational Divisions have both monthly and weekly meeting of their Divisional Governance Team as part of their local governance arrangements. Meetings are attended by the senior management team of the Division which includes as a minimum the Associate Medical Director, Head of Nursing, Divisional manager and Head of Professional Service (e.g. Pharmacy, Pathology Services Manager etc.). The Divisional Governance Team will receive local intelligence relevant to their areas of responsibility so that they can assess performance against an extensive range of quality indicators. The Divisional Governance Teams report to the Clinical quality group Committee on a monthly basis via the Quality Dashboards and Condition reports that were introduced in March 2017 as a framework to provide assurance around quality, safety and
- The divisional weekly meeting focus on examining the evidence that actions have been taken to help the Trust learn from serious incidents, complaints, risks and claims. The action plans are active documents which identify the context of the recommendations, clear goals and implementation plans, for example, timescales and the names and positions of staff delegated to lead the changes;
- The Trust Quality committee structure and subcommittees are established to facilitate Trust wide level representation and sharing of minutes. The Clinical Governance Committees operate with the requirement for continuous learning to improve practice and reduce the risk of reoccurrence. Relevant Serious incidents are discussed in the committees and subcommittees;

- The Complaints/Governance team ensuring all incidents, complaints and claims are monitored and have Executive oversight at the weekly Executives Meeting;
- Monthly analyses of incidents/Complaints are included in the monthly Divisional management board Governance report and show Trust and Divisional trends.

The Trust has some key recommendations and actions to improve the sharing of learning further;

- Ensuring that the electronic reporting system (Ulysses) is used to its full potential to enable a thorough analysis of the incidents, causes and outcomes of incidents, complaints and claims. Action plans will be programmed to remind staff of actions automatically;
- The annual staff and patient surveys will be reviewed for information relating to patient safety; with a focus on feedback from incidents
- The development of local ward and department level quality reports that contains a clear focus on lessons learned from incidents, Litigation, Coroners Court, Serious Incidents, PALS, FFT, Complaints, Clinical Audits, Training Compliance. This will allow lessons to be disseminated to frontline staff more efficiently.
- To implement and embed the three intentions of the Quality Governance Framework
- Further Human Factors training and The Trust looks to embed the human factors principles to develop solutions that reduce the risk of the same incidents happening again.

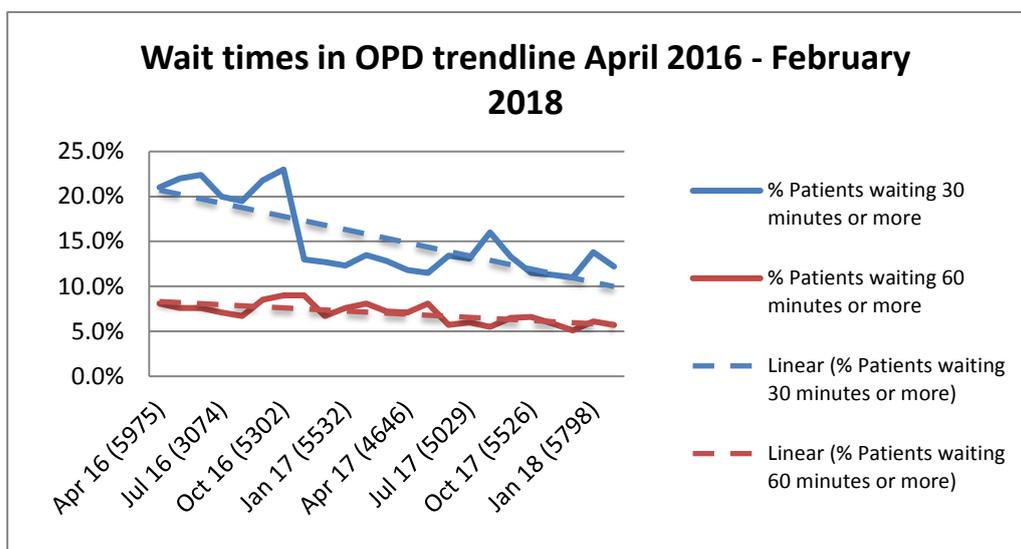
### 3.2.5 ENSURE THAT ALL CLINICAL AND CORPORATE POLICIES ARE IN DATE AND HAVE AN APPROPRIATE AUDIT PLAN

There has been a significant reduction in policies that are beyond their review date within the Trust from 78 in 2016/17 to 22 policies 2017/18. Oversight of the policies is now delivered at Executive Team meeting and the Quality & Safety Committee.

This priority will be carried forward with a focus on the embedding mechanisms for policies into the Trust and associated audit plans for policies

### 3.2.6 REDUCTION IN WAITING TIMES IN CLINIC

TABLE 15 - Shows the performance by month over the last 12 months together with the trend lines



\*Data Source – intouch system

There have been measurable improvements in the numbers of patients waiting for 30 minutes or more for their appointment. However there is still further improvement work underway to reduce the number of patients who wait for longer than 60 minutes for their appointment. The targets of 10% for 30-minute waits and 5% for 60-minute waits have not been met.

Software is actively being utilised to deliver this standard using the InTouch system with an upgrade to the system planned which will allow greater oversight.

### **3.2.7 REDUCTION IN CANCELLATION ON THE DAY OF SURGERY (GOVERNORS PRIORITY)**

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The number of on the day cancellations at the Royal Orthopaedic Hospital has seen a reduction in 2017/2018.

The number of cancellations on the day of surgery by the hospital continues to reduce. There has this month been an increase in the number of patients cancelled before the day of surgery, the two main factors were patients cancelling due to medical issues, and patients were given an earlier date for procedure due to additional weekend capacity. A weekly analysis of cancellations continues with representation from the Clinicians, Theatres and Clinical Service managers. Key themes identified enable pro-active interventions to resolve any future challenges.

Proactive bed management approaches have led to reduced lengths of stay for patients, which have helped to improve patient flows and ensure that cancellations due to bed unavailability are rare. The filling of lists and the scrutiny of lists in advance of the date of surgery have also helped to ensure that equipment needed is available as required, which has also had the effect of reducing the number of cancellations caused by equipment failures.

There is now a permanent running audit of cancellations attributed to the patient being medically unfit. This has led to changes in the booking form design, the nature of questions posed at the phone call made to patients 72 hours before surgery, and also to the POAC process itself. All of these actions continue, as there is further work required to reduce the level of on the day cancellations even further over the coming year

### **3.2.8 REDUCTION IN PALS COMPLAINTS BY 20%**

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The complaints department continues to function effectively in line with the policy developed last year. 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. There has been a reduction in complaints.

The PALS department has handled over 5000 contacts in the last twelve months, which has greatly increased due to the PALS number being printed on every letter from the Trust. However, the majority of these calls are enquiries that need to be handled by other departments, so this has been reviewed by the PALS Manager and the Clinical Service Manager for Patient Access. It is hoped that the changes made to letters will result in patients being signposted to the correct department, streamlining their experience and leaving the PALS department free to manage calls relating to concerns and offering assistance. We, therefore, expect to see a reduction in enquiry calls to PALS during the next 12 months. The PALS team have seen a reduction in the concerns raised.

# PATIENT EXPERIENCE QUALITY PERFORMANCE 2017/18

## 3.3.1 COMPLAINTS AND PALS

During 2017/18 the Trust has received 148 formal complaints. This is a 13% decrease compared with 2016/17. 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 PALS department has handled over 5000 individual contacts in the last twelve months which has greatly increased due to the PALS number being printed on every letter from the Trust. However, this majority of these calls are enquiries which need to be passed onto other departments, resulting in a less efficient service for patients. As a result the letters have been reviewed by the PALS Manager and the Clinical Service Manager for Patient Access. The letters have been 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. We therefore expect to see a reduction in the number of PALS calls during the next twelve months. The new quality priority this year in relation to reducing the number of times that OP clinics are rescheduled, were as a result of the number of complaints and PALS concerns we have around the issue.

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

The Trust is looking to hold a number of patient engagement events this year around Equality and Diversity and the Perfecting Pathway project. This will support the inclusive of all stakeholders in streamlining services and making them more effective.

**TABLE 16: COMPLAINTS AND PALS 2014-2018**

	PALS	Complaints
2014/2015	1621	105
2015/2016	1094	113
2016/2017	4136	170
2017/2018	5094	148

\*Data source Complaints team database

Top three categories for Complaints through 2017/18 were:

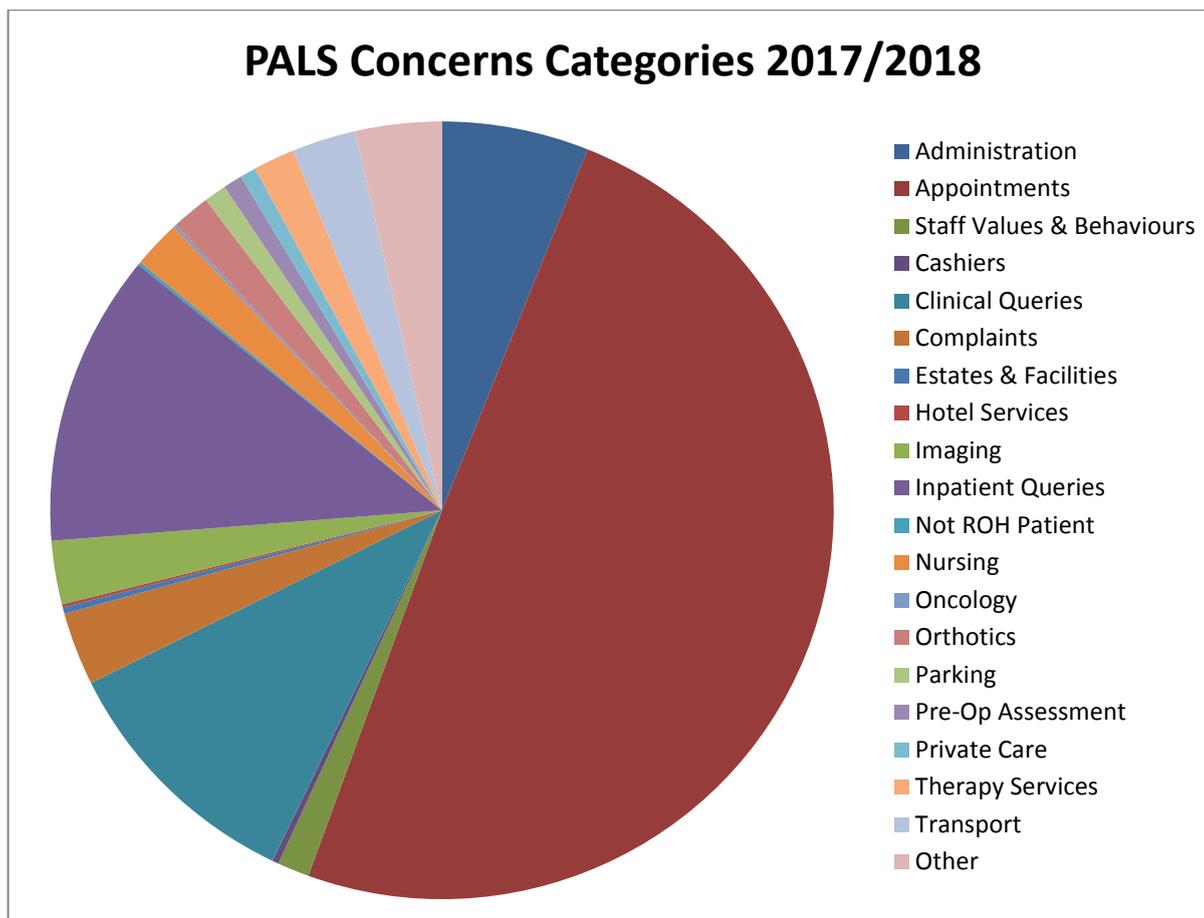
- Communication, including patients, staff, carers and other NHS Providers
- Clinical Treatment, including outcome of surgery, treatment plans and complications
- Values & Behaviors of Staff members across all specialties and staff groups.

### 3.3.2 PALS 2017/2018

The PALS department has continued to work towards delivery of a responsive PALS service through 2017/18. 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. Due to the large increase in volume of calls, the department changed the reporting mechanism to departments so that each received information about concerns only, in order to focus on trends and issues that need to be managed. Any trends identified are triangulated against other sources of patient data and discussed at Divisional Governance meetings and wider forums where appropriate.

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 28 below

TABLE 17: CATEGORIES OF PALS CONTACTS 2017/18



\*Data source Complaints team database

In the next twelve months, the Trust aims to code PALS concerns in the same manner as complaints to enable easier identification of trends.



