



2014-15

**Annual Report and Accounts**

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## FOREWORD

# from the Chairman and Chief Executive

In line with the wider challenges of the NHS, this has been our most challenging year yet, and our thanks must go to our staff, partners, patients, volunteers and others for their loyalty and hard work to help us make sustainable improvements to our services.

There is no doubting that public and regulatory confidence in our services was knocked following the Care Quality Commission (CQC) inspection in June, and the subsequent move into Special Measures - more on page 7. Clearly, no Trust wants to be labelled 'inadequate' and we are working hard to turn the situation around.

The NHS Trust Development Authority provides support, oversight and governance for all NHS Trusts on their journey to delivering what patients want.

Key to our response to this situation is the Patient Care Improvement Plan and the areas for improvement highlighted in our 'Unlocking our Potential' programme.

The Patient Care Improvement Plan (PCIP) is not simply a reaction to an inspection report, but contains every action needed to produce a more resilient organisation which meets our local population's specific health needs as well as constitutional and regulatory targets.

Alongside the PCIP, we have announced a £40 million five-year Estates Strategy for the County Hospital which will enable us to embark on a much needed programme to rebuild, expand, invest in more beds and in the latest diagnostic and other facilities.

These changes are needed to meet challenges driven by demographic change, unprecedented and increasing demand for our services and regulatory concern over the quality of care and safety of patients. It is important to remember that, while the CQC report highlighted particular concerns around urgent care, patient flow and our patient safety culture, a number of areas, like our pre-op assessments, midwifery academy and children's community services, were highly praised. So too were our staff who were described as consistently demonstrating a caring attitude and empathetic approach – and, for that, we can be proud.

Entering Special Measures does not mean we are a failing organisation, that our hospitals are not safe or that we are not providing good levels of care. However, it gives the Trust Development Authority the power to provide extra support and resources to tackle the issues identified.

During the year we welcomed a number of new frontline staff and developed new posts to make sure that we can deliver our Trust Mission: the delivery of a quality of care we would want for ourselves, our family and our friends. We are already beginning to see some benefits from this work and progress is demonstrated in this report.

We both joined the organisation in June and, in the short time that we have both been working with the Trust, we can honestly say we have witnessed a real will to succeed and we thank you all.



Museji  
Takolia CBE  
Chairman



Richard Beeken  
Chief Executive

# 1. STRATEGIC REPORT

## 1. Background to the Trust

Wye Valley NHS Trust was established on 1 April 2011. The Trust provides community care and hospital care to a population of just over 180,000 people in Herefordshire and a population of more than 40,000 people in mid-Powys, Wales.

The Trust's catchment area is characterised by its rural nature and remoteness, with more than 80% of its population living more than five miles from Hereford city or a market town.

**We are the only secondary care provider for an area where the average age of the population is older than the national average.**

This demographic is driving health and social care needs that are often more complex than in areas where the average ages of patients is lower. Research by the local Health and Wellbeing Board, by the Herefordshire Clinical Commissioning Group (CCG) and the local authority, point to a continuing trend of an increasingly ageing population.

We are also one of the smallest district general hospitals in the country, which impacts on our resilience. While larger Trusts may have capacity which can be opened to meet surges in demand, Wye Valley NHS Trust is working with high bed occupancy during normal periods of activity and has not had extra spare capacity to call upon.

This year has seen some exceptional demands with an increase of around 4.4% in emergency attendance and an 11% increase in admissions, see page 16.

## 1a. Our Strategic Objectives

In March 2015 the Trust Board approved a new set of Strategic Objectives to define organisational performance over the next five years:

- **improve the quality and safety of care to our patients, their carers and families**
- **improve the responsiveness of our services for the benefit of our patients and their families**
- **transform health and wellbeing through working with our partners**
- **improve the efficiency and cost effectiveness of our services**
- **develop a highly skilled, motivated and engaged workforce**
- **develop first class facilities and technology to support the care we provide**
- **play our role as an important asset to the people of Herefordshire and the surrounding areas**

## 1b. Key actions for the year

- **to implement the organisation's response to the CQC Chief Inspector of Hospital's Inspection, see pages 7-9**
- **to deliver the Trust's financial plan for 2014-15, see page 30**
- **to develop of organisational strategies on Information Management and Technology (IM & T), estates and workforce, see pages 10-13**
- **to engage as a key partner in the Herefordshire Transformation Programme, see page 10**

## 1c. Management structure

The Trust is clinically and operationally governed through service units each of which is led by a Service Unit Director, Service Unit Manager and Head of Nursing. The three service units are detailed on this page.

### Integrated Family Health Services

- **maternity and gynaecology** – delivery suite, maternity, antenatal care, community midwifery, obstetrics and gynaecology, outpatients, women's health
- **children's and families' services** – Special Care Baby Unit, paediatrics, palliative care
- **children's therapies** – child development, child health, health visiting, school nursing, looked after children
- **sexual health services**

### Urgent Care and Care Closer to Home

- **medical** – acute and community settings
- **emergency flow** – Accident and Emergency (A & E), Clinical Assessment Unit, Minor Injury Units at Ross and Leominster Community Hospitals, Clinical Site Team, Complex Discharge
- **neighbourhood teams** – virtual wards, hospital at home and district nursing
- **therapies** – physiotherapy, occupational therapy, orthotics, dietetics, speech and language, podiatry, falls service, diabetics, multiple sclerosis, Parkinson's, continence, community stroke rehabilitation, acquired brain injury
- **diagnostic and scientific services** – radiology, mortuary, vascular laboratory, haematology, cardiology, respiratory, blood science, histopathology, microbiology

### Elective Care

- **surgical** – pre-op, theatres, critical care, endoscopy, pain management, surgical specialities, cancer services, outpatient and audiology, lymphedema
- **elective care** – theatres, anaesthetics, critical care, Day Surgery Unit, endoscopy
- **pharmacy and medicine management**
- **dental services**
- **Patient Access Centre**

This structure is led by the Chief Operating Officer and supported by the back office departments, which include Trust headquarters, finance, information and procurement, estates, quality and safety and people and development. Professional accountability, leadership and support is provided through the Director of Nursing and Quality and the Medical Director.

## 2. Events, actions and development of services

### 2a. CQC Inspection, Special Measures and Patient Care Improvement Plan (PCIP)

The Care Quality Commission (CQC) inspection of the Trust took place on 3, 4, 5 and 19 June 2014.

Inspectors visited Hereford County Hospital and Community Services.

They were given access to all areas and to staff and focus groups and followed this up with an unannounced inspection to Hereford County Hospital at the end of the second week. They were inspecting the organisation's services against five key domains:

- safe
- effective
- caring
- responsive
- well led

Their report was received on 14 October 2014. There were four possible ratings: outstanding, good, requires improvement or inadequate.

The overall assessment of the Trust was 'inadequate'.

The CQC report says the Trust must do more, particularly in improving patient flow, reducing A & E waiting times and creating a healthier patient safety culture. Other concerns included overbooking of outpatient clinics, regular cancellations of surgical operations, staff under pressure, training gaps and a lack of care packages in the community for complex discharge cases.

#### Care Quality Commission Wye Valley NHS Trust

Overall Rating	Inadequate	
Safe	Inadequate	
Effective	Requires improvement	
Caring	Good	
Responsive	Inadequate	
Well led	Requires improvement	

#### Ratings of specific services

Urgent & Emergency Services	Inadequate	
Medical care (including older peoples care)	Inadequate	
Surgery	Requires improvement	
Intensive/critical care	Requires improvement	
Maternity & gynaecology	Requires improvement	
Services for children and young people	Requires improvement	
End of life care	Requires improvement	
Outpatients	Requires improvement	

There were some notable areas where the Trust excelled. Our pre-op assessment clinics were described as 'outstanding'; the Midwifery Academy was 'exemplary' and there was praise for staff who provide a good quality service to ensure patients received safe care and treatment.

Comments also included:

- open, honest, warm and dedicated clinical and managerial staff
- overwhelmingly positive feedback from patients and patients' groups
- great leadership at ward and clinical service level
- commendable community actions to alleviate pressure in acute hospital, see Virtual Ward, page 11
- Children and Young People Community Services rated as 'good'.

## 2b. Special Measures

Since the inspection:

**October 2014:** the Chief Inspector of Hospitals recommended the Trust be put in Special Measures, a move agreed by the Trust Development Authority (TDA) at a Quality Summit. A 'buddying' partnership has since been established with University Hospital Birmingham NHS Foundation Trust - a high performing provider organisation - to provide best practice guidance and peer support.

**November 2014:** the TDA approved the first draft of the Patient Care Improvement Plan (PCIP), and work on the PCIP has been continuing ever since.

**December 2014:** our 'Unlocking our Potential' programme was launched and we provide monthly public updates on all achievements against the PCIP.

**February 2015:** An Improvement Director was appointed by the TDA to provide expertise to the Trust Board on how to improve services and meet our promises to deliver on the PCIP.

The PCIP is being monitored monthly by the Quality Oversight Review Group, which is chaired by the TDA, and monthly by the Trust's Quality Committee and Board.

**The CQC will be carrying out a re-inspection during September 2015.**

## 2c. 'Unlocking Our Potential' – Our Patient Care Improvement Plan (PCIP)

Patient Care Improvement Plan key improvements:

The Patient Care Improvement Plan (PCIP) is divided into six key workstreams and the actions which have been achieved since inspection are set out below:

### 1. urgent care

- improved staffing and processes within the Emergency Department
- demonstrably reduced length of stay
- additional patient checks undertaken in the Emergency Department at times of high pressure

### 2. organisational development

- Trust 'values' developed with 250 staff
- improved staff survey results
- better training attendance
- People Leaders Programme commenced

### 3. reducing harm

- 38% increased level of incident reporting with no increase in reported harm
- relaunched care bundles and strengthened mortality review process

### 4. patient experience

- improved results in local surveys
- positive results from 'enter and view' visits by Healthwatch Hereford, see pages 13-14
- a pocket guide for patients providing them with essential information

### 5. stroke

- Early Supported Discharge service has begun
- stroke services consolidated at the County Hospital, bringing all aspects of the service together on Wye Ward

### 6. estates

- children's waiting area in A & E complete
- estate strategy approved and first phase development (16 beds) and funding has been approved by the Independent Trust Financing Facility (ITFF)

Our 'Unlocking our Potential' programme, which measures progress against all the objectives, is available on the Trust's website, in public Board papers and on electronic and other media.

## 2d. Estate Strategy

Phase 1 of the Trust's Estate Strategy was signed off at a Trust Board meeting in public in January. It outlines long-term plans to expand Hereford County Hospital, including replacement of ageing buildings like our Nightingale wards.

The plans, which would involve a capital spend of around £40m over the next five years, also include more beds to meet emergency and elective demand, investment in diagnostic services such as a second CT scanner and a second MRI scanner, more theatres and better car parking.

The first phase of this programme includes the development of a new 16-bed ward which will be operational by December 2015.

