

Putting Patients First

Annual Report and Annual Accounts 2015/16



Proud To **Care**
Make It **Happen**
We Value **Respect**
Together We **Achieve**

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About this document

This document fulfils the Annual Reporting requirements for NHS Trusts. It is presented in accordance with the Department of Health Group Manual for Accounts 2015/16.

We publish a shorter Annual Review as a companion document for patients, communities and partner organisations.

Further copies of this document and our Annual Review are available from our website at www.sath.nhs.uk or by email to communications@sath.nhs.uk or by writing to:

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The Shrewsbury and Telford Hospital NHS Trust,
Princess Royal Hospital, Grainger Drive, Apley
Castle, Telford TF1 6TF

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The Shrewsbury and Telford Hospital NHS Trust,
Royal Shrewsbury Hospital, Mytton Oak Road,
Shrewsbury, SY3 8XQ

This document 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.

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

Part I. Performance Report

I.1 Welcome from the Chair

We are all risk managers: whatever we do, whatever we eat, wherever we go, there is risk involved, and we learn continually to manage the balance between risk and reward. Healthcare is also risk management. It is never possible for clinicians to know all the information needed to make a perfect decision. They cannot avoid risk: they must manage it in partnership with their patients, making informed judgements. This Hospital Trust deals with almost a thousand patient episodes per day, every day, throughout the year; it admits around 2,000 inpatients, and treats about 4,500 outpatients, every week. It's a busy place, it's a complex place, and it has to change continually to respond to people's needs and to drive forward clinical innovation. That's a lot of risk management. But the core of risk management in a complex organisation is not itself complicated. You need simple good practice guidelines for people to follow, to minimise unnecessary risk; and you need a culture in which kindness is king, so that when things don't go to plan – which by definition they sometimes will not – damage is minimised. So you need an emphasis on safety and on kindness.

Two years ago, in my first of these introductions, I noted that the organisation had not been where it should be, that it was fast improving, but that it would take time. Our journey has continued in a positive direction. Our clinical performance is significantly improved in most areas. We have the finances under good control. We are starting to see real progress in recruitment, and staff satisfaction levels are increasing. Our partnership with the Virginia Mason Institute is already showing impressive improvements in the way we work.

We have more than 700 volunteers working at all points across the Trust. But if we are to “leapfrog the average”, as I think this organisation can do, we have much yet to resolve. We are still requiring our staff to be heroic, particularly over the winter. The essential fragility in some parts of the system (I'm thinking in particular about A&E) remains unresolved. Our people still do not feel sufficiently supported by the organisation. The wider health system, of which we are part, lacks proper coherence. It has not yet worked through how we turn these sickness mechanisms into a health movement, as much focused on building well-being as on treating illness.

It is worth noting that our local health system has been living with unnecessary risk for a long time. At any one time, over a hundred local people who should not be there are in SaTH's beds, waiting to go somewhere more suited to their needs. The urgent care system is both too narrow (with its dependence on just two hospital locations), and too fragile (with an inability to achieve critical mass staffing levels at either site). Organisational structures across health and social care mean that we focus on treating illness rather than keeping people well. The system does not explain itself well to the population it serves, and has struggled with key decisions because of the anxiety this causes. We have not made it easy for our people to learn from what did not go well, because we have a tendency to blame rather than learn. We have made it far from easy for the people we serve to help us to learn and improve. Here I am thinking in particular of the parents of Kate Stanton-Davies, whose tenacity and humanity has been extraordinary in the face of what has been the opposite of kindness (you can read more about this in our Director of Nursing and Quality's Report at I.2a).

So the way forward from here has a number of key parts. We need to play our part in helping the wider system be more coherent and ambitious. As a Hospital Trust, we must aim to be the safest and kindest of our kind. We need to listen better, and explain more clearly, and to hold ourselves thoroughly to account, to our communities. We need to blame the process not the person, to learn how to learn, and to balance compliance with innovation.



A challenging agenda! - but an important one. In that context, I am very glad to be able to celebrate the arrival onto our board during the year of Simon Wright, the new Chief Executive; of Clive Deadman, as a Non-Executive Director, and of Paul Cronin, as Non-Executive Director Designate. These are three top class appointments, whose experience and wisdom will be crucial to our continued progress.

I'd also like to take the opportunity to thank all of staff, volunteers, the Friends of the Princess Royal Hospital, the League of Friends of the Royal Shrewsbury Hospital, and the Lingen Davies Cancer Fund as well as the numerous other people who have raised money for our hospitals, for all of their hard work and support over the past 12 months.

Peter Latchford, Chair

I.1a Chief Executive's Overview: Reflecting on 2015/16

Every year we reflect on the previous 12 months. This is my first such opportunity to do this and I would like to celebrate the strides our organisation has taken. We began the year with my predecessor Peter Herring's retirement and I would again like to thank him for his hard work on the Trust's behalf during his tenure. Since starting in late September I have been walking our sites, meeting staff, attending department meetings and hearing great stories about high quality safe healthcare.

During the year we appointed an additional 114 Whole Time Equivalent (WTE) nurses, 15 Consultants and treated more patients than ever before exceeding 500,000 treatments. Our wonderful workforce were joined by additional nurses from the Philippines and over 200 staff were recognised for their achievements in our SaTH Heroes awards scheme, with more than 300 Long Service awards presented for staff who have totalled over 9,000 years of service! During the year we were recognised by Health Education England as being Highly Commended as a large employer supporting apprenticeships, our Colorectal Nurse Specialist Paula Brayford received the Gary Logue Colorectal Nurse Award from the charity Beating Bowel Cancer and Dr Nigel O'Connor was awarded an MBE for services to healthcare.

Our organisation took over the chair of the Local Education Committee for Shropshire and Staffordshire, the system Sustainability and Transformation Programme and invested over £8million in facilities and equipment including the £500,000 new cubicles in the A&E Department at the Princess Royal Hospital and the £2million new Mortuary at the Royal Shrewsbury Hospital alongside two new state of the art CT scanners.

Our success in securing the new partnership contract with the Virginia Mason Institute (VMI) in Seattle for the next five years has seen us working with the NHS Trust Development Authority (TDA) and four other Trusts as we roll out the learning and engagement across our organisation, embarking on the same journey which took the VMI from a challenged hospital to 'USA Hospital of the Decade' and one of the safest hospitals in the world. Our teams in respiratory medicine and sepsis care have started two value streams with taster sessions and training being taken up by over 280 staff. We have also seen three members of our Kaizen Promotion Office team – which is supporting our VMI work - being trained in Advanced Lean Training skills. During the year, the Trust was awarded the prestigious international Baby Friendly Award from UNICEF (United Nations Children's Fund), Employer of the Year in the Energize Awards and the CHKS Top 40 Hospitals award for the third year in a row.

Like many organisations of our size we need to strive to be even better and ensure we consistently deliver against every performance marker. This winter has been another challenging period but the huge efforts of all of our staff saw no patient breaching the 12-hour wait while our Trust was amongst a very small group to routinely deliver upon the cancer access targets and the 18-week Referral To Treatment (RTT) standard alongside an improving financial position. It's been a tough year but so much has been achieved by our great teams. The NHS Future Fit programme work on the Strategic

Outline Case (SOC) has moved to completion allowing our system partners alongside our Trust to look to create a new future for our hospitals and help us address our staffing frailties – although the SOC is just the start of a significant amount of work which you'll hear more about throughout 2016/17. A single site for the county's emergency department is the best way to ensure our patients receive safe and dignified care in the right place at the right time and that we continue to attract the best doctors and nurses and have facilities which are fit for the 21st century.

As we look further into 2016 we will see the Trust launch its very first Leadership Academy, a clear five year strategy to move into financial surplus and play a full part in creating a Healthcare System five year strategy to deliver one unified vision for our population supporting the development of neighbourhood models of care in support of our rural footprint. We will work ever closer with our universities to enhance our educational offers, begin the redesign of urgent care and invest over £8 million in new facilities and equipment. I'm sure 2016 will be a very exciting and pivotal year!



Simon Wright, Chief Executive

I.1b About the Trust

The Shrewsbury and Telford Hospital NHS Trust is the main provider of district general hospital services for nearly half a million people in Shropshire, Telford & Wrekin and mid Wales.

Our main service locations are the Princess Royal Hospital (PRH, below) in Telford and the Royal Shrewsbury Hospital (RSH, bottom) in Shrewsbury, which together provide 99% of our activity.



Both hospitals provide a wide range of acute hospital services including accident & emergency, outpatients, diagnostics, inpatient medical care and critical care.

During 2012/13 the Princess Royal Hospital became our main specialist centre for inpatient head and neck surgery with the establishment of a new Head and Neck ward and enhanced outpatient facilities. During 2013/14 it became our main centre for inpatient women and children's services following the opening of the Shropshire Women and Children's Centre in September 2014.

During 2012/13, the Royal Shrewsbury Hospital became our main specialist centre for acute surgery with a new Surgical Assessment Unit, Surgical Short Stay Unit and Ambulatory Care facilities.

Together the hospitals have just over 700 beds and assessment & treatment trolleys.

Alongside our services at PRH and RSH we also provide community and outreach services such as:

- Consultant-led outreach clinics (including the Wrekin Community Clinic at Euston House in Telford);
- Midwife-led units at Ludlow, Bridgnorth and Oswestry;
- Renal dialysis outreach services at Ludlow Hospital;
- Community services including midwifery, audiology and therapies.

Our People

We employ over 5,500 staff, and hundreds of staff and students from other organisations also work in our hospitals. In 2015/16 our actual staff employed (headcount) increased by 182 to 5,774. When taking into account those employed on part-time contracts, the full time equivalent (fte) number increased by 180 to 4,921. Our substantive workforce at 31 March 2016 included approximately:

- 551 fte doctors and dentists (11%), a decrease of 19 fte compared with 2015;
- 1430 fte nursing and midwifery staff (29%), an increase of 48 fte;
- 642 fte scientific, technical and therapies staff (13%), an increase of 31 fte;
- 1,337 fte other clinical staff (27%), an increase of 95 fte;
- 961 fte non-clinical staff (20%), an increase of 26 fte.

In addition to this the available workforce at year end included over 860 staff employed through the Trust's internal bank, in addition to staff working within the Trust via external agencies.

Expenditure on staff accounts for approximately 64% of expenditure, a slight decrease on the previous year. One of our key priorities continues to be to reduce our pay costs by reducing our reliance on agency workers. We have seen a successful programme of nursing recruitment over the past 18 months, which we expect to continue to bear dividends during 2016/17.

There are currently approximately 1,000 volunteers active in the Trust and during the year we worked closely with our main charitable partners (including Leagues of Friends at our two main hospitals, Royal Voluntary Service and the Lingen Davies Cancer Appeal).

Our Finances and Activity

With a turnover in the region of £326 million in 2015/16 we saw:

- 61,315 elective & daycase spells;
- 54,839 non-elective inpatient spells;
- 6,659 maternity admissions;
- 407,108 consultant-led outpatient appointments; and,
- 121,105 accident and emergency attendances.

More details about our activity is provided on page 8 and further information about our financial performance is included in Section I.2d.

Our Strategy and Priorities

Our central organising principle is Putting Patients First. This guides all of our decisions, striving to be relentless in our pursuit of the patient's interests and using our resources wisely to provide timely care that meets the standards of quality and safety that our patients and communities expect and deserve. Building on this, our strategy during the year was based on five strategic goals:

- *Quality and Safety: Providing the best clinical outcomes, patient safety and patient experience*
- *Healthcare Standards: Delivering consistently high performance in healthcare standards*
- *People and Innovation: Striving for excellence through people and innovation*
- *Community and Partnership: Improving the health and wellbeing of our community through partnership*
- *Financial Strength: Building a sustainable future*

These goals provided the framework for our operational objectives during the year, and for our strategy and decisions going forward.

Further information about our Strategy is available in Section I.1c of this report.

Our Board and Leadership

Strategy and oversight is provided by our Trust Board, with a majority of Non-Executive members including a Non-Executive Chairman appointed from local communities and networks by the NHS Trust Development Authority on behalf of the Secretary of State. Executive members with voting rights at the Trust Board are the Chief Executive,

Director of Nursing and Quality, Medical Director, Chief Operating Officer and Finance Director. More information about our board membership is available in Section II.1 of this report.

Our Values

Underpinning our strategy is our framework of Values (below), developed with staff and patients during 2013/14 and which have become embedded since:



Our statutory basis

We are legally established under the National Health Service Act 2006 as a National Health Service Trust and were established in our current form as The Shrewsbury and Telford Hospital NHS Trust in 2003 following the merger of The Princess Royal Hospital NHS Trust and the Royal Shrewsbury Hospitals NHS Trust. Find out more at www.sath.nhs.uk

The Trust as a going concern

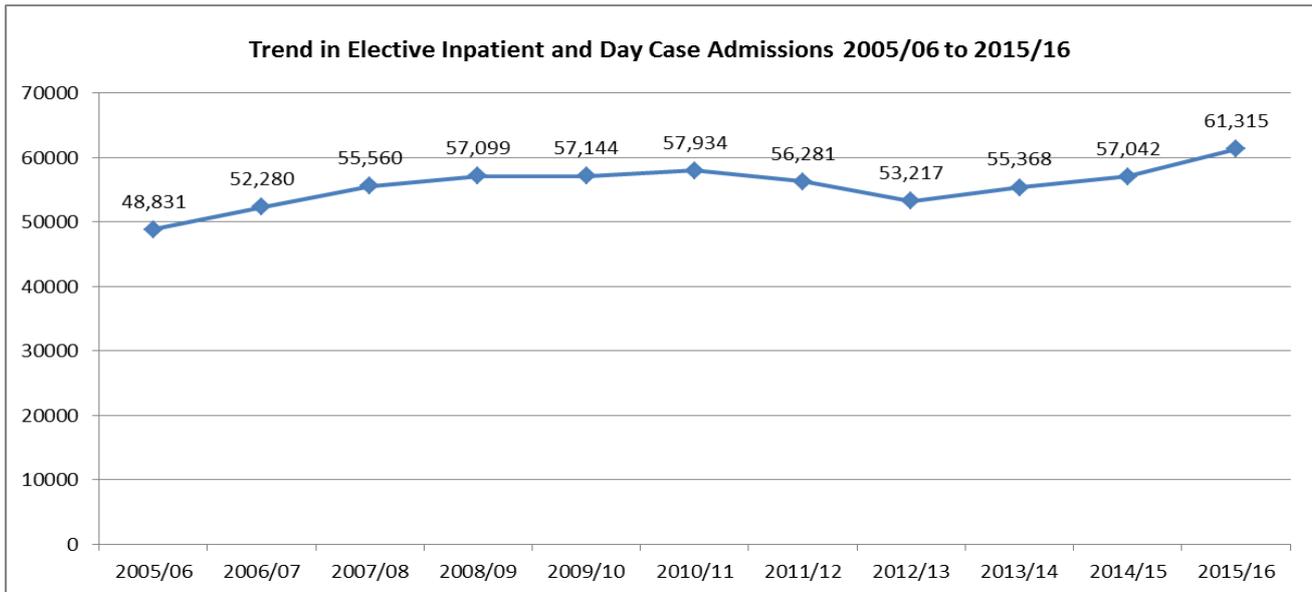
The Board of Directors has concluded that the Trust is able to demonstrate that it is a going concern on the following basis:

- The Department of Health and the NHS Trust Development Authority (TDA – which is now NHS Improvement) will confirm to the Trust arrangements for accessing cash financing for organisations that have submitted a deficit plan for 2016/17. The NHS Improvement Accountability Framework sets out the process where an NHS Trust will be assisted to develop and agreement of a formal recovery plan to address deficit positions.
- The Trust has received a letter from the NHS TDA stating that it can confirm that it is reasonable for the Directors of The Shrewsbury and Telford Hospital NHS Trust to assume that NHS Improvement will make sufficient cash financing available to the organisation over the next 12 month period such that the organisation is able to meet its current liabilities. On this basis they fully support the Trust's view that the NHS organisation Accounts are prepared on a Going Concern basis.
- Robust arrangements are in place for the delivery of cost improvement plans through Executive Director meetings.

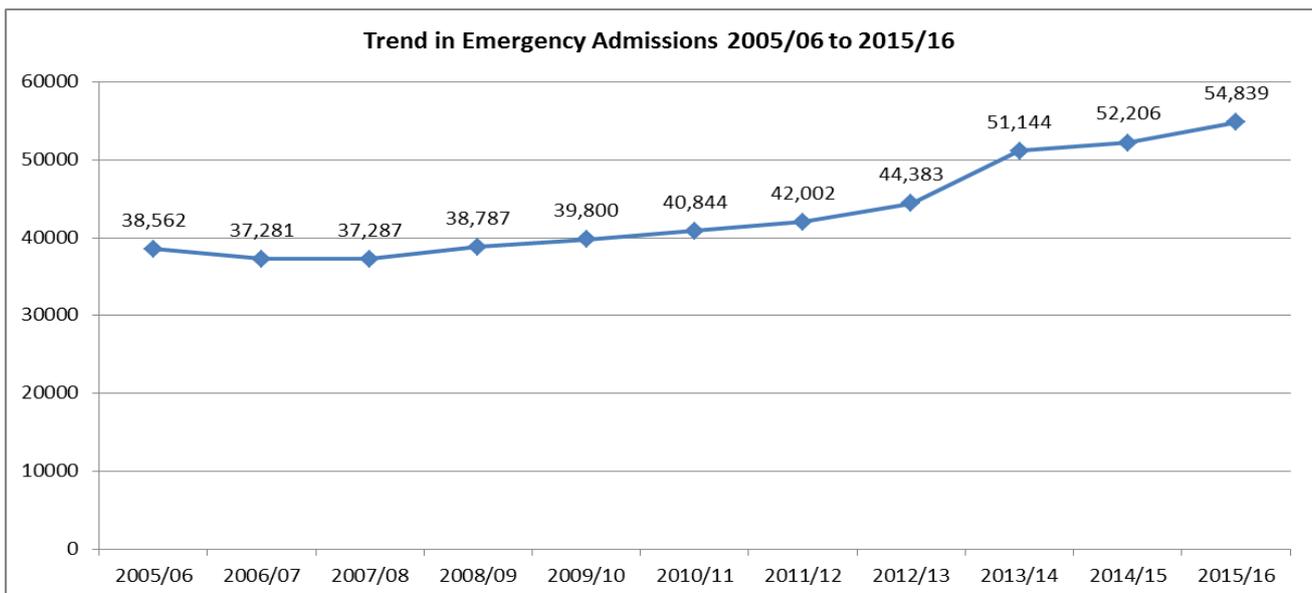
Summary of Service Activity in the year ended 31 March 2016

Table I.1b	Centre	Speciality	Inpatient/Daycase			Outpatient		
			2013/14	2014/15	2015/16	2013/14	2014/15	2015/16
	Diagnostics	Chemical Pathology	-	-	-	674	587	615
	Emergency	A&E Outpatient & Spells	1,121	1,089	1,000	3,548	3,486	3,856
Head & Neck		Audiological Medicine	-	-	2	2,453	1,706	1,390
		ENT – Adult	2,972	2,888	2,613	20,078	21,347	22,627
		ENT - Child	-	-	-	227	34	-
		Maxillofacial Surgery	798	852	542	614	732	333
		Oral Surgery	771	1,144	1,135	9,207	11,783	11,233
		Orthodontics	-	-	-	7,769	7,116	6,583
		Ophthalmology – Adult	3,207	3,554	3,396	41,394	41,343	46,129
		Ophthalmology – Child	1	54	130	6,861	6,488	8,073
		Ophthalmology - Medical	4	3	4	3	1	4
	Restorative Dentistry	-	-	-	614	595	663	
Medicine		Cardiology	2,376	2,572	2,695	16,778	23,198	23,083
		Cardiothoracic Surgery	1	-	1	1,179	1,159	1,330
		Dermatology - Adult	7	3	7	15,241	16,733	17,215
		Dermatology – Child	2	1	1	147	208	258
		Diabetic Medicine	11	17	3	4,819	5,211	6,281
		Endocrinology	94	131	270	2,152	2,276	2,540
		General Medicine inc Stroke	22,793	22,965	22,961	7,623	8,605	6,769
		Geriatric Medicine	37	127	150	2,387	3,443	3,590
		Nephrology	141	177	422	4,015	5,181	5,871
		Neurology	401	361	281	7,818	8,067	8,310
		Rehabilitation	105	42	40	-	-	-
		Respiratory Medicine	518	790	1,960	8,060	9,434	10,848
		Respiratory Physiology	1	-	-	33	179	192
Musculoskeletal		Pain Management	906	731	543	2,882	1,781	1,045
		Rheumatology	-	-	-	1,098	101	15
		Trauma and Orthopaedics	6,622	6,549	6,222	52,818	53,028	53,550
Surgery, Oncology & Haematology		Breast Surgery	896	903	931	13,629	15,041	17,219
		Colorectal Surgery	997	793	1,016	7,557	7,835	11,412
		Gastroenterology	14,551	16,126	17,978	8,116	8,211	8,942
		General Surgery	8,562	6,664	6,579	3,474	1,583	926
		Hepatology/Hepatobiliary	3	7	12	1,230	1,371	2,923
		Neurosurgery	614	1,777	-	163	180	196
		Plastic Surgery	53	1	-	795	14	3
		Upper GI Surgery	-	3	1,136	3,384	4,386	6,288
		Urology	4,672	4,912	5,293	14,872	16,029	19,482
		Vascular Surgery	716	835	1,971	5,392	5,613	6,904
		Clinical Haematology	5,870	6,081	6,658	9,161	9,968	12,293
		Clinical Oncology	8,992	9,916	11,299	12,412	14,907	17,355
		Medical Oncology	643	558	663	2,712	1,451	995
Anaesthetics	Anaesthetics	-	1	1	291	222	459	
Women and Children		Gynaecology	4,177	3,920	4,154	13,874	18,837	19,956
		Gynae Oncology	9	4	4	5,893	5,845	6,188
		Obstetrics / Maternity	6,532	6,185	5,660	12,556	823	10,800
		Neonatology	92	486	3,064	13	232	825
		Paediatrics	12,985	12,242	9,308	19,258	14,213	21,460
		Psychotherapy	-	-	-	81	112	79
Total			113,256	115,505	120,105	355,353	360,706	407,108

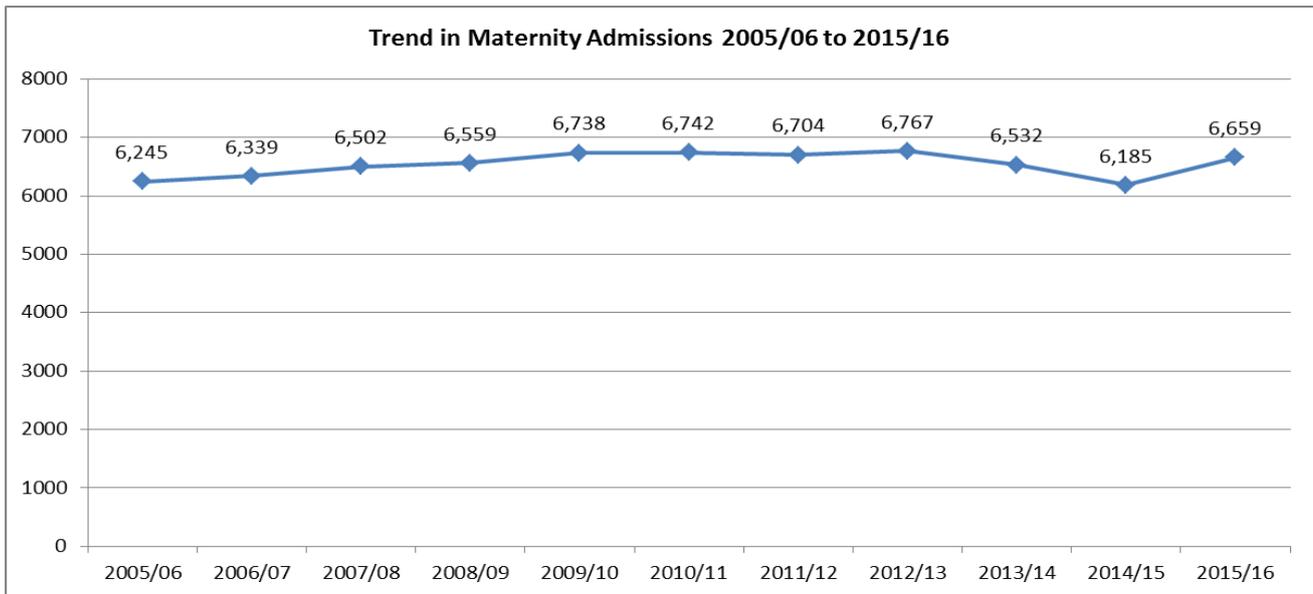
The following graphs show trends in activity from 2005/06-2015/16, which have increased.



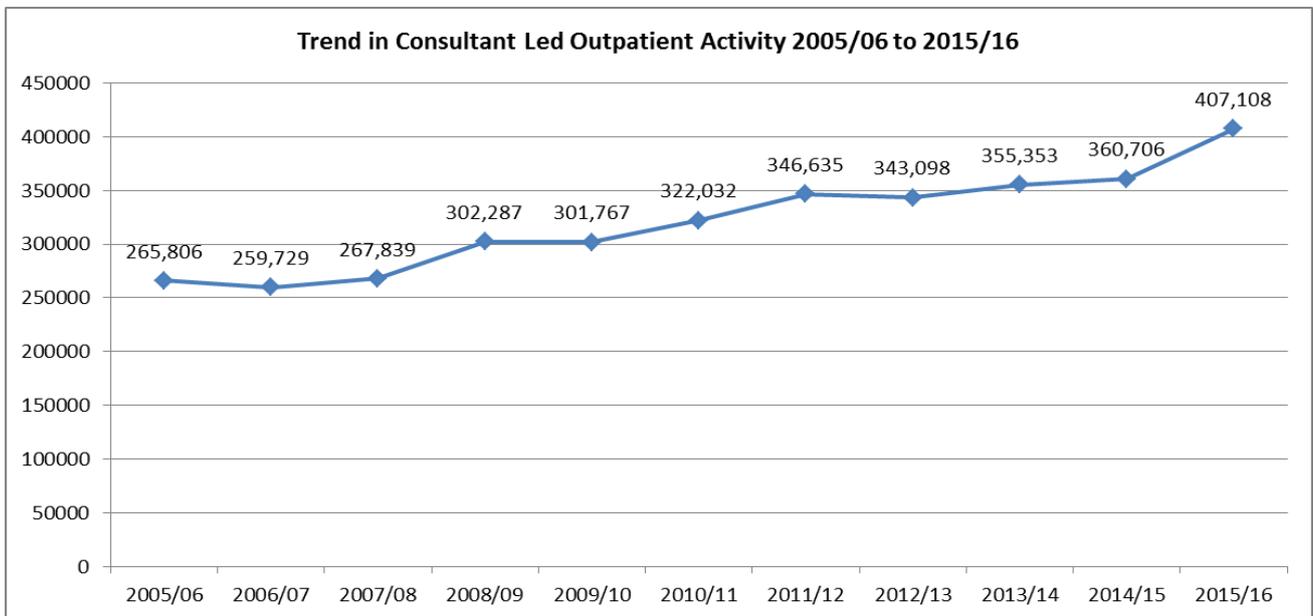
Elective and daycase activity showed a 7.49% increase in 2015/16 following a 3% increase in the previous year.



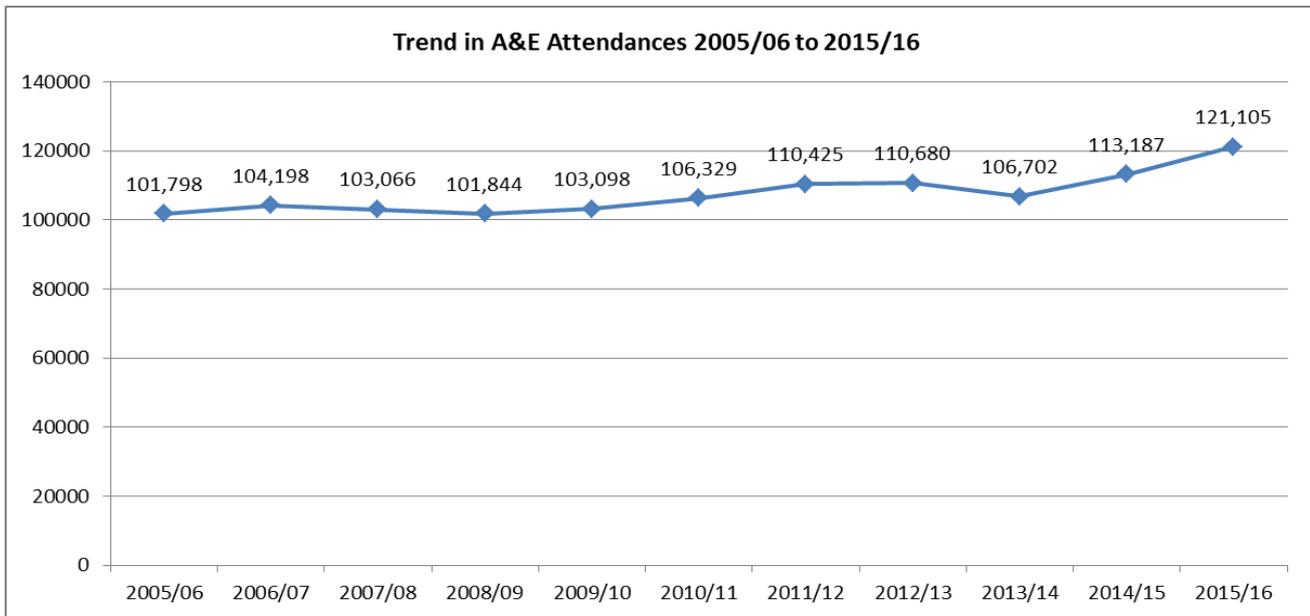
There has been a consistent rise in emergency admissions from 37,281 in 2006/07 to 54,839 in 2015/16. They have increased by 5.04% from 2014/15 to 2015/16.



Maternity episodes have increased by 7.66% over 2014/15. This followed a reduction of 5% the previous year.



Apart from a small dip in 2012/13 year, there has been a general upward trend in consultant-led outpatient activity since 2006/07, including a 12.86% year-on-year increase from 2014/15 to 2015/16.



After a reduction in 2013/14 (reflecting changes in admissions pathway during 2013/14 with GP referrals admitted directly to admissions units rather than via the Accident and Emergency Department), A&E attendances have increased over the last two years to their highest ever levels. The 2015/16 figure was 7% higher than in 2014/15. Please note the figures include the Urgent Care Centre (UCC) and Walk-In Centre (WIC) activity at our hospital sites.

I.1c A Forward Look: Strategic context

NHS Services within Shropshire face an increasing challenge of delivering high quality, safe and sustainable acute services. This is within a climate of rising demand, reducing levels of funding and on-going changes within the workforce.

Context

The Trust is faced with an ageing population with a significantly higher proportion of people in Shropshire and Powys over 65, than the national average. The forecast continuing growth of this population will, in the absence of radical change in the wider health and social care system, place unmanageable demand on already strained hospital resources. The geography of rural areas also brings particular challenges around providing effective services. Travel times to acute hospitals, a scattered and disproportionately elderly population and limited public transport makes the provision of a comprehensive range and increased scale of community-based health services especially important. Developing alternative models of care is vital if the local health economy is to respond to our challenges.



Achievable and sustainable solutions to the Trust's challenges in workforce, performance and finance require transformational change; within the organisation and across the whole health and social care system. This change will be delivered through three integrated formal programmes:

- **Transforming Care** – the Trust's partnership with the Virginia Mason Institute;
- **Sustainability and Transformation** – the health system's overarching strategic plan;
- **Sustainable Services** – This programme fits into the local health system's NHS Future Fit programme for acute, community and primary care services, which is led by the Clinical Commissioning Groups.

These three workstreams will have a greater impact if the Trust and its partners can also deliver a new way of working; where integration and care delivery around the needs of patients are prioritised alongside the need for workforce and financial sustainability. This cultural change is under way within the Trust, but will take time and commitment to progress. A key driver of the cultural change is the Transforming Care Programme. As one of five Trusts in England selected to work in partnership with the Virginia Mason Institute in 2015, the Trust has embarked on its journey of continual improvement. With patients at the centre of all value-streams and with a "zero-tolerance" approach to avoidable wastes and defects, the Trust is well placed to see improvement during 2016/17 and beyond. We have already shown the great potential for improvement through the success of the first workstream in our respiratory service.

For 2016/17 local health economies were tasked by NHS England, through the shared planning guidance, to produce a local health and care Sustainability and Transformation Plan (STP) covering October 2016 to March 2021. The Trust's Chief Executive Simon Wright is the Chair of the STP Partnership Board. Programme management and structures are in place for the delivery of the STP and work is progressing. The Trust is an active member of the STP process and has senior representation at both the Partnership Board and Operational Group. In addition, the Trust is leading two of the five key pieces of work that fall within the STP, namely the Deficit Reduction Plan and the Sustainable Services Programme. The Trust is delivering its Sustainable Services Programme as part of the local health economy's Future Fit Programme, also incorporating the local health economy's Community Fit programme, Primary Care Strategies and plans for Rural Urgent Care Services.

Sustainable Services Programme

The Sustainable Services Programme is the Trust's vehicle to develop a new clinical model for acute hospital services in Shropshire. Acute hospital services provided by SaTH are of a good standard, recognised in the Care Quality Commission report published in 2015. Most services have developed over many years, with clinicians, managers and staff trying to keep pace with changes in demand, improvements in medicine and technology and increased expectations of the populations served. Nevertheless it is recognised that the current hospital configuration is not sustainable due to healthcare and workforce issues such as:



- Changing healthcare needs of the population, both now and in the future;
- Nationally required quality standards and standards that individuals and organisations aspire to deliver;
- A need for improved productivity and a reduction in inefficiencies (in line with the Carter Review and the Trust's work with the Virginia Mason Institute);
- On-going developments in medicine and technology;
- Workforce changes in terms of skills, availability and training.

In addition the Trust faces a number of estates issues including a level of backlog maintenance and poor quality existing facilities. In order to meet these challenges the Trust has developed the Strategic Outline Case for the Sustainable Service Programme. The Strategic Outline Case reviews a number of options to meet these challenges, describes the shortlisted options and assesses the affordability and sustainability of these options over time. The Strategic Outline Case was approved by the Trust Board at the March 2016 meeting and we are now working with our community and primary care partners to move the programme forward and develop the Outline Business Case ahead of formal public consultation later in the year.

Annual Planning

The challenge within 2016/17 is two-fold. First, a need to “get the basics right” – delivering high quality care to meet national performance targets within the financial and workforce resources available. Second, planning and progressing plans and strategies for long-term sustainability within the Trust, and as a key partner and stakeholder in the local health and social care system. In order to get the basics right a new approach to business planning was established in 2016. Each of the Trust's four Care Groups has been supported to critically examine their core business in terms of quality, performance, workforce and finance and to identify answers to the question “what is the problem you are trying to solve?” This has resulted in detailed discussions and work within each Care Group that has included demand and capacity planning to meet national standards; workforce planning to respond to current and future challenges; quality and service improvement; and cost improvement, efficiencies and financial balance. This new approach to planning includes monthly review by a risk reporting structure for discussion with Care Group Directors and Clinical Leads and at the Trust's Sustainability Committee. To support this process and the integration of the annual planning process with the long-term sustainability of the Trust, a new Transformation Team has been established; combining the Trust's Future Team (who support the Sustainable Services Programme) and the Business Development Team (who provide support to the Care Groups on Business Planning, GP Engagement and Marketing).

I.1d Key Performance Indicators (KPIs)

Domain	Indicator	Description	Data Source	Thresholds	Performance in Year Ended 31 March 2016
Access (including A&E and 18 weeks Referral to Treatment [RTT])*	Four-hour maximum wait in A&E from arrival to admission, transfer or discharge	The number of patients spending four hours or less in all types of A&E department/The total number of patients attending all types of A&E department	Weekly SitReps	Performing: 95% Underperforming: 94%	85.55%
	12 hour trolley waits	The number of patients waiting in A&E departments for longer than 12 hours after a decision to admit	Weekly SitReps	Performing: 0 Underperforming: >0	0
	1 hour ambulance handovers	Ambulance handovers not completed within 60 minutes	Weekly SitReps	Performing: 0 Underperforming: >0	268
	30 minute ambulance handovers	Ambulance handovers not completed within 30 minutes	Weekly SitReps	Performing: 0 Underperforming: >0	852
	RTT – admitted – 90% in 18 weeks	Total number of completed admitted pathways where the patient waited 18 weeks or less vs. Total number of completed admitted pathways in quarter	Monthly RTT returns via UNIFY	Performing: 90% Underperforming: 85%	70.46%
	RTT – non-admitted – 95% in 18 weeks	Total number of completed non-admitted pathways where the patient waited 18 weeks or less vs. Total number of completed admitted pathways in quarter		Performing: 95% Underperforming: 90%	93.34%
	RTT - incomplete pathways	Total number of patients on incomplete pathways less than 18 weeks vs. total number on incomplete pathways		Performing: 92%	91.44%
	RTT – greater than 52 weeks	Total number of patients waiting longer than 52 weeks from referral to treatment		Performing: 0	1
	% of patients waiting over 6 weeks for a diagnostic test	To measure waits and monitor activity for 15 key diagnostic tests		Performing: <=1%	0.56%
	28 day readmission	Number of patients cancelled on day of surgery not readmitted within 28 days	Quarterly return via UNIFY	Performing: 0	3
Multiple cancellations of urgent operations	Number of urgent operations cancelled more than once	Monthly return via UNIFY	Performing: 0	0	
Cancer Waiting Times	2 week GP referral to 1 st Outpatient	Please see cancer waiting times guidance for definition of these performance standards	Cancer Waiting Times Database	Performing: 93% Underperforming: 88%	94.93%
	2 week GP referral to 1 st outpatient – breast symptoms			Performing: 93% Underperforming: 88%	95.1%
	31 day diagnosis to treatment for all cancers			Performing: 96% Underperforming: 91%	98.17%

Cancer Waiting Times (continued)	31 day second or subsequent treatment – drug	Please see cancer waiting times guidance for definition of these performance standards	Cancer Waiting Times Database	Performing: 98% Underperforming: 93%	100%
	31 day second or subsequent treatment – surgery			Performing: 94% Underperforming: 89%	94.98%
	31 day second or subsequent treatment – radiotherapy			Performing: 94% Underperforming: 89%	98.58%
	62 days urgent GP referral to treatment of all cancers			Performing: 85% Underperforming: 80%	85.47%
	62 day referral to treatment from screening			Performing: 90% Underperforming: 85%	95.55%
	62 day referral to treatment from hospital specialist			Performing: 85% Underperforming: 80%	88.68%
Quality of Care	Publication of formulary	Publication of formulary		Performing: Yes	Yes
	VTE Risk Assessment	Number of adult inpatient admissions reported as having a VTE risk assessment on admission	UNIFY Mandatory returns	Performing: 95% Underperforming: 90%	95.33%
	Valid NHS number submitted in acute datasets	Number of spells or attendances without valid number/Total number		Performing: 99%	99.79%
	Valid NHS number submitted in A&E datasets	Number of attendances without valid number/Total number		Performing: 95%	98.73%
	Duty of Candour	Number of breaches of duty of candour		Performing: 0	0
	Breaches of same sex accommodation	The number of breaches	Collection via UNIFY	Performing: 0	0
Infection Prevention and Control	MRSA	Actual number of MRSA vs. planned trajectory for MRSA	HPA Returns	Performing: No MRSA bacteraemias	1
	C.Diff	Actual number of C.diff vs planned trajectory for C.diff		No more than 25 C.diff	30
Workforce	Sickness absence	Number of days sickness absence vs. available workforce	SaTH returns	Performing: 3.99%	4.16%
	Appraisal	Number of eligible staff receiving appraisal in current performing vs. total eligible staff		Performing: 80% (stretch target 100%)	86%
	Statutory and Mandatory Training	Number of staff up-to-date with Statutory and Mandatory Training		Performing 80%	79%

*From 1 October 2015, a single measure of RTT performance was introduced. The incomplete standard identifies patients waiting to start treatment and since this was introduced the Trust achieved the target for four months out of six.

