



The Shrewsbury and Telford Hospital



NHS Trust

Annual Report and Summary Financial Statements 2010/11



Putting Patients First

Information about this Annual Report

Further copies of this report are available from our website at www.sath.nhs.uk, by email to communications@sath.nhs.uk or in writing from:

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Our Annual Report is also available on request in other formats, including large print and translation into other community languages for people in Shropshire, Telford & Wrekin and mid Wales. Please contact us at the address above or by email at communications@sath.nhs.uk to request other formats.

This document fulfils the Annual Reporting requirements for NHS Trusts and is being published alongside our Annual Accounts, which are also available from the address above.

In addition, the Trust publishes a Quality Report, focusing on progress and challenges to improve patient experience, patient safety and clinical effectiveness. This is also available from the address above.

Please contact us if you have suggestions for improving our Annual Report.

A glossary is provided on page 35 to explain the terms and abbreviations used in this document.

www.sath.nhs.uk

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Introduction from the Chairman and Chief Executive

Welcome to our Annual Report 2010/11. This is our first Annual Report jointly as Chairman and Chief Executive, following John's appointment in January 2011 and Adam's in July. Since we joined the Trust, we have been tremendously impressed to meet so many passionate and enthusiastic staff, committed to high quality health services and striving for the best possible care, every time for every patient. We have also heard really positive feedback from patients about the services and staff in our hospital, and about the aspects of the care we provide that our patients and the people who care for them really value.

Importantly, we have also heard from patients about the times that we do not get it right and where we need to improve. Trust staff have also told us about the challenges they face to provide the standards of care they aspire to. These issues have driven our priorities during 2010/11 and will continue to drive them moving forward.

The reason that this Trust exists is to provide patient care. This is why, during 2010/11, we have worked hard to focus the Trust around one organising principle—"Putting Patients First". Our expectation is that this simple phrase should guide every decision we make in our hospitals, making us think about what really matters so that we use our time, skills and other resources to the best of our ability so that we can afford to do more for patients. It ensures that we continually strive to improve patient experience, patient safety and clinical effectiveness.

With this in mind, we have published a companion document to our Annual Report. Our **Quality Report** aims to focus on those issues that our patients have told us matter most to them—such as stroke services, providing dignified care, reducing falls and pressure ulcers and providing better emergency care. It describes many of the improvements we have made—particularly in areas such as tackling MRSA and other infections, improving same sex accommodation and providing rapid access to diagnosis and treatment for patients at high risk of transient ischaemic attack (TIA). We would encourage you to read our Quality Report alongside this Annual Report.

This Annual Report is therefore primarily a business document, focusing on how the Trust is run, the resources we receive and how we spend them, our progress against our corporate objectives, the remuneration of our senior managers and our summary financial statements. Some of the key issues for the Trust during the year—and therefore for the communities we serve—have included the major consultation to secure safe and sustainable services in our hospitals in Shrewsbury and Telford (see page 6), our drive to strengthen clinical leadership (see page 17) and to ensure that we focus on "Putting Patients First" (page 9) as well as the major new cancer and haematology centre for which the business case was approved in June 2011 (page 23).

This report also describes several areas where major improvements are still needed. For example, in the past the outpatient and booking systems in this Trust have simply not been fit for purpose. During 2010/11 and into 2011/12 we must work hard to make sure that patients are given a timely appointment, that they receive clear and consistent information about this, and that it is not cancelled or rearranged so that they continue to wait with all the anxiety or discomfort that this may entail. We also must do more to make sure that we live within our means. The situation that we face is one that every hospital trust in the country is facing. We must cope with all the service and financial pressures we have whilst at the same time accepting that the amount of money we receive for everything we do declines. In the next few years this is set to continue as hospitals across the country prepare to make substantial savings to make ends meet.

We are not immune from this responsibility—in fact we actively want to build a future where we can afford the kind of quality of service that we all aspire to. If we want to ensure that we continue to make progress towards this aim, we have a duty to ask ourselves whether we should continue to use the money we receive in the way that we always have—or whether we should do things differently that will benefit our patients more. Through this we will remain focused on our guiding principle, Putting Patients First, which means:

- **Safe Care:** Putting Patients First by ensuring that we deliver the highest standards of patient safety
- **Timely Care:** Putting Patients First by making sure that we achieve and maintain waiting time standards in A&E, outpatient, inpatient, day case and cancer care
- **Affordable Care:** Putting Patients First by making sure that we live within our means, do not spend more than the resources available to us and are able to invest in quality for the future

When we look back on 2010/11 we know that we will see this as a year when the Trust laid the foundations for success. We have moved forward on the hospital safety challenges that have been unresolved for many years, put in place a vibrant team of clinical leaders to run our clinical services, and created a culture of success that ensures that everyone—staff, patients and the wider community—can be truly proud of their local hospitals.



John B Davies

Dr John Davies, Chairman

Adam Cairns

Adam Cairns, Chief Executive



1. About The Shrewsbury and Telford Hospital NHS Trust

1.1 The Trust

The Shrewsbury and Telford Hospital NHS Trust is a statutory organisation, a National Health Service Trust, established in law in accordance with the National Health Service Act 2006 and related legislation. The Trust was established in October 2003 through the merger of The Royal Shrewsbury Hospital NHS Trust and the Princess Royal Hospitals NHS Trust.

The Trust Board is accountable for setting strategic direction, monitoring performance against objectives and ensuring high standards of clinical and corporate governance. The Board includes a majority of lay members appointed by the independent Appointments Commission from the communities we serve. This includes a lay Chairman, Dr John Davies, and six non-executive Directors. It also includes officer members of the Trust, including the Chief Executive and Executive Directors, who together are responsible for the day-to-day running of the organisation. More information about the Trust Board can be found in Section 4 of this Report.

During the majority of 2010/11 our clinical services were managed in three Divisions, each division with senior clinical leadership from a Divisional Director and Divisional Nurse / Clinical Lead working alongside a Divisional General Manager:

- **Division 1** comprising emergency care (including A&E, medical assessment, trauma and orthopaedics), critical care (including anaesthetics, intensive care, pain management, cardiology and renal services) and general medicine (including acute & specialist medicine and care of the elderly).
- **Division 2** comprising cancer and oncology services (including haematology and radiotherapy), women and children's services (including maternity, gynaecology, fertility, paediatrics and neonatology) and surgery (including breast, colorectal, gastroenterology, upper gastro-intestinal, head & neck including audiology, urology and vascular).
- **Division 3** comprising pharmacy, medical engineering, imaging (including radiology and endoscopy), theatres (including pre-operative assessment), pathology, therapies and outpatients.

Alongside our clinical divisions, the following departments and directorates supported the delivery of our health services during the year:

- Our **Facilities Department** including catering, cleaning, portering and other site support services.
- Our **Estates Department** providing capital & building projects, maintenance, gardening and other site management services.
- Our **Corporate Affairs Directorate** including human resources, development & training, complaints, patient advice & liaison services, risk management & assurance, clinical governance and audit, chaplaincy, bereavement, overseas patients, adult protection / mental capacity, volunteers and the Hamar Centre.
- Our **Finance Directorate** providing financial services on behalf of the Trust including financial accounting, financial management and charitable funds. It also includes contracting, performance management and informatics.
- Our **Medical Directorate** leading on research and development, medical education and clinical leadership.
- Our **Strategy Directorate** including communications, business development, NHS Foundation Trust application and service improvement projects.

During 2010/11 we began our transformation to a new clinically-led management structure, with eleven Clinical Centres and refreshed corporate departments. Our new corporate departments will be fully implemented in 2011/12. More information can be found in "Focus on ... Devolution and Cooperation" in Section 4 of this Annual Report.

1.2 Our Services

During 2010/11, the Shrewsbury and Telford Hospital NHS Trust was the main provider of acute hospital services for around half a million people in Shropshire, Telford & Wrekin and mid Wales. Our services during the year were provided from sites across the area, with the main locations being the Princess Royal Hospital (PRH) in Telford and the Royal Shrewsbury Hospital (RSH) in Shrewsbury, which together provided 99% of the Trust's activity. In addition to this we also provided services such as consultant-led outreach clinics at Wrekin Community Clinic in Telford, Robert Jones and Agnes Hunt Orthopaedic and District Hospital (RJAH), Bishops Castle, Bridgnorth, Ludlow, Whitchurch, Newtown and Welshpool community hospitals and midwife-led units at Ludlow, Bridgnorth and Robert Jones and Agnes Hunt Orthopaedic and District Hospital (RJAH).

Based on a bed census shortly after year end, we had a total of 873 inpatient/overnight beds in addition to a range of day service facilities:

Princess Royal Hospital, Telford

The Princess Royal Hospital (PRH) opened in 1989 and generally serves Telford & Wrekin and eastern Shropshire. PRH has 328 acute adult inpatient beds, 8 ITU/HDU beds, 24 acute paediatric inpatient beds and a 12 bed midwife-led unit. Day facilities include 24 surgical day case beds, a 20-station renal dialysis unit and a 5-station haematology day centre. The hospital includes a 10-bed private facility (the Apley Unit) and private outpatient facility (the Apley Clinic).

The hospital provides Accident & Emergency (A&E), inpatient, outpatient and day case facilities. Services include general and acute medicine, cardiology, general surgery, upper gastro-intestinal and breast surgery, urology, critical care, trauma & orthopaedic services, paediatric services, emergency treatment and renal dialysis. PRH also provides day case treatment for Ear, Nose and Throat (ENT), oral surgery, ophthalmology, haematology and oncology as well as midwife-led maternity services.



Royal Shrewsbury Hospital, Shrewsbury

The Royal Shrewsbury Hospital (RSH) opened in 1977 (although some services such as the maternity unit have been provided on the site since the 1960s) and generally serves Shrewsbury, western Shropshire and mid Wales. RSH has 393 acute adult inpatient beds, 9 ITU/HDU beds, 23 acute paediatric inpatient beds, a 54 bed maternity unit (41 consultant-led and 13 midwife-led), 6-bed neonatal Intensive Therapy Unit and 16-bed special care baby unit. Day facilities include 30 surgical day case beds, 16-station chemotherapy day centre and a 24-station renal dialysis unit.



The Royal Shrewsbury Hospital provides A&E, inpatient, outpatient and day case services. Specialties include general and acute medicine, cardiology, general surgery, colorectal surgery, vascular surgery, urology, gynaecology, critical care, trauma & orthopaedic services, paediatric services, emergency treatment, oncology & haematology, renal, ophthalmology, oral and maxillofacial surgery and ENT. It is also the location of the consultant-led maternity unit for the area (with co-located neonatal services and midwife-led maternity unit) as well as the Shropshire and Mid Wales Fertility Centre. Shortly after the year end a £5m cancer and haematology centre development was approved at the hospital to improve facilities for cancer and haematology patients.

Focus on ... Keeping It In The County

There has been a long debate over many years without resolution on a series of challenges to the safety and sustainability of hospital services at RSH and PRH.

This has focused on safety and sustainability challenges affecting a range of services including acute surgery and children's services. If these challenges are not addressed there are risks both to the ongoing quality and safety of patient services and to the sustainability of these services within our hospitals in Shrewsbury and Telford. Alongside this, there are environmental problems affecting the maternity building at RSH, which is the oldest building in our hospitals.

Shortly after the arrival of new Chief Executive Adam Cairns in July 2010, he initiated a clinically-led debate to address these issues. During Summer 2010 this included a series of clinical and stakeholder workshops to develop proposals for the future configuration of hospital services.

By Autumn 2010, options were identified and were subject to an initial local assurance process and external scrutiny before being shared at an early stage for widespread public consultation. The "Keeping It In The County" consultation took place from December 2010 to March 2011.

Proposals to change hospitals are always likely to rouse strong opinions, particularly where people feel that services are moving further away. Whilst the formal consultation responses demonstrated that a majority of formal respondents were broadly supportive, there was also widespread media and public debate with expressions of public anxiety and concern through petitions presented to local Primary Care Trusts, articles in local media and representations at public meetings. Members of staff also expressed concerns as part of the consultation.

This presents a challenge for NHS organisations between responding to understandably strong feelings, and determining whether the proposals are an appropriate means of retaining safe and sustainable clinical services within the county, whether the risks of change have been identified and acknowledged and whether they can be satisfactorily mitigated.

Alongside the public consultation, a far-reaching process of local and expert scrutiny and assurance took place. This included a Local Assurance Panel with an independent chairman and clinical experts from outside the area, to bring review and challenge to the proposals. The findings from this intensive three month period of assurance and consultation were presented to the Trust Board on 24 March 2011. Based on this, the Board agreed to proceed with the development of a Business Case which would see RSH become the main centre for acute surgery, and PRH as the main centre for inpatient women's and children's services. Under these proposals, most patients would continue to receive most of the care where they do now.

Work to develop this business case takes place during 2011/12 with the aim of having the new services in place by 2014. More information is available from www.ournhsinshropshireandtelford.nhs.uk

Providing Care Closer to Home

The Trust also supported local initiatives to provide care closer to home, for example through consultant-led outreach clinics at the Robert Jones and Agnes Hunt Orthopaedic and District Hospital and at community hospitals in Bridgnorth, Ludlow, Newtown, Welshpool and Whitchurch. During the year the Trust also began to provide local cataract surgery and ophthalmology outpatient appointments at the Wrekin Community Clinic in Telford.

Obstetric Services

As part of an exemplar obstetric model of care, the Trust offered a consultant-led obstetric service, five midwife-led maternity units—RSH, PRH, Robert Jones and Agnes Hunt Orthopaedic and District Hospital in Oswestry (6 beds), Bridgnorth Community Hospital (4 beds), and Ludlow Community Hospital (7 beds) - and community midwifery services.

1.3 The communities we serve

The majority of our patients came from Shropshire, Telford & Wrekin and mid Wales (mainly eastern Montgomeryshire and north east Radnorshire in Powys). This area, encompassing around half a million people, is predominantly rural with two main population centres in Telford and Shrewsbury. Alongside these towns the area also contains numerous smaller market towns including Oswestry, Newport, Ludlow, Whitchurch, Market Drayton, Bridgnorth, Newtown and Welshpool.

The main commissioning bodies that purchased services from us on behalf of these communities were Powys Teaching Health Board, Shropshire County Primary Care Trust and Telford & Wrekin Primary Care Trust.

1.4 The people we work with

The Trust is just one part of the network of health and care support for people in Shropshire, Telford & Wrekin and mid Wales. Our main partners during the year included:

- Other local providers of health and hospital services, such as Robert Jones and Agnes Hunt Orthopaedic and District Hospital NHS Trust and South Staffordshire and Shropshire Healthcare NHS Foundation Trust (specialist mental health and learning disabilities provider)
- Commissioners and providers of health services in England, particularly Shropshire

County PCT and Telford & Wrekin PCT (and the emerging clinical commissioning consortia in both areas) - and from 2011/12 this will also include the new community health service Trust, Shropshire Community Health NHS Trust.