## 2e. Herefordshire Health and Social Care Economic Transformation Programme

We are active members of Working Together for Herefordshire which is made up of all of the statutory bodies in Herefordshire and is accountable to the Health and Wellbeing Board.

The focus has been on four key strands of work to support the NHS Five-Year Forward View and to transform services to meet demographic and financial challenges:

- urgent care system improvements – achieving radical changes to improve access throughout the county
- long-term viability of the County Hospital
- redesign and investment in community services and care to manage long-term mental health and physical care conditions, with a view to reducing admissions to hospital
- development of supportive communities through enhanced social capital and neighbourhood resilience

By May 2015, proposals and preferred options will have been made for each of the strands of work and these are being considered by the governing bodies of the Trust, Herefordshire Council, the Clinical Commissioning Group and the Mental Health Trust (2gether NHS Foundation Trust).

## 2.f Service developments

There were a number of important service developments during the year:

### Kenwater Surgical Unit

This fully equipped mobile day surgery unit went live at the Hereford County Hospital in November and has the capacity to treat seven morning and seven afternoon minor surgical cases.

This is helping to reduce waiting times for day case patients and is taking pressure off the existing Day Case Unit. This has helped the Trust manage surges in demand when beds in the unit have had to be used temporarily for emergency admissions.

The Kenwater Surgical Unit will remain in place until planned extensions to provide extra beds across all medical units are completed during 2015.

### **£1m investment in Emergency Department staff**

To reduce waiting times for patients in A & E, and to improve patient flow across Hereford County Hospital, we have embarked on a £1million investment in extra staff to increase numbers from 78 to 96. This is expected to bring significant improvements in coming years and is already starting to show early benefits.

Recruitment has begun for additional nurses and two more A & E consultants. We have already appointed a new Lead Nurse. While the recruitment process continues, we are using locum bank and agency staff to ensure we are fully staffed.

A new medical specialist rota has been implemented to ensure there is a dedicated emergency physician available to assess patients as they arrive at A & E at all times, to give prompt assessments and to enable patients to be seen by the right specialists more quickly.

We have also appointed Emergency Nurse Practitioners who are able to see and treat walk-in patients with minor injuries and conditions, freeing doctors and consultants to deal with more complex cases.

### **Patient flow**

As a Trust, the length of stay of non-elective patients is benchmarking very well with similar sized Trusts, however, we need to do more to ensure optimum bed occupancy.

One of the key issues for the A & E department is the availability of beds for those who require admission, and the ability to move patients to different wards.

In February 2015 we appointed eight 'trackers' who are non-clinical staff. They work on each ward of Hereford County Hospital alongside consultants and nurses to ensure that all processes are in place for discharges to take place as planned. This means that beds can be freed up in a timely manner and be available for emergency and planned admissions. The aim is for 40% of planned discharges to occur by midday and 60% by 4.30pm. This has already helped to improve patient flow by ensuring beds are available as expected, and earlier in the day.

We have also appointed dedicated A & E porters available 24/7 to ensure that patients can be moved to the right place at the right time.

### **Frailty Unit**

A new dedicated Frailty Unit opened on 3 November 2014 on Frome Ward at Hereford County Hospital to help deliver better care for elderly patients.

Consisting of three four-bed bays and two side rooms, it is overseen by two dedicated geriatricians, to enable older patients to be given a comprehensive geriatric assessment on admission, so they can be treated quickly and appropriately or discharged home, or to community beds or other care environments, ideally within three days.

The aim is to prevent prolonged stays in hospital which reduce the likelihood of a frail patient returning to independent living. The new unit is having a measurable impact. In January 2015, 40% of patients were discharged within 39 hours; for those awaiting acute transfer the stay is shorter, but for those patients awaiting community beds the average stay has been 85 hours.

Other benefits include a more focussed discharge planning, incorporating advanced care planning. Our new 16-bedded facility, operational by December 2015, will house the Frailty Unit.

### **Virtual Ward**

The Virtual Ward became a permanent service during the year, after an initial 12-month pilot. It covers the eight city GP practices in Hereford.

It provides support by community nurses to people in their own homes, reducing the need for admission to hospital or shortening hospital stays.

### **£7.7m Radiotherapy Unit opens**

The unit opened in August 2014, bringing cancer services closer to home for many patients in Herefordshire, Powys and beyond. It was built and is being run by Gloucestershire Hospitals NHS Foundation Trust which provides a team of dedicated staff.

The unit complements the oncology service provided at the Trust's Macmillan Renton Unit, giving patients access to first class integrated radiotherapy and chemotherapy treatment, equipment and facilities. Almost all patients are seen for an initial treatment planning session at Cheltenham before being referred to the unit. The unit is suitable for the vast majority of cancer patients, however those who require more specialist treatment continue to be treated in Cheltenham.

An official opening of the unit was held in December when Hereford MP Jesse Norman, Museji Takolia CBE, Chairman, Wye Valley NHS and Professor Clair Chilvers, Chair, Gloucestershire Hospitals NHS Foundation Trust unveiled a plaque.

### **Development of midwifery-led birth facility**

A virtual midwifery-led birth facility has been running since 2013 in the Oak Room within the maternity suite at Hereford County Hospital. It is a forerunner for a permanent facility which will bring us into line with most other trusts in England. The £660,000 funding for the Midwifery Led Unit (MLU) was secured from charitable funds in November 2014.

When operational, the midwifery-led unit is expected to be used for around 400 births per year, supporting a focus within the Trust on optimising the skills of midwives as professional leads and on decreasing the numbers of births carried out by Caesarean section.

### **New stroke service**

All our stroke services are now situated on Wye Ward at Hereford County Hospital. A new service model, consistent with national best practice, was launched in spring 2015.

### **Second CT scanner**

In February 2015, the Trust Board approved a proposal to purchase a second CT scanner and discussions are progressing with local charities to fund it.

### **Electronic Patient Record (EPR)**

In March 2015, the Trust Board approved the business case for the purchase and implementation of an Electronic Patient Record (EPR) at an investment cost of £12.7million.

There are five key elements to enable clinicians to benefit:

- a Patient Administration System (PAS) integrating with other systems and sophisticated reporting
- Order Communications and Diagnostics Reporting (including all pathology and radiology tests and tests ordered in primary care)
- letters with coding (discharge summaries, clinic and A & E letters)
- scheduling (for beds, tests, theatres etc)
- e-prescribing (including 'To Take Out' (TTO) medicines)

The proposed EPR development will deliver the first four of these elements and provide a firm foundation to introduce e-prescribing.

### **Major Incident Plan**

Should there be a major incident locally, our Major Incident Plan would be activated. This plan is regularly updated and tested and is compliant with all statutory requirements. It has been developed with the emergency authorities within the county.

## 3. Patient and public involvement

### 3a. Healthwatch Herefordshire

Healthwatch Herefordshire – a watchdog with elected members – scrutinises our services to make sure we are providing high quality care for patients.

In December 2014 and January 2015, Healthwatch Herefordshire carried out 'enter and view' – announced – visits at Ross and Leominster Community Hospitals and the Acute Admissions Unit at Hereford County Hospital. The visits focussed on patients with dementia with Healthwatch Herefordshire members observing and discussing care with staff, patients, carers and their relatives. Feedback has been very positive.

Healthwatch Herefordshire has also been supporting Patient Experience walk-rounds – unannounced visits with Executive and non-Executive Directors to different areas of the Trust.

#### Enter and view visits

These visits encourage, support, recommend and influence service improvement by capturing and reflecting the views of service users which are then fed back to hospital teams.

At each hospital the following questions were asked to ensure the 10 principles of dignity are being adhered to:

- Can you say what you want when things go wrong?
- Do you feel as if you are treated like an individual?
- Are you encouraged to express your needs?
- Do you feel listened to?
- Do you have some independence, choice?
- Do you feel your privacy is respected?
- Do you feel you are treated with respect?
- Are you supported in a way that makes you feel good?
- Are your family and carers involved with your care?
- Do you feel safe in the hospital?

#### Hereford County Hospital

Healthwatch Herefordshire visited Frome Ward, a short stay, assessment ward.

Authorised Healthwatch representatives spoke with 14 patients and carers articulating the views of the person they were caring for. The majority of patients had varying degrees of memory impairment. Patients and carers found that the service was good, adhered to the 10 principles of dignity, with caring, respectful staff who made patients feel safe, encouraged independence and fostered an environment which welcomed feedback.

### **Leominster Community Hospital**

Leominster Community Hospital provides ongoing medical care and rehabilitation to help recovery when patients have had treatment at Hereford County Hospital or another hospital but are not well enough to go home. Hereford Healthwatch engaged with 13 patients; the majority of respondents had varying stages of memory impairment and did not all respond to all the topics raised. Overall those who participated were very positive in their feedback about being treated with dignity.

Healthwatch Herefordshire said the findings were so complimentary they recommended that Leominster Community Hospital is identified as delivering best practice with regard to the 10 principles of dignity.

### **Ross Community Hospital**

Ross Community Hospital also provides ongoing medical care and rehabilitation to help recovery when patients have had treatment at Hereford County Hospital or another hospital but are not well enough to go home.

In recent years the number of patients with some degree of memory impairment has increased. Healthwatch Herefordshire representatives engaged with 13 patients in the hospital, many of whom had varying degrees of memory impairment.

Healthwatch Hereford found overall those who participated were very positive in their feedback about being treated with dignity. Cross county border issues were particularly relevant to one patient, but it was evident that staff were going the extra mile to achieve a satisfactory outcome for that person.

## **3b. Trust Stakeholder Group**

The Trust Stakeholder Group continues to provide a valuable source of feedback and comment on the Trust's plans and strategies.

The independently-chaired group meets every two months and includes representatives of patients, carers, the public, staff and key stakeholders such as commissioners.

In 2014, the group renewed its terms of reference to reflect its status as a 'critical friend' to the organisation. Throughout 2014-15, the group has considered and provided feedback on the Trust's business plans, its Information Management and Technology (IM & T) Strategy and the Patient Care Improvement Plan.

## **3c. Patient Forum**

The Patient Forum is made up of patients and carers willing to support us in developing and monitoring our care services and reviews. They meet on a quarterly basis. Individual members also take part in specific patient groups. During 2014-2015, the focus was on 'Learning From Your Concerns' to ensure the patient/user perspective is taken into account in any changes.

As a result of discussions within the Patient Forum, 2Gether Foundation NHS Trust delivered an awareness-raising session for general nurses in March 2015 on the needs of patients with mental health issues. Members also:

- took part in our annual Patient Led Assessment of Care Environment (PLACE) – unannounced visits to the community hospitals and Hereford County Hospital – which assess the cleanliness, food, privacy and dignity of the patient environment
- commented on the new Nursing, Midwifery and Clinical Professional Charter – a strategy for care staff – and how they would expect its values to be reflected by clinical staff
- discussed the CQC report, see pages 7-9, and how we communicate what we are doing about it with people

## 4. Performance

### 4a. Patient safety

Our Quality Account 2014-15, available from Michelle Clarke, Director of Nursing and Quality, contains comprehensive information on quality and safety.

