University Hospital Southampton NHS Foundation Trust

Annual report and accounts 2015/16

incorporating the quality account 2015/16

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

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PERFORMANCE REPORT

Statement from the chief executive

2015/16 has been a challenging year for University Hospital Southampton (UHS) but we are proud of the achievements we have made.

In order to meet the needs of the population, we have seen 706,931 patients (total inpatients and outpatients), which is over 25,000 more patients than in the previous year. You'll find a more detailed breakdown of activity on page 11. Overall, patients were happy with the care that we gave them, with 96%* likely to recommend UHS.

We have worked hard to maintain and improve the quality of our services. In particular, we are pleased that our Hospital Standardised Mortality Rate (HSMR) is now below nationally expected levels. You can find more detail on this within the quality account section of this report.

We are very aware that healthcare is a 'risky business' and that, internationally, healthcare is not as safe as it could be. In order to address this it is crucial that we encourage a safety conscious culture, including the reporting and analysis of all incidents and untoward events. In February 2016 the NHS published a 'transparency league' designed to assess how open and transparent NHS organisations are with regards to errors. We were pleased to be ranked as 'good' in this assessment.

Patient waiting times is another important aspect of quality – whether that be waiting at home for a cancer diagnosis or elective surgery, or waiting in the emergency department for treatment or an inpatient bed. Throughout the year we met the national standards for cancer treatment, diagnostics and elective care, but we did not meet the four hour emergency access standard. We have, however, improved our performance compared to 2014/15, and we are committed to improving this performance in 2016/17.

Feedback from our staff is important to us and is another important indicator of quality. The most recent staff Friends and Family Test indicated that 90% of our staff would recommend us as a place to be treated, and 76% as a place to work. Whilst we still have work to do, these figures are significantly better than the national average, and the highest that we have ever achieved.

Other highlights of the year include being selected for two national initiatives: 1. to be one of the early implementers for the seven day service standards for emergency and inpatient services, and 2. to be one of the pilots for supporting staff health and wellbeing. Both of these initiatives are an important part of our journey towards becoming a higher quality provider of healthcare and an exemplary employer.

Following extensive consultation, we also launched our new vision 'Forward' which can be found at www.uhs.nhs.uk/AboutTheTrust/Ourvision.

Our Trust chair, John Trewby, left the Trust at the end of March 2016 when his second term of office came to an end. John has been an exceptional leader and over the last eight years he has steered UHS to achieve great things in some truly difficult circumstances. Under his leadership we achieved foundation status in 2011, developed as a clinical academic centre with a growing reputation for research, and have gained an outstanding reputation for the excellence and outcomes of our clinical services. I would like to take this opportunity to thank him for his commitment to UHS and welcome his successor, Peter Hollins, to the role.

Finally, we continued to invest in our buildings and equipment. This included the creation of a new main entrance opened in May 2016, and ongoing major investment into radiological equipment. We also expanded our emergency department to create an ambulance assessment area and, in March 2016, chancellor George Osborne announced that the government will invest £2m in a new £4.8m children's emergency and trauma department for our Southampton Children's Hospital.

Fiona Dalton
Chief executive

*figure based on April 2016 survey

Statement of purpose and activities

UHS is a large teaching hospital located on the south coast of England. We have a tripartite mission to provide clinical care, educate current and future healthcare professionals, and undertake research to improve healthcare for the future.

Our clinical care encompasses local acute and elective care for 650,000 people who live in Southampton, the New Forest, Eastleigh and Test Valley. We also provide care for the residents of the Isle of Wight for many services. As the major university hospital on the south coast, UHS provides the full range of tertiary medical and surgical specialities (with the exception of transplantation, renal services and burns) to more than three million people in central southern England and the Channel Islands.

UHS is a centre of excellence for training the doctors, nurses and other healthcare professionals of the future. We work with the University of Southampton and Solent University to educate and develop staff at all levels, including a large apprenticeship programme, undergraduate and post-graduate education.

Our role in research, developed in active partnership with the University of Southampton, is to contribute to the development of treatments for tomorrow's patients. This work distinguishes us as a hospital that works at the leading edge of healthcare developments in the NHS and internationally. In particular we have nationally-leading research into cancer, respiratory disease, nutrition, cardiovascular disease, bone and joint conditions and complex immune system problems. We are one of the largest recruiters of patients into clinical trials in the country.

Over 10,500 people work at the Trust, making it one of the area's biggest employers. We also benefit from the time of over 1,000 volunteers. Our turnover in 2015/16 was £693m.

History of UHS

The Trust has its origins in the 1900s when the Shirley Warren Poor Law Infirmary was built on the site of what is now Southampton General Hospital.

In the early half of the century, the site began to expand, including the opening of the school of nursing and the creation of the Wessex Neurological Unit. In 1971 a new medical school was opened in Southampton and the 1970s and 1980s saw a significant building programme encompassing the current footprint of Southampton General Hospital, Princess Anne Hospital and Countess Mountbatten House.

During the 1990s, services were increasingly centralised at the general hospital, with the eye hospital and cancer services being relocated from elsewhere in the city. The Wellcome Trust funded a clinical research facility at the hospital in 2001 and this unit remains the foundation for much of the Trust's groundbreaking medical research. In the last decade, development has continued with the opening of the North Wing Cardiac Centre in 2006, the creation of a major trauma centre with on-site helipad and the opening in 2014 of Ronald McDonald House for the relatives of sick children.

Organisationally, Southampton University Hospitals Trust was formed in 1993, creating a single management board for acute services in Southampton. Fourteen years later, University Hospital Southampton NHS Foundation Trust (UHS) was formed (1 October 2011) when Southampton University Hospitals NHS Trust was licensed as a foundation trust by the regulator, Monitor.

Key issues and risks that could affect achievement of our objectives

There are three key issues that could affect our ability to achieve our objectives, these are:

1. **Failure to deliver the four hour emergency department target**, which impacts both patient experience and safety. There is a recovery action plan in place which has been formally reviewed by our commissioners. The main focus for 2016/17 is working with partners to reduce delayed transfers in care, improving the numbers of discharges that occur before midday and improving processes for emergency patients between the ED and inpatient teams.

2. **Capacity and occupancy**, which impacts on patient flow and timeliness of care. Increased risk in 2016/17 through unplanned transfers in service by other local providers and support for emergency flows. We have mitigated this by minimising the bed closures refurbishment programme, focusing on seven day service, improving patient flow (such as home before lunch), developing a hospital without walls, investing in a capital programme to improve capacity (surgical robot, hybrid theatres and minor ops rooms) and reducing length of stay.

3. **Staffing**, plans are in place for both recruitment and retention. To mitigate this risk we will continue to focus on making UHS an attractive employer by:
   - continuing to recruit from overseas
   - working with universities to increase student nurses
   - developing band 4 posts and apprentices
   - rolling out a new, consistently branded, 'Think UHS' recruitment campaign
   - enhancing overseas fellows posts
   - reviewing all junior rotas in light of the new contract
   - using flexible and temporary staff when needed
   - creating different roles linked to our research agenda
   - reviewing training and education to enhance retention

Going concern disclosure

After making enquiries, the directors have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Performance reporting

Reporting structure

As a large NHS university hospital foundation trust, UHS monitors performance within individual teams throughout the year with feedback processes in place to escalate issues to more senior management teams. At a corporate level we have an established executive reporting structure.

This begins with the monthly Trust Board meeting where the executive directors of the Trust will present a high level summary to the chairman and non-executive directors, as well as providing greater detail on key performance changes, risks and issues.

Below this are a number of executive sub-committees attended by a subset of executive and non-executive directors. These are the audit and assurance committee, the strategy and finance committee and the quality and performance committee. These committees will review performance and issues in greater depth, feeding back to Trust Board as appropriate. In addition, there are regular Trust Board study sessions which focus on specific individual issues with the entire Board present.

The Trust executive committee (TEC) meets monthly and is made up of the executive board members and the divisional management teams. Performance and service issues are discussed with greater granularity at this meeting.

Finally, there are regular performance meetings between the operational management team, led by the chief operating officer, and the division and care group management teams. These meetings focus on the individual patient and service pathways and developing the detailed plans for improvement.

Key performance indicators (KPIs)

The Trust publishes a monthly Integrated KPI Board Report on its website which provides both the Board and the public with an overview of performance within the Trust. This report is constantly evolving as new areas of monitoring are developed and new areas of national focus become apparent.

The monthly report features the following sections:

- Executive digest – a textual update on the previous month's performance across the Trust written by the director of transformation and improvement
- Pulse KPIs – the top KPIs identified by Trust Board, RAG-rates for the previous 13 months (see appendix A)
- Performance
- Activity
- Capacity
- Emergency department (ED)
- Referral to Treatment (RTT, or 18 Weeks)
- Cancer waiting times
- Finance
- Patient experience
- Patient safety
- Outcomes
- Staffing (HR) and estates
- Education and training
- Research and development

This report also includes summary versions of quarterly reports submitted to TEC which go into greater detail about patient experience, patient safety, clinical effectiveness and outcomes, and infection prevention

In addition, a separate Finance Board Report is submitted to Trust Board on a monthly basis.

How we monitor performance

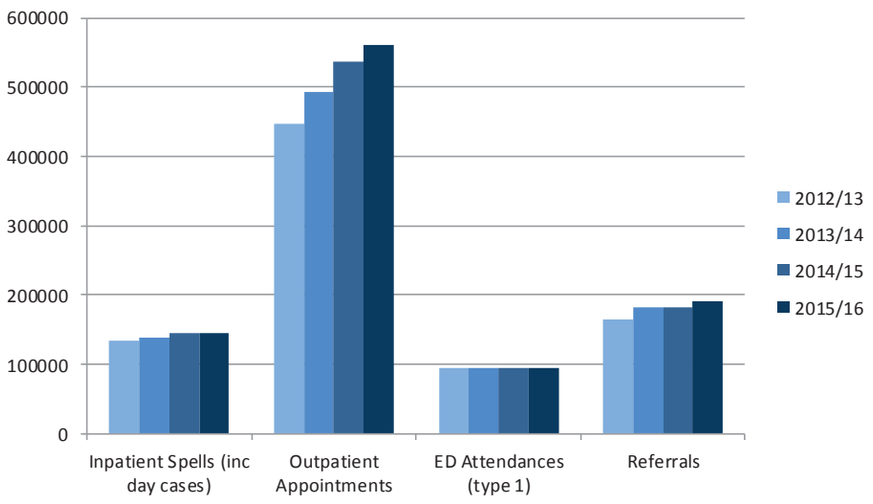
In addition to reviewing the data submitted to the Trust Board in these papers, we have a suite of tools available to compare UHS performance to that of comparable trusts around the country. Depending on the measures being monitored, UHS has a number of peer groups to benchmark against including other local providers, major trauma centres and university hospital teaching trusts.

Each NHS trust will serve a different size and type of population and will offer a slightly different range of services so it is important to understand that this benchmarking provides an initial indication of performance rather than an absolute guide to our position nationally. We will build on this knowledge by meeting and working with other trusts around the country and the world in order to share learning and build the best patient pathways and most efficient uses of resources possible.

Detailed analysis and explanation of the development and performance of UHS

Over the past four years we have seen significant increases in all types of activity. Some of this is due to an increase in the range of specialist services we offer, becoming a major trauma centre and the building of the helipad, but much of it is due to the increased and aging population in Southampton and the surrounding area.

The graphs below demonstrate this increase in activity.



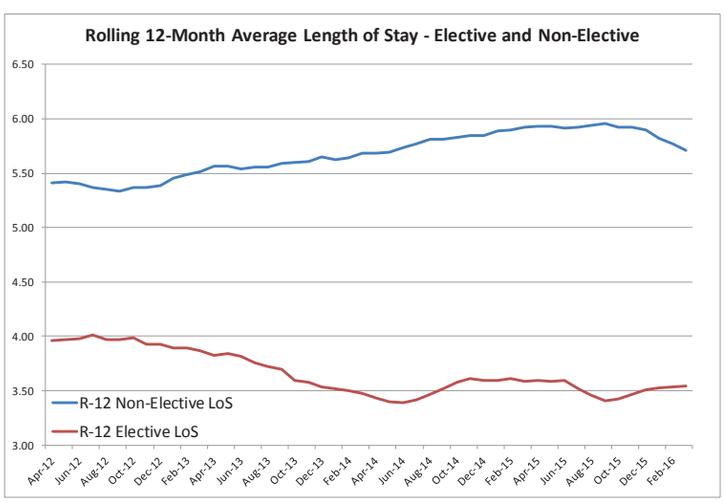
	2012/13	2013/14	2014/15	2015/16	Increase 2012/13 to 2015/16
Inpatient spells (inc day cases	133,712	138,868	144,934	145,524	8.8%
Outpatient appointments	447,122	493,471	536,949	561,407	25.6%
ED attendance (type 1 & 2)	115,917	115,660	111,297	113,569	-2.0&
Referrals	165,597	181,761	182,402	190,170	14.8%

In order to manage these increasing pressures we have focused our attention on the flow through the hospital. Our adult midday bed occupancy decreased by 4.3% in 2015/16 (to the end of February) compared to the same period in 2014/15, allowing the Trust greater flexibility when dealing with periods of high demand. This is reflected in the reduction in the number of red and black alerts issued in 2015/16.

The hospital alert status is decided by the operations centre after assessing the bed and staffing position, and is recorded twice daily at the Trust bed meetings (though the status may change at any time). Black alert is the highest level of alert and is issued when there are no empty beds available across the Trust with no expected discharges, the emergency department is full, and several ambulances are likely to be delayed for long periods of time, stopping them from responding to 999 calls. In 2014/15 a black alert was recorded 91 times at the twice daily bed meetings. In 2015/16 this was reduced to seven.

A central pillar of this change has been the stabilisation of Length of Stay (LoS) despite the increased number of patients requiring a complex package of care after their discharge. These patients can often have their discharges delayed while beds in community care homes are found and supporting community care packages are arranged.

The chart below demonstrates the change in LoS for elective and non-elective (emergency) patients over the past four years.



2015/16 saw an increased focus on discharging patients earlier in the day and at the weekend. This will remain a major focus for the Trust in 2016/17.

Each of the above metrics will have an impact on the Trust's performance against the three primary nationally reported targets for Referral to Treatment (RTT, or 18 Weeks) performance, emergency department performance and cancer waiting times performance.