### 3.3.4 MAINTAINING STANDARDS ACROSS THE BOARD: COMPLIANCE WITH NATIONAL TARGETS AND THE REGULATORY REQUIREMENTS

The following information shows the key **indicators** used to assess the overall quality of our performance during the last year. The Royal Orthopaedic Hospital remain challenged by the demand for Paediatric spinal deformity services, and collaborative work is underway between Specialist Commissioners, Birmingham Women’s and Children’s NHS Foundation Trust and ourselves to reach a contract agreement as to how this service will be developed to meet demand.

**TABLE 18: REFERRAL TO TREATMENT (RTT) INDICATORS**

Treatment targets - This illustrates how the Trust is performing against national treatment target

% of patients waiting <6weeks for Diagnostic test. National Standard is 99%

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

#### 18 Week Referral to Treatment Figures

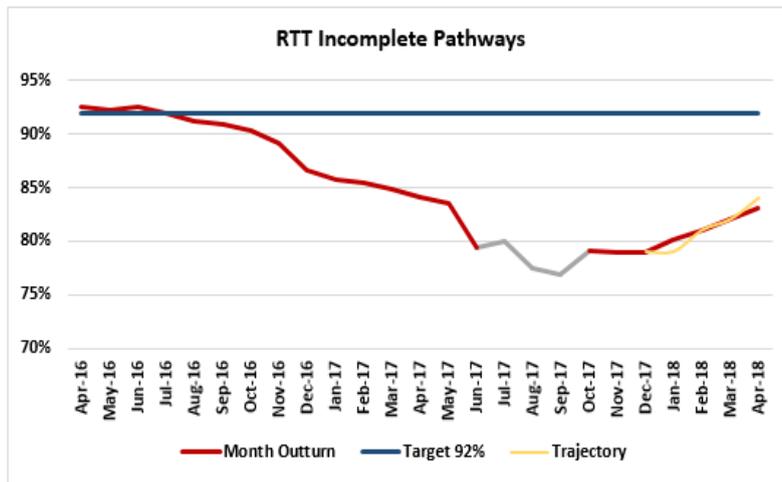
The Trust ceased formal reporting of its RTT position in June 2017. The Trust re-commenced reporting in December 2017, with its first submission for November 2017. The new Patient Tracking List is actively being monitored on a daily basis with a formal weekly tracking meeting chaired by the Interim Chief Operating Officer. Trajectories have been developed for all specialties to deliver 92%; the Trust trajectory is detailed below. This has been submitted to NHS Improvement with a return to RTT compliance by November 2018. An internal trajectory is in place to support the delivery of this target which is monitored weekly.

52 Week Waiters				
Dec-17	Jan-18	Feb-18	Mar-18	Apr-18
70	62	56	52	46

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



\*Figures not available prior to Nov 17 due to non submission of data. Data source informatics team – governed by national standard definitions

### Cancer Treatment targets

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

## 4.0 CONTINUING FOCUS ON QUALITY IMPROVEMENT IN OPERATIONAL PERFORMANCE

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In line with national guidance, the Trust is committed to improving quality and to this end agreed a series of 17 CQUIN schemes in conjunction with Commissioners during 2017/18.

Once agreed the schemes are cascaded down from Directors to operational and clinical leads who are responsible for the delivery of the CQUIN schemes. Progress towards achievement of the schemes is monitored quarterly at the appropriate subcommittee of the Trust Board and discussed and agreed with commissioners at monthly contract review meetings.

The Trust also has an agreed set of clinical performance indicators which form the basis of its contracts with commissioners and are monitored at monthly contract review meetings.

The overall CQUIN value relates to 2.50% of the contract value for contracts with both the CCG and NHS England. During 2017/18 the total amount of CQUIN awarded from the CCG was 2.36% (£1,010,323) and the full CQUIN value of 2.50% (£481,336) was awarded by NHS England.

### 4.1.1 DEVELOPING A NURSING STRATEGY

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The Trust has launched a new collaboratively developed Nursing Strategy in 17/18 It should help Nursing staff understand how their roles support the wider ambition of the Trust, namely to become 'first choice for orthopaedic care'.

The Trust Consulted widely on our strategy and developed five strategic intentions:

Intention 1 - we will lead well

Intention 2 - we will recruit well

Intention 3 - we will train and develop our staff well

Intention 4 - we will deliver the fundamentals of care well

Intention 5 - we will deliver the research strategy

Each intention has a number of key actions and owners

### 4.1.2 VANGUARD

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The Royal Orthopaedic Hospital's involvement in the National Orthopaedic Alliance (NOA) vanguard has given the Trust an opportunity to help shape how orthopaedic care will be delivered in the future.

The National Orthopaedic Alliance (NOA) wants to improve the services that its members provide and then create a framework (or 'pathway') that others can follow to improve their own care standards, leading to consistently high-quality care across England.

The NOA's framework is based on a quality standard membership model founded on evidence-based descriptors of 'what good looks like' in orthopaedic care.

The vanguard is led by the below Trusts and supported by over 20 other providers (and growing) across the country

The vanguard is aiming to improve the quality and consistency of orthopaedic care for patients and in doing so, develop a new way of working that smaller hospitals and specialist providers can introduce to help them offer services that are better quality and more consistently cost-effective.

Through their work to improve their own services, the vanguard partners will create tools that other providers can use to offer high quality, efficient services. They will also set the quality standards that should be met across other providers.

As well as looking at how orthopaedic services are delivered to patients, they will develop new business and funding models and new ways for organisations to work more closely together. This will include 'back office' functions such as finance and human resources as well as the clinical teams.

## **Key Benefits**

### For patients

Ultimately, the NOA aims to improve the quality of care for all patients receiving orthopaedic services across the country, whether that's in a specialist centre, a district general hospital or a teaching hospital. By supporting the spread of specialist orthopaedic care over wider areas, the NOA will also help to bring care closer to home for patients. The introduction of the NOA's set of transparent quality standards will have a major impact on patients by providing:

- Patient centered care
- Good outcomes
- Good experience
- Reliable, safe processes
- In short, patients will fully understand what to expect, by when and know how it will be delivered. By creating more efficient services, the quality of orthopaedic care will improve.

### For providers

Providers joining the NOA and achieving its quality standards will be given the tools and support they need to deliver improved:

- Clinical outcomes for patients
- Quality of life for patients
- Patient experience
- Patient confidence
- Operational efficiency
- Significant savings across the orthopaedic speciality
- Replicable savings and quality improvements across other specialties

# 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 year.

NHS Improvement has issued guidance to NHS foundation trust boards on the form and content of annual quality reports (which incorporate the above legal requirements) and on the arrangements that NHS foundation trust boards should put in place to support the data quality for the preparation of the quality report.

In preparing the Quality Report, directors are required to take steps to satisfy themselves that the content of the Quality Report meets the requirements set out in the NHS foundation trust annual reporting manual 2017/18 and supporting guidance and the content of the Quality Report is not inconsistent with internal and external sources of information including:

- board minutes and papers for the period April 2017 to March 2018
- Papers relating to quality reported to the board over the period April 2017 to March 2018
- Feedback from governors dated 13 March 2018
- Feedback from local Healthwatch organisations dated 21 May 2018, the comments from which are reflected in this version of the report
- Birmingham Health, Wellbeing & Environment Overview & Scrutiny Committee were offered the chance to comment but declined.
- Feedback from local commissioners – Birmingham Cross City CCG dated May 2018
- The trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 05 October 2016
- The latest national patient survey.
- The 2017 national staff survey opened to staff to complete during October November 2017, published 6 March 2018.
- The Head of Internal Audit's annual opinion of the trust's control environment dated 23 April 2018

- CQC inspection report dated July 2015
- The Quality Report presents a balanced picture of the NHS foundation trust's performance over the period covered
- The performance information reported in the Quality Report is reliable and accurate
- There are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report, and these controls are subject to review to confirm that they are working effectively in practice
- The data underpinning the measures of performance reported in the Quality Report is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review and
- The Quality Report has been prepared in accordance with NHS Improvement's annual reporting manual and supporting guidance (which incorporates the Quality Accounts regulations) as well as the standards to support data quality for the preparation of the Quality Report.

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

By order of the Board

Date: 25 May 2018      Chairman      

Date: 25 May 2018      Chief Executive      

# STATEMENT FROM HEALTHWATCH BIRMINGHAM ON THE ROYAL ORTHOPAEDIC HOSPITAL NHS FOUNDATION TRUST QUALITY ACCOUNT 2017/18

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 Trust has taken on board some of our comments regarding the previous Quality Account. For example, the Trust has:

- Provided details of how it shares learning from complaints and incidents across the Trust.

## **Patient and Public Involvement**

In our response to the Trusts 2016/17 Quality Accounts, we asked to see the following in the 2017/18 Quality Accounts in relation to patient and public involvement:

- A demonstration of how patient feedback and experiences have been used to develop priorities for the 2018/19 Quality Account in the 2017/18 Quality Account;
- Changes in practice or improvement to services that have been made as a result of patient feedback and experience in the 2017/18 Quality Account.
- A demonstration of how the Trust uses patient insight and experience to understand the barriers different groups face and the impact on health outcomes. Consequently, how this data is used to implement change or improvement that addresses the needs of these groups.

It is positive to see that through the external provider 'I want Great Care', the Trust has increased individual pieces of feedback it receives. We note that the Trust received 19,840 pieces of feedback from the Friends and Family Test (FFT) for 2017/18. This is a significant increase on last year's responses which was 2,437 in February 2017. Healthwatch Birmingham would like to commend the Trust for surpassing last year's positive recommender score. We note that 96.6% (19,150) of those who left feedback were happy with the care they received and would recommend the Trust. We believe that the Trust has a rich source of data from the feedback that it has collected through FFT. We therefore welcome plans to code this feedback in the same way the Trusts codes concerns in order to compare for trend analysis.

However, we note that the Trust has not provided any examples of how it uses feedback to improve the quality of services and to understand the needs of particular groups. In our response to the 2016/17 Quality Accounts, we asked the Trust to consider using patient feedback and experience to identify, understand and address health inequality. We argued that this would help identify any gaps in service provision and the needs of different groups. We therefore welcomed the inclusion of demographic data to the FFT questionnaire and the use of this to inform equality and diversity issues across the Trust. It is not clear in the 2017/18 Quality Accounts, how the Trusts use of patient feedback and experience is embedded in the

various activities the Trust carried out. The Quality Accounts presents an opportunity for the Trust to demonstrate how patients, the public and carer's feedback, insight and experience is used in decision-making. We look forward to reading in the 2018/19 Quality Accounts:

- 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 they are using their feedback to make changes. At Healthwatch Birmingham, we believe that demonstrating to patients how their feedback is used to make changes or improvements shows service users and the public that they are valued in the decision-making process. Consequently, this has the potential to increase feedback.

As we suggested in our response to the 2016/17 Quality Accounts, the Trust should 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. A strategy will ensure that there is commitment across the Trust to using patient and public insight, experience and feedback. It will also make clear arrangements for collating feedback and experience.

Regarding staff surveys, we note that 319 members of staff responded to the NHS Annual staff survey, and staff Friends and Family Test. Fifty-six percent of these said that they are extremely or would likely recommend the Trust to family and friends as a place to work. Twenty-one percent were neither likely nor unlikely to recommend the Trust, whilst twenty-three percent were unlikely or extremely unlikely to recommend the Trust. We acknowledge that the Trust has undergone many significant changes over the past year that might have influenced these scores. For instance, the cessation of paediatric services, financial pressure, and increased focus on performance management. We welcome work that has already started in order to improve the response rate. We note that work to improve communication with staff has already began; and initiatives have started to improve patient outcomes and their experiences including 'perfecting pathways', examining the patient journey and seeking continuous improvement. It is positive that these actions will continue to be implemented in 2018/19 in addition to new actions.

We welcome, in particular, plans to develop and implement local staff engagement plans and to provide greater opportunity for staff feedback in order to enhance the value of staff voice. It is our hope that engagement with staff will include engagement in relation to patient experience. This will be important if the Trust is to succeed in embedding a culture of continuous improvement. It is important that staff understand what their role is in relation to patient experience, insights and feedback, and how this informs decision-making within their service area.

We believe that the basic approach of Healthwatch Birmingham's Quality Standard for Patient and Public Involvement (PPI) will help the Trust develop this further. The Quality Standard has a set of questions relating to staff and PPI, which ascertain whether:

- there is a clear strategic approach for PPI that staff understand across the Trust?
- staff understand what their responsibilities are in relation to PPI?