### 4b. Mortality tracker

We have developed an inpatient mortality tracker in partnership with Dudley Group NHS Trust, and activated a mortality review process to see what learning can be gained. Use of the tracker will enable individual consultants to review each death under their care and ensure that any lessons learnt are shared.

### 4c. Mortality performance

Hospital mortality rates are measured using Summary Hospital Mortality Indicator (SHMI) and Hospital Standardised Mortality Ratio (HSMR) figures. The national benchmark for SHMI and HSMR is 100 and the expected range varies over time.

In April 2014, the Trust's published SHMI was 119, making us an 'outlier' with an above average mortality rate. Work was carried out to understand the reasons behind the figures. We have undertaken a detailed review of all inpatient deaths throughout 2014, and lessons learnt are shared among staff. Changes have been made to the Urgent Care Pathway to deliver prompt assessments by senior consultants and to focus on identification of deteriorating patients. We have focused on provision of evidence-based care using 'care bundles' for specific conditions, such as pneumonia, to ensure that all care is provided in accordance with national good practice.

Herefordshire as a county has a large elderly population and a higher than average population of extreme elderly. We have been working with the Herefordshire Clinical Commissioning Group as it promotes a community-wide approach to identifying deteriorating patients in the community and ensuring that their end-of-life care is managed in accordance with their wishes and in the most appropriate setting, which may be in their own home or residential setting.

By January 2015, the latest SHMI figures had shown a significant reduction to 112.

## 4d. Emergency services and A & E

Across the whole year, the Trust has seen sustained growth in the number of patients attending the Accident and Emergency Department (A & E) for emergency care, with 4.4% more patients attending than in the previous year; during the same period, the number of emergency admissions rose significantly, with a year-on-year increase of 11%.

This increased pressure, on both the A & E Department and on inpatient beds, resulted in disruptions to elective patient care on a number of occasions throughout the year. The Trust escalated its clinical and operational management arrangements to address and resolve the increased emergency pressures. This escalation approach included the cancellation of routine operations and appointments and the redeployment of staff to maintain patient safety.

## 4e. Patients seen and treated

The Trust did not meet the national target of 95% of patients being seen, treated, admitted or discharged within four hours from the time of arrival, despite significant efforts by the Trust and by local health and social care organisations.

## 4f. Performance summaries 2014-15

### Acute hospital

Activity	2013-14	2014-15	Increase/Decrease 2014-15 on 2013-14
Elective spells	4572	3897	-14.8%
Day case spells	15587	16459	5.6%
Emergency spells	19566	21720	11.0%
New outpatient attendances	69522	71650	3.1%
Follow up outpatient attendances	161288	167376	3.8%
A & E attendances	49561	51717	4.4%

### Community hospitals

Activity	2013-14	2014-15	Increase/Decrease 14-15 on 13-14
Day case spells	1047	1035	-1.1%
Community bed days	36006	35354	-1.8%
Contacts	230451	262051	13.7%
New outpatient attendances	16178	15762	-2.6%
Follow up outpatient attendances	54380	53543	-1.5%
Minor Injury Unit attendances	3596	3321	-7.6%

## 4g. Key targets – 18 week referral to treatment

### 18 week referral to treatment – admitted

The pressure on emergency inpatient capacity throughout 2014-15 had a direct, and negative, impact on the Trust's performance against the elective access target for 'admitted' patients. The Trust did not meet the operational standard for 90% of admitted patients receiving treatment within 18 weeks from referral.

### 18 week referral to treatment – non-admitted

The Trust achieved the 'non-admitted' 18 week standard for 2014-15 (95% of non-admitted patients receiving treatment within 18 weeks from referral).

Key targets - 18 week referral to treatment and A & E four hour wait or less	2012-13	2013-14	2014-15
18 week referral to treatment - admitted patients*	97.8%	92.7%	77.2%
18 week referral to treatment - non admitted patients**	99.8%	99.7%	97.7%
Total time in A & E: four hours or less***	94.8%	92.3%	85.6%

\*The key target for 18 week referral to treatment admitted is 90% within 18 weeks

\*\* The key target for 18 week referral to treatment non-admitted is 95% within 18 weeks

\*\*\* The key target for A & E is that 95% of A & E patient are seen, treated, admitted or discharged within four hours from arrival

## 4h. Cancer performance

Cancer referrals rose significantly in 2014-15 by 23.9% when compared with 2013-14. The Trust struggled to deliver cancer access targets sustainably during the year as a result of the increase in demand. In March, performance reported compliance with five of the six national cancer access standards.

The 2014-15 data below is presented in line with the national guidance reporting:

Key performance indicators	Key target 2014-15	2014-15
Cancer two week waits*	93%	94.1%
Two week waits (breast symptomatic)**	93%	83.4%
Cancer 31 days	96%	98.6%
Cancer 31 days subsequent treatments	98%	99.5%
Cancer 62 days	85%	81.2%
Cancer 62 days screening	90%	97.3%
Cancer 62 days upgrades (no national target set)	85%	86.3%
Cancer 31 days rare cancers	85%	100%

\* Cancer two week wait – GP suspects cancer and patient offered referral within two weeks

\*\* Two week waits (breast symptomatic) – GP or other relevant health professional referred patient for breast symptoms but did not suspect cancer

## 2. DIRECTORS' REPORT

### 1. Board of Directors

#### 1a. Trust Board

Wye Valley NHS Trust is led by a Board of Directors, which comprises the Chairman, five Non-Executive Directors, an Associate Non-Executive Director and six Executive Directors who are the Chief Executive, Director of Finance and Information, Medical Director, Director of Nursing and Quality, Chief Operating Officer and Director of People and Development.

There are four statutory Executive appointments:

- Chief Executive
- Finance Director (Director of Finance and Information)
- Medical Director
- Director of Nursing (Director of Nursing and Quality)

There is also a fifth voting Director, the Chief Operating Officer, but this is not a statutory appointment.

The Director of People and Development is a non voting Board Member.

There have been a number of Board member changes this year.

We said farewell to: Chairman, Mark Curtis; the Interim Chief Executive, Derek Smith; the Chief Operating Officer, Neil Doverty, and the Medical Director, Peter Wilson. The Trust also said goodbye to two Non-Executive Directors, Sarah Coleman and Christina Maclean. The Trust would like to say 'thank you' to all of them for the work they did.

During the year we welcomed: Chairman, Museji Takolia CBE; Chief Executive, Richard Beeken; Interim Chief Operating Officer, Lisa Hunt, and Acting Medical Director, Sally Stucke. The Trust also appointed two Non-Executive Directors in November 2014: Richard Humphries and Andrew Cottom and an Associate Non-Executive Director (non voting), the Reverent Christobel Hargraves.

In addition, the Trust appointed a substantive Medical Director, Dr Susan Gilby, and an Interim Chief Operating Officer, Jon Barnes, who joined the Trust on 23 and 30 March respectively.

#### Board of Directors as at 31 March 2015

##### Non-Executive Directors

###### Museji Takolia CBE

Chairman

Appointed: June 2014

Attended: 10/11 Board meetings

###### Mark Waller

Deputy Chairman and Senior Independent Director, Chair of Finance and Performance Committee

Appointed: August 2011

Attended: 12/13 Board meetings

###### Frank Myers MBE

Chairman of Quality Committee and Chairman of Charitable Funds Committee

Appointed: November 2011

Attended: 13/13 Board meetings

###### Simone Pennie

Chair of the Audit Committee

Appointed: April 2011

Attended: 11/13 Board meetings

###### Richard Humphries

Chair of Remuneration and Terms of Service Committee

Appointed: November 2014

Attended: 4/5 Board meetings

###### Andrew Cottom

Designate Chair of Audit Committee

Appointed: November 2014

Attended: 4/5 Board meetings

###### Reverend Christobel Hargraves

Associate Non-Executive Director

Appointed: November 2014

Attended: 5/5 Board meetings

## Executive Directors

**Richard Beeken** Chief Executive

Appointed: June 2014

Attended: 10/11 Board meetings

**Howard Oddy** Director of Finance and Information,  
Deputy Chief Executive

Appointed: July 2007

Attended: 13/13 Board meetings

**Michelle Clarke** Director of Nursing and Quality

Appointed: August 2011

Attended: 12/13 Board meetings

**Maureen Bignell** Director of People and Development

Appointed: January 2014

Attended: 12/13 Board meetings

**Susan Gilby** Medical Director

Appointed: March 2015

Attended: 1/1 Board meetings

**Jon Barnes** Chief Operating Officer

Appointed: March 2015

Attended: 1/1 Board meetings

## 1b. The Audit Committee as at 31 March 2015

The Audit Committee is a Non-Executive Committee of the Trust Board. It comprises four Non-Executive Directors who are approved by the Board as follows:

**Simone Pennie** Chair of the Audit Committee

**Andrew Cottom** Designate Chair of Audit Committee

**Frank Myers MBE** Non-Executive Director

**Mark Waller** Non-Executive Director

## 1c. Board Members Declaration of Interests as at 31 March 2015

Board Member	Position	Interest
M Takolia CBE	Chairman	Intellicomm Solutions Ltd Invest EQ, PMP Ltd Liver Homes (General Buildings) LLP Mill House (General Buildings) LLP Chair, NEST Corporation Members Panel
R Beeken	Chief Executive	None
M Bignell	Director of People and Development	None
J Barnes	Chief Operating Officer	None
M Clarke	Director of Nursing and Quality	None
A Cottom	Non-Executive Director	Non-Executive Director Hoople Ltd
S Gilby	Medical Director	Father is Vice Chair of St Michael's Hospice
C Hargraves	Non-Executive Director	None
R Humphries	Non-Executive Director	Non-Executive Director of Housing & Care 21
F Myers MBE	Non-Executive Director	Ownership or part-ownership of private companies, businesses or consultancies likely or possibly seeking to do business with the NHS: <ul style="list-style-type: none"> <li>• Myers Road Safety Ltd; joint Owner and Managing Director</li> <li>• MCP Systems Consultants Ltd; joint Owner and Director.</li> <li>• A position of authority in a charity or voluntary organisation in the field of health and social care</li> <li>• Queen Elizabeth's Foundation for Disabled People; Director and Trustee</li> <li>• MERU Director – one of the Queen Elizabeth's Foundation family of charities – designs and manufactures specialised equipment for children and young people with disabilities</li> <li>• President, Hereford and South Herefordshire Conservative Association (until March 2016). This provides links with Herefordshire Council</li> <li>• Director, Hoople Ltd and Shareholder Representative for Wye Valley NHS Trust</li> <li>• Chair, Herefordshire Business Board</li> <li>• Board Member, Marches Local Enterprise Partnership</li> </ul>
H Oddy	Director of Finance and Information	None
S Pennie	Non-Executive Director	Ofcom Risk and Audit Committee Governor Westonbirt Schools University of Bath Audit Committee
S Stucke	Interim Medical Director	None
M Waller	Non-Executive Director	Non-Executive Director Hoople Ltd Chair of Ledbury Places Chair of Herefordshire MIND

## 2. Staff

### 2a. Information for staff and consultation

The Chief Executive, Richard Beeken, has led a programme of staff engagement, sharing the results of the Care Quality Commission (CQC) report with staff and, through the 'Unlocking our Potential' campaign, keeping staff informed on our progress against the Patient Care Improvement Plan (PCIP), see page 9. He also chairs monthly team meetings with staff to allow open exchanges of information between management and staff.