Referral to Treatment (18 Weeks) performance

At the start of 2015/16 there were three targets the Trust was responsible for delivering:

1. Incomplete Pathways – 92% of all patients on an 18 week pathway and not yet treated should have waited 18 weeks or less at the end of the month.

2. Admitted Stops – 90% of all patients requiring an inpatient treatment should receive this treatment within 18 weeks of referral.

3. Non-Admitted Stops – 95% of all patients either receiving treatment in an outpatient setting or discharged without requiring treatment should have their pathway stopped within 18 weeks of referral.

The government announced that, from July 2015 onwards, only the achievement of the Incomplete Pathways target would be required. This change allowed trusts to treat greater numbers of long-waiting patients each month.

UHS met all three targets in quarter 1 of 2015/16 and continued to meet the Incomplete Pathways target throughout the rest of the year.

This continuing good performance should be set against the aforementioned rise in patient referrals, which highlights the increased demands being placed on the Trust. It is only due to the increased efficiency shown by the Trust's inpatient and outpatient services that it has been possible to meet these targets on an ongoing basis.

Emergency department (ED) performance

We have failed to meet the national target of 95% of all ED attendances being treated and either admitted or discharged within four hours of arrival in any month in 2015/16. However, this has been a challenging target nationwide with the winter period providing the worst performance the NHS in England has ever recorded. Against this, the year on year improvement seen at UHS is good progress.

There are three types of ED that can be included in these figures:

Type 1

A consultant led 24-hour service with full resuscitation facilities and designated accommodation for the reception of accident and emergency patients.

Type 2

A consultant led single specialty accident and emergency service (e.g. ophthalmology, dental) with designated accommodation for the reception of patients.

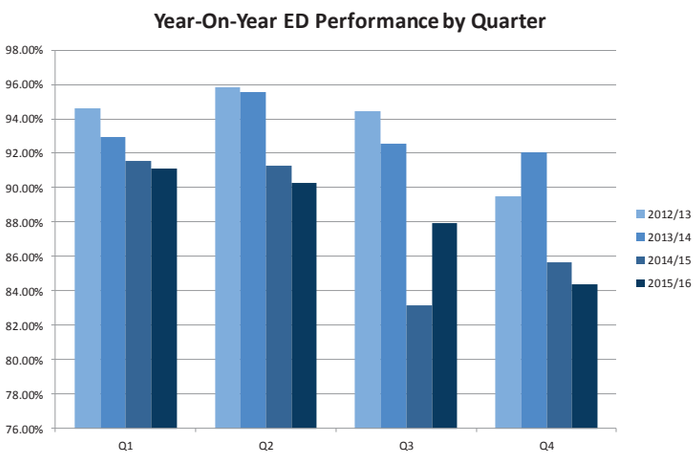
Type 3

Other type of A&E/minor injury units (MIUs)/Walk-in Centres, primarily designed for the receiving of accident and emergency patients. A type 3 department may be doctor led or nurse led. It may be co-located with a major ED or sited in the community. A defining characteristic of a service qualifying as a type 3 department is that it treats at least minor injuries and illnesses (sprains for example) and can be routinely accessed without appointment.

UHS has a type 1 and a type 2 (ophthalmology) department. The Trust also had a type 3 (MIU) department until July 2014. Due to the nature of the activity at the MIU, the transfer of this department to another provider reduced UHS performance against the four hour target by approximately 3%. When comparing performance over the long term, it is important to factor this change in.

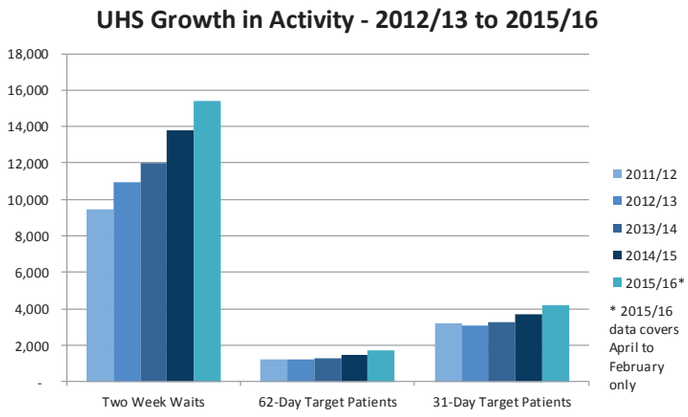
ED performance reduced fractionally in quarters 1 and 2 of 2015/16 compared to 2014/15, despite the loss of the MIU activity. In quarter 3, when the comparative activity was the same, performance improved by 4.7%. This was due in part to the improvements in hospital flow outlined earlier, and also linked to improvements in the operational performance of the department itself. While performance fell by 1.2% in quarter 4 of 2015/16 compared to the same time the previous year, this must be set against an increase in activity of over 3,000 additional ED attendances (12.1%).

The graph below shows UHS performance against the four hour target over the past four years.



There are 10 separate cancer waiting times measures that the Trust reports to the Department of Health on a monthly basis, each of which can then be split into tumour site specific performance groups. In 2015/16 (to the end of February) the Trust met all 10 of these measures, an improvement on 2014/15 when one target was failed.

This performance against the targets should be set against the significant rise in activity seen on the cancer pathways. The three central targets are the percentage of two week wait urgent suspected cancer patients seen within two weeks of their referral, which saw a rise in demand of 13% in 2015/16, the percentage of these patients diagnosed with cancer treated within 62-days of their referral (for which demand increased by 20.1%) and the number of all patients treated within 31 days of an agreed treatment plan being put in place (for which demand rose by 14.2%). The chart below shows the rise in demand for UHS cancer services over the past five years.



These targets are a leading priority for the Trust and will be the focus of in depth work in 2016/17, especially given the ongoing increases in demand for these services.

Regulatory body ratings

In the last quarter of 2015/16 Monitor rated UHS '2' for our financial sustainability risk rating (1 being the most serious risk and 4 the lowest risk) and 'green' for our governance risk rating, which means that no governance concern is evident and no formal investigation is being undertaken. More details can be found on page 57.

The Care Quality Commission (CQC) gave us an overall rating of 'requires improvement' as at December 2014. You can see the full report by visiting www.uhs.nhs.uk or www.cqc.org.uk.

Environmental matters

A number of projects were undertaken in 2015/16 to reduce our impact on the environment. We installed a large anaerobic digester which will provide renewable energy by naturally breaking down waste and turning it into fuel. We have also replaced one of our combined heat and power engines so that we can generate more of our own electricity on site and get the benefit of free heating that is a by-product of running a large gas engine.

In conjunction with these two developments we have implemented a range of measures to ensure that we are using energy more efficiently. For example, we are now ensuring that large water pumps are only running when needed and we are in the process of replacing old fluorescent lighting with more efficient LED systems. More information can be found within the environmental sustainability and climate change section of this report.

Social, community and human rights issues

We recognise our responsibilities under the European Convention on Human Rights (included in the Human Rights Act 1998 in the UK), which are relevant to health and social care. These rights include the:

- right to life
- right not to be subjected to torture, inhuman or degrading treatment or punishment
- right to liberty
- right to respect for private and family life

The Trust is committed to ensuring it fully takes into account all aspects of human rights in our work.

ACCOUNTABILITY REPORT

Directors' report

Composition of the Board

The Board is currently comprised as follows:

Non-executive directors:
Peter Hollins, chair
Simon Porter, senior independent director
Professor Iain Cameron
Lynne Lockyer
Dr David Price
Dr Mike Sadler
Jenni Douglas Todd

Executive directors:
Fiona Dalton, chief executive
Gail Byrne, director of nursing and organisational development
Jane Hayward, director of transformation and improvement
Dr Derek Sandeman, medical director
Dr Caroline Marshall, chief operating officer
David French, chief financial officer

Name	Position	Note
John Trewby	Chairman	Left the organisation on 31 March 2016
Lena Samuels	Non-executive director	Left the organisation on 29 February 2016
Judy Gillow	Director of nursing and organisational development	Left the organisation on 30 September 2015
Dr Michael Marsh	Medical director	Left the organisation on 31 May 2015
Mike Murphy	Director of strategy	Left the organisation on 31 December 2015
Alastair Matthews	Director of finance and deputy chief executive	Left the organisation on 1 November 2015
Gail Byrne	Director of nursing and organisational development	Commenced from within the organisation on 1 October 2015
Dr Derek Sandeman	Medical director	Commenced from within the organisation on 1 June 2015
Paul Goddard	Acting director of finance	Acting director from 23 October 2015 to 2 February 2016
David French	Chief financial officer	Joined the organisation on 3 February 2016

It should be noted that the size of the Board has been reduced to seven non-executive directors (including the chair) and six executive directors. This decision was agreed by our appointments and remuneration committee on 25 August 2015.

Each director confirms that at the time the annual report and accounts is approved:

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

There are no important events since the year end affecting the foundation trust.

No political donations have been made.

The Trust has no overseas branches.

Trust Board declarations of interest

John Trewby
Council member University of Southampton; chair Exelis Defence Ltd; associate of Group 4 Securicor.

Peter Hollins
Partner in the Jubilee Film Partnership; chair of CLIC Sargent Cancer Care for Children (a company limited by guarantee).

Lena Samuels
Shareholder and director, 37 Patshull Road NW5 Limited; magistrate of Southampton Bench; member of staff at BBC; shareholder and director of Wessex Creative Media Ltd; chair of Pylewell Park Cricket Club; trustee Cultural Development Trust; prospective Labour Party parliamentary candidate for the New Forest West constituency (until 7 May 2015); communications and development specialist advisor for the Hampshire Cultural Trust (from 4 May 2015)

Iain Cameron
Dean of Faculty of Medicine and Member of University Executive Board, University of Southampton; board member of Wessex Academic Health Science Network; director (chair) of Medical Schools Council; director of Medical Schools Council Assessment; director of UK Clinical Aptitude Test; trustee of Wessex Medical Trust; joint chair of University Hospital Southampton/University of Southampton Joint Research Strategy Board; joint chair, National Institute for Health Research (NIHR) Biomedical Research Centre (BRC) Southampton Executive Board.

Simon Porter
Independent member of audit committee Amicus Horizon (until 21 October 2015); Former partner in Ernst & Young LLP; non-executive director and chair of audit committee, Radian Group; non-executive director and chair of audit committee, Octavia Housing.

Lynne Lockyer
Board member/trustee of the Brendoncare Foundation.

David Price
Public member of Network Rail Ltd (until 30 June 2015); chair of RTL Materials Ltd; chair of Telesoft Technologies Ltd; chair of Optitune Plc; chair of Symetrica Ltd; member of Advisory Board, Silverstream Technologies BV; treasurer, University of Southampton.

Michael Sadler
GP specialist advisor for the Care Quality Commission; external clinical associate for PricewaterhouseCoopers.

Fiona Dalton
Trustee of Gingerbread, the national charity for one-parent families (until 31 December 2015).

Judy Gillow
Trustee of Naomi House Children's Hospice, Winchester (until 31 August 2015); trustee of Enham House Disability Charity, Andover.

Gail Byrne
Husband is a consultant surgeon in the Trust; trustee of Naomi House Children's Hospice (from 1 January 2016).

Caroline Marshall
Nothing to declare

Jane Hayward
Father is mental health act manager, Southern Foundation Trust (voluntary position), member of Mental Health Act Committee, Southern Foundation Trust (voluntary position), member of Assessment Committee for Clinical Excellence Awards (lay member), a UHS Simulated Patient (voluntary position), Lay member on Medical School undergraduate interview panels (until 31 December 2015); Mother is a UHS Simulated Patient (voluntary position).

Michael Marsh
Married to Sarah Marsh, who works within Specialised Commissioning of NHS Commissioning Board; self-employed Medico Legal Expert on ad hoc basis independently to solicitors, Medical Defence Union (MDU) and NHS Litigation Authority.

Derek Sandeman
Nothing to declare.

Alastair Matthews
Non-executive director of NHS Innovations South East Ltd.

Paul Goddard
Partner works for the Trust as projects officer within the contracting department and previously PA to the director of research and development.

David French
Non-executive director and chair of audit and risk committee, Sentinel Housing Association; governor and chair of audit committee, South Wilts Grammar School for Girls; chair of Hampshire & Isle of Wight NHS Counter Fraud Board.

Mike Murphy
Parent governor, Mountbatten School, Romsey.

Introducing the Board of Directors

Trust Board

The Board is made up of the chair, six non-executive directors and six executive directors including the chief executive. Together they bring a wide range of skills and experience to the Trust, such that the board achieves balance and completeness at the highest level. The non-executive directors, including the chair, are people who live or work in the local area and have shown a genuine interest in helping to improve the health of local people. The non-executive directors are determined by the Board to be independent in both character and judgement.

The chair, executive directors and non-executive directors have declared any business interests that they have. The Board is satisfied that no conflicts of interest are indicated in any external involvement. The register of Board members' interests is updated at least annually and is maintained by the company secretary and associate director of corporate affairs. It is available for public inspection from the company secretary and associate director of corporate affairs.

The 'reservation of powers to the Board and delegation of powers policy' sets out the business to be conducted by the Board, or by one of its committees.

Any enquiries should be made to: company secretary and associate director of corporate affairs, Trust Headquarters, Mailpoint 18, University Hospital Southampton NHS Foundation Trust, Tremona Road, Southampton, SO16 6YD or telephone 023 8120 6829.

Senior independent director

The role of senior independent director has been established and, until 31 March 2016, was held by Peter Hollins, a non-executive director.

The senior independent director role provides a channel through which foundation trust members and governors are able to express concerns, other than the normal route of the chair or chief executive.

Appointments

Non-executive directors are appointed via open advertisement in accordance with the 'Appointment of a foundation trust non-executive director good practice guide' procedure adopted by the Trust. The process is managed through the governors' nomination committee, a sub-committee of the Council of Governors.

This committee also determines the remuneration and terms and conditions of the non-executive directors. For further details on the appointment of non-executive directors please see page 45.

Development of the Board

The Board held monthly study sessions during 2015/16 where strategic issues, along with emerging issues, were discussed.

Meetings of the Board

The Board meets once a month in public. Additional private meetings with only the board, and associated employees of the Trust making presentations to the board in attendance, are held as required.

Other committees of the Board include: appointment and remuneration committee; audit and assurance committee, strategy and finance committee; quality and performance committee and charitable funds committee. Generally the other committees of the board meet monthly with the exception of the audit and assurance committee, which meets five times a year and the appointments and remuneration committee which meets every other month. The frequency of the meetings is set out in each committee's terms of reference. These terms of reference are reviewed at least annually.