- Commissioners and providers of health services in Wales, particularly Powys Teaching Health Board
- Our regional Strategic Health Authority, NHS West Midlands
- Ambulance services on both sides of the border, particularly Welsh Ambulance Service NHS Trust and West Midlands Ambulance Service NHS Trust
- Clinical networks, and other acute and specialist providers in the West Midlands and Wales
- Local councils, particularly Powys County Council, Shropshire Council and Telford & Wrekin Council
- Community and voluntary sector organisations, and private and independent providers.
- Statutory registration, inspection and scrutiny bodies such as the Health Overview and Scrutiny Committees for Shropshire and Telford & Wrekin, the Local Involvement Networks for Shropshire and Telford & Wrekin, the Montgomeryshire Community Health Council and the Care Quality Commission



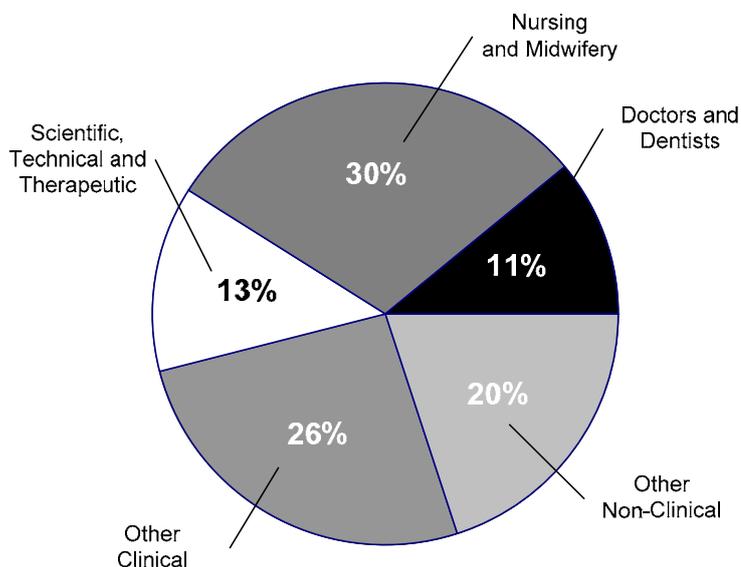
During 2010/11 the government undertook a consultation and listening exercise on proposals to change the framework of governance and accountability in the NHS in England. Subject to legislation, this will see the abolition of Primary Care Trusts and Strategic Health Authorities. Transitional arrangements began to be put in place during the year, with GP commissioning consortia becoming established and the local PCTs increasingly working together as a cluster across West Mercia (Shropshire, Telford & Wrekin, Herefordshire and Worcestershire).

1.5 The people who work for us

The total number (headcount) of staff employed on permanent and fixed-term contracts at 31 March 2011 was 5,152, the majority of whom were in clinical roles. Since many of our staff work part-time, the headcount does not give a realistic indication of the available workforce. We therefore also report our workforce numbers in terms of 'whole time equivalent' (wte) - for example, if a member of staff works four full days each week then this represents 0.8 whole time equivalent. The contracted workforce at 31 March 2011 was 4,300.02 wte. This included:

- 479.22wte doctors and dentists
- 1,307.32wte nursing and midwifery staff
- 560.58wte scientific, technical and therapies staff
- 1110.52wte other clinical staff
- 842.38wte non-clinical staff

These figures do not include bank and agency staff or overtime.



Compared with 2009/10, our permanent and fixed-term workforce increased in all of the clinical groups, including a 3.73% increase in the number of nursing and midwifery staff and a 2.98% increase in the number of doctors and dentists. Staff turnover for year ending 31 March 2011 was 10.89%, a figure consistent with previous years.

The Trust's Workforce Plan is developed as part of the business planning process and takes account of service developments and improvement programmes, as well as the challenge of dealing with increasing financial constraints in future years. We, in common with other NHS providers, have been set a target of

a 4% efficiency improvement over this and the next two years. Accordingly, the Trust is planning an overall year on year reduction in workforce numbers as improvement and efficiency programmes are implemented. Medical and dental workforce numbers will remain constant but there will be reductions in adult and general nursing, scientific and therapeutic, clinical support and infrastructure support staff groups. We are actively working to reduce reliance on bank and agency staff, which in turn reduces the need for reductions in permanent staffing levels.

NHS Staff Survey

For the third year, the national staff survey report has been structured around the four pledges to staff in the NHS Constitution. In 2010 the Trust had 23 areas in which there were no statistically significant changes in scores since the 2009 survey, and four areas which had improved significantly since 2009. The survey also identified areas where we need to improve, and alongside initiatives such as Listening Into Action (see below) the organisational transformation to Clinical Centres and the appointment of a Workforce Director and Communications Director during 2011/12 will support the Trust to improve.

Engagement with Staff

The Trust Board recognises the importance of having an open and honest relationship with its staff. This ensures that we work together to maximise the opportunities for the necessary efficiency gains that will ensure the Trust continues to be financially viable in the future. This relationship is based on the partnership working that the Trust has developed with its Staff Side representatives. The Trust used a range of mechanisms to provide information to, and consult with, our staff. These included a range of publications, staff briefings and meetings. The Trust also continued to review its mechanisms for staff engagement, and liaised with staff groups in order to understand how those processes could improve. The Chief Executive gave regular briefing sessions to staff. Looking ahead, in September the Trust will adopt Listening into Action (LiA) as a way of doing things differently and moving to a mindset where employees take responsibility and share ownership. LiA provides a toolkit and route map to deliver this and has been adopted in 70 NHS Trusts to date.

Equality and Diversity

The Trust has recently implemented an updated Employment of People with Disabilities policy, to support people with disabilities to contribute fully in the workplace, and encourage employment applications from all individuals based on the

skills, experience and knowledge that they can contribute to the organisation. Its effectiveness will be monitored in a number of ways including audit of equal opportunity monitoring forms and submitting an annual staff profile report to the Trust board.

The Trust understands that it has an important role to play in the communities it serves, both as an employer and a provider of healthcare services. The Equality & Diversity policy makes clear the Trust's commitment to preventing discrimination and promoting equality and diversity in both spheres of responsibility. The Trust has recently endorsed the adoption of the Equality Delivery System, an NHS-wide performance and equality assurance framework, with effect from April 1st 2011, with a view to incorporating it into existing systems and structures and publishing Equality Objectives by April 2012. The Trust has again been awarded the disability 'Two Ticks' symbol, and actively seeks to promote the standards that this represents. We are monitored on an annual basis by the Employment Service to ensure we are compliant with all of the standards the symbol represents.

Approximately 80% of our workforce is female, and 11% are from ethnic minority backgrounds, compared to a local population figure of about 2%.

Sickness Absence

Considerable work continued to be undertaken on the management of sickness absence levels within the Trust. The overall absence figure at the end of March 2011 was 4.40%, a slight increase on the March 2010 figure of 4.20%.

Pensions

The latest phase of the national NHS Pensions Choice exercise was implemented in the Trust during the year and shortly after year end. This gave staff the option of moving to the 2008 Section of the national NHS Pension Scheme.

Recognising and Rewarding Our Staff

The Trust recognised and rewarded the achievements of staff in a variety of ways, including:

- The **Chairman's Award**, presented at the Trust Board meetings. Winners in 2010/11 included the Trust's ITU departments, the Intermediate Care Area in the RSH surgical ward, PRH staff nurse Liz Winder and Ann Davies from the RSH catering team.
- The annual **Trust Awards**, presented at the AGM. Winners in 2010 included Wards 12 & 14 at PRH, RSH Ward Manager Sarah Perring, the Clinical Practice Educators, Stroke

Pathway Redesign and partnership work for mums and babies in Telford & Wrekin.

- Other awards, such as **Nursing Awards** to mark International Nurses Day in May.

Leadership for Workforce Planning and Development

Shortly after the year end, the Trust's Head of Human Resources retired and a new appointment to the role of Workforce Director will be made during 2011/12. The post-holder will have a key role in developing and supporting our workforce to support us to provide high quality care every time for every patients.

1.6 Our Mission, Vision and Values

In March 2010, the Trust agreed six corporate objectives that framed our decisions and policies during 2010/11. These were:

- Enhancing patient experience, safety and effectiveness
- Increasing productivity and encouraging innovation
- Supporting and developing our workforce and our organisation as a whole
- Working in partnership as the provider of choice
- Ensuring a clinically and financially sustainable organisation
- Achieving NHS Foundation Trust status

With changes in the leadership of the organisation these objectives were reviewed and revised during 2010/11 (see box right).

Next Steps: Looking Ahead to 2011/12

Key issues for the year ahead include:

- Delivery of refreshed strategy and Putting Patients First
- Agreement of business case and commence building work for new cancer and haematology centre at RSH
- Appointment of Workforce Director
- Implementation of Listening Into Action
- Working with emerging clinical commissioning consortia
- Taking forward the work on the safety and sustainability of hospital services in Shrewsbury and Telford

Focus on ... Putting Patients First

One of Adam Cairns' first commitments when he joined the Trust in July 2010 was to listen and learn from our staff and patients about what the Trust does well and where we need to improve. Based on this work, the Trust agreed during 2010/11 that our organising principle should be **Putting Patients First**.

This simple phrase makes us think about what really matters so that we can focus on how we use our time, skills and other resources more wisely. It must also underpin all the major decisions we make in the Trust, so that we can afford to do more for our patients.

Building on this organising principle, we also agreed a refreshed set of core values to set out how we will work and what we aim to deliver for our patients:

- Putting Patients First
- Honesty and Integrity
- Being a clinically-led organisation
- Working and collaborating together
- Encouraging individual ability and creativity
- Taking pride in our work and our organisation.

Working with staff, patients and stakeholders we also developed a refreshed strategy. This strategy focuses on four different areas (or "strategic domains") where we must make an impact:

- Financial Strength
- Patients, GPs and Commissioners
- Quality and Safety
- Learning and Growth

We have to focus on all four strategic domains if we are to change health care for the better. If we focus on our **Financial Strength** at the expense of **Quality and Safety** then we risk doing harm to patients. Likewise, we cannot develop new technologies through **Learning and Growth** if we are not clear how these will benefit **Patients, GPs and Commissioners** or how we will afford these in the longer term.

Within each of the four strategic domains we have set out between 5 and 9 objectives. Every person every day in the Trust can make a contribution to these objectives. For example:

- Ensuring that our patients have a good experience – by being helpful, informative and polite
- Eliminating waste – by finding ways to reduce costs whilst maintaining the quality of care
- Learning to improve, innovate and cooperate – by taking up training opportunities
- Ensuring that we learn from our mistakes and embrace what works well – by listening to feedback from patients, or reviewing incident data and other information about the quality of service we provide.

This strategy will shape the priorities of the Trust going forward and ensure that we are Putting Patients First.

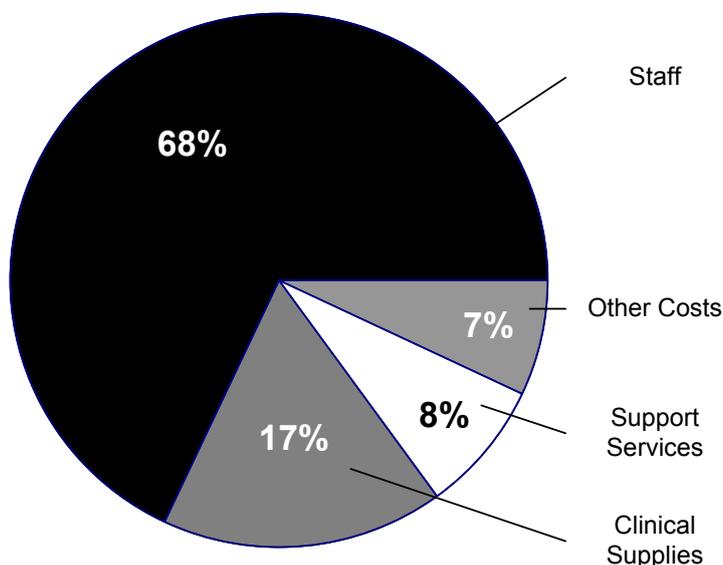
2. What we spend and how we spend it

2.1 Financial Overview

The Trust's turnover in 2010/11 was £278m. We made a small financial surplus of £26k but will need to make significant and sustainable improvements in productivity in order to maintain the quality of our services whilst facing the challenges of the current economic climate.

From our total budget:

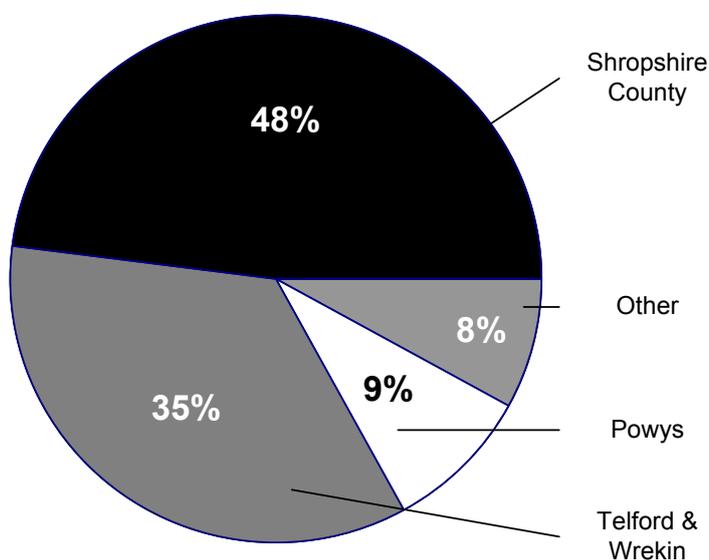
- 68% (£187m) was spent on staff who health care or provide essential support services (e.g. portering, catering, cleaning, technical and scientific staff, HR, payroll).
- 16% was spent on drugs, dressings and other costs directly related to providing health care.
- 8% was spent on essential supplies (e.g. uniforms, linen, food and transport), accommodation (e.g. electricity, gas, water, rates, furniture) and administrative & support services (e.g. postage, telephones, training).



The remainder (7%) covered other essential costs such as our contribution to the national Clinical Negligence Scheme for Trusts.

The majority of our income (92%) was for clinical services, with the remainder (8%) for non-clinical services such as education. Nearly 92% of our clinical income came directly from our three main "commissioners" who purchased services from us on behalf of local patients and communities. These were:

- Shropshire Primary Care Trust (48% of our direct clinical income during 2010/11).
- Telford and Wrekin Primary Care Trust (35% of our direct clinical income during 2010/11).
- Powys Teaching Health Board / Bwrdd Iechyd Addysgu Powys (9% of our direct clinical income during 2010/11).