I.2 Performance Analysis

I.2a Director of Nursing and Quality's Report

As Director of Nursing and Quality I have Board-level responsibility for patient safety and patient experience in the Trust, including complaints, safeguarding and infection prevention and control. My role also includes Board-level leadership and support for the nursing, midwifery and allied health professionals workforce across the Trust.

The past 12 months has seen a number of areas of improvement which are bringing benefits to our patients. We have seen no avoidable Grade 4 Pressure Ulcers during the year, and we were also below our target for avoidable Grade 3 Pressure Ulcers. This is important, because pressure ulcers can result in complications which can delay or threaten a patient's recovery. We have also reduced the number of falls resulting in serious harm—those which lead to fractured hips—by around a third, which is really positive. The Trust also continues to perform well in infection prevention and control; for example we had just one recorded cases of MRSA bacteraemia, which came at the beginning of the year.

We had some very positive results during the year in the NHS Friends and Family Test, with scores on or above the national average. The results showed 95% of Inpatients, 92% of A&E users and 95% of Outpatients saying they would recommend our hospitals. There were also very good results for our Maternity Services. Reassuringly, the vast majority of staff would recommend the care at the Trust and most would recommend it as a good place to work, although the figure is not as high as we would like. The Care Quality Commission (CQC) Patient Survey showed improvement for the second year running.

Our "buddy partnership" with St George's Hospital in London, to improve the experience of cancer patients, has proved very successful. The partnership was launched following the National Cancer Patient Experience Survey in 2014 and allows each of us to share areas of good practice and innovation, leading to service improvements which, in turn, enhance the cancer patient experience.

Learning and understanding has been an important focus of this year, no more so than in the publication of the independent review into the death of Kate Stanton-Davies in 2009, hours after being born at Ludlow Midwife Led Unit. The review highlighted a number of areas where we need to make improvements. The care provided for Kate and her mother Rhiannon failed to meet the high standards we set for every one of our patients. We fully accept the recommendations of this report and are committed to taking the action required because we can clearly see how this will improve patient care. We have already made a number of improvements, both to the standards and safety of maternity care, and to the way we handle complaints, concerns and incidents, but recognise we have more work to do.

During the year, we received the prestigious international Baby Friendly Award from Unicef (the United Nation's Children's Fund). The award means pregnant women and new mums are receiving more help and advice than ever before about feeding their newborn babies.

Efforts to reduce our reliance on agency staff were high on the agenda over the last 12 months and our proactive drive on recruitment continues. There have been some notable successes including more than 20 Staff Nurses joining us from the Philippines with more than 20 more due to join us by the end of May. A second visit to the Philippines, which took place at the end of the year, resulted in more than 70 conditional offers being made.



Sarah Bloomfield, Director of Nursing and Quality

Progress Against Operational Objectives 2015/16

I was the lead director for the following operational objectives during the year:

2015/16 Strategic Priority	2015/16 Operational Objective	Annual Review of Progress
Reduce harm, deliver best clinical outcomes and improve patient experience.	Implement actions and recommendations within the Care Quality Commission (CQC) Action Plan.	<ul style="list-style-type: none"> Following our CQC visit in 2014, the Trust is continuing implementation and delivery of the resultant Action Plan and a regular progress report is made to the Trust Development Authority Risks to delivery have been identified and steps have been taken to address these risks. All Care Groups discuss, monitor and report on progress against the action plan monthly and the action plan is overseen by the Quality & Safety Committee. Overall progress is in line with the plan with the exception of a small number of actions which are mainly due to resource limitations. However, innovative resolutions to these actions are being progressed.
	Reduce the number of healthcare associated infections.	<ul style="list-style-type: none"> The Trust's challenging target for Clostridium difficile (C.diff) in 2015/16 was to have not more than 25 trust-apportioned cases (occurring later than the third day of admission). The end of year performance figure is 30 cases The key themes for those C.diff infections occurring in our care included delays in sending samples; lack of compliance with antibiotic policy (overuse of Meropenem & Tazocin); and delay in isolation. The Trust has however, seen an improvement over the year. The Trust is also below the national average for large acute trusts in the number of C.diff cases per 100,000 bed days. The end of year position for the Trust for acquired MRSA Bacteraemia is one case in 2015/16; compared to two cases in 2014/15. MRSA new cases (Not Bacteraemia) - 31 cases compared to 42 in 2014/15. MRSA Emergency screening has shown a slight decline in quarter 4 in our Acute Medical Unit (AMU)/Clinical Decisions Unit (CDU) areas; an indication of the high throughput and demand within these clinical areas. However, on average the Trust reported over 95% compliance in year. MRSA Elective screening has been over 95% on average for the last 12 months. The Trust position for Vancomycin-Resistant Enterococcus (VRE) shows that 116 cases were reported compared to 103 in 2014/15. Increased incidence has occurred on surgical wards with evidence of environmental contamination however most patients did not show any signs of clinical infection. The Trust's performance for Hand Hygiene compliance through High Impact Intervention (HII) audits has shown 95% or above for the last 12 months.
	Implement effective systems to engage and involve patients, relatives and carers as equal partners in care.	<ul style="list-style-type: none"> The Trust has drafted its new Patient Experience Strategy and this is ready to be signed off. Seven listening events have been held across Shropshire and Powys. A report on the key findings and feedback will be presented in quarter 2 of 2016/17. The newly appointed Dementia Clinical Nurse Specialist (CNS) will be developing an action plan in response to the Dementia Carers Survey. The Trust has recently appointed four Dementia Support workers. Once in post they will support the Dementia CNS in taking forward improvements in dementia care. The Patient Experience Apprentices have started in post and are collecting data. The final results for 2015/16 are yet to be finalised but early indications are that the Trust is meeting national targets.
	Improve care of the dying through implementation of best practice.	<ul style="list-style-type: none"> We have implemented the Swan Scheme represented by the Swan symbol for end of life and bereavement care. The End of Life Care Facilitator has delivered training to over 1,100 clinical staff on the End of Life Plan and Swan Scheme. We have implemented a bereavement feedback survey for bereaved relatives learning from the relatives' experience and feedback to improve the care and support we deliver We have improved mortuary facilities at the Royal Shrewsbury Hospital (RSH) with a new Swan Bereavement Suite and made continued improvements at the Princess Royal Hospital (PRH). We have recruited more End of Life Care Champions to ensure every Ward/Department has a Champion. We have continued to audit the use of the end of life plan and care after death to ensure we maintain high standards of care.
	Develop robust plans to recruit to establishment to ensure safe staffing levels.	<ul style="list-style-type: none"> There continues to be a proactive drive on recruitment. Twice monthly recruitment events for nursing staff have been successful. 23 Filipino nurses have arrived in the Trust and are being supported to complete their clinical assessments (OSCE tests) and obtain Nursing and Midwifery Council (NMC) registration. There are a further 22 nurse still in the Philippines with anticipated start dates during April and May. A second visit took place recently resulting in 76 conditional offers being made.
	Develop and implement robust processes to support nursing and midwifery revalidation (by Dec 15).	<ul style="list-style-type: none"> The revalidation project is on plan. The first wave of staff due to renew their registrations in April have submitted their revalidation declarations. Systems and processes are in place to continue to monitor and support staff and managers.

Performance Against Key Targets 2015/16

The main Key Performance Indicators that I report to our Trust Board meetings in public during the year through our Summary Performance Report:

Domain	Indicator	Description	Data Source	Thresholds	Performance in Year Ended 31 st March 2016
Infection Prevention and Control	MRSA	Actual number of MRSA vs. planned trajectory for MRSA	HPA Returns	Performing: No MRSA bacteraemias	1
	C.Diff	Actual number of C.diff vs planned trajectory for C.diff		No more than 25 C.diff	30
Quality of Care	Duty of Candour	Number of breaches of duty of candour		Performing: 0	0
	Breaches of same sex accommodation	The number of breaches	Collection via UNIFY	Performing: 0	0

More detailed performance measures are included in the Quality and Safety section of our Integrated Performance report presented to each ordinary meeting of the Trust Board, with further review and assurance through the Trust Board's Quality and Safety Committee and Clinical Governance Executive. Further information about quality performance can be found in our Quality Account 2015/16 which is included at Appendix 1 to this Annual Report.

I.2b Medical Director's Report

As Medical Director I have Board-level responsibility for clinical outcomes, performance and effectiveness across the Trust as well as leadership of the medical and clinical science workforce. My portfolio includes research, development & innovation; medical education & training, and; I am the Trust's Caldicott Guardian responsible for safeguarding patient information.

The doctors at SaTH had a particularly important year in the Trust's development, during which we have seen significant improvements in the way we provide care for our patients, with preparations for further developments in the future. The Trust was recognised for its good performance, particularly for quality and safety of care, when it received, for the third year in a row, a CHKS Top 40 award. This recognises the high standards of care provided by all clinicians and is an achievement to be celebrated. Specific examples include the achievement of Best Practice criteria for patients with fractured neck of femur and implementation of an electronic alert mechanism for patients with acute kidney impairment. Further prioritised work includes improving care for patients with Sepsis.

The biggest challenge facing the clinical workforce is a shortage of Doctors and Nurses, so considerable effort has been made to improve recruitment. It is encouraging to see that SaTH has attracted many high quality colleagues who undoubtedly will contribute to the safe care of our patients. However, in certain specialities shortages of qualified staff remain a significant challenge and in others recruitment is only just keeping pace with retirements. Further efforts will be needed to ensure that the safe staffing of SaTH can be maintained.

The Trust has seen continued improvement in quality of care with a reduction in mortality being maintained year-on-year and systems for learning from deaths, particularly avoidable deaths, being strengthened during this year. It is particularly important that all clinicians learn clinical lessons from avoidable factors and ensure that appropriate changes are made to prevent problems from recurring.

Doctors have continued to demonstrate high quality of care with consistent clinical performance and improvements in the delivery of audit and governance. SaTH has continued to build on its reputation as a preferred teaching site for students from Keele University and doctors from the West Midlands Deanery. The Trust has clearly signalled its intention to become a University Teaching Hospital and has started the process for this form of recognition. Part of the requirement for this will be confirmation of a strong involvement in research; it is encouraging, therefore, to note that research continues to expand and the Trust, for the second year in a row, has been included in the Top 100 Trusts in the UK.

The doctors at SaTH have improved their performance in appraisal, with achievement now being among the best in the UK. This translates through to revalidation, as appraisal is a core component of that national confirmation of a doctor's fitness to practice. Our doctors are continuing to work towards the development of a better future for the treatment and care of patients as part of NHS Future Fit, and the Trust's partnership with the Virginia Mason Institute in Seattle.



It is widely recognised that the challenges to the NHS as a whole also are being experienced by our Trust and require changes to the way that we collectively provide care for our population. During this year, our doctors helped to further develop the NHS Future Fit clinical model and will be building on this to plan for the best future health care system that can be delivered.

Dr Edwin Borman, Medical Director

Progress Against Operational Objectives 2015/16

I was lead director for the following Operational Objectives during the year:

2015/16 Strategic Priority	2015/16 Operational Objectives	Annual Review of Progress
<p>Reduce harm, deliver best clinical outcomes and improve patient experience.</p>	<p>Achieve greater implementation of the mortality review system with demonstrable outcomes achieved from learning from avoidable deaths.</p>	<p>Mortality</p> <ul style="list-style-type: none"> A well-established Trust Mortality Group meets bi-monthly to review the four parameters of Crude Mortality, Hospital Standardised Mortality Ratio (HSMR), Risk Adjusted Mortality Index (RAMI) and In-Hospital Summary Hospital-level Mortality Index (SHMI). SaTH has maintained its position in comparison to our peers with lower than expected mortality. Standardised Mortality reports are shared at the Mortality Group Meeting, Clinical Governance Executive, the Commissioning Quality Review Meeting (CQRM), Shropshire Liaison Group and Trust Board. A schedule of mortality reviews are decided on a quarterly basis and reported back to the Mortality Group. Areas for learning are identified and cascaded to the Specialty Governance and Trust wide in the cases of AKI and sepsis.
	<p>To focus on improving the clinical outcome of patients with Fractured Neck of Femur, sepsis and acute kidney disease, and achieving all elements identified within the Best Practice Tariff.</p>	<p>Fractured Neck of Femur</p> <ul style="list-style-type: none"> We have seen an improved position in relation to the delivery of best practice standards. Following allocation of Orthogeriatric Consultant time in October, we have been able to deliver the full range of standards for the first time at PRH. The challenge to meet Best Practice Criteria for both sites is the time to surgery, that being within 36 hours. This is particularly a challenge at PRH where there is no dedicated weekend list. In order to address this, additional anaesthetic and theatre staff are being recruited. <p>Acute Kidney Disease (AKI)</p> <ul style="list-style-type: none"> AKI has remained as a focus for the Trust and has shown SaTH to have delivered successfully against the national Commissioning for Quality and Innovation (CQUIN). Training programmes throughout SaTH have shown an improvement in awareness and treatment of AKI. It has also shown an increase in coded events of AKI. Clear guidance has been provided and improvements have been demonstrable from the appointment of an AKI nurse specialist. Work is ongoing to make lasting improvements in this area. <p>Sepsis</p> <ul style="list-style-type: none"> Sepsis is now one of the Virginia Mason Work Streams and is being led by Dr Edwin Borman, Medical Director. A Trust-wide training programme was implemented in March 2016 with a launch of Sepsis Awareness on 14th March. The event was attended by 110 staff. There is ongoing work with the Virginia Mason work stream and an improved position against the CQUIN.
	<p>Ongoing medical revalidation embedded within medical areas.</p>	<p>Appraisal</p> <ul style="list-style-type: none"> The appraisal delivery for doctors was 96.6% with Speciality and Associate Speciality Doctors at 96.3% and Consultants at 96.73%. Regular monthly reports are sent to the Clinical Directors and Care Group Medical Directors on all staff in their specialty areas. Exception reports for staff due and overdue are sent to the Care Group Medical Directors and Human Resources (HR) Business Partners on a monthly basis to discuss at the Care Group Monthly Board Meetings. <p>Revalidation</p> <ul style="list-style-type: none"> Robust processes for identifying doctors coming up for revalidation are in place with clear guidance being provided for new staff in the Trust. Clear information is provided on the Medical Director's Information Pages on Appraisal and Revalidation. Ongoing monitoring of revalidation requirements and communication to each individual doctor has ensured a standard approach to revalidation with the majority of doctors meeting the set requirements and successfully revalidating. Support is being provided to all doctors who need to have their revalidation deferred. In 2015/16 there were 119 revalidation recommendations and 21 revalidation deferrals.

Performance Against Key Targets 2015/16

Here are the main Key Performance Indicators that I present to meetings of the Trust Board:

Domain	Indicator	Description	Data Source	Thresholds	Performance in Year Ended 31 st March 2016
Quality of Care	Publication of formulary	Publication of formulary		Performing: Yes	Yes
	VTE Risk Assessment	Number of adult inpatient admissions reported as having a VTE risk assessment on admission	UNIFY Mandatory returns	Performing: 95% Underperforming: 90%	95.33%
	Valid NHS number submitted in acute datasets	Number of spells or attendances without valid number/Total number		Performing: 99%	99.79%
	Valid NHS number submitted in A&E datasets	Number of attendances without valid number/Total number		Performing: 95%	98.73%

More detailed performance measures are included in the Quality and Safety section of our Integrated Performance report presented to each ordinary meeting of the Trust Board, with further review and assurance through the Trust Board's Quality and Safety Committee and Clinical Governance Executive. Further information about quality performance can be found in our Quality Account 2015/16 which is included at Appendix 1 to this Annual Report.

I.2c Chief Operating Officer's Report

As Chief Operating Officer I have Board-level responsibility for service delivery across the Trust, leading our Clinical Care Groups which provide hospital and wider services for around half a million people across Shropshire, Telford & Wrekin and mid Wales. I also have executive responsibility for major incident and emergency planning.

Demand on our hospitals over the last 12 months has continued to rise, requiring us to continue to find ways to deliver our services within the same resources and become even more efficient whilst not compromising patient care. We have, once again, emerged from a difficult winter, which each year seems to extend further into spring. Our Winter Plan was implemented in November last year and, in general terms, it helped us cope better than in the previous year. We generated £1 million from our own funds in order to provide 44 more medical beds over the winter period. However, that increased demand on our services meant that the plan was not as effective as we wanted it to be, leading to more patients than ever before waiting longer than the four-hour standard, a pattern seen across the country. Despite this pressure we did not have any patients who breached the 12-hour trolley wait standard.

In January 2016 eight additional cubicles were opened at the Princess Royal Hospital in Telford at a cost of £500,000. As part of our internal improvement plan work began on improving patient flow by reducing the average time it takes to process patient medication by 50%. During the year we introduced an enhanced ambulatory emergency care model on both sites, supported by GPs at the Princess Royal site. The aim of this was to reduce the number of patients needing an emergency admission by providing a medical day case-type service. We are planning to develop this further in 2016/17 to include a 72-hour frailty service.

I was also very proud to be the Executive Sponsor for the first of our Value Streams as part of our work supported by the Virginia Mason Institute in Seattle, using their production system methodology to look at ways to improve Respiratory Discharge. We chose this pathway because 40% of all our emergency admissions to the Trust have a respiratory disease and are admitted via an Acute Medical Unit (AMU) or the Emergency Department (ED). Our work showed that even small changes can have big impacts, both to patient care and staff workload. We also learned that we can improve patient care by working together and asking those who know best how to improve it. This work will continue over the next year and I am excited to see how this will further positively impact on patient care.

In the run-up to winter, the NHS Emergency Care Improvement Programme (ECIP) was invited to carry out a review of the whole local health economy to help identify areas to improve patient flow. This is a great example of partners from across the health economy working well on a whole-system recovery plan. This is never easy because of the complexity of the Urgent Care System, but it is important work and will carry on into this year. One area which needs more attention in the forthcoming year is the number of handover delays experienced by our West Midlands Ambulance Service colleagues. These significantly increased in the last quarter of 2015/16. The Emergency Care Improvement Programme (ECIP) team are supporting us with a plan to improve these in 2016/17.



Even in a time of such great demand, we as a Trust have again performed strongly on three of the four national targets, which is a tremendous effort. We have performed particularly well in delivering cancer targets achieving, on a number of months, all nine, which puts us in the top three centres across the Midlands and East region.

Debbie Kadum, Chief Operating Officer

Progress Against Operational Objectives 2015/16

I was lead director for the following operational objectives during the year:

2015/16 Strategic Priority	2015/16 Operational Objectives	Annual Review of Progress
<p>Address the existing capacity shortfall and process issues to consistently deliver national healthcare standards.</p>	<p>Address the current capacity shortfalls through a number of joint initiatives including: achieving the agreed Fit To Transfer (FTT) numbers, changes to ward configurations and increasing the level of ambulatory emergency care.</p>	<ul style="list-style-type: none"> • Initiatives designed to improve flow and capacity by shortening the discharge process time for To Take Outs (TTOs), increasingly robust recording of Electronic Discharge Document (EDD) and increased capacity through the Drive for Discharge have begun to be implemented. • Further aligned improvements are being progressed through the Transforming Care programme, support by the Virginia Mason Institute, in the Respiratory Value Stream. • The SAFER (a patient care bundle) initiative is being rolled out in two wards at the Princess Royal Hospital and two wards at the Royal Shrewsbury Hospital (RSH) in 2016/17. • Medically Fit to Transfer bed days lost have increased throughout 2015/16, emergency demand has increased and bed occupancy, acuity and Length of Stay have increased. The Discharge to Assess model is being progressed by the local health economy in 2016/17. • Sustained site pressures leading to high escalation has limited the positive effect of the initiatives outlined above. Medically Fit to Transfer numbers have regularly stayed between 90 and 120 patients during the final months of 2015/16, beyond the plan for a maximum of 45 patients • Enhanced ambulatory models of care introduced at both sites. Limited impact over the winter due to the beds being allocated to inpatients due to increased demand. • A more robust winter plan was in place with an additional 44 medical beds but was outstripped by higher than planned for demand.
<p>Develop a clinical strategy that ensures the safety and short-term sustainability of our clinical services pending the outcome of the Future Fit Programme.</p>	<p>Roll out and embed the Discharge to Assess model and embrace new models of care with independent providers.</p> <p>Identify and implement a plan to protect elective activity from emergency pressures.</p> <p>Agree and implement the service model for the Women and Children's services remaining at Royal Shrewsbury Hospital.</p>	<ul style="list-style-type: none"> • The Discharge to Assess model led by the Clinical Commissioning Groups (CCGs) remains in place. However, it is currently of insufficient capacity to deliver the level of benefits planned. • The Scheduled Care Group Winter Plan was implemented successfully from October 2015 to April 2016. A mobile day surgery unit was operational on the Princess Royal Hospital site from November 2015 until April 2016 and the elective orthopaedic bed base was reduced and relocated to the Princess Royal Hospital day surgery unit. This freed up Ward 11 to become a supported discharge ward. • On the Royal Shrewsbury site the Ward 21 urology bed base was reduced and relocated to the Royal Shrewsbury Hospital day surgery unit. Ward 21 functioned as a 16-bed supported discharge ward. • On both sites up to 4th January very little elective activity was cancelled due to capacity constraints. However, the Day Surgery Unit at the Royal Shrewsbury Hospital was almost constantly full and the number of medical outliers within the remaining surgical bed base on both sites increased resulting in an increase in the number of elective cases being cancelled in quarter 4. • The interim arrangements for Women and Children's Services at RSH have all been implemented. The revised opening times for the RSH Children's Assessment Unit (CAU) were implemented in partnership with the CCG. • The long-term options for the Women and Children's Zones at RSH were included in the Sustainable Services Programme Strategic Outline Case which was approved by the board in March 2016.

Performance Against Key Targets 2015/16

Here are the main Key Performance Indicators that I report to the Trust Board and how we performed during the year:

Domain	Indicator	Description	Data Source	Thresholds	Performance in Year Ended 31 st March 2016
Access (including A&E and 18 weeks Referral to Treatment [RTT])*	Four-hour maximum wait in A&E from arrival to admission, transfer or discharge	The number of patients spending four hours or less in all types of A&E department/The total number of patients attending all types of A&E department	Weekly SitReps	Performing: 95% Underperforming: 94%	85.55%
	12 hour trolley waits	The number of patients waiting in A&E departments for longer than 12 hours after a decision to admit	Weekly SitReps	Performing: 0 Underperforming: >0	0
	1 hour ambulance handovers	Ambulance handovers not completed within 60 minutes	Weekly SitReps	Performing: 0 Underperforming: >0	268
	30 minute ambulance handovers	Ambulance handovers not completed within 60 minutes	Weekly SitReps	Performing: 0 Underperforming: >0	852
	RTT – admitted – 90% in 18 weeks	Total number of completed admitted pathways where the patient waited 18 weeks or less vs. Total number of completed admitted pathways in quarter	Monthly RTT returns via UNIFY	Performing: 90% Underperforming: 85%	70.46%
	RTT – non-admitted – 95% in 18 weeks	Total number of completed non-admitted pathways where the patient waited 18 weeks or less vs. Total number of completed admitted pathways in quarter		Performing: 95% Underperforming: 90%	93.34%
	RTT - incomplete pathways	Total number of patients on incomplete pathways less than 18 weeks vs. total number on incomplete pathways		Performing: 92%	91.44%
	RTT – greater than 52 weeks	Total number of patients waiting longer than 52 weeks from referral to treatment		Performing: 0	1
	% of patients waiting over 6 weeks for a diagnostic test	To measure waits and monitor activity for 15 key diagnostic tests		Performing: <=1%	0.56%
	28 day readmission	Number of patients cancelled on day of surgery not readmitted within 28 days	Quarterly return via UNIFY	Performing: 0	3
	Multiple cancellations of urgent operations	Number of urgent operations cancelled more than once	Monthly return via UNIFY	Performing: 0	0
Cancer Waiting Times	2 week GP referral to 1 st Outpatient	Please see cancer waiting times guidance for definition of these performance standards	Cancer Waiting Times Database	Performing: 93% Underperforming: 88%	94.93%
	2 week GP referral to 1 st outpatient – breast symptoms			Performing: 93% Underperforming: 88%	95.1%
	31 day diagnosis to treatment for all cancers			Performing: 96% Underperforming: 91%	98.17%
	31 day second or subsequent treatment – drug			Performing: 98% Underperforming: 93%	100%
	31 day second or subsequent treatment – surgery			Performing: 94% Underperforming: 89%	94.98%
	31 day second or subsequent treatment – radiotherapy			Performing: 94% Underperforming: 89%	98.58%
	62 days urgent GP referral to treatment of all cancers			Performing: 85% Underperforming: 80%	85.47%
	62 day referral to treatment from screening			Performing: 90% Underperforming: 85%	95.55%
	62 day referral to treatment from hospital specialist			Performing: 85% Underperforming: 80%	88.68%

*From 1 October 2015, a single measure of RTT performance was introduced. The incomplete standard identifies patients waiting to start treatment and since this was introduced the Trust achieved the target for four months out of six.

More detailed performance measures are included in the Operational Performance section of our Integrated Performance Report presented to each ordinary meeting of the Trust Board, with further review and assurance through the Trust Board’s Hospital Executive Committee and through our operational performance systems.

I.2d Finance Director's Report

As Finance Director I have Board-level responsibility for effective systems of financial management and control, and the development and management of our contracts and performance systems. I am also the lead director for our Estates, Facilities, Information and IT services.

The Trust is presently working towards the achievement of a medium-term financial strategy that once delivered will return the Trust to financial balance. Being in financial balance is crucial. It means that we can develop and introduce new services, seek out opportunities to improve the quality of the care we provide and proactively replace and improve the estate and equipment we use in the delivery of our services. Without significantly changing the way we presently operate services across our two hospital sites we will not return to financial balance and to make those changes possible we need major capital investment.

Securing major Capital Investment is not easy. The case for the investment obviously has to be strong and the Trust needs to demonstrate it can accommodate the financial consequences of the investment (more of that later).

Demonstrating control over the Trust finances is crucial. It gives confidence to those who would support and authorise investment plans and is the track record relied upon ultimately by those who approve Capital Investment plans. So setting a financial plan and then delivering to it is key, and particularly so for our Trust because it will determine our future.

In the 2015/16 financial year having initially committed to delivering an in-year deficit of £17.2 million, the effect of worsening finances nationally meant that mid-year the expectation placed upon the Trust was revisited with the effect that the Trust was required to improve the financial position by £2 million and deliver a stretch financial Target deficit of £15.2 million. The Trust has responded admirably to this challenge, generating cost savings and productivity improvements in year amounting to £18.1 million. Accordingly, a deficit for the year of £14.649 million was recorded. This is now the fifth consecutive year that the Trust has achieved precisely what it said it would do. A great achievement.

The route to securing the Capital Investment is progressing at pace. Specifically, in March a Strategic Outline Case (SOC) was approved by the Trust Board and then referred onto the Department of Health and Treasury for approval. This SOC retains two hospital sites, establishes Urgent Care Centres on each hospital site, builds a new modern scalable emergency care centre and seeks to establish through consolidation a number of centres of excellence to serve the populations of Shropshire, Telford and Powys. Plans allow also for a long overdue comprehensive overhaul of ward, theatre and Critical Care areas supported by enhanced diagnostic and imaging capability. The estimated cost of this development programme is circa £250 million. Our calculations show that this programme is affordable to the Trust.

Accordingly, it is important that the achievements realised in the 2015/16 year are not diminished. It is clear that the economic environment in which healthcare is delivered will continue to be a challenge in the 2016/17 financial year. Our plans for the year, however, demonstrate that through the continuing commitment and imagination of our staff, the Trust can, with confidence, fully expect to respond successfully to the year ahead.



Neil Nisbet, Finance Director

Progress Against Operational Objectives 2015/16

I was the lead director for the following operational objectives during the year:

2015/16 Strategic Priority	2015/16 Operational Objective	Annual Review of Progress
Undertake a review of all current services at specialty level to inform future service and business decisions. (Previously Director of Business and Enterprise priority)	Develop robust marketing plans to promote services and support agreed future business developments. Board review operational and financial performance in all specialties through service line reviews	<ul style="list-style-type: none"> A revised approach to marketing is being established for 2016/17 to reflect the latest information and the position of the organisation. A programme of Deep Dive reviews has been completed. These reviews considered performance across four domains, notably finance, quality, workforce and patient/customer.
	Develop and embed a market orientated business planning and development framework.	<ul style="list-style-type: none"> The Trust enhanced its market management capability in year through the employment of dedicated business support officers and through the creation of market management information decision making support system.
Develop a sustainable long-term clinical services strategy for the Trust to deliver our vision of future healthcare services through our Future Fit Programme (Previously Director of Business and Enterprise priority)	Develop the short listed options and a Strategic Outline Case for future service models for acute services and out of hospital care. Commence, and complete, public consultation on proposed clinical services models.	<ul style="list-style-type: none"> The Strategic Outline Case for sustainable acute services was approved by the Trust Board on 31 March 2015 and submitted to the Trust Development Authority and Commissioners for their support and approval Public consultation for the Future Fit programme is planned to commence in Winter 2016.
	Draft an Outline Business Case on preferred option for acute services.	<ul style="list-style-type: none"> Following approval of the Strategic Outline Case the Outline Business Case is in development and is due to be finalised in Autumn 2016.
Support service transformation and increased productivity through technology and continuous improvement strategies .	Develop robust IT solutions to deliver the national 'paperless NHS' and patient access to medical information' requirements including e-prescribing and an integrated clinical portal.	<ul style="list-style-type: none"> Wi-Fi coverage within the Trust has been expanded and iOS devices have been deployed, enabling staff to access information held about patients at the bedside from multiple systems. The user base for the locally developed clinical portal system continues to increase and a prototype module displaying GP data has been developed. Clinical Portal functionality has been expanded to incorporate: completed pre-operative assessments; integration with the emergency department electronic white board and the new VitalPAC patient observations system; clinical guidelines; improved links to clinical documentation and compatibility with mobile devices.
	Develop a robust technology strategy for Diagnostics.	<ul style="list-style-type: none"> The Trust has established a single database describing the full range of diagnostic equipment in use across the Trust. This database has been used to support a risk management assessment of all equipment. The Trust Capital Programme has been scheduled to reflect the risk profile as contained within the database.
	Develop and embed a Continuous Improvement Strategy.	<ul style="list-style-type: none"> The Trust is actively taking forward a Continuous Improvement Strategy through it's work with the Virginia Mason Partnership.
Embed a customer focussed approach and improve relationships through our stakeholder engagement Strategies	Manage GP relationships through a robust GP Engagement Strategy and focussed account management	<ul style="list-style-type: none"> Regular interface with the local GP community is being managed through the existence of a dedicated account manager.
Develop a transition plan that ensures financial sustainability and addresses liquidity issues pending the outcome of the Future Fit Programme	Secure support to manage short-term financial pressures pending review of Long Term Financial Model	<ul style="list-style-type: none"> The Trust has maintained short term liquidity through the receipt of External Financial Support.
	Identify and deliver recurring cost improvement programmes	<ul style="list-style-type: none"> The Trust initially identified £15.27m in Cost Improvement Programmes to be delivered in 2015/16. The Trust has over-delivered on these programmes and has delivered £18.811m in Cost Improvement Programme savings for 2015/16.
	Engage with commissioners to secure a whole health economy sustainable financial solution (including Better Care Fund and Quality, Innovation, Productivity and Prevention [QIPP])	<ul style="list-style-type: none"> The Trust has struggled to gain access to work associated with commissioners' plans relating to QIPP and Better Care Fund schemes. The local health economy has now recognised a sizeable financial deficit that needs addressing. The Trust's Finance Director is the responsible lead for co-ordinating a system-wide solution. A consolidated view of the financial challenge for the health system has been agreed by all health bodies within the Shropshire and Telford health economy, based upon work commissioned with PricewaterhouseCoopers.
	Develop a rolling equipment replacement programme.	<ul style="list-style-type: none"> An equipment replacement programme has been developed reflecting the risk profile of equipment used in the Trust.
Develop a robust investment strategy to modernise our estate	Develop a rolling equipment replacement programme.	<ul style="list-style-type: none"> The six facet estate condition surveys were completed in late 2015 by external property surveyors. Analysis of the estates data has taken place and proposals have been submitted to the Board seeking capital funding in 2016/17 to address the "high risk" items. Work is now underway to implement the works associated with the "high risk" items on a prioritised basis during the 2016/17 financial year.
	Develop a robust investment strategy to modernise our estate	<ul style="list-style-type: none"> Proposals to address the remaining Backlog Maintenance have been included within the Sustainable Services Programme which received Strategic Outline Case approval in March 2016.

I.2e Workforce Director's Report

As Workforce Director I am the lead director for staff engagement and experience, empowering and developing our workforce, and ensuring effective systems for workforce planning.

It has been well documented that the NHS has faced difficulties in recruitment in recent years, and this is something that we have also experienced at SaTH. However, we have made really positive steps in the past 12 months; launching our 'Belong to Something' recruitment campaign to help us to attract the workforce we require. This has seen us increase our presence at recruitment events and make more use of social media and other mediums to enhance our efforts to increase our workforce and showcase SaTH as a great place to work.

Our successful nurse recruitment has focused on the UK, Europe and the Philippines and saw us recruiting a number of staff during the year. This helps us to reduce our reliance on temporary and agency staff, which is the right thing to do for our patients and staff. We made conditional offers to more than 70 Staff Nurses from the Philippines during the year, with more than 20 joining us already, and others due to join us during 2016/17. In total, during 2015/16 we recruited 114 Whole Time Equivalent (WTE) Staff Nurses, 70 WTE Health Care Assistants (HCAs) and 15 Consultants. We've also introduced new advanced clinical practitioner roles to support our Emergency and Acute Medicine Departments, helping us provide the best care possible for our patients. These senior non-medical clinicians have already had a huge impact on the organisation and the benefits of this new role have been seen, with further plans to expand this into other specialities.

Over the past year we've also looked at new ways to support our existing staff – as well as our new recruits. A big focus has been on health and wellbeing, promoting a healthy lifestyle and championing early intervention. We've increased the number of classes we provide for our staff, encouraged active lifestyles, worked closely with catering colleagues for healthier food choices, launched a fast-track physiotherapy service for employees and run a 'Cycle to Work' scheme to give them a more tax efficient way to purchase a bicycle. Alongside this we have also continued to run our ever popular Health and Wellbeing Roadshows, where our staff can pick up information, advice and freebies to support their health and wellbeing. I'm also really pleased that there is now a cash machine on site at RSH as this is something that staff consistently fed back would be useful to them.

Our efforts to support the health and wellbeing of our staff, which has also included the launch of running and walking clubs, were rewarded during the year as we won the Energize 'Employer of the Year Award'. We were also highly commended in the Large Apprenticeship Employer of the Year award in the Health Education England - West Midlands Apprenticeship Recognition Awards for supporting the workforce of the future.



One area where we have not done so well is in the take-up for the flu vaccination amongst our staff with only 43.3% having it during the year. This is something we will be focusing on more over the next year as we aim to increase the uptake significantly when the vaccination is available again next winter.

It was great that during the year our NHS Staff Survey results showed improvement, particularly that more of us recommended the Trust as a place to receive care or work and that 97% of our staff know our Trust Values. But there is more to be done and I hope to see further improvements in the next survey.

I'm really pleased with the progress we made in recruitment and supporting our workforce over the past 12 months, and our aim is to continue this over the coming year and beyond.

Victoria Maher, Workforce Director

Progress Against Operational Objectives 2015/16

I was lead Director for the following Operational Objectives during the year:

2015/16 Strategic Priority	2015/16 Operational Objective	Annual Review of Progress
<p>Reduce harm, deliver best clinical outcomes and improve patient experience.</p> <p>Through our People Strategy develop, support and engage with our workforce to make our organisation a great place to work</p>	Further progress plans to extend 7 day services working towards the delivery of key clinical standards.	<ul style="list-style-type: none"> A SaTH 7-day Trust-wide working group has been formed with a schedule of meetings. Through the STP development there is health economy-wide working to enhance 7 day services and to determine health economy wide challenges. Through 2015/16 we have an enhanced service offer over seven days which includes Radiology and Pathology provision over 7 days, medicine management provision and extended clinic in Endoscopy over 6 days, and 7 day cover for acute medicine consultant cover.
	Develop a Values-driven organisation	<ul style="list-style-type: none"> In 2015/16 further cohorts have been trained in Values Based Conversations and Values, Behaviour and Attitude (VBA) interview training. We will continue to roll out VBA interviews across further staff groups. Employee-led values-based appraisals have been embedded and values-based corporate induction programmes have commenced. Bespoke sessions with staff groups have been facilitated to look at what our Values mean to them.
	Implement the Trust's Leadership Development Programme	<ul style="list-style-type: none"> Cohorts 6-12 of the SaTH Leadership Development programme have been completed and cohorts 12-16 have been populated and are commencing April 2016. The Chief Executive-sponsored Master Class series was launched in January 2016 with a workshop led by Sir Neil Mackay. The Leadership Development programme for Bands 1-4 was designed in conjunction with the Facilities Department and is being piloted by them for all supervisors and team leaders from May 2016.
	Improve staff engagement across the Trust.	<ul style="list-style-type: none"> The Staff Survey 2015 highlighted improved staff engagement scores across the Trust. A Deep Dive was undertaken on the Staff Survey results at the March Workforce Committee and a work plan for 2015/16 was identified. The Trust Board received an update in March 2016. A Local survey 'Our Voice' was undertaken within Corporate Services.
Deliver 5 Year Workforce Plans for all services that support transformation and address recruitment issues within challenged specialities.	<ul style="list-style-type: none"> Workforce Plans driven by Human Resources (HR) Business Partners and the Executive Team have been presented with detailed workforce profiles highlighting supply and demand risks and potential mitigations. These are being managed through the Workforce Committee. The Sustainable Services Programme includes the workforce transformation required across the options. The Local Education and Training Council are addressing health economy challenges, for example in operating department practitioners and Radiology. 	