- staff have set objectives for PPI that are regularly monitored?
- staff understand how PPI informs decision-making in their service area to make improvement and address inequality? and,
- staff understand that improvements or changes made as a result of feedback should be shared with patients and the public?

A new requirement for the 2017/2018 Quality Account was to provide information on how the Trust learns from deaths. We commend the Trust for implementing a ‘Learning from Death’ policy against which each death is reviewed. However, Trust has not stated how it involves and engages meaningfully with bereaved families and carers. It is not clear how the Trust is listening to these families and carers, and informing them of their rights and how they can access support or advocacy. We ask that the Trust demonstrates how it follows the NHS National Guidance on Learning from Deaths regarding family and friends. The guidance states: *“Providers should have a clear policy for engagement with bereaved families and carers, including giving them the opportunity to raise questions or share concerns in relation to the quality of care received by their loved one. Providers should make it a priority to work more closely with bereaved families and carers and ensure that a consistent level of timely, meaningful and compassionate support and engagement is delivered and assured at every stage, from notification of the death to an investigation report and its lessons learned and actions taken”*

Involving families and carers in case reviews and investigations offers a more rounded view and understanding of patient experience. We would like to read in the 2018/19 Quality Accounts, how families and patients have been involved in various stages of case reviews and investigations. In addition, how the Trust weights families and patient’s views, compared with how they weight the views of clinical staff.

### **Learning from complaints and patient safety incidents**

In our response to the Trust’s 2016/17 Quality Accounts, we welcomed plans to address the increase in the number of complaints. We particularly welcomed the inclusion of ‘embedding learning identified from complaints’ as a priority for 2017/18. We are pleased to see that there has been a reduction in the number of complaints the Trust received in 2017/18. We note that the Trust received 148 formal complaints representing a 13% decrease on 2016/17. Two of the three top issues for complaints remain similar to 2016/17, namely communication and clinical treatment. A third issue is the values and behaviour of staff members across all specialties and staff groups.

On the other hand, the PALS department handled 5094 individual contacts, an increase on 2016/17, which was 4,136 contacts. We acknowledge that the increase could have been as a result of increased visibility of PALS number on letters to patients. Resulting in the Trust receiving calls about enquiries rather than complaints, compliments or concerns. We are concerned that almost half of PALS contact is concerning appointment queries, followed by clinical and administrative queries. We welcome the Trust’s plans to code PALS concerns in the same way as complaints to enable easier identification of trends. We believe that the Trust should not only identify trends but identify and understand patients reasons for contacting PALS (i.e. around appointments); and develop appropriate solutions.

We note the actions the Trust is taking to address issues around complaints and PALS contact. We look forward to reading in the 2018/19 Quality Accounts, about the impact of these.

Regarding patient safety incidents, we note that incidents reported to the National Reporting and Learning System (NRLS) has increased from 1530 in 2016/17 to 2019 in 2017/18. The rate of patient safety incident per 1000 bed days has also increased from 19.43 to 45.38 with five of these incidents having led to severe harm or death. The Trust had five recorded deaths, three of which went through the Trust's new Learning from deaths process. We note that learning from the review of these incidents has been widely shared across the Trust. We welcome the Trust's plans to improve the standard of incident reporting and engage staff in feedback and sharing lessons from incidents. We look forward to reading about the impact of this in the 2018/19 Quality Accounts.

In our response to the 2016/17 Quality Accounts, we asked the Trust to demonstrate how it learns from complaints and incidents and the impact on services and practice. It is positive to see that the Trust has as one of its priorities for 2018/19 to 'ensure that learning identified from serious incidents and complaints are embedded in practice'. We welcome the goals under this priority:

- Continue to embed the 'action tracker' against recommendations made following a serious incident report.
- Focus on embedding learning into the wider organisation and address staff survey results in relation to poor quality feedback staff receive from the incidents they report.

We welcome the many methods the Trust uses to share learning, for instance through the monthly quality report that focuses on learning from incidents, litigation, coroner cases, serious incidents, PALS, FFT scores and complaints; monthly and weekly operational division meetings which focus on examining evidence of actions taken following learning; and monthly analyses of incidents/complaints. In the 2018/19 Quality Accounts, we would like to read more about the impact of the following actions on sharing learning:

- Programming action plans on the electronic reporting system to remind staff of actions automatically;
- Review of annual staff and patient survey for information relating to patient safety and incidents;
- Develop ward and department level quality reports with a clear focus on lesson learnt; and

### **Trust Performance against standards**

We are concerned that the Trust has failed to meet standards in a number of areas that have the potential to lead to variability in the quality of care leading to poor health outcomes. We note that there has been significant improvement in the number of avoidable pressure ulcers; learning from deaths and reduction in PALS complaints by 20%. However, the Trust has failed or partially achieved in the following areas:

- Reduce the number of incidences of consent on day
- Medical ward rounds to be supported by the wider Multi-Disciplinary Team
- Ensure that learning identified from serious incidents and complaints are embedded in practice
- Ensure that all clinical and corporate policies are in date and have an appropriate audit plan

- Reduction in waiting times in clinics
- Reduction in cancellation on the day of surgery
- Reducing the number of times patient's outpatient clinic appointments are rescheduled

We note the actions that have been taken to address these, such as training for staff on consent processes, introduction of clinic templates to reduce waiting times within clinics, and implementing a 72-hour call to patients before surgery to improve cancellations. We welcome that these continue to be priorities for 2018/19 and we look forward to reading about the impact of the various actions on services and practice.

Regarding inspections, we note that the Trust was inspected by the CQC in early 2018. It is positive that improvements identified as part of this inspection will be the key focus for 2018/19. It is positive to see that the Trust has improved its overall rating to good from 'requires improvement'. We note that outpatients is still rated as 'requires improvement' for the well-led domain. The CQC states that one reason for this was failure by the Trust to share learning from incidents across the Trust.

We note the actions being taken to address the findings of the CQC and we look forward to reading about improvement on these in the 2018/19 Quality Account, in addition to the missed targets above.

### **The Trusts Priorities for 2018/19**

Healthwatch Birmingham has taken note of the Trust's priorities for 2018/19. We particularly welcome plans around staff engagement, learning from incidents and quality improvement generally. We hope that in implementing these priorities, the Trust will involve and listen to patient's experiences to help improve patient care.

As per our role, Healthwatch Birmingham is running various projects to support providers in Birmingham to meet their statutory role of consulting/engaging with patients and the public. Consequently, ensuring that Trusts are using public and patient feedback to inform changes to services, improve the quality of services and understand inequality in access to services and health outcomes. We have worked with some Trusts to review their patient and public involvement process (PPI), identify areas of good PPI practice and recommend how PPI practice can be made more effective. We would welcome the opportunity to explore how we can support the Trust to improve in the year ahead.



**Andy Cave**  
CEO  
Healthwatch Birmingham

# STATEMENT FROM BIRMINGHAM AND SOLIHULL CLINICAL COMMISSIONING GROUP ON THE ROYAL ORTHOPAEDIC HOSPITAL NHS FOUNDATION TRUST QUALITY ACCOUNT 2017/18

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 2017/18 Quality Account.
2. A draft copy of the Quality Account was received by the CCG on the 26<sup>th</sup> April 2018 and this statement has been developed from the information presented to date.
3. This is a well constructed, well written quality account which clearly lays out the priorities and challenges of the Trust.
4. It was noted that the Quality Account includes the Trust's values and that within these it offers clarity on what is considered to be acceptable and unacceptable behaviours.
5. There were nine quality priorities identified for 2017/2018, the Trust has made good progress against three of these and the CCG agrees that progress has been sufficient to conclude that these have been achieved.
6. An additional quality priority of 'reducing the number of times patients' outpatient clinic appointments are rescheduled has been agreed, and will run alongside the six quality priorities continued from 2017/2018.
7. The CCG are pleased to see that the Trust are focusing on the embedding of learning from serious incidents as one of the quality priorities, it is acknowledged within this that there needs to be better quality feedback to staff who report incidents.
8. It was positive to read of the new developments, new infrastructure and facilities in the research and development department
9. The CCG would have like to have seen a summary of the CQUINs for 2017/2018 and the improvement work undertaken by the Trust to achieve this.
10. The Trust is currently awaiting the report from CQC following the visit in January 2018. There is an action plan in place from the previous CQC inspection and the Quality Account identifies the major achievements and outcomes undertaken up to the end of 2017/2018.
11. The Trust is to be congratulated on its patient reported outcome measures (PROMS) 5 of the 6 areas measured are ranked above national average.

12. The Friends and Family Test shows that children and young people outpatient services has the highest number of negative reviews, some detail of actions being taken regarding this would have been useful.
13. The Quality Account states that the Trust ceased formal reporting of its RTT position in June 2017, some additional detail regarding the reason for this and the additional actions the Trust has taken to improve systems and processes would have offered a more balanced picture.
14. The Trust has developed a nursing strategy with five key intentions to be delivered across the nursing workforce, this will be a useful tool for helping nursing staff understand how their roles support the Trust.
15. As Commissioners we have worked closely with the Trust over the course of 2017/2018, meeting regularly to review the organisations' progress in implementing its quality improvement initiatives. We are committed to engaging with the Trust in an inclusive and innovative manner and are pleased with the level of engagement from the Trust. We hope to continue to build on these relationships as we move forwards into 2018/2019.

Paul Jennings

A handwritten signature in black ink, appearing to read 'Paul Jennings', with a stylized flourish at the end.

Chief Executive Officer

Birmingham and Solihull Clinical Commissioning Group

## **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 2018 (the 'quality report') and certain performance indicators contained therein.

This report, including the conclusion, has been prepared solely for the council of governors of 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 2018, to enable the council of governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicators. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the council of governors as a body and 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 2018 subject to limited assurance consist of the national priority indicators as mandated by NHS Improvement:

- Number of patients on incomplete pathways who have been waiting no more than 18 weeks, as a percentage of the total number of patients on incomplete pathways from 1<sup>st</sup> November 2017 to 31<sup>st</sup> March 2018; and
- Percentage of patients receiving first definitive treatment for cancer within 62 days of an urgent GP referral for suspected cancer from 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018.

We refer to these national priority indicators collectively as the 'indicators'.

### **Respective responsibilities of the directors and auditors**

The directors are responsible for the content and the preparation of the quality report in accordance with the criteria set out in the 'NHS foundation trust annual reporting manual' issued by NHS Improvement.

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that:

- the quality report is not prepared in all material respects in line with the criteria set out in the 'NHS foundation trust annual reporting manual' and supporting guidance;
- the quality report is not consistent in all material respects with the sources specified below:
  - Board Minutes for the period April 2017 to March 2018;
  - Papers relating to the quality report reported to the board over the period April 2017 to March 2018;
  - Feedback from Governors on the quality report dated 13 March 2018;
  - Feedback from Commissioners dated May 2018;
  - Feedback from local Healthwatch organisations dated 21 May 2018;
  - The Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009 dated 5 October 2016;
  - The latest patient survey results;
  - The latest National Staff Survey 2017 results dated 6 March 2018;

- The head of internal audit's annual opinion over the trust's control environment issued 23 April 2018; and
  - Care Quality Commission Inspection Report dated July 2015.
- the indicators in the quality report identified as having been the subject of limited assurance in the quality report are not reasonably stated in all material respects in accordance with the 'NHS foundation trust annual reporting manual' and the six dimensions of data quality set out in the 'Detailed guidance for external assurance on quality reports'.

We read the quality report and consider whether it addresses the content requirements of the 'NHS foundation trust annual reporting manual' and supporting guidance, and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the quality report and consider whether it is materially inconsistent with the documents listed above and specified in the detailed guidance for external assurance on Quality Reports (collectively the 'documents').

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the documents. Our responsibilities do not extend to any other information.

We are in compliance with the applicable independence and competency requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics. Our team comprised assurance practitioners and relevant subject matter experts.

### **Assurance work performed**

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('ISAE 3000'). Our limited assurance procedures included:

- evaluating the design and implementation of the key processes and controls for managing and reporting the indicators;
- making enquiries of management;
- testing key management controls;
- limited testing, on a selective basis, of the data used to calculate the indicator back to supporting documentation;
- comparing the content requirements of the 'NHS foundation trust annual reporting manual' to the categories reported in the quality report; and
- Reading the documents.

A limited assurance engagement is smaller in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

### **Limitations**

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw allows for the selection of different, but acceptable measurement techniques which can result in materially different measurements and can affect comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision of these criteria, may change over time. It is important to read the quality report in the context of the criteria set out in the 'NHS foundation trust annual reporting manual' and supporting guidance.