The performance of individual Board members is reviewed as set out on page 44 of this report.

Engagement with Council of Governors

The Trust Board engages with the Council of Governors through the chair and senior independent director. Non-executive and executive directors engage with sub-groups of the council where these are related to their portfolios. Board members meet regularly with governors and have an open invitation to attend formal Council of Governor meetings.

The people

Non-executive directors

John Trewby, chair to 31 March 2016

John joined the Trust on 1 April 2008, bringing with him a wealth of leadership experience after a distinguished career in the Navy where he rose to the rank of rear admiral and became the first chief executive of the Naval Bases and Supply Agency. After 36 years in the Navy, John joined the defence company British Aerospace (latterly BAE Systems) where he was their chief naval advisor for eight years. He is an associate of Group4Securicor and chair of Exelis Defence Ltd. He is a fellow of the Royal Academy of Engineering; sitting on its proactive membership committee and in 2009 chaired a study into "ICT for the UK's Future". He is currently chairing a study on wind turbines. He is a council member of the University of Southampton.

Professor Iain Cameron

Iain Cameron is a professor of obstetrics and gynaecology and dean of the Faculty of Medicine at the University of Southampton. After graduating in medicine at the University of Edinburgh, he underwent postgraduate clinical and research training in Edinburgh, Melbourne and Cambridge. He held the regius chair of obstetrics and gynaecology at the University of Glasgow from 1993 and moved to Southampton in 1999. His main clinical and research interests are reproductive endocrinology and investigation of the impact of the maternal environment on early pregnancy. Iain is chair of the Medical Schools Council; a member of the UK Clinical Research Collaboration board; the National Institute for Health Research advisory board; the Health Education England medical advisory group; and the Wessex Academic Health Science Network delivery board.

Peter Hollins

Peter Hollins graduated in chemistry from Hertford College, Oxford. Joining Imperial Chemical Industries in 1973, he undertook a series of increasingly senior roles in marketing and then general management. Following three years in the Netherlands as general manager of ICI Resins BV, he was appointed in 1992 as chief operating officer of EVC in Brussels – a joint venture between ICI and Enichem of Italy. He played a key role in the flotation of the company in 1994, returning in 1998 to the UK as chief executive officer of British Energy where he remained until 2001. From 2001, he held various chairmanships and non-executive directorships. In 2003, he decided to return to an executive role as chief executive of the British Heart Foundation in which post he remained until retirement in March 2013.

Lynne Lockyer

Lynne's background is in human resource management and strategic management. She became a non-executive director for Southampton and South West Hampshire in 1996 and the vice chair in 2000. She was chair of Eastleigh and Test Valley South PCT from its inception in 2002 until its disestablishment in 2006. She has taken many roles in the local health economy including being a member of Hampshire's Local Area Agreement Board and nationally was a member of the NHS Confederation Council and the National NHS Leaders Steering Group. She was until recently a course director at the University of Portsmouth and is now an organisation development consultant. She is a trustee of the Brendoncare Foundation.

Simon Porter
Simon was born and educated in Southampton and then Oxford, graduating with a degree in modern languages (Italian and French). He is a qualified chartered accountant, having spent most of his career with the London office of Ernst & Young, where he specialised first in audit, then in transactions and finally management. He was a partner with Ernst & Young from 1994 to 2010. He joined the Trust Board on 1 January 2011 as a designate non-executive director and became non-executive director and co-chair of the audit and assurance committee from 1 June 2011. He has chaired the quality and performance committee since it was established in January 2014. He also holds non-executive board positions in the social housing sector.

Dr David Price
David is a former chief executive of a FTSE-250 company with broad experience within the electronics, chemical, aerospace, defence, marine, and nuclear industries. He has a successful track record of developing highly complex companies in international markets. He is currently non-executive chairman of Symetrica Ltd, Telesoft Technologies Ltd, RTL Materials Ltd and Optitune Plc. He is treasurer of the University of Southampton and a member of the advisory board of Silverstream Technologies BV. David is a chartered engineer and chartered scientist. He has a degree in electronic engineering, a PhD from University College London and, in 2001, he was awarded an honorary doctorate by Cranfield University for his services to science and engineering. David was made a Commander of the Order of the British Empire (CBE) for his services to industry.

Dr Mike Sadler
Mike joined us as a clinical non-executive director in September 2014, from a similar position at an NHS Foundation Trust providing mental health, learning disability and community services. He works for the CQC as a specialist adviser in primary care and works as an advisor and consultant on health and social care services. Mike was a GP principal in Hampshire before moving into public health medicine. Having achieved an MSc with distinction at the London School of Hygiene and Tropical Medicine, he joined Portsmouth and South East Hampshire Health Authority, holding the joint posts of deputy director of public health and medical adviser. He has since held a series of senior clinical leadership roles in national organisations in both the public and private sector, including as a chief operating officer at NHS Direct and Serco's health division. His last full time role, up until July 2013 when he commenced his portfolio career, was as director of health and social care at West Sussex County Council.

Jenni Douglas Todd – appointed 1 April 2016
Jenni is a former chief executive of Hampshire Police Authority and the office of the Hampshire police and crime commissioner. After beginning her career in the probation service, she was head hunted into the civil service, at the Home Office, where she spent four years before being becoming director of policy and research for the Independent Police Complaints Commission. In the latter role she was responsible for establishing governance of the new police complaints system. She then spent two-and-a-half years as a resident twinning adviser for the UK, based in Turkey to help set-up a law enforcement complaints system before taking up the role of chief executive of the county's Police Authority. During her three years in the post, she supported the authority in developing effective governance processes to increase accountability and transparency. She also helped the organisation deliver cost-savings whilst still improving performance and developing closer working relations with neighbouring forces. In 2012, she became chief executive and monitoring officer for the Hampshire police and crime commissioner, where she led the development of the office's vision, mission, values and organisational strategy. She took on the role of investigating committee chair for the general dental council in 2014 and, in April that year, founded the Diversa Consultancy, which supports organisations with changes in business, culture and behaviour. She is also a member of the Judicial Conduct Investigating Office, a public appointment.

Executive directors

Fiona Dalton, chief executive
Fiona was appointed as chief executive in 2013. Prior to re-joining the Trust she held the combined position of deputy chief executive and chief operating officer at Great Ormond Street Hospital for Children. Fiona joined the NHS management training scheme after graduating from Oxford University with a degree in human sciences and began her career in hospital management at Oxford Radcliffe Hospitals NHS Trust in 1996. She then spent four years at UHS as director of strategy and business development before moving to Great Ormond Street Hospital.

Gail Byrne, director of nursing and organisational development
Gail joined the Trust in 2010 as deputy director of nursing and head of patient safety. Prior to this, she has worked at the Strategic Health Authority as head of patient safety, and director of clinical services at Portsmouth Hospital. Gail has also worked in Brisbane, Australia as a hospital Macmillan nurse, and as general manager of a special purpose vehicle company for the private finance initiative at South Manchester Hospitals.

Jane Hayward, director of transformation and improvement
Jane joined the Trust in 2000 as a clinical services manager for the cardiothoracic directorate after spending two years in Hertfordshire as director of performance and 11 years at Barts and the London Hospitals in various roles including planning, finance and commissioning. Jane has led on human resources, information management and technology, improvement and modernisation and has been chief operating officer. Jane joined the Trust Board in February 2008 and became director of transformation and improvement in January 2014.

Dr Derek Sandeman, medical director
Dr Derek Sandeman was appointed to the Trust as a consultant physician in 1993 and went on to develop a regional endocrine service. Throughout his career he has had extensive clinical leadership experience, most recently serving eight years as clinical director. Derek's leadership roles have also included programme director for postgraduate education and the Wessex Endocrine Royal College representative. He has a strong history of wider system engagement, working collaboratively with partners to improve systems resilience and pathways.

Dr Caroline Marshall, chief operating officer
Caroline joined the Trust in 1997 as a consultant hepatobiliary and neuroanaesthetist. She has held the posts of college tutor for the Royal College of Anaesthetists and UHS mentoring and coaching lead. In 2008, she became clinical service director for critical care before holding the position of divisional clinical director between 2010 and 2013. Caroline served as interim chief operating officer before being appointed in December 2014.

David French, chief financial officer
David joined the Trust in February 2016 and leads on finance, estates and commercial development. He read Economics and Social Policy at the University of London before joining ICI plc, where he qualified as a chartered management accountant. David has extensive healthcare experience from the pharmaceutical industry, mostly Eli Lilly and Company where he held many commercial and financial roles in the UK and overseas. He joined the NHS in 2010 as chief financial officer of Hampshire Hospitals NHS Foundation Trust. He also serves as a non-executive director for Sentinel Housing Association, a Hampshire-based social housing provider.

Board effectiveness
On the basis of the expertise and experience described above, the Trust is confident that the necessary range of knowledge and skills exists within the Board of Directors and that its balance, completeness and appropriateness to the requirements of the NHS Foundation Trust constitutes a high performing and effective Board. The chairman has held no other significant commitments during 2015/16. A register of interests of Board members is outlined within this report and is also available from the associate director

of corporate affairs. The effectiveness of the Board of Directors meetings is reviewed at the end of each meeting. Effectiveness of Board sub-committees are monitored through monthly board reports and annual evaluation/review of the terms of reference and work programmes.

Schedule of Decisions Reserved to the Board

The NHS Foundation Trust Code of Governance requires that there should be a formal schedule of matters specifically reserved for decision by the Board. The Scheme of Delegation shows the 'top level' of delegation within the Trust. The Scheme should be read in conjunction with Trust's Standing Financial Instructions and Standing Orders.

A copy of the Schedule of Matters Reserved for the Board can be obtained from the associate director of corporate affairs.

Attendance at board meetings in 2015/16

Board member	Apr 28	May 26 Extra CS only	May 28	Jun 30	Jul 28	Sept 29	Oct 29	Nov 24	Dec 18 CS only	Jan 28	Feb 23	Mar 31
John Trewby chair	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Peter Hollins SID & deputy chair	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Iain Cameron NED	×	✓ telecon	✓	✓	✓	✓	✓	×	✓	✓	✓	✓
Lena Samuels NED	✓	×	✓	✓	×	✓	✓	×	×	×	×	n/a
Simon Porter NED	✓	✓ telecon	✓	✓	✓	✓	✓	✓	✓	✓	✓	×
Lynne Lockyer NED	✓	×	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
David Price NED	✓	✓ telecon	✓	✓	✓	✓	✓	✓	✓	✓	✓	×
Mike Sadler NED	✓	✓ telecon	✓	✓	✓	✓	✓	✓	✓	×	✓	✓
Fiona Dalton CEO	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Alastair Matthews finance director and deputy CEO (until 1/11/15)	✓	✓ (CS only)	✓	✓	✓	✓	×	n/a				
Paul Goddard acting director of finance (from 24/10/15 until 2/2/16)	n/a						✓	✓	✓	✓	n/a	
David French chief financial officer (from 3/2/16)	n/a										✓	✓
Michael Marsh medical director (until 31/5/15)	✓	×	×	n/a								
Derek Sandeman medical director (from 8/10/15 previously interim from 1/6/15)	n/a			×	×	✓	✓	✓	✓	✓	✓	✓
Judy Gillow director of nursing and organisational development (until 30/9/15)	✓	✓	✓	✓	✓	✓	n/a					
Gail Byrne director of nursing and organisational development (from 1/10/15)	n/a						✓	✓	✓	✓	✓	✓
Caroline Marshall chief operating officer	✓	×	✓	✓	✓	×	✓	×	✓	✓	✓	✓
Jane Hayward director of transformation and improvement	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×
Mike Murphy director of strategy and business development	×	✓	✓	✓	✓	✓	✓	✓	×	n/a		

Audit and assurance committee attendance 2015/16

Board member	May 18	July 20	Oct 19	Jan 18	Mar 21
Simon Porter NED and co-chair	✓	✓	✓	✓	✓
Iain Cameron NED and co-chair	✓	✓	✓	✓	✓
Peter Hollins NED senior independent director/ deputy chair	✓	✓	✓	✓	✓
Lena Samuels NED	✓	✓	✓	✓	n/a
Lynne Lockyer NED	✓	✓	×	✓	✓
David Price NED	✓	✓	✓	✓	✓
Mike Sadler NED	✓	✓	✓	×	✓
Alastair Matthews finance director and deputy CEO (until 1/11/15)	✓	×	✓	n/a	
Paul Goddard acting director of finance (from 24/10/15 until 2/2/16)	n/a			✓	n/a
David French chief financial officer (from 3/2/16)	n/a				✓
Michael Marsh medical director (until 31/5/15)	✓	n/a			
Derek Sandeman medical director (from 8/10/15 previously interim from 1/6/15)	n/a	×	✓	✓	✓
Judy Gillow director of nursing and organisational development (until 30/9/15)	×	✓	n/a		
Gail Byrne director of nursing and organisational development (from 1/10/15)	n/a		✓	✓	✓

Audit and assurance committee

Introduction

The audit and assurance committee is a non-executive committee of the Trust Board with delegated authority to review the establishment and maintenance of an effective system of integrated governance, risk management and financial and non-financial control, which supports the achievement of the Trust's objectives.

Composition and meetings

There are six non-executive directors members of the committee (excluding the Trust chairman). There are two co-chairs of the committee, the financial and core assurance session being chaired by Simon Porter, a qualified accountant, and the clinical quality and outcome assurance session chaired by Professor Iain Cameron, a qualified clinician. Further information on the co-chairs is available on pages 21 to 22.

Executive directors attend by invitation, and there are standing invitations to the chief financial officer, medical director and director of nursing. Other executive directors and staff with specialist expertise attend by invitation.

The committee met five times between April 2015 and March 2016 in relation to matters covered in this annual report.

Purpose and remit

The committee has a dual purpose, the remit of a 'traditional' audit committee, including an oversight function in relation to financial reporting, systems of internal control, risk management, effective use of resources, appointment and effectiveness of external and internal auditors. The committee also has a remit of assurance around clinical quality and effectiveness, including patient safety, experience and clinical outcomes.

The combination of these two oversight, assessment and review functions is designed to enhance the governance of the whole Trust in relation to both financial and clinical aspects.