Performance Against Key Targets 2015/16

Here are the main Key Performance Indicators that I present to the Trust Board:

Domain	Indicator	Description	Data Source	Thresholds	Performance in Year Ended 31 st March 2016
Workforce	Sickness absence	Number of days sickness absence vs. available workforce	SaTH returns	Performing: 3.99%	4.16%
	Appraisal	Number of eligible staff receiving appraisal in current performing vs. total eligible staff		Performing: 80% (stretch target 100%)	86%
	Statutory and Mandatory Training	Number of spells or attendances with valid number/Total number		Performing 80%	79%

More detailed performance measures are included in the Workforce section of our Integrated Performance report presented to each ordinary meeting of the Trust Board, with further review and assurance through the Trust Board's Workforce Committee.

I.1f Director of Corporate Governance's Report

As Director of Corporate Governance I am responsible for ensuring effective systems of governance and risk management within the Trust, and I am also the Company Secretary. My wider responsibilities include legal services, security and health & safety. I am also the Lead Director for Community Engagement and social action through our members and volunteers.

Last year we were highly commended in five categories at the national NHS Sustainability Day Awards 2015 – Public Health, Procurement, Food, Water and Energy. We were also shortlisted finalists in the prestigious Health Service Journal (HSJ) Awards for our work around sustainability while also being named 'Employer of the Year' at the Energize Awards for our staff wellbeing agenda, particularly around active transport and green spaces.

A particular development this year has been made possible thanks to the kindness of Boningale Garden Creations, and the time and effort of our volunteers, to create a Garden of Tranquillity at the Princess Royal Hospital for patients, visitors and staff outside the Macmillan Unit. I am delighted with this new restful outdoor area which, like the Garden of Reflection before it, allows families to visit patients and spend time in a lovely outdoor environment providing a welcome and beautiful courtyard for conversation or quiet reflection. We are also creating a Wildlife Meadow outside Outpatients at the Royal Shrewsbury Hospital to encourage bio-diversity on our sites.

We now have more than 100 Sustainability Champions and have formed a partnership with the Wildlife Trust to further develop green hospital spaces for patients, visitors and staff. Our volunteers continue to play a vital role within our hospitals, working in a variety of departments alongside our staff, and our volunteering strategy is being used as a 'best practice' model by other NHS Trusts. We were recently contacted by Health Education England who would like to feature our work with young volunteers as a case study for the rest of the NHS. We now have more than 700 volunteers, plus almost 300 linked to the League of Friends. All of our new volunteers receive induction and training, including Dementia Awareness sessions as we are committed to providing a dementia-friendly environment on both our sites.

Security is an important element of a safe environment for staff and visitors and our Security Team have helped to once again drive down intentional violence against members of staff. We have also seen an improvement in the rate of clinical aggression. Our Security staff have undergone training, accredited by the British Institute of Learning Disabilities and the Institute of Conflict Management, from accredited NHS trainers from South Staffordshire and Shropshire NHS Foundation Trust, to de-escalate potentially challenging situations. Managing risk within any environment is an important undertaking. Reassuringly, for the fourth year in a row, we received 'substantial assurance' from Deloitte, the Trust Internal Auditors, when they carried out a review of our management of our organisational risk.



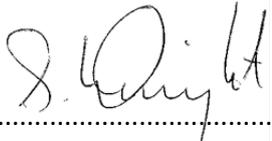
Reflecting on the year's achievements, I am delighted to report on the progress made within the Directorate delivering above and beyond on all our objectives. The most encouraging aspect is the real sense of community engagement and social action to achieve remarkable benefits for our patients.

Julia Clarke, Director of Corporate Governance

Progress Against Operational Objectives 2015/16

I was the lead director for the following operational objective in 2015/16:

2015/16 Strategic Priority	2015/16 Operational Objective	Annual Review of Progress
Develop the principle of 'agency' in our community to support a prevention agenda and improve the health and wellbeing of the population	Develop strong relationships and progress initiatives with volunteers.	<ul style="list-style-type: none"> We currently have 727 Trust Volunteers within the organisation; this includes individuals on our young volunteer scheme; Over the past 18 months we have seen a significant increase in the number of individuals applying to volunteer at the Trust and the demographics of our volunteer community is changing – we now have a larger number of under-65s volunteering at the Trust. We have continued to develop the range of volunteer opportunities available in the Trust including Helping Hands volunteers who will assist the discharge process and reduce readmissions. The Trust has several volunteer projects including a young volunteer scheme, corporate "making a difference days" and a staff volunteer scheme. We have 288 individuals who volunteer for the League of Friends of the Royal Shrewsbury Hospital/Friends of the Princess Royal Hospital (PRH). Individuals who have volunteered for the Royal Voluntary Service at the Hospital have transferred their volunteer placements to the Trust. We have continued to build links with organisations and businesses in the local area and our latest project to redevelop a courtyard at the PRH has been successfully completed. The Boningdale Garden of Tranquillity at PRH was funded through donations of resources and time from local businesses including over £21,000 of materials and free design, labour and equipment. We have begun working in partnership with the Shropshire Wildlife Trust who recently carried out a site survey at both hospital sites to look at ways we could improve the natural habitat.
	Continue to develop environmental and social sustainability through the Good Corporate Citizen programme.	<ul style="list-style-type: none"> A self-assessment of the Trust was undertaken in June 2015 against the NHS Sustainable Development Unit's <i>Making You a Good Corporate Citizen</i> tool. The Trust scored 62%, an increase of 4% compared to the previous assessment in 2013. In April the Trust was "highly commended" in an unprecedented five categories at the NHS Sustainable Development Unit annual Sustainability Awards – more than any other Trust. In November the Trust was a finalist for the first time at the prestigious Health Service Journal Awards in the Improving Environmental and Social Sustainability category for our <i>Healthcare with a kind touch and a small footprint</i> programme, shortlisted from 1,600 entries. The Trust has been shortlisted in the NHS Sustainability Awards in 2016 for the third year in a row.
	Develop a strategy around health related social change through our FT membership.	<ul style="list-style-type: none"> The Trust has continued to develop its public membership as well as promoting opportunities for our staff and public members to become involved with the organisation. The Trust currently has 9,844 public members as well as 5,847 staff members. We engage our members through our regular newsletter 'A healthier Future' which provides further opportunities for our public members to get involved, for example attending health lectures or 'Dementia Friends' information sessions; a number of which have been held at both hospital sites for volunteers, members of the public and staff. Dementia is an Alzheimer's Society initiative that aims to give individual's a better understanding of dementia and the actions they can take to support dementia friendly communities. So far 412 people have attended one of our information sessions at the Trust. We are currently providing information sessions to non-clinical staff in the Trust.
Embed a customer focussed approach and improve relationships through our stakeholder engagement strategies (previously Communications Director priority)	Develop a Stakeholder Engagement and Customer Relationship Strategy.	<ul style="list-style-type: none"> Following our successful bid to join a five-year partnership with the Virginia Mason Institute (VMI) in Seattle, this work has re-focused on establishing the communications programme and infrastructure to support the accelerated transformation through this programme. The Trust is part of a national communications forum to develop and deliver the national approach, which focuses on (a) Engaging Staff and Embedding the Culture (b) Creating a Common Partnership Approach (c) Enabling Engagement Across the Partnership (d) Establishing the National and Local Pulse and (e) Building Stakeholder Advocacy.

Signed.....


Simon Wright, Chief Executive

Date.....2 June 2016.....

Part II. Accountability Report

II.1 Corporate Governance Report

II.1a Director's Report

The Shrewsbury and Telford Hospital NHS Trust is an NHS Trust established in accordance with the National Health Service Act 2006 and related legislation. It is led by a Board of Directors responsible for all aspects of the Trust's performance including high standards of clinical and corporate governance. This section of the Annual Report provides information about the members of the Board and how the Trust is governed.

The members of the Trust Board at year end are outlined below, including a summary of their experience, registered interests and terms of office. During the year there were several changes with the Board. Peter Herring retired as Chief Executive in August 2015 and Non-Executive Director (NED) Dennis Jones left the Trust in October 2015. Simon Wright was appointed as Chief Executive from September 2015, Paul Cronin joined as Designate NED from November 2015 and Clive Deadman joined as a NED from February 2016.

Members of the Trust Board: Chair and Non-Executive Directors

Professor Peter Latchford OBE, Chair

Peter has been Chair, Chief Executive and troubleshooter for a variety of public service organisations, in health, housing, regeneration, community cohesion, enterprise, infrastructure, local authority, museums, skills, business support, and crime. He is Director of Black Radley Ltd which provides specialist consultancy services in enterprise development, governance and strategic planning. He is also Visiting Professor of Enterprise at Birmingham City University and Trustee of the LankellyChase Foundation. He was awarded an OBE for services to business and the community in the New Years Honours of 2012.



- Term: November 2013 to October 2017 (first term)
- Political activity: None
- Interests declared at year end: Director and Shareholder in Spark UK Ltd, Director of Black Radley Ltd, Director of Black Radley Culture Ltd, Director of Black Radley Systems Ltd, Director of Black Radley Insight Ltd, Director of Sophie Coker Ltd, Trustee of the LankellyChase Foundation, Visiting Professor at Birmingham City University, Fellow of Royal Society for Arts and Manufacturing (RSA)
- Declared interests expiring during the year: None

Mr Harmesh Darbhanga, Non-Executive Director

Harmesh graduated with an honours degree in Economics from the University of Wolverhampton. He has worked in a variety of senior roles in local government and has over 25 years experience in accountancy and audit having worked both in the public and private sector. He is currently a local government Finance Manager for Projects where his main responsibilities are for the Medium Term Financial Strategy, Financial Appraisals and providing analytical and accounting support on key projects. Harmesh has extensive board level experience having previously served as an Independent Board Member of Severnside Housing and more recently as Non-Executive Director and Locality Support Member at Shropshire County Primary Care Trust.



- Term: September 2013 to September 2017 (first term)
- Political activity: None
- Interests declared at year end: None
- Declared interests expiring during the year: None

Mr Paul Cronin, Non-Executive Director Designate

Paul has been the Chief Executive of Severn Hospice, a local charity that provides palliative and end-of-life care for adults in Shropshire, Telford and Wrekin, north Powys and Ceredigion, since 2003. Paul started his career in the NHS with Shropshire Health Authority 32 years ago and has held a variety of roles, including Chief Executive posts at the Cardiothoracic Centre - Liverpool NHS Trust, Wirral Health Authority and North Cheshire Hospitals. While with Severn Hospice, Paul has led the development of Compassionate Communities across Shropshire and is passionate about citizens and organisations working together in partnership to provide support to the most frail and vulnerable in our communities.



- Term: November 2015 to October 2017 (first term)
- Political activity: None
- Interests declared at year end: Chief Executive of Severn Hospice
- Declared interests expiring during the year: None

Mr Clive Deadman, Non-Executive Director

Clive, who lives in Cuddington in Cheshire, brings 30 years' experience from senior commercial, finance and business development roles. He studied Chemistry at Cambridge University and worked in Africa before spending eight years in the Venture Capital industry. Since joining the utility sector in 1992, Clive has held a range of executive director roles in electricity distribution, water and wastewater utilities. Clive holds a number of directorships in the housing and utilities sector. He is currently a Non-Executive Director for Metropolitan Housing Trust, one of the largest owners and operators of social housing in the UK, a position he has held since 2013. He is Non-Executive Director for Ombudsman Services (2011-present) where he chairs the Audit Committee. He is Director of 1905 Investments Ltd which provides strategic business & investment advice to board executives of utilities and technology suppliers to the global utility sector. He is also Chairman of the Investment Forum for the Energy Innovation Centre; the Forum helps investment partners across the electricity sector to invest in new technologies that enhance electricity network capability and infrastructure.



- Term: February 2016 to 31 January 2018 (first term)
- Political activity: None
- Interests declared at year end: Director of Consumer Ombudsman Services, Director of Metropolitan Housing Partnership, Chairman of Energy Innovation Centre, Council Member of Institute of Asset Management, Director of 1905 Investments Ltd., Lecturer at Cranfield University.
- Declared interests expiring during the year: None

Dr Robin Hooper, Non-Executive Director

Robin is a qualified solicitor and chartered secretary with over 30 years experience in the public sector, including over 20 years at Director or Chief Executive level in local authorities. This included eight years as Chief Executive of Shrewsbury and Atcham Borough Council. Dr Hooper is a fellow of the Institute of Chartered Secretaries and Administrators. He has a masters degree in European and employment law and a doctorate in business administration. He has worked as a Director of a national law firm and been part of a team



on turnaround assignments in the public sector as well as having successfully held Non-Executive Director roles within the private sector.

- Term: November 2012 to October 2016 (first term)
- Political activity: None
- Interests declared at year end: Director of Planning Group Limited, Chief Executive of Eden District Council, Director of Verity House Limited, Trustee of Shrewsbury Draper Limited, Director of Enterprise Prospects Limited, Director of Hooper Burrowes Legal, Director of Sports Booker Limited, Director of Oak Street Property Limited, Director of Hollyhead Estates Limited, Director of Hollyhead Estates Wrenbury Limited, Fellow of Royal Society for Arts and Manufacturing (RSA)
- Interests expiring during the year: Director of Global Enterprise Solutions Ltd, Director of Oak Street Wimblington Limited

Mrs Donna Leeding, Non-Executive Director

Donna has spent the last 24 years working in various divisions within BT where she has gained board-level experience of leading major change programmes in customer service, employee engagement and cost transformation. She has specialised in projects that span BT's divisions from rolling out broadband to all rural areas, to leading the strategy and implementation of BT's climate change strategy and recently focusing on driving and embedding LEAN principles in service delivery. In 2009 Donna was awarded the IVCA award for "Career in Industry" for her contribution to the innovative communications and engagement programmes for climate change and broadband. Donna also has extensive experience from a previous role as a Non-Executive Director for a national children's charity.



- Term: September 2013 to September 2017 (first term)
- Political activity: None
- Interests declared at year end: None
- Interests expiring during the year: None

Mr Brian Newman, Non-Executive Director

Brian is Chairman of Governors of Prestfelde School. He has over 30 years' experience at managing director level in a variety of international businesses, including, for eight years, as MD of GKN plc's global Wheels Division, which has headquarters in Telford. He also has considerable Trade Association board experience including as chairman of the board of the British Fluid Power Association. Brian, who is a Freeman of the Shrewsbury Drapers Company, is married with three adult sons.



- Term: April 2014 to March 2016 (first term). Brian has been reappointed for a second term until March 2020.
- Political activity: None
- Interests declared at year end: Director - Prestfelde School Limited, Director - Prestfelde School Enterprises Limited, Director - Beckbury Associates Limited, Director – The Woodard Corporation Limited, Director – Board of AIM Pressure Technologies PLC
- Interests expiring during the year: Director – Teknomek Limited, Director – Friars 577 Limited (Teknomek's holding company)

Dr Simon Walford, Non-Executive Director

Simon was a consultant physician in the NHS for over 20 years and the medical director at the Royal Wolverhampton Hospitals NHS Trust. He worked for several years as a senior medical advisor in the Department of Health focusing on transforming emergency care and was a clinical advisor to the Care Quality Commission. He left the NHS in 2007 to work in independent practice as a clinical management consultant. He holds a number of Non-



Executive roles in not-for-profit organisations.

- Term: October 2014 to September 2016 (second term)
- Political activity: None
- Interests declared at year end: Trustee of Wolverhampton Grammar School, Chairman of the Board of the University of Wolverhampton, In receipt of an NHS Pension
- Interests expiring during the year: Governor of University of Wolverhampton, Director of Wolverhampton Academies Trust

Members of the Trust Board: Chief Executive and Executive Directors

Mr Simon Wright, Chief Executive

Simon was appointed as director at Warrington and Halton Hospitals NHS Foundation Trust in June 2007. Simon started his management career with nine years in the independent health sector before joining The Walton Centre for Neurology and Neurosurgery NHS Trust in 1997. He joined Salford Royal Hospitals Trust in 2001 as general manager, later becoming associate director. He helped lead Warrington and Halton Hospitals from turnaround to strong performing NHS Foundation Trust with a track record of operational delivery during his time there. He took on the role of deputy chief executive in July 2013 alongside his chief operating officer role. Simon has a MSc from Lancaster University. He is married with one son and enjoys music, sport and reading.



- Appointed: September 2015
- Interests declared at year end: None
- Interests expiring during the year: None

Mrs Sarah Bloomfield, Director of Nursing and Quality

Sarah joined The Shrewsbury and Telford Hospital NHS Trust in November 2011, in the role of Deputy Chief Nurse. She became Acting Director of Nursing and Quality in September 2013, before being appointed to the substantive post in April 2014.



- Appointed: April 2014 (seconded as Acting Director of Nursing and Quality in September 2013 and appointed as substantive Director of Nursing and Quality in April 2014)
- Interests declared at year end: None
- Interests expiring during the year: None

Dr Edwin Borman, Medical Director

Edwin joined the Trust as Medical Director in April 2013. Prior to this, he was Clinical Director for Anaesthetic, Critical Care and Pain Services at University Hospitals of Coventry and Warwickshire NHS Trust. Throughout his career Edwin has taken a keen interest in the standards of medical practice, education, ethics, equality and diversity, representation and leadership. This has included chairing the British Medical Association's (BMA) Junior Doctors Committee and its International Committee, serving for over 20 years as a BMA Council member and for 14 years as a GMC Council member. Edwin has been a consultant anaesthetist since 1997 and also works in this clinical capacity providing care for our patients.



- Appointed April 2013
- Interests declared at year end: None
- Interests expiring during the year: Secretary General of the European Union of Medical Specialists

Debbie Kadum, Chief Operating Officer



After training as a nurse Debbie completed her orthopaedic nursing certificate and joined Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust in 1986. She held a series of nursing roles including seven years as a ward sister before moving into clinical and senior management roles. This included two years as clinical co-ordinator for the Midlands Centre for Spinal Injuries, a stint as Acting Executive Nurse and most recently over two years as Deputy Director of Operations. In 2005 Debbie moved to Chester as Divisional Manager for Diagnostic, Therapy and Pharmacy Services, later becoming Divisional Manager for Medicine before her appointment as Divisional Director for Urgent Care in 2010. Debbie joined SaTH as Chief Operating Officer in December 2012. Debbie has lived in Shropshire for over 26 years, and is married with two children.

- Appointed December 2012
- Interests declared at year end: None
- Interests expiring during the year: None

Mr Neil Nisbet, Finance Director

Neil joined the Trust in April 2011, having previously been a Finance Director for 12 years and most recently Director of Organisational Resources and Director of Finance at Wolverhampton City PCT.

- Appointed April 2011
- Interests declared at year end: None
- Interests expiring during the year: None



Declaration from Directors

Each Director confirms that as far as he/she is aware there is no information which would be relevant to the auditors for the purposes of their audit report, and of which the auditors are not aware, and has taken “all the steps that he or she ought to have taken” to make himself/herself aware of any such information and to establish that the auditors are aware of it.

Board Meetings

The Trust Board met 10 times during the year in addition to the Annual General Meeting in September. Meetings of the Trust Board are held in public. Board papers are published on the Trust website. Information about attendance at Trust Board meetings is included in the Annual Governance Statement at Appendix 3.

The Board received reports from the four committees chaired by the Non-Executive Directors: Audit Committee, Finance Committee (including Charitable Funds), Quality and Safety Committee, and Remuneration Committee. In addition the Trust Board received reports from the four committees chaired by executive directors – Hospital Executive Committee (chaired by the Chief Executive), Workforce Committee (chaired by the Workforce Director), Risk Committee (chaired by the Chief Executive) and the former Business Development and Enterprise Committee (chaired by the Director of Business and Enterprise) – and regular reports on finance, performance, quality and risk. These reports ensure that the Trust Board can reach informed and considered decisions and ensure the Trust meets its objectives.

Register of Interests

The Trust holds a register of interests of the members of the Trust Board. Directors are asked to declare any interests that are relevant or material on appointment and should a conflict arise during their term. The register of interests, which is updated and published annually, is maintained by the Board Secretary and available to the public via our website at www.sath.nhs.uk within the papers of the Trust Board meeting. A copy can be obtained from the Trust or viewed by appointment. The declarations of interests of the members of the Trust Board during the year are included above.

Audit Committee

The Audit Committee’s chief function is to advise the Board on the adequacy and effectiveness of the Trust’s systems of internal control and its arrangements for risk management, control and governance processes and securing economy, efficiency and effectiveness (value for money). The audit committee met regularly

throughout the year. Chaired by Non-Executive Director Dr Robin Hooper the committee comprises three Non-Executive Directors (including the committee chair). The other committee members during the year were Dr Simon Walford, Dennis Jones (until his term in office concluded) and Harmesh Darbhanga (after Dennis's term of office concluded). Other Non-Executive Directors are welcome to attend. Committee meetings are attended regularly by the internal and external auditors, Finance Director, Director of Corporate Governance and Head of Assurance. Other Executive Directors attend by invitation. The committee met on six occasions during the year. This included one special meeting to review the annual accounts.

Disclosure of Personal Data Related Incidents

The Trust takes its responsibilities for protecting patient information seriously, and we expect high standards of information governance from our staff.

There were no incidents relating to person identifiable information which were formally reported at the Trust in 2015/16.

II.1b Statement of Chief Executive's Responsibilities

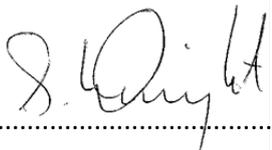
Statement of the Chief Executive's Responsibility as the Accountable Officer of the Trust:

The Chief Executive of the NHS Trust Development Authority 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 Chief Executive of the NHS Trust Development Authority.

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.....

Simon Wright, Chief Executive

Date.....2 June 2016.....

Annual Governance Statement

The Trust has produced a full Governance Statement which details the governance framework of the Trust, including the governance responsibilities of committees, how the Trust identifies and assesses risk, the principal risks to achieving the organisational objectives, and serious incidents occurring in the last year.

The statement details how the organisation ensures the effectiveness of its systems of internal control and any issues that have occurred during the year.

This statement can be found in full in Appendix 3: Financial Statement / Annual Accounts.

II.2 Remuneration and Staff Report

II.2a Remuneration Report

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The information provided on pay multiples is subject to audit. The banded remuneration of the highest paid director in The Shrewsbury and Telford Hospital NHS Trust in the financial year 2015-16 was in the salary banding of £170,000 to £175,000 (2014-15, £175,000 to £180,000). This was 7.03 times (2014-15, 7.23 times) the median remuneration of the workforce, which was £24,555 (2014-15, £24,312). The ratio is lower in 2015-16 as the highest paid director in 2014-15 was the Chief Executive who left the Trust during 2015-16 but the highest paid director in 2015-16 was the Medical Director. In 2015-16, 16 (2014-15, 16) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £175,500 to £273,000 (2014-15, £176,600 to £268,400).

Total remuneration includes salary, non-consolidated performance-related pay (not applicable to any member of staff in 2015-16 or 2014-15), benefits in kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions. The tables below set out the salary and pension entitlements of senior managers, namely the directors who were voting members of the Trust Board during the year. Remuneration figures represent actual remuneration rather than full-year effect.

Table 11.2a - 1: Salary entitlements of senior managers (members of the Trust Board). This information is subject to audit.

Name and Title	2015-16						2014-15					
	Salary (bands of £5,000) £000	Expense payments (taxable) total to nearest £100 £000	Performance pay and bonuses (bands of £5,000) £000	Long term performance pay and bonuses (bands of £5,000) £000	All pension related benefits (bands of £2,500) £000	TOTAL (bands of £5,000) £000	Salary (bands of £5,000) £000	Expense payments (taxable) total to nearest £100 £000	Performance pay and bonuses (bands of £5,000) £000	Long term performance pay and bonuses (bands of £5,000) £000	All pension- related benefits (bands of £2,500) £000	TOTAL (bands of £5,000) £000
Professor Peter Litchford Chairman	30-35	-	-	-	-	30-35	30-35	-	-	-	30-35	
Mr Peter Herring* Chief Executive (to 31.07.15)	90-95	-	-	-	-	90-95	175-180	-	-	-	175-180	
Mr Simon Wright Chief Executive (from 28.09.15)	80-85	-	-	-	70-72.5	150-155	-	-	-	-	-	
Voting Directors												
Mrs Deborah Kadum Chief Operating Officer	115-120	-	-	-	42.5-45	160-165	110-115	-	-	-	110-115	
Dr E Borman Medical Director	170-175	-	-	-	-	170-175	170-175	-	-	-	170-175	
Mrs Sarah Bloomfield Director of Nursing and Quality	110-115	-	-	-	-	110-115	105-110	-	-	0-2.5	110-115	
Mr Neil Nisbet Finance Director	135-140	5	-	-	-	135-140	115-120	12	-	-	115-120	
Non-Executive Directors												
Mr Paul Cronin Non Executive Director (from 01.11.15)	0-5	-	-	-	-	0-5	-	-	-	-	-	
Mr Harresh Darbhanga Non Executive Director	5-10	-	-	-	-	5-10	5-10	-	-	-	5-10	
Mr Clive Deadman Non Executive Director (from 01.02.16)	0-5	-	-	-	-	0-5	-	-	-	-	-	
Mr Robin Hooper Non Executive Director	5-10	-	-	-	-	5-10	5-10	-	-	-	5-10	
Mr Dennis Jones Non Executive Director (to 31.10.15)	0-5	-	-	-	-	0-5	5-10	-	-	-	5-10	
Mrs Durna Leeding Non Executive Director	5-10	-	-	-	-	5-10	5-10	-	-	-	5-10	
Mr Brian Newman Non Executive Director	5-10	-	-	-	-	5-10	5-10	-	-	-	5-10	
Dr Simon Walford Non Executive Director	5-10	-	-	-	-	5-10	5-10	-	-	-	5-10	
Band of Highest Paid Director's Remuneration (PYE)	170-175					175-180						
Median Total Remuneration	24,555					24,312						
Ratio	7.03					7.20						

* Peter Herring retired from the NHS Pension Scheme at the beginning of April 2014. **Sarah Bloomfield was Acting Chief Executive from 1.8.15-16.8.15 and Neil Nisbet was Acting Chief Executive from 17.8.15-27.9.15. From 1.4.15 Neil Nisbet became Deputy Chief Executive.

Table 11.2a - 2: Pension entitlements of senior managers (members of the Trust Board. This information is subject to audit.

Pension entitlements of senior managers							
Name & Title	Real increase in pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at pension age at 31 March 2016 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2016 (bands of £5,000)	Cash Equivalent Transfer Value at 1 April 2015	Real Increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2016
	£000	£000	£000	£000	£000	£000	£000
Mr Simon Wright Chief Executive (from 28 September 2015)	2.5-5	10-12.5	30-35	90-95	443	64	521
Dr Edwin Borman Medical Director	0-2.5	0-2.5	70-75	210-215	1,332	18	1,392
Mrs Deborah Kadum Chief Operating Officer	2.5-5	7.5-10	40-45	125-130	730	60	813
Mr Neil Nisbet Finance Director / Deputy Chief Executive	7.5-10	25-27.5	45-50	145-150	766	167	957
Mrs Sarah Bloomfield Director of Nursing and Quality	0-2.5	0-2.5	20-25	70-75	304	4	317

* Peter Herring retired from the NHS Pension Scheme at the beginning of April 2014.

There are no employer contributions to stakeholder pension.

Remuneration for directors is set by the Trust's Remuneration Committee. Director salaries are reviewed at appointment then, annually, a benchmarking exercise is undertaken to ensure remuneration remains appropriate.

II.2. Remuneration and Staff Report

II.2b Staff Report

We employ more than 5,500 staff and hundreds of staff and students from other organisations also work in our hospitals.

This report provides details about the make-up of our workforce, which at the end of 2015/16 increased by 182 to 5,774. When taking into account those employed on part-time contracts, the full-time equivalent (FTE) number increased by 180 to 4,921. A more detailed breakdown can be found in the table below:

Table 11.2b – 1: Full-time equivalent (FTE) staff by group

Staff Group	FTE	Percentage
Doctors and dentists	551.08	11.2%
Nursing and midwifery staff	1430.23	29.1%
Scientific, technical and therapies staff	641.77	13.0%
Other clinical staff	1336.55	27.2%
Non-clinical staff	960.89	19.5%
Total	4920.52	

The following table provides details of the number of senior managers by Agenda for Change (AfC) pay band:

Table 11.2b – 2: Senior manager by Agenda for Change (AfC) pay band. Senior managers in this instance are classed as those who are not clinically-qualified and are either a member of the Executive Team or a member of staff who reports directly to a member of the Executive Team.

Senior Managers by AfC Band	Headcount	Percentage
Band 8a	1	4%
Band 8b	7	25%
Band 8c	11	39%
Band 8d	8	29%
Band 9	1	4%
Total	28	

The following table provides details of the composition of staff:

Table 11.2b – 3: Composition of all staff (full and part-time)

Gender	Headcount	Percentage
Female	4614	80%
Male	1165	20%
Grand Total	5779	

The following two tables show the composition of the Trust Board and senior staff:

Table 11.2b – 4: Composition of the Trust Directors

Role	Gender	Total
Chief Executive	Male	1
Director of Nursing and Quality	Female	1
Finance Director	Male	1
Medical Director	Male	1
Chief Operating Officer	Female	1
Director of Corporate Governance	Female	1
Workforce Director	Female	1
Grand Total	(3 male and 4 female)	7

Table 11.2b – 5: Composition of senior managers

Role	Gender	Total
Senior Manager	Female	21
	Male	7
Grand Total		28

The following table provides sickness absence data for the period from 1 April 2015-31 March 2016:

Table 11.2b – 6: Sickness absence

Sickness Absence Information	
Sickness Absence %	4.16%
% Over Target Sickness of 3.99%	0.17%
Total FTE Calendar Days Lost	73,528
Average FTE Calendar Days Lost Per Employee	15
Number of Ill Health Retirements	8
Number of Voluntary Resignations due to health	0

Equality and Diversity

We are proud to support the Equality and Diversity agenda and have an Equality and Diversity policy and a specific policy on employing people with disabilities. We renewed our commitments under the Positive about Disability – “Two Ticks” symbol through the Job Centre Plus programme, encouraging applications from people with disabilities through the guaranteed interview scheme and we also continued to support employees who have become disabled during their working career to continue working within the Trust, albeit in a different or adapted role through the internal alternative employment register.



We recognise the value that all our staff give to the care of our patients directly and indirectly, and this is reflected in the Trust employing a diverse workforce representative of the communities we serve as one of the largest employers in the Shropshire and Telford & Wrekin area.

The Equality and Diversity policy demonstrates the Trust's commitment to preventing discrimination and promoting equality and diversity for patients, visitors and staff. The Trust Values of Proud To Care, Make It Happen, We Value Respect and Together We Achieve to which our staff have signed up to, are strong indicators that we are committed to ensuring all who have contact with the Trust in whatever capacity, are treated fairly, equally and are free from harm.

We have continued to engage with local communities in projects such as the Prince's Trust, giving opportunities for work-ready young people interested in a variety of roles within the NHS to come and work with a variety of departments across the Trust. More recently we have expanded the apprenticeship schemes in many different job roles across the Trust.

The Trust is monitored on Equality and Diversity indicators and publishes an annual update to the Trust Board each year.

Diversity of Staff:

- 80% of the workforce is female and 20% male, 44.5% of the Trust Board is female and 55.5% male, of the executive directors on the Board 60% are female and 40% male, and of the Trust's senior managers 75% are female and 25% male;
- 11% of staff identify themselves as from an ethnic minority background (compared to a local population figure of approximately 2%);
- 20% of staff are aged between 16 and 30 with 28% of staff aged between 41-50;
- 2% of staff identify themselves as having a disability (however 24% do not declare whether they do or do not have a disability, as it is not compulsory to declare this information to an employer).

Staff policies applied during the financial year

For giving full and fair consideration to applications for employment by the company made by disabled persons, having regard to their particular aptitudes and abilities:

All the Trust's Human Resources (HR) policies are under review and we are now clustering policies to make them more user friendly. The Recruitment and Equality & Diversity policies are currently under review and are due for publication towards the end of 2016. An Equality Impact Assessment will be done for each cluster of policies to ensure they reflect best practice in industry standards and take into account the current legislative requirements in relation to people with disabilities.

For continuing the employment of, and for arranging appropriate training for, employees of the company who have become disabled persons during the period when they were employed by the company:

The Trust currently has a policy called HR40 Employing People with Disabilities, which reflects current practice in terms of the guaranteed interview scheme for newcomers to the Trust. For existing staff, the Trust runs an Alternative Employment Register for those who become unable to carry out their substantive contract so they can look at all the alternative posts that are available within the Trust, which match their skill set to enable them to carry on working within the Trust.

Otherwise for the training, career development and promotion of disabled persons employed by the company:

All staff, regardless of disability or not, have access to development, training and promotion opportunities through the Trust's Learning and Development Team and through the use of the nationally recognised NHS Jobs portal for advertising of jobs.

Expenditure on consultancy

The Trust's expenditure on consultancy for 2015/16 was £34,000 with Acumen Management Solutions Limited for consultancy work undertaken at the Shropshire Women and Children's Centre and Future Fit Programme Management until July 2015.

This is staff consultancy expenditure and will not match the 'Consultancy services' figure in Note 8 of the Annual Accounts in Appendix 3.

Off-payroll engagements

From 2012/13 HM Treasury has required public sector bodies to report arrangements whereby individuals are paid through their own companies (and so are responsible for their own tax and National Insurance [NI] arrangements, not being classed as employees). The requirement remained in place for 2013/14, as well as a more detailed disclosure on the length of time these engagements have been in place.

The Trust is required to disclose:

- All off-payroll engagements as of 31 March 2016, of more than £220 per day and lasting longer than six months (see *Table 11.2b – 8*: below).
- All new off-payroll engagements between 1 April 2015 and 31 March 2016, for more than £220 per day and lasting longer than six months (see *Table 11.2b – 9*: below).

The Trust has strengthened its controls in this area and does not have any cases where assurances have not been received or terminations have taken place as a result of assurances not being received.

All existing off-payroll engagements have been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.

Table 11.2b – 8: All off-payroll engagements as of 31 March 2016, of more than £220 per day and lasting longer than six months

For all off-payroll engagements as of 31 March 2016, for more than £220 per day and that last longer than six months:	Number
Number of existing engagements as of 31 March 2016	0
<i>Of which, the number that have existed:</i>	
for less than one year at the time of reporting	-
for between one and two years at the time of reporting	-
for between 2 and 3 years at the time of reporting	-
for between 3 and 4 years at the time of reporting	-
for 4 or more years at the time of reporting	-

Table 11.2b – 9: All new off-payroll engagements between 1 April 2015 and 31 March 2016, for more than £220 per day and lasting longer than six months

For all new off-payroll engagements between 1 April 2015 and 31 March 2016, for more than £220 per day and that last for longer than six months	Number
Number of new engagements between 1 April 2014 and 31 March 2015	0
Number of new engagements which include contractual clauses giving the Shrewsbury and Telford Hospital NHS Trust the right to request assurance in relation to income tax and National Insurance obligations	-
Number for whom assurance has been requested	-
Of which:	-
assurance has been received	-
assurance has not been received	-
engagements terminated as a result of assurance not being received, or ended before assurance received.	-

Exit Packages and Severance Payments

No exit packages or severance payments were made during 2015-16. Ill health retirement costs are met by the NHS Pensions Scheme and are not considered within the Trust's Exit Packages and Severance Payments data.

Appendix 1



Quality Account 2015/16



Quality Account

2015 -16

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Chief Executive statement

One of the things that has struck me since I joined the Trust is the commitment and willingness of staff across the organisation for on-going improvement. Likewise, there is a strong sense that people recognise what we do well and that there is a shared understanding of where we must go further to transform the experience, quality, safety and outcomes that we offer our patients.

I know that staff and patients alike will also recognise that recent months have been a challenging time within the Trust; with a very high demand for health care continuing over a protracted winter period. Despite this, our systems have managed very well and performance on most of the key measures has been better than last year. Although our hospitals have been exceptionally busy our staff have shown great resilience in their daily efforts in ensuring that our patients receive safe and appropriate care as soon as possible.

All of us want the reassurance of safe local care with day-to-day support to keep ourselves healthy, mobile, independent and active. We all want to be confident that we and our loved ones will be seen promptly by expert and experienced staff when we have illnesses and injuries. This year's Quality Account therefore reflects the progress we have made against our 3 strategic priorities for the year in key areas such as how we:

- * Improve our skills and pathways to better support patients wherever they are being cared for, particularly for patients at end of life and those suffering with dementia.
- * Work together to improve patient experience across boundaries of care such as for those patients with cancer and timely discharge from hospital to community.
- * Work together with the wider NHS to help deliver national priorities and reduce overall harm to patients.

To deliver on-going improvements, the Quality Account sets areas where we need to progress and whilst we have made progress in some key areas over the past year, we recognise that there is always room for improvement. For example, we know that our staff want and deserve feedback on how they are doing in their roles and our

annual appraisals provide dedicated time to have a meaningful discussion about their individual contribution to patient care.

Currently 86% of our staff have received an appraisal; leaving 14% un-appraised of their valued work. Going forward, the workforce team will be making sure that all staff have the opportunity to discuss the work that they undertake within the Trust.

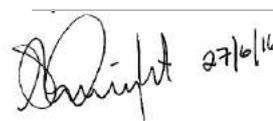
Through 2016/17, we will continue our quality journey with our priority areas reflected in our Quality Account. This is a big year for the Trust and the whole health system in Shropshire, Telford & Wrekin and mid Wales. By the end of this year, we will know the NHS Future Fit Programme's preferred option for the location of services and we will actively take part in the detailed public consultation.