The scope of our assurance work has not included testing of indicators other than the two selected mandated indicators, or consideration of quality governance.

### **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 2018:

- the quality report is not prepared in all material respects in line with the criteria set out in the 'NHS foundation trust annual reporting manual';
- the quality report is not consistent in all material respects with the sources specified in 2.1 of the 'NHS Improvement Detailed requirements for external assurance for quality reports 2017/18' for foundation trusts; and
- the indicators in the quality report subject to limited assurance have not been reasonably stated in all material respects in accordance with the 'NHS foundation trust annual reporting manual' and supporting guidance.

A handwritten signature in black ink, appearing to read "Deloitte LLP", with a horizontal line extending to the right from the end of the signature.

Deloitte LLP  
Birmingham  
United Kingdom  
25 May 2018

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

**Consolidated Accounts for the year ended  
31 March 2018**

## 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

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**In our opinion the financial statements of the Royal Orthopaedic Hospital NHS Foundation Trust (the 'Trust') and its subsidiaries (the 'group'):**

- **give a true and fair view of the state of the group's and foundation trust's affairs as at 31 March 2018 and of the group's and foundation trust's income and expenditure for the year then ended;**
- **have been properly prepared in accordance with the accounting policies directed by NHS Improvement – Independent Regulator of NHS Foundation Trusts; and**
- **have been prepared in accordance with the requirements of the National Health Service Act 2006.**

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the group and foundation trust statements of financial position;
- the group and foundation trust statements of changes in taxpayers' equity;
- the group and foundation trust statements of cash flows; 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

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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.

#### Material uncertainty relating to going concern

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We draw attention to note 1 in the financial statements, which indicates that the trust remains reliant on cash funding from the Department of Health in order to deliver its 2018/19 and 2019/20 plans. This funding has not been formally confirmed. These events or conditions, along with the other matters as set out in note 1 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the group's and the foundation trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In response to this, we:

- reviewed the Trust's financial performance during the year and outturn position and challenged management's assessment of going concern;
- reviewed correspondence with NHSI in relation to the Trust's financial performance and regulatory action;
- reviewed the forecasts and CIP plans as set out in the Trust's operational plan;
- assessed the actions taken by the Trust during 2017/18 to monitor and manage the current and forecast cash position;
- reviewed the Trust's year end cash position against plan;
- reviewed the Trust's forecast cash flow for at least 12 months from the date of signing the accounts;

- understood the implications of the Trust's working capital position for the going concern assumption; and
- considered the strategic options being looked at by the Trust and the impact of these on the financial statements.

### Summary of our audit approach

<b>Key audit matters</b>	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"> <li>• Going concern (see 'material uncertainty relating to going concern' section);</li> <li>• Recognition of NHS clinical revenue;</li> <li>• Valuation and existence of stock; and</li> <li>• Arrangements to secure value for money (see 'matters on which we are required to report by exception – use of resources' section).</li> </ul>
<b>Materiality</b>	The materiality that we used for the group financial statements was £1.64m which was determined on the basis of 2% of incoming resources.
<b>Scoping</b>	The focus of our audit work was on the Trust. We performed specified audit procedures on the Trust's subsidiary, The Royal Orthopaedic Hospital NHS Foundation Trust Charitable Fund, where the extent of our testing was based on our assessment of the risks of material misstatement and the materiality of the charity to the Group. Our audit therefore covered all the entities within the Group, which account for 100% of the Group's net assets, revenues and deficit.
<b>Significant changes in our approach</b>	<p>We included valuation and existence of stock as a key audit matter in the current year because it had a significant effect on our overall audit strategy, allocation of resources and direction of the effort of the team.</p> <p>As the Trust performed only a desktop review on its fixed asset valuation in the year, with no changes to key assumptions, this has not been treated as a key audit matter in the current year. This was included in the previous year as a full revised valuation took place.</p>

### 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 matters described in the 'material uncertainty relating to going concern' section and 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;
- The Q3 and Q4 elements of Sustainability and Transformation Funding (STF) dependent on the Trust meeting certain performance and access standard targets.

Details of the Group's income, including £74.7m of Commissioner Requested Services, are shown in Note 3 to the financial statements. NHS debtors and accrued income are shown in note 12 to the financial statements. The Trust have recognised £0.5m of provision for NHS income.

**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 period, 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 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 considered this track record in evaluating period-end provisions.

We challenged management's assessment of areas of dispute and actual or potential challenge from commissioners and the rationale for the accounting treatment adopted, in particular in respect of provisions held in respect of settled debts.

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 2018/19 contracts, and considered whether, taken together with the settlement of current period 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. Stock has increased in value at 31 March 2018 to £4.9m in comparison to £3.5m at 31 March 2017 as per Note 11 partly as a result of increased orders. Given that a substantial amount of the Group's stock is held on consignment and there is a large number of stock items, there is an increased risk that a stock item could be assigned a different code and therefore be assigned an incorrect or no value or not recorded as consignment stock.

**How the scope of our audit responded to the key audit matter**



We evaluated the design and implementation of controls around stock valuation and existence.

We have attended the year end stock count for both pharmacy and theatres testing a sample of items counted both floor to 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 have compared the consignment listings to the stock count reports to identify whether items counted were less than the consignment listing and investigated the discrepancies.

We challenged management on the exclusion from the stock balance of items which the Trust did not have sufficient information to assign a value.

**Key observations**



Based on the audit evidence obtained, whilst we conclude that the stock recorded in the Group's financial statements is appropriate, management identified that the design of controls over the management and counting of the stock, both owned and consignment, requires further enhancement and are in the process of reviewing the arrangements in place.

**Our application of materiality**

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

	Group financial statements	Trust Financial Statements
<b>Materiality</b>	£1.64m (2017: £1.58m)	£1.62m (2017: £1.50m)
<b>Basis for determining materiality</b>	2% of incoming resources (2017: 2% of incoming resources)	2% of incoming resources (2017: 2% of incoming resources)
<b>Rationale for the benchmark applied</b>	Incoming resources was chosen as a benchmark as the Trust is a non-profit organisation, and revenue is a key measure of financial performance for users of the financial statements.	Incoming resources was chosen as a benchmark as the Trust is a non-profit organisation, and revenue is a key measure of financial performance for users of the financial statements.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £75,000 (2017: £79,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

**An overview of the scope of our audit**

Our group audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement at the Group level.

The focus of our audit work was on the Trust, with work performed at the Trust's head offices in Birmingham directly by the audit engagement team, led by the audit partner.

We performed specified audit procedures on the Trust's subsidiary, The Royal Orthopaedic Hospital NHS Foundation Trust Charitable Fund, where the extent of our testing was based on

our assessment of the risks of material misstatement and the materiality of the charity to the Group.

Our audit covered all of the entities within the Group, and account for 100% (2017: 100%) of the Group's net assets, revenue and deficit.

Our audit work was executed at levels of materiality applicable to each individual entity which were lower than group materiality.

At the Group level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

### Other information

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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

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As explained more fully in the accounting officer's responsibilities statement, the accounting officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the accounting officer is responsible for assessing the group's and the foundation trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the group or the foundation trust or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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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

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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.

#### Qualified conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller & Auditor General in December 2017, 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 2018.

#### Basis for qualified conclusion

As disclosed in the Annual Governance statement, the Trust has several risks in relation to ongoing financial sustainability, performance and cash management. As referred to in the 'material uncertainty relating to going concern' section in our audit report, the Trust is seeking financing options in order to allow it to meet its liabilities under the plan when they fall due. These issues, which are not wholly within the control of the Trust, affect its ability to plan effectively for the sustainable delivery of its service obligations.

These issues are evidence of weaknesses in proper arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.

Additionally, NHSI has issued enforcement and discretionary 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 the following conditions of its licence: FT4(4), FT4(5)(a), (b), (e), (f), and FT4(6)(a), (c), (d), (e), (f), and FT4(7). These conditions relate to the establishment of effective governance procedures, in particular in relation to compliance with healthcare standards set by regulators; data quality to provide information on quality of care; and compliance with the duty to operate efficiently, economically and effectively. These have not yet been cleared.

These matters demonstrate a failure of the Trust's corporate governance arrangements, in particular but not limited to failures to establish and effectively implement systems and/or processes to ensure compliance with the Trust's duty to operate efficiently, economically and effectively and to obtain and disseminate accurate, comprehensive, timely and up to date information for Board and Committee decision-making.

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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 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 have nothing to report in respect of these matters.***

We are not required to consider, nor have we considered, whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

### *Reports in the public interest or to the regulator*

Under the Code of Audit Practice, we are also required to report to you if:

- any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit; or
- any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006 because we have reason to believe that the foundation trust, or a director or officer of the foundation trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency.

***We have nothing to report in respect of these matters.***

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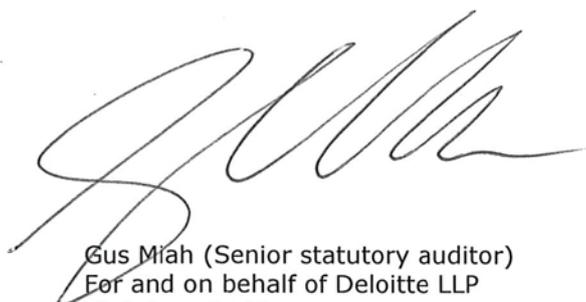
### **Certificate**

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 Board 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  
29/05/2018

## FOREWORD TO THE ACCOUNTS

The accounts for the period ended 31 March 2018 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.



**Mr. Paul Athey**  
Accountable Officer

**THE ROYAL ORTHOPAEDIC HOSPITAL NHS FOUNDATION TRUST**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED**  
**31 MARCH 2018**

		<b>Consolidated</b>	
		<b>Year Ended</b>	<b>Year Ended</b>
		<b>31 March</b>	<b>31 March</b>
		<b>2018</b>	<b>2017</b>
		<b>£000</b>	<b>£000</b>
	<b>Notes</b>		
Income from patient care activities	<b>3.1</b>	75,479	74,408
Other operating income (excluding STF)	<b>3.1</b>	4,656	5,043
Sustainability and Transformation Funding (STF)	<b>3.1</b>	1,844	0
Operating expenses	<b>4</b>	<b>(85,169)</b>	<b>(82,310)</b>
Net impairment gain/(loss) on land and buildings	<b>4</b>	1,554	<b>(224)</b>
<b>Net Operating Deficit</b>		<b>(1,636)</b>	<b>(3,083)</b>
Finance income	<b>6</b>	41	43
Finance expense - financial liabilities	<b>6</b>	<b>(34)</b>	<b>(10)</b>
Finance expense - unwinding of discount on provisions	<b>16</b>	<b>(34)</b>	<b>(13)</b>
PDC dividends payable		<b>(1,265)</b>	<b>(1,408)</b>
<b>Net Finance Expenses</b>		<b>(1,292)</b>	<b>(1,388)</b>
<b>DEFICIT FOR THE YEAR</b>		<b>(2,928)</b>	<b>(4,471)</b>
<b>Other comprehensive income</b>			
<b>Will not be reclassified to income and expenditure:</b>			
Valuation gains on land and buildings	<b>9.3</b>	1,890	793
<b>May be reclassified to income and expenditure when certain conditions are met:</b>			
Fair value gains/(losses) on financial investments	<b>10</b>	<b>(21)</b>	88
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR</b>		<b>(1,059)</b>	<b>(3,590)</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 gain has been identified, and recognised in the accounts. The full impact of this gain has been described in further detail in note 9.3. The element recognised in the Statement of Comprehensive Income is a gain of £1,554,000 (2016/17: £224,000 impairment loss) as shown above. This is a non-cash adjustment. For 2017/18 the consolidated group had an overall deficit excluding this valuation gain of £3,954,000 (2016/17: £4,159,000 deficit).

The notes on pages 248 to 289 form part of these accounts.