In addition to these direct contracts and service level agreements, these three organisations also commissioned certain specialist services (e.g. renal services, neonatal services) through regional consortium arrangements such as the West Midlands Specialised Commissioning Group and Health Commission Wales. Income from these regional specialised commissioning arrangements accounted for 4% of our clinical income. The remainder (4%) came from our contracts with a range of other commissioners (e.g. South Staffordshire PCT) as well as "other clinical income" (such as private patients, overseas visitors and the NHS Injury Cost Recovery Scheme).

2.1 Finance Report

The national priorities for the NHS were set out in the NHS Operating Framework 2010/11 and subsequently reviewed and revised following the general election in May 2010. For the third year, the national priorities continued to be: improving cleanliness and reducing healthcare associated infections; improving access; keeping adults and children well, improving their health and reducing health inequalities; improving patient experience, staff satisfaction, and engagement; and preparing to respond in a state of emergency such as an outbreak of pandemic flu. The revisions following the general election focused on: a renewed focus on quality and outcomes rather than process targets; new rules on reconfiguration; future direction and next steps on transforming community services; finance and efficiencies; and accelerating development of the payment system.

The Trust Board approved a financial plan to deliver a surplus of £2.6m but the year end position was a £26k surplus that included £5m support from the Strategic Health Authority. The main reasons for the variance between financial plan and the actual year-end position were:

- £14m over performance in activity
- The ability to delivery the Trust Improvement Programme of £7m was hindered by significantly above-plan emergency activity
- Medical staff agency costs of £5m
- £3.5m of non-funded emergency activity due to the emergency threshold in the Payment By Results tariff
- Escalation costs relating to emergency activity of £700k

In line with NHS requirements the Trust reports its accounts in compliance with International Financial Reporting Standards. For the year 2010/11 there have been no new accounting standards adopted by the Trust.

During the year the Trust saw its income grow by 5.7% on the previous year to £278m. This was due to an increase of £14m relating to over performance in activity relating to patient care. Whilst the majority of our income was received from health care commissioners, the Trust also generated £2.2 million (before deductions of attributable costs) from activities including medical engineering services, catering, car parking, accommodation and the staff gymnasium.

Financial Duties

The Trust achieved all of its statutory financial duties:

- To achieve a break even position on the Statement of Comprehensive Income. **A surplus (before asset impairments) of £26k was recorded.**
- To achieve a capital cost absorption rate of 3.5% **The Trust achieved a rate of 3.5%.**
- To meet the External Financing Limit which is the limit placed on net borrowing. **The Trust's target of £736k was achieved with an actual external financing limit of £703k.**
- To meet the Capital Resource Limit which is the limit placed on net capital expenditure. **The Trust's target of £8,505k was achieved with an actual capital resource limit of £8,374k.**

Managing Risks

The Trust's Risk Management Policy and Strategy defines leadership, structure and the risk management processes, to ensure a continuous assessment of risk throughout the organisation. The strategy is reviewed annually. In the National Health Service Litigation Authority (NHSLA) General Standards the Trust currently holds Level 2 and the Trust's risk management processes scored 80%. The Trust also currently holds Clinical Negligence Scheme for Trusts (CNST) Level 1 in maternity and again the risk management processes were favourably highlighted.

The Trust Board identified 12 principal risks for 2010/11. These risks focused on the following areas:

1. Provision of the right clinical care
2. Responding to patient needs and views
3. Delivery of the Trust Improvement Programme
4. Effective information systems and processes
5. Provision of suitably trained or supervised staff delivering care
6. Sufficiency of clinical leadership across the organisation
7. Delivery of the QIPP agenda across the local health community
8. Consultation on "Keeping It In The County" reconfiguration of hospital services
9. Availability of capital to upgrade estate and equipment
10. Delivery of Income and Expenditure surplus
11. Delivering of national priorities
12. Adequacy of management processes to support delivery of national targets

Several issues caused particular problems during the year including challenges to meet cancer waiting times, 18 week waiting times and outpatient appointment processes.

Capital Programme and the Trust Estate

The Board continued to invest in the development of the Trust's facilities. In 2010/11 the Trust invested £8.5million, including:

- £670k to provide a new CT scanner at the Princess Royal Hospital
- £3.9m further investment towards the relocation of decontamination facilities from the hospital sites to a state-of-the-art off-site facility
- £620k investment in breast screening to move to a fully digital service.

As at 31 March 2011 the Trust's Directors confirm the carrying valuation of land is £26.3m and reflects the market valuation for existing use.

Related Party Transactions

During the year, none of the Department of Health ministers, Trust Board members or members of the key management staff or other related parties undertook any material transactions with the Trust.

Breakdown of Costs

For every pound spent by the Trust in 2010/11 the breakdown of expenditure was as follows:

Nursing costs	24p
Medical staff	20p
Therapy & Scientific staff	10p
Administrative and clerical staff	8p
Healthcare assistants/support staff	3p
Senior and general managers	2p
Maintenance staff	1p
Total Staff	68p
Clinical supplies (Drugs, Dressings)	17p
Total Clinical Supplies	17p
General Supplies (Food, Linen, Uniforms, Laundry, Transport)	2p
Premises costs (Electricity, Gas, Water, Rates, Furniture)	4p
Establishment (Training, Printing, Travel, Telephones, Postage)	2p
Total Support Services	8p
Depreciation/Public Dividend Capital	5p
Litigation Insurance	2p
Total Other Costs	7p

External Constraints and Key Dependencies

The Trust is governed by the Department of Health and its performance is monitored locally by West Midlands Strategic Health Authority along with other NHS organisations regionally and locally (e.g. the Care Quality Commission). The Trust's ongoing activity is dependent upon continued referral of patients from local healthcare commissioners, the most significant of which are Shropshire County PCT, Telford & Wrekin PCT and Powys Teaching Health Board. In England, patient referral is also dependent on the choices made by patients following the introduction of patient choice across a growing range of health care services.

Compliance with Better Payment Practice Code

The Better Payment Practice Code requires the Trust to aim to pay valid invoices by the due date or within 30 days of receipt of goods or valid invoice, whichever is later. In 2010/11 the Trust achieved 43% in the year for non NHS invoices and 42% for NHS invoices (by value). The Trust made no payments of interest to small businesses under The Late Payment of Commercial Debts (Interest) Act 1998. The Trust is an approved signatory for the Prompt Payment Code.

Non-NHS Bills	Number	£000s
Total bills paid	79,843	77,157
Total bills within target	28,605	33,104
Percentage	36%	43%

NHS Bills	Number	£000s
Total bills paid	2,259	22,361
Total bills within target	798	9,412
Percentage	35%	42%

Pension Costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General

Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period. The scheme is subject to a full actuarial valuation every four years (until 2004, every five years) and an accounting valuation every year. Further details of these valuations can be found within the Notes to the Accounts of the Trust's Annual Accounts for 2010/11.

Severance Payments

The Trust has not made any severance payments during the year.

Audit Committee

The Audit Committee exists to ensure that the Trust's activities and financial systems comply with relevant guidance and codes of conduct and to provide assurance that risk management and internal control are effective. Membership during the year comprised of the Non Executive Directors. The chairman of the Audit Committee during the year was Dennis Jones. The Finance Director, Director of Corporate Affairs and the Trust's internal and external auditors are in attendance.

Auditors

During the year the Trust's activities and accounts were audited by KPMG LLP, One Snowhill, Snow Hill Queensway, Birmingham, B4 6GH. The audit fee for the year was £180,000 (exc. VAT) and was made up as follows:

	£000
Audit Management and Reporting	33
Accounts (systems and final)	98
Use of Resources assessment	18
Locally Determined Reviews	31
Total	180

Management Costs

Management costs include many services and departments and do not represent just the salary costs of people in management positions.

To protect funds available for patient care, the Trust Board closely monitors management costs to ensure that any increases are kept within a reasonable limit. Our management costs are amongst the lowest in the West Midlands region.

	2009/10 £000s	2010/11 £000s
Management Costs	12,358	12,442
Income	262,882	277,980
Percentage	4.70%	4.48%

3. What were our priorities during the year and how did we do

During 2010/11 we saw:

- 57,934 elective and day case episodes (a 1.38% increase on 2009/10).
- 40,794 non-elective inpatient episodes (a 2.50% increase on 2009/10).
- 322,032 outpatient appointments (a 6.72% increase on 2009/10).
- 106,329 accident and emergency attendances (a 3.13% increase on 2009/10).
- 6,792 maternity episodes (a 0.80% increase on 2009/10).

Patient Category		2006/07	2007/08	2008/09	2009/10	2010/11	% change 09/10 to 10/11
Inpatient	Elective	10,153	8,825	8,714	8,519	8,403	-1.36
	Daycase	42,102	46,781	48,852	48,625	49,531	+1.86
	Emergency	37,195	3,7202	38,577	39,800	40,794	+2.50
	Maternity	6,546	6,698	6,974	6,738	6,792	+0.80
	Total	95,996	99,506	103,117	103,682	105,520	+1.77
Outpatients	New	113,534	119,158	119,563	129,050	129,573	+0.41
	Follow-Up	155,432	154,059	165,291	172,717	192,459	+11.43
	Total	268,966	273,217	284,854	301,767	322,032	+6.72
Accident and Emergency		104,193	103,066	101,847	103,098	106,329	+3.13
Total		469,155	475,789	489,818	508,547	533,881	+4.98

Specialty	Elective (Spells)	Daycase (Spells)	Emergency (Spells)	Total (Spells)	Total Outpatients
Cardiology	178	1,175	471	1,824	11,998
Anaesthetics	2	994	5	1,001	3,101
Oncology	799	7,280	190	8,269	12,059
Dermatology	0	11	4	15	12,799
ENT	833	1,554	742	3,129	15,891
General Medicine	78	1,300	20,120	21,498	33,796
General Surgery	2,114	3,284	5,577	10,975	29,842
Plastic Surgery	0	188	1	189	1,532
Gynaecology	983	1,541	1,391	3,935	17,020
Haematology	301	4,287	198	4,786	9,751
Neurology	0	203	17	220	8,341
Ophthalmology	203	7,502	266	7,971	35,180
Oral Surgery	148	1,519	216	1,883	10,563
Paediatrics	72	286	6,235	6,593	18,683
Trauma and Orthopaedics	1,523	1,935	3,672	7,130	53,321
Urology	1,046	4,156	590	5,792	12,995
Rheumatology	0	0	0	0	0
Accident and Emergency	0	0	8	8	3,413
Gastroenterology	123	12,296	1,091	13,510	8,977
Orthodontics	0	0	0	0	11,150
Sub-Total Acute Services	8,403	49,531	40,794	98,728	310,412
Maternity: Obstetrics	0	0	6,792	6,792	11,620
Trust Total	8,403	49,531	47,586	105,520	322,032

Notes: Elective and non-elective figures based on spells.

Overall activity has increased from the previous year by nearly 5%, including a continued rise in the number of emergency inpatient episodes which placed major demands on our hospitals during the winter. This is the second year that this activity has exceeded half a million episodes. Each of these figures is an episode of care for a patient, provided by skilled NHS staff in an organisation that aspires to provide high standards of care for every patient every time. In fact, on average there were over 1400 inpatient, daycase or outpatient spells every day throughout the year. We would like to thank our staff for their continued commitment to patients and communities across Shropshire, Telford & Wrekin and mid Wales.

Key Performance Indicators

The table below sets out our main benchmarks and standards for access to health services and other aspects of service performance during 2010/11. More information about our performance against standards and benchmarks for patient experience, patient safety and clinical effectiveness can be found in our Quality Account 2010/11.

Area	Target	Status
Infection Prevention and Control	Reduction in the number of MRSA bacteraemia cases to no more than 6	Met
	Reduction in the number of C.difficile cases/recurrences in inpatients over 2 years of age for which the Trust is responsible to no more than 166 cases	Met
Local CQUIN Goals	90% of admitted patients to have a VTE assessment in Q4	Partially met
	Maintain or improve on 2009/10 inpatient survey results for responsiveness to needs of patients	Met
	Maintain or reduce levels of omitted drugs against agreed baseline	Met
	Achieve target reduction in falls of patients admitted to hospital	Partially met
	Compliance with Think Glucose guidance	Met
	Achieve benchmarks for assessment, prevention/treatment & reporting of pressure sores	Partially met
	Deliver brief intervention for smokers in outpatients	Partially met
	Admission to stroke ward within 4 hours of arrival at hospital	Met
	Identification and brief intervention for people admitted with alcohol-related conditions	Partially met
Patients on supportive care pathway for end of life care	Met	
Waiting Times	A&E mapped performance: 98% of patients admitted, discharged or transferred within 4 hours	Met
	18 Weeks: 90% of admitted patients and 95% of non admitted patients to be treated within 18 weeks of referral	Not met
	14 day Cancer Referrals – urgent GP referral to first outpatient appointment	Partially met
	31 day Cancer Referrals – from diagnosis to treatment	Partially met
	62 day Cancer Referrals – from urgent referral to treatment	Not met
	Rapid access chest pain clinics—maximum two week wait	Met
	Stroke: percentage of patients spending 90% of their time on a specialist stroke ward	Met
Other targets	HSMR within expected range	Not Met

During 2010/11 we did not meet some key benchmarks for access to health services, for example in relation to 18 week referral to treatment time. These must and will be areas of particular focus during 2011/12, and the Trust has appointed clinical champions for Scheduled Care and Cancer Care to support transformation and improvement.

We have seen particular success in tackling healthcare associated infections over recent years, and from a position four years ago when the Trust regularly saw three MRSA bloodstream infections in a month, there were two cases of post 48-hour MRSA bloodstream infection in the whole of 2010/11. However, our goal must be for zero avoidable infections and we continue to strengthen our infection prevention and control arrangements. During 2011/12 we will also be expanding our routine surveillance with new targets to reduce MSSA bloodstream infections and E.coli bloodstream infections.

Our performance on VTE assessment is disappointing for us and for patients, and the poor performance reflects that we did not have in place a system for recording whether VTE assessments were taking place. A manual system were introduced from January whilst a new electronic monitoring system was under development. The Medical Director has been working with medical colleagues with the aim of ensuring rapid improvement in 2011/12.

A major focus for improvement during 2010/11 was treatment for patients with stroke and transient ischaemic attack (TIA). One in five people experiencing a TIA will go on to have a major disabling stroke, so it is important to see high risk patients quickly—and at the end of 2010/11 over 80% of high risk TIA patients were scanned and treated within 24 hours which was a major improvement from 23% in the first quarter of the year.

Progress Against Corporate Objectives

Our Business Plan for 2010/11 was presented and approved by our Trust Board in March 2010. This plan identified our objectives and goals that would support us to deliver our longer term strategic aspirations.