I am delighted to introduce to you the Quality Account published by Shrewsbury and Telford Hospital NHS Trust 2015/16; reflecting a positive year for the Trust in our drive to keeping our patients safe whilst identifying where we need to improve further.

Declaration

The Secretary of State has directed that the Chief Executive should be the Accountable Officer for the Trust. The responsibilities of Accountable Officers include accountability for clinical governance and hence the quality and safety of care delivered by the Trust. To the best of my knowledge and belief the Trust has properly discharged its responsibilities for the quality and safety of care, and the information presented in this Quality Account is accurate.

Simon Wright
Chief Executive



Statement of directors' responsibilities in respect of the Quality Account

The Trust Board are required under the Health Act 2009 to prepare a Quality Account for each financial year. The Department of Health has issued guidance on the form and content of annual Quality Accounts which incorporates the legal requirements in the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended by the National Health Service (Quality Accounts) Amendment Regulations 2011) and reporting arrangements 2015/16.

This Quality Account has been reviewed and accepted by the Quality and Safety Committee, prior to committing to the board. In preparing the Quality Account, the Board are required to take steps to satisfy themselves that:

- The Quality Accounts presents an open and balanced picture of the Trust's performance over the period covered;
- The performance information reported in the Quality Account is reliable and accurate;
- There are proper internal controls over the collection and reporting of the measures of performance included in the Quality Account, and these controls are subject to review to confirm that they are working effectively in practice;
- The data underpinning the measures of performance reported in the Quality Account is robust and reliable, conforms to specified data quality standards and prescribed definitions, and is subject to appropriate scrutiny and review; and
- The Quality Account has been prepared in accordance with Department of Health guidance.

CEO/CHAIR DATE AND SIGNATURE

The Board of Directors confirm to the best of their knowledge and belief that they have complied with the above requirements in preparing the Quality Account.



Part 1

Quality Review - A Look Back at 2015 and 2016

A Review of Quality Performance in 2015 - 2016

In last year's Quality Account we outlined 3 over-arching strategic quality priorities. These were developed following engagement with our stakeholders, patient experience and involvement members, health and commissioning partners. For each priority we have provided a summary outlining the progress made.

Priority 1: Improve our skills and pathways to better support patients wherever they are being cared for in areas such as:

- * The care of patients with Acute Respiratory needs. Introducing an immediate assessment within our Ambulatory Care Unit has reduced the time it takes for a patient to be assessed by 50%. 
- * End of Life - over 1000 staff have received enhanced training and education in end of life care. The Swan Symbol has been embedded across the Trust and improvements made to the Trusts Mortuary and viewing environment. 
- * Dementia – A permanent specialist nurse has now been appointed to take forward dementia awareness across the Trust. 

Priority 2: Work together to improve patient experience across boundaries of care

- * Access – Achievement of the national cancer waiting times standards is considered by patients and the public to be an indicator of the quality of cancer services. We have made improvements for patients accessing cancer services with all access targets currently green. Our local surveys carried out in specific targeted areas have provided exceptionally positive feedback for the care provided. 
- * Discharge - We are introducing a whole system approach to discharge where everyone agrees that patients who no longer require hospital level care can be safely discharged at the right time, without delay. 

Priority 3: Work together with wider NHS to help deliver national priorities

- * Our Sign up to Safety plan was launched in 2015/16 with a 3 year objective to reduce avoidable harm by 50% and contribute to a national target of saving 6,000 lives across England. 
- * Within the UK 44,000 people die each year of sepsis and we know that early recognition and screening for sepsis is vital to ensure timely and effective treatment. Last year, we improved Sepsis screening and identification within our emergency departments by 25%. 

Update on Quality Priorities in 2015/16

This part of the quality account looks back at our quality performance last year and includes what we have achieved during the year.

End of Life Care

Why was this a priority?

Our aim is to provide the best experiences for patients and their relatives and carers at the end of life. It is a privilege to care for people at end of life and support their relatives/friends. Despite improvements in 2014/15, we believed that end of life care needed to be a priority for 2015/16 and that as health care professionals we only have one chance to get this right and we want to get it right every time.

What were our goals for 2015-2016?

With our health care partners, a health economy wide approach to improving the quality of care at a persons end of life by:

- * We achieved all of the goals for 2014-15 with the exception of the implementation of the Amber Care Bundle which is still in development and will be led by the End of Life project group through 2016/17.
- * Our focus for 2015/16 has been on the introduction of the new End of Life Plan with the training and support that accompanies this.
- * Sustaining the good work that was already introduced and embedding good practice and drive improvements through 2015/16.
- * Gain more feedback from bereaved families to understand learning and help us improve care and support in this sensitive area.
- * Introduce a special questionnaire for bereaved families during 2015.

What did we achieve?

- * 1162 clinical staff have attended End of Life Care Sessions, which include a walk-through of the End of Life Plan.
- * The Trust has implemented the Swan Scheme to represent end of life and bereavement care; the Scheme is symbolised by a Swan Logo. Thanks to the support and fundraising of the League of Friends of the RSH and Friends of the PRH, the scheme is now fully implemented and feedback to date has been very positive.
- * All Wards have been issued with Swan Memory Boxes, containing useful items such as toiletries.
- * Major improvements were made to mortuary facilities, including a new Swan Bereavement Suite and improvements to viewing rooms across the Trust.



Acute Medical Needs - Respiratory Care

Why was this a priority?

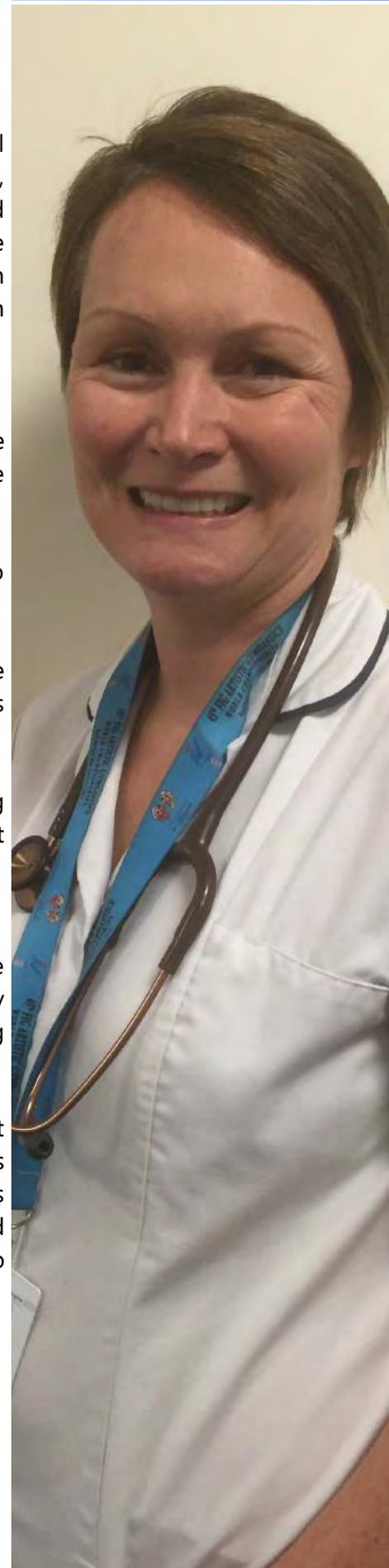
Respiratory or lung problems are some of the most common medical conditions; with millions of people affected with diseases such as Asthma, COPD, Emphysema and Bronchiectasis. Respiratory disease is a common and significant cause of illness and death around the world. During 2014/15, we know that 5011 patients attended our emergency departments suffering with acute respiratory problems; needing timely assessment and treatment of which 3018 were admitted to a hospital bed.

What were our goals for 2015-2016?

- * Implement an Ambulatory Emergency Care (AEC) project to oversee work streams that will improve care for those patients with acute medical conditions such as respiratory disease.
- * Review the diagnostic availability and requirements of patients who would benefit from AEC.
- * Develop new roles such as Advanced Care Practitioners (ACP) in Acute Medicine and Elderly Care to support the timely treatment of patients requiring AEC.
- * Work with our partner care providers to look at ways of avoiding admissions for those patients who could receive care in a different environment closer to home

What did we achieve?

- * Introduced an Ambulatory Care Unit at RSH which has reduced the time a patient with respiratory disease waits to be assessed and treated by 50%, meaning more patients are seen and treated quickly without being admitted.
- * Introduced a programme to develop the role of the ACP across the Trust that undertakes physical and/or mental health assessment of patients with acute care needs. The new role will be able to assess patients request and interpret diagnostic tests, diagnose and plan and deliver care. They will also work along side the multi-disciplinary team to prescribe medications and also work independently where necessary.



Delivering same day emergency care



Dementia Care

Why was this a priority?

We know from our patients and relatives or carers that our hospitals are disorientating and frightening places for patients with Dementia to be in and it is essential that we give staff the knowledge understanding and skills to support them and their families whilst in our care. Despite improvements in 2014/15, we believed that Dementia care needed to be a priority for 2015/16.



What were our goals for 2015-2016?

- * Embed the initiatives that we have introduced and in particular the Butterfly scheme.
- * Implement Dementia friendly environmental standards across the Trust through a rolling programme of improvements, using any new building works and refurbishments.
- * Undertake audits of carers and relatives of patients with Dementia to understand and ensure that we are doing what we said we would do and improve in areas where we fell short.
- * Continue to strengthen partnership working with relatives and carers to identify areas for on-going improvement and development .
- * To continue to raise staff awareness of Dementia and improve their skills by providing on-going training and education to staff at all levels of the organisation.

What did we achieve?

- * We have permanently recruited a Dementia Clinical Nurse Specialist to promote good practice and support staff training.
- * The specialist nurse is working with carers and the local health economy to promote and improve the care of patients with dementia across pathways.
- * On-going promotion of the carers passport and the **"This is Me"** patient passport
- * Improved care for patients with dementia and their carers by focussing on personalised assessment and care plans across the patient pathway.
- * Implemented Dementia friendly-environments in some wards.
- * Dementia care will also continue to be a priority during 2016/17 and we will aim to embed best practice and teach staff about the specific needs of patients with dementia.





Understanding the Patients Experience

As an organisation we value feedback from our patients, their families and carers to help us understand the patients experience. We do this so that we can learn directly from patients about the care they've received and they in turn help us to improve through learning the very best patient experience for our patients. We receive feedback in a number of forms such as formal surveys, comments cards, complaints, compliments and from participation in national and local patient experience surveys. We also undertake local listening events to gain service user feedback from all around the County and Mid Wales.

You said and we did:

1. You told us that we needed to better understand the needs of the carers of patients with dementia and provide better information and support.

- * We carried out a survey of dementia patient's carers to better understand their specific needs. and will use the findings to provide focused support.
- * We will conduct the survey annually to measure how successful we have been meeting their needs.
- * We have employed a Lead Nurse for dementia to support the delivery of the Trust Dementia delivery plan
- * We have employed Dementia Champions to assist the Dementia Lead Nurse and focus on supporting the needs of carers.

2. You told us that we needed to do more to ensure our patients received fast and effective acute pain relief

- * We have developed an advanced practice programme for nurses with enhanced prescribing skills to work in our emergency departments to administer fast and effective pain relief.

3. You told us that you wanted to be involved in making decisions about your treatment.

- * We have provided training to our consultant medical teams and clinical nurse specialists to ensure that they fully engage with the patient in decisions made about treatment.
- * We have co-produced information to advise patients and carers how to get the best out of their appointment with clinical staff.

4. You told us that we needed to improve the information we gave to patients and families about what happens to them whilst in hospital and the information we give when they are ready to go home.

- * We provide all patients with a copy of the letter that is sent to their GP, including their medications, what has been done whilst in hospital, our findings and what the plan is for follow up care.
- * We measure how well we are delivering this by surveying our patients each quarter.
- * Every patient has available to them a patient "Handbook" that provides all the information they need whilst they stay with us.

Understanding the Patients Experience

5. You told us that we needed to provide a summary of care for those patients undergoing treatment for cancer and we needed to make information about cancer and the support patients can access readily available.

- * Our multidisciplinary teams provide cancer patients with a written summary of their plan of care.
- * Our Cancer Nurse Specialists conduct a health needs assessment with each of their patients
- * We have opened a Macmillan Cancer information point at The Princess Royal Hospital

6. You told us that we needed to improve the new mothers experience during labour and immediately after the birth by listening to the Mums and involving them in making informed choices.

- * We have reviewed the information we give to expectant mothers to enable them to make informed choices about their planned delivery.
- * We measure how well we are doing by surveying our expectant mothers every 3 months.

Friends and Family Test (FFT)

During 2015/16 we rolled out the FFT survey to other parts of the Trust including all of our Outpatient clinics, Day Surgery wards and Children’s services. Despite improvements made in 2015/16, we continue to face a challenge of increasing our response rates and we will continue to work with clinicians, senior nurses and NHS England to deliver an increase. The table below shows the Trust performance for FFT since 2014.

		Inpatient	A/E	Maternity	Outpatients
2014/15	% of promoters (recommenders)	92.0%	91.2%	86.1%	NA
	Response rate	27.6%	6.7%	15.7%	NA
2015/16	% of promoters	96.4%	90.4%	98.8%	95.5%
	Response rate	22.1%	19.1%	26.6% (birth only)	NA

Complaints

During 2015/16 we focused on improving how we respond to complaints from patients and their families. Our aim is to ensure that the feedback we receive is used to improve care we provide to our patients. The Trust has continued to see a downward trend in the number of formal complaints received with a 16% (317) reduction compared to 2014/15 (377). We have also focused on improving our responsiveness to complaints with over 90% of complaints responded to within the timescale agreed with the complainant.

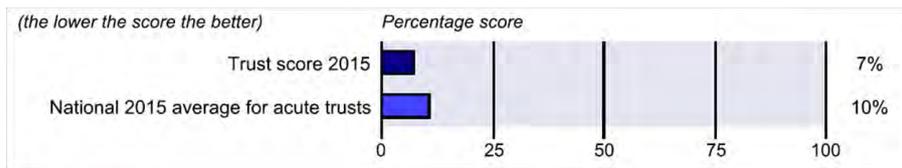
Understanding our Staff Experience

Listening to our staff and understanding their experiences at work is important to us as a Trust and it particularly helps us to know how we can support them to provide quality care. We know that when our staff feel safe and happy, they will provide safe and compassionate care to our patients.

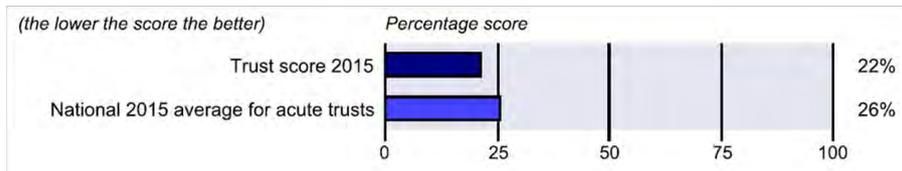
The NHS Staff Survey is the largest survey of staff opinion in the UK and may be the largest in the world. Each year NHS Staff are offered the opportunity to give their views on the range of their experience at work. It uses a method of assessing overall performance on how we manage our staff to enable organisations to understand and compare their own performance. Performance in relation to our overall staff survey can be found at www.sath.nhs.uk.

During 2015/16 2,309 completed their staff survey out of 5,445; giving an overall Trust response of 44% against a national response rate of 41%. The full results are available to the public on the NHS staff survey website however; our Top 5 ranking scores include:

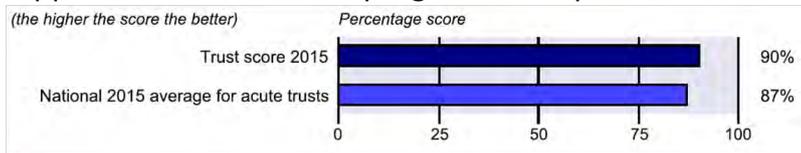
✓ **KF20.** Percentage of staff experiencing discrimination at work in the last 12 months



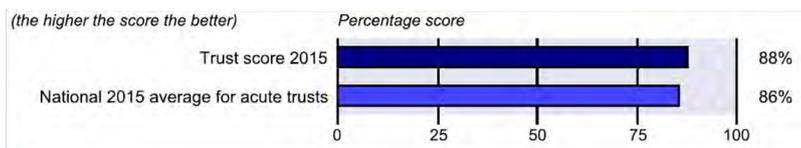
✓ **KF26** Percentage of staff experiencing harassment, bullying or abuse from staff in the last 12 months



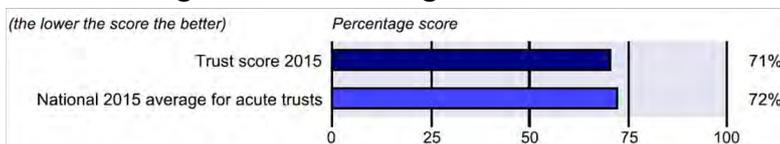
✓ **KF21.** Percentage of staff believing that the organisation provides equal opportunities for career progression of promotion



✓ **KF11.** Percentage of staff appraised in the last 12 months



✓ **KF16.** Percentage of staff working extra hours



West Midlands Quality Review Service (WMQRS)

West Midlands Quality Review Service (WMQRS)

The WMQRS is a collaborative venture by NHS organisations in the West Midlands to help improve the quality of health services. Their main focus is to:

- Develop evidence-based Quality Standards
- Carry out developmental and supportive quality reviews - often through peer review visits
- Produce comparative information on the quality of services
- Provide development and learning for all involved.

The WMQRS aim is to support the development of:

- Better quality, safety and outcomes.
- Better patient and carer experience.
- Organisations with better information about the quality of clinical services.
- Organisations with more confidence and competence in reviewing the quality of clinical services.

An Annual review programme is agreed with each health economy which includes commissioners and providers within the area. The WMQRS Board oversees the delivery of the annual programme and general development of the WMQRS.

In May 2015 the WMQRS conducted a local health economy review within Shropshire, Telford & Wrekin, into the way in which patients are transferred from the acute hospital setting into intermediate and community services. From the review the Trust learned of a number of improvements that could be made in the way in which we supply patients with medications on discharge from hospital.

In response, we used a rapid improvement approach to how medication is dispensed and delivered to patients on the ward. We also worked with our community partners to identify and share best practice to help achieve safe and effective transfer of care for patients. We regularly audit the patient's experiences of discharge to ensure we are delivering a good quality transfer of on-going care and identify any areas for improvement.



1.2 Other quality measures that remain a high priority



Patient Safety

We believe that patient safety is paramount; which is why we have pledged to the national Sign up to Safety Campaign and contribute to the national ambition of making the NHS the safest healthcare system in the world. During 2015/16 we have made positive improvements to the safety of our patients and we recognise that we can be even better.

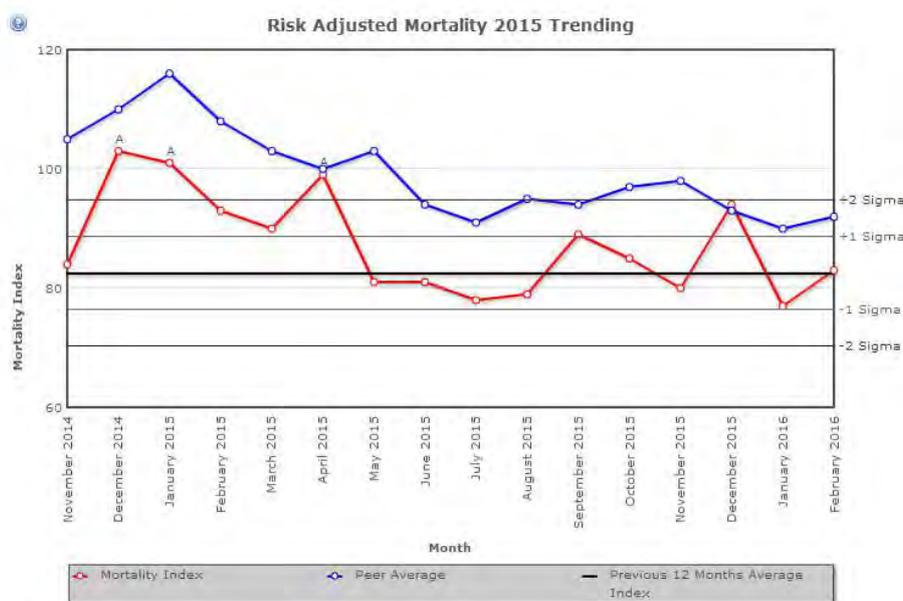
- * **Falls** - The total number of falls in 2015/16 has decreased by 6.5% and shows a 16% decrease in the number of reportable falls since monitoring began in 2011/12. Using the number of falls against recorded bed days activity; benchmarked against the average number of falls in acute Trusts in England, the Trust is below the mean of 6.6 falls (5.5) per 1000 bed days. We have also seen a reduction of the level of harm caused to patients; which has decreased by 42%.
- * **Pressure Ulcers** - The Trust reported 0 avoidable Grade 4 pressure ulcers and 7 avoidable Grade 3 avoidable pressure ulcers; which remains unchanged from 2014/15.
- * **Healthcare acquired infections** - During 2015/16 the Trust reported 1 case of MRSA Bacteraemia and at the time of the account it is 368 days since our last recorded case. Although we have not achieved our target of zero cases; we continue our very low level of MRSA bacteraemia. The Trust also reported 30 cases of C difficile in 2015/16 against a target of 25 which compares with 29 reported during 2014/15.
- * **Serious incidents (SIs)** - The Trust reported 97 SIs during 2014/15 and for 2015/16 this reduced to 60. The reduction does not reflect incidence of under-reporting, rather it is as a result of changes introduced by the department of health revised SI framework in March 2015. The changes introduced impacted on some mandatory reporting categories being removed.
- * **Never Events** - Sadly, the Trust reported 2 never events in 2015/16. Never Events are serious incidents that are wholly preventable and although there was no harm caused to the patients the incidents should not have happened. These were the first never events identified for over 3 years within the Trust. And have triggered in depth reviews and improvements to practice to enhance safety procedures.
- * **Being Open and Duty of Candour** - After an incident occurs the Trust is committed to being open with patients to discuss with them and their carers what has happened; in order to learn and improve. 100% of our serious incidents reported during 2015/16 were openly reviewed and shared with patients and their relatives.



Mortality

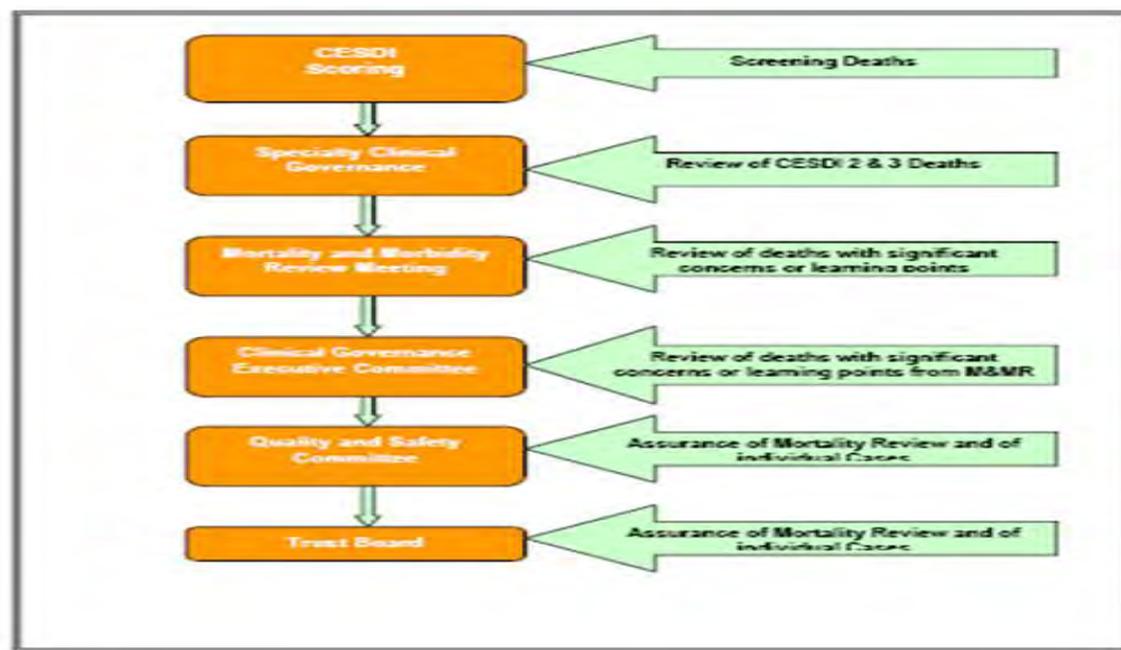
The Trust aims to be an organisation that delivers high quality care which is clinically effective and safe this is supported by continually monitoring and learning from our mortality rates. This data can provide us with insights into areas for improvement. We have seen an improvement in our performance regarding mortality over the last four years, and this has been maintained during 2015/16 and demonstrated over the four mortality parameters that we are consistently better (lower) than our peer comparators. **Figure 1** below shows the Trust position for RAMI against our peers from Feb 2015/16. The Trust is delighted to account that the average index for this period is 83 against 129 for the Trusts peers.

Figure 1



Governance for Mortality Reporting within the Trust

The diagram below shows how mortality is reviewed, overseen and reported. We have implemented a "lessons learned" approach whereby mortality reviews are fed back to all Clinical Governance meetings within each specialty; particularly where avoidable factors played a part. We have also implemented a schedule for improvement whereby we identify and review any areas within the Trust where change is needed; shared with Commissioners for external scrutiny.



Looking Forward to our Quality Priorities for Improvement for 2016 - 2017

The Trust is required to produce priorities for the quality account with involvement and engagement of all with an interest in our hospitals. As such, through engagement with our staff, partners and external stakeholders we have listened to what matters to them and reflected 3 new priorities for 2016/17; along with others that we will continue working on.

Priority 1: Implementation of the "Exemplar Ward" initiative.

Why is it a priority?

As a Trust we want to deliver excellent quality care 24 hours per day, every day for every person, every time. We want to ensure our patients are central to our improvement work in ensuring that essential standards of care and best practice is shared throughout our hospitals.

Our vision: The Trust will develop a ward accreditation approach for all wards across Shrewsbury and Telford Hospitals. The "Exemplar" philosophy is to deliver excellence in the quality of care all day, every day for every patient, every time on our wards.

What do we aim to achieve?

Underpinning this philosophy is introducing standardised approaches to care and remove variation in all we do; with the purpose of:

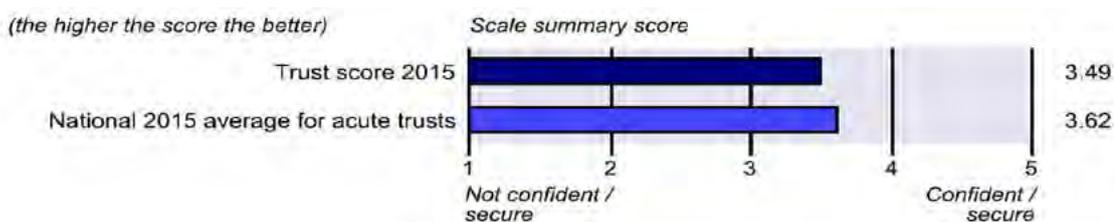
- * Removing waste and inefficiency through improvement.
- * Improve performance against a number of quality measures such as board rounds, ward standards and consistency across all areas including patient flow and discharge.
- * Improve care, patient experience, environment and ward leadership.
- * Increase time to care for patients leading to improving positive experience within our hospitals for our patients.

Priority 2: Developing our culture of openness.

Why is it a priority?

We recognise that the contribution and voice of our staff helps us make a difference and improve the care and safety of our patients. In order to do this we know that we must raise awareness amongst staff and instil confidence that concerns will be listened to and addressed. The table below shows one of the areas that staff have told us we need to improve from feedback within our staff survey during 2015/16.

KF31. Staff confidence and security in reporting unsafe clinical practice



Our vision:

We aim to increase morale and improve culture of trust, openness, respect, and engagement as reported in our staff survey.

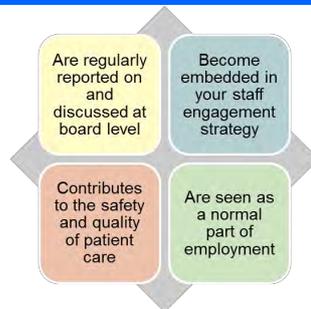
Looking Forward to our Quality Priorities for Improvement for 2016 - 2017

What do we aim to achieve?

Our workforce team will introduce 6 value guardians who will act as speak up champions who will:

- * Offer staff an alternative reporting route to speak up other than their line manager.
- * Help ensure that the voice of staff is heard at a senior level.
- * Provide feedback at a senior level to ensure a constant opportunity for improvement through learning.

Values guardians can help ensure concerns:



Priority 3: Improving Nutrition and Hydration care for our patients

Why is it a priority?

Malnutrition and dehydration are a risk to hospitalised patients especially for those who are vulnerable; such as those patients with dementia or frail and elderly. As well as leading to delays in recovery, it can also be associated with increased mortality rates, hospital admissions and the development of co-morbidities such as impaired cognitive function, falls, poor control of diabetes and hyperthermia.

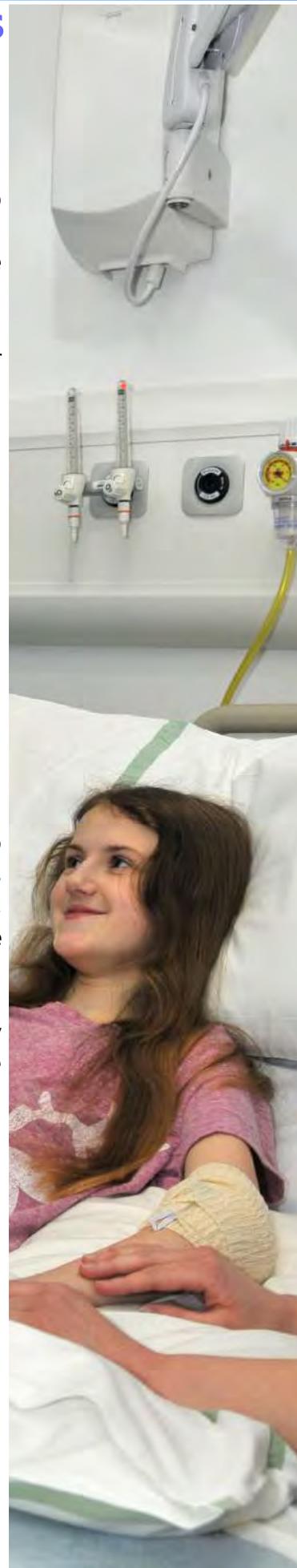
Our vision:

Our vision is to improve food and drink standards in our hospitals including the quality of food and drink across our hospitals; so that everyone has a healthier food experience and everyone involved in its production is properly trained and valued.

What do we aim to achieve?

As a Trust our key areas to focus on in 2016/17 for improving the nutrition and hydration of our patients include:

- * Improving overall patient nutrition and hydration.
- * Healthier eating across the Trust for both patients and our staff.
- * Sustainable procurement of food and catering services.
- * Ensure all patients are screened to identify who are malnourished or at risk of being malnourished.
- * All patients will have a care plan which clearly describes their nutritional needs and how they will be met.
- * Improve hydration to bring well-being, better quality of life and improved outcomes to patients.
- * Improve the monitoring of fluid balance using standardised fluid measurement, fluid management policy, procedure, education and training.



Background

During 2014/15 we were delighted to be identified as one of five Trusts nationally to be supported on this accelerated transformation programme with the Virginia Mason Institute (VMI). This has been made possible with funding from NHS England, support provided by the Trust Development Authority (TDA) and NHSI.

Our work with VMI involves a five year partnership approach to business and performance; supported by a formal agreement (compact) that includes all partners; with the aim to make our hospitals the safest in the NHS. We aim to create a culture and provide the tools to enable sustainable continuous improvement across our organisation and beyond.

Approach

Our approach to the programme is to learn from our colleagues at the Virginia Mason Hospital in Seattle. The hospital have achieved continuous improvement over a 13 year period and shown impressive improved clinical outcomes for their patient's. We are currently learning the Virginia Mason Production Method whilst looking back at our previous approaches to change and improvement; that often lacked long term support and/or staff engagement.

With this reflection in mind, the implementation plan builds steadily over the five years. Two value streams have commenced so far with focussed support to the issues identified and in need of improvement. The continuous Plan Do Study Act (PDSA) cycles will be implemented by the staff responsible for the area/work and supported by the specially trained transformation team (Kaizen Promotion Office (KPO) until the improvements have been embedded.

Value Streams

The first 2 value streams for improvement are well underway with Value Stream 1: Discharge Pathway for the Respiratory Patients chosen as an opportunity to further improve the patient experience for those admitted with respiratory disease to our hospitals.

Value Stream 2: Screening and recognition of Sepsis was also chosen for the potential to improve outcomes for our patients presenting in our hospitals with sepsis. We know that at least 4 of our patients within the Trust may die each month from Sepsis and within the UK, 44,000 people die each year. Within this value stream we are looking to improve the ability to quickly recognise the signs and symptoms of sepsis in a consistent and standardised way, using the concepts of standard work, mistake proofing and reducing inefficiency.

It is wonderful to see the enthusiasm of so many of our staff to be part of the transforming care work. The engagement with Sponsor Development Days, Value Stream Teams and KPO has been incredibly inspiring. Looking forward, further opportunities for improvements will be identified and rolled out during 2016/17, aspiring to be another busy, exciting and improving year.



Care Quality Commission

As part of the regime of hospital inspections the Trust underwent an announced visit during October 2014. The team of 35 inspectors visited a range of wards and departments at both the Royal Shrewsbury and the Princess Royal Hospital and visited Ludlow, Bridgnorth and Oswestry Midwifery led Units.

In addition there was a number of focus group and drop in sessions which staff from all disciplines and levels in the organisation attended. Prior to the inspection two local listening events took place to ascertain the views of patients, public and other organisations. The announced visit was followed up with an unannounced visit at the end of October 2014. The inspection team inspected the following core services :

- * Urgent and Emergency care
- * Medicine
- * Surgery
- * Critical care
- * Maternity and Gynaecology services
- * Children and younger people services
- * End of life care
- * Outpatient and Diagnostic imaging

An overall rating and report for the Trust was issued and a rating of "requires improvement" however, each core service received individual ratings for each site whereby approximately 50% were in the "good" category.

Actions and Next Steps

In addition the following areas were identified as requiring immediate action for improvement:

- * Review nurse staffing in the emergency departments, including paediatric nurses provision, end of life care services and Midwives in the Labour ward .
- * Ensuring staff in all areas have access to mandatory training.
- * Ensuring that all staff are consistently reporting incidents, and that staff receive feedback on all incidents raised, so that service development and learning can take place across the organisation .
- * Pathways of care for patients in surgery required review to ensure they reflect current good practice guidelines and recommendations.
- * Ensure accident and emergency and all surgical wards are able to access the necessary equipment, to provide safe and effective care.
- * Take steps to ensure the Trust meets its 95% A/E four hour target .
- * Ensure that all staff on the wards are trained to provide appropriate end of life care to patients.

The Trust submitted an action plan to the CQC within 28 days outlining how we were going to address the issues and make improvements, to move the Trust position from requires improvement to good. Each care group and service provider has developed their local action plans to take forward and implement the Trust action plan. The plan has been overseen by the Quality and Safety Committee and Trust Board.

Your Feedback Counts

We welcome your feedback on our Quality Account.

You can let us know in a variety of ways:

By email to consultation@sath.nhs.uk – please put

“Quality Account” as the subject of your email

By fax to 01743 261489 – please put “Quality Account”

as the subject of your fax

By post to

Quality Account

c/o Director of Nursing and Quality

The Shrewsbury and Telford Hospital NHS Trust Royal

Shrewsbury Hospital

Mytton Oak Road

Shrewsbury

SY3 8XQ

We welcome your feedback on any aspect of this document, but specific questions you may wish to consider include:

- What do you think are our biggest opportunities for making progress on the Quality Priorities listed in Section 1.3?
- What actions should we be taking to improve quality in these areas?
- How can we further involve patients and communities in our work to improve the quality of the services we provide?
- Do you have any comments or suggestions on the format of our Quality Account?
- What else would like to see in our quality accounts?



Statutory Requirements



2.1 A number of key performance indicators (KPIs) are selected for comparison against other NHS trusts across the country. KPIs reported and monitored by The Shrewsbury and Telford Hospital NHS Trust are listed below with a comparison to national averages and other Trusts to provide benchmarking information where available. In some cases, the Trust's results fall below the national average. Where this occurs, the performance of that metric is monitored and where necessary included in improvement work.

	This Trust	National Average	Highest Trust	Lowest Trust	Reporting Period
The data made available to the trust by the Information Centre with regard to—					
(a) the value and banding of the summary hospital-level mortality indicator (“SHMI”) for the trust for the reporting period; and	96	94	111	60	Apr 15—Oct 15
(b) the percentage of patient deaths with palliative care coded at either diagnosis or specialty level for the trust for the reporting period.	17.20%	26.20%	58.84%	9.27%	Apr 15 –Oct 15
The data made available to the trust by the Information Centre with regard to the trust’s patient reported outcome measures scores for—					
(i) groin hernia surgery,	0.086	0.085	0.149	0.003	April 14—Dec 14
(ii) varicose vein surgery,	No data	No data	No data	No data	-
(iii) hip replacement surgery, and	0.439	0.440	0.533	0.323	April 14—Dec 14
(iv) knee replacement surgery,	0.28	0.316	0.415	0.175	April 14—Dec 14
The data made available to the trust by the Information Centre with regard to the percentage of patients aged—					
(i) 0 to 14; and	9.90%	9.00%	18.13%	2.02.%	Apr 15—Oct 15
(ii) 15 or over,	7.66%	7.50%	11.16%	3.43%	Apr 15—Oct 15
Patients readmitted to a hospital which forms part of the trust within 28 days of being discharged from a hospital which forms part of the trust during the reporting period.					
The data made available to the trust by the Information Centre with regard to the trust’s responsiveness to the personal needs of its patients during the reporting period.	No data	No data	No data	No data	-
The data made available to the trust by the Information Centre with regard to the percentage of staff employed by, or under contract to, the trust during the reporting period who would recommend the trust as a provider of care to their family or friends.	80%	79%	100%	48%	Qtr2 2015— 2015
The data made available to the trust by the Information Centre with regard to the percentage of patients who were admitted to hospital and who were risk assessed for venous thromboembolism during the reporting period.	94.70%	95.80%	100%	61.50%	Qtr. 3 (Oct15-Dec15)
The data made available to the trust by the Information Centre with regard to the rate per 100,000 bed days of cases of C.difficile infection reported within the trust amongst patients aged 2 or over during the reporting period.	12.15	13.83	58.1	0	Apr 15—Jan 16
The data made available to the trust by the Information Centre with regard to the number and, where available, rate of patient safety incidents reported within the trust during the reporting period, and the number and percentage of such patient safety incidents that resulted in severe harm or death.					
Number of patient safety incidents	3364	4647	12080	1559	01 Apr 15— 30 Sept 15
Rate of patient safety incidents per 1000 bed days	28.04	39.30	74.67	18.07	01 Apr 15— 30 Sept 15
Numbers/Percentage of patient safety incidents that resulted in severe harm or death	14/0.4	20/0.5	89/2.9	2/0.1	01 Apr 15— 30 Sept 15

2.2 Statements of Assurance

Progress and assurance against achievement of this year's quality priorities will be reported to the Quality and Safety Committee; a formal subcommittee of the Trust Board. Further assurance against progress is achieved in reporting to our commissioners including Wales through the Commissioning Quality Review meeting and will also be reported in the 2015/16 Quality Account.