Between January to March 2015, we have been working with staff to develop the values of the organisation, taking a bottom up approach, and involving staff at a more strategic level on service development.

Our electronic bulletin *Trust Talk* updates staff weekly; the Partnership Forum, which includes membership of all local trade unions, meets monthly to discuss issues affecting staff. We also have a Medical Joint Local Negotiating Committee.

During the year we have awarded Going the Extra Mile Awards to staff who have been nominated by patients, service users and other members of staff for going above and beyond the call of duty.

### 2b. Registered nurses UK recruitment

Competition for recruiting high calibre nursing and clinical staff across the UK remains high. Through 'Unlocking our Potential' we have embarked on a wide-ranging campaign, including radio advertising, to actively encourage registered nurses who may have left for career breaks, or other reasons, to return to practice.

We have also developed a number of assistant practitioner posts, and these staff are hoping to take registered nurse degree qualifications in the future.

### 2c. Registered nurses overseas recruitment

During the year registered nurses who were recruited from Portugal, Italy, Spain and Bulgaria during the previous financial year began work with the Trust. In March 2015, the Trust embarked on a campaign to recruit qualified nurses from the Philippines and India. Successful candidates will start work during the coming financial year.

### 2d. Equality and diversity

As one of the largest employers in the county, our aim is to provide healthcare services that meet the needs of all sections of our community, ensuring fair access and respecting the diversity of people who need our services regardless of age, disability, race, ethnic or national origin, gender, religion, sexual orientation, domestic circumstance, social and employment status or responsibility as a carer.

We aim to recruit and retain a highly skilled workforce which reflects the community it serves and to ensure that we nurture the best staff to provide care for the people of Herefordshire.

In the last 12 months, the Trust has produced a new equality and diversity policy and is working to implement the NHS EDS2 (Equality and Delivery System).

## 2e. Staff sickness

Staff sickness rates rose slightly in 2014-15 by 0.13% in comparison to the previous year. The Trust introduced a revised sickness absence policy at the start of 2015 and provides support to staff through its occupational health service and other initiatives aimed at ensuring our workforce remains healthy and well.

### Staff sickness absence as at 31 March 2015

	2013-14	2014-15	% increase
Staff sickness absence	4.20%	4.33%	0.13

## 2f. Workforce by ethnicity as at 31 March 2015

Ethnic origin	Headcount	%
White - British	2696	88.36
White - Irish	13	0.43
White - any other white background	61	2.00
White unspecified	1	0.03
White English	4	0.13
White Scottish	1	0.03
White Welsh	5	0.16
White Italian	10	0.33
White Polish	5	0.16
White mixed	1	0.03
White other European	3	0.10
White & black Caribbean	2	0.07
White & black African	4	0.13
Mixed - white & Asian	7	0.23
Mixed - any other mixed background	3	0.10
Asian or Asian British - Indian	71	2.33
Asian or Asian British - Pakistani	17	0.56
Asian or Asian British - Bangladeshi	3	0.10
Asian or Asian British - any other Asian background	23	0.75
Asian Sri Lankan	1	0.03
Asian British	2	0.07
Asian unspecified	2	0.07
Black or black British - Caribbean	6	0.20
Black or black British - African	25	0.82
Chinese	5	0.16
Any other ethnic group	22	0.72
Filipino	2	0.07
Other specified	3	0.10
Not stated	53	1.74
<b>Grand total</b>	<b>3051</b>	<b>100</b>

### Gender split for general staff

Female	2597
Male	454
<b>Grand total</b>	<b>3051</b>

### Gender split for Trust Board

Female	5
Male	8
<b>Grand total</b>	<b>13</b>

## 2g. Staff profile

As at 31 March 2015, the Trust employed 3,051 staff. The table, right, shows a breakdown of staff into different staff groups.

Staff group	2013-14 Headcount	2014-15 Headcount
Prof Scientific and technical	81	92
Clinical services	669	681
Administrative and clerical	583	639
Allied health professionals	244	246
Estates and ancillary	40	41
Healthcare scientists	70	70
Medical and dental	276	287
Nursing and midwifery registered	970	991
Students	14	4
<b>Grand total</b>	<b>2947</b>	<b>3051</b>

## 2h. Health and wellbeing

Key to the delivery of good patient care is having a healthy workforce. The Trust's health and wellbeing service supports staff to remain well. In the last 12 months it has run a range of initiatives including:

- stress management
- healthy lifestyles
- well-being workshops

During last year's staff flu vaccination campaign the department achieved a 63% vaccination rate of all staff. The department provides advice and support to staff who are absent from the Trust due to sickness, ensuring staff are supported to return to work at the earliest opportunity.

The department recently received a successful re-accreditation of its Safe Effective Quality Occupational Health Service (SEQOHS) certification. SEQOHS is recognised as a quality assurance standard for occupational health services nationally.

## 2i. Leadership and development opportunities

We are continuing to develop our staff to provide the strong leadership required across the organisation to help improve the performance of the Trust.

Thirteen of our clinical leaders are now undertaking a Postgraduate Certificate in Leadership for Healthcare at Warwick Medical School. The training will support their ability to provide strong leadership as we re-design clinical pathways, services and networks, and increase staff engagement.

Our own People Leaders programme began in January for aspiring managers. It is a modular programme targeting 100 people who have been identified across the organisation.

Our Midwifery Academy has been successful in recruiting and retaining midwives to the Trust. The academy supports their training and development.

## 2j. Staff Survey

Our latest staff survey of 800 staff, who were randomly chosen, has shown some significant improvements over 2013-2014. A total of 43% of staff responded which was average for acute trusts. This year we were placed in the top 20% for eight areas (against nil areas in 2013-2014).

Overall, we have some very positive messages, demonstrating that in areas where we have focussed our efforts there has been a positive impact.

#### **The most improved scores are, staff:**

- receiving health and safety training in the last 12 months – up 11%
- giving feedback about reported errors or incidents – up 10%
- agreeing they are informed about errors, near misses and incidents that happen in the organisation – up 10%
- agreeing they have adequate materials, supplies and equipment to do their job – up 8%

#### **There are a number of areas in which we were in the bottom 20% of Trusts:**

- ensuring staff receive an annual appraisal – down 5%
- staff experiencing harassment, bullying, aggression from public in last 12 months – up 5%
- staff personally experiencing physical violence from public in last 12 months – up 5%
- staff agreeing their role makes a difference to patients/ service users – down 2%
- staff feeling unwell due to work related stress – up 2%

#### **Actions to secure improvement**

Some actions have already been developed in conjunction with the Partnership Forum in response to the survey results.

A task group has been established to address issues relating to violence and aggression towards staff.

Service units will develop their own improvement plans. The content of these plans will be informed by listening and engaging with staff.

#### **Changing the culture**

The 'Unlocking our Potential' programme is linked to changing the culture; the improvement plan for the staff survey will be incorporated into the PCIP. Actions already underway include:

- increasing staff engagement through increasingly visible leadership
- giving managers greater confidence to manage difficult issues through the People Leadership Programme
- re-writing our values, expressing them in a simple way that is accessible and owned at every level of the organisation

- setting and maintaining standards of behaviour based on these simple values, and holding each other to account
- implementing the principles and actions from the Francis Review into Reporting Incidents, see below, and finding creative ways to make it easier for staff to speak out if they have concerns, including the creation of Raising Concern Champions at departmental level

#### **Reporting Incidents**

During the year we published a new policy for staff on Reporting Incidents under the slogan *See it, Sort It, Report It!* There has been a 38% rise in the number of incidents reported.

In addition, the number of staff who say they now feel confident they can make a report without fear or detriment, and that something will be done as a result of their report, has risen by 5%. This puts us in the top percentile of trusts in the country.

## **2k. Fraud**

We take allegations of fraud very seriously, whether they be about qualifications, expenses, working privately when the person should be at work, or fraudulent sick notes. We have a Fraud and Corruption Policy and investigate every allegation. There were two investigations during the year. We work closely with an external counter fraud officer (employed by KPMG). There have been no prosecutions this year.

# **3. Statement of disclosure to auditors**

As far as the directors are aware there is no relevant audit information of which the Trust's auditor is unaware and all steps have been taken by Directors in order to make themselves aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

## 3. REMUNERATION REPORT

### 1a The Remuneration and Terms of Service Committee

The Remuneration and Terms of Service Committee is a Non-Executive Committee of the Trust Board. It comprises three Non-Executive Directors who are approved by the Board as follows:

Mark Waller	Chairman of Remuneration and Terms of Service Committee until end December 2014
Simone Pennie	Non-Executive Director
Museji Takolia CBE	Chairman of the Trust Board
Richard Humphries	Chairman of Remuneration and Terms of Service Committee from January 2015

The policy of the Remuneration and Terms of Service Committee has continued to be guided by five principles:

### 1b. Statement on policy and remuneration

- reward will attract and retain high quality people
- there must be a clear link between performance and reward
- the rationale for setting salary/performance pay levels must be clear to all
- competitive levels of remuneration will be determined by reference to similar posts within comparable NHS Trusts
- rewards will reflect the market but not drive it

These principles were adhered to in the recruitment of the Chief Executive, the Chief Operating Officer and the Medical Director.

Executive Directors receive a fixed base salary. Benefits include pension provision. In view of the Trust's financial challenges, Executive Directors did not participate in a performance related bonus plan.

All Executive Directors received a 1% non-consolidated pay rise – this was in line with Agenda for Change staff who are on the top of their pay grades.

### 1c. Methods used to assess Executive Directors' performance

Executive Directors have objectives set for the financial year by the Chief Executive with the Chief Executive's objectives being set by the Chairman in conjunction with the Remuneration and Terms of Service Committee.

A review of performance against the achievement of objectives is undertaken midway through the year and at the financial year-end.

## 1d. Remuneration of Chairman and Non-Executive Directors

The Secretary of State for Health sets and reviews the level of remuneration payable to the Chairman and Non-Executive Directors (excluding NHS Foundation Trusts who set their own rates). In 2014-15, there was no increase to the remuneration of these roles. The rates were £6,157 for Non-Executive Directors and £18,621 for the Chairman of the Trust. The Chairman and the Non-Executive Directors do not receive a pension.

## 1e. Contracts policy

Directors are employed on Substantive Contracts, and required to give a standard notice period of either three or six months. The Trust is required to give six months notice. There have been no termination payments made during the year.