Our six objectives for this year were as follows:

- CO1 Enhancing patient experience, safety and effectiveness
- CO2 Increasing productivity and encouraging innovation
- CO3 Supporting and developing our workforce in a learning organisation
- CO4 Working in partnership as the provider of choice
- CO5 Ensuring a clinically and financially sustainable organisation
- CO6 Achieving NHS Foundation Trust status

For each of our Corporate Objectives we identified specific goals for 2010/11 and we have made significant progress to deliver these goals. Examples of our progress and achievements against each of our goals are summarised below.

CO1 Enhancing patient experience, safety and effectiveness

Our Annual Report is published as a companion document to our Annual Accounts, and is primarily focused on financial and business developments during the year as well as other reporting requirements set out in annual reporting guidance to NHS Trusts. Alongside this we also publish a Quality Report, which focuses on issues of patient safety, patient experience and clinical effectiveness.

Our Quality Report is published at our Annual General Meeting, which takes place before the end of September each year. We would encourage you to read the Quality Report as a companion document to our Annual Report to find out more about the developments and challenges in the quality of our services during the year.

CO2 Increasing productivity and encouraging innovation

High standards of productivity and innovation enable us to use our resources for the maximum benefit of our patients. We have focussed on reducing the time that our patients spend in hospital before their operation and also reducing their overall length of stay once they have been admitted.

During 2010/11 we have increased the number of pre-operative assessment rooms which has enabled us to expand our Surgical Admissions Suite at RSH. The suite now operates five days a week enabling patients to come in to hospital on the day of their operation as opposed to the night before.

Work is ongoing to implement 'enhanced recovery programmes' in specific specialties. Within Orthopaedics, integrated care pathways for joint replacement have been implemented and the pre-

Enhancing patient experience, safety and effectiveness

Increasing productivity and encouraging innovation

Supporting and developing our workforce in a learning organisation

Working in partnership as the provider of choice

Ensuring a clinically and financially sustainable organisation

Achieving NHS Foundation Trust status

assessment service has been re-engineered to encompass best-practice enhanced recovery principles. Our patients are already seeing the benefits of this as the length of stay has reduced from five days to three days for approximately 20% of patients.

Significant work has also taken place on the wards to improve how we manage our patients during their stay in hospital. This includes the Productive Ward Programme which is currently in place on most ward areas. This programme uses improvement skills to review the ward environment and processes in order to release time for direct patient care. The wards are also implementing a system of daily board rounds to enable an early identification of patient's needs and to enable patients to be discharged when they are able to.

The Trust recognises the importance and benefits associated with clinical research. A Clinical Trials Department employs dedicated support staff i.e. nurses, allied health professionals and administrative staff to support clinical research projects.

CO3 Supporting and developing our workforce in a learning organisation

Developing a workforce that is highly skilled and supported will ensure that patients receive the highest quality of care. Whilst no-one would ever want to come into hospital the way in which we treat patients has a significant effect on both their experience and their outcomes.

The Trust works closely with the West Midlands Deanery to support training programmes, this ensures that our junior medical staff, our doctors of the future, receive both clinical training and also personal development programmes to support them in their careers. We are also developing enhanced nursing roles. This provides opportunities for our staff to enhance their skills which will ultimately improve the care and services that we are able to provide.

More information about our workforce can be found in Section 1.4

CO4 Working in partnership as the provider of choice

In order to provide services that meet the needs of our patients it is important that we work closely with both other healthcare organisations and patient and community groups. We continue to liaise with patient representative groups including LINKs (the Local Involvement Networks), Montgomeryshire CHC and the

Local Authority Health Overview and Scrutiny Committees. We are also tremendously grateful for the support we receive from a range of community, voluntary and fundraising partners—including the Leagues of Friends at both hospitals and the Lingen Davies Cancer Relief Fund. Information about the support we receive from our partners features regularly in our “A Healthier Future” newsletter for public members.

CO5 Ensuring a clinically and financially sustainable organisation

To ensure that our services are fit for purpose and deliverable in the longer term we have to ensure that our services are both clinically and financially viable. The current economic climate is extremely challenging for all healthcare services ensuring that our services are value for money is key to sustainability.

Developing robust workforce plans will support us to identify the numbers, and grades, of staff that are required to deliver clinical, and non clinical, services for our patients. During 2010/11 we have implemented an electronic roster system to provide information to help plan staffing within our clinical areas. We have also introduced an automated portering system (TeleTracking) at the PRH site to provide a real-time system to optimise resource utilisation.

During 2010/11 we also invested £8.5m in our infrastructure to provide enhanced facilities. Projects undertaken during the year included the completion of an off-site Sterile Services Department providing a fully-compliant state-of-the-art unit and commissioning of a new Pharmacy Aseptic facility. We also began work to provide a digital Breast Screening Service which is supported by the League of Friends at both sites and a new CT scanner at PRH.

CO6 Achieving NHS Foundation Trust status

In order to achieve NHS Foundation Trust status, as well as financial viability, we also have to demonstrate that we have long term business models and strategic plans for the next 5 years. We are currently reviewing our planning processes to develop a robust framework to support strategic planning. Our new management structures will ensure that our plans are led and supported by senior clinicians.

We continue to work with local commissioners to develop our existing services and also to review services for which patients have to travel out of county for care and treatment. Strategic plans for the provision of renal services are progressing and we are hoping to open a satellite unit in the south of the county later this year. A significant amount of work has taken place in Ophthalmology. In January 2011 we opened our first Intermediate Care Assessment and Treatment Centre in the Wrekin Community Clinic which utilises modern technology providing cataract services outside of a theatre environment.

Delivering all of our services within the nationally set targets is still a challenge for us. We have undertaken comprehensive capacity review plans to enable us to identify what we need to do to ensure that all our patients are seen within an acceptable timeframe.

Resolving existing issues remains a priority for both management and clinical teams.

Look ahead to our priorities for 2011/12

For 2011/12 we have developed a new framework to support our planning processes. This process alongside the clinical leadership provided by our new structure will ensure that our plans are patient focussed and sustainable. Putting Patients First will always be our first priority. More information can be found in the “Focus on ... Putting Patients First” section on page 9.

2011/12 will be another challenging year for us but we accept that we cannot do everything at once. In the first instance we will focus on a number of key priorities that are absolutely critical to the long term sustainability of the organisation. Making our hospitals a safer place for patients is a key strand within our strategy. Our involvement in the national Leading Improvement in Patient Safety (LIPS) Programme will be a key priority.

The future configuration of our services is under review and we will continue to build on the work that has already started to ensure that we identify sustainable plans. We are working closely with a wide range of stakeholders including the clinical teams and patient representative groups. Ensuring that we provide safe services for our patients and retaining services within the county are the key drivers behind this work (See “Focus on ... Keeping It In The County”)

The Trust remains focused on plans to be authorised as an NHS Foundation Trust. A set of actions, key milestones and responsibilities has been proposed to enable us to progress our application. These milestones will be monitored by the Trust Board through its own performance framework and also by the SHA and the DH on a regular basis.

Nationally, it has been recognised that there is a potential gap between resources required and resources available of £15-20 billion cumulative by 2014/15. The NHS has adopted a national strategy to respond to this challenge that combines quality, innovation, productivity, and prevention (QIPP). During 2011/12 we will work closely with our partners in health and social care to develop a QIPP plan that will provide a clinically and financially sustainable health service for Shropshire, Telford and Wrekin and mid Wales.

Integrated patient pathways are important because they help to reduce unnecessary variations in patient care and outcomes. Emphasis should be placed on the provision of safe and appropriate care that is most suitable for each individual patient and informed by robust clinical evidence base and / or consensus of best practice. We have already done a lot of work in this area recently and will continue to work closely with patients, commissioners and other providers to improve the patient experience and outcomes through better integration.

Ensuring that patients and GPs are able to access our services and that we provide timely and accurate communications is a key element in delivering safe high quality services and improving patient experience. We recognise we need to improve access to, and responsiveness of, our services and we have plans to address this.

4. How we make decisions and how we are governed

2010/11 has been a year of change for the way the Trust makes decision and how we are governed.

With Tom Taylor leaving the Trust at the start of the year, Trish Rowson was interim Chief Executive during May and June until Adam Cairns joined us as permanent Chief Executive from Airedale NHS Foundation Trust at the beginning of July.

The main decision making body in the Trust is the Trust Board, led by Chairman Dr John Davies and six independent Non-Executive Directors who are appointed by the Appointments Commission from the communities we serve. The Chairman and Non-Executive Directors are in the majority on the Trust Board, and are joined on the Trust Board by the Chief Executive and several Executive Directors.

The executive members of the Trust Board changed during the year with the departure of Trish Rowson (previously Director of Service Delivery and also interim Chief Executive), Dr Steve Evans (previously Medical Director) and Steve Shanahan (previously Finance Director). Julia Clarke's role changed from Director of Corporate Affairs (voting) to Director of Compliance and Risk Management (non-voting) so that at the end of the year the executive voting members of the Trust Board were:

- Adam Cairns, Chief Executive
- David Gilbert, Interim Finance Director
- Tina Cookson, Chief Operating Officer
- Dr Ashley Fraser, Medical Director
- Vicky Morris, Chief Nurse / Director of Quality and Safety

Audit Committee

The member of the Trust's Audit Committee during the year were:

- Mr Dennis Jones (Chairman) - 100% attendance
- Mr Peter Vernon (until September 2010) - 100% attendance
- Mrs Sue Assar - 67% attendance
- Dr Simon Walford (from December 2010) - 100% attendance

Focus on ... Devolution and Cooperation

Adam Cairns joined the Trust as Chief Executive in July 2010, and with his arrival came a renewed focus on how to ensure that the Trust consistently **Puts Patients First**.

In his first weeks in post, Adam led a far-reaching programme to engage with staff, patients and partner organisations to hear about the strengths of the Trust and also where we needed to improve.

Bringing this feedback together at a major staff conference in September, Adam set out plans to devolve power to frontline staff whilst simultaneously cooperating so that staff across the organisation help one another to succeed for the benefit of patients.

In practical terms this involved re-shaping the clinical and managerial operating structure from three Divisions to eleven Clinical Centres, each led by a senior clinician. It also asked staff across the Trust to make sure that we put patients at the heart of everything we do, providing the safest possible care at the highest level of quality we can afford using the best evidence of what provides the greatest benefit for patients.

By the end of 2010/11 recruitment to the Clinical Centres was virtually complete, along with clinical champions in areas such as telehealthcare, cancer care, scheduled care, unscheduled care, clinical performance and information management & technology. The recruitment process had also begun from the Divisional structure in place during 2010/11 to a new Centre structure which will be fully implemented during 2011/12.

As well as a fresh, strengthened approach to clinical leadership 2011/12 also saw changes at Board level with the arrival of Dr Ashley Fraser as Medical Director, Vicky Morris as Chief Nurse and Director of Quality and Safety, and Tina Cookson as Chief Operating Officer. Neil Nisbet also joined the Trust as Finance Director at the beginning of 2011/12 following David Gilbert's tenure as interim Finance Director.

Whilst this has been a period of change, and understandable anxiety for those staff directly affected by change, the new clinical and operational management structure will provide the foundations that the Trust needs to tackle the very real challenges that we currently face and to secure safe, sustainable, affordable patient care for the future.

Interests of the Members of the Trust Board

All members of the Trust Board declare interests that are relevant and material to the business of the Board. The member of the Board of The Shrewsbury and Telford Hospital NHS Trust declared the following interests during the year. Interests in bold were extant at 31 March 2011 whilst those in italics expired during the year.

Mrs Sue Assar

- **Director of Assar Consulting Limited which seeks to do business with the NHS**

Mr Adam Cairns

- **Occasional paid consultancy work for Guidepoint Global Advisers**

Mr Martin Beardwell

- **Director, Impact Alcohol Advisory Services**

Mrs Julia Clarke

- **Chairman of Shropshire Council's Standards Committee**
- **Deputy Chairman of the National Security Management Professional Accreditation Board**

Mrs Tina Cookson

- **None**
- *Originally joined the Trust on secondment whilst employed by Stoke-on-Trent PCT*

Dr John Davies

- **Trustee of Market Drayton Action for Health**
- **Chairman of Moreton Say Parish Council**

Dr Ashley Fraser

- **Chairman of Shropshire Education and Conference Centre Company Limited**
- **Hon. Colonel 202 (Midlands) Field Hospital**
- **Medical Director of NHS Employers**

Mr Dennis Jones

- **None**

Mrs Vicky Morris

- **None**
- *Originally joined the Trust on secondment from Robert Jones and Agnes Hunt Orthopaedic District Hospital NHS Trust*

Mr Barry Simms

- **None**
- *Independent Board Member – Housing Plus Group*
- *Member of the Risk & Audit Committee – Housing Plus Group*

Dr Peter Vernon

- **Managing Director of Alberi Limited**
- **Director of H10 Limited**

- **Related to the Directorate Manager of Facilities**

Dr Simon Walford

- **Chairman of Governing Body, Wolverhampton Grammar School**
- **Governor, University of Wolverhampton**
- **Director, Wolverhampton Academies Trust**
- **In receipt of an NHS Pension**

Mrs Debbie Vogler

- **None**

Interests of former Members of the Trust Board

Four people left the Trust Board and/or held interim roles during the year and declared the following interests:

Dr Stephen Evans

- *Member of the Medical Managers' Committee of the British Medical Association*
- *Committee Member and Ex-Chair, Clinical & Medical Directors Committee, British Medical Association;*
- *Re-elected to the Board of Directors of the British Association of Medical Managers (BAMM) (2.7.09)*

Mrs Trish Rowson

- *Honorary Visiting Fellow at Staffordshire University (Term 1.11.2007 to 31.10.2010)*

Mr Steve Shanahan

- **None**

Mr David Gilbert

- *Partner in Bonduca Ventures LLP which sell consultancy and financial management services to NHS and other organisations.*

In approving the Annual Report and Summary Financial Statements 2010/11 the members of the Trust Board have confirmed to the best of their knowledge and belief that there is no relevant audit information of which the Trust's auditors are unaware and that members of the Trust Board have taken the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

Next Steps: Looking Ahead to 2011/12

Key issues for the year ahead include:

- Concluding the appointments to the Board and management team
- Concluding the appointments of Centre Chiefs and Value Stream leads, and to the clinical and operational managers in the centres
- Reviewing and refreshing our internal governance and accountability arrangements in the context of Devolution and Cooperation
- Delivering the benefits for patients from these changes

Remuneration Report

The remuneration of the Chief Executive and all other Executive Directors is determined annually by the Remuneration Committee and is based on national guidance issued by the Department of Health. The Remuneration Committee comprises the Chairman and Non-Executive Directors of the Trust. Directors or other staff may be required to attend the Committee to present information and reports.

Performance review and appraisal of the Trust Chairman is undertaken by the Chairman of West Midlands Strategic Health Authority on behalf of the Secretary of State in accordance with appraisal guidance provided by the Appointments Commission. Performance review and appraisal of the Non-Executive Directors is undertaken by the Trust Chairman in accordance with appraisal guidance

provided by the Appointments Commission.