How will we monitor, measure and report progress to improve quality, including our Quality Priorities?

Patient Experience Our improvements against the priorities will be monitored by our Patient Experience and Involvement Panel who will receive reports on progress in relation to patient experience surveys and audits throughout the year. The Quality and Safety Committee will also receive monthly progress on patient experience metrics and will hold us to account for delivery of the priorities relating to patient experience. Our performance will also be reported to our commissioners through the Commissioning Quality Review meeting on a monthly basis.

Patient Safety All elements of patient safety including our priorities will be monitored by specific task groups that will support the implementation of work that needs to be done to make improvements. These and a range of safety metrics are presented and discussed by clinicians within care groups and senior nurses at the Nursing and Midwifery Forum where peer and corporate challenge is given with actions for improvement agreed. The Quality and Safety Committee will receive information regarding performance and progress in the monthly quality report. The quality report contains a variety of metrics relating to patient safety which are carefully monitored and challenged by the committee who conduct an executive safety visit to gain further assurance on a monthly basis. Our quality report is also shared with commissioning groups and forms the basis of discussion at the Commissioning Quality Review meeting.

Clinical effectiveness Reporting relating to workforce metrics (such as sickness absence, training and appraisals) and performance in this area will be at many levels throughout the Trust from Ward to Board level and externally to the Trust through commissioners and other stakeholders. Progress and outcomes of clinical audit continue to be shared across the Trust and compliance with NICE and technological guidance is reported both internally and externally to commissioning groups.

In addition, since 2014 we record staffing fill rates for each ward to show staffing levels across the trust for qualified and non-qualified nursing staff. This is reported internally and externally, as well as being published in the Trust internet site and at the entrance to every ward.

Review of Services The categories of services provided by The Shrewsbury and Telford Hospital NHS Trust are:

- Day cases
- Elective care
- Emergency care, including A&E services
- Maternity care
- Outpatients

During 2015/16 the Shrewsbury and Telford Hospital NHS Trust provided and/or subcontracted the full range of services for which it is registered NHS Services (these are detailed in the Trust's Annual Report 2014/15 or via our web site).

The Trust supported a number of reviews of its services during 2015 and 2016. These were undertaken internally as well as external organisations. The income generated by those NHS services that were reviewed in 2015/16 represents 100 per cent of the total income generated from the total provision of NHS services by the Shrewsbury and Telford Hospital NHS Trust.

Registration with Care Quality Commission The Shrewsbury and Telford Hospital NHS Trust is required to register with the Care Quality Commission and its current registration status is registered with no conditions.

2.3 Reviews of Services

The following internal and external reviews took place between April 2015 and March 2016

Service	Review												
Trust Wide PLACE Assessments	<p>Patient led Assessments of the Care Environment (PLACE) took place between March and June 2015. These assessments were supported by members of our local Healthwatch and patient Experience and Involvement Panel. The results were published in September and the scores for Shrewsbury and Telford Hospital are compared to the national average (NA); (14/15)</p> <table> <tbody> <tr> <td>* Cleanliness</td> <td>98.6% (NA 97.5%)</td> <td>(98.7)</td> </tr> <tr> <td>* Food</td> <td>89.38% (NA 88.4%)</td> <td>(86.2)</td> </tr> <tr> <td>* Privacy, dignity and wellbeing</td> <td>79.85% (NA 86.03%)</td> <td>(78.9)</td> </tr> <tr> <td>* Condition & Appearance</td> <td>83.98% (NA 90.11%)</td> <td>(92.2)</td> </tr> </tbody> </table>	* Cleanliness	98.6% (NA 97.5%)	(98.7)	* Food	89.38% (NA 88.4%)	(86.2)	* Privacy, dignity and wellbeing	79.85% (NA 86.03%)	(78.9)	* Condition & Appearance	83.98% (NA 90.11%)	(92.2)
* Cleanliness	98.6% (NA 97.5%)	(98.7)											
* Food	89.38% (NA 88.4%)	(86.2)											
* Privacy, dignity and wellbeing	79.85% (NA 86.03%)	(78.9)											
* Condition & Appearance	83.98% (NA 90.11%)	(92.2)											
Trust Wide Pharmacy	<p>The MHRA re-inspected the compounding facility within pharmacy at RSH during 2015/16; and we have successfully maintained licensed status without conditions for a further year.</p> <p>The General Pharmaceutical Council (GPC) regulatory body inspected our pharmacy at PRH in February 2016 and the Trust received an overall satisfactory judgement.</p>												
Medical Engineering Services	The department maintained business continuity for 2015/16 and this process is no longer required going forward. The department has also been re-certified for Quality Management System ISO 9001 and Medical Devices 13485..												
Endoscopy Units RSH and PRH	The endoscopy departments across the Trust completed their JAG return for April 2016. JAG requires notification every 6 months of adherence to standards covering safety, quality, training, workforce and customer care. All standards were met, except timeliness and consent (the latter being a new standard which is in the process of being implemented).												
Deloitte Audit - Delayed Transfers of Care (DTC)	An audit of delayed transfers of care was carried out by Deloitte. The majority of discharges from hospital are managed effectively however, a small number of complex patients, if delayed, can have a high impact on bed occupancy. The audit findings concluded moderate assurance with two high priority recommendations relating to improvements to board level reporting so that causal factors of internal and external delays can be understood and action taken to resolve emerging or longer term trends.												
Oncology and Haematology - Peer Review	The Trust is participated in the National Cancer Peer Review process and minor improvements will be implemented following full receipt of the review.												
Oncology and Haematology - Cancer patient experience	The Trust participated in the National Cancer Patient Experience survey during 2015/16. The results of the 2015 survey are due to be published mid to late summer 2016.												
Telford & Wrekin Local Safeguarding Children's Board (LSCB)	The Trust took part in a peer review of our self assessment of safeguarding practices under Section 11 of the Children Act. The outcome was that the Trust assured the LSCB of our safeguarding practices, policies, procedures and training.												
West Midlands Quality Review — Orthopaedics	The West Midlands Quality Review Team assessed our Orthopaedic services against a set of standards; developed by clinicians and managers within the region. Areas of good practice were identified along with areas for development.												
Royal College of Ophthalmology (RCO) Review	The RCO reviewed the Trusts Ophthalmology service in September 2015. Overall findings were positive with recommendations reviewed and an implementation plan developed locally between commissioners and the Trust.												

2.4 Participation in Clinical Audit

Participation in audit is an important element of the Trust's approach to quality improvement that seeks to improve patient care and outcomes through the systematic review of care against explicit criteria and implementing change. Aspects of the structure, processes, and outcomes of care are selected and evaluated against criteria. Where indicated, changes are implemented at an individual, team, or service level and further monitoring is used to confirm improvement in healthcare delivery. Participation in national clinical audits, national confidential enquiries and local clinical audits provide an important opportunity to stimulate quality improvement within the Trust and across the NHS as a whole.

Clinical Audits

Section 2 During 1st April 2015 to 31st March 2016, 105 national clinical audits and 7 National Confidential Enquiries (NCEPOD) covered NHS services that the Shrewsbury and Telford Hospital NHS Trust provides.

Section 2.1 During that period the Shrewsbury and Telford Hospital NHS Trust participated in 50 out of 64 [78%] of the national clinical audits and 6/6 [100%] national confidential enquiries which it was eligible to participate in.

Section 2.2 The national clinical audits and national confidential enquiries that the Shrewsbury and Telford Hospital NHS Trust was eligible to participate in during 1st April 2015 to 31st March 2016 [60] are listed at www.sath.nhs.uk/Library/Documents/Clinical_Audit/qa201314_table1.pdf

Section 2.3 The national clinical audits and national confidential enquiries that the Shrewsbury and Telford Hospital NHS Trust participated in between 1st April 2015 and 31st March 2016 are listed at: www.sath.nhs.uk/Library/Documents/Clinical_Audit/qa201314_table2.pdf

Section 2.4 The national clinical audits and national confidential enquiries that the Shrewsbury and Telford Hospital NHS Trust participated in, and for which data collection was completed during 1st April 2015 and 31st March 2016 alongside the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry are listed at: www.sath.nhs.uk/Library/Documents/Clinical_Audit/qa201314_table3.pdf does not work

Section 2.5 The reports of 21 national audits were reviewed by the provider during 1st April 2015 and 31st March 2016.

Section 2.6 The Shrewsbury and Telford Hospital NHS Trust intends to take the actions listed to improve the quality of healthcare provided: www.sath.nhs.uk/Library/Documents/Clinical_Audit/qa201314_table4.pdf

Section 2.7 The reports of 161 local clinical audits were reviewed by the provider during 1st April 2015 and 31st March 2016

Section 2.8 The actions which the Shrewsbury and Telford Hospital NHS Trust intends to take to improve the quality of healthcare provided are listed at: www.sath.nhs.uk/Library/Documents/Clinical_Audit/qa201314_table5.pdf

Payment by Results clinical coding audit

The Trust was not audited by the Audit commission on its clinical coding activities during the Quality Account period 2015—2016.

2.5

Participation in Clinical Research

The Trust is committed to active participation in clinical research in order to improve the quality of care we offer and also to make a contribution to wider health improvement. In doing so our clinical staff stay abreast of the latest possible treatment possibilities and active participation in research leads to successful patient outcomes.

What have we achieved in 2015/16?

We work closely with the West Midlands Clinical Research Network (CRN) to ensure a culture of Research and Innovation is embedded within the Trust.

Research activity has grown again this year and we are included in the National Institute for Health Research (NIHR) list of 100 top recruiting Trusts. The Trust offers clinical studies to patients' within 16 different specialties'.

We have maintained 100% success rate in achieving Trust approval for studies within the 15 day target and the proportion of studies recruiting the first patient within 30 days of receiving approval has increased significantly this year to 78%. The number of actively recruiting Principle Investigators has increased from 36 to 42. We have appointed a paediatric research nurse to increase our paediatric clinical research portfolio.

The Trust is proud of a number of success stories in our cancer portfolio including being the highest recruiters into the Mammo-50 interventional study, second highest recruiter out of 52 Trusts in England to the PROMPTS Study- An interventional prostatic cancer study and 8th out of 128 Trust recruiting into the STAMPEDE international study.

We were the top recruiter in the UK into the Stroke study: FOCUS in January 2016 and we recruited the first UK patient into the commercial Ulcerative Colitis trial RECEPROS in March 2016.

Work is on-going in improving engagement at all levels within the Trust and the public by promotional events providing speakers at local groups and activity reports to the Board, two lay members on the R&I committee and inclusion of a research award within the Trust annual awards scheme.

The Trust also acts as a Continuing Care site for local children recruited into cancer studies at Birmingham Children's Hospital and delivers all the treatment and follow up care required. Radiology and pathology services and lead nurse support are also provided for patients taking part in clinical research in our local mental health trust and primary care.

The number of patients receiving NHS services provided or sub-contracted by The Shrewsbury and Telford Hospital NHS Trust in 2015/16 recruited during that period to participate in research approved by a research ethics committee was 2062. This is a significant increase from previous years.

A full list of recruiting studies is available from the Trust: research@sath.nhs.uk

2.6 Information Quality

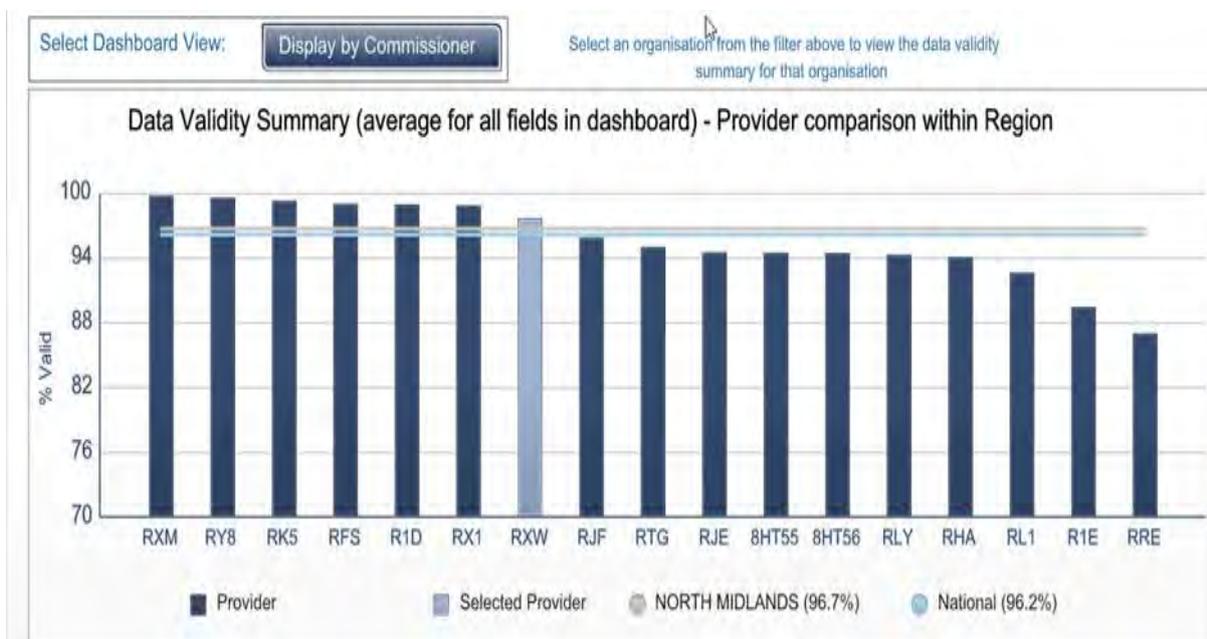
As a Trust we recognise the importance of having reliable and timely information to support the delivery of care, support operational and strategic management and overall governance and for accountability, commissioning and strategic planning purposes. High quality and meaningful information enables people at all levels in the Trust (including external stakeholders) to:

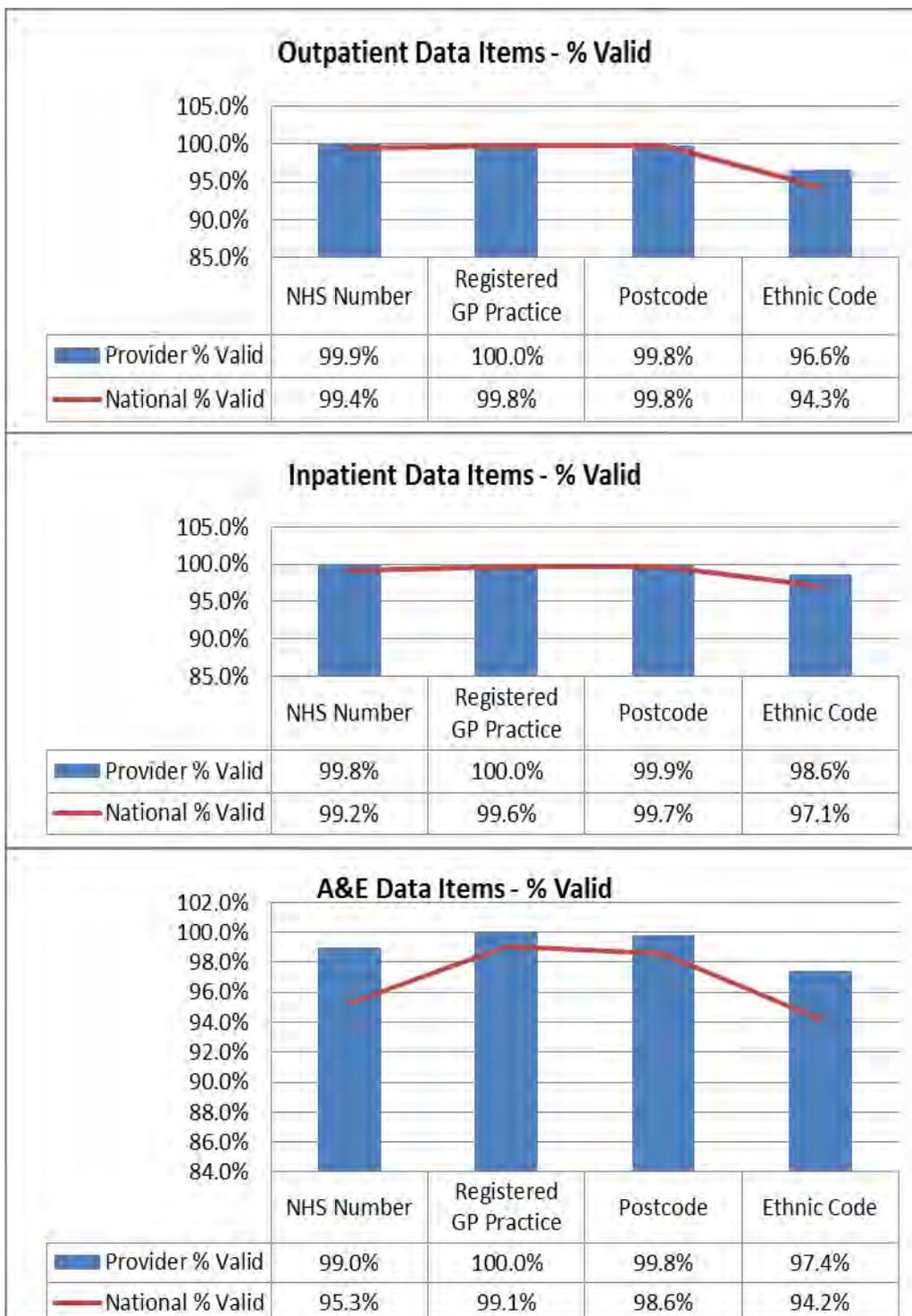
- * Judge our service quality and outcomes and to monitor progress
- * Make strategic and service decisions based on evidence
- * Investigate and analyse suspected problems and evaluate service/practice changes
- * Benchmark against other Trusts and internally across services

Information derived from the Trust's electronic systems' is a key component of this. Hence assuring the quality of the data held by the Trust is of crucial importance. The Francis report – (2013) contained a number of recommendations where the use of high quality information is crucial. Some of the key recommendations are included below:

- * The regulator should have a duty to monitor the accuracy of information disseminated by providers and commissioners.
- * A co-ordinated collection of accurate information about the performance of an organisation must be available to providers, commissioners', regulators and the public in as near 'real time' as possible.
- * Trust Boards should provide, through quality accounts and in a nationally consistent format, full and accurate information about their compliance with each standard which applies to them.
- * Commissioners must have the capacity to monitor the performance of every commissioning contract

The only practical way of ensuring reasonable accuracy is vigilant auditing of data inputted into systems at a local level. This is important work, which must be continued and where possible improved. The data quality team follows such practice and has a regular audit cycle in line with Information Governance (IG) requirements. Any information errors are reported back to source and referral for further training recommended as necessary. The Trust was audited in respect of data quality management in November 2014. The recommendations were completed in 2015. Key information fields taken from data provided for secondary uses included in Hospital Episodes Statistics are found in the following tables:





Information Governance Toolkit Assessment - Overall Score 73%

Initiative	Level achieved 2015	Grade
Information Governance Management	80%	satisfactory
Confidentiality and Data Protection Assurance	66%	satisfactory
Information Security Assurance	66%	satisfactory
Clinical Information Assurance	93%	Satisfactory
Secondary Use Assurance	79%	satisfactory
Corporate Information Assurance	66%	satisfactory

2.8 Use of the Commissioning for Quality and Innovation (CQUIN) payment framework

A proportion of Shrewsbury and Telford Hospital NHS Trust income in 2015/16 was conditional on achieving quality improvement and innovation goals agreed between the Trust and any person or body they entered into contract through the Commissioning for Quality and Innovation payment framework. During 2015/16 2.5% of our contract values with Clinical Commissioning Groups in England was based on achievement of 4 national CQUIN goals, 4 locally agreed CQUIN goals and 3 specialised goals with NHS England. The schemes are summarised in the Table 1 and 2 below.

Table 1

No	CQUIN Goal	Status
1	Physical Health - Acute Kidney Injury	Met
2	Physical Health - Sepsis Screening	Partially met
3	Physical Health - Sepsis Antibiotic Administration	Partially met
4	Mental Health - Dementia, Find Assess, Investigate, Refer, Inform (FAIRI)	Met
5	Mental Health - Dementia, Clinical Leadership	Met
6	Mental Health - Dementia, Supporting Carers	Partially Met
7	UEC - Improving Diagnosis and Re-attendances Rates of Patients with Mental Health Needs at A&E	Met
8	End of Life Care	Partially Met
9	Patient Experience in Relation to Booking and Scheduling	Met
10	Workforce - Staff Engagement	Met
11	Transfer and Discharge from Acute Hospital and Intermediate Care	Met

Table 2

No	Specialised CQUIN Goal - NHS England	Status
1	Renal Patient Experience	Met
2	eGRF	Met
3	NICE DG10 (Oncotype)	Met

For information: details of financial penalties and rewards in relation to CQUIN payments for 2015/16 can be found within the Trust Board Annual Accounts and Report.

2.9 Proposed Commissioning for Quality and Innovation (CQUINS) for 2016/17

The CQUINS for 2016/17 at the time of the account are in the proposal and agreement phase between the Trust, commissioners and NHS England. Table 3 provides a summary of the current national CQUINS however, local CQUINS are still to be determined at the time of accounting.

Table 3

No	CQUIN Goal 2016/17	Target
1	Healthy food for NHS staff, visitors and patients	To be determined
2	Improving the uptake of flu vaccinations for front line staff within Providers	To be determined
3	Timely identification and treatment of Sepsis - emergency departments	To be determined
4	Timely identification and treatment of Sepsis - inpatients	To be determined
5	Antimicrobial Resistance and Antimicrobial Stewardship	To be determined
6	Promote a system of timely identification and proactive management of frailty in community, mental health and acute providers	To be determined
7	Outpatient Ambulatory Emergency Same Day Assessment and Treatment Service	To be determined

Annex 1

Statements from local Healthwatch, Health and Adult Social Care Scrutiny Committees and Clinical Commissioning Groups

Healthwatch Shropshire (HWS)

We would like to congratulate the Trust on an easy-to-read and informative Quality Account. HWS was pleased to see that Dementia Care was a priority for 2015/16 and would have welcomed some more detail on the Butterfly scheme. We would also be interested to know if the Trust shares best practice with other trusts in the county, who are also doing a lot of work to improve experiences for patients with dementia. We welcomed the event held with local stakeholders including HWS, to review and identify future priorities. We note that some of the issues highlighted at this event are included in the 2016/17 priorities but are disappointed that discharge is only touched on within priority 1 and is not a priority in its own right. The aims of priority 1: Implementation of the "Exemplar ward" initiative are very broad and there is no clear indication of what the Trust will do to achieve these aims.

We were impressed by the inclusion of the section 'Your Feedback Counts' into the report which gives members of the public very clear options for sending in their comments. We liked the way the 'Patient experience' section was laid out as an easy-to-read 'You said and we did'. However, we were disappointed that the table relating to the Friends and family Test was incomplete as it was hard to gather anything meaningful from it.

We welcome the reference to the listening events which involved Healthwatch Shropshire and were a good example of partnership working, as were the PLACE assessments. We were also very pleased to see that in the section on patient safety 100% of serious incidents reported during 2015/16 were openly reviewed and shared with patients and their relatives. We congratulate the Trust on being in the 100 top recruiting hospitals for research and for the detail given in the Quality Account around the clinical research carried out by the Trust.

Healthwatch Shropshire is keen to develop its relationship further with the Trust. We are keen to share information and to continue to collaborate in the development of our Enter & View programme.

Healthwatch Telford and Wrekin (HWTW)

Healthwatch is the independent consumer champion, created to gather and represent the views of the public. We listen to the local community, hearing about their experiences of health and social care services across Telford and Wrekin, and use this feedback to help improve services for everybody. Our mission is make health and social care services in Telford and Wrekin as good as they can be.

Response to Shrewsbury and Telford Hospital NHS Trust Quality account 2015/16

We welcome the opportunity to respond to the draft Quality Accounts (QA) of the SaTH NHS Trust, HWTW is an independent body and voice but is working constructively with providers to continue with a regular dialogue and to maintain effective communication with the trust giving us chance to provide regular HWTW feedback

We welcome the executive statement stating that the QA priorities have been influenced and identified with patients, staff and partners by listening to views and comparison with other NHS Trusts. We note they provide a "snapshot" of the broad range of hospital activities. We support your view that we must all respond to the changing needs of the health of our community. We note the improved access to appraisals for the staff, also the highlighted issues around the Future Fit programme and the public consultation that will ensue this year.

We are pleased to see the review is an easy read with clear pictorials highlighting whether the priorities have been met. The review of the end of life care is something HWTW along with HW Shropshire have played a role in this year and we are pleased to see the increased training for staff. We were pleased to welcome the End of Life lead to HWTW public board; we were impressed by the knowledge sharing across the trust and the improved action on End of Life care.

We note that further work is required on discharge, listening to our patients and their families tells us that we fall short in sharing enough or the right information when we send patients home and that often this relates to medication. We have recently completed the discharge pilot and now we need to work together to improve this important priority.

Patient Family and Carers experience; we acknowledge the extension of the friends and family test by the trust, but note the low response rates. We would like to co-operate further with the Trust on the collection and use of data to enhance the Trust responses and to seek to engage the public more widely. We are pleased that the number of complaints continues to decrease and also that complaints are responded to within an agreed timescale.

Conclusion

HWT&W welcomes this opportunity to respond to the Shrewsbury and Telford Hospital NHS Trust Quality Accounts. We believe that in a number of priority areas there is scope for a fuller partnership with voluntary sector organisations - including working jointly on projects. Our engagement continues to reflect concerns in the areas of parking, we are hoping the new system recently commenced at Princess Royal Hospital will allay some of those.

We look forward to further feedback on the Virginia Mason Institute transformation programme and the potential to improve services for our population.

Shropshire Council Health and Adult Social Care Scrutiny Committee

Members noted that the Quality Account document that they had received had since been amended. Members were satisfied with the contents of the Quality Account document, feeling that it was 'upbeat' and that previously raised comments had been taken on board. Members were pleased with performance in 2015 – 2016 and particularly commended achievements related to:

- ◆ Improvement of sepsis screening and identification within emergency departments by 25%.
- ◆ Swan Memory Boxes.
- ◆ Improvements made to mortuary facilities.
- ◆ Implementation of dementia friendly environments in some wards and the plan to expand this further.
- ◆ Reduction in both the number of falls and the level of harm caused to patients.
- ◆ Pressure ulcer prevention.
- ◆ Mortality rates maintained and consistently better than peer comparators.

In relation to falls, Members were pleased that the number of falls in 2015/16 had decreased by 6.5% and showed a 16% decrease in the number of reportable falls since monitoring began in 2011/12. The reduction of the level of harm caused to patients had also decreased by 42% and Members were interested to hear of the many initiatives that had been implemented (e.g. slippers with grips on, non-slip stockings and 'bay watch' on Ward 28).

Members were happy with the three Quality Priorities for Improvement set by the Trust for 2016 – 2017, along with the priorities within the Virginia Mason Institute Transformation Programme. In terms of Priority 2 'Developing our culture of openness', Members asked if the data for both 2013 and 2015 was available for inclusion within the comparison table. In terms of Priority 3 'Improving Nutrition and Hydration care for our patients', Members were pleased that one of the areas earmarked for improvement was the monitoring of fluid balance via standardised fluid measurement, underpinned by a fluid management policy, procedure, education and training.

Members welcomed the improvement in screening and recognition of sepsis as part of the Virginia Mason Institute Transformation Programme which they acknowledged was vital to ensure timely and effective treatment. In terms of the audit of delayed transfers of care carried out by Deloitte, Members commented that they would like a future report on how effective the recommendations were towards alleviating the concerns.

Members stated that some of the diagrams and tables were difficult to read/understand and asked if these could be amended. They also suggested several changes to the document's wording in order to improve clarity of information. The use of a glossary was welcomed and it was suggested that a note be put at the front of the document directing readers to the glossary at the back.

Members spoke highly of the considerable commitment of staff, bearing in mind the effect of recent outside influences. They welcomed continued engagement between the Trust and the Health and Adult Social Care Scrutiny Committee in the coming year.

Present at the meeting: Councillors John Cadwallader, Gerald Dakin, Pam Moseley and Madge Shineton.

Councillor Gerald Dakin
Chairman
Health and Adult Social Care Scrutiny Committee
Shropshire Council
27 May 2016

Telford & Wrekin Council Health and Adult Social Care Scrutiny Committee

Scrutiny of the work of the Shrewsbury and Telford Hospital NHS Trust has been undertaken by the Joint Health Overview and Scrutiny Committee for Shropshire and Telford & Wrekin (Joint HOSC). However, some of the issues covered in the Trust's Quality Account report for 2015/16 also relate to the work of Telford and Wrekin's Health and Adult Care Scrutiny Committee and Children and Young People's Scrutiny Committee.

Review of Quality Performance in 2015/16

Priority 1: Improve our skills and pathways to better support patients wherever they are being cared for in areas such as:

End of Life Care

The Health and Adult Care Scrutiny Committee continues to monitor the implementation of the recommendations which were made during the review on NHS Continuing Healthcare. The fast track process for NHS Continuing Healthcare is for patients who have a "rapidly deteriorating condition and the condition may be entering a terminal phase". (Department of Health Fast Track Pathway Tool for NHS Continuing Healthcare *November 2012* (Revised))

The committee has been informed that a working group has been established with partner agencies to gain a greater understanding of issues relating to the CHC process from all perspectives. The committee will continue to monitor how the CHC process is operating and the Department of Health Guidance is implemented locally. As part of this work the committee will consider how information about the CHC Fast Track process is incorporated into the end of life care training sessions and the End of Life Plan.

Dementia Care

This has been an on-going area of interest for the Health and Adult Scrutiny Committee. The committee was particularly pleased that one of the goals for 2015/16 was to providing on-going training and education to staff at all levels of the organisation and that a Dementia Clinical Nurse Specialist has been appointed to promote good practice and support staff training. The Committee noted that dementia will continue to be a priority for 2016/17.

Priority 2: Work together to improve patient experience across boundaries of care:

Discharge

Over the last 18 months the Joint HOSC has raised concerns about the pressures placed on the hospital by the number of patients that are in hospital who do not need to be there for medical reasons. The Committee recognised that this is an issue that can only be resolved through a joint approach across the health and social care system. The Committee identified lack of clarity regarding the terms 'Delayed Transfer of Care' and 'Medically Fit for Discharge' and also asked all the organisations involved ensure that the focus on reducing the number of patients who were in hospital without a medical need did not result in a reduction the quality of the discharge process.

Safeguarding

Safeguarding procedures in the Trust were recognised as Outstanding in the Care Quality Commission Inspection report in January 2015. The Trust also contributed to the review on multi-agency working against child sexual exploitation (CSE) undertaken by the Telford & Wrekin Council's Children and Young People's Scrutiny Committee. The Committee concluded that agencies in the Borough are working well together to respond to known cases of CSE.

During 2015/16 the Joint HOSC has scrutinised the development of the Future Fit Programme and this will continue to be a focus for the Committee during 2016/17. The Trust has provided assurance that while some services at the Trust including emergency medicine, acute medicine and critical care, are fragile the services provided to patients are safe.

Statement from Shropshire Clinical Commissioning Group and Telford & Wrekin Clinical Commissioning Group

Shropshire CCG acts as the co-ordinating Commissioner working closely with Telford & Wrekin CCG for Shrewsbury and Telford Hospitals NHS Trust (SaTH). We welcome the opportunity to review and provide a statement for the Trust's Quality Account for 2015/16. This Quality Account has been reviewed in accordance with the relevant Department of Health and Monitor guidance and in line with the Gateway Reference: 04730 reporting arrangement for 2015/16 Quality Accounts.

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

It has been a challenging year for the Trust as referenced in their Quality Account, which includes the difficulties experienced due to a high demand for healthcare over a protracted winter period with some patients waiting to be seen longer than expected to access hospital services. It is recognised by Commissioners that the Trust and its staff demonstrate both resilience and a continued focus both within the Trust and collaboratively with health, social care partners, patient and voluntary groups to ensure it delivers safe and effective services.

During 2015/16 SCCG and TWCCG have jointly conducted a number of patient safety and assurance visits to wards and clinical departments in both hospitals including the Accident Emergency departments and other urgent care admission areas. Feedback following the visits including positive patient feedback has been well received and any issue requiring further assurance has been acted upon by the Trust as necessary.

The Trust Reported 2 Never Events in 2015/16 which triggered in depth reviews and improvements in practice by the Trust. As part of the assurance process commissioners visited the hospitals operating theatre departments and were pleased with the measures which have been put in place to improve patient safety and experience in these areas. We also recognise the commitment and continued work being undertaken by the Trust to enable sustainable continuous improvement as part of the Virginia Mason Institute - Transformation Programme.

We note the achievement of the Trusts key priorities for 2015/16 including providing the best experiences for patients and their families at the End of Life, the introduction of the Butterfly scheme for patients with Dementia and improving skills and pathways to better support patients wherever they are being cared for. We also recognise the continued commitment to progress those areas identified as needing further improvement including a unified whole system approach to discharge and early recognition and screening for sepsis.

We are pleased to see the Trust's priorities for 2016/ 17 include delivery of effective quality care 24 hours per day, every day for every person, every time and further development of a culture of openness which recognises the contribution of staff to make a difference and improve the quality and safety of patient care.

Accuracy of Information contained with the Quality Account 2015/16

The CCG has taken the opportunity to check the accuracy of relevant data presented in the draft version of the document received and has raised several queries, which the Trust has confirmed will be revised in the final version of the Quality Account.

David Evans
Accountable Officer

Linda Izquierdo
Director of Nursing

The Trust will endeavour to act upon all stakeholder feedback in order to attain year on year improvements to the Quality Account. We have produced a summary version of the Quality Account, which is available on request.

Trusts response to feedback from stakeholders

In response to comments from external stakeholders, the Trust has made a small number of amendments to this year's Quality Account. As with previous year's we have strived to make this year's Quality Account more readable and clearer. Following interim feedback from stakeholder groups, we have made the following amendments to the Quality Account.

- We have amended the figures for serious incidents and pressure ulcers on page 15 following validation of the most recent data prior to publication of the account.
- We have included 2 local CQUIN schemes recently agreed on page 32.
- Amended the Glossary.
- Provided clarity to a number of tables where descriptions were lacking.

Annex 3.

ERNST & YOUNG LLP Limited Assurance Audit report

INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT TO THE DIRECTORS OF SHREWSBURY AND TELFORD HOSPITALS NHS TRUST ON THE ANNUAL QUALITY ACCOUNT

We are required to perform an independent assurance engagement in respect of Shrewsbury and Telford Hospital NHS Trust's Quality Account for the year ended 31 March 2016 ("the Quality Account") and certain performance indicators contained therein as part of our work. NHS trusts are required by section 8 of the Health Act 2009 to publish a Quality Account which must include prescribed information set out in The National Health Service (Quality Account) Regulations 2010, the National Health Service (Quality Account) Amendment Regulations 2011 and the National Health Service (Quality Account) Amendment Regulations 2012 ("the Regulations").

Scope and subject matter

The indicators for the year ended 31 March 2016 subject to limited assurance consist of the following indicators:

Rate of clostridium difficile infections; and

Percentage of patient safety incidents resulting in severe harm or death.

We refer to these two indicators collectively as "the indicators".

Respective responsibilities of Directors and auditors

The Directors are required under the Health Act 2009 to prepare a Quality Account for each financial year. The Department of Health has issued guidance on the form and content of annual Quality Accounts (which incorporates the legal requirements in the Health Act 2009 and the Regulations).

In preparing the Quality Account, the Directors are required to take steps to satisfy themselves that:

the Quality Account presents a balanced picture of the Trust's performance over the period covered;

the performance information reported in the Quality Account is reliable and accurate;

there are proper internal controls over the collection and reporting of the measures of performance included in the Quality Account, and these controls are subject to review to confirm that they are working effectively in practice;

the data underpinning the measures of performance reported in the Quality Account is robust and reliable, conforms to specified data quality standards and prescribed definitions, and is subject to appropriate scrutiny and review; and

the Quality Account has been prepared in accordance with Department of Health guidance.

The Directors are required to confirm compliance with these requirements in a statement of directors' responsibilities within the Quality Account.

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

the Quality Account is not prepared in all material respects in line with the criteria set out in the Regulations;

the Quality Account is not consistent in all material respects with the sources specified in the NHS Quality Accounts Auditor Guidance 2014-15 issued by the Department of Health in March 2015 ("the Guidance"); and

the indicators in the Quality Account identified as having been the subject of limited assurance in the Quality Account are not reasonably stated in all material respects in accordance with the Regulations and the six dimensions of data quality set out in the Guidance.

ERNST & YOUNG LLP Limited Assurance Audit report

We read the Quality Account and conclude whether it is consistent with the requirements of the Regulations and to consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the Quality Account and consider whether it is materially inconsistent with:

- Board minutes for the period April 2015 to June 2016;
- papers relating to quality reported to the Board over the period April 2015 to June 2016;
- feedback from the Commissioners dated June 2016.
- feedback from Local Healthwatch dated May 2016;
- the Trust's complaints quarterly reports for Q1-Q3 2015/16;
- feedback from other named stakeholder(s) involved in the sign off of the Quality Account;
- the latest national patient survey dated March 2015;
- the latest national staff survey dated March 2016;
- the Head of Internal Audit's annual opinion over the Trust's control environment dated 02/6/2016 (as part of the AGS)
- the annual governance statement dated 02/6/2016;
- the Care Quality Commission's intelligent monitoring reports dated 20 January 2015; and
- the results of the Payment by Results coding review dated February 2016

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

This report, including the conclusion, is made solely to the Board of Directors of Shrewsbury and Telford Hospital NHS Trust.