Financial and audit sessions

Major topics covered by the financial and audit sessions have included:

- Four internal audit reports and related recommendations, arising from an agreed programme of work for the year.
- Local counter fraud services are regularly reviewed and update reports were received at each meeting.
- The committee reviewed the treasury management process for the Trust and the policy in place.
- An update on the out of date policies across the Trust and the actions being implemented to address this.
- Agreed the annual accounts for inclusion in the Trust's annual report and accounts 2015/16.
- Reviewed the Trust's Standing Financial Instructions for 2016/17.

The committee has also considered the financial statements, including areas of subjectivity or judgement, suitable accounting policies and disclosures in compliance with legal and regulatory requirements.
The committee has also reviewed the Trust's annual governance statement and how this is positioned within the wider annual report.

Having reviewed the content of the annual report and accounts, the committee has advised the board that, in its view, taken as a whole:

- it is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Trust's performance, business model and strategy
- it is consistent with the draft annual governance statement, head of internal audit opinion and feedback received from the external auditors.

The committee has also reviewed the performance of our external auditors, KPMG and agreed the option in the existing external audit contract for the appointment of KPMG to be extended for the 2015/16 and 2016/17 audits. This decision was approved by the Council of Governors.

Clinical effectiveness and assurance sessions

Major topics covered by these sessions have included:

- The annual clinical audit programme was reviewed and the committee received assurance that the programme covered the organisation's key priority areas and was aligned to the Trust's contract with commissioners, the National Clinical Audit and Patient Outcomes Programme and those audits known as 'best practice' audits listed for quality accounts.
- Regular review of progress against the action plan arising from the CQC inspection in December 2014.
- Three updates on the corporate risk register, which articulates the highest areas of risk to which the Trust is exposed, together with actions to mitigate or manage those risks, including review of the Board Assurance Framework.
- Three updates on the regulatory activity across the Trust specifically focusing on regulatory inspections, accreditations and peer reviews, and actions arising from these.
- In-depth reviews of six never events, including lessons learned to improve safety and processes.
- Mortality rates including Hospital Standardised Mortality Ratio (HSMR) and Summary Hospital-level Mortality Indicator (SHMI). A detailed review of case notes was carried out in specialty areas.
- Regular review of internal Referral to Treatment data quality audits and data quality issues in other areas of the Trust.
- Considered the implementation of a charter for staff and associated specialist and specialty doctors.

Reports on staffing levels are reported directly to Trust Board. Aspects of quality relating to performance (such as meeting access targets) are reported to the Board after scrutiny by the quality and performance committee.

Relationship with the Board

The co-chairs report orally to Trust Board after each meeting of the committee and a copy of the minutes is included in the following Trust Board papers. As a consequence, and due to the extensive involvement of many executive directors and non-executive directors at all of the audit and assurance committee meetings, the Trust Board has not requested a written report from the committee. Discussions at Trust Board frequently identify topics for further scrutiny by the committee.

External auditors

The external audit contract is currently held by KPMG LLP (from 1 November 2012). The contract was originally for three years and was extended by the Council of Governors for the 2015/16 and 2016/17 audits. KPMG regularly report to and attend the audit and assurance committee, enabling the committee to monitor their performance. The statutory audit fee for the Trust for 2015/16 was £57,773 plus VAT, and for UHS Pharmacy Ltd £3,950 plus VAT. The non-audit services provided by KPMG LLP totalled £114k plus VAT. These sums are not material to either organisation. Before considering taking on such work, KPMG have assessed whether or not there is any potential conflict of interest. The largest proportion of the work relates to advice from KPMG's NHS VAT team, who have no role in the external audit of the Trust.

This is the third year of five for the external auditors' appointment, following the extension agreed by the Council of Governors. The committee considered the independence principles set out by the Auditing Practices Board in relation to the work of our external auditor undertaking non-audit work. We did not identify any risks in this respect, particularly in relation to self-review and familiarity. Our auditors will not be relying on any of the work undertaken when forming their opinion and we do not believe there to be a threat of familiarity. We will continually assess and address any risks to independence as appropriate.

Countering fraud and corruption

The Board remains committed to maintaining an honest and open culture within the Trust; ensuring all concerns involving potential fraud have been identified and rigorously investigated. In all cases, where guilt has been proven, appropriate civil, disciplinary and/or criminal sanctions have been applied. We work closely with the local counter fraud specialist team to try and prevent fraud and investigate issues as and when they arise. The team have been instrumental in creating an anti-fraud culture, which has enabled maximum deterrent and prevention measures to become embedded in the Trust.

Fraud against the NHS is never acceptable and any concerns can be reported via the Fraud and Corruption Hotline on 0800 028 4060. There is also a 'raising a concern' helpline manned by a senior manager which enables staff to confidentially raise concerns about any issues (including fraud, malpractice, clinical negligence and so on).

Cases of potential fraud are dealt with robustly, including termination of employment and potential criminal prosecution.

By maintaining fraud levels at an absolute minimum the Trust ensures that more funds are available to provide better patient care and services.

Internal audit service

We outsource audit to PricewaterhouseCoopers LLP. The internal auditors consider the Trust's system of internal control and agree an annual work programme with the audit and assurance committee. This is based on an evaluation of the Trust's profile and risk register.

A formal update report goes to the audit and assurance committee at each of its meetings.

Better Payment Practice Code

The Better Payment Practice Code requires the Trust 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's performance is set out in the table on the following page.

Better Practice Payment Code Summary 2015/16	Number of invoices	Value (£000)
Non NHS payables		
Total non-NHS trade invoices paid in the year	80,078	269,168
Total non-NHS trade invoices paid within target	75,688	267,119
Percentage of non-NHS trade invoices paid within target	94.5%	92.4%
NHS payables		
Total non-NHS trade invoices paid in the year	3,625	39,558
Total non-NHS trade invoices paid within target	2,998	34,717
Percentage of non-NHS trade invoices paid within target	82.7%	87.8%

Disclosures

In accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2015/16 and the Monitor Code of Governance, UHS is required to include the following disclosures within the annual report.

Income disclosure

The Trust has complied with the cost allocation and charging guidance issued by the HM Treasury.

Income from the provision of goods and services for NHS purposes in England was greater than our income from the provision of goods and services for any other purposes. Other operating income is used to support patient care activities at our hospitals.

Governance disclosures

University Hospital Southampton NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis.

So far as the Board is aware, there are no known areas of non-compliance with the code.

A table outlining the disclosure requirements of the Code of Governance is included below.

Code provision	Requirement	Annual Report Page Reference
A.1.1	The schedule of matters reserved for the Board of Directors should include a clear statement detailing the roles and responsibilities of the Council of Governors. This statement should also describe how any disagreements between the Council of Governors and the Board of Directors will be resolved. The annual report should include this schedule of matters or a summary statement of how the Board of Directors and the Council of Governors operate, including a summary of the types of decisions to be taken by each of the boards and which are delegated to the executive management of the Board of Directors.	20-21, 24, 39
A.1.2	The annual report should identify the chairperson, the deputy chairperson (where there is one), the chief executive, the senior independent director (see A.4.1) and the chairperson and members of the nominations, audit and remuneration committees. It should also set out the number of meetings of the Board and those committees and individual attendance by directors.	20-25, 43
A.5.3	The annual report should identify the members of the Council of Governors, including a description of the constituency or organisation that they represent, whether they were elected or appointed, and the duration of their appointments. The annual report should also identify the nominated lead governor	33-39
FT ARM	The annual report should include a statement about the number of meetings of the Council of Governors and individual attendance by governors and directors.	35-37, 39
B.1.1	The Board of Directors should identify in the annual report each non-executive director it considers to be independent, with reasons where necessary.	21-22

Code provision	Requirement	Annual Report Page Reference
B.1.4	The Board of Directors should include in its annual report a description of each director's skills, expertise and experience. Alongside this, in the annual report, the board should make a clear statement about its own balance, completeness and appropriateness to the requirements of the NHS foundation trust.	23
FT ARM	The annual report should include a brief description of the length of appointments of the non-executive directors, and how they may be terminated.	45-46
B.2.10	A separate section of the annual report should describe the work of the nominations committee(s), including the process it has used in relation to board appointments.	43-44
FT ARM	The disclosure in the annual report on the work of the nominations committee should include an explanation if neither an external search consultancy nor open advertising has been used in the appointment of a chair or non-executive director.	n/a
B.3.1	A chairperson's other significant commitments should be disclosed to the Council of Governors before appointment and included in the annual report. Changes to such commitments should be reported to the Council of Governors as they arise, and included in the next annual report.	23
B.5.6	Governors should canvass the opinion of the Trust's members and the public, and for appointed governors the body they represent, on the NHS foundation trust's forward plan, including its objectives, priorities and strategy, and their views should be communicated to the Board of Directors. The annual report should contain a statement as to how this requirement has been undertaken and satisfied.	37-39
FTARM	If, during the financial year, the governors have exercised their power* under paragraph 10C of schedule 7 of the NHS Act 2006, then information on this must be included in the annual report	n/a
B.6.1	The Board of Directors should state in the annual report how performance evaluation of the Board, its committees, and its directors, including the chairperson, has been conducted.	20, 23, 44-45
B.6.2	Where there has been external evaluation of the board and/or governance of the Trust, the external facilitator should be identified in the annual report and a statement made as to whether they have any other connection to the Trust.	n/a
C.1.1	The directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the NHS foundation trust's performance, business model and strategy. Directors should also explain their approach to quality governance in the Annual Governance Statement (within the annual report).	31-32, 59, 64
C.2.1	The annual report should contain a statement that the board has conducted a review of the effectiveness of its system of internal controls.	66-67
C.2.2	A trust should disclose in the annual report: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	27
C.3.5	If the Council of Governors does not accept the audit committee's recommendation on the appointment, reappointment or removal of an external auditor, the Board of Directors should include in the annual report a statement from the audit committee explaining the recommendation and should set out reasons why the Council of Governors has taken a different position.	n/a
C.3.9	A separate section of the annual report should describe the work of the audit committee in discharging its responsibilities. The report should include: • the significant issues that the committee considered in relation to financial statements, operations and compliance, and how these issues were addressed; • an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or re-appointment of the external auditor, the value of external audit services and information on the length of tenure of the current audit firm and when a tender was last conducted; and • if the external auditor provides non-audit services, the value of the non-audit services provided and an explanation	25-27
D.1.3	Where an NHS foundation trust releases an executive director, for example to serve as a non-executive director elsewhere, the remuneration disclosures of the annual report should include a statement of whether or not the director will retain such earnings.	n/a
E.1.4	Contact procedures for members who wish to communicate with governors and/or directors should be made clearly available to members on the NHS foundation trust's website and in the annual report.	39

Code provision	Requirement	Annual Report Page Reference
E.1.5	The Board of Directors should state in the annual report the steps they have taken to ensure that the members of the board, and in particular the non-executive directors, develop an understanding of the views of governors and members about the NHS foundation trust, for example through attendance at meetings of the Council of Governors, direct face-to-face contact, surveys of members' opinions and consultations.	21,37
E.1.6	The Board of Directors should monitor how representative the NHS foundation trust's membership is and the level and effectiveness of member engagement and report on this in the annual report.	38
FT ARM	The annual report should include: • a brief description of the eligibility requirements for joining different membership constituencies, including the boundaries for public membership; • information on the number of members and the number of members in each constituency; and • a summary of the membership strategy, an assessment of the membership and a description of any steps taken during the year to ensure a representative membership [see also E.1.6 above], including progress towards any recruitment targets for members.	39
FT ARM	The annual report should disclose details of company directorships or other material interests in companies held by governors and/or directors where those companies or related parties are likely to do business, or are possibly seeking to do business, with the NHS foundation trust. As each NHS foundation trust must have registers of governors' and directors' interests which are available to the public, an alternative disclosure is for the annual report to simply state how members of the public can gain access to the registers instead of listing all the interests in the annual report.	18-19, 35-37

Performance evaluation of Trust Board and its committees

The Board and its various sub-committees conduct evaluations of their overall effectiveness on an annual basis.

Remuneration

Further details of remuneration are given in the remuneration report found on page 47. The accounting details for pensions and other retirement benefits are set out on page 48.

Approach to quality governance

'Always Improving' is embedded as one of the values in our 'Forward Vision' along with 'Patients First' and 'Working Together'. These are the underpinning values and delivering on quality is the responsibility of Trust Board. The named executive leads for quality are the medical director and the director of nursing and organisational development.

Quality improvement is just one element of a co-ordinated and organisation-wide approach to quality. Each year we define our quality improvement priorities through the development of a Trust-wide Patient Improvement Framework (PIF) with priorities set against outcomes, safety, experience and performance. We consult and agree on these priorities with our staff, our patients and key stakeholders and agree the measures against which we will monitor the improvement. Progress is monitored monthly through our key performance indicator (KPI) report (see page 165) with alternate quarterly deep dive progress reports to the Board. Each of the PIF domains are underpinned by strategies on safety, experience and quality which set out our longer term aims. The results of our priorities are also published in the Trust's quality account, which can be found on page 119.

To embed the qualities at ward and department level we have introduced a Clinical Accreditation Scheme where wards and departments demonstrate their standards of care and the improvements they have made on an annual basis. Wards gain this accreditation by submitting information on the KPIs, patient complaints and compliments to a senior clinical panel with patient representatives who also undertake an unannounced visit of the ward. Wards attaining accreditation are awarded with a certificate, which is presented to them by the director of nursing and organisational development.

This year the PIF has been modified to reflect the Care Quality Commission's (CQC) domains of well-led, safe, effective, responsive and caring. Improving responsiveness focusing on 'home before lunch' and the emergency access pathway are priorities. The Trust is outlined in the Quality Account.

The Trust values outlined in our 'Forward Vision' support the organisation being well-led at every level. An organisational development model is being developed for 2016/17 to support the implementation of the vision and move to a future organisational state of excellence. This will encompass having the right culture and behaviours, innovation and people development. As a Board, visibility is vital to role model behaviour as is listening and responding to frontline staff. This is achieved through regular Board and executive walkabouts. The Board also receive regular presentations from the divisions on their quality, performance, successes and challenges.

At the last CQC inspection, which took place in December 2014, the Trust was assessed as 'Requires Improvement', although it was acknowledged by the CQC that the Trust was well-led and that staff were resoundingly felt to be caring and compassionate. Since the inspection we have been monitoring and implementing a plan of action developed from the recommendations made by the CQC. In October 2015 Monitor and the CQC held a risk summit with our key stakeholders. Good progress was noted against the plan, with no concerns raised and it was agreed that the Trust was open and transparent in its management and oversight of quality and challenges. The outstanding actions are primarily around estates, which have been agreed through the capital planning process, together with an improvement to the environment in general ICU where we are seeking an uplift in tariff from our commissioners to support this going forward.