Performance review and appraisal of the Chief Executive is undertaken by the Trust Chairman and the Chief Executive of West Midlands Strategic Health Authority in accordance with criteria set by the Remuneration Committee and guidance from the Department of Health. Performance review and appraisal of the Executive Directors is undertaken by the Chief Executive in accordance with criteria set by the Remuneration Committee and guidance from the Department of Health.

Salary increments for the Chief Executive and Executive Directors are discretionary (other than for part of the salary of the previous Medical Director which was linked to the national pay awards for medical consultants) and there is no contractual entitlement to any increase in salary. Any increments are therefore based on performance against agreed criteria.

Salary entitlements of Senior Managers	Salary (bands of £5,000)		Other Remuneration (bands of £5,000)		Benefits in Kind (rounded to the nearest £100)	
	2010/11 £000	2009/10 £000	2010/11 £000	2009/10 £000	2010/11 £00	2009/10 £00
Name and Title						
Dr Margaret Bamford Chairman (until 31.12.09)	-	15-20	-	-	-	-
Dr John Davies Chairman (from 1.1.10)	20-25	5-10	-	-	-	-
Mr Tom Taylor Chief Executive (until 30.4.10)	15-20	170-175	-	-	-	18
Mr Adam Cairns Chief Executive (from 1.7.10)	120-125	-	-	-	30	-
Mrs Patricia Rowson Director of Service Delivery (until 21.11.10)	75-80	110-115	-	-	-	20
Mrs Tina Cookson (Note 1) Chief Operating Officer (from 20.12.10)	30-35	-	-	-	-	-
Mrs Victoria Morris Director of Quality & Safety/Chief Nurse (from 17.1.11)	15-20	-	-	-	7	-
Dr Stephen Evans Medical Director (until 15.3.11)	180-185	190-195	-	-	-	-
Dr Ashley Fraser Interim Medical Director (from 16.3.11)	5-10	-	-	-	1	-
Mr Stephen Shanahan Finance Director (until 07.11.10)	75-80	125-130	-	-	4	4
Mr David Gilbert (Note 2) Interim Finance Director (from 15.11.10 until 31.3.11)	70-75	-	-	-	-	-
Mrs Julia Clarke (previously Buckley) Director of Compliance and Risk Management	85-90	85-90	-	-	-	-
Mrs Deborah Vogler Director of Strategy	85-90	85-90	-	-	10	8
Mrs Susan Assar Non Executive Director	5-10	5-10	-	-	-	-
Mr Martin Beardwell Non Executive Director	5-10	5-10	-	-	-	-
Mr Dennis Jones Non Executive Director	5-10	5-10	-	-	-	-
Mr Robin Pritchard Non Executive Director (until 31.1.10)	-	5-10	-	-	-	-
Mr Barry Simms Non Executive Director	5-10	5-10	-	-	-	-
Dr Peter Vernon Non Executive Director	5-10	5-10	-	-	-	-
Dr Simon Walford Non Executive Director (from 1.10.10)	0-5	-	-	-	-	-

Notes

1. Recharge from NHS Stoke-on-Trent (formerly Stoke-on-Trent PCT)
2. Interim Finance Director supplied by Bonduca Ventures LLP

Last year the national pay agreement for staff on Agenda for Change contracts was an increase of 2.25% from April 1. There was no national increase in pay for medical consultants. The Trust decided not to award its executives a pay increase in 2010. The Trust does not operate a bonus system.

The Chief Executive and other Executive Directors are employed on permanent contracts. The period of notice required to terminate the employment of the Chief Executive or other Executive Director is six months. There is no contractual entitlement to a termination payment for

any member of staff.

The Chief Executive, Adam Cairns, was appointed in July 2010 and has restructured the Executive Board. The Director of Service Delivery, Medical Director and Finance Director all resigned their posts during the year and new appointments were made to the posts of Chief Operating Officer, Director of Quality and Safety, Medical Director and Director of Finance.

Other than for the remuneration shown in the accompanying table, no financial awards were made to past or present senior managers.

Pension entitlement of Senior Managers Name & Title	Real increase in pension age 60 (bands of £2,500)	Proportionate increase in pension age 60 (bands of £2,500)	Real increase in pension lump sum at aged 60 (bands of £2,500)	Proportionate increase in pension lump sum at aged 60 (bands of £2,500)	Total accrued pension at age 60 at 31.3.11 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31.3.11 (bands of £5,000)	Cash Equivalent Transfer Value at 31.3.11	Cash Equivalent Transfer Value at 31.3.10	Real increase in Cash Equivalent Transfer Value	Proportionate increase in Cash Equivalent Transfer Value	Employer's contribution to stakeholder pension
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Mr Adam Cairns Chief Executive (from 1.7.10)	5-7.5	2.5-5	15-17.5	10-12.5	55-60	165-170	867	900	-34	-25	-
Mrs Patricia Rowson Director of Service Delivery (until 21.11.10)	2.5-5	0-2.5	10-12.5	5-7.5	40-45	130-135	722	745	-23	-15	-
Mrs Tina Cookson Chief Operating Officer (from 20.12.10)	0-2.5	0-2.5	5-7.5	0-2.5	35-40	105-110	559	603	-44	-12	-
Mrs Victoria Morris Director of Quality and Safety/Chief Nurse (from 17.1.11)	2.5-5	0-2.5	7.5-10	0-2.5	20-25	65-70	306	310	-4	-1	-
Dr Stephen Evans Medical Director (until 15.3.11)	0-2.5	0-2.5	5-7.5	5-7.5	75-80	230-235	1,708	1,775	-67	-63	-
Dr Ashley Fraser Interim Medical Director (from 16.3.11)	0-2.5	0-2.5	5-7.5	0-2.5	70-75	210-215	-	-	-	-	-
Mr Steve Shanahan Finance Director (until 07.11.10)	0-2.5	0-2.5	2.5-5	2.5-5	5-10	20-25	150	133	17	10	-
Mrs Julia Clarke (previously Buckley) Director of Compliance and Risk Management (full year)	0-2.5	0-2.5	2.5-5	2.5-5	20-25	60-65	395	407	-11	-	-
Mrs Deborah Vogler Director of Strategy (full year)	0-2.5	0-2.5	2.5-5	2.5-5	35-40	105-110	595	645	-50	-	-

Notes:

The Chairman, Non-Executive Directors and previous Chief Executive are not contributing members of the NHS Pension Scheme.

Cash Equivalent Transfer Values – 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 disclosure applies. The CETV figures and 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. CETV's are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

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

5. Other initiatives and developments

This section of our annual report provides information about specific aspects of our policies and procedures, including information governance, emergency planning and sustainability. This includes information that we are required to include in our Annual Report.

Information Governance

The Trust takes its responsibilities for protecting patient information seriously, and we expect high standards of information governance from our staff. The tables below identify the incidents relating to person identifiable information which were reported in the Trust in 2010/11.

Summary of significant incidents involving person identifiable data reported to the Information Commissioner during 2010/11:

Date	Nature of Incident	Nature of Data Involved	Number of people potentially affected	Notification Steps
No significant incidents involving person identifiable data reported to the Information Commissioner during 2009/10				
Notes to table: This table sets out significant incidents relating to personal data reported to the Information Commissioner in 2009/10, in accordance with guidance from the Department of Health (Gateway 9912)				

Summary of other incidents involving person identifiable data during 2010/11:

Category	Nature of Incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured NHS premises	1
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured NHS premises	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	1
IV	Unauthorised disclosure	1
V	Other	14
Notes to table: This table sets out other incidents relating to personal data in accordance with guidance from the Department of Health (Gateway 9912)		

To the best of our knowledge, the Trust has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information Guidance and no breaches have been recorded.

During the year the Trust has faced some particular challenges in relation to the management of information, and particularly in the administrative processes for booking and appointments. These systems have not worked effectively in the past and a comprehensive programme of improvement is underway in the Trust to address this and we would like to apologise to any patients who have experienced inconvenience or discomfort, or a worsening of their condition, due to these challenges.

Emergency Planning

The incidence of an emergency or severe disruption to Trust services is relatively rare. However, if an emergency or disruption occurs it could have a significant impact on the provision of health services for local patients and communities by The Shrewsbury and Telford Hospital NHS Trust.

It is vital that the Trust is prepared and can respond at short notice, providing a co-ordinated range of emergency, mid-term and long-term responses to any emergency or disruption. The Strategic Emergency and Business Continuity Plan describes the Trust's Strategic and Divisional command and control structures required to manage the effects of a disruption across the Trust.

The plan is produced to unite Trust arrangements for Anticipating, Assessing, Preventing, Preparing, Responding and Recovering from the potential hazards/threats and their consequences in line with partner organisations.

The Chief Executive of the Trust has the responsibility to ensure that this organisation's response to an emergency or disruption to services and resultant business continuity management is built on the principal duties of the Civil Contingencies Act 2004 (CCA) and its accompanying guidance.

The Shrewsbury and Telford Hospital NHS Trust has taken all reasonable steps to ensure that in the event of an emergency or service interruption, essential services are maintained and normal services restored as soon as possible.

To ensure this, it is our policy to have in place robust emergency, business continuity and service continuity plans that are regularly reviewed and tested.

In March 2011 Shrewsbury and Telford Hospital NHS Trust completed the Regional Emergency Planning and Business Continuity Audit (2010/2011); this was a self completion audit tool to reflect resilience responsibilities outlined in key documents such as:

- Legal requirements placed on Trusts by the Civil Contingencies Act 2004
- Emergency Planning priorities in the NHS Operating Framework (2010/2011)
- The NHS Emergency Planning Guidance (2005)

The Audit tool comprised of 32 questions which were sub-divided into 93 issues that required a response. The five high level themes audited were: Emergency Planning; Business Continuity; Training Governance; and, Good Practice. The self-assessment was reviewed by the Strategic Health Authority, and the Trust was given an overall rating of GREEN (based on a red/amber/green rating system).

Sustainability

Last winter was one of the coldest for many years and this put considerable pressure on demands for heating, thus increasing energy consumption across the Trust during 2010/11. This was particularly the case at RSH where the construction methods of the era did not meet modern standards of thermal insulation and energy conservation. The table below shows the headline environmental performance as compared with the previous year.

Area	Measure	Non-financial measures		Financial data	
		2009/10	2010/11	2009/10	2010/11
Waste	Total amount of waste produced	1339 tonnes	1558 tonnes	402,070	523,613
Utility supplies	Water	182,289 m3	197,890m3	288,551	358,998
	Electricity	28,995 GJ	25,850 GJ	729,271	696,829
	Gas	213,729 GJ	243,286 GJ	1,082,256	16,011,607
	Oil	402 GJ	859 GJ	4,160	10,225

The role of Estates Manager (Environment and Risk) which was created in 2009/10, has already brought about significant financial benefit to the Trust in terms of reclaimed revenue from Utility Suppliers and identification of energy-intensive areas. This has been used to support the Trust’s overall finances and patient care.

Buildings: The new combined heat and power plant at Telford has now had its first full year of operation. This unit, alongside the one at Shrewsbury, have reduced the requirement for mains electricity from the grid and have reduced our buildings’ carbon emissions by approximately one third (c.6,000 tonnes).

New energy management software has enabled us to quickly identify areas where energy and water consumption have deviated from the norm and enabled us to take early action to reduce the resultant consumption and costs. We have rolled-out a programme of automatic gas meter reading and this will enable even earlier identification. Power-down software for computers has been trialled and is under consideration, to bring about energy savings when PCs are idle.

We have installed new double-glazed windows in the Shrewsbury ward block. These will improve comfort levels and will also reduce heating demand in the winter and facilitate better ventilation in the summer.

Procurement: The implementation of a Document Production and Management system has been completed and this has reduced the number of printers and other peripherals associated with I.T. equipment in office areas. This is reducing our power consumption and carbon footprint.

The Good Corporate Citizen Procurement sub-group will be looking at various procurement routes over the coming year with a view to including environmental issues as part of the tender evaluation process.



Principles For Remedy

The Trust has taken significant steps to incorporate the “Principles For Remedy” into its complaints handling. This included a review of our policy and procedures for complaints handling in line with new national guidance in 2009/10. During 2010/11 we have continued to improve our procedures, for example to ensure greater clinical involvement in our responses to complaints and also to ensure that we demonstrate more clearly the lessons we have learned and improvements made as a result of the feedback we receive from patients.

Charitable Funds

Every year, charitable donations direct to the Trust or to local community and voluntary organisations make a huge difference for staff and patients. For example, thanks to the generosity of the people of Shropshire, Telford & Wrekin and Mid Wales, the Trust's charity received donations in excess of £450,000 during 2010/11. These funds continued to benefit both patients and staff. Examples of such expenditure were: three baby pods, endo-anal ultrasound scanner; dialysis machines; ward access control developments for the RSH maternity building; and, 12 high-low beds (six for each site).

On behalf of the patients and staff who have benefited from improved services due to donations and legacies, the Corporate Trustee would like to thank all patients, relatives and staff who have made charitable donations. This gratitude is also extended to those external fund raising organisations and its volunteers who support the charity in its objectives, as well as to external organisations who also raise fund for our patients, staff and services.

The Trust's charity is listed with the Charity Commission under registered charity no. 1107883. The Shrewsbury and Telford Hospital NHS Trust is the Corporate Trustee of the charitable funds. The Executive Directors and Non-Executive Directors of the Trust Board share the responsibility for ensuring that the NHS body fulfils its duties as Corporate Trustee in managing the charitable funds.

Focus on ... Trust donations

The mammography department at the Royal Shrewsbury Hospital received a new £34,000 breast-screening machine thanks to generous donations that have been made by groups and individuals from across the region.

The new Faxitron was bought through charitable donations from patients and organisations throughout Shropshire, Telford & Wrekin and mid Wales. The money was given to a number of the Trust's funds dedicated to breast screening. This new piece of equipment can take an instant X-ray of the breast specimen obtained during the biopsy, indicating in just a few seconds whether the sample is adequate.



Staff welcome the new Faxitron

Focus on ... Cancer and Haematology Centre

A major charitable development during 2010/11 has been the raising of funds towards a new Cancer and Haematology Centre at the Royal Shrewsbury Hospital. This will provide state-of-the-art facilities for clinical services in a first class environment. The £5m scheme has been funded through over £3m donations from the Lingen Davies Cancer Relief Fund in addition to £1m from the Shropshire Blood Trust Fund and £250,000 from the Head & Neck Trust Fund (which are part of our own Charitable Fund) as well as £300,000 from the RSH League of Friends and £50,000 from the Shropshire & Mid-Wales Head & Neck Fund. Shortly after the year end the Trust held an open evening to showcase the plans for the new Centre, which will offer improved outpatient facilities for haematology and oncology patients, a day unit for chemotherapy and head and neck cancer patients and a new reception area. The Full Business Case for the Centre was approved by the Trust Board shortly after year-end in June 2011, and building work is due to start in August 2011.