## 1f. Service contracts for senior managers

Details for senior managers who have been employed during the last financial year are as follows:

	From	Contract	Notice period (months)	WVT liability in case of early termination
Chief Executive Richard Beeken	1 June 2014	Substantive	6	
Interim Chief Executive Derek Smith	1 April 2013 - 30 May 2014	Off payroll		
Director of Finance and Information Howard Oddy	ongoing	Substantive	6	
Chief Operating Officer Neil Doverty	1 April 2013 - 31 October 2014	Substantive	6	
Interim Chief Operating Officer Lisa Hunt	1 November 2014 - 31 March 2015	Off payroll		
Medical Director Peter Wilson	1 April 2013 - 30 May 2014	Fixed Term		
Interim Medical Director Sally Stucke	1 June 2014 - 31 March 2015	Fixed Term		
Director of Nursing and Quality Michelle Clarke	ongoing	Substantive	6	
Director of People and Development Maureen Bignell	ongoing	Substantive	6	
Medical Director Susan Gilby	23 March 2015 - ongoing	Substantive	6	
Chief Operating Officer Jon Barnes	31 March - 30 September	Fixed Term		

## 1g. Salaries and allowances

Name	Duration	2014-15					2013-14				
		Salary (bands of £5,000)	Annual performance related bonus (bands of £5,000)	Long term performance related bonus (bands of £5,000)	All pension related benefits (bands of £2,500)	Total (bands of £5,000)	Salary (bands of £5,000)	Annual performance related bonus (bands of £5,000)	Long term performance related bonus (bands of £5,000)	All pension related benefits (bands of £2,500)	Total (bands of £5,000)
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
D Smith, Interim Chief Executive	Left May 14	40-45				40-45	250-255				250-255
N Doerty, Chief Operating Officer	From May 13 to Oct 14	60-65				60-65	100-105				100-105
M Bignell, Director of People and Development	From Jan 14	95-100			50-52.5	145-150	15-20				15-20
K Hutchinson, Interim Director of Human Resources	Left Dec 13						150-155				150-155
H Oddy, Director of Finance & Information		110-115			50-52.5	160-165	105-110			0-2.5	105-110
T Tomlinson, Director of Service Delivery	Left Jun 13						25-30				25-30
M Clarke, Director of Nursing & Quality		95-100			22.5-25	115-120	90-95			25-27.5	115-120
P Wilson, Medical Director	Left May 14	25-30			20-22.5	50-55	135-140	40-45*		42.5-45	220-225
R Beeken, Chief Executive	From Jun 14	140-145				140-145					
S Stucke, Interim Medical Director	From Jun 14	190-195		0-5		195-200					
L Hunt, Interim Chief Operating Officer	From Oct 14	120-125				120-125					
M Curtis, Chairman	Left April 14	0-5				0-5	15-20				15-20
M Takolia, Chairman	From Jun 14	15-20				15-20					
S Pennie, Non Executive Director		5-10				5-10	5-10				5-10
F Myers MBE, Non Executive Director		5-10				5-10	5-10				5-10
M Waller, Non-Executive Director		5-10				5-10	5-10				5-10
C MacLean, Non Executive Director	Left Jun 14	0-5				0-5	5-10				5-10
S Coleman, Non Executive Director	Left Jul 14	0-5				0-5	5-10				5-10
R Humphries, Non Executive Director	From Dec 14	0-5				0-5					
A Cottom, Non Executive Director	From Dec 14	0-5				0-5					
C Hargraves, Non Executive Director	From Dec 14	0-5				0-5					

\* This relates to payments under the national clinical excellence reward scheme.

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. In 2013-14, The Trust used £22,903 as the median salary. This equates to the third point of the Band 5 scale. For 2014-15, the median salary based on annualised full time equivalent hours has been identified as £24,799 pa. The highest paid director in Wye Valley NHS Trust in the financial year 2014-15 was £196,000 (2013-14 £250,600). This was 7.9 times (2013-14, 10.9) the median remuneration of the workforce, which was £24,799 (2013-14, £22,903). The significant reduction in pay multiples in 2014-15 compared to the previous year relates to the cost of engaging an interim CEO for the whole of 2013-14. In addition, a revised methodology has been used to identify the Trust median salary compared to the previous year which used an incremental point on the Band 5 payscale. The revised methodology has resulted in an increase in the median used of 8.3%. In 2014-15, six employees received remuneration in excess of the highest-paid director. Remuneration was between £196,400 and £316,300. Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

## 1h. Pension benefits 2014-15

Name	Real increase in pension at 60 (£2,500 bands) £000	Real increase in lump sum at 60 (£2,500 bands) £000	Accrued pension at 60 as at 31-03-15. (£5,000 bands) £000	Accrued lump sum as at 31-03-15. (£5,000 bands) £000	Cash equivalent transfer value as at 01-04-14 £000	Real increase in cash equivalent transfer value £000	Cash equivalent transfer value as at 31-03-15 £000	Employer's contribution to stakeholder pension £000
R Beeken, Chief Executive	-	-	35-40	110-115	-	-	562	-
H Oddy, Director of Finance & Information	0 - 2.5	5 - 7.5	40-45	125-130	747	60	822	-
M Clarke, Director of Nursing & Quality	0 - 2.5	2.5 - 5	30-35	95-100	484	26	523	-
M Bignell, Director of People and Development	0 - 2.5	5 - 7.5	20-25	60-65	420	72	505	-
P Wilson, Medical Director	0 - 2.5	2.5 - 5	55-60	175-180	1,171	67	1,243	-
S Stucke, Interim Medical Director	-	-	50-55	155-160	-	-	1,012	-

## 1i. Off Payroll engagements

For all off-payroll engagements as of 31 March 2015, for more than £220 per day and that last longer than six months.

	Number
Number of existing engagements as of 31 March 2015	4
Of which, the number that have existed:	
for less than 1 year at the time of reporting	0
for between 1 and 2 years at the time of reporting	0
for between 2 and 3 years at the time of reporting	1
for between 3 and 4 years at the time of reporting	2
for more than 4 years at the time of reporting	1
All existing off-payroll engagements have provided an assurance regarding the payment of tax on earnings relating to the Trust	

For all new off payroll arrangements between 1 April 2014 and 31 March 2015, for more than £220 per day and that last longer than six months.

	Number
Number of new engagements or those that reached six months duration between 1 April 2014 and 31 March 2015.	1
Number of new engagements which include contractual clauses giving the Trust the right to request assurance in relation to income tax and National Insurance obligations	1
Of which:	
assurance has been received	1
assurance has not been received	0
Engagements terminated as a result of assurance not being received	

## Exit Packages and severance payments

There were seven exit packages agreed during the year. Please refer to the financial statements 2014-15 for full details.

## 4. SUSTAINABILITY REPORT

We are committed to lowering our carbon footprint and have been supported and helped by Trust staff to achieve this.

The Trust had very limited access to investment funds for sustainability projects within the year. However, in the Estates Strategy approved by the Trust Board in January 2015, it was agreed to consider a Combined Heat and Power (CHP) unit being installed at Hereford County Hospital site.

The Board requested an assessment of renewable energy sources for any major project.

### Energy

The Wye Go Green campaign continues. Energy audits around the Trust highlight good practice and ideas on saving energy. Without sub metering it is hard to show efficiencies but energy consumption for the year 2014-15 was 2.59% lower than 2013-14.

We are also monitoring and managing the Environment Agency Carbon Reduction Commitment. The Trust has a trajectory carbon credit value of 8300t CO<sub>2</sub> or £125,000 for the carbon used during the 2014-15 financial year.

### Water

The Trust continues to use the Welsh Water logging equipment, which is leased, on the water meters in the main Trust sites. This allows water consumption to be reviewed and can highlight problems before they become a major drain on resources.

### Waste disposal

In January, Sodexo, our PFI partners for Hereford County Hospital's waste disposal, changed the contract for sending infectious and clinical waste for alternative treatment. Segregating waste is more environmentally friendly and more cost-effective. It is too early to establish the benefits but these will be reviewed over the next year.

The Trust's community sites have been using these waste streams for two years and, as well as reducing waste, there have been financial benefits with an 18% saving.

## Environmental, social and community

### Sustainable transport

In partnership with Herefordshire Council, we run quarterly events to promote sustainable transport. These range from a Dr Bike Event, where staff can have a free bike check and service, through to alternative transport arrangements.

A scheme to have pool cycles has been investigated, recommended and approved. From March, three pool bikes on-site at Hereford County Hospital will be available for staff to use. They will be folding so staff can take them on public transport to get to a meeting rather than using their car.

A revised travel plan is anticipated in 2015 to support the longer term site developments proposed at Hereford County Hospital.

## 5. FINANCIAL REPORT

### 1a. Statutory Basis

The Trust has fulfilled its responsibilities under the National Health Services Act 2006 for the preparation of the financial statements in accordance with the Manual for Accounts and International Financial Reporting Standards which give a true and fair view in accordance therewith.

### 1b. Financial break even

In 2014-15, the Trust delivered financial break even. This was achieved through the receipt in-year of £12.7 million of non-recurrent income funding from NHS England.

The overall financial position was delivered in accordance with the plan and the financial target agreed with the Trust Development Authority (TDA) during the year. The table below indicates that, once factors relating to the impairment of assets are accounted for, the Trust delivered a surplus.

### 1c. Trust break even duty

<b>Income and Expenditure: retained (deficit)/surplus</b>	(1,786)
Impairment of assets in 2014-15	2,008
Net adjustment for donated asset additions/depreciation	(103)
IFRIC 12 adjustment	734
Absorption Accounting Adjustment	(9)
<b>Adjusted retained surplus</b>	<b>844</b>

The Trust break even duty is calculated based on the retained surplus/ (deficit) for the year adjusted for asset impairments, the impact of donated assets and gains/losses from absorption accounting. It also takes account of the impact of IFRIC 12 which requires the Trust to account for Private Finance Initiative (PFI) assets on the balance sheet.

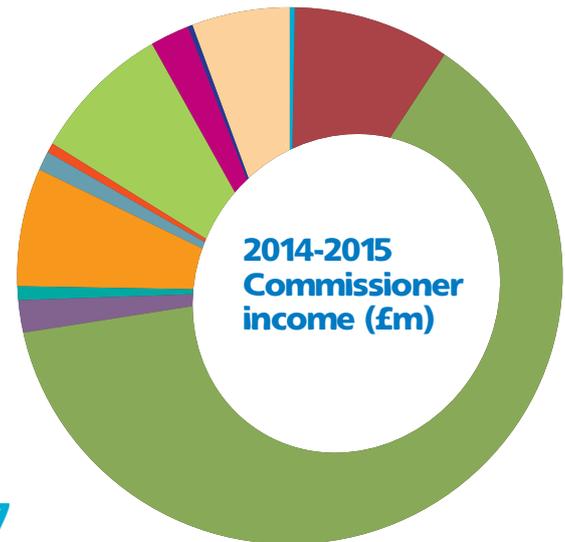
The Trust has also delivered a Cost Improvement Programme (CIP) of £5.5m during 2014-15. The Trust's future financial position remains very challenging. It has set a deficit budget of £19.1m for 2015-16. This will require external cash support in the form of public dividend capital (PDC). In addition, the Trust is planning a £5m capital investment in extra bed capacity at Hereford County Hospital. This requires public dividend capital (PDC) to meet the cash expenditure associated with the investment.