The Trust is now working towards achieving a good or outstanding rating for the next inspection through assessment and monitoring against the CQC Key Lines of Enquiry, executive walkabouts, internal reviews and ensuring that we communicate to frontline staff all the actions that have been undertaken. The inspections are based on the Keogh and CQC reviews and have been undertaken in all divisions. This year each division proposed areas where they wanted the reviews to be undertaken and, as a result, reviews were undertaken in dermatology, radiology, end of life care and the pathway of care for patients with a learning disability.

The following diagram outlines the Trust's quality improvement governance systems' structure and relationships. This infrastructure ensures that the Trust Board has the appropriate oversight of its governance and quality improvement arrangements.

As outlined in the governance systems diagram, there is a further sub-committee of the Board called the quality and performance committee of which both non-executive and executive directors of the Board are members. The purpose of this committee is to provide robust challenge and scrutiny to both operational and quality performance in further detail and on behalf of the Board, taking account of Monitor's Quality Governance Framework and relevant CQC standards.

The Trust has an established internal medical examiner process. This has reviewed 91% of all adult deaths over the last eighteen months and is now reviewing 100% (previously deaths in the NHS Hospice were not subject to review). We have completed the national NHS self-assessment questionnaire and are pleased that this indicates that we are already identifying the expected proportion of deaths with avoidable factors. The Trust has a Mortality Board aligned with the best practice guidelines forwarded by Monitor. We have processes and assurance that we are identifying avoidable mortality and will be able to publish this data.

The quality governance disclosures should be read in conjunction with information provided in our quality account on page 119.

The Board of Directors consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS Foundation Trusts performance, business model and strategy.

Council of Governors

Our Council of Governors continue to play a vital part in involving our community in the work we do. They represent our 10,000 public members (patients, carers and local people) to give them a voice at the highest level of the organisation.

The Council of Governors is made up of 13 publicly elected governors, four elected staff governors, and six appointed governors. The governors serve a three year term of office. The Council has four working groups – governors' nominations committee, staff experience group, strategy group and patient experience group.

Composition of Council of Governors

Public elected governors (13)

Southampton City (coterminous with the Southampton City Council area)	5 governors
New Forest, Eastleigh and Test Valley (coterminous with the local authority areas of New Forest District Council, Eastleigh Borough Council and Test Valley Borough Council)	4 governors
Rest of England and Wales	3 governors
Isle of Wight (coterminous with the Isle of Wight County Council area)	1 governor

Staff elected governors (4)

Medical practitioners and dental staff	1 governor
Nursing and midwifery staff	1 governor
Other clinical staff	1 governor
Non-clinical and support staff	1 governor

Appointed governors (6)

Southampton City Clinical Commissioning Group	1 governor
West Hampshire Clinical Commissioning Group	1 governor
Hampshire County Council	1 governor
Southampton City Council	1 governor
Business South	1 governor
University of Southampton	1 governor

In addition to the elected governors, two under-21 representatives are appointed from a local sixth form college. In October 2015 two new under-21 representatives were appointed following a competitive interview process; they took up their posts in October 2015.

During 2015/16, four governors stepped down from their post:

1. The nursing and midwifery governor role was transferred during July 2015 to a runner up candidate in line with the Trust's constitution.
2. The appointed governor for Southampton City Council stepped down on 20 May 2015. Southampton City Council put forward a nomination for a replacement who commenced on 1 July 2015.
3. Two governors stepped down from the Southampton City constituency. Vacancies have been held until elections in the summer of 2016.

Council of Governor meetings

The Council meets every quarter in public. Meetings are advertised on our website, in various places across our sites, and notified to members in our members' newsletters. No business can be transacted at a meeting unless at least half of the governors are present and, of these, not less than half must be governors elected by the public constituencies.

The statutory responsibilities of the Council of Governors are:

- Appoint and, if appropriate, remove the chair and other non-executive directors.
- Decide the remuneration and allowances, and the other terms and conditions of office, of the chair and other non-executive directors on the recommendation of the governors nominations committee.
- Approve the appointment of the chief executive.
- Appoint and, if appropriate, remove the Trust's auditor.
- Receive the Trust's annual accounts, and report of the auditor on them and the annual report.
- Approve any annual increases of more than 5% in the Trust's non-NHS income.
- Hold the non-executive directors individually and collectively to account for the performance of the Board of Directors.
- Represent the interests of the members of the foundation trust as a whole and the interests of the public.
- Approve significant transactions (as specified in the Trust's constitution).
- Approve mergers and acquisitions or separation (as specified in the Trust's constitution).
- Approve amendments to the constitution (note that the Board of Directors also has a role as specified in the Trust's constitution).
- Determine that any proposals in the forward plan for non-NHS income will not interfere with the Trust's principal purpose and notify the Trust's directors of the decision.

The constitutional duties of the Council of Governors include:

- Providing views to the Board of Directors on the strategic direction of the Trust; in particular to inform the Trust's forward plan.
- Developing membership of the Trust.
- Regularly feeding back information about the Trust to the membership, and feeding back the views of the constituencies and stakeholder organisations to the Trust.
- Holding the Board of Directors to account in relation to the Trust's performance in accordance with the Terms of licence.
- Complying with the NHS Foundation Trust Code of Governance.

Leon Spender, public governor, Southampton City Centre, was elected lead governor with effect from 2 July 2014 and has held this post throughout 2015/16. At the time of publishing the annual report, Leon Spender had tended his resignation to stand down from the Council of Governors, effective from 30 June 2016.

All governors are required to disclose details of company directorships or other material interests in companies, where those companies or related parties are likely to do business, or are possibly seeking to do business, with the Trust. A register of interests is maintained and updated regularly. Details of declarations and meeting attendance can be found below.

Governor	Constituency / Role	Meeting attendance					Declarations of business interests
		1 July 2015	15 Sept 2015	9 Dec 2015	18 Jan 2016	15 Mar 2016	
John Trewby	Chair	✓	×	×	✓	✓	
Peter Hollins	Senior Independent Director	✓	✓	×	✓	✓	Volunteer on Enter and View Panel for Healthwatch
Rose Wiltshire	Elected, Isle of Wight	✓	✓	×	✓	✓	Volunteer Earl Mountbatten Charity Shop Part-time meet and greet at Earl Mountbatten Hospice
John Haydon	Elected, Rest of England and Wales (from 1/5/15)	✓	×	✓	✓	✓	Nil
Christopher Godeseth	Elected, Rest of England and Wales (from 1/5/15)	✓	✓	✓	×	×	To be advised
Richard Goldsmith	Elected, Rest of England and Wales (from 1/5/15)	✓	✓	✓	✓	✓	Nil
Leon Spender	Elected, Southampton City Centre	✓	✓	✓	✓	✓	Nil
Colin Pritchard	Elected, Southampton City Centre	✓	✓	✓	✓	✓	Visiting Professor, Department of Psychiatry Emeritus Professor, School of Medicine, University of Southampton Research Professor in Psychiatric Social Work, School of Health & Social Care, Bournemouth University Undertakes a range of clinical and policy research analysis in health related fields linked to university posts
Caroline Powell	Elected, Southampton City Centre	✓	×	✓	×	✓	Director, Centre for Implementation Science, Wessex Academic Health Science Network (AHSN); involves overview of health organisations in Wessex including UHS
Chris Andrews	Elected, Southampton City Centre (until 9/10/15)	✓	✓	n/a			Nil
Bryan Bird	Elected, New Forest, Eastleigh & Test Valley	✓	✓	✓	✓	✓	Nil
Andrew Grapes	Elected, New Forest, Eastleigh & Test Valley	✓	✓	✓	✓	✓	Nil
Heather Parsons	Elected, New Forest, Eastleigh & Test Valley	✓	✓	✓	✓	✓	Director of Where There's a Will charity which supports the General Intensive Care Unit patients and their families at Southampton General Hospital.
Yvonne Binge	Elected, New Forest, Eastleigh & Test Valley (from 1/5/15)	✓	✓	✓	×	×	Governor, King Edward VI School Chair, Sedgemead Management Company

continued

Governor	Constituency / Role	Meeting attendance					Declarations of business interests
		1 July 2015	15 Sept 2015	9 Dec 2015	18 Jan 2016	15 Mar 2016	
Brian Birch	Elected, Medical & Dental Staff	✓	✓	✓	✓	×	Occasional ad hoc work for companies for which a honorarium is paid Involvement with some bodies such as the district prescribing committee and hospital pharmacy providing advice on drug usage in certain conditions; this has involved formulary applications (unpaid) by pharmaceutical companies Involvement in research some of which is company funded Education funding by drug companies to attend urological meetings. Has acted as a paid advisor to Janssen and Astellas Sees choose and book patients at the Wessex Nuffield Hospital Member of the National Research Ethics Service (NRES) Research Ethic Committee (Hampshire B)
Pat Kemish	Elected, Nursing & Midwifery Staff (until 1/7/15)	✓	n/a				Member of Royal college of Nursing; activist duties as a steward
Katie Prichard-Thomas	Elected, Nursing & Midwifery Staff (from 1/7/15)	✓	×	×	×	✓	Nil
Annette Purkis	Elected, Other Clinical Staff	×	✓	×	✓	✓	Nil
Anita Beer	Elected, Non-Clinical and Support Staff	✓	✓	×	✓	×	Nil
Joan Wilson	Appointed, Southampton City Clinical Commissioning Group	×	✓	✓	×	✓	Nil
Simon Hunter	Appointed, West Hampshire Clinical Commissioning Group	×	×	×	×	×	Board members West Hampshire CCG; clinical lead for quality GP, Testvale Surgery, Totton
Cllr Andrew Gibson	Appointed, Hampshire County Council	×	✓	✓	✓	✓	Nil
Cllr Sarah Bogle	Appointed, Southampton City Council (until 20/5/15)	n/a					Member of the Labour Party Employee of University of Southampton Member of the Health Overview Scrutiny Panel
Cllr Caran Chamberlain	Appointed, Southampton City Council (from 1/7/15)	×	✓	×	×	×	Nil
Kate Thompson	Appointed, Business South	×	×	✓	×	×	Nil
Dr Michelle Cowen	Appointed, University of Southampton	×	✓	✓	✓	✓	Director of Programmes (Pre-registration Nursing), University of Southampton, Faculty of Health Sciences; Practice Academic Co-ordinator, University Hospital Southampton NHS Foundation Trust, Divisions A, B and D
Sophie Agostinelli	Under 21 Representative (until 30/9/15)	✓	✓	n/a			Nil

continued

Governor	Constituency / Role	Meeting attendance					Declarations of business interests
		1 July 2015	15 Sept 2015	9 Dec 2015	18 Jan 2016	15 Mar 2016	
Sara Babahami	Under 21 Representative (until 30/9/15)	✓	✓	n/a			Nil
Emily Garrett	Under 21 Representative (from 1/10/15)	n/a		✓	✓	✗	Nil
Kirsten Williamson	Under 21 Representative (from 1/10/15)	n/a		✓	✓	✗	Nil

In 2015/16 the Council of Governors has considered a number of items including:

- Annual report and accounts
- Plans for the children's hospital
- Extension of the external auditors contract
- Membership engagement
- Performance of the Trust
- Review of the draft Quality Account

The draft operational plan outlining the Trust's objectives and priorities was presented to the Council of Governors in March 2016, with governors invited to provide feedback that is representative of members' views. Members of the Board of Directors routinely attend and present to meetings of the Council of Governors and its sub-groups, enabling the opportunity for the views of members and governors to be fed back.

Disagreements between the Council of Governors and Trust Board

In the event of any disagreement between the Council of Governors and the Trust Board, the senior independent director would be requested to lead on resolution discussions.

Governors' nomination committee

The Council of Governors is responsible for the appointment, re-appointment and removal of the chair and other non-executive directors of the foundation trust, and has established a governors' nomination committee to do so, in accordance with the Trust's constitution.

The committee is responsible for advising and/or making recommendations to the Council of Governors relating to:

- Evaluation of the performance of the chair and non-executive directors
- The remuneration, allowances and other terms and conditions of office for the chair and non-executive directors
- The recruitment process for the selection of candidates for the office of chair or other non-executive directors
- Approving the appointment (by the non-executive directors) of the chief executive

The senior independent director, other non-executive directors and directors may be invited to attend meetings of this committee.

The governors' nomination committee met on four occasions during 2015/16 and considered the following topics:

- Non-executive director appraisals
- Recruitment of a new chair
- Trust Board restructure and transition arrangements
- Recruitment of a new non-executive director
- Appointment of a new senior independent director

In 2015/16 the Council of Governors appointed a new chair for the Trust to commence in post on 1 April 2016. The Governors appointed Odgers Berndtson as head-hunters following a selection process. Candidates, once applied, were long-listed and then short-listed prior to interview. The final interview process comprised three carousel interviews followed by a one hour rigorous interview with the nominated governor panel. The recommendation from the governors' nominations committee was approved by the Council of Governors at their meeting held on 9 December 2015.

At the meeting on 15 March 2016, the Council of Governors also approved the appointment of a new non-executive director. The recruitment process mirrored that of the appointment of the chair using Odgers Berndtson as head-hunters, following the process outlined previously.

Governor elections

Governor elections were held in March 2015 for two constituencies; New Forest, Eastleigh and Test Valley (one seat), and the rest of England and Wales (three seats). Four newly appointed governors commenced in their roles from 1 May 2015.

October 2016 will bring an end to the term of office for six of the elected governors. Plans are being developed to run elections throughout the summer with a view to appointing to all vacancies by 1 October 2016. In order to maximise membership engagement and electoral participation all election campaigns are supported through the use of an independent electoral service.