Artist's Impression

Focus on ... RSH League of Friends

Thanks to fundraising by the League of Friends at the Royal Shrewsbury Hospital, patients are benefiting from a new £160,000 static breast screening unit. This has helped the Trust to bring its screening programme forward by more than 12 months. The group also provided £190,000 for new newborn resuscitation units for the Maternity Department. In April, Ludlow Racecourse hosted a Charity Race Day for the League of Friends, which supports their campaign to raise funds for new cardio vascular equipment for the hospital.

Similar breast screening equipment has also been purchased for PRH by the League of Friends of the Princess Royal Hospital.



New static breast-screening unit at RSH

Focus on ... PRH League of Friends

During the year, a new camera that examines blood vessels in the eye was purchased for PRH thanks to a generous £55,000 donation from the hospital's League of Friends group. Andrew Callear, Consultant Ophthalmic Surgeon at the Trust, said: "Thanks to a very generous donation from the Friends of the Princess Royal Hospital the Ophthalmology Department has received delivery of a brand new fluorescein angiogram camera. This state of the art equipment allows patients to be investigated at the Princess Royal Hospital instead of travelling to the Royal Shrewsbury Hospital, and is a major step in helping to provide investigation and treatment of patients closer to home."



Staff and League of Friends representatives welcome the new camera

6. Moving forward: transforming our strategy and approach for 2011/12

As discussed throughout this document, this has been a year of major change for the Trust with a transformation of our leadership and strategy. Aspects of this began to be put in place during 2010/11 with the new systems being fully implemented during 2011/12. This section provides an update on the current position at the end of August 2011.

A summary of the Trust's strategy is set out on the opposite page. Our strategy aims to support us to achieve an overall vision "to be ambitious about changing healthcare for the better". It focuses on four strategic domains: Financial Strength; Patients, GPs and Commissioners; Quality and Safety; and, Learning and Growth.

We have to focus on all four strategic domains if we are to change health care for the better. This strategy began to shape the decisions and priorities of the Trust towards the end of 2010/11 and is becoming fully embedded during 2011/12. For example, it frames our internal planning, reporting and accountability processes.

At the heart of our strategy going forward is "Putting Patients First", which is the organising principle for the Trust.

Examples of how we have begun to put this into practice include bringing patient stories to Board and Committee meetings, the launch of a new Quality and Safety Committee as a sub-committee of the Trust Board to scrutinise and assure performance and progress to improve patient experience, patient safety and clinical effectiveness and the new clinical leadership put in place in the Trust.

Alongside this, our internal transformation programme called "Devolution and Cooperation" has led to the establishment of new Clinical Centres which began to be put in place during the year with the appointment of new Centre Chiefs. This will be completed during 2011/12 with the clinical and operational management structure, budgets and accountability agreements to support Centre Chiefs to ensure safe, timely and affordable care.

"Putting Patients First" is also at the heart of solving the safety and sustainability challenges that have faced our hospital services for many years, and which were the subject of the "Keeping It In The County" consultation during the year. During 2011/12 we will need to build on this—addressing the hopes and anxieties raised during the consultation—to prepare the Outline Business Case and Full Business Case to secure safe and sustainable hospital services for the future.

We look forward to working with patients, communities, staff and partner organisations in the year ahead.

Focus on ... Trust Board

As at 31 August 2011 the members of the Trust Board are:

- Chairman: Dr John Davies
- Vice Chairman: Martin Beardwell
- Non-Executive Directors: Barry Simms, Dennis Jones, Dr Peter Vernon, Dr Simon Walford, Sue Assar
- Chief Executive: Adam Cairns
- Chief Nurse / Director of Quality and Safety: Vicky Morris
- Medical Director: Dr Ashley Fraser
- Chief Operating Officer: Tina Cookson
- Finance Director: Neil Nisbet
- Director of Strategy: Debbie Vogler (non-voting)
- Director of Compliance and Risk Management: Julia Clarke (non-voting)

Focus on ... Clinical Leaders

During 2010/11 and into 2011/12 we have appointed strengthened clinical leadership in the Trust. As at 31 August 2010/11 this includes the following:

Centre Chiefs are professionally and managerially accountable for the delivery of services in their area:

- Diagnostics: Dr David Hinwood and Professor Archie Malcolm (job share)
- Emergency and Critical Care: Dr Rob Law
- Head & Neck: Mr Andrew Prichard
- Medicine: Dr John Jones (interim)
- Musculoskeletal: Mr Piers Moreau
- Oncology and Haematology: Dr Saif Awwad
- Ophthalmology: Mr Ewan Craig
- Pharmacy: Bruce McElroy
- Surgery: Mr Tony Fox
- Therapies: Dianne Lloyd
- Women and Children's: Mr Andrew Tapp

Value Stream Leads are champions for patient care pathways, identifying and delivering improvements across the patient journey:

- Cancer Care: Dr Srihari Narayanan
- Scheduled Care: Mr Mark Cheetham
- Telehealthcare: Mr Mark Prescott and Dr Darren Warner (job share)
- Unscheduled Care: Dr Kevin Eardley

Alongside this, we have **other clinical champions** for information management and technology, clinical performance, clinical quality, research & development and medical education within the Medical Directorate.

As part of our clinical management restructure we are also appointing a **new senior nursing structure** reporting to the Chief Nurse, with lead portfolios including safety and patient experience.

The Shrewsbury and Telford Hospital NHS Trust Strategy Map: "Our Plan On A Page"

Vision and Mission

Vision: To be ambitious about changing healthcare for the better
Mission: To improve the health and well-being of our patients

Financial Strength

We will develop and deliver robust plans that generate surpluses to invest in quality

Develop and implement sustainable clinical strategies

Develop and grow services that make a positive financial contribution

Increase surpluses to reinvest in quality and innovation

Maximise the productivity and efficiency of our services

Eliminate waste and non value adding processes

Patients, GPs and Commissioners

We will insist that we deliver the best service to our Patients, GPs and Commissioners

Patients

Involve patients in decisions about them

Ensure our patients have a good experience

Ensure access to clear care pathways to meet the needs of our patients

Improve our appointments system and process

Work in partnership to ensure services meet local needs

Engage with GPs to plan and deliver future services

Deliver services that are convenient and timely for patients

Improve our communication processes and the information we provide

Reflect commissioners' plans in our capacity plans and deliver our contractual commitments

GP Providers

Commissioners

Quality and Safety

We will always provide the right care for our patients

Ensure that we learn from mistakes and embrace what works well

Design care around patient needs

Provide the right care, right time, right place, right professional

Deliver services that offer safe, evidence-based practice

Meet regulatory requirements and healthcare standards

Ensure our patients suffer no avoidable harm

Learning and Growth

We will develop our staff and our internal processes to sustain our ability to change and improve

Learn to improve, innovate and cooperate continuously

Develop game-changing telehealth and other

Develop responsibility and accountability and cooperate

Adopt and develop a clinically-led structure

Ensure that information management and technology

Adopt behaviours that match our core values

Build service redesign capacity and capability

Invest in a more flexible and responsive workforce

Values

Putting Patients First

Honesty and Integrity

Being a Clinically-Led Organisation

Working and Collaborating Together

Encouraging Individual Ability and Creativity

Taking Pride in our Work and our Organisation

Statutory Statements

Statement of the Chief Executive's Responsibilities as the Accountable Officer of the Trust

The Chief Executive of the NHS has designated that the Chief Executive should be the Accountable Officer to the trust. The relevant responsibilities of Accountable Officers are set out in the Accountable Officers Memorandum issued by the Department of Health. These include ensuring that:

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance;
- value for money is achieved from the resources available to the trust;
- the expenditure and income of the trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them;
- effective and sound financial management systems are in place; and
- annual statutory accounts are prepared in a format directed by the Secretary of State with the approval of the Treasury to give a true and fair view of the state of affairs as at the end of the financial year and the income and expenditure, recognised gains and losses and cash flows for the year.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an Accountable Officer.

Signed:

Date:



9 June 2011

Adam Cairns, Chief Executive (on behalf of the Board)

Statement on Internal Control

1. Scope of responsibility

The Board is accountable for internal control. As Accountable Officer, and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding the public funds and the organisation's assets for which I am personally responsible as set out in the Accountable Officer Memorandum.

As the Accountable Officer for the Trust I ensure that the Trust works closely with the Strategic Health Authority (SHA) and other partner organisations, through various reporting processes. Examples of such processes are:

A Risk Management Strategy, updated and reviewed each year by the Trust Board is in place. It clearly defines the risk management structures, accountabilities and responsibilities throughout the Trust and reflects the Trust's management and governance structure. All serious incidents are reported to NHS West Midlands and Commissioners and to other bodies in line with current reporting requirements (e.g. the Care Quality Commission (CQC)). As Accountable Officer for the Trust I have overall accountability and responsibility for ensuring the Trust meets its statutory and legal requirements and adheres to guidance issued by the Department of Health in respect of Governance.

Contract negotiations with commissioners are discussed and agreed with NHS West Midlands on an annual basis. Close working links with the whole health economy have been evident in a number of areas including stakeholder engagement with local authorities, all healthcare organisations and the voluntary and private sector as part of our Foundation Trust (FT) application and the development of clinical pathways with colleagues in primary care.

There have been extensive stakeholder meetings as part of

'Keeping it in the County' – the public consultation on proposals to change how and where some hospital services are provided. There have also been a number of engagement events for our 7500 FT members during the past year and through the development of the Cancer Centre build.

The Trust Board agrees the Annual Financial Plan, which is then reported to the NHS West Midlands. In addition to this the Trust sends regular financial monitoring returns throughout the year.

There is Primary Care Trust (PCT) involvement in the Trust's risk processes and an economy-wide Quality group that meets to ensure the highest quality standards are met across the health economy. The Trust has prepared a set of Quality Accounts for 2010/11.

The Quality Account is published annually. It discusses the care provided for patients, describing what is done well but also what needs to be improved.

The Quality Account acknowledges that there has been progress in stroke and Transient Ischaemic Attacks (TIA) services (now, over three quarters of high risk TIA patients are scanned and treated within 24 hours compared with less than a quarter at the start of the year), but states that there are more improvements needed for patients needing unplanned care.

The Trust has successfully tackled healthcare associated infections which has led to major reductions in MRSA bloodstream infections and Clostridium difficile, however, the Trust now needs to bring the same vigour to prevent pressure ulcers and avoidable falls.

The Trust identified an issue with high mortality rates through Hospital Standard Mortality Ratio (HSMR), which is a national measure of expected number of deaths against patients that actually died. In late 2009/10 the Trust discovered the rate had increased significantly. To understand the reason for the high

mortality rate the Trust undertook a number of actions including:

- A review of 50 case notes of patients that had died.
- An in depth analysis of the crude rate of deaths and HSMR deaths at each hospital site.

The review told us that the problem was largely due to the way we coded the main diagnosis for patients, and not a reduced level of clinical care we were providing.

Improvements to the coding practices are being implemented as well as improvements to the way we record information in Patients notes. As a result the Trust is seeing a positive impact on the HSMRHMSR, however, the HSMR is still high and the crude rate of deaths is not reducing in the same way. Under the leadership of the Medical Director we have formed the Mortality Group, members of which will co-ordinate initiatives that will have an impact on reducing the number of avoidable deaths in our hospitals. It is therefore wrong to assume that the coding of the primary diagnosis alone is the problem. The Trust has focussed, and is continuing to focus, on the improvements to the clinical care provided for our patients.

During 2010/11 there has been a major public consultation on changes to the way in which health services are provided in the County in order to tackle some significant clinical challenges, which if not tackled run the very real risk of deterioration in services. At the end of March 11 the Trust Board agreed that the Trust should develop a Full Business Case based on the consultation proposals to address the concerns that were raised during the consultation, and to make sure that the new services are safe and appropriate for people across Shropshire, Telford & Wrekin and mid Wales.

Also during 2010/11 the Trust has changed the way services are managed and run to give more power to frontline staff and to address one of our identified risks. Clinicians have been given more authority and responsibility to lead, plan and deliver patient services by appointing of clinical Centre Chiefs.

The Trust also took part in 'Leading Improvements in Patient Safety'. This national programme builds the knowledge and abilities of hospital teams to improve patient safety. At its heart is the principle that if we get it right first time, every time, then patients will need to spend less time in hospital, their recovery will be quicker, their experience will be improved and their quality of life will be better. The programme will be rolled out to over 100 staff in June 2011.

The Assurance Framework sets out the Trust's objectives and provides a clear template to identify any risks to achieving those objectives and a clear framework against which to measure progress.

2. The purpose of the system of internal control

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

- Identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives.
- 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 Shrewsbury and Telford Hospital NHS Trust for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts.

3. Capacity to handle risk

The Trust clearly documents its leadership arrangements in the Risk Management Strategy. These arrangements are further reinforced through job descriptions and objectives.

Leadership starts with the Chief Executive Officer having overall responsibility, with powers to delegate to other Executive

Directors. The leadership is further embedded by having ownership at a local level, with operational managers having the responsibility for risk identification, assessment and control.

All new members of staff are required to attend a mandatory induction, an element of which covers the key elements of risk management. This is further supplemented by their local induction. The organisation provides annual mandatory and statutory training for different levels of staff depending on their responsibilities as detailed in the Risk Management Strategy - training for all staff is encouraged and supported by the Trust. There has also been a concentrated approach in relation to incident reporting and root cause analysis training across the organisation. All senior managers have also received training in risk and assurance processes. The Trust also has an active Institute of Occupational Safety and Health (IOSH) training programme.

Training is designed to demonstrate the processes and tools available to enable staff to identify and treat risk and to explain how risk is escalated through teams to the Trust Executive and Board. Risk management awareness training was provided throughout 2010/11 at all levels of the organisation, including the Board. Some elements of risk management training are mandatory and attendance at these sessions continues to be recorded with follow-up by service managers and heads of services on those staff who have not attended the appropriate training sessions. During 2010/11, the statutory training programme included a session on vulnerable adults. In addition the Trusts corporate induction programme includes awareness sessions on risk related areas including incident reporting, Health and Safety, Governance, Information Governance, Fire, Moving and Handling and Security.