## 1d. Resources

The Trust generated income of £183.637m during 2014-15. The chart to the right identifies income received from commissioners for health-related activity. The majority of income is derived from Herefordshire Clinical Commissioning Group (CCG).

The second chart identifies annual expenditure during the year. Salaries and wages paid to permanent and temporary staff, including those employed through agencies, totalled £115.406m. Expenditure on goods and services amounted to £63.39m and the net finance costs (interest received and payable plus other gains and losses) totalled £5.2m.

Trust staffing costs have risen compared to 2013-14, due in part to an increase in activity but also in response to the quality agenda necessitating an investment in clinical staff.



NHS Trust	<b>0.77</b>
NHS England	<b>16.35</b>
Clinical Commissioning Groups	<b>115.47</b>
Foundation Trusts	<b>3.61</b>
NHS other	<b>1.72</b>
Non recurrent income	<b>12.7</b>
Local Authorities	<b>1.85</b>
Private patients and cost recovery	<b>0.8</b>
Welsh NHS Bodies	<b>14.67</b>
Education, training and research	<b>4.51</b>
Donations for capital acquisitions	<b>0.27</b>
Income generation	<b>0.17</b>
Other revenue	<b>9.74</b>

Fig 1. a breakdown of activity based income.

Staff	<b>115.4</b>
Drugs	<b>14.3</b>
Transport	<b>0.4</b>
Supplies and services	<b>19.7</b>
Other	<b>5.9</b>
PFI service costs	<b>6.7</b>
Premises	<b>7.7</b>
Interest payable	<b>5.2</b>
Depreciation	<b>3.5</b>
Education and training	<b>0.4</b>
PDC dividend	<b>0.4</b>
Insurance	<b>2.4</b>
Establishment	<b>2.4</b>

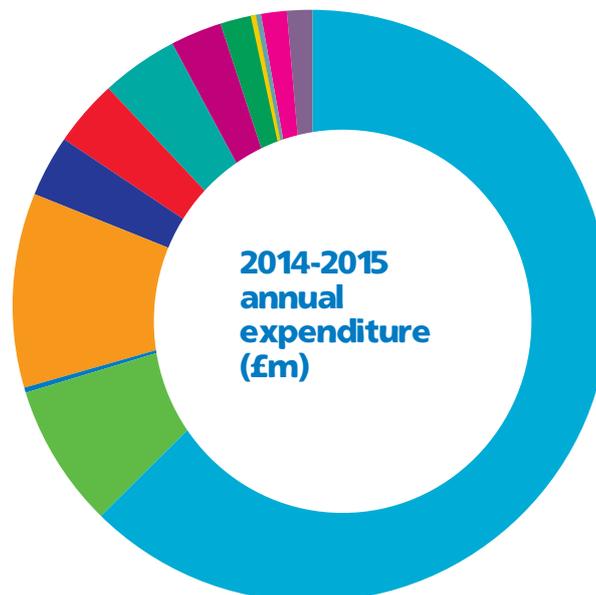


Fig 2. the composition of total expenditure.

## 1e. Cost Improvement Plan delivery

The Trust's Cost Improvement Programme (CIP) realised savings of £5.461m during the year. The CIP comprised a number of separate work streams relating to estates utilisation and extra contract income associated with Urgent Care transformation and Planned Care productivity improvements.

The Trust has undertaken a £2.5m programme of capital investment in 2014-15. The table, right, provides a summary of the expenditure. The schemes included expenditure on developing the Clinical Assessment Unit (CAU), work on improving the maternity health environment and expenditure on upgrading health records.

### 2014-15 capital expenditure £000s

Medical equipment	600
Furniture and fittings	63
IT development/replacement	210
Construction schemes	1,607
	<b>2,480</b>

In addition to revenue income and operating expenditure, the Trust has spent £2.5m on capital purchases. This spend included: the improving birthing environment project (£313k); completion of works associated with the Clinical Assessment Unit (£273k) as well as the replacement of a range of critical medical and other equipment (£663k). The Trust has also completed the implementation of the IT system for maternity and upgraded PC systems to Windows 7.

## 1f. Pension liabilities

Within the annual accounts, ongoing employer pension contribution costs are included within employee costs (see Note 10 of the full accounts for more detail).

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/Pensions.aspx](http://www.nhsbsa.nhs.uk/Pensions.aspx)

## 1g. Going concern

International Accounting Standard 1 requires management to assess, as part of the accounts preparation process, the Trust's ability to continue as a going concern. In the context of non-trading entities in the public sector, the anticipated continuation of the provision of a service in the future is normally sufficient evidence of going concern. The financial statements should be prepared on a going concern basis unless there are plans for, or no realistic alternative other than, the dissolution of the Trust without the transfer of its services to another entity.

The Directors consider the contracts it has agreed with commissioning bodies and a letter of support from the Trust Development Authority is sufficient evidence that the Trust will continue as a going concern for the foreseeable future. For this reason, the going concern basis has been adopted for preparing the accounts.

## 1h. Better Payment Practice Code

Better Payment Practice Code	2014-15 Number	2014-15 £000s	2013-14 Number	2013-14 £000s
<b>Non-NHS Payables</b>				
Total Non-NHS trade invoices paid in the year	53,995	78,886	51,384	78,139
Total Non-NHS trade invoices paid within target	41,124	65,573	33,620	61,322
Percentage of NHS trade invoices paid within target	76.16%	83.12%	65.43%	78.48%
<b>NHS payables</b>				
Total NHS trade invoices paid in the year	1,279	6,382	978	4,289
Total NHS trade invoices paid within target	852	4,813	544	3,456
Percentage of NHS trade invoices paid within target	66.61%	75.42%	55.62%	80.58%

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. The Trust is a signatory to the Government's Prompt Payment Code.

## 1i. Principles for Remedy

The Trust has adopted the Parliamentary and Health Service Ombudsman Principles for Remedy in full and they form part of the Trust's Management of Complaints, Concerns, Comments and Complements Policy.

The Trust incurred £18K of expenditure for the provision of non-audit related service by its external auditor. The expenditure related to consultancy services in respect of long term financial planning.

## 2. Financial Statements

A complete set of full accounts 2014-15 is available upon receipt and free of charge by contacting:

Howard Oddy,  
Director of Finance and Information,  
Wye Valley NHS Trust,  
Union Walk,  
Hereford HR1 2ER.

Alternatively, please telephone  
01432 364000  
or email [Howard.oddy@wvt.nhs.uk](mailto:Howard.oddy@wvt.nhs.uk)  
or visit [www.wyevalley.nhs.uk](http://www.wyevalley.nhs.uk)

### **Independent Auditor's Report to the Directors of Wye Valley NHS Trust**

In line with national requirements, the Trust is publishing this strategic report together with supplementary material. The Trust's auditors have given an unqualified report on the Annual Report and Accounts and an unqualified statement as to whether the Strategic Report and Directors' Report are consistent with the accounts.

Mark Stocks  
Senior Statutory Auditor

Grant Thornton UK LLP  
Colmore Plaza  
20 Colmore Circus  
Birmingham B4 6AT

## 6. ANNUAL GOVERNANCE STATEMENT 2014-15

### 1. Scope of Responsibility

The Governance Statement for 2014-15 has been based upon the responsibilities of the Accountable Officer as set out in the Accountable Officer Memorandum. All references to months April to December in the following report are for 2014 and from January to March are for 2015, ie the year under review, unless otherwise specified.

As Accountable Officer and Chief Executive of Wye Valley NHS Trust, I have overall responsibility for a sound system of internal control, which supports the achievement of the organisation's policies, aims and objectives while safeguarding public funds.

I ensure that the following functions are carried out to provide assurance to the Board on the proper stewardship of public money and assets:

- enter into and fulfil service agreements with commissioning bodies
- comply with statutory duties
- develop and maintain relationships with patients, service users, local partner organisations, the wider community and their commissioning agencies and suppliers
- be accountable to the Secretary of State and to Parliament for the performance of these functions and meeting statutory financial duties

#### (a) Statutory accounts

Together with the Director of Finance and Information (Deputy Chief Executive), I am responsible for ensuring that the accounts of Wye Valley NHS Trust, which are presented to the Board for approval, are prepared under the principles and in a format directed by the Secretary of State. I ensure that the accounts disclose a true and fair view of the Trust's income and expenditure, cash flows, gains and losses, and of its state of affairs. I sign the accounts along with the Director of Finance and Information on behalf of the Board.

#### (b) Effective management systems

During the year, I have ensured that the Trust has management systems in place to safeguard public funds. I have assisted the Chairman of the Board to implement the requirements of Corporate Governance as stated in the Codes of Conduct and Accountability. I confirm that managers at all levels:

- have a clear view of their objectives and are assessed and held to account in relation to the achievement of those objectives
- are clear about their responsibilities in relation to making best use of resources and held to account for doing so
- have the information, training and access to the expert advice they need to exercise their responsibilities effectively

I ensure that recommendations made by our external auditors, Grant Thornton, are implemented where appropriate and fully co-operate with them regarding enquiries made into the Trust's use of public funds. Arrangements for internal audit comply with those set out in the NHS Internal Audit Manual and timely action is taken in relation to concerns, which are raised by either external or internal audit.

My review is informed by the Head of Internal Audit who provides an opinion on the overall arrangements for gaining assurance through the Board Assurance Framework and on the controls reviewed as part of internal audit programme of work.

The Head of Internal Audit Opinion has concluded that 'Partial assurance with improvements required can be given on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.'

This is based upon the eight internal audits that have been completed during the financial year. The results of three of the audits (Core Financial Systems, Medical Equipment Service, Data Quality) were issued with a 'limited' assurance rating which prevented auditors from giving a 'significant with improvements' assurance rating.

With the Director of Finance and Information, I have a duty to ensure that effective and sound financial management and information functions are properly discharged. I have endeavoured to ensure the continued financial viability of the Trust by making sure that expenditure is contained within available levels of income. Assets have been properly safeguarded and value for money achieved from the resources available by avoiding waste and extravagance in delivering the organisation's activities.

### **(c) Regularity and propriety of expenditure**

I have responsibility for ensuring that all expenditure by the Trust complies with regulatory requirements and is only used for the purposes authorised. Appropriate advice is provided to the Board on all matters of financial probity, regularity, efficiency and effectiveness. The Director of Finance and Information supports me in this role.

The Audit Committee has specific Terms of Reference and delegated powers to enquire into matters of probity and regularity.

The Codes of Conduct and Accountability are fundamental in exercising my responsibilities for regularity and probity and, as a Board Member, I have subscribed to the Codes and promote their observance.