Engagement with members

Anyone over the age of 16 who lives in England or Wales can become a member of the Trust. A profile of our public membership is provided below:

Constituency	Number	Percentage
Southampton City	3,322	35
New Forest, Eastleigh and Test Valley	3,978	41
Rest of England and Wales	1,396	15
Isle of Wight	892	9

Age ranges	Number	Percentage
16	1	0
17-21	50	0.5
22+	9,246	96
Not known	291	3

Ethnicity	Number	Percentage
White	8,833	92.1
Mixed	40	0.4
Asian/Asian Black	234	2.4
Black/Black British	88	1
Other (inc Chinese)	67	0.7
Not stated	326	3.4

Enabling members to help shape the future of the Trust and to ensure that members continue to have a say in the development of the Trust's plans remains a priority. This is achieved through a programme of engagement activities. During January to November 2015 engagement activity was reduced, this was as a result of a long-term membership manager vacancy. A substantive appointment was made in November 2015, with priority given to re-establishing the Trust's membership engagement activities, including production of a bi-monthly member e-newsletter and hosting member evenings. Governors engaged with members at the annual members meeting in September 2015. In February and March 2016 we hosted successful member evenings, the first was based on cancer immunotherapy and the latter on elderly care. The evenings were well attended by both members and governors.

The membership manager has conducted a review of membership representation and engagement, this has resulted in the development of a membership work-plan, approved by the Council in January 2016. The chairman will monitor progress made in the implementation of this plan, providing updates to the Board, as required. The work plan focuses on three key areas; engagement, recruitment and members' voice. In addition, governors are leading the development of a survey that aims to seek our members' views.

Governor development

In order to provide on-going development and support to governors the annual work-programme is developed to include two half day study sessions. In addition to this the full Council of Governors is supported by a number of focused sub-groups. Each of the sub-groups is chaired by a governor, with the development of work plans being governor led. Non-executive directors, executive directors and members of the Trust's senior management team are routinely requested to present on a wide range of topics.

Examples of topics covered during 2015 include:	
• Complex discharges • Private healthcare at UHS • CQC inspection and associated action plan • Computer development at UHS • Food and cleaning contracts • Cold elective surgery • Finance • Southampton Hospital Charity	• Rebuilding of the hospitals main entrance and its impact • How we use patient feedback • PLACE assessments • Support to junior doctors at UHS • Acute kidney injury and sepsis • Managing nurse staffing levels • Business continuity and emergency planning

Governors are encouraged to complete the National Governor Training Programme offered by the NHS Providers along with attendance at other national conferences, such as the annual NHS Providers Governor conference.

Engagement with Trust Board

The Council of Governors is chaired by the Trust chair who provides a link between the Board and the Council of Governors. The senior independent director, chief executive and associate director of corporate affairs routinely attend Council of Governors meetings. In addition, non-executive directors and executive directors have an open invitation to attend all Council of Governors meetings, including sub group meetings. Governors are invited to observe two of the Trust Board sub-committees, quality and performance committee and strategy and finance committee and are also invited alongside Trust Board members on clinical visits.

Governor expenses

Governors participating in events such as Council meetings are entitled to claim expenses. Expenses are paid at rates agreed by the Council of Governors and include travel by car or public transport, and carer costs. All expenses should be receipted. During the year, eight governors claimed expenses totalling £1,416.36.

Governor contact details

For further details of the Council of Governors please contact the associate director of corporate affairs on 023 8120 6829. You can also email your governor at UHSgovernor@uhs.nhs.uk

Annual remuneration statement

Executive changes

There were a number of changes to the Trust Board in 2015/16 which are summarised below. The salary details of Board members are set out in the senior managers' remuneration section.

Reduction in the size of the Board

2015/16 was a period of considerable financial challenge for the Trust. The remuneration committee felt strongly that the Board needed to 'lead from the front' in the delivery of savings.

A decision was reached at the appointments and remuneration committee to reconfigure the Board structure by dissolving the position of director of strategy and business development.

It was decided that this portfolio would be shared between the director of transformation, medical director, and chief financial officer. The position of director of strategy and business development was dissolved in January 2016 and, following consultation, the post holder was made redundant.

The number of non-executive directors has also been reduced by one, through the non-replacement of Ms Lena Samuels whose term expired at the end of February 2016.

Appointment of a new medical director

Dr Derek Sandeman was successfully appointed to the substantive position of medical director. Dr Sandeman acted into the position of medical director following the departure from the Trust of Dr Michael Marsh in May 2015. Following a national advertisement and rigorous selection process, Dr Sandeman was appointed from June 2015. Dr Sandeman remains on a consultant (doctor) contract, and is paid an allowance for his executive position.

Appointment of a new director of nursing and organisational development

Mrs Judy Gillow retired from the Trust in September 2015. Following a national search, Mrs Gail Byrne was appointed to the substantive position. Mrs Gail Byrne was previously the director of quality and deputy director of nursing at UHS.

Appointment of a new chief financial officer

Mr Alastair Matthews left the Trust for a new position in October 2015. Following a national search and robust selection, Mr David French was appointed to the position of chief financial officer, and commenced with the Trust in February 2016. The position was expanded to include its wider remit of commercial development, and its strengthened focus on external financial strategy.

Mr Paul Goddard (deputy director of finance) acted up to cover the position of executive director of finance from November 2015 to February 2016.

Salary review of the director of transformation and improvement

The salary of the director of transformation and improvement was reviewed by the remuneration committee, and it was deemed equitable to increase this, in light of the new responsibilities that the portfolio has absorbed.

The increase was actioned following the departure of the director of strategy and business development on 31 December 2015.

General increases to executive pay

In April 2015, the remuneration committee decided to mirror the pay restraint decided at national level for Agenda for Change senior staff. Therefore, there was no annual cost of living percentage uplift applied to all executive salaries during 2015/16. It was felt that this was important in the context of the financial position of the Trust, and ensuring costs are reasonably controlled.

Senior managers' remuneration policy

The table below sets out a description of the remuneration package for senior managers:

Basic pay	Set at point of recruitment, reviewed using pay benchmarking and other relevant information. Recruiting high calibre senior managers is crucial to the delivery of the Trust's objectives. Benchmarking takes into consideration other similar large acute teaching hospitals to ensure salary levels are competitive, but also represent value for money.
Other	The Trust does not operate any level of performance related pay for its executive directors at present. In the current financial context this is seen as the right way to operate.

Dr Derek Sandeman and Dr Caroline Marshall have remained on the national consultant contract, which includes national and local clinical excellence awards. In addition to this they are in receipt of allowances as Board members, which are approved by the remuneration committee.

	Basic pay	Clinical Excellence Awards – National NHS Awards	Allowance	Total (in bands of 5000)
Dr Caroline Marshall	✓	✓	Board allowance	£180-185
Dr Derek Sandeman	✓	✓	Board allowance for medical director	£195-200

Service contract obligations

There are no service contract obligations that could impact on remuneration, or payments for loss of office that are not disclosed elsewhere in the remuneration report.

Policy on payment for loss of office

Non-executive directors do not receive a payment for loss of office.

Remuneration for executive directors for loss of office will be defined by the terms and conditions of employment for executive directors. This includes:

- executive directors are contractually entitled to be provided with a minimum of six months, notice of termination of employment.
- executive redundancy pay will be based on the prevailing terms, as set out in the national NHS terms and conditions handbook.
- The contractual terms have no link to performance; in exception of a termination connected to gross misconduct, where dismissal may be without provision of notice.

Statement on consideration of employment conditions

The appointments and remuneration committee reviews executive director salaries on an annual basis; taking account of pay benchmarking and other relevant factors, such as recruitment and retention, and market forces.

The remuneration policy for senior managers is consistent with the rest of the workforce. It is broadly based on the principles of job role responsibility and considers market rates. It was therefore not considered necessary to consult with employees when preparing the senior managers' remuneration policy. As stated elsewhere, pay benchmarking and other relevant information is considered as appropriate.

Salaries in excess of the pay received by the prime minister

The remuneration committee are also mindful of its obligations to ensure value for money, including scrutiny of any salaries above £142,500 (the salary of the prime minister).

The salaries of executive directors are outlined on page 47 of this report. There are four individuals with salaries over this threshold, as follows.

Role	Rationale
Chief executive officer	Consistent with salary benchmarking and market rates for a large acute teaching hospital.
Chief financial officer	
Medical director	Both roles are undertaken by senior consultants who have remained on medical terms and conditions with the addition of an allowance for their Board level responsibilities.
Chief operating officer	

Non-executive director fees

Role	Time commitment	Fee type payable	Total (in bands of 5000)
Chair	3.5 days per week	Annual fee	£52,275
Senior independent director	4 days per month	Annual fee Additional annual payment for SID role	£13,181 £2,500
Non-executive director	4 days per month	Annual fee	£13,181
Chair of audit and assurance	4 days per month	Annual fee Additional annual payment for chair role	£13,181 £2,500

Non-executive directors are able to claim reasonable expenses incurred in conducting their duties (travel and so on).

Appointment and remuneration committee

What is the appointment and remuneration committee?

The appointment and remuneration committee is a committee set up by the Trust to oversee all aspects of executive pay and appointment. The committee will lead the process of selecting a new executive director.

They will also approve any process of Board reconfiguration or restructure, and subsequent financial expenditure on exit packages that may result. These packages may also require approval from other external bodies, such as NHS Improvement or HM Treasury.

The committee is a formally appointed committee of the Board. Its terms of reference comply with the Secretary of States' 'Code of Conduct and Accountability for NHS Boards'.

The remuneration of executive directors is considered through pay benchmarking and other relevant information. In addition, the pay of executive directors is considered in the context of non-executive positions remunerated on national terms and conditions such as Agenda for Change.

Who attends committee meetings?

The committee is comprised of the Trust chair, the non-executive directors and the chief executive (except where matters relating to the chief executive are under discussion).

The associate director of human resources attends all meetings to advise the committee. The associate director of corporate affairs also attends to keep an appropriate record of proceedings. Neither are members of the committee and are purely there in an advisory in capacity.

Frequency of meetings

The committee are scheduled to meet four times a year, however, the recruitment of three executive directors in 2015/16 resulted in five 'extraordinary' (additional) meetings being held, often these extra meetings were called at short notice. In order to maximise attendance, telephone conference (telecon) facilities were provided. A summary of attendance follows.

Board Member	May 1 Extra	May 28	June 30 Extra	Aug 25 Extra	Sep 29	Oct 8 Extra	Oct 15 Extra	Nov 17	Jan 28
John Trewby Chair	✓	✓	✓	✓	✓	✓	✓	✓	✓
Iain Cameron NED	✓	✓	✓	✓	✓	✓ Telecon	✓ Telecon	×	✓
Peter Hollins NED (SID & Deputy Chair)	×	✓	✓	✓	✓	×	✓ Telecon	✓	✓
Lena Samuels NED	×	✓	✓	✓	✓	×	×	×	×
Simon Porter NED	✓	✓	✓	✓	✓	✓ Telecon	✓ Telecon	✓ Telecon	✓
Lynne Lockyer, NED	✓	✓	✓	✓	✓	×	×	✓	✓
David Price NED	×	✓	✓	✓	✓	✓ Telecon	✓ Telecon	×	✓
Mike Sadler NED	✓	✓	✓	✓	✓	×	×	×	×
Fiona Dalton CEO	✓	✓	✓	✓	✓	✓	✓	✓	✓

How is executive performance assessed?

The remuneration committee also takes an active role in seeking assurance that the performance of executive directors is actively managed by the chief executive. Executive directors are set a series of annual objectives in April, which reflect the short, medium, and long term aspirations of the Trust as set out in the Annual Plan and 'Forward Vision' document. Their performance is assessed against these objectives at an annual appraisal, and throughout the year.

The chief executive makes a report to the remuneration committee annually to describe how executive directors have performed, and any appropriate action that should be taken to improve performance or support personal development is considered.

Do any executives receive performance related pay or bonuses?

No element of the executive and non-executive directors' remuneration is performance related at present.

How is a new executive director appointed?

The process for recruiting executive directors is considered by the appointment and remuneration committee as the need arises, and involves an analysis of the skills required by the next appointee to the vacancy, both at Board and functional level. The recruitment process will always involve external advertisement, and generally includes an executive search.

Three new executive directors were appointed this year in partnership with an executive search agency who conducted a national advertising programme.

The selection process of a new executive involves key stakeholders from within and outside the Trust, and is normally completed through a rigorous process to ensure suitable fit with the role and the values of the organisation.

We also assess successful candidates against the nationally mandated Fit and Proper Persons requirements (FPPR).

Governors' nomination committee

What is the governors' nomination committee?

The governors' nomination committee is a formal group led by the chair of the Trust and Council of Governors. Its purpose is to select new non-executive directors; decide pay and remuneration, and to oversee the process of managing performance. Further information can be found on pages 42 and 46.

How are non-executive directors appointed?

Non-executive directors are appointed by the governors' nomination committee, a committee of the Council of Governors, in accordance with the 'Recruitment process for NED's and Chair Policy' as agreed by the Council of Governors in December 2011.

The governors' nomination committee successfully led the appointment of a new chair (Mr Peter Hollins) following a national advert. The chairman and governor also led the process for the appointment of a new non-executive director, Ms Jenni Douglas Todd, following a national advert and selection process.

How is pay decided for non-executive directors and the chairman?

The remuneration of the chair and non-executive directors is determined by the governors' nomination committee. Their decisions are passed to the full Council of Governors as recommendations for the Council of Governors to endorse or reject as it sees appropriate.

The committee comprises five governors and the chair. The chief executive and associate director of human resources are in attendance at all meetings to advise the committee. The associate director of corporate affairs is in attendance to keep an appropriate record of proceedings. None of these Trust officers are members of the committee.

The chair does not attend any part of the meetings when matters relating to the chair's remuneration are discussed. This part of the meeting is chaired by the senior independent director, or an independent chair from another Trust.

How does the committee assess performance of non-executives?

The chair undertakes the performance review of the non-executive directors. The senior independent director will appraise the chair. The performance reviews and appraisals of the chair and non-executive directors are fed back to the governors' nomination committee. This process was agreed by the Council of Governors in December 2011, and has been refreshed in subsequent years.

How long are Board contracts?

- All executive directors have a substantive contract of employment.
- The chair and non-executive directors are appointed for a term of three years; prior to becoming a Foundation Trust the term of office was four years. All may be reappointed for a further term of office should they wish, with the approval of the governors' nomination committee and Council of Governors.

The chair and non-executive director appointments are due for renewal as shown:

Name	Position	Term of Office commenced	Term of Office ends
Peter Hollins	Chair	1 April 2016	31 March 2019*
Simon Porter	Senior independent director	1 June 2015 (This is his second term. His first term was 1 June 2011 to 31 May 2015)	31 May 2018**
Iain Cameron	Non-executive director	19 December 2014 (This is his second term. His first term was 19 December 2011 to 18 December 2014).	18 December 2017
Lynne Lockyer	Non-executive director	1 October 2014 (This is her second term. Her first term was 1 October 2011 to 30 September 2014).	30 September 2017
David Price	Non-executive director	28 July 2014	27 July 2017
Jenni Douglas Todd	Non-executive director	1 April 2016	31 March 2019
Mike Sadler	Non-executive director	1 September 2014	31 August 2017

*The chair was appointed by the Council of Governors on 9 December 2015.