We permit the disclosure of this report to enable the Board of Directors to demonstrate that they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicators. To the fullest extent permissible by law, we do not accept or assume responsibility to anyone other than the Board of Directors as a body and Shrewsbury and Telford Hospital NHS Trust for our work or this report save where terms are expressly agreed and with our prior consent in writing.

Assurance work performed

We conducted this limited assurance engagement under the terms of the Guidance. Our limited assurance procedures included:

- evaluating the design and implementation of the key processes and controls for managing and reporting the indicators;
- making enquiries of management;
- limited testing, on a selective basis, of the data used to calculate the indicator back to supporting documentation;
- comparing the content of the Quality Account to the requirements of the Regulations; and
- reading the documents.

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

ERNST & YOUNG LLP Limited Assurance Audit report

Limitations

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

The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Quality Account in the context of the criteria set out in the Regulations.

The nature, form and content required of Quality Accounts are determined by the Department of Health. This may result in the omission of information relevant to other users, for example for the purpose of comparing the results of different NHS organisations.

In addition, the scope of our assurance work has not included governance over quality or non-mandated indicators which have been determined locally by Shrewsbury and Telford Hospitals NHS Trust.

Conclusion

Based on the results of our procedures, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2016:

the Quality Account is not prepared in all material respects in line with the criteria set out in the Regulations;
the Quality Account is not consistent in all material respects with the sources specified in the Guidance; and
the indicators in the Quality Account subject to limited assurance have not been reasonably stated in all material respects in accordance with the Regulations and the six dimensions of data quality set out in the Guidance.



Ernst & Young

28 June 2016

Glossary

Amber Care Bundle	The AMBER care bundle is a simple approach used in hospitals when clinicians are uncertain whether a patient may recover and are concerned that they may only have a few months left to live.
Clinical Audit	Information about clinical audit, including a definition, is available in Section 2.2.2. See www.hqip.org.uk
Clinical Governance	Clinical Governance is defined as: “A framework through which NHS organisations are accountable for continually improving the quality of their services and safeguarding high standards of care by creating an environment in which excellence in clinical care will flourish” (A First Class Service: Quality in the New NHS, 1998).
Clinical Governance Strategy	This sets out our overall approach to clinical governance in the organisation.
Clinical Trials	A clinical trial is a particular type of research that tests one treatment against another. It may involve either patients or people in good health, or both. Small studies produce less reliable results so studies often have to be carried out on a large number of people before the results are considered reliable. See www.nhs.uk/Conditions/Clinical-trials and www.nihr.ac.uk
Commissioners	Commissioners are responsible for ensuring adequate services are available for their local population by assessing needs and purchasing services. Clinical Commissioning Groups (CCG) in England and Local Health Boards (LHBs) in Wales are the key organisations responsible for commissioning healthcare services for their area. Shropshire CCG, Telford and Wrekin CCG and Powys Teaching Health Board purchase acute hospital services from The Shrewsbury and Telford Hospital NHS Trust for the population of Shropshire, Telford & Wrekin and mid Wales. See www.shropshire.nhs.uk , www.telford.nhs.uk and www.powysthb.wales.nhs.uk
CQC: Care Quality Commission	The Care Quality Commission is the independent regulator of health and social care in England. It regulates health and adult social care services, whether provided by the NHS, local authorities, private companies or voluntary organisations. See www.cqc.org.uk
CQUIN: Commissioning for Quality and Innovation	A payment framework introduced in the NHS in 2009/10 which means that a proportion of the income of providers of NHS services is conditional on meeting agreed targets for improving quality and innovation. See www.institute.nhs.uk/cquin
eGFR - estimated Glomerular Filtration Rate	A derived value from serum creatinine, age, sex, and race. It is an estimate of kidney function.
ISO 9000	The ISO 9000 family of standards is related to quality management systems and designed to help organisations ensure that they meet the needs of customers and other stakeholders while meeting statutory and regulatory requirements
JAG (Joint Accreditation Group)	The JAG is a monitoring and quality assurance system that quality assures processes and practice for Endoscopy services.
KPI: Key Performance Indicators	A set of defined measures which show progress against the target
MRSA	Methicillin-resistant Staphylococcus aureus (MRSA) is a bacterium responsible for several difficult-to-treat infections.
Never Events	Serious, largely preventable patient safety incidents that should not occur if the available preventative measures have been implemented.
Patient Experience Reporting	We ask our patients to tell us about their experience of our services in a variety of ways. These include the CQC Annual Inpatient Survey our own internal surveys and the complaints and compliments we receive from patients and carers.
PEIP	This stands for Patient Experience and Involvement Panel. This group brings together patients, carers, patient representatives and senior staff to make on-going improvements to patient care and experience.
Pressure Ulcers	Pressure ulcers are also known as pressure sores, or bed sores. They occur when the skin and underlying tissue becomes damaged. In very serious cases, the underlying muscle and bone can also be damaged. See www.nhs.uk/conditions/pressure-ulcers
SaTH: The Shrewsbury and Telford Hospital NHS Trust	The Shrewsbury and Telford Hospital NHS Trust, the NHS organisation responsible for hospital services at the Princess Royal Hospital in Telford and the Royal Shrewsbury Hospital in Shrewsbury. We are the main provider of acute hospital services for around half a million people in Shropshire, Telford & Wrekin and mid Wales. See www.sath.nhs.uk ;

Acknowledgements

We would like to thank the following people for their contribution and generous feedback which has shaped this year's Quality Account.

- Associate Director of Quality and Patient Safety
- Associate Director of Quality and Patient Experience
- Patient Safety Team Manager
- Staff involvement lead
- Chief Information Officer
- Clinical Governance Manager
- Clinical Coding Manager
- R&D/Clinical Trials Manager
- Data Quality Manager
- Information Governance Manager
- Communications Team
- Quality Improvement Programme Manager
- Quality Manager
- End of Life Care Facilitator
- Head of Capacity
- Medical Performance Manager
- Members and contributors from the following groups
 - Shropshire Clinical Commissioning Group
 - Telford and Wrekin Clinical Commissioning Group
 - Healthwatch Telford & Wrekin
 - Healthwatch Shropshire
 - Shropshire and Telford & Wrekin, Health and Adult Social Care Scrutiny Committees
 - Patient Engagement and Involvement Panel
 - Shropshire Community Health NHS Trust

Information about this Quality Account

Copies are available from www.sath.nhs.uk, by email (consultation@sath.nhs.uk) or in writing from:

Chief Executive's Office, The Shrewsbury and Telford Hospital NHS Trust, Royal Shrewsbury Hospital, Mytton Oak Road, Shrewsbury, Shropshire SY3 8XQ

Our Quality Account is also available on request in large print. Please contact us at the address above or by email at consultation@sath.nhs.uk to request a large print version of the Quality Account.

Please also contact us if you would like to request a copy of our Quality Account in another community language for people in Shropshire, Telford & Wrekin and Mid Wales. A glossary is provided at the end of this document to explain the main terms and abbreviations used in our Quality Account.

www.sath.nhs.uk

Appendix 2

Annual Accounts (Financial Statements)

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

We have audited the financial statements of Shrewsbury and Telford Hospitals NHS Trust for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014. The financial statements comprise the Shrewsbury and Telford Hospitals NHS Trust Statement of Comprehensive Income, the Shrewsbury and Telford Hospitals NHS Trust Statement of Financial Position, the Shrewsbury and Telford Hospitals NHS Trust Statement of Changes in Taxpayers' Equity, the Shrewsbury and Telford Hospitals NHS Trust Statement of Cash Flows and the related notes 2 to 41 (Appendix 2). The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2015-16 Government Financial Reporting Manual (the 2015-16 FReM) as contained in the Department of Health Group Manual for Accounts 2015-16 and the Accounts Direction issued by the Secretary of State with the approval of HM Treasury as relevant to the National Health Service in England (the Accounts Direction).

We have also audited the information in the Remuneration and Staff Report that is subject to audit, being:

- the table of salaries and allowances of senior managers on page 40;
- the table of pension benefits of senior managers on page 41;
- the tables of exit packages on page 46;
- the analysis of staff numbers on page 46; and
- the table of pay multiples on page 40.

This report is made solely to the Board of Directors of Shrewsbury and Telford Hospitals NHS Trust as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Directors of the Trust 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 Directors, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors, the Accountable Officer and auditor

As explained more fully in the Statement of Chief Executive's Responsibilities in respect of the Accounts, set out on page 39, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

As explained in the statement of the Chief Executive's responsibilities, as the Accountable Officer of the Trust, the Accountable Officer is responsible for the arrangements to secure economy, efficiency and effectiveness in the use of the Trust's resources.

We are required under section 21(3)(c), as amended by schedule 13 paragraph 10(a), of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Section 21(5)(b) of the Local

Audit and Accountability Act 2014 requires that our report must not contain our opinion if we are satisfied that proper arrangements are in place.

We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

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

In addition we read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2015, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Shrewsbury and Telford Hospitals NHS Trust as at 31 March 2016 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the National Health Service Act 2006 and the Accounts Directions issued thereunder.

Opinion on other matters

In our opinion:

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with the Accounts Direction made under the National Health Service Act 2006; and
- the other information published together with the audited financial statements in the annual report and accounts is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters:

- in our opinion the governance statement does not comply with the NHS Trust Development Authority's guidance; or
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Trust under section 24 of the Local Audit and Accountability Act 2014.

In respect of the following we have matters to report by exception:

- Referral to the Secretary of State

On 15 April 2016 we referred a matter to the Secretary of State under section 30 of the Local Audit & Accountability Act 2014 in relation to the Trust's deficit position.

- Proper arrangements to secure economy, efficiency and effectiveness

We report to you by exception if we are not satisfied that the Trust has put in place proper arrangements to secure economy efficiency and effectiveness in its use of resources.

Basis for qualified conclusion on reporting by exception

The Trust planned a deficit of £18.3million for the year ended 31 March 2016 and reported a deficit of £14.6 million in its financial statements for the year then ended. The Trust has not yet succeeded in addressing the underlying deficit in its budget and is forecasting a further deficit of £5.9 million for 2016/17 which is dependent upon achieving a £13million cost improvement plan.

The Trust's plan to develop a sustainable solution for the local health economy which required the agreement of local clinical commissioning groups was put in place in the year ended 31 March 2016 but has subsequently been rejected by one of the partners.

These issues are evidence of weaknesses in proper arrangements for:

- planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions; and
- working with partners effectively to deliver strategic priorities.

Qualified conclusion on reporting by exception

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2015, with the exception of the matters reported in the basis for qualified conclusion paragraph above, we are satisfied that, in all significant respects, Shrewsbury and Telford Hospitals NHS Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

Certificate

We certify that we have completed the audit of the accounts of Shrewsbury and Telford Hospitals NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.



Hassan Rohimun
for and on behalf of Ernst & Young LLP
Manchester
2 June 2016

INDEPENDENT AUDITOR'S STATEMENT TO THE DIRECTORS OF SHREWSBURY AND TELFORD HOSPITALS NHS TRUST ON THE NHS TRUST CONSOLIDATION SCHEDULES

We have examined the consolidation schedules designated TRU01 to TRU26 (TRU09a, TRU23, TRU24 and TRU26 are excluded) of Shrewsbury and Telford Hospitals NHS Trust for the year ended 31 March 2016, which have been prepared by the Director of Finance and acknowledged by the Chief Executive.

This statement is made solely to the Board of Directors of Shrewsbury and Telford Hospitals NHS Trust in accordance with Part 5 paragraph 20(5) of the Local Audit and Accountability Act 2014 and paragraph 4.2 of the Code of Audit Practice and for no other purpose.

For the purpose of this statement, reviewing the consistency of figures between the audited financial statements and the consolidation schedules extends only to those figures within the audited financial statements which are also published in the consolidation schedules.

Auditors are required to report on any differences over £250,000 between the audited financial statements and the consolidation schedules.

The figures reported in the consolidation schedules are consistent with the audited financial statements, on which we have issued an unqualified opinion.



Hassan Rohimun
for and on behalf of Ernst & Young LLP
Manchester
2 June 2016

2015-16 Annual Accounts of the Shrewsbury and Telford Hospital NHS Trust

STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTABLE OFFICER OF THE TRUST

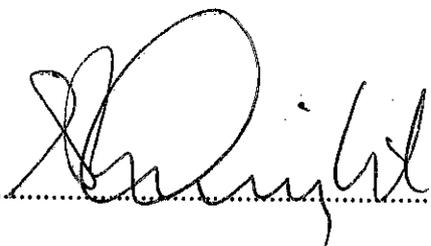
The Chief Executive of the NHS Trust Development Authority has designated that the Chief Executive should be the Accountable Officer to the trust. The relevant responsibilities of Accountable Officers are set out in the Accountable Officers Memorandum issued by the Chief Executive of the NHS Trust Development Authority. 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.

I confirm that, as far as I am aware, there is no relevant audit information of which the trust's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the trust's auditors are aware of that information.

I confirm that the annual report and accounts as a whole is fair, balanced and understandable and that I take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

Signed.......... Chief Executive

Date..... 2 JUNE 2016

2015-16 Annual Accounts of the Shrewsbury and Telford Hospital NHS Trust

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

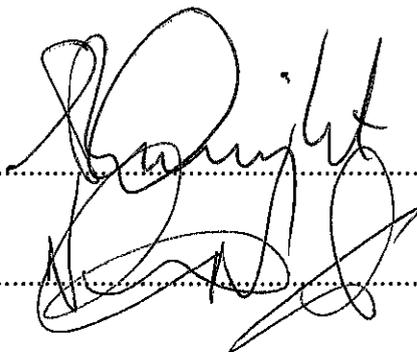
- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;
- make judgements and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

By order of the Board

2 JUNE 2016 Date



Chief Executive

2 JUNE 2016 Date

Finance Director

2015-16 Annual Accounts of the Shrewsbury and Telford Hospital NHS Trust

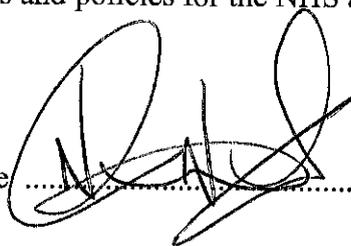
Year ended 31 March 2016

**SUMMARISATION SCHEDULES (TRUs) FOR THE
SHREWSBURY AND TELFORD HOSPITAL NHS TRUST**

Summarisation schedules numbered TRU01 to TRU98H plus Freetext are attached.

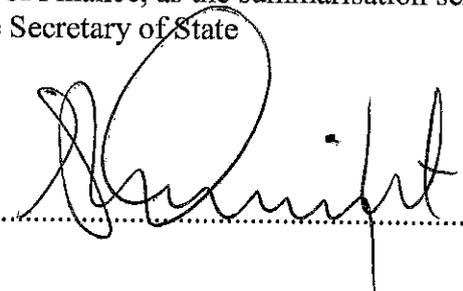
Director of Finance Certificate

I certify that the attached summarisation schedules have been compiled from and are in accordance with the financial records maintained by the trust and with the accounting standards and policies for the NHS approved by the Secretary of State.

2 JUNE 2016 Date  Director of Finance

Chief Executive Certificate

I acknowledge the attached summarisation schedules, which have been prepared and certified by the Director of Finance, as the summarisation schedules which the trust is required to submit to the Secretary of State

2 JUNE 2016 Date  Chief Executive

(Note: This certificate is not required by the Department of Health)

Shrewsbury and Telford Hospital NHS Trust

GoTo: Index tab

Org Code: RXW

2015/16 Financial Monitoring and Accounts - Quarter 4

TRU Freetext - ROCR/OR/0190/002

Financial Monitoring and Accounts Forms

Form Name	Subcode / Maincode	Value	Text
TRU03_STE	sc180 / mc06	0	Other gains/losses
TRU03_STE	sc300 / mc06	0	Other Movements
TRU03_STE	sc280 / mc02	0	PDC Written Off
TRU05_REV	sc345 / mc01	3,998	OTHER CASH REVENUE
		984	Radiology & Pathology Income
		335	Procurement
		2,679	Other operating income
TRU05_REV	sc220 / mc01	25,304	Other Non NHS Revenue for Patient Care Activities
		25,013	Welsh commissioners
		240	Welsh, Scottish and Irish NCA Income
		51	Prescription, DWP Income
TRU05_REV	sc346 / mc01	0	Other Non-Cash Revenue
TRU05_REV	sc350 / mc01	3,998	Total Other Revenue (over 30% of Total Other Operating Revenue)
		984	Radiology & Pathology Income
		335	Procurement
		2,679	Other operating income
TRU06_EXP	sc320 / mc01	0	Other Auditors Remuneration
TRU06_EXP	sc356 / mc01	493	Other Cash Expenditure
		93	Patients Travel
		90	NHSLA and NHS Pension Provisions
		310	Miscellaneous
TRU06_EXP	sc357 / mc01	0	Other Non Cash Expenditure
TRU13_INT	sc438 / mc06	0	In Year Movements of Revaluation Reserve Intangible Assets
TRU14_IMP	sc160 / mc01	16,572	PPE Impairment SoCI Other
		14,063	Full Revaluation of Estate as at 1.4.15
		2,274	Year End Revaluation of Estate as at 31.3.16
		235	Impairment on Equipment
TRU14_IMP	sc340 / mc01	0	Intangible Assets SoCI Other
TRU14_IMP	sc490 / mc01	0	Financial Assets SoCI Other
TRU14_IMP	sc610 / mc01	0	NCA Held for Sale SoCI Other
TRU14_IMP	sc930 / mc01	16,572	Total Impairments more than £300k
		14,063	Full Revaluation of Estate as at 1.4.15
		2,274	Year End Revaluation of Estate as at 31.3.16
		235	Impairment on Equipment
TRU15_ICG	sc220 / mc01-mc02	(1,455)	Cap Commitments (Cur Yr) - (Pr Yr) over £35m different or 0 where (Pr Yr)>0
		(1,455)	Less Capital Commitments than 2014/15 (RSH Mortuary now completed)
TRU16_AST	sc320 / mc01	915	OTHER RECEIVABLES - CURRENT
		821	CRU receivables < 1 year
		33	Charitable funds
		61	Other Receivables Inc payroll debtors
TRU16_AST	sc480 / mc01	1,317	OTHER RECEIVABLES - NON CURRENT
		1,317	CRU debtor over 1 year
TRU16_AST	sc810 / mc01	0	OTHER ASSETS - CURRENT
TRU17_LIA	sc220 / mc01	3,032	Other Current Trade and Other Payables
		2,910	Outstanding Pension contributions
		122	Other payables
TRU17_LIA	sc320 / mc01	0	Other Non Current Trade and Other Payables
TRU17_LIA	sc420 / mc01	0	Other Current Other Liabilities
TRU17_LIA	sc460 / mc01	0	Other Non Current Other Liabilities
TRU17_LIA	sc590 / mc01	0	Other Current Borrowings

Shrewsbury and Telford Hospital NHS Trust

Annual Accounts for the period

1 April 2015 to 31 March 2016

**Statement of Comprehensive Income for year ended
31 March 2016**

	NOTE	2015-16 £000s	2014-15 £000s
Gross employee benefits	10.1	(226,186)	(216,882)
Other operating costs	8	(125,712)	(114,355)
Revenue from patient care activities	5	304,032	295,696
Other operating revenue	6	<u>22,445</u>	<u>21,098</u>
Operating deficit		(25,421)	(14,443)
Investment revenue	12	28	25
Other gains and (losses)	13	(163)	(47)
Finance costs	14	<u>(201)</u>	<u>(28)</u>
Deficit for the financial year		(25,757)	(14,493)
Public dividend capital dividends payable		<u>(5,271)</u>	<u>(6,140)</u>
Retained deficit for the year		<u>(31,028)</u>	<u>(20,633)</u>

Other Comprehensive Income

	2015-16 £000s	2014-15 £000s
Impairments and reversals taken to the revaluation reserve	(39,752)	(9,767)
Net gain/(loss) on revaluation of property, plant & equipment	<u>19,016</u>	<u>10,884</u>
Total Other Comprehensive Income	<u>(20,736)</u>	<u>1,117</u>
Total Comprehensive Income for the year	<u>(51,764)</u>	<u>(19,516)</u>

Financial performance for the year

	2015-16 £000s	2014-15 £000s
Retained deficit for the year	(31,028)	(20,633)
Impairments	16,572	8,363
Adjustments in respect of donated asset reserve elimination	<u>(193)</u>	<u>140</u>
Adjusted retained deficit	<u>(14,649)</u>	<u>(12,130)</u>

A Trust's Reported NHS financial performance position is derived from its retained surplus/(deficit) and adjusted for the following:-

Impairments to Fixed Assets - an impairment charge is not considered part of the organisation's operating position.

Adjustments relating to donated asset reserves which have now been eliminated.

PDC dividends have been overpaid or underpaid in aggregate, the amounts due to or from the Trust are:

PDC dividend: balance receivable at 31 March 2016	<u>627</u>	
PDC dividend: balance receivable at 1 April 2015		<u>63</u>

The notes on pages 6 to 41 form part of this account.

**Statement of Financial Position as at
31 March 2016**

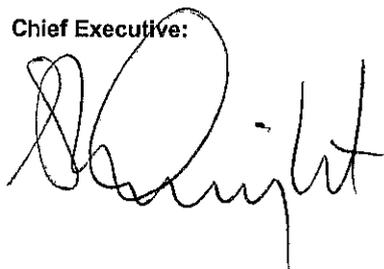
		31 March 2016	31 March 2015
	NOTE	£000s	£000s
Non-current assets:			
Property, plant and equipment	15	158,476	195,955
Intangible assets	16	2,267	1,685
Investment property	18	0	0
Other financial assets		0	0
Trade and other receivables	22.1	1,317	1,281
Total non-current assets		162,060	198,921
Current assets:			
Inventories	21	7,875	7,241
Trade and other receivables	22.1	8,829	15,147
Other financial assets	24	0	0
Other current assets	25	0	0
Cash and cash equivalents	26	1,700	1,001
Sub-total current assets		18,404	23,389
Non-current assets held for sale	27	0	0
Total current assets		18,404	23,389
Total assets		180,464	222,310
Current liabilities			
Trade and other payables	28	(22,992)	(23,175)
Other liabilities	29	0	0
Provisions	35	(561)	(570)
Borrowings	30	0	0
Other financial liabilities	31	0	0
DH revenue support loan	30	0	0
DH capital loan	30	0	0
Total current liabilities		(23,553)	(23,745)
Net current assets/(liabilities)		(5,149)	(356)
Total assets less current liabilities		156,911	198,565
Non-current liabilities			
Trade and other payables	28	0	0
Other liabilities	29	0	0
Provisions	35	(175)	(265)
Borrowings	30	0	0
Other financial liabilities	31	0	0
DH revenue support loan	30	(12,700)	0
DH capital loan	30	0	0
Total non-current liabilities		(12,875)	(265)
Total assets employed:		144,036	198,300
FINANCED BY:			
Public Dividend Capital		197,106	199,606
Retained earnings		(82,053)	(51,025)
Revaluation reserve		28,983	49,719
Total Taxpayers' Equity:		144,036	198,300

The notes on pages 6 to 41 form part of this account.

The financial statements on pages 2 to 5 were approved by the Board on 2 June 2016 and signed on its behalf by

Chief Executive:

Date: 2 JUNE 2016



Statement of Changes in Taxpayers' Equity
For the year ending 31 March 2016

	Public Dividend capital £000s	Retained earnings £000s	Revaluation reserve £000s	Total reserves £000s
Balance at 1 April 2015	199,606	(51,025)	49,719	198,300
Changes In taxpayers' equity for 2015-16				
Retained deficit for the year		(31,028)		(31,028)
Net gain / (loss) on revaluation of property, plant, equipment			19,018	19,016
Net gain / (loss) on revaluation of intangible assets			0	0
Net gain / (loss) on revaluation of financial assets			0	0
Net gain / (loss) on revaluation of available for sale financial			0	0
Impairments and reversals			(39,752)	(39,752)
Transfers between reserves		0	0	0
Reclassification Adjustments				
On disposal of available for sale financial assets			0	0
Permanent PDC received - cash	0			0
Permanent PDC repaid in year	(2,500)			(2,500)
PDC written off	0	0		0
Net recognised revenue/(expense) for the year	(2,500)	(31,028)	(20,736)	(54,264)
Balance at 31 March 2016	197,106	(82,053)	28,983	144,036
Balance at 1 April 2014	174,801	(30,392)	48,602	193,011
Changes In taxpayers' equity for the year ended 31 March 2015				
Retained deficit for the year		(20,633)		(20,633)
Net gain / (loss) on revaluation of property, plant, equipment			10,884	10,884
Net gain / (loss) on revaluation of intangible assets			0	0
Net gain / (loss) on revaluation of financial assets			0	0
Net gain / (loss) on revaluation of assets held for sale			0	0
Impairments and reversals			(9,767)	(9,767)
Transfers between reserves		0	0	0
Reclassification Adjustments				
On disposal of available for sale financial assets			0	0
Originating capital for Trust established in year	0			0
New temporary and permanent PDC received - cash	41,405			41,405
New temporary and permanent PDC repaid in year	(16,600)			(16,600)
Net recognised revenue/(expense) for the year	24,805	(20,633)	1,117	5,289
Balance at 31 March 2015	199,606	(51,025)	49,719	198,300

Statement of Cash Flows for the Year ended 31 March 2016

	2015-16	2014-15
NOTI	£000s	£000s
Cash Flows from Operating Activities		
Operating deficit	(25,421)	(14,443)
Depreciation and amortisation	8,217	10,983
Impairments and reversals	17,572	8,363
Other gains/(losses) on foreign exchange	13,0	0
Donated Assets received credited to revenue but non-cash	6,0	0
Government Granted Assets received credited to revenue but non-cash	0	0
Interest paid	(168)	0
PDC Dividend paid	(5,835)	(6,135)
Increase in Inventories	(634)	(771)
(Increase)/Decrease in Trade and Other Receivables	6,846	(3,039)
(Increase)/Decrease in Other Current Assets	0	0
Increase/(Decrease) in Trade and Other Payables	4,016	(2,657)
(Increase)/Decrease in Other Current Liabilities	0	0
Provisions utilised	35, (471)	(531)
Increase in movement in non cash provisions	35, 362	357
Net Cash Inflow/(Outflow) from Operating Activities	3,484	(7,893)
Cash Flows from Investing Activities		
Interest Received	28	25
Payments for Property, Plant and Equipment	(12,235)	(17,918)
Payments for Intangible Assets	(815)	(224)
Payments for Investments with DH	0	0
Payments for Other Financial Assets	0	0
Proceeds of disposal of assets held for sale (PPE)	37	6
Proceeds of disposal of assets held for sale (Intangible)	0	0
Proceeds from Disposal of Investment with DH	0	0
Proceeds from Disposal of Other Financial Assets	0	0
Rental Revenue	0	0
Net Cash Outflow from Investing Activities	(12,985)	(18,111)
Net Cash Outflow before Financing	(9,501)	(26,004)
Cash Flows from Financing Activities		
Gross Temporary (2014/15 only) and Permanent PDC Received	0	41,405
Gross Temporary (2014/15 only) and Permanent PDC Repaid	(2,500)	(16,600)
Loans received from DH - New Capital Investment Loans	0	0
Loans received from DH - New Revenue Support Loans	27,011	0
Other Loans Received	0	0
Loans repaid to DH - Capital Investment Loans Repayment of Principal	0	0
Loans repaid to DH - Working Capital Loans/Revenue Support Loans	(14,311)	0
Other Loans Repaid	0	0
Capital grants and other capital receipts (excluding donated / government granted cash receipts)	0	0
Net Cash Inflow from Financing Activities	10,200	24,805
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	699	(1,199)
Cash and Cash Equivalents at Beginning of the Period	1,001	2,200
Effect of exchange rate changes in the balance of cash held in foreign currencies	0	0
Cash and Cash Equivalents at year end	26, 1,700	1,001

NOTES TO THE ACCOUNTS

1. Accounting Policies

The Secretary of State for Health has directed that the financial statements of NHS trusts shall meet the accounting requirements of the Department of Health Group Manual for Accounts, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the DH Group Manual for Accounts 2015-16 issued by the Department of Health. The accounting policies contained in that manual follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Trust are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

The Board of Directors has concluded that the Trust is able to demonstrate that it is a going concern on the following basis:

- The Department of Health and the NHS Trust Development Authority (TDA – which is now NHS Improvement) will confirm to the Trust arrangements for accessing cash financing for organisations that have submitted a deficit plan for 2016/17. The NHS Improvement Accountability Framework sets out the process where an NHS Trust will be assisted to develop and agreement of a formal recovery plan to address deficit positions.
- The Trust has received a letter from the NHS TDA stating that it can confirm that it is reasonable for the Directors of The Shrewsbury and Telford Hospital NHS Trust to assume that NHS Trust Improvement will make sufficient cash financing available to the organisation over the next 12 month period such that the organisation is able to meet its current liabilities. On this basis they fully support the Trust's view that the NHS organisation Accounts are prepared on a Going Concern basis.
- Robust arrangements are in place for the delivery of cost improvement plans through Executive Director meetings.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

1.2 Acquisitions and discontinued operations

Activities are considered to be 'acquired' only if they are taken on from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one public sector body to another.

1.3 Movement of assets within the DH Group

The Trust had no transfers of assets and liabilities from any organisation within the DH Group.

1.4 Charitable Funds

Under the provisions of IAS 27 Consolidated and Separate Financial Statements, those Charitable Funds that fall under common control with NHS bodies are consolidated within the entity's financial statements. The Trust considers transactions, assets and liabilities of the NHS Charity are immaterial in 2015-16 but this is assessed annually depending on the NHS Trust's accounts as well as the NHS Charity's accounts.

1.5 Pooled Budgets

The Trust has no pooled budget arrangements.

1.6 Critical accounting judgements and key sources of estimation uncertainty

In the application of the NHS Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

1.6.1 Critical judgements in applying accounting policies

The management has had to make no critical judgements, apart from those involving estimations (see below) in the process of applying the Trust's accounting policies.

1.6.2 Key sources of estimation uncertainty

Key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the relevant accounting policy note.

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.7 Revenue

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable. The main source of revenue for the trust is from commissioners for healthcare services. Revenue relating to patient care spells that are part-completed at the year end are apportioned across the financial years on the basis of length of stay at the end of the reporting period compared to expected total length of stay.

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

The NHS trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. The NHS trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

1.8 Employee Benefits

Short-term employee benefits

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

The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

Retirement benefit costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. 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.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the NHS body commits itself to the retirement, regardless of the method of payment.

1.9 Other expenses

Other operating expenses are recognised when, and to the extent that, the goods or services have been received. They are measured at the fair value of the consideration payable.

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.10 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to the Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or
- Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

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

Valuation

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at fair value.

Land and buildings used for the Trust's services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any impairment.

Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost.

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

Fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive income in the Statement of Comprehensive Income.

Within the Trust's asset base there are 839 assets which have been fully written down. The gross value of these assets is £19,264,495.68.

Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.11 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the trust's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the trust; where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it
- the ability to sell or use the intangible asset
- how the intangible asset will generate probable future economic benefits or service potential
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Measurement

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, at amortised replacement cost (modern equivalent assets basis), indexed for relevant price increases, as a proxy for fair value. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

1.12 Depreciation, amortisation and impairments

Freehold land, properties under construction, and assets held for sale are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the NHS trust expects to obtain economic benefits or service potential from the asset. This is specific to the NHS trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over their estimated useful lives.

Assets are depreciated/amortised at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives:

Freehold buildings - over estimated useful life not exceeding 78 years.

Leaseholds - over the primary lease term.

Furniture and fittings - 5 to 23 years.

Transport Equipment - 7 to 10 years.

IT equipment - 3 to 10 years.

Plant and machinery - 5 to 21 years.

Software Licences - 5 years.

IT- in house & 3rd Party Software - 3 to 7 years.

The Trust undertook a major review of asset lives during 2015/16 to accurately reflect the actual years assets are used. This review has resulted in an increase in the remaining useful lives of many assets - Furniture and Fittings increased from 5 to 15 years to 5 to 23 years; IT equipment increased from 5 to 10 years to 3 to 10 years; Plant and machinery from 5 to 20 years to 5 to 21 years.

At each reporting period end, the NHS Trust checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.13 Donated assets

Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

1.14 Government grants

Government grant funded assets are capitalised at their fair value on receipt, with a matching credit to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

1.15 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Income. On disposal, the balance for the asset on the revaluation reserve is transferred to retained earnings.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

1.16 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The trust as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the trust's surplus/deficit.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases.

The NHS trust as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the NHS trust's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the trust's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.17 Private Finance Initiative (PFI) transactions

The Trust has no PFI agreements.

1.18 Inventories

Inventories are valued at the lower of cost and net realisable value using the replacement cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1.19 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the NHS Trust's cash management.

1.20 Provisions

Provisions are recognised when the NHS trust has a present legal or constructive obligation as a result of a past event, it is probable that the NHS trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate in real terms (1.37% for employee early departure obligations).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

A restructuring provision is recognised when the Trust has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.21 Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. The contribution is charged to expenditure. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the NHS trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the trust is disclosed at Note 35.

1.22 Non-clinical risk pooling

The NHS Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the NHS Trust pays an annual contribution to the NHS Litigation Authority and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses as and when they become due.

1.23 Carbon Reduction Commitment Scheme (CRC)

CRC and similar allowances are accounted for as government grant funded intangible assets if they are not expected to be realised within twelve months, and otherwise as other current assets. They are valued at open market value. As the NHS body makes emissions, a provision is recognised with an offsetting transfer from deferred income. The provision is settled on surrender of the allowances. The asset, provision and deferred income amounts are valued at fair value at the end of the reporting period.

1.24 Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NHS trust, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NHS trust. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value.

1.25 Financial assets

Financial assets are recognised when the NHS trust becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are classified into the following categories: financial assets at fair value through profit and loss; held to maturity investments; available for sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in calculating the NHS trust's surplus or deficit for the year. The net gain or loss incorporates any interest earned on the financial asset.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, and there is a positive intention and ability to hold to maturity. After initial recognition, they are held at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that do not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to surplus/deficit on de-recognition.

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the initial fair value of the financial asset.

At the end of the reporting period, the NHS trust assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in expenditure and the carrying amount of the asset is reduced through a provision for impairment of receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.26 Financial liabilities

Financial liabilities are recognised on the statement of financial position when the NHS trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are recognised when the liability has been discharged, that is, the liability has been paid or has expired.

Loans from the Department of Health are recognised at historical cost. Otherwise, financial liabilities are initially recognised at fair value.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are subsequently measured at the higher of:

- The amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- The premium received (or imputed) for entering into the guarantee less cumulative amortisation.

Financial liabilities at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the NHS trust's surplus/deficit. The net gain or loss incorporates any interest payable on the financial liability.

Other financial liabilities

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method, except for loans from Department of Health, which are carried at historic cost. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

1.27 Value Added Tax

Most of the activities of the trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.28 Foreign currencies

The Trust's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses for either of these are recognised in the trust's surplus/deficit in the period in which they arise.

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.29 Third party assets

Details of third party assets (such as money held on behalf of patients) are given in Note 44 to the accounts.

1.30 Public Dividend Capital (PDC) and PDC dividend

Public dividend capital represents taxpayers' equity in the NHS trust. At any time the Secretary of State can issue new PDC to, and require repayments of PDC from, the trust. PDC is recorded at the value received. As PDC is issued under legislation rather than under contract, it is not treated as an equity financial instrument.

An annual charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities (except for donated assets and cash balances with the Government Banking Service). The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets.

In accordance with the requirements laid down by the Department of Health (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

1.31 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS bodies not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

1.32 Subsidiaries

There are no material entities in which the Trust has the power to exercise control to obtain economic or other benefits.

The Trust will not be consolidating the results of the NHS Trust's Charity, over which it considers it has the power to exercise control in accordance with IAS27 requirements, due to materiality.

1.33 Associates

There are no material entities in which the Trust has the power to exercise significant influence to obtain economic or other benefits.

1.34 Joint arrangements

There are no joint arrangements in which the Trust participates in with one or more other parties.

1.35 Research and Development

Research and development expenditure is charged against income in the year in which it is incurred, except insofar as development expenditure relates to a clearly defined project and the benefits of it can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the SOCI on a systematic basis over the period expected to benefit from the project. It should be revalued on the basis of current cost. The amortisation is calculated on the same basis as depreciation, on a quarterly basis.

1.36 Accounting Standards that have been issued but have not yet been adopted

The HM Treasury FReM does not require the following Standards and Interpretations to be applied in 2015-16. These standards are still subject to HM Treasury FReM interpretation, with IFRS 9 and IFRS 15 being for implementation in 2018-19, and the government implementation date for IFRS 16 still subject to HM Treasury consideration.

- IFRS 9 *Financial Instruments* – Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted
- IFRS 15 *Revenue for Contracts with Customers* – Application required for accounting periods beginning on or after 1 January 2017, but not yet adopted by the FReM: early adoption is not therefore permitted
- IFRS 16 *Leases* – Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM: early adoption is not therefore permitted.

2. Pooled budget

The Trust has no transactions that require disclosure within this note.

3. Operating segments

The Trust operates in one material segment which is the provision of healthcare services.

4. Income generation activities

The Trust undertakes income generation activities with an aim of achieving profit, which is then used in patient care. The Trust has no income generation activities whose full cost exceeded £1m.

5. Revenue from patient care activities

	2015-16 £000s	2014-15 £000s
NHS Trusts	624	468
NHS England	51,936	48,019
Clinical Commissioning Groups*	219,664	219,930
Foundation Trusts	633	533
NHS Other (including Public Health England)	462	173
Additional income for delivery of healthcare services	2,500	0
Non-NHS:		
Local Authorities	87	83
Private patients	1,424	1,569
Overseas patients (non-reciprocal)	81	62
Injury costs recovery**	1,317	1,281
Other***	25,304	23,578
Total Revenue from patient care activities	304,032	295,696

* Includes £1m transitional support from Shropshire CCG in 2014-15.

** Injury cost recovery income is subject to a provision for impairment of receivables of 21.99% (previously 18.9% to September 2015) to reflect expected rates of collection.