**THE ROYAL ORTHOPAEDIC HOSPITAL NHS FOUNDATION TRUST**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018**

		Consolidated		Trust only	
		31 March	31 March	31 March	31 March
		2018	2017	2018	2017
		£000	£000	£000	£000
<b>Non-current assets</b>	<b>Notes</b>				
Intangible assets	8	683	853	683	853
Property, plant and equipment	9	47,609	43,425	47,609	43,425
Investments	10	757	778	0	0
<b>Total non-current assets</b>		<b>49,049</b>	<b>45,056</b>	<b>48,292</b>	<b>44,278</b>
<b>Current assets</b>					
Inventories	11	4,857	3,465	4,857	3,465
Trade and other receivables	12	6,076	4,571	6,153	4,501
Short term investments and deposits	13.1	93	65	0	0
Cash and cash equivalents	14	5,217	5,207	3,751	3,756
<b>Total current assets</b>		<b>16,243</b>	<b>13,308</b>	<b>14,761</b>	<b>11,722</b>
<b>Current liabilities</b>					
Trade and other payables	15	(13,500)	(11,149)	(13,499)	(11,095)
Borrowings	15.2	(444)	(167)	(444)	(167)
Provisions	16	(173)	(117)	(173)	(117)
Other liabilities	15.1	(207)	(290)	(207)	(290)
<b>Total current liabilities</b>		<b>(14,324)</b>	<b>(11,723)</b>	<b>(14,323)</b>	<b>(11,669)</b>
<b>Total assets less current liabilities</b>		<b>50,968</b>	<b>46,641</b>	<b>48,730</b>	<b>44,331</b>
<b>Non-current liabilities</b>					
Borrowings	15.2	(5,175)	(55)	(5,175)	(55)
Provisions	16	(354)	(370)	(354)	(370)
<b>Total non-current liabilities</b>		<b>(5,529)</b>	<b>(425)</b>	<b>(5,529)</b>	<b>(425)</b>
<b>Total assets employed</b>		<b>45,439</b>	<b>46,216</b>	<b>43,201</b>	<b>43,906</b>
<b>Financed by taxpayers' equity</b>					
Public Dividend Capital		36,976	36,696	36,976	36,696
Revaluation reserve		4,720	2,829	4,720	2,829
Charitable fund reserve		2,225	2,310	0	0
Income and expenditure reserve		1,518	4,381	1,505	4,381
<b>Total taxpayers' equity</b>		<b>45,439</b>	<b>46,216</b>	<b>43,201</b>	<b>43,906</b>

The financial statements were approved by the Audit Committee and authorised for issue on behalf of the Board of Directors on 25<sup>th</sup> May 2018 and are signed on its behalf by:

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

**THE ROYAL ORTHOPAEDIC HOSPITAL NHS FOUNDATION TRUST**  
**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 March 2018**

	Consolidated					Trust Only			
	Total £000	Public Dividend Capital £000	Revaluation Reserve £000	Charitable Fund Reserve £000	Income and Expenditure Reserve £000	Total £000	Public Dividend Capital £000	Revaluation Reserve £000	Income and Expenditure Reserve £000
<b>Taxpayers' Equity at 1 April 2016</b>	<b>49,806</b>	36,696	2,036	2,156	8,918	<b>47,650</b>	36,696	2,036	8,918
(Deficit)/Surplus for the year	<b>(4,383)</b>	0	0	154	(4,537)	<b>(4,537)</b>	0	0	(4,537)
Valuation gains on property, plant and equipment	<b>793</b>	0	793	0	0	<b>793</b>	0	793	0
<b>Taxpayers' Equity at 31 March 2017</b>	<b>46,216</b>	36,696	2,829	2,310	4,381	<b>43,906</b>	36,696	2,829	4,381

	Consolidated					Trust Only			
	Total £000	Public Dividend Capital £000	Revaluation Reserve £000	Charitable Fund Reserve £000	Income and Expenditure Reserve £000	Total £000	Public Dividend Capital £000	Revaluation Reserve £000	Income and Expenditure 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	<b>(2,928)</b>	0	0	(51)	(2,877)	<b>(2,877)</b>	0	0	(2,877)
Valuation gains on property, plant and equipment	<b>1,890</b>	0	1,890	0	0	<b>1,890</b>	0	1,890	0
Public Dividend Capital received	<b>280</b>	280	0	0	0	<b>280</b>	280	0	0
Fair value gains/(losses) on investments	<b>(20)</b>	0	0	(20)	0	<b>0</b>	0	0	0
Elimination	<b>0</b>	0	0	(14)	14	<b>0</b>	0	0	0
Other Reserve Movements	<b>1</b>	0	1	0	0	<b>2</b>	0	1	1
<b>Taxpayers' Equity at 31 March 2018</b>	<b>45,439</b>	<b>36,976</b>	<b>4,720</b>	<b>2,225</b>	<b>1,518</b>	<b>43,201</b>	36,976	4,720	1,505

**THE ROYAL ORTHOPAEDIC HOSPITAL NHS FOUNDATION TRUST**  
**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 March 2018**

	Notes	Consolidated		Trust only	
		Year Ended	Year Ended	Year Ended	Year Ended
		31 March	31 March	31 March	31 March
		2018	2017	2018	2017
		£000	£000	£000	£000
<b>Cash and Cash equivalents at 1 April</b>		<b>5,207</b>	<b>11,874</b>	<b>3,756</b>	<b>10,598</b>
<b>Cash flows from operating activities</b>					
Operating deficit		(1,637)	(3,083)	(1,555)	(3,119)
<b>Non-cash income and expense</b>					
Depreciation and amortisation	4	1,770	1,693	1,770	1,693
Donated assets		0	(43)	0	(43)
Loss on disposal	4	0	2	0	2
(Reversal of impairments)/Impairment	4	(1,554)	224	(1,554)	224
(Increase)/Decrease in Trade and other receivables	12	(1,538)	495	(1,608)	395
Increase in other assets	12	0	(30)	0	0
Increase in Inventories	11	(1,392)	(49)	(1,392)	(49)
Increase/(Decrease) in Trade and other payables	15	2,425	(693)	2,403	(733)
Increase/(Decrease) in Other Liabilities	15	(84)	33	(84)	33
Increase in Provisions	16	6	13	6	13
Other movements in operating cash flows		(13)	8	(18)	8
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		<b>(2,017)</b>	<b>(1,430)</b>	<b>(2,032)</b>	<b>(1,576)</b>
<b>Cash flows from investing activities</b>					
Interest received		11	42	11	12
Purchase of intangible assets	8	(96)	(418)	(96)	(418)
Purchase of Property, Plant and Equipment	9	(2,260)	(3,199)	(2,260)	(3,199)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(2,345)</b>	<b>(3,575)</b>	<b>(2,345)</b>	<b>(3,605)</b>
<b>Cash flows from financing activities</b>					
Interest element of finance lease		(19)	(10)	(19)	(10)
Capital element of finance lease rental payments		(150)	(171)	(150)	(171)
Movement on loans from the Department of Health and Social Care	15.2	3,979	0	3,979	0
Movement on other loans	15.2	1,585	0	1,585	0
PDC Dividend received		280	0	280	0
PDC Dividend paid		(1,303)	(1,480)	(1,303)	(1,480)
<b>NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES</b>		<b>4,372</b>	<b>(1,661)</b>	<b>4,372</b>	<b>(1,661)</b>
<b>Increase/(Decrease) in cash and cash equivalents</b>		<b>10</b>	<b>(6,666)</b>	<b>(5)</b>	<b>(6,842)</b>
<b>Cash and Cash equivalents at 31 March</b>		<b>5,217</b>	<b>5,207</b>	<b>3,751</b>	<b>3,756</b>

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

### 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 2017-18, 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 2018/19 and 2019/20 and note the requirement for cash funding from the Department of Health and Social Care. This funding will not be formally confirmed until the month before its requirement, creating a material uncertainty that may cast significant doubt over the entity's ability to continue as a going concern (there is a risk that the trust may be unable to realise its assets and discharge its liabilities in the normal course of business). On the basis of the anticipated continuation of a provision of service in the future (as defined within the Department of Health and Social Care Group Accounting Manual) regardless of achievement of funding, the Directors have been able to conclude 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. For this reason 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 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.

#### Critical judgements in applying accounting policies

The following are the judgements, apart from those involving estimates (see below) that management has made in the process of applying the Trust accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

##### Leases

Leases are reclassified from operating leases to finance leases if the lease transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. An asset and a liability will be recognised on the statement of financial position.

#### 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 2018 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

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. Doubtful debts were estimated 100% on due over 90 days for non-NHS debtors, and long overdue for NHS debtors. The Group also estimated 22.84% on outstanding amount receivable under debts NHS Injury Cost Recovery Scheme as irrecoverable debts.

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.

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 0.10% (2016/17 0.24%) 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 Income

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the Trust is contracts with commissioners in respect of healthcare services.

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

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

## 1.6 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 in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

### a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2018, is based on valuation data as at 31 March 2017, updated to 31 March 2018 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19 *Employee Benefits*, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

### b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

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-Apr-18	
Employer contribution	1%
Total contribution	2%

In the year to 31 March 2018 the Trust has made contributions of £2,736 to this fund, (2016/17: £2,761).

### **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 2018 by Cushman and Wakefield (MRICS). The revaluation undertaken at that date has been accounted for in these financial statements as follows:

- Land £5,021,000
- Buildings and Dwellings £35,562,000

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.

Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon reclassification. 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:

Buildings – as per Professional Valuer’s estimate - 26 to 83 years

Plant and Machinery:

- Engineering Plant and Equipment – short life 5 years Engineering Plant and Equipment – medium life 10 years Engineering Plant and Equipment – long life 15 years Medical Equipment – short life 5 years;
- Medical Equipment – medium life 10 years Medical Equipment – long life 15 years Decontamination Equipment – short life 2 years;
- Transport Equipment – 7 years;
- Information Technology – individually assessed based on type of asset - 3 to 10 years Furniture and Fittings:
- Furniture – short life 3 years;
- Furniture – medium life 5 years; and
- Furniture – long life 10 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 income.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of ‘other comprehensive income’.

### **Impairments**

In accordance with the 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 does not qualify for recognition as 'Held for Sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

## Donated 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 Litigation Authority (NHSLA) operates a risk pooling scheme under which the NHS Foundation Trust pays an annual contribution to the NHSLA, which, in return, settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS Foundation Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the NHS Foundation Trust is disclosed at note 16 on page 282 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 the NHS Litigation Authority and in return receives assistance with the costs of claims arising. The annual membership contributions, and any 'excesses' payable in respect of particular claims are charged to operating expenses when the liability arises.

The Trust has also taken out additional insurance to cover claims in excess of £1 million.

## 1.18 Contingent liabilities and contingent assets

Contingent liabilities are not recognised, but are disclosed in note 19 on page 283 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 283 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 financial instrument contract 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 the asset has been transferred.

Financial assets are initially recognised at fair value. Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques (*IAS 39 Financial Instruments: Recognition and Measurement, AG 76.*).

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the initial fair value of the financial asset.

Financial assets are classified into the following categories: financial assets at fair value through profit and loss, held to maturity investments, available for sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

## **Financial assets at fair value through profit and loss**

Financial assets at fair value through profit and loss are held for trading. A financial asset is classified in this category if it has been acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges.

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in calculating the Trust's surplus or deficit for the year. The net gain or loss incorporates any interest earned on the financial asset.

## **Held to maturity investments**

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, and where there is a positive intention and ability to hold to maturity. After initial recognition, they are held at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

## **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

## **Available for sale financial assets**

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that do not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value, other than impairment losses, taken to Other Comprehensive Income. Accumulated gains or losses are recycled to the Statement of Comprehensive Income on de-recognition.

## **Impairment**

At the end of the reporting period, the Trust assesses whether any financial assets, other than those held at 'fair value through profit and loss', are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that have an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in expenditure.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

## **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 discharged – that is, the liability has been paid or has expired.

Loans from the Department of Health and Social Care are recognised at historic cost. Otherwise, financial liabilities are initially recognised at fair value.

### **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, except for loans from Department of Health and Social Care, which are carried at historic cost. 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 2018.

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.

### **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.

### **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 Standards and Interpretations to be applied in 2017-18. These standards are still subject to HM Treasury FReM adoption, with IFRS 9 and IFRS 15 being for implementation in 2018-19, and the government implementation date for IFRS 16 and IFRS 17 still subject to HM Treasury consideration.

- IFRS 9 *Financial Instruments* – Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted
- IFRS 15 *Revenue from Contracts with Customers* – Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted
- 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.

Following the release of the 2018/19 Department of Health and Social Care Group Accounting Manual in May 2018, the Trust is assessing the likely impact of IFRS 9, IFRS 15 and IFRS 16 (and the adaptations included in the GAM). Areas the Trust is reviewing include non-contracted income; overseas patients; research income; and the approach to provisioning for non-NHS debtors. The following amendments were effective during the year;

- IAS 7 Statement of Cash Flows
- IAS 12 Income Taxes
- Annual Improvements to IFRS Standards 2014-2016.