There are many ways in which the Trust seeks to learn from good practice, for example:

- Healthy incident reporting and alert mechanisms
- Pro-active risk assessment with a risk reporting policy finalised providing clear guidance to Divisions.
- Sharing experiences through the monthly Clinical Governance meetings.
- Co-ordinated response to Internal and External Audit recommendations, with Executive Director involvement through recommendation tracking
- A clear schedule of assurances which complements the Assurance Framework and provides assurance to the Board.
- Sharing results of health and safety audits.
- Senior Risk Group that considers all risk-related issues.
- Incident Review Group to review all serious incidents, and complaints
- Board review of the Serious Incident Policy and dissemination across the Trust

The Trust is also undertaking a complete management restructure as capacity and capability have been identified as a risk to achieving objectives. This is aligned to the change to a clinically-led organisation. The Trust is also developing leadership and improvement academies to embed this approach.

4. The risk and control framework

The Risk Management Policy and Strategy clearly defines leadership, structure and the risk management process, to ensure a continuous assessment of risk throughout the organisation. The strategy is reviewed annually and held on the intranet. In the National Health Service Litigation Authority (NHSLA) General Standards the Trust currently holds level 2 and the Trust's Risk Management processes scored 80%. The Trust also currently holds Clinical Negligence Scheme for Trusts (CNST) Level 1 in maternity and again the risk management processes were favourably highlighted.

Risk registers are managed at Divisional and Directorate level

with all potentially high level risks reported on the Trust's Corporate Risk Register. This is a continuous and ongoing process. The Corporate Risk Register is then considered through the Governance Structure, with very high risk assessments being reported to Trust Board at the next Board meeting following the identification of the risk. The Corporate Risk Register is also presented to the economy-wide Quality Group on a quarterly basis.

The Trust has a risk matrix which identifies risks across a number of criteria including patient experience, objectives risk, business interruption/HR issues/adverse publicity, and financial implications. The likelihood of each risk is also considered, giving an overall risk rating score, which is then mitigated according to the controls in place to minimise the risk. The Risk Group receive all Divisional risks rated above an acceptable level (according to the Risk Management Strategy) to review and ensure consistency before referring to the Board. These are then reviewed and updated by the relevant manager every month. The Audit Committee reviews outcome summaries of the Risk Group's meetings. Divisions report to the Audit Committee on their key risks and governance arrangements. The Risk Register has been refined and provides a working tool for the organisation and a source of assurance for the Trust Board. During the year, 18 risks were added to the corporate risk register and 19 risks were removed owing to them having been mitigated or resolved. The total number of risks (scoring 15 or above) on the register at the end of March 2011 was 49

As at 31 March 2011, there were 12 major risks (scoring 25 or 20) on the corporate risk register compared with 10 at the end of March 2010.

In line with best practice, a system of sub certification was introduced to inform the development of the Statement on Internal Control (SIC). Divisional General Managers were asked to certify that the Divisional Risk Register was complete and up-to-date, and that actions were taken if lapses were identified. Completed sub certifications were received from all Divisions and corporate areas.

The 12 major risks facing the organisation during 2010/11 were:

1. We don't provide the right clinical care (resulting in poor clinical outcomes) - A plan of work has been drafted, which will form the basis of a patient safety strategy over the next three years. The Chief Executive hosted a Leading Improvement in Patient Safety (LIPS) taster event in March 2011 with a further event planned for June 2011 so that a significant number of clinical staff can be trained.
2. We don't respond to patient needs and views (resulting in poor patient outcome) - Interventions are being targeted at wards with higher than average numbers of complaints, pressure ulcers and falls with the aim of providing support and development to improve quality to patients
3. We don't deliver the Trust Improvement Programme (resulting in inability to invest in quality) - controlled through measures to manage pay and agency costs, introducing strengthened robust business planning processes and financial reviews.
4. We have poor information systems and processes (resulting in poor decision making and planning) - It has been recognised that there is a lack of resource, knowledge and infrastructure for IT and performance management. There were problems in relation to patient waiting times which arose from this risk. A project is being developed by Innovations Group.
5. We don't have enough suitably trained or supervised staff delivering care (resulting in poor quality and patient experience) - The nurse recruitment strategy has been successful in reducing the numbers of nursing vacancies. However, it is proving more challenging to fill medical posts. The reconfiguration options currently being discussed will mitigate some of these risks if successful. There are particular risks in obstetrics linked to insufficient staffing to provide dedicated obstetric and anaesthetic cover to the labour ward and to sustain midwifery levels in line with the recommendations of 'Safer Childbirth'. Recruitment is in

progress for these posts.

6. We don't have sufficient clinical leadership across the organisation (resulting in lack of improvement in safe patient care) - Senior Clinicians have been appointed to the role of Centre Chiefs and a development programme is in place to support the transition to clinical management.
7. The Health Economy fails to deliver the QIPP agenda (resulting in financial risk across the Health Economy and deteriorating patient experience) - Both PCTs have made very challenging assumptions as part of the Quality, Innovation, Productivity and Prevention (QIPP) agenda (Quality, Improvement, Productivity and Prevention). These schemes are intended to provide savings in the latter half of the year however have not delivered the promised savings.
8. The public consultation on 'keeping it in the county' fails to deliver on the agreed way forward (resulting in loss of local services to patients) - The public consultation on 'Keeping it in the County' took place between January and March 14th and accepted the reconfiguration plans.
9. We don't have enough capital to upgrade estate and equipment (resulting in substandard environment and poor patient experience) - requests for capital expenditure are risk assessed and must be included within a divisional risk register in order to be considered for capital investment.
10. We don't deliver an Income and Expenditure (I&E) surplus (resulting in inability to invest in quality) - scrutiny of plans through programme Board and Finance & Performance Committee. The Trust achieved a small surplus at year end; however, this was following £5M support from the SHA
11. We don't deliver national priorities (resulting in a loss of confidence in the service) - The Infection Control targets for 2010/11 were met. Although the Trust achieved most of the access targets last year, sustaining and improving performance remained a concern. The Trust worked with the Department of Health Intensive Support Team to identify areas for improvement.
12. We deliver national targets through poor management processes (resulting in unintended consequences e.g. development of outpatient pending lists) - The Intensive Support Team (IST) has visited the trust and made a number of recommendations to improve performance in respect of cancer waits and management of outpatients.

There were some issues which caused particular problems in year including issues with cancer waiting times, 18 week waiting times and outpatients. These are reflected in the risks above, in particular risks 4, 11 and 12. There were gaps in control which were not immediately apparent. The Trust had placed an overreliance on management assurances. More robust controls have now been put into place and independent assurances sought alongside management assurance. There is an ongoing review into the circumstances of the gaps in the control process.

The Trust is also reviewing its performance reporting processes to ensure that there is clear evidence-based reporting to the Board.

The Trust had a financial plan to achieve a surplus of £2.6m but delivered a small surplus of £26k following support of £5m from the SHA. The main reasons for this variance are as follows:

- £14m over performance in activity
- The ability to deliver the Trusts CIP of £7m was hindered by the significantly above-plan emergency activity
- Medical staff agency costs of £5m
- £3.5m of non funding emergency activity due the emergency threshold adjustment
- Escalation costs (related to emergency activity) of £700k

Within the 2009/10 Annual Audit Report the Trust's external auditors reported concerns around two key themes;

- Sustainability of the in year financial position given the significant levels of SHA support and the poor performance

against the delivery of cost improvement programmes. In addition highlighting the effect this performance had against the cumulative breakeven duty;

- cash management and the significant negative effects this had on the Trust's performance against the better payment practice code.

These themes were repeated within the 2010/11 Interim Audit Report and the Trust is undertaking specific actions to address these points including; closer working across the health economy to ensure financially sustainable short, medium and long term plans are in place; the use of external support to create a Project Management Office (PMO) to ensure the formulation and delivery of robust cost improvement programmes; improvements within cash flow management to ensure greater visibility around short, medium and long term cash forecasting.

It is important to remember that an organisation's assets include information as well as more tangible parts of the estate. Information may have limited financial value on the balance sheet but it must be managed appropriately and securely. All information used for operational purposes and financial reporting purposes needs to be encompassed and evidence maintained of effective information governance processes and procedures with risk based and proportionate safeguards. The Trust has a process for managing and controlling risks to information. It has undertaken the assessment using the Information Governance (IG) Action Planning Toolkit and reports to the Information Governance Forum - assurance was provided by the 31 March 2011. This included progress on key IG initiatives:

- Implemented an Information Governance e-learning training plan for all trust staff;
- Developed a comprehensive Asset Register;
- Identified information asset owners (IAOs) and information asset administrators (IAAs);
- Organised external professional training for the IAOs and IAAs;
- Continued to identify and map the trust's data flows;
- Have developed project initiation documents and plans for the auditing and monitoring of corporate records;
- Taken a decision that no Trust computer equipment will allow unencrypted mobile media to be used.

The Information Governance Toolkit Assessment was completed and submitted by the Trust by the 31 March 2011. The overall result for SaTH was 72% (Not satisfactory). The score in October 2010 was 50%. The Information Governance Framework processes were audited by internal auditors following the October 2010 submission as recommended by DH.

The Trust attained at least level 2 in the 22 key requirements and achieved level 2 in 43/45 requirements overall. However, the mandatory requirement is for all NHS organisations to achieve level 2 compliance in all 45 requirements otherwise a 'not satisfactory' score is awarded. The two requirements scored at level one were:

- 8-324 - Pseudonymised and/or anonymised data is used for all secondary purposes. Currently this is not technically possible throughout most of the NHS.
- 8-505 This requirement is scored by using the results from a 'clinical coding audit'. This was carried out in early March and the results of accuracy did not meet the requirement to achieve a level 2.

The Trust Director of Compliance and Risk Management is the Senior Information Risk Officer, with the Medical Director as the Caldicott Guardian.

The risk management strategy requires an ongoing programme of risk assessment and review using the guidance, tools, and matrices in the Risk Management Strategy, the guidance for ongoing risk assessment, and the risk register procedure. Risk

assessment is covered on induction and in sessions held by the integrated risk and safety team throughout the year. Sources of specialist advice and assistance available for managing risk include Chief Compliance Officer, Patient Safety Team, Health and Safety Team, Security Manager, Investigations Team, Vulnerable Adults Lead, Safeguarding Nurse, Head of Patient and Corporate Services, Information Governance Manager and Patient & Public Engagement manager, who oversees the use of Equality Impact Assessments and is working closely with the Service Development team to further embed this work across the Trust.

During the year the Trust has continued with the development of its Assurance Framework to assess the potential risks that threaten the achievement of the organisational objectives, the existing control measures and where assurances are gained. The framework has been used to identify where there are gaps in control and assurance with action plans drawn up to address these where appropriate. The Assurance Framework also mapped back to the Care Quality Commission Essential Standards of Quality and Safety. The Framework identifies any gaps in control or assurance and there is an associated action plan to address these. The gap action plan and progress is reported to each session of the Audit Committee and regularly to the Trust Board with the Assurance Framework. Gaps in control and assurance were identified in the following areas:

- Catering: ordering and receipt of provisions
- Charitable funds
- Network security
- Backup and recovery follow up
- Data Quality (Cancer waiting times and thrombolysis)

Actions are in place to address these limited assurance items.

Internal Audit's review of the Trust's Assurance Framework which found that "Taking account of the issues identified, the Board can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective."

The Trust is fully compliant with CQC essential standards of quality and safety.

The Trust was registered with the CQC without conditions on 1 April 2010. A responsive review was undertaken in 2010 and the CQC noted two minor concerns which the Trust was addressing. In addition, the CQC carried out a review of privacy (outcome 1) and nutrition (outcome 5). This was part of a national programme of reviews of 100 organisations which were chosen at random. The review highlighted a minor concern in relation to treatment of vulnerable adults.

Internal Audit reviewed the process for monitoring compliance with the standards and gave substantial assurance on the process in place in the Trust.

The Trust has worked closely with key partner organisations to address risks in the community and for disaster planning. These organisations include Police, Ambulance Service, Fire, Health and Safety Executive and Local Authorities.

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

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 in to 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.

There is a Carbon Reduction Strategy and action plan approved by the Board which is monitored through the trust's Good Corporate Citizen Forum. The Trust has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in

accordance with emergency preparedness and civil contingency requirements, as based on UK Climate Impact Programmes (UKCIP) 2009 weather projects, to ensure that the organisation's obligations under the Climate Change Act and the adaptation Reporting requirements are complied with.

The Trust works with the West Mercia Resilience Forum to study and exercise/test arrangements for localised fluvial and run off flooding. The Trust has been a part of a number of exercises in recent years looking at the specific issues within the West Mercia Area (including Shropshire.)

Risk assessments are undertaken on behalf of the whole Local Resilience Forum by the Environment Agency.

The Trust will continue to work with its partners to understand and minimise the risks associated with flooding due to climate change.

5. Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. My review is also informed by:

- Internal Audit Plan and Reports.
- External Audit Plan and Reports.
- Foundation Trust project groups.
- Service Improvement Project Board Reports.
- Health & Safety Reports.
- Clinical Audit Reports.
- Complaints Reports.
- Claims Reports.
- Incident Reports.
- Clinical Governance Reports.
- Patient Environment Action Teams (PEAT) Assessments.
- NHSLA and CNST standards and
- International Organisation for Standardisation (ISO) accredited standards in Medical Engineering.
- Patient feedback from National NHS Patient surveys and local surveys.
- Health Overview & Scrutiny Committee Reports.
- Staff feedback from National NHS Staff Surveys.
- Royal College reports.
- External accreditation.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Trust Board, Audit Committee, Finance & Performance Committee, Quality and Safety Committee, Management Executive, Clinical Governance Executive and, Risk Group. A plan to address weaknesses and ensure continuous improvement of the system is in place.

The Trust Board is responsible for ensuring that the Trust follows the principles of sound governance and this responsibility rests unequivocally with the Board. The Board is required to produce statements of assurance that it is doing its "reasonable best" to

ensure the Trust meets its objectives and protect patients, staff, the public and other stakeholders against risks of all kinds. The Trust Board is able to demonstrate:

- That they have been informed through assurances about all risks not just financial.
- That they have arrived at their conclusions on the totality of risk based on all the evidence presented to them.

In relation to this strategy the Trust Board will:

- Oversee and participate in the risk assurance process.
- Identify and consider strategic and corporate level risks, including agreeing any risk control measures and monitoring their implementation.
- Ensure communication with partner organisations on risks of mutual concern.
- Assess and consider the provision of financial support for any necessary risk management requirements.
- Demonstrate and support model behaviour throughout the organisation, consistent with good governance practice and an organisational culture based on openness and learning.