*** Non-NHS-Other includes income of £25.2m from Welsh bodies (2014-15: £23.5m).

6. Other operating revenue

	2015-16 £000s	2014-15 £000s
Education, training and research	12,220	11,229
Receipt of donations for capital acquisitions - Charity	795	893
Non-patient care services to other bodies	2,419	2,402
Income generation	3,013	2,885
Other revenue	3,998	3,689
Total Other Operating Revenue	22,445	21,098
Total operating revenue	326,477	316,794

7. Overseas Visitors Disclosure

	2015-16 £000s	2014-15 £000s
Income recognised during 2015-16 (invoiced amounts and accruals)	81	62
Cash payments received in-year (re receivables at 31 March 2015)	3	7
Cash payments received in-year (iro invoices issued 2014-15)	31	26
Amounts added to provision for impairment of receivables (re receivables at 31 March 2014)	0	0
Amounts added to provision for impairment of receivables (iro invoices issued 2014-15)	51	22
Amounts written off in-year (irrespective of year of recognition)	23	1

8. Operating expenses

	2015-16 £000s	2014-15 £000s
Purchase of healthcare from non-NHS bodies	212	780
Trust Chair and Non-executive Directors	71	76
Supplies and services - clinical	63,478	59,178
Supplies and services - general	5,270	5,145
Consultancy services	64	572
Establishment	4,457	4,552
Transport	884	2,827
Business rates paid to local authorities	1,750	962
Premises	12,109	12,428
Hospitality	4	3
Insurance	54	90
Legal Fees	367	76
Impairments and Reversals of Receivables	380	457
Inventories write down	118	77
Depreciation	7,633	10,506
Amortisation	584	457
Impairments and reversals of property, plant and equipment	16,572	8,363
Internal Audit Fees (2014-15: included in 'Other')	130	130
Audit fees	92	146
Clinical negligence	10,065	6,494
Education and Training	925	762
Other	493	604
Total Operating expenses (excluding employee benefits)	125,712	114,355
Employee Benefits		
Employee benefits excluding Board members	224,938	215,518
Board members	1,248	1,364
Total Employee Benefits	226,186	216,882
Total Operating Expenses	351,898	331,237

9. Operating Leases

The Trust has two operating leases relating to investments in replacing the boiler plants. The term of the lease at the Princess Royal Hospital is 14 years 6 months and commenced in July 2003. The term of the lease at the Royal Shrewsbury Hospital is 15 years and commenced 1 April 2007.

The Trust has a contract for computerised digital imaging and archiving service contracts within Radiology. The term of the contract, which covers the Royal Shrewsbury Hospital and the Princess Royal Hospital, is 10 years and commenced on 1 January 2016.

The Trust has a lease for printing services for both hospitals. The lease commenced 1 September 2009 for 5 years but has been extended for a further two years.

The Trust has two property leases for off site office accommodation and an off site sterile services facility. A new lease for the off site office accommodation commenced on 21 July 2015 for 10 years. The lease for the off site sterile services facility is for 20 years commencing 1 April 2010.

The Trust has entered into leases for the provision of staff and office accommodation facilities at the Royal Shrewsbury Hospital.

The Trust has several managed service contracts for the provision of services within the Pathology department.

The Trust also leases cars and adhoc medical equipment.

9.1. Shrewsbury and Telford Hospital NHS Trust as lessee

	Buildings £000s	Other £000s	2015-16 Total £000s	2014-15 £000s
Payments recognised as an expense				
Minimum lease payments			5,209	5,339
Contingent rents			0	0
Sub-lease payments			0	0
Total			5,209	5,339
Payable:				
No later than one year	465	3,932	4,397	5,156
Between one and five years	1,860	8,266	10,126	11,684
After five years	4,172	4,359	8,531	5,661
Total	6,497	16,557	23,054	22,501

9.2 Shrewsbury and Telford Hospital NHS Trust as lessor

The Trust has no transactions that require disclosure within this note.

10. Employee benefits and staff numbers

10.1. Employee benefits

	2015-16		
	Total £000s	Permanently employed £000s	Other (Agency and bank costs) £000s
Employee Benefits - Gross Expenditure			
Salaries and wages	193,213	167,966	25,247
Social security costs	13,175	13,175	0
Employer Contributions to NHS BSA - Pensions Division	21,048	21,048	0
Other pension costs	0	0	0
Termination benefits	0	0	0
Total employee benefits	227,436	202,189	25,247
Employee costs capitalised	1,250	921	329
Gross Employee Benefits excluding capitalised costs	226,186	201,268	24,918

	Total £000s	Permanently employed £000s	Other (Agency costs only) £000s
Employee Benefits - Gross Expenditure 2014-15			
Salaries and wages	185,346	170,783	14,563
Social security costs	12,913	12,913	0
Employer Contributions to NHS BSA - Pensions Division	19,970	19,970	0
Other pension costs	0	0	0
Termination benefits	0	0	0
TOTAL - including capitalised costs	218,229	203,666	14,563
Employee costs capitalised	1,347	1,225	122
Gross Employee Benefits excluding capitalised costs	216,882	202,441	14,441

10.2. Staff Numbers

	2015-16			2014-15
	Total Number	Permanently employed Number	Other (Agency and bank) Number	Total Number
Average Staff Numbers				
Medical and dental	594	554	40	611
Administration and estates	1,033	945	88	992
Healthcare assistants and other support staff	1,171	1,041	130	1,116
Nursing, midwifery and health visiting staff	1,593	1,418	175	1,555
Nursing, midwifery and health visiting learners	35	35	0	26
Scientific, therapeutic and technical staff	582	562	20	555
Healthcare Science Staff	277	277	0	269
TOTAL	5,285	4,832	453	5,124
Of the above - staff engaged on capital projects	32	25	7	27

10.3. Staff Sickness absence and ill health retirements

	2015-16 Number	2014-15 Number
Total Days Lost	44,523	44,730
Total Staff Years	4,791	4,652
Average working Days Lost	9.29	9.62

These figures are calendar year figures (January - December) not financial year figures as per DH guidelines. DH considers the resulting figures to be a reasonable proxy for financial year equivalents.

	2015-16 Number	2014-15 Number
Number of persons retired early on ill health grounds	8	6
Total additional pensions liabilities accrued in the year	£000s 369	£000s 179

10.4. Exit Packages agreed in 2015-16
2015-16

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

2014-15

Exit package cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed.	Total number of exit packages	Total cost of exit packages	Number of Departures where special payments have been made	Cost of special payment element included in exit packages
	Number	£s	Number	£s	Number	£s	Number	£
Less than £10,000	0	0	0	0	0	0	0	0
£10,000-£25,000	0	0	0	0	0	0	0	0
£25,001-£50,000	0	0	0	0	0	0	0	0
£50,001-£100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	1	102,566	1	102,566	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0	0	0
Total	0	0	1	102,566	1	102,566	0	0

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Scheme. Exit costs in this note are accounted for in full in the year of departure. Where the Trust has agreed early retirements, the additional costs are met by the Trust and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table.

This disclosure reports the number and value of exit packages agreed in the year. The expense associated with these departures may have been recognised in part or in full in a previous period.

10.5. Exit packages - Other Departures analysis

	2015-16		2014-15	
	Agreements	Total value of agreements	Agreements	Total value of agreements
	Number	£000s	Number	£000s
Voluntary redundancies including early retirement contractual costs	0	0	0	0
Mutually agreed resignations (MARS) contractual costs	0	0	0	0
Early retirements in the efficiency of the service contractual costs	0	0	0	0
Contractual payments in lieu of notice	0	0	0	0
Exit payments following Employment Tribunals or court orders	0	0	1	103
Non-contractual payments requiring HMT approval*	0	0	0	0
Total	0	0	1	103
Non-contractual payments made to individuals where the payment value was more than 12 months of their annual salary	0	0	0	0

*includes any non-contractual severance payment made following judicial mediation, and amounts relating to non-contractual payments in lieu of notice.

This disclosure reports the number and value of exit packages agreed in the year. The expense associated with these departures may have been recognised in part or in full in a previous period

As a single exit packages can be made up of several components each of which will be counted separately in this Note, the total number above will not necessarily match the total numbers in Note 10.4 which will be the number of individuals.

No non-contractual payments were made to individuals where the payment value was more than 12 months' of their annual salary.

The Remuneration Report includes disclosure of exit payments payable to individuals named in that Report.

10.6. Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2016, is based on valuation data as 31 March 2015, updated to 31 March 2016 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM Interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.

The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

11. Better Payment Practice Code

11.1. Measure of compliance

	2015-16 Number	2015-16 £000s	2014-15 Number	2014-15 £000s
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	99,260	119,913	98,562	117,609
Total Non-NHS Trade Invoices Paid Within Target	<u>85,829</u>	<u>105,384</u>	<u>45,856</u>	<u>68,944</u>
Percentage of NHS Trade Invoices Paid Within Target	<u>86.47%</u>	<u>87.88%</u>	<u>46.53%</u>	<u>58.62%</u>
NHS Payables				
Total NHS Trade Invoices Paid in the Year	2,534	8,622	2,691	13,230
Total NHS Trade Invoices Paid Within Target	<u>2,196</u>	<u>7,682</u>	<u>1,637</u>	<u>7,887</u>
Percentage of NHS Trade Invoices Paid Within Target	<u>86.66%</u>	<u>89.10%</u>	<u>60.83%</u>	<u>59.61%</u>

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

11.2 The Late Payment of Commercial Debts (Interest) Act 1998

The Trust has no transactions that require disclosure within this note.

12. Investment Revenue

	2015-16 £000s	2014-15 £000s
Interest revenue		
Bank interest	<u>28</u>	<u>25</u>
Total investment revenue	<u>28</u>	<u>25</u>

13. Other Gains and Losses

	2015-16 £000s	2014-15 £000s
Loss on disposal of assets other than by sale (PPE)	<u>(163)</u>	<u>(47)</u>
Total	<u>(163)</u>	<u>(47)</u>

14. Finance Costs

	2015-16 £000s	2014-15 £000s
Interest		
Interest on loans and overdrafts	<u>191</u>	<u>0</u>
Total interest expense	<u>191</u>	<u>0</u>
Other finance costs	<u>0</u>	<u>0</u>
Provisions - unwinding of discount	<u>10</u>	<u>28</u>
Total	<u>201</u>	<u>28</u>

15.1. Property, plant and equipment

2015-16

Cost or valuation:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2015	27,244	136,659	941	3,769	46,865	408	12,780	5,298	233,964
Additions of Assets Under Construction				424					424
Additions Purchased	0	5,275	13		825	0	852	20	7,015
Additions - Non Cash Donations (i.e. physical assets)	0	0	0	0	0	0	0	0	0
Additions - Purchases from Cash Donations & Government Grants	0	182	0	0	568	0	45	0	795
Reclassifications	(1)	1,384	0	(3,599)	1,007	0	637	0	(572)
Reclassifications as Held for Sale and reversals	0	0	0	0	0	0	0	0	0
Disposals other than for sale	0	0	0	0	(2,980)	(33)	0	0	(3,013)
Upward revaluation/positive indexation	937	16,753	(6)	0	0	0	0	0	17,684
Impairment/reversals charged to operating expenses	(4,209)	(13,655)	0	0	(243)	0	(274)	0	(18,381)
Impairment/reversals charged to reserves	(10,815)	(30,169)	(469)	0	0	0	0	0	(41,453)
At 31 March 2016	13,156	116,429	479	594	46,042	375	14,070	5,318	196,463

Depreciation

At 1 April 2015	0	604	0		25,223	189	8,815	3,178	38,009
Reclassifications	0	0	0		0	0	0	0	0
Reclassifications as Held for Sale and reversals	0	0	0		0	0	0	0	0
Disposals other than for sale	0	0	0		(2,780)	(33)	0	0	(2,813)
Upward revaluation/positive indexation	0	(1,323)	(9)		0	0	0	0	(1,332)
Impairment/reversals charged to reserves	0	(1,701)	0		0	0	0	0	(1,701)
Impairment/reversals charged to operating expenses	0	(1,527)	0		(119)	0	(163)	0	(1,809)
Charged During the Year	0	4,993	9		2,106	35	415	75	7,633
At 31 March 2016	0	1,046	0	594	24,430	191	9,067	3,253	37,987
Net Book Value at 31 March 2016	13,156	115,383	479	594	21,612	184	5,003	2,065	158,476

Asset financing:

Owned - Purchased	13,156	110,689	479	594	17,701	184	4,921	1,853	149,577
Owned - Donated	0	4,694	0	0	3,911	0	82	212	8,899
Owned - Government Granted	0	0	0	0	0	0	0	0	0
Held on finance lease	0	0	0	0	0	0	0	0	0
Total at 31 March 2016	13,156	115,383	479	594	21,612	184	5,003	2,065	158,476

Shrewsbury and Telford Hospital NHS Trust - Annual Accounts 2015-16
 Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2015	10,729	37,180	558	0	1,252	0	0	0	49,719
In year movements	(9,793)	(10,780)	(163)	0	0	0	0	0	(20,736)
At 31 March 2016	<u>936</u>	<u>26,400</u>	<u>395</u>	<u>0</u>	<u>1,252</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>28,983</u>

Additions to Assets Under Construction in 2015-16

Land	0
Buildings excl Dwellings	302
Dwellings	0
Plant & Machinery	122
Balance as at YTD	<u>424</u>

15.2. Property, plant and equipment prior-year

2014-15

Cost or valuation:

	Land £000's	Buildings excluding dwellings £000's	Dwellings £000's	Assets under construction & payments on account £000's	Plant & machinery £000's	Transport equipment £000's	Information technology £000's	Furniture & fittings £000's	Total £000's
At 1 April 2014	26,693	111,096	2,269	34,166	41,940	408	11,063	5,218	232,853
Additions of Assets Under Construction				3,491					3,491
Additions Purchased	0	5,843	0		4,352	0	1,486	52	11,733
Additions - Non Cash Donations (i.e. Physical Assets)	0	0	0	0	0	0	0	0	0
Additions - Purchases from Cash Donations & Government Grants	0	166	0	0	724	0	3	0	893
Reclassifications	374	30,978	2	(33,888)	1,749	0	228	28	(529)
Reclassifications as Held for Sale and Reversals	0	0	0	0	0	0	0	0	0
Disposals other than for sale	(374)	(13,111)	(209)	0	(1,900)	0	0	0	(15,594)
Revaluation	551	10,283	50	0	0	0	0	0	10,884
Impairments/negative indexation charged to reserves	0	(8,596)	(1,171)	0	0	0	0	0	(9,767)
Reversal of Impairments charged to reserves	0	0	0	0	0	0	0	0	0
At 31 March 2015	27,244	136,659	941	3,769	46,865	408	12,780	5,298	233,964

Depreciation

At 1 April 2014	0	468	0	0	23,458	154	7,780	2,820	34,680
Reclassifications	0	0	0	0	0	0	1	0	1
Reclassifications as Held for Sale and Reversals	0	0	0	0	0	0	0	0	0
Disposals other than for sale	(374)	(13,111)	(209)		(1,847)	0	0	0	(15,541)
Revaluation	0	0	0	0	0	0	0	0	0
Impairments/negative indexation charged to operating expenses	374	8,930	146	0	184	0	0	0	9,634
Reversal of Impairments charged to operating expenses	0	(1,271)	0	0	0	0	0	0	(1,271)
Charged During the Year	0	5,588	63		3,428	35	1,034	358	10,506
At 31 March 2015	0	604	0	0	25,223	189	8,815	3,178	38,009
Net Book Value at 31 March 2015	27,244	136,055	941	3,769	21,642	219	3,965	2,120	195,955

Asset financing:

Owned - Purchased	27,244	129,412	941	3,769	17,969	219	3,924	1,909	185,387
Owned - Donated	0	6,643	0	0	3,673	0	41	211	10,568
Owned - Government Granted	0	0	0	0	0	0	0	0	0
Held on finance lease	0	0	0	0	0	0	0	0	0
Total at 31 March 2015	27,244	136,055	941	3,769	21,642	219	3,965	2,120	195,955

15.3. (cont). Property, plant and equipment

The majority of donated assets have been donated by Royal Shrewsbury Hospital League of Friends; Friends of The Princess Royal Hospital Telford and The Shrewsbury and Telford Hospital NHS Trust Charitable Funds.

The Trust commissioned Deloitte LLP to undertake a revaluation of the Trust's Estate as at 1 April 2015. The valuations have been undertaken having regard to International Financial Reporting Standards ("IFRS") as applied to the United Kingdom public sector and in accordance with HM Treasury Guidance, International Valuation Standards ("IVS") and the requirements of the RICS Valuation - Professional Standards - Global and UK Edition, January 2014 (the "Red Book"). The Estate was valued downwards by £35,996,645; £21,933,892 being charged to the Revaluation Reserve and £14,062,753 charged as an impairment to SoCI. An interim year end revaluation was undertaken at 31 March 2016 by Deloitte LLP with a further downward valuation of £1,075,830; resulting in an increase in Revaluation Reserves of £1,198,348 and £2,273,978 charged as an impairment to SoCI. In addition, impairments relating to equipment to the value of £235,125 has been charged, giving total impairment charged to SoCI of £18,571,856.

The Trust undertook a major review of asset lives during 2015/16 to accurately reflect the actual years assets are used. This review has resulted in a reduction in total depreciation charges in 2015/16 of £2,596,737 with a recurring benefit of £590,816.

16. Intangible non-current assets

16.1. Intangible non-current assets

2015-16

	IT - In-house & 3rd party software	Computer Licenses	Licenses and Trademarks	Patents	Development Expenditure - Internally Generated	Total
	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2015	3,253	43	0	0	0	3,296
Additions Purchased	594	0	0	0	0	594
Additions Internally Generated	0	0	0	0	0	0
Additions - Non Cash Donations (i.e. physical assets)	0	0	0	0	0	0
Additions - Purchases from Cash Donations and Government Grants	0	0	0	0	0	0
Additions Leased (including PFI/LIFT)	0	0	0	0	0	0
Reclassifications	236	336	0	0	0	572
Reclassified as Held for Sale and Reversals	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Upward revaluation/positive Indexation	0	0	0	0	0	0
Impairments/reversals charged to operating expenses	0	0	0	0	0	0
Impairments/reversals charged to reserves	0	0	0	0	0	0
Transfers to NHS Foundation Trust on authorisation as FT	0	0	0	0	0	0
Transfer (to)/from Other Public Sector bodies under Absorption Accounting	0	0	0	0	0	0
At 31 March 2016	4,083	379	0	0	0	4,462
Amortisation						
At 1 April 2015	1,584	27	0	0	0	1,611
Reclassifications	(99)	99	0	0	0	0
Reclassified as Held for Sale and Reversals	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Upward revaluation/positive Indexation	0	0	0	0	0	0
Impairment/reversals charged to reserves	0	0	0	0	0	0
Impairments/reversals charged to operating expenses	0	0	0	0	0	0
Charged During the Year	574	10	0	0	0	584
At 31 March 2016	2,059	136	0	0	0	2,195
Net Book Value at 31 March 2016	2,024	243	0	0	0	2,267
Asset Financing: Net book value at 31 March 2016 comprises:						
Purchased	2,014	243	0	0	0	2,257
Donated	10	0	0	0	0	10
Government Granted	0	0	0	0	0	0
Finance Leased	0	0	0	0	0	0
Total at 31 March 2016	2,024	243	0	0	0	2,267
Revaluation reserve balance for intangible non-current assets						
						£000's
At 1 April 2015	0	0	0	0	0	0
In year movements	0	0	0	0	0	0
At 31 March 2016	0	0	0	0	0	0

16.2. Intangible non-current assets prior year

2014-15	IT - in-house & 3rd party software	Computer Licenses	Licenses and Trademarks	Patents	Development Expenditure - Internally Generated	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Cost or valuation:						
At 1 April 2014	99	2,288	0	0	0	2,387
Additions - purchased	380	0	0	0	0	380
Additions - Internally generated	0	0	0	0	0	0
Additions - donated	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0
Additions Leased (including PFI/LIFT)	0	0	0	0	0	0
Reclassifications	2,774	(2,245)	0	0	0	529
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
Transfer (to)/from Other Public Sector bodies under Absorption Accounting	0	0	0	0	0	0
At 31 March 2015	<u>3,253</u>	<u>43</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,296</u>
Amortisation						
At 1 April 2014	13	1,142	0	0	0	1,155
Reclassifications	1,123	(1,124)	0	0	0	(1)
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0
Impairments charged to operating expenses	0	0	0	0	0	0
Reversal of impairments charged to operating expenses	0	0	0	0	0	0
Charged during the year	448	9	0	0	0	457
At 31 March 2015	<u>1,584</u>	<u>27</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,611</u>
Net book value at 31 March 2015	<u>1,669</u>	<u>16</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,685</u>
Net book value at 31 March 2015 comprises:						
Purchased	1,849	16	0	0	0	1,865
Donated	20	0	0	0	0	20
Government Granted	0	0	0	0	0	0
Finance Leased	0	0	0	0	0	0
Total at 31 March 2015	<u>1,869</u>	<u>16</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,885</u>

16.3. Intangible non-current assets

Intangible assets are amortised at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives:

Software Licences - 5 years.

IT- In house & 3rd Party Software - 5 years.

17. Analysis of impairments and reversals recognised in 2015-16

	2015-16 Total £000s
Property, Plant and Equipment Impairments and reversals taken to SoCI	
Loss or damage resulting from normal operations	0
Over-specification of assets	0
Abandonment of assets in the course of construction	0
Total charged to Departmental Expenditure Limit	<u>0</u>
Unforeseen obsolescence	0
Loss as a result of catastrophe	0
Other (External Valuation)	16,572
Changes in market price	0
Total charged to Annually Managed Expenditure	<u>16,572</u>
Total Impairments of Property, Plant and Equipment charged to SoCI	<u>16,572</u>
Intangible assets impairments and reversals charged to SoCI	
Loss or damage resulting from normal operations	0
Over-specification of assets	0
Abandonment of assets in the course of construction	0
Total charged to Departmental Expenditure Limit	<u>0</u>
Unforeseen obsolescence	0
Loss as a result of catastrophe	0
Other	0
Changes in market price	0
Total charged to Annually Managed Expenditure	<u>0</u>
Total Impairments of Intangibles charged to SoCI	<u>0</u>
Financial Assets charged to SoCI	
Loss or damage resulting from normal operations	0
Total charged to Departmental Expenditure Limit	<u>0</u>
Loss as a result of catastrophe	0
Other	0
Total charged to Annually Managed Expenditure	<u>0</u>
Total Impairments of Financial Assets charged to SoCI	<u>0</u>
Non-current assets held for sale - impairments and reversals charged to SoCI	
Loss or damage resulting from normal operations	0
Abandonment of assets in the course of construction	0
Total charged to Departmental Expenditure Limit	<u>0</u>
Unforeseen obsolescence	0
Loss as a result of catastrophe	0
Other	0
Changes in market price	0
Total charged to Annually Managed Expenditure	<u>0</u>
Total Impairments of non-current assets held for sale charged to SoCI	<u>0</u>
Total Impairments charged to SoCI - DEL	<u>0</u>
Total Impairments charged to SoCI - AME	<u>16,572</u>
Overall Total Impairments	<u>16,572</u>
Donated and Gov Granted Assets, included above	
PPE - Donated and Government Granted Asset Impairments: amount charged to SOCI - DEL	1,518
Intangibles - Donated and Government Granted Asset Impairments: amount charged to SOCI - DEL	0

17. Analysis of impairments and reversals recognised in 2015-16

	Property Plant and Equipment	Intangible Assets	Financial Assets	Non-Current Assets Held for Sale	Total
	£000s	£000s	£000s	£000s	£000s
Impairments and reversals taken to SoCI	0	0	0	0	0
Loss or damage resulting from normal operations	0	0	0	0	0
Over-specification of assets	0	0	0	0	0
Abandonment of assets in the course of construction	0	0	0	0	0
Total charged to Departmental Expenditure Limit	0	0	0	0	0
Unforeseen obsolescence	0	0	0	0	0
Loss as a result of catastrophe	0	0	0	0	0
Other (External Valuation)	16,572	0	0	0	16,572
Changes in market price	0	0	0	0	0
Total charged to Annually Managed Expenditure	16,572	0	0	0	16,572
Total Impairments of Property, Plant and Equipment changed to SoCI	16,572	0	0	0	16,572

Donated and Gov Granted Assets, included above

	£000s
PPE - Donated and Government Granted Asset Impairments: amount charged to SoCI - DEL	1,518
Intangibles - Donated and Government Granted Asset Impairments: amount charged to SoCI - DEL	0

The Trust commissioned Deloitte LLP to undertake a revaluation of the Trust's Estate as at 1 April 2015. The valuations have been undertaken having regard to International Financial Reporting Standards ("IFRS") as applied to the United Kingdom public sector and in accordance with HM Treasury Guidance, International Valuation Standards ("IVS") and the requirements of the RICS Valuation - Professional Standards - Global and UK Edition, January 2014 (the "Red Book"). The Estate was valued downwards by £35,996,845; £21,933,892 being charged to the Revaluation Reserve and £14,062,753 charged as an impairment to SoCI. An interim year end revaluation was undertaken at 31 March 2016 by Deloitte LLP with a further downward valuation of £1,075,830; resulting in an increase in Revaluation Reserves of £1,198,348 and £2,273,978 charged as an impairment to SoCI. In addition, impairments relating to equipment to the value of £235,125 has been charged, giving total impairment charged to SoCI of £16,571,856.

18. Investment property

The Trust has no transactions that require disclosure within this note.

19. Commitments

19.1. Capital commitments

Contracted capital commitments at 31 March not otherwise included in these financial statements:

	31 March 2016	31 March 2015
	£000s	£000s
Property, plant and equipment	224	1,651
Intangible assets	0	28
Total	224	1,679

19.2 Other financial commitments

The Trust has no transactions that require disclosure within this note.

20. Intra-Government and other balances

	Current receivables	Non-current receivables	Current payables	Non- current payables
	£000s	£000s	£000s	£000s
Balances with Other Central Government Bodies	22	0	4,814	0
Balances with Local Authorities	0	0	0	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0
Balances with NHS bodies inside the Departmental Group	4,566	0	1,703	12,700
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with Bodies External to Government	4,241	1,317	16,475	0
At 31 March 2016	8,829	1,317	22,992	12,700
Prior period:				
Balances with Other Central Government Bodies	1,442	0	249	0
Balances with Local Authorities	40	0	29	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0
Balances with NHS bodies inside the Departmental Group	8,889	0	1,335	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with Bodies External to Government	4,786	1,281	21,562	0
At 31 March 2015	15,147	1,281	23,176	0

21. Inventories

	Drugs £000s	Consumables £000s	Energy £000s	Total £000s	Of which held at NRV £000s
Balance at 1 April 2015	2,184	4,825	232	7,241	7,241
Additions	33,645	33,360	78	67,083	67,083
Inventories recognised as an expense in the period	(33,455)	(32,738)	(138)	(66,331)	(66,331)
Write-down of inventories (including losses)	(110)	(8)	0	(118)	(118)
Balance at 31 March 2016	2,264	5,439	172	7,875	7,875

22.1. Trade and other receivables

	Current		Non-current	
	31 March 2016 £000s	31 March 2015 £000s	31 March 2016 £000s	31 March 2015 £000s
NHS receivables - revenue	1,750	6,741	0	0
NHS prepayments and accrued income	2,200	2,065	0	0
Non-NHS receivables - revenue	1,498	1,667	0	0
Non-NHS prepayments and accrued income	1,843	3,445	0	0
PDC Dividend prepaid to DH	627	63	0	0
Provision for the impairment of receivables	(588)	(507)	0	0
VAT	582	680	0	0
Interest receivables	2	2	0	0
Other receivables	915	991	1,317	1,281
Total	8,829	15,147	1,317	1,281
Total current and non current	10,146	16,428		

The great majority of trade is with Clinical Commissioning Groups, as commissioners for NHS patient care services. As Clinical Commissioning Groups are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary.

22.2. Receivables past their due date but not impaired

	31 March 2016 £000s	31 March 2015 £000s
By up to three months	2,465	7,165
By three to six months	245	347
By more than six months	538	895
Total	3,248	8,407

22.3. Provision for impairment of receivables	2015-16	2014-15
	£000s	£000s
Balance at 1 April 2015	(507)	(468)
Amount written off during the year	299	418
Amount recovered during the year	4	8
Increase in receivables impaired	<u>(384)</u>	<u>(465)</u>
Balance at 31 March 2016	<u>(588)</u>	<u>(507)</u>

Injury cost recovery income is subject to a provision for impairment of receivables of 21.99% (previously 18.9% to September 2015) to reflect expected rates of collection.

Invoices raised to overseas visitors are provided for immediately as a high number of these invoices are not collected.

Specific provisions are made against any invoices that are outstanding and deemed to be non-collectable including those that have been sent to the Trust's debt collection agency.

23. NHS LIFT investments

The Trust has no transactions that require disclosure within this note.

24.1 Other Financial Assets - Current

The Trust has no transactions that require disclosure within this note.

24.2 Other Financial Assets - Non Current

The Trust has no transactions that require disclosure within this note.

25. Other current assets

The Trust has no transactions that require disclosure within this note.

26. Cash and Cash Equivalents

	31 March	31 March
	2016	2015
	£000s	£000s
Opening balance	1,001	2,200
Net change in year	699	(1,199)
Closing balance	<u>1,700</u>	<u>1,001</u>
Made up of		
Cash with Government Banking Service	1,668	969
Cash in hand	<u>32</u>	<u>32</u>
Cash and cash equivalents as in statement of financial position	<u>1,700</u>	<u>1,001</u>
Bank overdraft - Government Banking Service	0	0
Bank overdraft - Commercial banks	<u>0</u>	<u>0</u>
Cash and cash equivalents as in statement of cash flows	<u>1,700</u>	<u>1,001</u>
Third Party Assets - Patients cash held by the Trust (not included above)	14	2

27 Non-current assets held for sale

The Trust has no transactions that require disclosure within this note.

28. Trade and other payables

	Current		Non-current	
	31 March 2016 £000s	31 March 2015 £000s	31 March 2016 £000s	31 March 2015 £000s
NHS payables - revenue	1,135	576	0	0
NHS accruals and deferred income	566	759	0	0
Non-NHS payables - revenue	3,867	4,903	0	0
Non-NHS payables - capital	2,317	6,539	0	0
Non-NHS accruals and deferred income	10,136	10,112	0	0
Social security costs	1,904	60		
Accrued Interest on DH Loans	23			
Tax	0	86		
Payments received on account	10	16	0	0
Other	3,032	124	0	0
Total	22,992	23,175	0	0
Total payables (current and non-current)	22,992	23,175		

Included in 'Other' above:

outstanding Pension Contributions at the year end

2,910

79

31 March 2015: The majority of outstanding social security costs and pension contributions were paid in March 2015.

29. Other liabilities

The Trust has no transactions that require disclosure within this note.

30. Borrowings

	Current		Non-current	
	31 March 2016 £000s	31 March 2015 £000s	31 March 2016 £000s	31 March 2015 £000s
Loans from Department of Health	0	0	12,700	0
Total	0	0	12,700	0
Total Borrowings (current and non-current)	12,700	0		

Borrowings / Loans - repayment of principal falling due in:

	DH £000s	31 March 2016 Other £000s	Total £000s
0-1 Years	0	0	0
1 - 2 Years	12,700	0	12,700
2 - 5 Years	0	0	0
Over 5 Years	0	0	0
TOTAL	12,700	0	12,700

31. Other financial liabilities

The Trust has no transactions that require disclosure within this note.

32. Deferred income

	Current		Non-current	
	31 March 2016 £000s	31 March 2015 £000s	31 March 2016 £000s	31 March 2015 £000s
Opening balance at 1 April 2015	1,085	145	0	0
Deferred revenue addition	1,563	1,085	0	0
Transfer of deferred revenue	(1,085)	(145)	0	0
Current deferred Income at 31 March 2016	1,563	1,085	0	0
Total deferred income (current and non-current)	1,563	1,085		

33. Finance lease obligations as lessee

The Trust has no transactions that require disclosure within this note.

34. Finance lease receivables as lessor

The Trust has no transactions that require disclosure within this note.

35. Provisions

	Total	Comprising:		
		Early Departure Costs	Legal Claims	Other
	£000s	£000s	£000s	£000s
Balance at 1 April 2015	835	96	193	546
Arising during the year	421	5	136	280
Utilised during the year	(471)	(44)	(82)	(345)
Reversed unused	(59)	0	(59)	0
Unwinding of discount	10	8	0	2
Balance at 31 March 2016	736	65	188	483

Expected Timing of Cash Flows:

No Later than One Year	561	44	188	329
Later than One Year and not later than Five Years	175	21	0	154
Later than Five Years	0	0	0	0

Amount included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities:

As at 31 March 2016	133,721
As at 31 March 2015	73,085

Early Departure Costs relate to a provision for future payments payable to the NHS Pensions Agency in respect of former employees who took early retirement.

Legal claims relate to NHSLA non clinical cases with employees and members of the general public.

Other provision relates to Injury Benefits relating to former staff and contains provisions payable to former employees forced to retire due to injury suffered in the workplace (£224k) and the CRC scheme (£259k).

36. Contingencies

	31 March 2016	31 March 2015
	£000s	£000s
Contingent liabilities	(86)	(122)
NHS Litigation Authority legal claims	(86)	(122)
Net value of contingent liabilities	(86)	(122)

The contingent liabilities represent the difference between the expected values of provisions for legal claims carried at note 35 and the maximum potential liability that could arise from these claims.

37. PFI and LIFT - additional information

The Trust has no transactions that require disclosure within this note.

38. Impact of IFRS treatment - current year

The Trust has no transactions that require disclosure within this note.

39. Financial Instruments

39.1. Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Trust has with commissioners and the way those commissioners are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. The Trust's treasury activity is subject to review by the Trust's internal auditors.

Currency risk

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

Interest rate risk

The Trust borrows from government for capital expenditure, subject to affordability as confirmed by the strategic health authority. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2016 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

The Trust's operating costs are incurred under contracts with Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

39.2. Financial Assets

	At 'fair value through profit and loss'	Loans and receivables	Available for sale	Total
	£000s	£000s	£000s	£000s
Embedded derivatives	0			0
Receivables - NHS		3,950		3,950
Receivables - non-NHS		4,827		4,827
Cash at bank and in hand		1,700		1,700
Other financial assets	0	0	0	0
Total at 31 March 2016	0	10,477	0	10,477
Embedded derivatives	0			0
Receivables - NHS		8,806		8,806
Receivables - non-NHS		6,721		6,721
Cash at bank and in hand		1,001		1,001
Other financial assets	0	0	0	0
Total at 31 March 2015	0	16,528	0	16,528

39.3. Financial Liabilities

	At 'fair value through profit and loss'	Other	Total
	£000s	£000s	£000s
Embedded derivatives	0		0
NHS payables		1,703	1,703
Non-NHS payables		19,493	19,493
Other borrowings		12,700	12,700
PFI & finance lease obligations		0	0
Other financial liabilities	0	212	212
Total at 31 March 2016	0	34,108	34,108
Embedded derivatives	0		0
NHS payables		1,335	1,335
Non-NHS payables		20,739	20,739
Other borrowings		0	0
PFI & finance lease obligations		0	0
Other financial liabilities	0	193	193
Total at 31 March 2015	0	22,267	22,267

The fair value of financial assets and financial liabilities are equal to the carrying amount.

40. Events after the end of the reporting period

The Trust has no transactions that require disclosure within this note.

41. Related party transactions

During the year none of the Department of Health Ministers, trust board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with the Shrewsbury and Telford Hospital NHS Trust.

The Department of Health is regarded as a related party. During the year the Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are:

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£000s	£000s	£000s	£000s
Shropshire CCG	54	124,912	54	991
Telford and Wrekin CCG	0	89,188	0	958
NHS England	11	52,056	500	0
Health Education England	0	12,131	0	9
NHS Litigation Authority	10,315	184	0	4
Robert Jones and Agnes Hunt Orthopaedic Hospital NHS FT	1,036	2,171	202	350
Mid Cheshire Hospitals NHS FT	1,004	1	170	2
Shropshire Community Health NHS Trust	896	2,527	347	218
The Royal Wolverhampton NHS Trust	553	1,018	273	96
University Hospital of North Midlands NHS Trust	625	484	289	78
Other Government departments:				
Betsi Cadwaladr University Local Health Board	0	1,320	0	60
Powys Local Health Board	0	23,032	781	0
National Health Service Pension Scheme	21,048	0	2,910	0
HM Revenue and Customs Trust Statement	13,175	0	1,904	582
Linked Charity:				
The Shrewsbury and Telford Hospital NHS Trust Charity	0	389	0	6

The Trust has received revenue and capital payments from a number of charitable funds, certain of the trustees for which are also members of the Trust Board. The audited accounts/the summary financial statements of the Funds Held on Trust will be published separately.

42. Losses and special payments

The total number of losses cases in 2015-16 and their total value was as follows:

	Total Value of Cases £s	Total Number of Cases
Losses	498,659	599
Special payments	161,851	56
Total losses and special payments	660,510	655

The total number of losses cases in 2014-15 and their total value was as follows:

	Total Value of Cases £s	Total Number of Cases
Losses	534,620	588
Special payments	200,590	63
Total losses and special payments	735,210	651

There are no cases individually over £300,000.

43. Financial performance targets

The figures given for periods prior to 2009-10 are on a UK GAAP basis as that is the basis on which the targets were set for those years.

43.1. Breakeven performance

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	£000s									
Turnover	205,748	227,241	247,233	262,882	277,980	299,850	309,362	314,106	316,794	326,477
Retained surplus/(deficit) for the year	(2,840)	4,102	4,127	(11,652)	(325)	(1,167)	3,216	(2,906)	(20,633)	(31,028)
Adjustment for:										
Timing/non-cash impacting distortions:										
Pre FDL(97)24 agreements	0	0	0	0	0	0	0	0	0	0
2007/08 PPA (relating to 1997/98 to 2006/07)	0									
2008/09 PPA (relating to 1997/98 to 2007/08)	0	(5,635)								
Adjustments for impairments			30	12,364	351	1,053	2,148	3,170	8,363	16,572
Adjustments for impact of policy change re donated/government grants assets						173	(5,283)	(199)	140	(193)
Consolidated Budgetary Guidance - adjustment for dual accounting under IFRIC12*				0	0	0	0	0	0	0
Absorption accounting adjustment										
Other agreed adjustments										
Break-even in-year position	(2,840)	(1,533)	4,157	712	26	59	81	65	(12,130)	(14,649)
Break-even cumulative position	(25,515)	(27,048)	(22,891)	(22,179)	(22,153)	(22,094)	(22,013)	(21,948)	(34,078)	(48,727)

* Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009-10, NHS Trust's financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to IFRIC 12 schemes (which would include PFI schemes), which has no cash impact and is not chargeable for overall budgeting purposes, is excluded when measuring Breakeven performance. Other adjustments are made in respect of accounting policy changes (impairments and the removal of the donated asset and government grant reserves) to maintain comparability year to year.