** Mr Simon Porter was reappointed for a further three year term, with effect from 1 June 2015 to end 30 May 2018 by the Council of Governors on 17 March 2015.

Payments for loss of office

As set out in the annual statement on remuneration, the role of director of strategy and business development was dissolved, and the post holder was released in line with entitlements set out in their terms and conditions of employment.

The specific aspects of the payment were as follows:

Aspect	Amount
Redundancy pay	£40,153
Notice pay	£69,923
Accrued annual leave	£25,128

There were no performance concerns; or conduct concerns with the individual, and the amount was approved by the appointment and remuneration committee.

In addition, a non-executive director came to the end of their term and the post was not replaced. There was no payment for loss of office for this post. These actions have resulted in a recurrent saving to the Trust management of approximately £150,000 per year.

Off-payroll engagements

The Trust is required to see assurances regarding the income tax and national insurance obligations of any senior staff engagements not paid through payroll and to report any engagements of more than £220 per day for more than six months.

There are no off-payroll engagements of Board members or senior officials with significant financial responsibility.

The Trust does not have a specific policy on off-payroll arrangements. All permanent staff employed are paid through the Trust's payroll. Contractors undertaking a temporary assignment for the Trust will be paid through other mechanisms for services provided. In these cases, the Trust ensures it complies with HM Revenue and Customs guidance for all staff paid more than £220 per day and confirms the tax and national insurance status of the contractor. As part of its controls in this area, the Trust continually reviews payments to temporary staff and contractors.

Table 1: For all off-payroll engagements as of 31 March 2016, for more than £220 per day and that last for longer than six months	
No. of existing engagements as of 31 March 2016	Nil
Of which…	
No. that have existed for less than one year at time of reporting.	Nil

Remuneration of senior managers 2015/16

	2015-16					
Executive director	**Salary (bands of £5000) £000**	**Taxable benefits Rounded to the nearest £100**	**Annual performance related bonus (bands of £5000) £000**	**Long term performance related bonus (bands of £5000) £000**	**Pension benefits (bands of £2500) £000**	**Total (bands of £5000) £000**
Ms G Byrne	55-60	n/a	n/a	n/a	110-112.5	170-175
Prof I Cameron	10-15	n/a	n/a	n/a		10-15
Ms F Dalton	190-195	n/a	n/a	n/a	12.5-15	200-205
M D French	25-30	n/a	n/a	n/a	40-42	65-70
Ms J Gillow	70-75	n/a	n/a	n/a		70-75
Mr P Goddard	25-30	n/a	n/a	n/a	2.5-5	30-35
Ms J Hayward	130-135	n/a	n/a	n/a	7.5-10	140-145
Mr P Hollins	15-20	n/a	n/a	n/a		15-20
Ms Lockyer	10-15	n/a	n/a	n/a		10-15
Dr MJ Marsh	30-35	n/a	n/a	n/a	100-102.5	130-135
Dr C Marshall	180-185	n/a	n/a	n/a	17.5-20	200-205
Mr A Matthews	90-95	n/a	n/a	n/a	7.5-10	100-105
Mr M Murphy	185-190	n/a	n/a	n/a	15-17.5	200-205
Mr S Porter	15-20	n/a	n/a	n/a		15-20
Dr D Price	10-15	n/a	n/a	n/a		10-15
Dr M Sadler	10-15	n/a	n/a	n/a		10-15
Ms L Samuels	10-15	n/a	n/a	n/a		10-15
Dr D Sandeman	165-170	n/a	n/a	n/a	102.5-105	270-275
Mr J Trewby	50-55	n/a	n/a	n/a		50-55

During the year, nine senior managers (12 in 2014/15) incurred expenses in the course of business totalling £9,296. These relate mainly to travel and subsistence. Note: the data provided in the table above is based on the number of completed months service in year. Following leavers in year: Mr Matthews and Mrs Gillow - October 2015. Mr Murphy - December 2015 and Ms Samuels - Feb 2016.

Comparison with 2014/15

	2014/15					
	Salary (bands of £5000) £000	Taxable benefits Rounded to the nearest £100	Annual performance related bonus (bands of £5000) £000	Long term performance related bonus (bands of £5000) £000	Pension benefits (bands of £2500) £000	Total (bands of £5000) £000
Prof I Cameron	10-15	n/a	n/a	n/a		10-15
Ms F Dalton	190-195	n/a	n/a	n/a	127.5-130	320-325
Mr G Davies	5-10	n/a	n/a	n/a		5-10
Ms J Gillow	135-140	n/a	n/a	n/a	0	135-140
Ms J Hayward	130-135	n/a	n/a	n/a	0	130-135
Mr P Hollins	15-20	n/a	n/a	n/a		15-20
Ms Lockyer	10-15	n/a	n/a	n/a		10-15
Dr MJ Marsh	205-210	n/a	n/a	n/a	0	205-210
Dr C Marshall	180-185	n/a	n/a	n/a	5-7.5	185-190
Mr A Matthews	155-160	n/a	n/a	n/a	0	155-160
Mr M Murphy	120-125	n/a	n/a	n/a	15-17.5	135-140
Mr S Porter	15-20	n/a	n/a	n/a		15-20
Dr D Price	5-10	n/a	n/a	n/a		5-10
Dr M Sadler	5-10	n/a	n/a	n/a		5-10
Ms L Samuels	10-15	n/a	n/a	n/a		10-15
Mr J Trewby	55-60	n/a	n/a	n/a		55-60

Pension benefits of senior managers

	2015-16							
Name and Title	Real increase in pension at age 60 (bands of £2500) £000	Real increase in pension lump sum at age 60 (bands of £2500) £000	Total accrued pension at age 60 at 31 March 2016 (bands of £5000) £000	Lump sum at age 60 related to accrued pension at 31 March 2016 (bands of £5000) £000	Cash equivalent transfer value at 31 March 2016 £000	Cash equivalent transfer value at 31 March 2015 £000	Real increase in Cash equivalent transfer value £000	Employers contribution to stakeholder pension £000
Ms G Byrne	2.5-5	7.5-10	35-40	105-110	706	574	30	
Ms F Dalton	0-2.5	0-2.5	40-45	115-120	593	570	8	
Ms J Gillow	0-2.5	0-2.5	65-70	200-205	1523	1523	0	
Mr D French	0-2.5	0-2.5	15-20	0-5	177	141	3	
Mr P Goddard	0-2.5	0-2.5	30-35	95-100	534	500	3	
Ms J Hayward	0-2.5	2.5-5	45-50	140-145	852	812	15	
Dr MJ Marsh	0-2.5	0-2.5	55-60	165-170	1045	942	7	
Dr C Marshall	0-2.5	2.5-5	60-65	185-190	1345	1277	26	
Mr A Matthews	0-2.5	0-2.5	15-20	45-50	304	280	6	
Mr M Murphy **	0-2.5	0-2.5	10-15	0-5	138	117	7	
Dr S Sandeman	2.5-5	12.5-15	60-65	185-190	1351	1184	62	

As non-executive members do not receive pensionable remuneration, there are no entries in respect of pensions for non-executive members.

** Mr M Murphy was a member of the 2008 Pension Scheme and therefore the benefits are calculated at age 65 years.

Median remuneration

The Trust is required to disclose the relationship between the remuneration of the highest paid director and the median remuneration of the workforce

Figures for 2014/15 are shown in brackets:

- The banded remuneration of the highest paid director for the year to 31 March 2016 was £197.0k (£205.0k). This was 6.8 (6.6) times the median remuneration of the workforce which was £29.0k (£31.4k).
- The banded remuneration of the chief executive for the year to 31 March 2016 was £190.0k (£190.0k). This was 6.6 (6.1) times the median remuneration of the workforce which was £31.4k (£31.4k).
- For the year three (two) employees received remuneration in excess of the highest paid director.
- Remuneration ranged from £15.0k to £207.8k (£13.3k to £250.4k).

Remuneration report: disclosure of pension entitlements

On 16 March 2016, the chancellor of the exchequer announced a change in the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate from 3.0% to 2.8%. This rate affects the calculation of cash equivalent transfer value (CETV) figures in this report.

Due to the lead time required to perform calculations and prepare annual reports, the CETV figures quoted in this report for members of the NHS Pension scheme are based on the previous discount rate and have not been recalculated.

Staffing data

We employ over 10,500 staff in a diverse range of roles. The data below presents the staff breakdown for the Trust. Table 1 indicates the substantively employed staff in the organisation. Table 2 includes staff who are engaged on fixed term contract, bank, or honorary contract positions.

Doctors in formal training are employed on fixed term contracts, as they will rotate to different employing organisations during their training periods. This accounts for a high number of medical fixed term contracts.

Table 1:

Staff Group	FTE	Headcount
Add Prof Scientific and Technic	312.9	353
Additional Clinical Services	1420.5	1659
Administrative and Clerical	1448.0	1662
Allied Health Professionals	462.8	529
Estates and Ancillary	365.3	394
Healthcare Scientists	262.7	287
Medical and Dental	599.4	632
Nursing and Midwifery Registered	2872.9	3255
Grand Total	**7744.2**	**8771**

Table 2:

Staff Group	FTE	Headcount
Add Prof Scientific and Technic	20.8	28
Additional Clinical Services	65.7	154
Administrative and Clerical	144.0	464
Allied Health Professionals	15.2	63
Estates and Ancillary	7.0	49
Healthcare Scientists	20.3	32
Medical and Dental	743.3	1196
Nursing and Midwifery Registered	169.2	266
Grand Total	**1185.5**	**2252**

Our workforce is predominantly female (Figure 3), and the Trust is well represented by senior female leaders in executive director positions (Figure 5).

Figure 3:

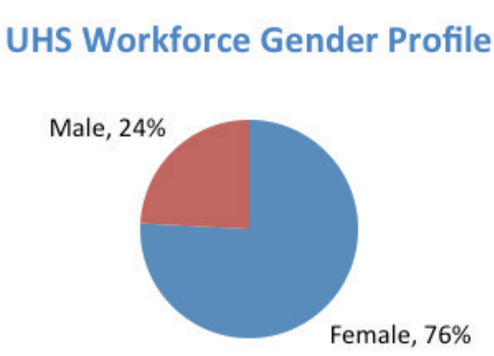


Figure 4:

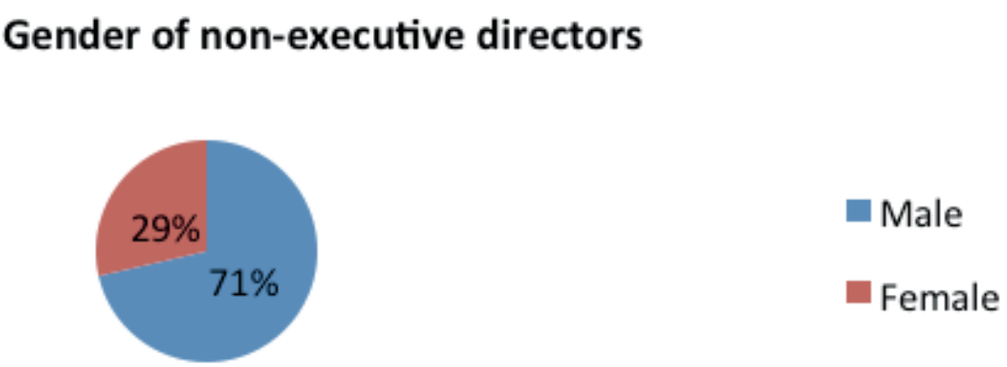
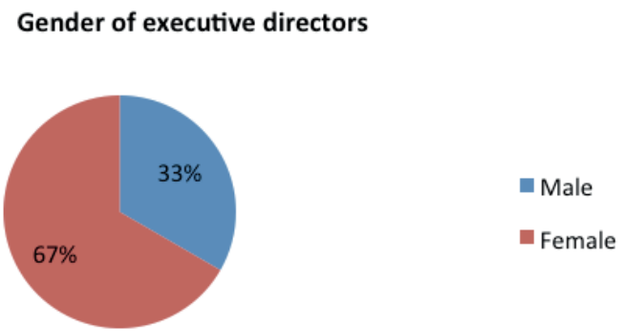


Figure 5:

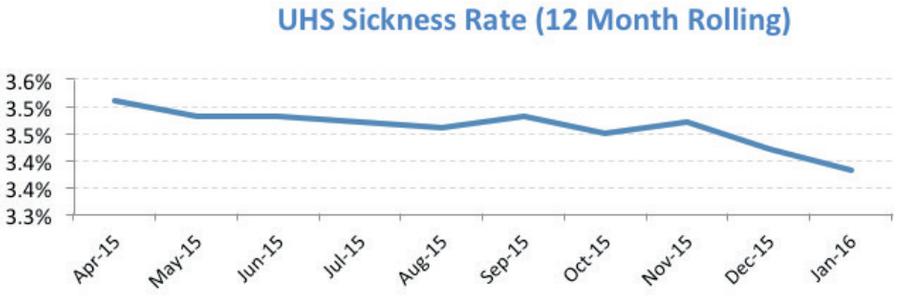


Health and wellbeing of staff

The health and wellbeing of our staff is a key focus for us. Our established occupational health function provides services to UHS and other partner organisations, as well as a range of support services for staff including a 24 hour Employee Assistance Programme providing emergency health and wellbeing advice and support. It will also arrange for support to aid rehabilitation through the 'Return to Health' programme, which was nationally recognised in 2011. This function helps people on long term sickness absence back to work in a supportive and effective manner.

Each staff members' annual appraisal also includes a wellbeing discussion, which helps us to identify any issues at work, or with work life balance, and discuss what support we can provide.

Staff absence is managed robustly by line managers, in partnership with human resources and occupational health. Our sickness absence levels compare favourably to other NHS trusts. Review meetings are held if and when attendance levels fall in order to discuss how we can support the individual. We also provide regular training to line managers throughout the year to help them address sickness absence.



How do we support staff with disabilities?