## 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 Income. The Trust had a deficit of £2,977,000.

## 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 2018</b>		<b>Year Ended 31 March 2017</b>	
	<b>£000</b>	<b>%</b>	<b>£000</b>	<b>%</b>
Income from whole HM Government	79,257	96.68%	77,475	97.51%
Income from non HM Government	2,722	3.32%	1,976	2.49%
	<b>81,979</b>	<b>100.00%</b>	<b>79,451</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

	Consolidated	
	Year Ended	Year Ended
	31 March	31 March
	2018	2017
	£000	£000
Elective income	45,059	44,776
Non elective income	2,034	2,246
Outpatient income	7,537	7,735
Other NHS clinical income	20,045	19,033
Private patient income	804	618
<b>Total income from patient care activities</b>	<b>75,479</b>	<b>74,408</b>
<b>Other operating income</b>		
Research and development	461	455
Education and training	2,063	2,175
Charitable and other contributions to expenditure	57	200
Income in respect of staff costs where accounted on gross basis	1,038	1,053
Other	1,037	1,160
<b>Total other operating income (excluding STF)</b>	<b>4,656</b>	<b>5,043</b>
<b>Sustainability and Transformation Funding</b>	<b>1,844</b>	<b>0</b>
<b>TOTAL OPERATING INCOME</b>	<b>81,979</b>	<b>79,451</b>

Other income includes £227,000 from onsite catering services (2016/17: £239,000); staff accommodation rentals of £74,000 (2016/17: £75,000); car park income of £387,000 (2016/17 - £372,000) and insurance income of £101,000 (2016/17: £11,000).

Other NHS clinical income includes £5,672,000 (2016/17: £5,875,000) for oncology block contract, £2,485,000 for critical care bed days (2016/17: £2,664,000), £1,383,000 for CQUIN (2016/17: £1,223,000), £1,741,000 for physiotherapy services (2016/17: £2,093,000), £411,000 for podiatry services (2016/17: £384,000), £570,000 for patient travel (2016/17: £797,000), £916,000 for pre-operative assessments (2016/17: £709,000), £288,000 in relation to high cost drugs (2016/17: £384,000), £1,579,000 for diagnostic imaging (2016/17: £1,694,000), £177,000 (2016/17: £223,000) in relation to the Bone Infection Unit, £339,000 for hospital at home (2016/17: £318,000) and £1,442,000 for orthotic appliances (2016/17: £1,339,000).

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 2018 £000	Year Ended 31 March 2017 £000
NHS Foundation Trusts	36	31
NHS Trusts	44	66
CCGs and NHS England	73,360	72,320
Non NHS: Private patients	804	523
Non-NHS: Overseas patients (non-reciprocal)	0	95
NHS injury scheme (was RTA)	136	197
Non NHS: Other	1,099	1,176
<b>TOTAL INCOME FROM PATIENT CARE ACTIVITIES</b>	<b>75,479</b>	<b>74,408</b>

The income for the Charity is not included here as this has been classified as other operating income only.

### 3.3 Overseas visitor income

	Year Ended 31 March 2018 £000	Year Ended 31 March 2017 £000
Income recognised this year	0	95
Cash payments received in-year	0	11
Amounts added to provision for impairment of receivables	0	1

There were no amounts written off for overseas visitor income during the year.

#### 4 Operating Expenditure

	<b>Consolidated</b>	
	<b>Year Ended 31 March 2018 £000</b>	<b>Year Ended 31 March 2017 £000</b>
Purchase of healthcare from NHS and DHSC bodies	2,341	313
Purchase of healthcare from non-NHS and non-DHSC bodies	2,195	1,105
Employee Expenses - Executive directors	689	755
Employee Expenses - Non-executive directors	115	103
Employee Expenses - Staff	49,467	46,466
Drug costs	1,633	504
Supplies and services - clinical (excluding drug costs)	15,336	20,987
Supplies and services - general	1,410	579
Establishment	912	942
Transport	89	9
Premises	2,961	3,500
Increase in bad debt provision	110	340
Depreciation on property, plant and equipment	1,544	1,508
Amortisation on intangible assets	226	185
Audit services - statutory audit	52	58
Other auditor's remuneration - further assurance services	26	29
Internal audit and counter fraud fees	71	76
Clinical negligence	3,533	3,039
Loss on disposal of other property, plant and equipment	0	2
Legal fees	17	26
Consultancy costs	172	273
Training, courses and conferences	300	234
Research and development	25	0
Patient travel	0	10
Redundancy	82	112
Hospitality	2	9
Insurance	84	86
Other services including external payroll	331	251
Losses, ex gratia & special payments	1	27
Rentals under operating leases	120	117
Charitable Fund expenditure	91	97
Other	1,234	558
Revaluation Gain	(1,554)	224
<b>TOTAL OPERATING EXPENDITURE</b>	<b>83,615</b>	<b>82,534</b>

## 5 Operating leases

### 5.1 Payments recognised as an expense

	<b>Consolidated</b>	
	<b>Year Ended 31 March 2018 £000</b>	<b>Year Ended 31 March 2017 £000</b>
Lease payments	120	117
<b>TOTAL PAYMENTS</b>	<b>120</b>	<b>117</b>

The Trust's operating leases for 2017/18 consists of £18,000 (2016/17: £19,000) for the use of an offsite car park, £52,000 (2016/17: £52,000) for Histopathology property lease and the remainder of £46,000 (2016/17: £46,000) relates to a small amount of plant and equipment.

### 5.2 Total future minimum lease payments

	<b>Consolidated</b>				
	<b>Land £000</b>	<b>Buildings £000</b>	<b>Other £000</b>	<b>Year Ended 31 March 2018 £000</b>	<b>Year Ended 31 March 2017 £000</b>
- not later than one year;	17	50	51	118	120
- later than one year and not later than five years;	33	176	35	244	337
- greater than five years	0	0	0	0	25
<b>TOTAL FUTURE PAYMENTS DUE</b>	<b>50</b>	<b>226</b>	<b>86</b>	<b>362</b>	<b>482</b>

## 6 Finance income and expense

Interest from deposit account investments

**TOTAL FINANCE INCOME**

Consolidated	
Year Ended 31 March 2018 £000	Year Ended 31 March 2017 £000
41	43
<b>41</b>	<b>43</b>

Finance lease interest

**TOTAL FINANCE EXPENSE**

Consolidated	
Year Ended 31 March 2018 £000	Year Ended 31 March 2017 £000
34	10
<b>34</b>	<b>10</b>

## 7 Employee expenses and numbers

	Consolidated			Consolidated		
	2017/18			2016/17		
	Total	Permanently Employed	Agency	Total	Permanently Employed	Agency
£000	£000	£000	£000	£000	£000	
Salaries and wages	37,835	37,835	0	35,622	35,622	0
Social security Costs	3,884	3,884	0	3,567	3,567	0
Apprenticeship levy	169	169	0	0	0	0
Employers contributions to NHS Pensions	4,151	4,151	0	3,789	3,789	0
Agency and contract staff	4,117	0	4,117	4,355	0	4,355
<b>TOTAL EMPLOYEE EXPENSES</b>	<b>50,156</b>	<b>46,039</b>	<b>4,117</b>	<b>47,333</b>	<b>42,978</b>	<b>4,355</b>

### 7.1 Average number of persons employed (WTE Basis)

	2017/18			2016/17		
	Total	Permanently Employed	Agency	Total	Permanently Employed	Agency
	Number	Number	Number	Number	Number	Number
Medical and dental	119	102	17	124	105	19
Administration and estates	236	211	25	260	258	2
Healthcare assistants and other support staff	256	210	46	255	248	7
Nursing, midwifery and health visiting staff	258	214	44	254	230	24
Nursing, midwifery and health visiting learners	0	0	0	1	1	0
Scientific, therapeutic and technical staff	160	144	16	142	135	7
<b>TOTAL PERSONS EMPLOYED</b>	<b>1,029</b>	<b>881</b>	<b>148</b>	<b>1,036</b>	<b>977</b>	<b>59</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

	Consolidated		Trust	
	Year Ended	Year Ended	Year Ended	Year Ended
	31-Mar	31-Mar	31-Mar	31-Mar
	2018	2017	2018	2017
	£0	£0	£0	£0
Employee expenses - Executive Directors	689	755	689	755
Employee expenses – Staff	49,467	46,466	49,467	46,466
<b>Total Employee expenses</b>	<b>50,156</b>	<b>47,221</b>	<b>50,156</b>	<b>47,221</b>

## 7.3 Exit packages

Exit package cost band (including any special payment element)	2017/18			2016/17			Total number of exit packages by cost band
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	
<£10,000	0	0	0	0	0	0	0
£10,001 - £25,000	0	1	1	0	2	2	2
£25,001 - 50,000	0	0	0	0	0	0	0
£50,001 - £100,000	0	1	1	0	1	1	1
£100,001 - £150,000	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0
>£200,001	0	0	0	0	0	0	0
<b>Total number of exit packages by type</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>Total resource expense (£000s)</b>	<b>0</b>	<b>82</b>	<b>82</b>	<b>0</b>	<b>70</b>	<b>70</b>	<b>70</b>

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Scheme except for two 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.

#### **7.4 Retirements due to ill health**

During the year to 31 March 2018 there were no early retirements from the Trust agreed on the grounds of ill-health, (31 March 2017, nil).

## 8 Intangible assets

Consolidated and Trust			
	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
NBV - Donated at 31 March 2018	0	0	0
<b>NBV total at 31 March 2018</b>	<b>624</b>	<b>59</b>	<b>683</b>

Consolidated and Trust			
	Software licences (purchased) £000	Assets under construction	Total £000
Gross cost at 1 April 2016	1,003	0	1,003
Additions - purchased	0	458	458
Reclassifications	95	0	95
<b>Gross cost at 31 March 2017</b>	<b>1,098</b>	<b>458</b>	<b>1,556</b>
Amortisation at 1 April 2016	519	0	519
Provided during the year	185	0	185
<b>Amortisation at 31 March 2017</b>	<b>704</b>	<b>0</b>	<b>704</b>
Net book value			
NBV - Purchased at 31 March 2017	395	458	853
NBV - Donated at 31 March 2017	0	0	0
<b>NBV total at 31 March 2017</b>	<b>395</b>	<b>458</b>	<b>853</b>

There is no active market for the Trust's intangible assets and there is no revaluation reserve.

## 9 Property, plant and equipment for the year ended 31 March 2018

Consolidated and Trust									
Total	Land	Buildings excluding dwellings	Dwellings	Assets under construction and POA	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	
£000	£000	£000	£000	£000	£000	£000	£000	£000	
Valuation/gross cost at 1 April 2017 - brought forward	51,973	4,519	31,304	808	1,273	10,695	20	3,263	91
Additions	2,283	0	339	0	1,059	391	0	494	0
Impairments charged to operating expenses	(309)	0	(309)	0	0	0	0	0	0
Reversal of impairments credited to operating expenses	3,235	0	3,224	11	0	0	0	0	0
Reversal of impairments credited to the revaluation reserve	(41)	502	(543)	0	0	0	0	0	0
Reclassifications	0	0	168	0	(415)	0	0	247	0
<b>Valuation/gross cost 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 - brought forward	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
Revaluations	(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	45,282	5,021	32,211	819	1,917	3,497	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	2,110	0	1,972	0	0	138	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>

## 9.1 Property, plant and equipment for year ended 31 March 2017

Consolidated and Trust									
	Total	Land	Buildings excluding dwellings	Dwellings	Assets under construction and POA	Plant and Machinery	Transport Equipment	Information Technology	Furniture & fittings
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2017	48,923	4,519	29,250	776	817	10,214	20	3,236	91
Additions - purchased	3,200	0	1,467	6	1,218	481	0	28	0
Additions - donated	43	0	0	0	0	43	0	0	0
Impairments charged to operating expenses	(862)	0	(862)	0	0	0	0	0	0
Reversal of impairments credited to operating income	638	0	596	42	0	0	0	0	0
Impairments charged to the revaluation reserve	(78)	0	(78)	0	0	0	0	0	0
Reversal of impairments credited to the revaluation reserve	871	0	871	0	0	0	0	0	0
Reclassifications *	(96)	0	564	0	(762)	103	0	(1)	0
Revaluation impact on cost and depreciation	(520)	0	(504)	(16)	0	0	0	0	0
Disposals	(146)	0	0	0	0	(146)	0	0	0
<b>Cost or Valuation at 31 March 2018</b>	<b>51,973</b>	<b>4,519</b>	<b>31,304</b>	<b>808</b>	<b>1,273</b>	<b>10,695</b>	<b>20</b>	<b>3,263</b>	<b>91</b>
Accumulated depreciation at 1 April 2017	7,704	0	0	0	0	5,821	10	1,815	58
Provided during the year	1,508	0	504	16	0	785	3	189	11
Revaluation impact on cost and depreciation	(520)	0	(504)	(16)	0	0	0	0	0
Disposals	(144)	0	0	0	0	(144)	0	0	0
<b>Accumulated depreciation at 31 March 2018</b>	<b>8,548</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,462</b>	<b>13</b>	<b>2,004</b>	<b>69</b>
Net book value									
NBV - Purchased at 31 March 2017	40,756	4,519	29,014	808	1,273	3,854	7	1,259	22
NBV - Finance lease at 31 March 2017	217	0	0	0	0	217	0	0	0
NBV - Donated at 31 March 2017	2,452	0	2,290	0	0	162	0	0	0
<b>NBV total at 31 March 2017</b>	<b>43,425</b>	<b>4,519</b>	<b>31,304</b>	<b>808</b>	<b>1,273</b>	<b>4,233</b>	<b>7</b>	<b>1,259</b>	<b>22</b>

There is no restriction by the Donor on the use of donated assets.