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	%	%	%	%	%	%	%	%	%	%
Materiality test (I.e. is it equal to or less than 0.5%):										
Break-even in-year position as a percentage of turnover	-1.38	-0.67	1.68	0.27	0.01	0.02	0.03	0.02	-3.83	-4.49
Break-even cumulative position as a percentage of turnover	-12.40	-11.90	-9.26	-8.44	-7.97	-7.37	-7.12	-6.99	-10.76	-14.93

The amounts in the above tables in respect of financial years 2006/07 to 2008/09 inclusive have not been restated to IFRS and remain on a UK GAAP basis.

43.2. Capital cost absorption rate

The dividend payable on public dividend capital is based on the actual (rather than forecast) average relevant net assets based on the pre audited accounts and therefore the actual capital cost absorption rate is automatically 3.5%.

43.3. External financing

The Trust is given an external financing limit which it is permitted to undershoot.

	2015-16 £000s	2014-15 £000s
External financing limit (EFL)	9,501	26,005
Cash flow financing	9,501	26,004
Finance leases taken out in the year	0	0
Other capital receipts	0	0
External financing requirement	<u>9,501</u>	<u>26,004</u>
Under/(over) spend against EFL	<u>0</u>	<u>1</u>

43.4. Capital resource limit

The Trust is given a capital resource limit which it is not permitted to exceed.

	2015-16 £000s	2014-15 £000s
Gross capital expenditure	8,828	16,488
Less: book value of assets disposed of	(200)	0
Less: capital grants	0	0
Less: donations towards the acquisition of non-current assets	<u>(795)</u>	<u>(893)</u>
Charge against the capital resource limit	<u>7,833</u>	<u>15,605</u>
Capital resource limit	<u>8,033</u>	<u>15,605</u>
(Over)/underspend against the capital resource limit	<u>200</u>	<u>0</u>

Underspend against CRL is due to disposal of assets not for sale with NBV of £200,000.

44. Third party assets

The Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March 2016 £000s	31 March 2015 £000s
Third party assets held by the Trust - Patients' monies	<u>14</u>	<u>2</u>

Appendix 3

Annual Governance Statement

Annual Governance Statement – 2015/16

1 Scope of Responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of The Shrewsbury and Telford Hospital NHS Trust policies, aims and objectives. I also have responsibility for safeguarding quality standards, public funds and the organisation's assets for which I am personally responsible in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the Trust is administered prudently and economically and that resources are applied efficiently and effectively. I acknowledge my responsibilities as set out in the NHS Accountable Officer Memorandum, including recording the stewardship of the organisation to supplement the annual accounts.

In the delivery of my responsibilities and objectives, I am accountable to the Board and my performance is reviewed regularly and formally by the Chairman on behalf of the Board. During 2015/16, the organisation routinely reported on financial, operational, and strategic matters to the Trust Development Authority (TDA). During 2015/16 meetings were held with senior officers at the TDA in relation to performance and the Trust's trajectory towards achieving full compliance against required targets under the Accountability Framework.

2 The governance framework of the organisation**2.1 Board Committee Structure**

The Trust Board has overall responsibility for the activity, integrity, and strategy of the Trust and is accountable, through its Chair, to the TDA. The role of the Board is largely supervisory and strategic, and it also has the following key functions:

- To set strategic direction, define Trust objectives and agree Trust operating plans
- To monitor performance and ensure corrective action is taken where required
- To ensure financial stewardship
- To ensure high standards of corporate and clinical governance
- To appoint, appraise and remunerate directors
- To ensure dialogue with external stakeholders

The Director of Corporate Governance is the Trust Secretary and provides senior leadership in corporate governance. The Board approves an annual schedule of business and a monthly update which identifies the key reports to be presented in the coming quarter. Exception reports to the Board ensure that the Board considers the key issues and makes the most effective use of its time. Tier 2 Assurance Committees also report through the Chair of the Committee and written summaries to the Board. The Trust Board met a total of ten times in public during the year in addition to the AGM; and Board papers are published on the Trust website.

Trust Board Attendance	Year ending 31 Mar 16
Name and Title	Attendance
Professor Peter Latchford - Chair	10/10
Robin Hooper - Non-Executive Director	7/10
Dennis Jones - Non-Executive Director (until Oct 2015)	5/6
Simon Walford - Non-Executive Director	8/10
Donna Leeding – Non-Executive Director	9/10
Harmesh Darbhanga – Non-Executive Director	8/10
Brian Newman – Non-Executive Director	9/10
Clive Deadman – Non Executive Director (from Feb 2016)	1/1
Paul Cronin - Non Executive Director Designate (from Dec 2015)	3/3
Peter Herring - CEO – until July 2015	4/4
Simon Wright – CEO – from Sept 2016	5/5
Neil Nisbet - Finance Director (Acting CEO Aug and Sept 2015)	10/10
Debbie Kadum - Chief Operating Officer	10/10
Edwin Borman - Medical Director	9/10
Sarah Bloomfield - Director of Nursing and Quality	10/10

The Trust's Standing Orders, Standing Financial Instructions and Reservation and Delegation of Powers were updated in March 2016 to take account of changes to the Trust's governance arrangements and legislation. The Standing Orders were adhered to throughout the year and no suspensions were recorded.

The Trust's policy on Standards of Business conduct was revised in 2014 to take account of new requirements following the enactment of The Bribery Act (2010). The policy includes amendments from our Local Counter Fraud Specialist to clarify the requirements on declaration of gifts who recommended that the requirement to declare interests be extended to wider groups of staff. This recommendation has been implemented to include all permanent medical staff; all staff at band 8 and above; specialist nurses; and all procurement and stores staff. The Board's Register of Interests was kept updated during the year.

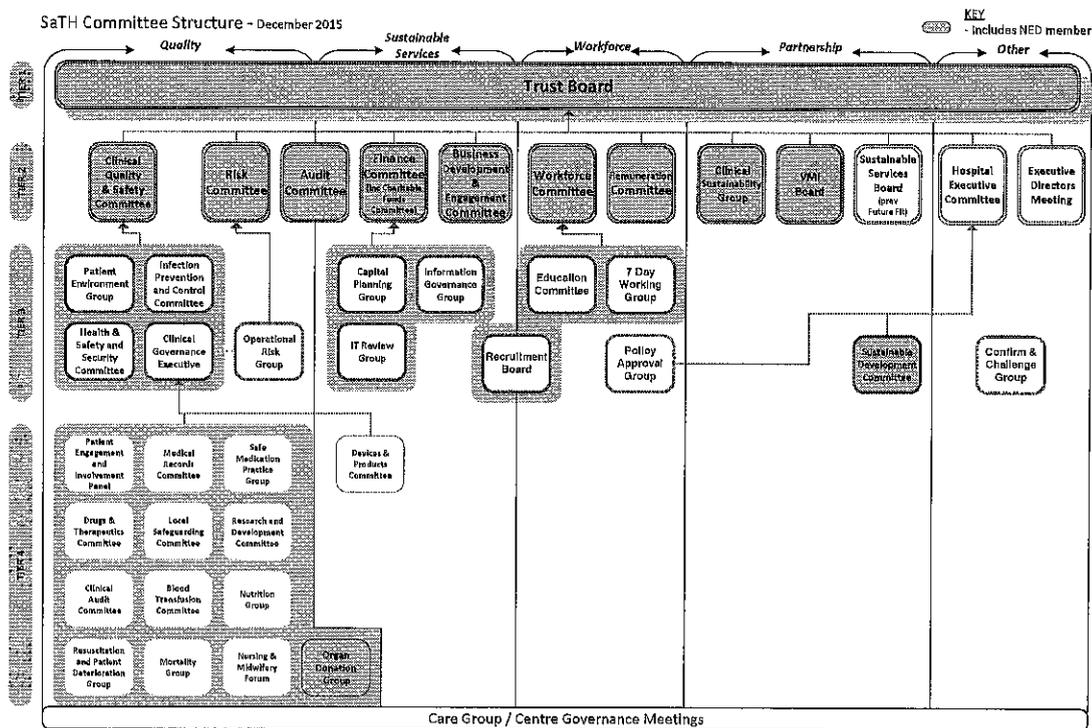
2.2 Board Performance

Membership of the Board of Directors is made up of the Trust Chair, six independent Non-Executive Directors, and five Executive Directors (including the Chief Executive). The Chief Executive, Peter Herring, retired in July 2015 and was replaced by Simon Wright from September 2015. In the intervening period, the Finance Director was the acting Chief Executive. One of the non-executives retired in October, having served for two full terms. A replacement took up position in February 2016. In addition, a non-executive director designate was appointed in December 2015 to facilitate succession planning.

Directors are required to adhere to the highest standard of conduct in the performance of their duties. In respect of their interaction with others, the Trust Board operates under an explicit Code of Conduct, which is compliant with the NHS Code of Governance. The Board of Directors of the Trust are required to agree and adhere to the commitments set out in the Code of Conduct, which includes the principles set out by the Nolan Committee on Standards in Public Life. Once appointed, Board Members are required to sign a declaration to confirm that they will comply with the Code in all respects.

2.3 Board Committees

The Board has overall responsibility for the effectiveness of the governance framework and requires that each of its sub-committees has agreed terms of reference which describes the duties, responsibilities and accountabilities, and describes the process for assessing and monitoring effectiveness. The Board has standing orders, reservation, and delegation of powers and standing financial instructions in place which are reviewed annually.



The Board operates with the support of eleven Tier 2 committees accountable to the Trust Board; and the Executive Directors meeting. Nine of these committees have at least one Non-executive Director member who may also be the Chair, apart from the Hospital Executive Committee, which is the Trust's senior management meeting and the Sustainable Services Board. The chairs of each of the sub-committees routinely present written and verbal reports to the Board highlighting key issues and decisions at their meetings. Approved minutes of each sub-committee area also presented at public Board meetings. All meetings were quorate during the year.

Two of the Tier 2 Committees are Non-Executive Committees (Audit, Remuneration). Although these Committees have a membership consisting of only Non-Executive Directors, other Directors will attend as required.

- The Audit Committee is the senior board committee responsible for oversight and scrutiny of the Trust's systems of internal control and risk management. It ensures that there are effective internal audit arrangements in place that meet mandatory NHS Internal Audit Standards and provides independent assurance to the Board. The Committee reviews the work and findings of External Audit and maintains oversight of the Trust's Counter Fraud arrangements. Attendance through the year was in line with the requirements of the Terms of Reference. The Audit Committee met 6 times during 2015/16. It was chaired by a Non-Executive Director, who submits a regular report to the Trust Board. Items brought to the attention of the Board included:
 - The Internal Audit report on Governance of Future Fit. This report provides moderate assurance and contains two high priority recommendations. The first of these related to the finding that expectations and intentions are not completely aligned, and this needs to be very tightly monitored. The Programme Execution Plan (PEP) will be re-circulated to Board members. The second high priority recommendation related to defining affordability in relation to the proposed options. There is no absolute position on this, and the Trust's commitment is substantial. The Trust needs to feed in affordability discussions with the TDA to include capital costs and on-going revenue costs and efficiency assumptions. There is concern that operational responsibility rests with SaTH, which will result in difficult and controversial decisions to maintain safety.
 - The Internal Audit report on Delayed Transfers of Care. This report provides moderate assurance and notes that Length of Stay is shorter than national average but that SaTH does not experience the same seasonal variation as other Trusts. The audit also found that 7-day discharge planning meetings don't happen and this significantly delays discharges. The Trust also needs to look at admission avoidance and support following discharge to avoid readmissions. The report recognised the pressure that staff are working under in very difficult circumstances and the opportunity that working with Virginia Mason presents.
 - A report from the Local Counter Fraud Service on Consultant job planning and was pleased to note the progress with job plans, but recognised that the actual planning process needs more rigour with more involvement of the management teams to ensure plans reflected reality and operational needs.
 - The limited assurance report on IT controls, and noted that although last year this core audit had received substantial assurance, the scope had changed significantly. The Committee agreed that the high priority recommendations in relation to the Computer Rooms need to be actioned promptly to ensure that adequate cooling controls are implemented at both sites to protect assets and services. It was noted that urgent discussions are being held with the interim Estates Director to progress the issues raised through the capital planning process.
 - The External Auditors Ernst & Young (EY) submitted their audit planning report outlining scope and audit approach for 2015/16 audit, which summarised the key issues and their strategy in relation to identified risks. Their audit of Economy, Efficiency and Effectiveness comprises 3 main aspects (i) Informed decision-making – which will consider break-even duty and CIP position (ii) sustainable resource deployment - which will consider performance against national performance targets and (a new criterion) working with partners and other third parties. The Audit Committee stressed that the auditors should begin the process by looking at the contractual arrangements commissioned at the beginning of the year and to consider the actual

levels of activity experienced by SaTH and the impact of under-investment and under-commissioning from the outset in terms of patient experience, financial penalties and achieving national targets. Although there are planned changes nationally in relation to the penalties applied for non-achievement of targets the Trust has historically been blighted by having unrealistic and insufficient activity levels set in contracts which it was forced to accept following arbitration despite not matching actual demand. An analysis of Trust performance had accurate contract activity levels been set would be helpful and the Committee hoped the work by EY would reflect some of these aspects. Furthermore it was noted that for the last three years the Trust had been one of the top 40 performing hospitals in the country and received national recognition from CHKS across a range of performance and efficiency indicators. Audit Committee asked that EY deliver some headline findings at the April meeting

- o IT Disaster Recovery and Business Planning. The Audit Committee meeting considered the Limited Assurance opinion issued on this report by Deloitte, which contained 5 High Priority and 4 Medium Priority recommendations. These centred around the lack of an overarching business continuity plan, disaster recovery plan and business impact analysis. The Audit Committee have asked for an update at the April meeting or Trust Board on the position. There was also concern around the apparent lack of a business continuity framework across the Trust and have asked Internal Audit to include this in the 2016/17 Audit Plan

Two other Committees are chaired by a Non-Executive Director, (Finance (including charitable funds), and Quality and Safety). Minutes of these meetings demonstrate that Non-Executive Directors oversee progress and provide challenge to the Directors. The Chairs of Finance Committee and Quality & Safety Committee are also members of the Audit Committee.

The remaining Committees (Hospital Executive Committee, Risk Committee, Workforce Committee, Business Development and Engagement Committee, Sustainable Services Committee, Clinical Sustainability Group and Virginia Mason Institute Board) are executive in nature, although Risk Committee and Workforce Committee have Non-Executive members.

The Risk Committee is a quarterly committee with NED membership. It is chaired by the Chief Executive. It is responsible for providing leadership for the co-ordination and prioritisation of clinical, non-clinical, and organisational risk, ensuring that all significant risks are properly considered and communicated to the Trust Board. The Committee provides assurance to the Trust Board that the systems for risk management and internal control are effective.

2.4 Corporate Governance

At the start of 2015/16, work continued to assure compliance with the Board Governance Assurance Framework (mandated as part of Foundation Trust development) to ensure the Trust Board remains fit to lead the organisation towards achieving Foundation Trust status and beyond. However, this has been superseded by the Well-Led Framework, which combines the Board Governance Assurance Framework and the Quality Governance Framework. There have also been some revisions nationally around the 'Fit and Proper Persons' test. The Trust Board is assured on a monthly basis that we continue to demonstrate compliance with relevant governance requirements at all times. An enhanced Board Development Programme is in place and it has been agreed that a Well Led Framework compliant review of Board effectiveness, led by the Chair, will take place once the new Chief Executive has been in post for over a year.

Through its governance arrangements and the reviews undertaken by Deloitte and the construction of the Board Governance Memorandum, I am assured that the Trust complies with the HM Treasury/Cabinet Office Corporate Governance Code and does not have any significant departures from the Code.

2.5 Quality Governance

The Director of Nursing and Quality has delegated responsibility for Quality and Safety. The performance of Quality has been monitored closely by the Board with detailed, monthly performance reviews. Scrutiny of this aspect is also part of the role of the Quality and Safety Committee. The Trust has worked with clinical staff to establish Key Performance Indicators to monitor quality from the ward to the Board.

The annual clinical audit plan is linked to the Trust priorities and risks and is monitored by the Clinical Audit Committee, which reports to the Quality and Safety Committee. A patient panel was established in 2013 which enables suitably trained patients and members of the public to undertake clinical audits. The patient panel has been recognised nationally as an area of good practice.

All serious incidents are reported to Commissioners and to other bodies in line with current reporting requirements. Root cause analysis is undertaken with monitored action plans. There were two 'never events' reported in 2015/16. The first was a case of wrong site surgery when an incorrect skin lesion was removed. The procedures for removal of skin lesions have been changed. The second was a retained swab following a dental extraction and a number of changes to procedure have been implemented. This case supports the work already on going within the Trust to implement the National Standards for Safety of Invasive Procedures (NATSSIPS)

The 2015/16 Quality Account is currently in preparation and the content and two of the indicators will be reviewed by External Audit to provide some assurance on the accuracy of the account.

2.6 Arrangements in place for the discharge of statutory functions

The Civil Contingencies Act 2004 (Contingency Planning) (Amendment) Regulations 2012 made changes to the way Civil Contingencies requirements are delivered. This resulted in NHS England producing a set of Emergency Preparedness, Resilience and Response (EPRR) core standards for Trusts. The requirement was set out for NHS Trusts to identify an Accountable Emergency Officer. In this Trust the Chief Operating Officer (COO) is the Accountable Officer. In September 2015 the Trust was required by NHS England to submit a compliance statement set against the EPRR Core Standards to their Area Team and the CCG for assessment. Shrewsbury and Telford Hospital NHS Trust were reviewed by the panel and evaluated as substantial. The October Board approved the Trust's assessment of its current status of compliance against the core standards, along with an implementation plan and associated quarterly monitoring.

The Trust continues to work with the Shropshire and Staffordshire Area Team of NHS England, the Local Health Resilience Partnership (LHRP) and other responders within the local community to ensure continuity of robust EPRR.

Control measures are in place to ensure that all the organisation's obligations under equality, diversity, and human rights legislation are met. Equality Impact Assessment forms part of the Trust documentation for policy creation and ensures all policies are assessed.

Control measures are in place to ensure that patients, the public, and staff with disabilities are able to access buildings on the Trust's sites. All new estates schemes, as well as refurbishments, or ad-hoc improvements, are assessed to ensure that they meet the requirements of the Disability Discrimination Act.

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 met. 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.

The Trust remains highly committed to Sustainable Development, and can proudly claim to have led the way in the NHS during 2015. Nationally, the NHS Sustainable Development Unit acknowledges innovation and best practice through the NHS Sustainability Awards. In April, the Trust was 'highly commended' in an unprecedented five categories – more than any other Trust in the country, and in November the Trust was a finalist for the first time at the prestigious Health Service Journal Awards in the Improving Environmental and Social Sustainability category, shortlisted from 1600 entries. The Trust has again been shortlisted in NHS Sustainability Awards in 2016; for the third year in a row.

During 2015, the Board was required to complete monthly self-certification on Monitor requirements and Board Statements by the Trust Development Agency. The Board declared compliance with all requirements, subject to continued financial support from the TDA, except for the governance requirements due to the financial position and performance against some national targets. Whilst this reporting requirement was

withdrawn by the TDA in December 2015, the Trust continues to use these metrics within its suite of key performance indicators, reported to the Board monthly.

During the period for which monthly reporting to the TDA was mandated, the Trust was consistently rated as Escalation Level 4 (of 5) in the TDA Accountability Framework. This is classified as a material issue requiring interaction led by the TDA's Director of Delivery & Development. Regular meetings with the TDA have been held throughout the year to update on SaTH's improvement trajectories.

The Trust has a robust system in place to assure the quality and accuracy of elective waiting time data. The Trust has in place a system to validate and audit its elective waiting time data on a weekly and monthly basis with random specialty audits being carried out to quality assure the validation process. The process has been audited by Internal Audit, and implementation of recommendations monitored.

3 Risk Assessment

The Trust's Risk Management Strategy is updated and approved each year by the Trust Board. The Strategy describes an integrated approach to ensure that all risks to the achievement of the Trust's objectives, are identified, evaluated, monitored, and managed appropriately. It defines how risks are linked to one or more of the Trust's strategic or operational objectives, and clearly defines the risk management structures, accountabilities, and responsibilities throughout the Trust.

Risk assessment is a key feature of all normal management processes. All areas of the Trust have an ongoing programme of risk assessments, which inform the local risk registers. This process was audited by the Trust's Internal Audit who found there was substantial assurance, around the processes in place for the fourth successive year. Risks are evaluated using the Trust risk matrix which feeds into the decision making process about whether a risk is considered acceptable. Unacceptable risks require control measures and action plans to reduce them to an acceptable level. The risk registers are reviewed regularly and if a risk cannot be resolved at a local level, the risk can be escalated through the operational management structure to the Risk Committee or ultimately to the Trust Board. Each risk and related action has an identified owner who is responsible for monitoring and reporting on the risk to the appropriate committee(s) and for implementing changes to mitigate the risk in a specified timeframe.

The Chief Executive chairs the Risk Committee, and the other Directors with delegated responsibility for risk management sit on this committee which is the Board sub-committee responsible for managing risk and reviewing the Board Assurance Framework (BAF).

The BAF enables the Board to undertake focused management of the principal risks to achievement of the organisations objectives. There is a schedule of associated action plans for each key risk which identifies the date and Committee of last presentation. Progress against mitigating these principal risks is proactively monitored and reported to Trust Board.

The BAF risks during the year were:

- **If we do not deliver safe care then patients may suffer avoidable harm and poor clinical outcomes and experience.** This risk has shown an improvement during the year. There are good clinical outcomes are reported in the mortality indicators; However, the Trust continues to experience exceptional levels of demand and concerns of capacity both in our inpatient and emergency areas. This has led to patients being escalated and occupying spaces that are sub-optimal in terms of our ability to care for them safely or with dignity and respect. The risks assessed and incidents such as from Datix, complaints, infection prevention control, safeguarding, staffing and legal claims are being triangulated by the corporate nursing team to gain assurance that where possible risks are lessened

During 2015, the Trust was selected to work with the Virginia Mason Institute (VMI) who transformed its systems to become widely regarded as one of the safest hospitals in the world. Virginia Mason are providing training and coaching to draw inspiration from VMPS and develop new ways of working – prioritising the needs of patients and colleagues through eliminating waste and continuous improvement.

- **If we do not work with our partners to reduce the number of patients on the Delayed Transfer of Care (DTOC) lists, and streamline our internal processes we will not improve our 'simple' discharges.** At times, there have been almost over 80 patients in hospital beds who are fit to be discharged from acute care, and routinely the patient worklist patients have occupied 15% of bed capacity. This risk impacts on many of the other risks the Trust is facing:
 - Costs of escalation wards, additional bed capacity and facilities including outsourced provision, and premium costs for agency and locum staff
 - Pressure on staff leading to high levels of sickness and low staff morale, further increasing staffing costs
 - Cancelled / delayed elective activity with resultant loss of income for activity and performance penalties; and additional costs incurred eg Waiting List Initiative payments to recover the performance
 - Quality and safety issues including increased risk of infection, pressure sores, and falls

The three main reasons for delays are domiciliary care provision and nursing/residential home placements and an increase in further non-acute care including rehabilitation. Although the Trust has worked with partner agencies to improve the situation; and there has been an increase in funded care packages, this has not been sufficient to improve the situation. Given the over-riding responsibility of the Board for patient safety and experience, this remains a source of difficulty.

- **Risk to sustainability of clinical services due to potential shortages of key clinical staff.** This risk was newly identified in March 2014 and is a significant issue for the Trust. The risk relates to risks of staffing gaps in key clinical areas for which the longer term plan is being developed through NHS Future Fit. One of the key drivers for NHS Future Fit is the difficulty in attracting staff to a split site service with onerous on-call commitments which, unless changes are made, is likely to struggle in future to meet key national standards and guidance.
- **If we do not achieve safe and efficient patient flow and improve our processes and capacity and demand planning then we will fail the national quality and performance standards.** The Trust is now only mandated to achieve the incomplete standard in relation to Referral-to-Treatment target and this standard is being achieved. There has also been an improvement in the achievement of the cancer waiting times targets where the Trust is performing above the national average. The A&E targets have not been met due to the high demand for services and the numbers of patients who are fit-to-transfer, but occupying a hospital bed.
- **If we do not have a clear clinical service vision then we may not deliver the best services to patients.** Although a significant amount of work has taken place the public consultation has been further delayed and remains a significant issue for 2016/17.
- **If we do not get good levels of staff engagement to get a culture of continuous improvement then staff morale and patient outcomes may not improve.** Work has started further develop as leaders in our organisation, in particular how leadership should look and feel. This work is focussing on behaviours and links to the previous work on Trust values and leadership do's and don'ts. This development has been a key feature in Virginia Mason Institute's (VMI) transformation journey and will support the Trust on its journey. The results of the national staff survey show a marked improvement over last year.
- **If we are unable to resolve the structural imbalance in the Trust's Income & Expenditure position then we will not be able to fulfil our financial duties & address the modernisation of our ageing estate & equipment** At the end of the 2015/16 Financial Year the Trust delivered a £14.7m deficit in line with the required stretch target set by the NHS Trust Development Authority. In the 2015/16 year, the deficit of the Trust was underpinned by a loan from the NTDA of £12.7 million

The Trust is clear that it wishes to address its backlog maintenance issues and as stated within Section 5.1.2 Income and Expenditure, within the Trust's Medium Term Financial Plan the Trust

generates recurrent funds over the years 2016/17 – 2020/21 amounting to £6m to cover the revenue consequences of a £70m loan to address the backlog asset issues.

Data security

Information Governance incidents are reported via the Trust's incident reporting system. There were no data lapses in the year which were classified as level 2 incidents.

The Finance Director is the nominated Senior Information Risk Officer (SIRO) who is responsible along with the Medical Director as Caldicott Guardian, for ensuring there is a control system in place to maintain the security of information. The result of the Information Governance Toolkit Assessment provides assurance that this is being managed. The overall result for SaTH was 73% (Satisfactory). The Trust attained at least level 2 compliance in all 45 requirements.

4 The Risk and Control Framework

Risk Management is embedded within the organisation in a variety of ways including policies which require staff to report incidents via the web-based reporting system.

The Annual Plan is agreed by the Trust Board and reported to the NHS England and the TDA. This includes objectives, milestones, and action owners and is revised by the board quarterly.

Rigorous budgetary control processes are in place with robust management of Cost Improvement Plans. Outcomes are measured by monthly review of performance to the Board. The Quality and Safety Committee review Quality Impact Assessments required across all aspects of change, cost improvement programmes, or capital build prior to discussion at the Trust Board.

The organisation provides annual mandatory and statutory training for different levels of staff depending on their responsibilities as detailed in the Risk Management Training Policy. This includes risk awareness training which is provided to all staff as part of their mandatory corporate induction programme. Risk management awareness training was provided throughout 2014/15 at all levels of the organisation.

The Integrated Performance Report is a standing Board agenda item. The report summarises the Trust's performance against all the key quality, finance, compliance, and workforce targets, and also contains the Board self certifications which were required to be submitted to the TDA in relation to Governance and Monitor Licence Conditions.

The Trust has a Local Counter Fraud Specialist (LCFS) whose work is directed by an annual workplan agreed by the Audit Committee. The LCFS has given presentations to all of the Estates staff and other groups of staff to inform them of the need to be particularly vigilant to the possibility of fraud. As well as investigating potential frauds, notified to the LCFS by the Trust, there has been a programme of continuous control monitoring including review of agency timesheets; patient property checks; travel expenses; have been proactive exercises to detect potential fraud including an examination of fraud red flags in sickness absence; and review of invoices. The LCFS has commended the process for declarations of interest in place at the Trust and has worked with the Trust to further enhance the system in place.

The Head of Internal Audit provides an opinion on the overall arrangements for gaining assurance through the BAF, and on the controls reviewed as part of Internal Audit's risk-based annual plan. Internal Audit's review of the Trust's Assurance Framework gave substantial assurance and made three low priority recommendations.

During the year, Internal Audit reported on eight core audits and two performance audits. Internal Audit issued substantial assurance ratings for five of the core audits, moderate assurance ratings for two core audits and a limited assurance rating for one core audit. The moderate assurance ratings relate to CQC action plan follow up; and budgetary control. The limited assurance rating relates to the audit of Information Technology Disaster Recovery and Business Continuity Planning where two high priority recommendations were made. Actions to rectify these weaknesses are being implemented.

- **Information Technology Disaster Recovery and Business Continuity Planning:** One high priority recommendation was that the Trust should document a plan to cover the business continuity policy and strategy, covering all areas of the trust, and with a mechanism for structured testing. The second high priority recommendation was that the adequacy of the existing IT recovery arrangements should be documented for each service.

Formal actions plans have been agreed to address the significant control weaknesses in all areas. Implementation of the recommendations has been tracked and has demonstrated an improvement in the timeliness of implementation with no overdue actions at year-end. There have been no common weaknesses identified through Internal Audit reviews.

The Head of Internal Audit's Opinion is based on the work undertaken in 2015/16. The overall opinion is that: Moderate assurance can be given as there is a generally sound system of internal control, designed to meet the organisation's objectives, but the level of non-compliance in certain areas puts some system objectives at risk. There is a basically sound system of internal control for other system objectives. The weaknesses identified which put some system objectives at risk relate to CQC, Income & Debtors, Budgetary Control and IT Disaster Recovery and Business Continuity Planning.

Significant assurance has been given in relation to the Board Assurance Framework and risk management arrangements at the Trust.

The system of internal control has been in place in the Shrewsbury and Telford Hospital NHS Trust for the year ended 31 March 2016 and up to the date of approval of the annual report and accounts.

5 Significant Issues

5.1 Progress on 2014/15 Significant Issues

In the 2014/15 Annual Governance Statement, the Trust disclosed three significant issues. Progress on these issues is outlined below.

5.1.1 Fit To Transfer List

The Fit to Transfer [FTT] list is a list of patients who are deemed medically fit enough to leave to the hospital but require on-going care in another setting, or an assessment to determine what care may be required. The volume of patients on the FTT list is large, resulting in up to 80 inpatient beds being unavailable for acutely ill patients at any one time. The number of care packages available has increased during the year, although is still not at level to meet the demand. The Trust's average length of stay in 2013/14 (latest public data) was 4.1 days which is better than the national average of 4.6 for all NHS trusts. The Trust has developed its Patient Status at a Glance (PSAG) boards to support a case management approach in MDT meetings, whilst the Discharge Hub proactively supports complex discharges. The Trust has provided training and communications to staff in relation to the discharge process and Consultant Job Plans have been updated to include time for attendance at board rounds. The Trust is re-establishing a Service Improvement Team to further improve the operational processes and hopes to further benefit from its work with Virginia Mason in the USA.

5.1.2 Income and Expenditure

In 2015/16 the Trust will end the year with an in year deficit of £14.75 million and carries forward a recurrent deficit of £20.2 million. The full plans submitted to the NTDA illustrate the Trust's 2016/17 deficit to be £5.9m, which includes a series of assumptions. The income assumptions incorporate non recurrent Sustainability and Transformation Funds received from NHS Improvement amounting to £10.5m. In the 2015/16 financial year the Trust carried forward under-achievement of recurrent cost savings. These are now recognised within the CIP target for the 2016/17 year. The level of CIP to be achieved in 2016/17 amounts to £13m.

The Trust also incurred losses as a result of the Junior Doctors strike which were out of the Trust's control.

The Trust is expecting to record deficits in each of the years 2015/16 to 2019/20. The Trust generates a surplus in the 2020/21 financial year as a consequence of a reconfiguration of services which enables excess costs of split site working to be avoided. The Trust generates recurrent funds over the years 2016/17

– 2020/21 amounting to £6m to cover the revenue consequences of a £70m loan to address the Trust's backlog asset issues.

5.1.3 Public consultation on future of clinical services

The Trust continues to experience day-to-day difficulties in medically staffing some key areas and whilst most gaps are covered this is becoming an increasing struggle and often relies on factors such as consultants "working down" to provide the full level of medical support needed within acute hospitals. These issues form part of the case for change for the NHS Future Fit programme. Although proposals have been developed the consultation has been further delayed.

The Trust remains committed to the on-going work of the Future Fit Programme and the key role it plays within it, whilst recognising the need to progress solutions at pace to the critical workforce challenges it faces. The Trust has therefore agreed to lead and progress the work on developing an outline business case (OBC) that covers both options of a single emergency centre at PRH or a single emergency centre at RSH. This will ensure that in the summer of 2016 when Future Fit can conclude its work on a preferred option, the Outline Business Case (OBC) work will be completed so that formal Public Consultation takes place from end 2016 with a final decision reached in Summer 2017.

5.2 2015/16 Significant Issues

5.2.1 Financial Risks Associated with the 2016/17 Financial Plan.

Shropshire CCG Financial recovery plan

Shropshire County CCG have indicated that their expectation is for local QIPP schemes to reduce income by £4.0 million. Shropshire CCG have also issued CQUIN targets for the year. The Trust is contesting the reasonableness of the scale and timescales attached to these targets.

Neighbouring Trusts

The Trust, though not formally aware, has learnt that Shropshire CCG wishes to substantially reduce its funding in support of services presently provided by Shropshire Community Trust. It is not clear what level of impact such changes will have upon the Trust.

Sustainability and Transformation Fund

It is not presently clear how the Sustainability and Transformation fund is to be released to the Trust and also the precise circumstances in which NHS Improvement will withhold funding. Guidance suggests that withholding of funds will be linked to performance targets and also failure to contain spending within levels attributed to the Trust in respect of the Agency Cap

Achievement of Agency Cap

The Trust is expecting to deliver £3.25 million as cost savings from implementing new Agency rates in the 2016/17 financial year. Introducing these new rates particularly within medical and consultant staff groups may result in immediate operational difficulties.

Value for Money assessment

The Board is concerned about the parameters of the annual value for money assessment. The Trust has a longstanding historic debt of circa £20m. The Trust has been told by external consultants that, because of duplication in the system, the Trust is spending an additional £12m each year in order to duplicate services to meet the contractual requirements of the two CCGs. In addition, the Board believes that with an outcome based contract, there would probably be greater savings on other associated activity as an indirect saving. If these two factors were resolved, it is certain that the financial outturn would be much improved.

This was compounded by the position relating to contracting and demand. If the Trust were only assessed against the contract figures then there would be a clearer position in terms of performance. The final element in the value for money assessment then was discharge and how the partners reacted to the timescales and the implication of not doing it.

5.2.2 Sustainable Transformation Plan

The Strategic Outline Case (SOC) for the acute service elements of the Future Fit Programme was approved by the Board in March 2016. The SOC, known internally as Sustainable Service sit describes the Trust's plans to address the significant challenges to the safety and sustainability of patient services specifically in emergency and critical care.

This work builds on the discussion and feedback from staff, patients and the public within the Future Fit Programme to address the most significant of workforce challenges. The Trust was requested to progress this work by the Future Fit Programme Board in October 2015. The SOC demonstrates that there are potential solutions which address the Trust's workforce challenges in A&E, Critical Care and Acute Medicine by developing a single Emergency Centre, a single Critical Care Unit and a Diagnostic and Treatment Centre with Urgent and Planned Care service provision at both PRH and RSH.

The SOC describes the case for change and a way in which a new clinical model for emergency and urgent care in the county could be implemented. The SOC includes the capital and revenue impact of changes to the Trust's workforce and estate in delivering this model of care within three potential configurations. The estimated timescales for implementation and the ongoing and new work required are also identified

Following approval by the Trust Board, the SOC will be forwarded to Commissioners and the Trust Development Authority for their support and approval. This document represents the Strategic Outline Case for the acute service elements of the Future Fit Programme; known internally as Sustainable Services, it describes the Trust's plans to address the significant challenges to the safety and sustainability of patient services specifically in emergency and critical care.

5.2.3 External Review of Maternity

An independent Maternity Review was published on 1 April 2016 following the death of a newborn (Kate Stanton-Davies) in 2009, hours after being born at Ludlow Midwife-Led Unit. The report looked at both the care and treatment provided to Kate and her mother and the Trust's subsequent handling of Kate's parents' concerns and the governance around the management of the incident itself. The full report was discussed at a special meeting of the Trust's Board in April 2016; the report was accepted in full and the implementation of the recommendations and any subsequent actions deemed necessary will be tracked to conclusion through the public session of the Trust Board.

5.2.4 Performance

The Trust is currently at Escalation Level 4 (of 5) in the NHS Trust Development Authority's Accountability Framework. This is classified as a 'Material issue' requiring interaction led by the Director of Delivery and Development. Regular meetings are held with the TDA to update on SaTH's improvement trajectories. The key areas of focus are the four hour access standard

The trajectory to deliver the 95% 4 hour performance has been recalibrated based on current performance. The Trust is currently in discussion with the Local Health Economy (LHE) on next year's trajectory, which should demonstrate a 3% improvement based on quarter 4 performance 2014/15.

5.2.5 Lack of embedded Business Continuity Plans

Internal Audit issued a limited opinion report on IT controls and highlighted the lack of embedded business continuity plans across the Trust. Although it was acknowledged that the Trust has a good policy and framework, some areas have not yet developed robust plans. The newly appointed Emergency Planning and Resilience Officer (EPRO) is working with the Care Groups to rectify this situation.

5.2.6 Estates and Infrastructure

The Trust is facing a number of significant risks in respect of backlog maintenance of IT infrastructure, necessary medical equipment as well as building maintenance. The Trust needs to fully understand the issues in view of the scale of the financial challenge. It is not however the Trust's expectation that buildings will close in the immediately foreseeable future.

6 Review of the effectiveness of risk management and internal control

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.

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 Committee, Quality and Safety Committee, Hospital Executive Committee, and Risk Committee. 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.

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

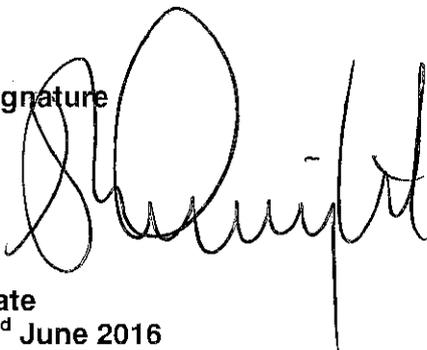
- Reports from Committees set up by the Trust Board
- Reports from Executive Directors and key managers
- External Reviews
- Board Assurance Framework.
- Internal Audit provide the Board, through the Audit Committee, and the Accounting Officer with an independent and objective opinion on risk management, 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.

The system of internal control has been in place at the Trust for the year ended 31 March 2016 and up to the date of approval of the Annual Report and Accounts.

Accountable Officer: Simon Wright

Organisation: The Shrewsbury and Telford Hospital NHS Trust

Signature



Date

2nd June 2016

The Shrewsbury and Telford Hospital NHS Trust

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