## **2. The Governance Framework**

### **(a) Wye Valley NHS Trust Board**

The Trust Board met formally on 13 occasions during the financial year and achieved an overall attendance rate of 92%. The Board has a work plan in place and meetings during 2014-15 have covered the following areas:

#### **CCQ Inspection, Special Measures and Patient Care Improvement Plan**

- Chief Inspector of Hospitals preparedness discussion, April
- CQC Report and immediate actions, September
- oversight of Patient Care Improvement Programme (PCIP), October – March

#### **Urgent Care**

- discussion on Stroke Services, April, and updates in May, June, September, February and March
- Urgent Care Services – discussion regarding Accountable Lead Provider, November; approval of novation of contract for out-of-hours service and walk-in centre, December and March

#### **Strategy and Policy**

- approval of: Estates Strategy, January; Trust Values and Objectives, March; Trust Financial Plan, March; Dementia Strategy, May; Whistleblowing Policy, May; five-year plan, June; Information Management and Technology Strategy 2014-2019, October; Nursing, Midwifery and Clinical Professional Strategy, October
- Electronic Patient Record Programme: approval of full business case, March
- IT Services update, September
- Working Together for Herefordshire – Transformation Programme, December
- update on Private Finance Initiative (PFI) April, May and September

### Staffing

- nurse staff capacity and capability, May, update November
- approval of A & E workforce plan, June
- Nurse Staffing Monthly Report, June to March
- Report for exception vs actual staffing for nursing, midwifery and care staff, July and December
- approval to proceed with international recruitment of nurses, March

### Governance & Risk

- approval of: the Audit Committee Terms of Reference, May; Finance and Performance Committee Terms of Reference, July
- approval of: Annual Accounts 2013-14, May, after assurance from the Audit Committee; Quality Accounts 2013-14, May, after assurance from the Quality Committee; Governance Statement 2013-14, May, after assurance from Audit Committee
- review of Board Assurance Framework: monthly from June to March
- approval of: amendments to Standing Orders, June; Risk Management Strategy, June, after assurance from Audit Committee
- monthly approval of NHS TDA self-certification which at 31st March 2015 identified five statements as being 'at risk' meaning that the Trust was not fully compliant with the TDA statements but had plans in place to achieve compliance within a set time scale
- monthly reports from the Board sub committees
- approval of Audit Committee work plan, June
- review of role and effectiveness of the Trust Board, July
- approval for options for use of charitable funds monies
  - Midwifery Led Unit
  - CT scanner
- approval of process for reference cost submission, July
- approval of Governance Review recommendations, March

### Board and Committee appointments

- approval of the role of Senior Independent Director and Deputy Chairman, June
- approval of appointment of Deputy Chairman and Senior Independent Director, July
- approval of appointment of Finance and Performance Committee Chairman, July
- approval of Non-Executive Director appointments to committees, September
- approval of appointment to the Trust Board of two new Non-Executive Directors and one new Associate Non-Executive Director, November

### Presentations

- Virtual Ward, May
- emergency flow, May
- Cancer Services, January

### Annual Reports

- approval of Infection Prevention & Control Annual Report, June, after assurance from the Quality Committee
- approval of revalidation Annual Report, July, after review by the Quality Committee

### Monthly reporting

- patient /staff experience stories
- Chief Executive's Update Report
- overview reports after discussion at Finance and Performance Committee and Quality Committee from
  - Quality & Patient Safety
  - Activity
  - Mortality
  - Performance
  - Finance
  - Workforce

## (b) Committees of the Board

The Audit Committee and Remuneration and Terms of Service Committee are statutory committees of the Trust Board.

The **Audit Committee** is a Non-Executive Director committee which met on five occasions during the year and achieved an attendance rate of 93%. The Chairman of the Trust Board is not a member of the Audit Committee although may attend at the invitation of the Committee Chair. Executive Directors are invited to attend the Audit Committee when there are relevant items on the agenda. The committee is supported by the Company Secretary. The Trust's Internal and External Auditors are also invited to attend the Audit Committee meetings. The committee approved a work plan for the financial year 2014-15, which covered the following key areas:

### Internal Audit

- reviewed the following internal audit reports: Additional Capacity Payments (ACAPs) follow up, doctors' revalidation process, May; CIP review, Risk Management, bank and agency staff, September; core financials, financial reporting and medical equipment, March
- Internal Audit Annual Report and Head of Internal Audit Opinion, May
- Internal Audit Annual Plan 2014-15, May
- recommendation tracking reviewed, June, September, December and March
- internal audit progress report, June, September, December and March
- Additional Capacity Payments (ACAPs) progress report, September and March

### External Audit

- briefing paper on accounting process, May
- report for those charged with governance and draft Value for Money opinion, May
- external audit fees letter 2014-15, May
- financial year end reporting
  - Audit findings report, June
  - Annual accounts 2013-14 and going concern, June
- external auditors – annual audit letter

### Counter fraud

- Annual Report 2013-14, May
- progress report, June, September, December and March
- anti-fraud strategic service and operational plan – approved, June

### Governance and risk

- assurance on Quality Accounts – approved process, May
- draft governance statement, May, recommended approval to Trust Board
- assurance on Annual Report, May, recommended approval to the Trust Board
- Audit Committee Annual Report, May, recommended approval to the Trust Board
- review of Audit Committee Terms of Reference, May
- risk management deep dives: Finance, June; Care Closer to Home and Urgent Care, Estates, IT, September; People and Development Services, Elective Care, Integrated Family Health Services, March
- declarations of Interest – process update, June, December and March
- Action Plan Update – Audit Committee effectiveness, June, September, December and March
- review of changes to Standing Orders, recommended approval to the Trust Board, June
- Audit Committee work plan, June
- Clinical Audit plan and Review of Terms of Reference, September
- PFI lifecycle costs, September

### The Remuneration and Terms of Service

**Committee** is a Non-Executive Director committee which met on three occasions during the financial year and achieved an attendance rate of 89%. The Chief Executive and Director of People and Development are invited to attend. The committee is supported by the Company Secretary. The committee approved a work plan for 2014-2015, which covered the following key areas:

### Objectives

- Executive Directors' objectives and overview of process for 2014, March
- Executive Directors' objectives 2014, July
- Executive Directors' pay award, July
- Chief Executive objectives, September

### Appointments and salary reviews

- establishment of post of Medical Director including remuneration and associated terms, March
- review of remuneration of Director of Finance and Information and Deputy Chief Executive, March
- approval of salary of Interim Medical Director, July
- Chief Operating Officer salary review, July
- appointment of Medical Director and Chief Operating Officer terms and process, September

### Governance

- Remuneration and Terms of Service Committee Annual Report, March
- work plan 2014-15, March
- Mutually Agreed Resignation Scheme (MARS), March
- review of Terms of Reference, September
- review of committee performance and effectiveness, September
- discussion regarding Clinical Excellence Awards, December

The **Quality Committee** comprises Non-Executive and Executive Directors within its membership. It met on 11 occasions during the financial year and achieved an attendance rate of 65%. The committee approved a work plan for 2014-15, which covered the following key areas:

### Annual reports

- Point of Care Testing Committee Annual Report, May
- Infection Prevention and Control Annual Report, June
- Safeguarding Adults Annual Report, June
- Safeguarding Children Annual Report, June
- Medicines Safety Committee Annual Report, August
- Annual Revalidation Update, April, May and December

### Quarterly reports

- Medicines Safety Committee Report, April, August and December
- Patient Experience Quarterly Report, May, August, November and February
- Infection Prevention and Control Quarterly Report, May, August, November and February
- Clinical effectiveness and audit – Quarterly Report, May, August, November and February
- Patient Safety Quarterly Report, June, September and January
- Medicines Optimisation Report, September, November and March
- Annual Revalidation Update, April, May and December

### Monthly reports

- Patient Care Improvement Plan
- quality and safety issues of which the Quality Committee needs to be aware
- Quality and Safety Overview
- Mortality Review Group
- Nurse Staffing

### Governance and risk

- review of Quality and Safety risks upon the Board Assurance Framework (BAF), monthly
- approval of Clinical Audit programme, August
- lessons learnt from Serious Incidents Requiring Investigations (SIRIs):
  - maternity theatre, September
  - theatres, October
  - pressure ulcers, November
  - falls on Lugg Ward, December
- Committee Effectiveness Review, November
- reviewed report on Standard Operating Procedure (SOP) for 4, 8 and 12-hour breaches, April
- review of Infection, Prevention and Control (IP & C) Minutes, April
- Quality Impact Assessment Tracker, April, August and October
- Quality Accounts, May
- Non-Executive Director involvement in SIRIs, November

## Strategy

- Dementia Strategy presentation, May
- Urgent Care pressures presentation, August
- TDA Infection Prevention Review, September
- Safeguarding adults and children – discussion re-trained staff, December

The Quality Committee provides the Trust Board with assurance on Quality Governance. It approved the draft Quality Account 2014-15 on 19 March 2015 prior to it being circulated to stakeholders for comment. The Stakeholders included:

- the Overview and Scrutiny Committee
- Healthwatch Herefordshire
- Herefordshire Clinical Commissioning Group

The governance process associated with the production of the Quality Account 2014-15 was presented to the Audit Committee for review on 12 March 2015 prior to presentation of the Quality Account to the Board on 25 June 2015.

**The Finance and Performance Committee** was newly established for this year and held its first meeting in September 2014. The committee comprises Non-Executive and Executive Directors within its membership. It met on seven occasions during the financial year and achieved an attendance rate of 90%. The Committee approved a work plan for 2014-15, which covered the following key areas:

## Monthly reports

- finance report and Cost Improvement Programme (CIP) Report
- Key Performance Indicators (KPIs)
- activity
- workforce

## Financial and business cases

- Financial Recovery Plan 2014-15, October
- draft Financial Plan 2015-16, October; revised draft plan in January 2015
- nursing costs and budget variances, November
- Midwifery Led Unit Business Case, November; revised financial schedule, December 2014
- Capital Programme 2015-16 update, January
- CT scanners business case – recommendation for Trust Board approval, January
- Electronic Patient Record Full Business Case discussion – recommendation for approval to Trust Board, January
- Estates Strategy – Strategic Outline Business Case, recommendation for Trust Board approval, January

**The Charitable Funds Committee** supports the Trust Board to discharge its functions as the Corporate Trustee for Wye Valley NHS Trust Charitable Funds. The committee met on four occasions during the year and achieved an attendance rate of 68%. The Charitable Funds Committee discussed the following key areas:

## Financial and business cases

- quarterly financial reports, May, September, December and March
- 2014-15 spending proposals, May
- Charitable Funds bids, May
- funding of Lionel Green Scheme, September
- potential fundraising schemes - Midwifery Led Unit (noted), CT scanner (approved) & A & E Paediatric waiting area (approved), September; Midwifery Led Birthing Unit (approved), December
- Medical Engagement bid, September

## Governance

- new fundraiser appointed, May
- Fundraising Manager quarterly progress report, May, September, December and March
- external audit plan, September
- Charitable Funds Policy, September
- audit findings report on Annual Report and Accounts 2013-14, December
- Terms of Reference Review, December

## **(c) Board meeting effectiveness**

The Board undertakes an assessment of meeting effectiveness after every Board Meeting. The results are summarised and presented to the following Board meeting for discussion on areas requiring improvement.