## 9.2 Disposal of assets – Commissioner Related Services

The Trust has not disposed of any assets in the year which have impacted on its ability to deliver commissioner related services.

## 9.3 Gains/(Impairments)

<b>Consolidated and Trust</b>				
	<b>Total 31 March 2018 £000</b>	<b>Operating income * £000</b>	<b>Operating expenses * £000</b>	<b>Revaluation reserve £000</b>
Changes in market place	1,581	0	(309)	1,890
Reversal of impairments	1,863	1,863	0	0
<b>TOTAL GAINS AT 31 MARCH 2018</b>	<b>3,444</b>	<b>1,863</b>	<b>(309)</b>	<b>1,890</b>
	<b>Total 31 March 2017 £000</b>	<b>Operating income * £000</b>	<b>Operating expenses * £000</b>	<b>Revaluation reserve £000</b>
Changes in market place	46	0	(747)	793
Reversal of impairments	523	523	0	0
<b>TOTAL IMPAIRMENTS AT 31 MARCH 2017</b>	<b>569</b>	<b>523</b>	<b>(747)</b>	<b>793</b>

\* The net of these numbers has been shown on the face of the Consolidated Statement of Comprehensive Income as a gain of £1,554,317 (2016/17 £233,661 impairment gain).

## 10 Investments

	Consolidated	
	31 March 2018 £000	31 March 2017 £000
<b>Fixed Asset Investments:</b>		
Market value at 31 March	778	690
Net (loss)/gain on revaluation	(21)	88
Market value at 31 March	<u>757</u>	<u>778</u>
Historic cost at 31 March 2018	<u>785</u>	<u>785</u>

	31 March 2018 £000	31 March 2017 £000
<b>Market value at 31 March</b>		
Securities - managed funds	<u>757</u>	<u>778</u>
	<u>757</u>	<u>785</u>

### Analysis of gross income from investments

	31 March 2018 £000	31 March 2017 £000
<b>Total gross income</b>		
Investments in a Common Deposit Fund or Common Investment Fund	<u>31</u>	<u>30</u>

*Note: all investments are held by the Trust's associated charity which has been consolidated into these financial statements.*

## 11 Inventories

	Consolidated and Trust	
	31 March 2018 £000	31 March 2017 £000
Consumables and drugs	4,857	3,465
<b>TOTAL INVENTORIES</b>	<u>4,857</u>	<u>3,465</u>

	31 March 2018 £000	31 March 2017 £000
Inventories recognised in expenses	6,377	9,286
Write-down of inventories recognised as an expense	0	0
<b>TOTAL</b>	<u>6,377</u>	<u>9,286</u>

## 12 Trade receivables and other receivables

	Consolidated		Trust only	
	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
	£000	£000	£000	£000
<b>Current receivables</b>				
NHS receivables	5,643	3,964	5,643	3,964
Provision for impaired receivables	(894)	(784)	(894)	(784)
Prepayments	734	428	734	428
Accrued income	123	80	123	80
Interest receivable	0	1	0	1
PDC receivable	0	57	0	57
VAT receivable	62	95	62	95
Other receivables	408	730	485	660
	<b>1,327</b>	1,391	<b>1,404</b>	1,321
Total Current assets	<b>6,076</b>	4,571	<b>6,153</b>	4,501
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<b>6,076</b>	4,571	<b>6,153</b>	4,501
<b>BAD DEBT PROVISION</b>				
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	£000	£000	£000	£000
Balance at 1 April	784	444	784	444
Increase in provision	110	340	110	340
Utilised	0	0	0	0
Unused amounts reversed	0	0	0	0
<b>Balance at 31 March</b>	<b>894</b>	784	<b>894</b>	784

## 12.1 Impairment of receivables

The ageing analysis of NHS and Non NHS impaired debts is as follows:

	<b>Consolidated</b>		<b>Trust only</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
0 - 30 days	0	0	0	0
30 - 60 days	0	0	0	0
60 - 90 days	0	0	0	0
90 - 180 days	0	0	0	0
Over 180 days	894	784	894	784
<b>TOTAL AGEING OF IMPAIRED RECEIVABLES</b>	<b>894</b>	<b>784</b>	<b>894</b>	<b>784</b>

The ageing analysis of NHS and Non NHS non-impaired debts is as follows:

	<b>Consolidated</b>		<b>Trust only</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
0 - 30 days	688	989	688	919
30 - 60 days	154	90	154	90
60 - 90 days	99	131	99	131
Over 90 days	224	831	224	831
<b>TOTAL AGEING OF NON-IMPAIRED RECEIVABLES</b>	<b>1,165</b>	<b>2,041</b>	<b>1,165</b>	<b>1,971</b>

### 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 £93,000 (2016/17: £65,000) managed by Cazenove Capital. The Trust does not hold any short-term cash deposits (2016/17: £nil).

### 14 Cash and cash equivalents

	<b>Consolidated</b>		<b>Trust only</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash and cash equivalents at 1 April	5,207	11,873	3,756	10,598
Net change in year	10	(6,666)	(5)	(6,842)
Cash and cash equivalents at 31 March	<u>5,217</u>	<u>5,207</u>	<u>3,751</u>	<u>3,756</u>
Broken down into:				
Cash at commercial banks and in hand	1,466	1,451	0	0
Cash with the Government Banking Service	<u>3,751</u>	<u>3,756</u>	<u>3,751</u>	<u>3,756</u>
<b>Cash and cash equivalents as in Statement of Financial Position and Statement of Cash Flows</b>	<b><u>5,217</u></b>	<b><u>5,207</u></b>	<b><u>3,751</u></b>	<b><u>3,756</u></b>

## 15 Trade and other payables

	Consolidated		Trust only	
	Financial liabilities		Financial liabilities	
	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
	£000	£000	£000	£000
NHS Payables	5,058	3,247	5,058	3,247
Trade payables - capital	331	347	331	347
Social security costs	516	498	516	498
Taxes payable	488	478	488	478
Other trade payables	5,991	5,657	5,991	5,657
Accruals	1,116	922	1,115	868
<b>TOTAL TRADE AND OTHER PAYABLES</b>	<b>13,500</b>	<b>11,149</b>	<b>13,499</b>	<b>11,095</b>

Other Trade Payables include outstanding pension contributions £575,000 at 31 March 2018 (31 March 2017: £548,000).

### 15.1 Other liabilities

	Consolidated and Trust			
	Current		Non-Current	
	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
	£000	£000	£000	£000
Deferred income	207	290	0	0
<b>TOTAL OTHER LIABILITIES</b>	<b>207</b>	<b>290</b>	<b>0</b>	<b>0</b>

### 15.2 Borrowings

	Consolidated and Trust			
	Current		Non-Current	
	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
	£000	£000	£000	£000
DHSC Loan	0	0	3,979	0
IT Infrastructure Loan	389	0	1,196	0
Obligations under finance leases	55	167	0	55
<b>TOTAL BORROWINGS</b>	<b>444</b>	<b>167</b>	<b>5,175</b>	<b>55</b>

### 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>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Within one year	444	167	461	172
Between one and five years	1,196	55	1,236	72
After five years	0	0	0	0
	<b>1,640</b>	<b>222</b>	<b>1,697</b>	<b>244</b>
Included in:				
Current borrowings	444	167		
Non-Current borrowings	1,196	55		
	<b>1,640</b>	<b>222</b>		

Finance leases are for use of medical and IT Equipment (MRI and IT Infrastructure).

## 16 Provisions

	<b>Consolidated and Trust</b>		
	<b>Legal claims</b>	<b>Other</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 April 2016	38	423	461
Arising during the year	15	41	56
Utilised during the year	0	(20)	(20)
Reversed unused during the year	(23)	0	(23)
Unwinding of discount	0	13	13
<b>At 31 March 2017</b>	<b>30</b>	<b>457</b>	<b>487</b>

Expected timing of cash flows:

not later than one year	30	87	117
later than one year and not later than five years	0	57	57
later than five years	0	313	313
<b>Total expected timing of cash flows</b>	<b>30</b>	<b>457</b>	<b>487</b>

	<b>Legal claims</b>	<b>Other</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 April 2017	30	457	487
Arising during the year	0	87	87
Utilised during the year	(20)	(61)	(81)
Reversed unused during the year	0	0	0
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>

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 the NHS Litigation Authority depending on the incident date.

Early retirement provisions are discounted using HM Treasury's pension discount rate of 0.10% (2016-17: positive 0.24%) 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 2017/18: -

Short-term (less than one year)	(2.42%)
Medium-term (one – five years)	(1.85%)
Long-term (later than 5 years)	(1.56%)

Other claims also includes a dilapidation provision for the leased histopathology laboratory at the University of Birmingham, £30,000 (2016/17: £30,000) and a redundancy provision of £86,000 (2016/17 £41,000).

The NHS Litigation Authority as at 31 March 2018 has £14,112,446 (2016/17: £15,953,563) in respect of clinical negligence liabilities of the Trust included in its accounts. The cost of these liabilities would be paid for by the NHS Litigation Authority.

## 17 Contractual Capital Commitments

	<b>Consolidated and Trust</b>	
	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
Property, plant and equipment	847	1,645
<b>TOTAL CONTRACTUAL CAPITAL COMMITMENTS</b>	<b>847</b>	<b>1,645</b>

Capital commitments include £213,000 in relation to general site building works, £39,000 in relation to replacement medical equipment and £595,000 in relation to IT hardware replacement.

## 18 Revaluation Reserve

	<b>Consolidated and Trust</b>
	<b>Revaluation Reserve - Property, plant and equipment £000</b>
Revaluation reserve at 1 April 2017	2,829
Revaluation gain	1,890
Other reserve movements	0
<b>Revaluation reserve at 31 March 2018</b>	<b>4,719</b>
	<b>£000</b>
Revaluation reserve at 1 April 2016	2,036
Impairments	793
Other reserve movements	0
<b>Revaluation reserve at 31 March 2017</b>	<b>2,829</b>

## 19 Contingent Liabilities

There are no contingent liabilities or contingent assets for the year ending 31 March 2018 (2016/17: £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.