The Trust Board has delegated responsibility for risk management to the Management Executive which is the Trust committee with overarching responsibility for risk. The Management Executive provides assurance to the Trust Board that the systems for risk management and internal control are effective. A summary of the Management Executive's meetings are submitted to the Trust Board. This is being replaced by a dedicated Risk Management Committee, meeting monthly with clinical leads and chaired by the CEO to give greater focus on the management of risks

The Audit Committee, a formal sub-committee of the Board, provides overview and scrutiny of risk management. This meets bi-monthly. It is chaired by a Non-Executive Director and the terms of reference have been devised in line with the Audit Committee Handbook 2006 to reflect its role as the senior Board committee taking a wider responsibility for scrutinising the risks and controls which affect all aspects of the organisation's business. It has responsibilities to:

- Ensure that the clinical governance processes and outcomes are used to provide assurance on the overall processes of risk management, governance and internal control.
- Conclude upon the adequacy and effective operation of the organisation's overall internal control system linked to the Trust's Assurance Framework.
- Maintain a focus on ensuring that an effective system of strong financial management underpins operational developments, which includes the review of the Annual Report and Accounts and recommendation for adoption to the Board.
- Co-ordinate the governance of reported clinical and non-clinical risks and review the operation of the Risk Register and the processes that support it. The register should contain all risks identified by the organisation and external agencies, e.g. Auditors. The Committee must ensure that these risks are allocated to existing sub-committees and working group to manage and/or mitigate the risks.
- Ensure that all significant risks are reported to the Board throughout the year and that risk treatment plans and contingency plans are developed and monitored.

From November 2010 a Quality & Safety Committee has been established chaired by a non-executive Director to oversee clinical quality and safety standards across the trust. This has led to a revision to the Audit Committee terms of reference, with greater focus on the robustness of assurance received.

During 2010/11 the remit of the Management Executive was to inform and implement the Trust Board's policy and strategic direction of the organisation and to reach decisions on, and monitor the progress of, the Trust's business and organisation

objectives. The Management Executive had overarching responsibility for risk and was chaired by the Chief Executive. The Management Executive provides assurance to the Trust Board that the systems for risk management and internal control are effective. The remit of the Management Executive is to inform and implement the Trust Board's policy and strategic direction of the organisation and to reach decisions on, and monitor the progress of, the Trust's business and organisation objectives. The governance structure of the trust has been reviewed and from May 2011 when the new Centre structure is in place, a Risk Management Committee chaired by the Chief Executive will be established.

The Trust's ability to handle risk is further enhanced through the Governance and Committee/Group structure. Each Committee/Group has terms of reference that clearly define their role and responsibilities with clearly stated deputies.

The Trust has a Finance & Performance Committee, chaired by a Non-Executive Director that focuses on financial and performance management and reduction of financial and organisational risk.

The Clinical Governance Executive focuses on Clinical Risk and is currently chaired by the Deputy Medical Director.

The Trust Board has received assurance on the effectiveness of the controls within the organisation through the following means:

- Reports from Committees set up by the Trust Board.
- Reports from Executive Directors and key managers.
- External Reviews.
- Participation in relevant Committees e.g. Clinical Governance Executive, Risk Register Group.
- Assurance Framework, which was constructed by the full Board at a Development session in 2010, is scrutinised and challenged by Non-Executive Directors at each Audit Committee and regularly received and reviewed by the Board.
- Internal Audit provide the Board, through the Audit Committee, and the Accounting Officer with an independent and objective opinion on risk management, control and governance and their effectiveness in achieving the organisation's agreed objectives. This opinion forms part of the framework of assurances that the Board receives. The annual Internal Audit Plan is aligned to the Trust's Assurance Framework and Risk Register.
- Self assessment for core standards and CQC registration.

During 2010/11 the Board received information through Incident reports of incidents occurring in outpatients (January, July, and October 2010). However management assurances were relied upon that subsequently proved to be inadequate. The Board approved an external review by the Intensive Support Team (IST) of systems and processes which has resulted in an action plan led by the Chief Operating Officer to improve standards and performance. The Board has also asked for a review of the current reporting suite with a greater focus on evidence to support assurances.

During 2010/11 the health economy was reviewed by the West Midlands Quality Review Service (WMQRS). This process identified a number of immediate risks which are being addressed by an action plan monitored by the Strategic Health Authority. The Trust's Director of Compliance and Risk Management oversees the development and effectiveness of the Trust's governance structure, although it is acknowledged that governance is a responsibility of the entire Board.

The Head of Internal Audit Opinion is that based on the work undertaken in 2010/11, significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weaknesses in the design and inconsistent application of controls put the achievement of particular objectives at risk

Based on the work we have undertaken on the Trust's system of internal control we do not consider that within these areas there

are any issues that need to be flagged as significant issues within the SIC.

The Trust objectives and specific limited assurance opinion which may have put the achievement at risk of the Trust objectives fall within the two areas:-

- Enhancing safety, effectiveness and patient experience; and
- Ensuring a clinically viable and financially sustainable organisation.

Control weaknesses were identified regarding the findings of:

- Catering,
- Data Quality (for the chosen indicators, 62 day cancer and Thrombolysis),
- Charitable Funds
- Junior Doctors – Management of Planned Absence

All of the weaknesses identified are being addressed through the recommendation tracking process monitored by the Audit Committee.

6. Summary

With the exception of the internal control issues that I have highlighted above, my review confirms that The Shrewsbury and Telford Hospital NHS Trust has a generally sound system of internal control that supports the achievement of its policies, aims and objectives and those control issues have been or are being addressed

Signed:

Date:



9 June 2011

Adam Cairns, Chief Executive (on behalf of the Board)

Summary Financial Statements

The Shrewsbury and Telford Hospital NHS Trust Statement of Comprehensive Income for the year ended 31 March 2011

The majority of our income comes from contracted activity agreements with Primary Care Trusts and other NHS bodies.	Income from activities:	£'000
	Continuing operations	257,070
	Other operating income	20,910
Accounting for around two thirds of our total expenditure, staff costs are by far the highest expense. During the period we employed in the region of 5,000 people in a range of full and part time positions.	Operating expenses:	
	Continuing operations	<u>(273,157)</u>
	Operating surplus (deficit)	4,823
	Finance costs	
	Interest receivable	21
	Interest payable	(131)
	Other losses	<u>(20)</u>
This dividend is paid to the Department of Health in return for capital provided to finance the infrastructure of our Hospitals.	Surplus (deficit) for the financial year	4,693
	Public dividend capital dividends payable	<u>(5,018)</u>
	Retained deficit for the financial year	(325)
	Other comprehensive income	
This section summarises all the other gains and losses made by our Trust during the year.	Receipt of donated assets	694
	Transfers from donated asset reserve	(844)
	Total comprehensive income for the year	<u>(475)</u>
	Reported NHS financial performance position	
An impairment charge is not considered part of the Trust's operating position.	Retained deficit for the financial year	(325)
	Impairments	<u>351</u>
	Reported NHS financial performance position	<u>26</u>

The Shrewsbury and Telford Hospital NHS Trust Statement of Financial Position as at 31 March 2011

		£'000
The value of our land, buildings and equipment.	Non-current assets	
	Tangible assets	156,123
	Intangible assets	1,070
	Trade and other receivables	<u>2,389</u>
		<u>159,582</u>
Stocks are held for use in the day to day running of our Trust.	Current assets	
The cash owed to our Trust.	Inventories	4,652
	Trade and other receivables	12,757
	Cash at bank and in hand	233
	Total current assets	<u>17,642</u>
	Total assets	<u>177,224</u>
	Current liabilities	
The cash owed by our Trust.	Trade and other payables	(26,670)
	Borrowings	(4)
	Provisions	<u>(832)</u>
	Total current liabilities	<u>(27,506)</u>
	Net current liabilities	<u>(9,864)</u>
	Total assets less current liabilities	<u>149,718</u>
	Non current liabilities	
	Provisions	<u>(478)</u>
	Total assets employed	<u>149,240</u>
The capital provided to us by the Department of Health to finance the infrastructure of our Hospitals.	Financed by taxpayers' equity	
	Public Dividend Capital	143,622
	Retained earnings	(35,347)
The value of our fixed assets acquired from charitable donations.	Revaluation reserve	35,502
	Donated asset reserve	<u>5,463</u>
	Total taxpayers' equity	<u>149,240</u>

The Shrewsbury and Telford Hospital NHS Trust Statement of Cash Flow for the year ended 31 March 2011		£'000
The Cash flow statement shows the source from which cash has flowed into our Trust, the way cash has been used and the net increase or decrease in cash during the period.	Cash flows from operating activities	
	Net cash inflow from operating activities	<u>10,853</u>
	Cash flows from investing activities	
Cash spent on investing in the development and modernisation of our Hospitals.	Interest received	21
	Payments to acquire tangible and intangible fixed assets	<u>(12,776)</u>
	Net cash outflow from investing activities	<u>(12,755)</u>
	Cash flows from financing activities	
Cash received from the Department of Health for capital developments.	Public dividend capital received	500
Cash flow in respect of donated assets.	Other capital receipts	1,199
The penultimate instalment of the Trust's finance lease.	Capital element of finance lease	(5)
	Net cash inflow from financing	<u>1,694</u>
	Decrease in cash	<u>(208)</u>

The Summary Financial Statements are only a summary of the information in the Trust's Annual Accounts. Full Annual Accounts are available free of charge on request from the Finance Director, The Shrewsbury and Telford Hospital NHS Trust, Royal Shrewsbury Hospital, Mytton Oak Road, Shrewsbury, Shropshire SY3 8XQ

Signed on behalf of the Trust Board:



Adam Cairns, Chief Executive



Neil Nisbet, Finance Director



INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF THE SHREWSBURY AND TELFORD HOSPITAL NHS TRUST

We have examined the summary financial statement for the year ended 31 March 2011 which comprises The Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash flow set out on pages 32 and 33.

This report is made solely to the Board of Directors of The Shrewsbury and Telford Hospital NHS Trust, as a body, in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to the Board of the Trust, as a body, 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 Board of the Trust, as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the Annual Report. Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Annual Report with the statutory financial statements.

We also read the other information contained in the Annual Report and consider the implications for our report if we become aware of any misstatements or material inconsistencies with the summary financial statement.

We conducted our work in accordance with Bulletin 2008/03 "The auditor's statement on the summary financial statement in the United Kingdom" issued by the Auditing Practices Board. Our report on the statutory financial statements describes the basis of our opinion on those financial statements.

Opinion

In our opinion the summary financial statement is consistent with the statutory financial statements of The Shrewsbury and Telford Hospital NHS Trust for the year ended 31 March 2011. We have not considered the effects of any events between the date on which we signed our report on the statutory financial statements, 9 June 2011, and the date of this statement.

Andrew Bostock for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
One Snow Hill
Snowhill Queensway
Birmingham
B4 6GH

1 September 2011

Useful Information

Alongside this Annual Report, the following reports are published by the Trust and provide more detailed information about our plans, progress and priorities during the year:

- Audit Committee Annual Report 2010/11
- Infection Prevention and Control Annual Report 2010/11
- Quality Report 2010/11
- Quality Account 2010/11
- Safeguarding Annual Report 2010/11
- Security Annual Report 2010/11

These reports will be available by the end of September from the Trust website at www.sath.nhs.uk

Glossary of Terms and Abbreviations

A&E	Accident and Emergency.
Capital	Money spent on land, buildings and major pieces of equipment, as opposed to revenue which is money spent on day-to-day-running costs, staffing, supplies, utilities etc.
Centres	From 2011/12 our clinical services are led and managed in eleven Clinical Centres, each with a clinical Centre Chief. In most cases the Centre Chief is a consultant, except for our Pharmacy Centre (led by a Pharmacist) and our Therapy Centre (led by a Therapist).
CHC	Community Health Council. Statutory bodies in Wales that represent the public interest in health services.
CNST	Clinical Negligence Scheme for Trusts. This is a voluntary scheme across the NHS that handles clinical negligence claims against all member NHS organisations in relation to maternity services. Each NHS organisation pays to join the scheme, with the level of payment based on an assessment against CNST standards. For example, our scheme has achieved CNST Level One against the revised CNST standards and is currently putting plans in place to achieve Level Two. Trusts achieving higher level compliance make smaller financial contributions to the scheme, which is administered through the NHS Litigation Authority.
CQC	Care Quality Commission. The CQC regulates the quality of health and social care. All NHS Trusts must be registered with the CQC in order to provide health and care services.
Daycase	An operation or procedure that is provided without the need for overnight stay.
Division	In the Trust our clinical services were managed within three clinical divisions in 2010/11, each led by a clinical Divisional Director working alongside a Divisional Clinical Lead or Lead Nurse and a Divisional General Manager. During 2010/11 we moved to a new clinical leadership and management structure based on clinical centres.
Elective Admission	A planned admission to hospital, for example for an operation.
Emergency Admission	An unplanned admission to hospital, for example following an accident or acute medical problem.
HDU	High Dependency Unit.
Inpatient	Hospital treatment requiring admission and overnight stay, for example for a complex operation. These can be elective (planned) or emergency (unplanned).
ITU	Intensive Therapy Unit.
League of Friends	Charitable partners who work with the Trust to support patient services. There is a League of Friends for the Royal Shrewsbury Hospital and a League of Friends for the Princess Royal Hospital.
LiA	Listening Into Action. A staff engagement and empowerment programme that is being introduced across the Trust in 2011/12.
Lingen Davies	The Lingen Davies Cancer Relief Fund, a key partner for the Trust in developing and maintaining services for people with cancer and the people who care for them.
LINK	Local Involvement Network. Statutory bodies in England to support public engagement in the NHS.
NHS	National Health Service. Established in 1948 to provide care that is free at the point of delivery based on need and not the ability to pay.
NHS Injury Cost Recovery Scheme	This scheme allows for the recovery of NHS costs following injuries where people claim and receive personal injury compensation.
NHSLA	NHS Litigation Authority. This national body administers the CNST Maternity scheme, as well as a similar system of standards and payments covering clinical negligence claims relating to wider NHS care and treatment.
Outpatient	An appointment or treatment provided through a visit to hospital without the need for admission. For example, this may be an appointment to see a consultant following a referral to hospital by a GP.
PCT	Primary Care Trust. NHS organisations in England which are responsible for commissioning local health services, for improving public health and reducing health inequalities,
PRH	Princess Royal Hospital. One of the two acute hospitals run by The Shrewsbury and Telford Hospital NHS Trust.
Quality Account	Every Trust is required to produce a Quality Account each year. This sets out progress and challenges to maintain and improve patient experience, patient safety and clinical effectiveness.
Quality Report	Alongside our Quality Account, we also publish a shorter Quality Report. This is published each year at our Annual General Meeting.
RSH	Royal Shrewsbury Hospital. One of the two acute hospitals run by The Shrewsbury and Telford Hospital NHS Trust.
SATH	The Shrewsbury and Telford Hospital NHS Trust.
WTE	Whole Time Equivalent. As many of our staff work part time, we also describe our workforce in terms of "whole time equivalent" to give an indication of the effective number of people who work in our hospitals if everyone worked full time.



The Shrewsbury and Telford Hospital NHS Trust

**Princess Royal Hospital
Grainger Drive
Apley Castle
Telford TF1 6TF**

**Royal Shrewsbury Hospital
Mytton Oak Road
Shrewsbury SY3 8XQ**

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