### **Board Workshop**

The Chairman led a Board Workshop session on the 26 June called The Role, Purposes and Effectiveness of an NHS Trust Board.

### **Board Skills Matrix**

The Board Skills Matrix allows the Trust to develop an overview of the balance and experience of the Board.

The skills matrix was used to assess Non-Executive Directors against a number of key areas. As a result of that exercise it was apparent that the main area lacking within the Non-Executive Directors was clinical experience. A recruitment exercise was undertaken and three new Non-Executive Directors appointed. One of the appointees has clinical experience.

### **Board Away Days**

The Board attended Away Days on 25 and 26 November. This followed up the Board workshop led by the Chairman on 26 June. The purpose was to consider the next steps to building a high performing Board to lead the Trust out of special measures and beyond.

The Trust agreed a vision for the Board for the next 12 months and how to deliver it.

## **(d) Code of Governance**

We are not required to comply with the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing on best practices available, including those aspects from the Code of Governance that we consider to be relevant to the Trust.

## **(e) Performance against national priorities set out in the NHS TDA Accountability Framework.**

The Trust has not delivered sustainable performance against the national priorities as set out in the NHS TDA Accountability Framework for 2014-15. The Trust is actively seeking to improve performance, particularly those relating to the NHS Constitution. Areas such as cancer and diagnostic access are showing performance improvements but the Trust has further work to undertake to return the A & E four-hour access standard and Referral to Treatment (RTT) standard to sustainable delivery.

During 2014-15, the Trust and local Clinical Commissioning Group has commissioned two external reviews of elective waiting times data which also included the quality and accuracy of this data. The Trust has recently received both reports and is currently working through their recommendations in order to implement those proposed. Recommendations include improvement required to the quality and accuracy of RTT data.

# 3. Risk Assessment

## (a) Risk Assessment

Wye Valley NHS Trust undertakes a consistent approach in the assessment of risks and follows a five-step process:

- identify
- analyse
- evaluate
- treat
- monitor

The details for how this is achieved are set out in the Risk Management and Assurance procedure which reflects the approach of the management of all types of risks.

The Trust approved its Risk Management Strategy at its Board Meeting in June. The Trust's overall risk appetite has been assessed as 'Moderate' and it comprises the following elements:

Element of Risk	Appetite
Financial	Minimal
Compliance/Regulatory	Cautious
Quality / Innovation	Cautious
Reputational	Cautious

## (b) Strategic extreme risks – 1 April 2014 to 31 March 2015

- of failure of the Urgent Care Pathway
- to recruitment and retention of nursing and medical staff
- of failure of the NHS constitutional targets
- to staff and patients due to age and condition of hatted wards
- to investment in buildings and equipment due to insufficient capital
- of financial sustainability of the Trust

## (c) Newly identified risks – 1 April 2014 to 31 March 2015

As at 1 April 2014, the Trust had 79 risks on its risk register. During the year, new risks were identified and added to the register with 48 risks being closed after effective management and mitigation. As at 31 March 2015, the Trust had 119 risks on its risk register. The newly identified risks were categorised as follows:

- Low = 6
- Moderate = 18
- High = 50
- Extreme = 14

## (d) Additional future risks for 2015-2016

- a poor CQC Inspection and remaining in Special Measures

## (e) Data security

There have been three data breaches reported to the Information Commissioner's Office. These related to the following:

- email sent to wrong recipient – an email correspondence containing 23 individuals' personal information went from a member of staff at Wye Valley Health Trust to non staff
- loss of an unencrypted USB device – a member of staff was unable to locate an unencrypted USB device which containing 50 items of patient identifiable information
- email sent to wrong recipient – an email containing a complaint from a patient's husband was sent to a generic work experience email address at a national newspaper

A Root Cause Analysis (RCA) was undertaken in each of the above and actions, which were identified, completed.

## 4. The Risk and Control Framework

### (a) Risk Management and Assurance Strategy

The Trust has a Risk Management and Assurance Strategy in place. The strategy was developed to support the delivery of strategic objectives, comply with legal and statutory requirements, national guidance and National Health Service Litigation Authority requirements.

The purpose of the strategy is to provide clear instruction on the process for risk management, and to enable the Trust to actively monitor, manage and prioritise the management of all risks. The key elements of the strategy are:

- [statement of intent](#)
- [definitions](#)
- [duties of staff](#)
- [risk management organisational structure](#)
- [risk management process](#)
- [communication](#)
- [training](#)
- [key performance indicators](#)
- [equality impact assessments](#)

The Risk Management and Assurance Strategy describes management responsibility for accepting actual and potential risks. The score of a risk will determine at what level decisions on acceptability of the risk are made and where it should be escalated to. It also states the key individuals in the Trust who are kept informed about new risks or changes to existing risks.

### (b) Risk Management, control and mechanisms for assurance

The Trust Board is responsible and accountable for owning the Risk and Control Framework, and for ensuring that any risks that could affect the achievement of the Trust's strategic objectives are adequately controlled via the Board Assurance Framework. The Board also reviews the effectiveness of internal controls and monitors the work of the committees with delegated responsibility for risk management.

Board members are responsible for:

- approving the Risk Management and Assurance Strategy
- ensuring that risk information is available to them to support the decision making process
- participating in the identification and evaluation of risks appropriate to the decisions they are making

The Audit Committee, through assurance processes including internal and external audit, provides an independent objective opinion to the Board on whether the risk management arrangements in place are effective. An internal audit was undertaken on risk management in July and was awarded a rating of 'adequate' which was reported to the Audit Committee in September.

The Quality Committee provides the Board with an objective review of all aspects of quality and safety relating to patient care. During the year it reviewed the Quality and Safety risks from the Board Assurance Framework prior to submission to the Trust Board.

The Trust Executive Management reviews all strategic risks and all high and extreme operational risks (with a score of 12 and above) identified from the Service Unit Governance Meetings, and confirms the validity of such risks prior to finalising the Board Assurance Framework.

The Service Unit Governance Meetings provide assurance to the Trust Executive Management on operational performance and any mitigating actions required in relation to activity, finance and quality. The Governance Meetings ensure the control, co-ordination and monitoring of risk management across the service units.

The Health and Safety Group ensures the Trust discharges its health and safety duties, by setting strategy, monitoring health and safety performance, reviewing audit findings, and agreeing plans. The Group reports to the Trust Executive Management through the Director of People and Development.

In addition to the formal committee structure, the Trust has a number of groups which have a specific risk focus and which review data from incident reports. The Health and Safety Group is responsible for ensuring Health and Safety Audits are completed annually and areas of risk are included on the Risk Register. The Fire Safety Committee monitors and reports on progress with fire safety processes.

Key individuals are also responsible for advising and co-ordinating specific risk issues. These individuals have a role in ensuring both deterrents as well as prevention of risks are in place.

### **(c) Board Assurance Framework**

For 2014-15, the Trust Board maintained its review of extreme strategic and operational risks through the Board Assurance Framework. The Board Assurance Framework follows Department of Health guidance and includes the following elements:

- the Trust's strategic objectives
- Executive Director Lead
- the principal risks that may threaten the achievement of the objectives
- key controls in place to manage the risks
- arrangements for obtaining assurance on the key controls
- gaps in control
- plans in place to take corrective action where gaps are identified

The Board Assurance Framework supports the organisation in delivering a system of internal control and provides evidence to support the Governance Statement. The Trust's approach to the Board Assurance Framework was reviewed at a Trust Board workshop in January. The workshop was externally facilitated by Price Waterhouse Cooper who provided latest details of Treasury guidance.

## 5. Review of effectiveness of Risk Management and Internal Control

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control and in doing so have reviewed the effectiveness of risk management arrangements.

This is based upon the eight internal audits that have been completed during the financial year. The results of three of the audits (Core Financial Systems, Medical Equipment Service, Data Quality) were all issued with a 'limited' assurance rating which prevented auditors from giving a 'significant with improvements' assurance rating.

In addition to reviewing the head of Internal Audit Opinion (see effective management systems under Scope of Responsibility), I have taken into account the following when coming to my conclusion: The Trust Board has ensured that risk management processes are in place and has assured itself that the organisation has properly identified the risks it faces and that controls are in place to mitigate those risks and the impact they have on the organisation and its stakeholders.

The Audit Committee has reviewed arrangements for Risk Management and the Board Assurance Framework by undertaking a series of 'deep dives' and has advised the Board on the adequacy of those arrangements throughout the Trust.

The Trust Executive Management has reviewed the Board Assurance Framework on a monthly basis, ensuring that risks which affect the achievement of the Trust's corporate objectives are effectively managed or mitigated and reported as appropriate to the Quality Committee and Trust Board.

External Audit undertakes an annual review on specific areas to support the opinion on the accounts and the statutory Value for Money Conclusion.

The Trust has a Local Anti-Fraud Service provided by KPMG. The Work Plan for 2014-15 was agreed with the Director of Finance and Information and approved by the Audit Committee in May.

My review concludes that given the issues identified within this report there have been some lapses in control which have been reflected within the Head of Internal Audit opinion. However, I can confirm that the Trust has an improving system of internal control which supports the achievement of its policies, aims and objectives and that actions are in place to manage these issues more effectively during 2015-16, and which the Audit Committee will oversee.

## 6. Significant issues facing the Trust during 2015-16

The Trust has defined high level plans for 2015-16: improve the quality and safety of care to our patients, transform health and wellbeing through working with our partners, improve the performance of our services for the benefit of our patients and our families, improve efficiency and cost effectiveness of our services, develop a highly skilled and motivated workforce, develop first class facilities and technology to support the care we provide and play our role as an important asset to the people of Herefordshire and the surrounding areas.

These are detailed within the Trust's Operational Plan for 2015-16. However, set against this, the Trust faces the following significant issues:

- following a Care Quality Commission Inspection, undertaken in June 2014, the Trust was placed in Special Measures. A robust Patient Care Improvement Plan has been developed and is still being implemented to deal with the concerns raised within the inspection. The Trust is due to be re-inspected during September 2015.
- the Trust has increasingly experienced difficulty in recruiting and retaining staff for a number of reasons including, but not limited to, the rural nature of the county, the imposition of special measures on the Trust and the financial difficulties the Trust faces.
- operational performance and the impact of this on financial performance. The Trust has set a deficit budget of £19.1m but this is dependent upon the delivery of a Cost Improvement Programme of 3.3% of turnover, which is extremely challenging for any Trust. The Trust does face a number of risks in the new financial year, including delivery of the CIP, delivery of the constitution targets within existing budgets and securing the appropriate level of income from Commissioners.

Accountable Officer: Mr Richard Beeken, Chief Executive

Organisation: Wye Valley NHS Trust

Signature



Date: 4<sup>th</sup> JUNE 2015



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of your choice.

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