	Receivables	Payables	Revenue	Expenditure
	2017/18	2017/18	2017/18	2017/18
	£000	£000	£000	£000
Birmingham Community Healthcare NHS Foundation Trust	9	74	0	391
Birmingham Women's and Children's Hospital NHS Foundation Trust	353	843	369	1,347
University Hospitals Birmingham NHS Foundation Trust	111	801	512	2,780
Sandwell And West Birmingham Hospitals NHS Trust	1	24	2	83
St Helens and Knowsley Hospital Services NHS Trust	0	12	0	222
The Royal Wolverhampton NHS Trust	25	0	287	0
NHS Birmingham Crosscity Clinical Commissioning Group	191	506	13,892	0
NHS Birmingham South and Central Clinical Commissioning Group	571	22	10,378	0
NHS Cannock Chase Clinical Commissioning Group	10	92	288	0
NHS Coventry and Rugby Clinical Commissioning Group	8	7	363	0
NHS Dudley Clinical Commissioning Group	22	96	2,992	0
NHS East Staffordshire Clinical Commissioning Group	29	6	264	0
NHS Gloucestershire Clinical Commissioning Group	68	0	164	0
NHS Herefordshire Clinical Commissioning Group	5	50	266	0
NHS Redditch and Bromsgrove Clinical Commissioning Group	42	46	3,519	0
NHS Sandwell and West Birmingham CCG	105	125	5,174	0
NHS Shropshire Clinical Commissioning Group	0	28	172	0
NHS Solihull Clinical Commissioning Group	124	63	1,907	0
NHS South East Staffs and Seisdon Peninsular CCG	21	134	997	0
NHS South Warwickshire Clinical Commissioning Group	16	19	419	0
NHS South Worcestershire Clinical Commissioning Group	12	40	1,708	0
NHS Southern Derbyshire Clinical Commissioning Group	32	0	138	0
NHS Stafford and Surrounds Clinical Commissioning Group	8	18	231	0
NHS Walsall Clinical Commissioning Group	19	303	1,923	0
NHS Warwickshire North Clinical Commissioning Group	31	12	419	0
NHS West Leicestershire Clinical Commissioning Group	24	0	109	0
NHS Wolverhampton Clinical Commissioning Group	8	45	330	0
NHS Wyre Forest Clinical Commissioning Group	78	102	1,220	0
Health Education England	17	45	2,043	3
NHS Resolution (formerly NHS Litigation Authority)	10	0	101	3,533
NHS England - West Midlands Local Office	23	0	46	0
NHS England - Central Specialised Commissioning Hub	42	0	82	0
HM Revenue & Customs	0	516	0	4,053
NHS Pension	0	488	0	4,151

	Receivables	Payables	Revenue	Expenditure
	2016/17	2016/17	2016/17	2016/17
	£000	£000	£000	£000
Birmingham Community Healthcare NHS Foundation Trust	0	0	0	282
Birmingham Women's and Children's Hospital NHS Foundation Trust	0	1,096	363	1,339
Department of Health	186	0	0	257
Department of Work and Pensions	269	0	0	0
Dudley and Walsall Mental Health Partnership NHS Trust	0	0	118	0
Health Education England	122	0	2,252	0
HM Revenue & Customs	0	976	0	3,567
NHS Birmingham Crosscity Clinical Commissioning Group	0	621	14,782	0
NHS Birmingham South and Central Clinical Commissioning Group	393	0	10,319	0
NHS Cannock Chase Clinical Commissioning Group	0	0	412	0
NHS Coventry and Rugby Clinical Commissioning Group	0	0	345	0
NHS Dudley Clinical Commissioning Group	0	0	3,374	0
NHS East Staffordshire Clinical Commissioning Group	0	0	212	0
NHS England - Central Specialised Commissioning Hub	0	0	107	0
NHS England - West Midlands Specialised Commissioning Hub	867	231	19,778	0
NHS Gloucestershire Clinical Commissioning Group	120	0	285	0
NHS Herefordshire Clinical Commissioning Group	0	0	424	0
NHS Litigation Authority	0	0	0	3,109
NHS Pension Scheme	0	0	0	3,789
NHS Redditch and Bromsgrove Clinical Commissioning Group	0	0	3,483	0
NHS Sandwell and West Birmingham Clinical Commissioning Group	241	0	5,524	0
NHS Shropshire Clinical Commissioning Group	0	0	181	0
NHS Solihull Clinical Commissioning Group	147	0	2,159	0
NHS South East Staffs and Seisdon Peninsular Clinical Commissioning Group	0	0	1,387	0
NHS South Warwickshire Clinical Commissioning Group	0	0	447	0
NHS South Worcestershire Clinical Commissioning Group	0	0	1,986	0
NHS Southern Derbyshire Clinical Commissioning Group	0	0	107	0
NHS Stafford and Surrounds Clinical Commissioning Group	0	0	400	0
NHS Walsall Clinical Commissioning Group	0	137	2,102	0
NHS Warwickshire North Clinical Commissioning Group	0	0	528	0
NHS West Leicestershire Clinical Commissioning Group	0	0	147	0
NHS Wolverhampton Clinical Commissioning Group	0	0	467	0
NHS Wyre Forest Clinical Commissioning Group	187	0	1,400	0
Sandwell and West Birmingham Hospitals NHS Trust	0	0	0	169
St Helens and Knowsley Hospitals NHS Trust	0	0	0	143
The Royal Wolverhampton NHS Trust	0	0	353	0
University Hospitals Birmingham NHS Foundation Trust	117	461	454	2,793

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 £13,500 during the year (2016/17: £13,278) and for staff costs of £29,000 (2016/17 £5,000).

## 22 Third Party Assets

The Trust held £128,000 in relation to advance payments from private patients in relation to treatment which is yet to take place (2016/17 £181,000). These payments have been included within the Trust's financial statements for 2017/18.

## 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 2018 £000</b>	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>	<b>31 March 2017 £000</b>
<b>Current financial assets</b>				
Trade and other receivables - with NHS and DHSC bodies	12	4,749	4,749	3,180
Trade and other receivables - with other bodies	12	593	593	963
Investments	10	757	757	778
Other investments / financial assets	13.1	93	93	65
Cash and cash equivalents	14	5,217	5,217	5,207
<b>TOTAL FINANCIAL ASSETS</b>		<b>11,409</b>	<b>11,409</b>	<b>10,193</b>
<b>Trust only</b>				
	<b>Carrying value</b>	<b>Fair value</b>	<b>Carrying value</b>	<b>Fair value</b>
<b>Notes</b>	<b>31 March 2018 £000</b>	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>	<b>31 March 2017 £000</b>
<b>Current financial assets</b>				
Trade and other receivables - with NHS and DHSC bodies	12	4,749	4,749	3,180
Trade and other receivables - with other bodies	12	671	671	893
Cash and cash equivalents	14	3,751	3,751	3,756
<b>TOTAL FINANCIAL ASSETS</b>		<b>9,171</b>	<b>9,171</b>	<b>7,829</b>

## 22.2 Financial Liabilities

		<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 2018 £000</b>	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>	<b>31 March 2017 £000</b>
<b>Current financial liabilities</b>					
Borrowings excluding finance lease	15.2	0	0	0	0
Obligations under finance leases	15.2	444	444	167	167
Trade and other payables	15	13,501	13,501	11,149	11,149
Other provisions	16	173	173	117	117
		14,118	14,118	11,433	11,433
<b>Non-current financial liabilities</b>					
Borrowings excluding finance lease	15.2	3,979	3,979	0	0
Obligations under finance leases	15.2	1,196	1,196	55	55
Other provisions	16	354	354	370	370
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>19,647</b>	<b>19,647</b>	11,858	11,858

		<b>Trust only</b>			
		<b>Carrying value</b>	<b>Fair value</b>	<b>Carrying value</b>	<b>Fair value</b>
<b>Notes</b>		<b>31 March 2018 £000</b>	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>	<b>31 March 2017 £000</b>
<b>Current financial liabilities</b>					
Borrowings excluding finance lease	15.2	0	0	0	0
Obligations under finance leases	15.2	444	444	167	167
Trade and other payables	15	13,500	13,500	11,095	11,095
Other provisions	16	173	173	117	117
		14,117	14,117	11,379	11,379
<b>Non-current financial liabilities</b>					
Borrowings excluding finance lease	15.2	3,979	3,979	0	0
Obligations under finance leases	15.2	1,196	1,196	55	55
Other provisions	16	354	354	370	370
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>19,646</b>	<b>19,646</b>	11,804	11,804

## 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.

### 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 2018 are in receivables from customers, as disclosed in the Trade 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 2018. Fair value approximates to the book value because of the short maturity of these instruments.

### Classification

Financial assets are categorised as 'Loans and receivables'. Financial liabilities are classified as 'Other Financial liabilities'.

## 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:

	2017/18 Total number of cases Number	2017/18 Total value of cases £000	2016/17 Total number of cases Number	2016/17 Total value of cases £000
<b>LOSSES:</b>				
<b>1. Losses of cash due to:</b>				
c. other causes	0	0	1	0
<b>TOTAL LOSSES</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>
<b>SPECIAL PAYMENTS:</b>				
5. Compensation under legal obligation	0	0	7	20
<b>7. Ex gratia payments in respect of:</b>				
a. loss of personal effects	5	1	2	1
g. other	0	0	13	6
<b>TOTAL SPECIAL PAYMENTS</b>	<b>5</b>	<b>1</b>	<b>22</b>	<b>27</b>
<b>TOTAL LOSSES AND SPECIAL PAYMENTS</b>	<b>5</b>	<b>1</b>	<b>23</b>	<b>27</b>

For the year ending 31 March 2018 the Trust had 5 (31 March 2017: 23) separate losses and special payments, totaling £1,000 (31 March 2017: £27,000).

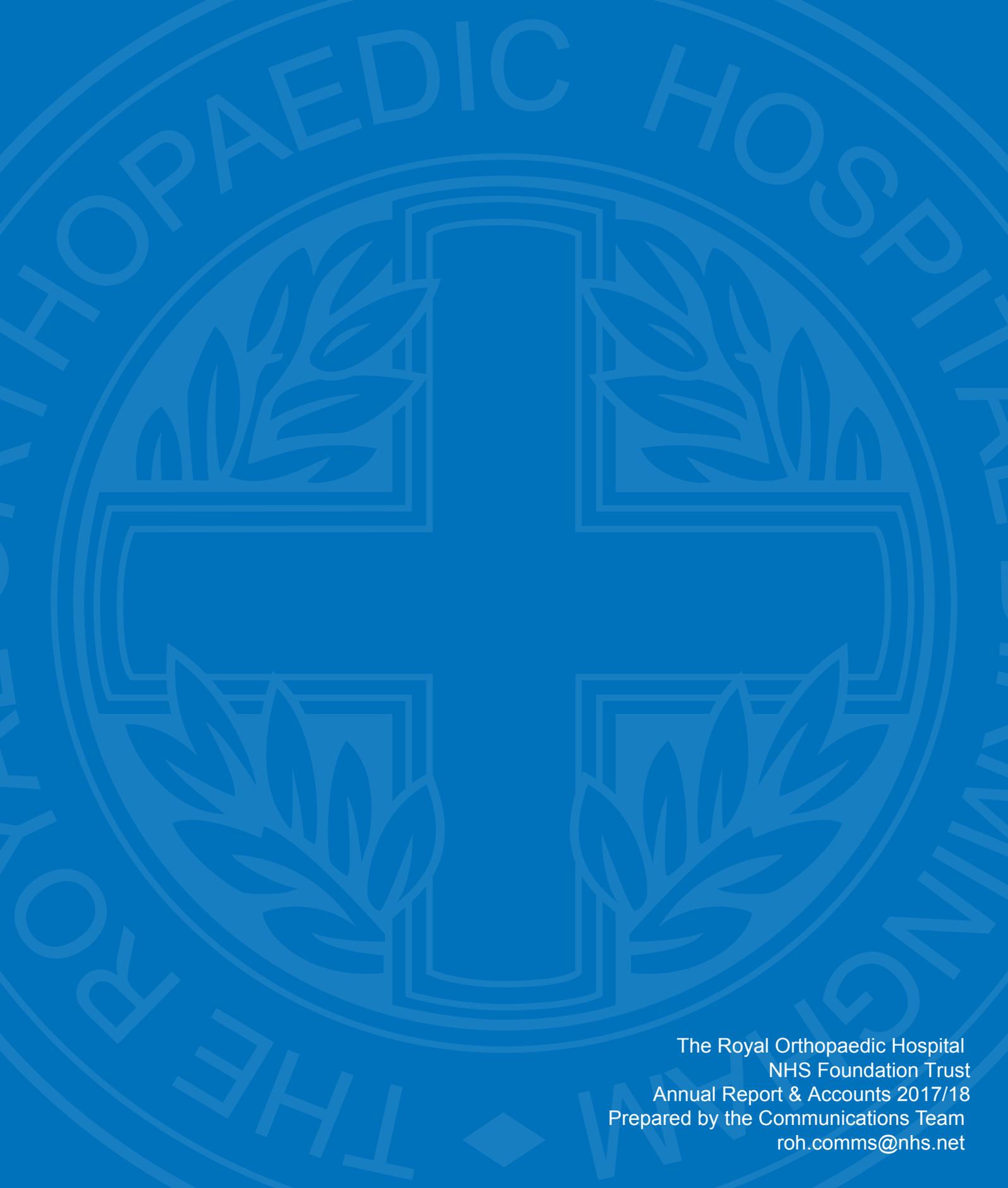
There were no clinical negligence, compensation under legal obligation or fruitless payment cases where the net payment for the individual case exceeded £300,000.

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 3 March 2018 for the amount of £1 million.





The Royal Orthopaedic Hospital  
NHS Foundation Trust  
Annual Report & Accounts 2017/18  
Prepared by the Communications Team  
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**RESPECT COMPASSION  
EXCELLENCE PRIDE  
OPENNESS INNOVATION**



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