The Trust has a range of policies and procedures to support staff who are, or who become disabled. We appropriately manage recruitment applications; ensuring that reasonable adjustments are made at interview, and during employment for individuals who meet the minimum requirements of the person specification for the role. The Trust has guidance in its policies to support disabled employees, and works to retain the employment of disabled staff by considering alternative roles where appropriate.

A key aspect of our 2016/17 plan to improve staff experience will focus on disabled staff, and progress will be managed through the Trust's equality and diversity steering committee. More information is available in the equality and diversity section of this report.

How does the Trust inform and consult staff?

We have two forums through which we inform and consult staff on a regular basis. For medical staff there is a monthly Local Consultation and Negotiation Forum (LCNC), in which senior managers meet with local staff representatives to discuss a range of issues.

For all other staff, we run a monthly Staff Partnership Forum (SPF) where key representatives from local trade union groups meet with management to share information updates and to discuss issues, consult on plans and so on. A rotational agenda is set up, which ensures a range of briefings on key subjects (IT, training, estates, and commercial development, operational pressures and so on) on a regular basis.

Both forums share chairing arrangements between staff and management, and executive directors and senior managers regularly attend.

Major project developments will also include a local staff representative, as part of steering groups to ensure positive levels of union engagement.

Information is also provided to staff through a range of briefings, such as monthly Core Brief sessions, weekly staff briefing emails, and a monthly blog by the CEO. Our internal staff website (StaffNet) also provides regular updates and a range of information on policy and procedure.

How does the Trust prevent and tackle fraud?

For full details on the robust measures we have in place to tackle fraud please see page 27.

Responding to the annual staff attitude survey

UHS can celebrate many aspects of the 2015/16 annual staff survey results. It continues to show our progress towards our vision to create an organisation where we can recruit, motivate, and develop the highest calibre of staff. We're proud of our achievements but need to continue to improve in a number of areas.

The key items to celebrate from the 2015/16 staff survey are:

✔ We have remained in the top 20% for staff engagement scores. This includes the advocacy, motivation and involvement of our staff.

✔ Our results overall remain better than average and in 12 out of 32 scoring areas we are in the top 20% of acute trusts. The areas in the top 20% include focus on health and wellbeing, openness of reporting incidents, appraisals undertaken, support communication and recognition from Trust management, effective team working.

✔ 76% of UHS staff would recommend the employer as a place to work (Q4 FFT results).

✔ 90% would recommend UHS as a place to be cared for (Q4 FFT results).

There are some areas where we need to provide more focus and improvement:

- Our scores for staff with a disability remain lower than other areas. This category represents the most dissatisfied staff group.
- Our results for BME staff have deteriorated in relation to discrimination and equal opportunity. Engagement scores however remain high for this group.
- Staff experiencing and reporting violence, aggression, and discrimination needs more specific focus.
- Bullying and harassment of staff is at 23%. Whilst below the national average of 28%, it is still a concern and requires a continued and focused piece of work.

How do we compare to other NHS Trusts?

UHS performs very well against other comparable NHS acute Trusts. From the 32 key findings:

✔ We rank 23rd out of 137 acute trusts for staff engagement (In the top 20%).

✔ We're in the top 20% of all acute trusts for 12 of the key findings.

✔ We are better than average compared to other acute trusts for three of the key findings.

● We score average compared to other acute trusts for 10 of the key findings.

✘ We are in the bottom 20% of all acute trusts for two of the key findings (reporting experiences of violence, and reporting experiences of harassment, bullying and abuse).

How many staff responded?

During 2014, the survey was issued to all members of staff electronically for the first time. This continued in 2015, and the HR team have continued to provide opportunities for paper copies, or the use of iPads to support completion in areas where regular access to a computer is unlikely.

Our overall rate of return fell in 2015 as below. This is in line with other trusts who have also seen a reduction in response rates.

	UHS 2014	**UHS 2015**	**Improvement or deterioration**
Response rate	47% (4226 people)	39% (3573 people)	8% reduction in response rate.

Our top four ranked scores

Top four ranked scores (compared to the national average for all other acute trusts)	**Staff survey 2014**		**Staff survey 2015**		**Improvement or deterioration from previous year**
	UHS	**National Average**	**UHS**	**National Average**	
KF18 – Percentage of staff feeling pressure in the last 3 months to attend work when feeling unwell	52%	NA	51%	59%	Key findings recalculated in 2015 – 52% figures for 2014 represents the recalculated score. 1% improvement.
KF31 – Staff confidence and security in reporting unsafe clinical practice	3.79	3.35	3.76	3.62	0.03% deterioration – not statistically significant.
KF15 – Percentage of staff satisfied with the opportunities for flexible working patterns	Question not asked in 2014		55%	49%	NA
KF7 – Percentage of staff able to contribute towards improvements at work	72%	68%	74%	69%	2% improvement

Bottom four ranked scores

Bottom four ranked scores (compared to the national average for all other acute Trusts)	Staff survey 2014		Staff survey 2015		Improvement or deterioration from previous year
	UHS	National Average	UHS	National Average	
KF24 – Percentage of staff reporting most recent experience of violence	Question not asked in 2014		48%	53%	NA
KF 27 – Percentage of staff reporting most recent experience of harassment, bullying or abuse	Question not asked in 2014		30%	37%	NA
KF2 – Staff satisfaction with the quality of work and patient care they are able to deliver	3.90	3.85	3.92	3.93	0.02 improvement – not statistically significant.
KF20 – Percentage of staff experiencing discrimination at work in the last 12 months	11%	11%	11%	10%	No change.

How we plan to respond?

A plan has been developed which helps us to capitalise on and celebrate the areas where we are doing well, but to address the areas that require improvement. This is crucial to the delivery of our vision.
The Trust will:

- Develop a CEO-led campaign to clamp down on bullying, harassment, and discrimination.
- Plan and implement a stream of work to focus on the motivation of our staff, delivering further improvements in our overall staff experience score and our ranking nationally.
- Take further steps to protect front line staff from abuse, discrimination, and violence from patients and service users. To take steps to increase reporting by staff of these events, through our electronic incident reporting process.
- Through the equality, diversity and inclusion committee; and in partnership with the long term illness and disability group, develop a clear plan for improving the experience of both our disabled and our BME staff.
- Use the data from the annual staff survey, and Friends and Family Test to continue to inform the work on increasing permanent recruitment and reducing our staff turnover.

Progress of this plan will be monitored regularly and reported at intervals to the Trust executive committee and Trust Board.

Staff exit packages

As a foundation trust, we are required to make disclosures regarding exit packages which have taken place during the financial year. The following table provides anonymised data for those packages.

Exit package band	Number of compulsory redundancies	Number of other departures	Total number of exit packages by cost band
<£10,000	1	0	1
£10,000 - £25,000	10	1	11
£25,000 - £50,000	8	0	8
£50,000 - £100,000	4	0	4
£100,000 -£150,000	3	0	3
£150,000 - £200,000	0	0	0
Total number of exit packages by type	26	1	27
Total Resource Costs	£1,124,004	£9,734	£1,133,738

Non-compulsory departure payments

Type of exit	Agreement number	Total value
Voluntary Redundancies including early retirement contractual costs	0	0
Mutually Agreed Resignations (MARS) Contractual Costs	0	0
Early Retirements in the efficiency of the service contractual costs	0	0
Contractual payments in lieu of notice	4	£104,730
Exit payment following tribunal or court orders	0	0
Non-contractual payments requiring HMT approval	0	0
Total	4	£104,730
Of which non-contractual payments requiring HMT approval where the value was more than their annual salary	0	0

Training, development and workforce

We want our patients to be cared for by individuals who have received strong training, are skilled, and who enjoy and value our investment in their personal development, which is why we are committed to delivering a comprehensive education programme. There were some exciting developments within this area in 2015/16:

- Our first two scientist practitioners, who work to support the diagnostic aspects of investigations in neurophysiology and cardiac physiology, successfully completed their training and are performing their roles within their respective departments. As part of the training programme our neurophysiology scientist practitioner completed a rotation within ophthalmology and is now supporting this service two days a week.

- We hosted our first recruitment open day for the Scientist Training Programme in January 2016, which received positive evaluations. We have a record number of allocated training places for September 2016 – nine in total across all disciplines.

- To support those training in the workplace, and to save time and money, we piloted a 'Train the Trainer' day for the Scientist Training Programme (the only other course is held in Birmingham). The event proved successful so we repeated it and now intend to run a minimum of one event per year locally.

- In November 2015, the Education Quality Team launched the updated Evaluation Strategy to support the organisational development of education, both within the department and across divisions.

- Health Education England (Wessex Office) visited UHS to complete their Education Quality Review. This was a positive meeting which clearly highlighted the commitment and quality of the education and training opportunities we provide.

- We achieved Matrix accreditation in January 2016. This external national assessment of the way in which we provide career advice and support for our own staff and students in local schools and colleges identified the high quality of service we provide. This will enable us to continue to access funding for apprenticeships from the Skills Funding Agency.

- UHS continues to be involved in national projects around the development needs of health support staff. We are a lead player in the creation of the National Skills Academy for Health Southampton and Solent Excellence Centre, the Trailblazer Health apprenticeship steering group and the Talent for Care implementation group. The Talent for Care Partnership pledge (which was signed by Fiona Dalton, Jo Mountfield and Tina Lanning in January 2016) commits the Trust to implementing the Talent for Care strategic intentions and this forms the structure of the Trust's new Health Support Staff development strategy.

- The new Skills for Practice team (comprised of the clinical skills, simulation skills and vocational skills teams) is tasked with delivering a coordinated approach to the planning and delivery of clinical skills, communication skills and apprenticeships education programmes, which are available for all staff groups in the Trust, as well as our students.

- UHS has implemented the nationally agreed Care Certificate for all new healthcare assistants when they are recruited into new posts and work will continue to further embed this in the coming year. The Care Certificate support the initial training of all new healthcare support workers coming into the NHS and support competences in the healthcare environment.

- The electronic assessment for practice portfolio (eAOPP) has now been introduced and implemented for physiotherapy and occupational therapy students by the Faculty of Health Science at the University of Southampton. As with the nursing and midwifery students the eAOPP will improve the quality of ongoing student assessment and returns for placements.

- The Allied Health Professional (AHP) teams (physiotherapy, occupational therapy, speech and language and nutrition and dietetics) have updated their external web pages to provide more comprehensive information for students who are looking to enquire about elective placements, and they have also streamlined the process for the AHP areas.

- UHS has been awarded extra funding to continue to support the development of advanced practice across the organisation.

- The leadership development team have been exploring ways to achieve greater synergy with the cost improvement and business transformation team. This has already resulted in a successful joint bid to Heath Education Wessex to run their team fellowships for quality improvement.

- We continue to quality assure our longer leadership and management development programmes by evaluating pre and post impact assessments completed by participants and their managers against the leadership qualities framework. Results indicate an improvement in leadership capability post completion.

- In leadership development we are committed not only to delivering training solutions ourselves, but enabling others to develop themselves, their colleagues and their teams. To this end we have trained two groups of action learning practitioners, continued to grow and develop our internal MBTI community of practice and are helping train others to facilitate stress focus groups.

- The workforce systems team, who joined the directorate this year, continue to
  - provide rota review advice and support for more than 100 rotas for junior doctors
  - support managers and staff in the use of the Trust's electronic rostering system
  - support medical managers and consultants in the use of the Trust's electronic job planning system
  - provide monthly workforce reports to inform and improve decision support about recruitment, and safe staffing

- We are implementing SafeCare, a module of HealthRoster, which helps us to better understand and show the impact of patient volume, acuity and dependency on demand for nurses on a shift-by-shift basis. This enables us to make appropriate decisions around safe staffing real-time using nursing hours per patient day rather than ratios of beds to nurses.

- We published the Trust's annual workforce plan and five year workforce forecast.

Regulatory ratings

Monitor risk ratings

Our regulator, Monitor, uses risk ratings to assess whether or not we are meeting the commitments we have made to run our hospital effectively.

In accordance with the risk assessment framework, Monitor reviews the Trust's compliance with two specific aspects of its provider licence:

- The continuity of services; significant risks to financial sustainability which endangers the continuity of services
- Governance; poor governance including poor financial governance and inefficiency

Monitor assigns the Trust with a Financial Sustainability Risk Rating (FSRR). This is calculated using a capital service metric, liquidity metric, income and expenditure margin metric and variance from plan metric. The FSRR ranges from '1', the most serious risk, to '4', the lowest risk.

In addition to the FSRR, we are also assigned a governance rating. The governance rating is determined using information from a range of sources including the outcomes of CQC inspections.

The governance rating assigned to the Trust reflects Monitor's views of the strength of its governance, giving specific consideration of the Trust's performance against access targets including the 18 week referral to treatment, ED four hour wait, national cancer standards and a range of other measures including our infection rates.

- 'Green' rating: no governance concern evident or no formal investigation being undertaken
- 'Under Review' rating: potential material concerns with the Trust's governance
- 'Red' rating: enforcement action being taken

It is important to note the ratings do not automatically indicate a licence breach or trigger regulatory action. Rather, they prompt Monitor to consider where a more detailed investigation may be necessary.

Risk ratings during 2015/16

	Annual Plan	Q1 2015/16	Q2 2015/16	Q3 2015/16	Q4 2015/16
Financial sustainability risk rating	3	2	2	2	2
Governance risk rating	Green	Under review	Under review	Green	Green

Risk ratings during 2014/15

	Annual Plan	Q1 2014/15	Q2 2014/15	Q3 2014/15	Q4 2014/15
Continuity of service rating	3	2	2	2	3
Governance risk rating	Green	Green	Green	Green	Under review

In March 2015 the Trust's governance risk rating was 'Under Review'. This rating was triggered as a result of the Trust's failure to meet the ED four hour target along with concerns being raised over our ability to deliver the agreed financial plans.

In quarter 1 of 2015/16, we developed and agreed an ED Recovery Action Plan with commissioners. In addition action plans were developed to strengthen the Trust's financial governance. Our performance has been subject to scrutiny and review both internally and through performance meetings held with regulators. In December 2015, Monitor confirmed it had closed its investigation and adjusted the Trust's governance risk rating to 'green'.

Monitor changed their financial risk rating methodology from Continuity of Services Risk Rating to Financial Sustainability Risk Rating (FSRR) during quarter 2 of 2015/16.

The FSRR metrics within the Trust's Annual Plan anticipated a score of '2' in the first three quarters of the year, increasing to '3' in Q4. The actual performance has been '2' in all quarters. Whilst the post-impairment deficit was better than planned, the performance excluding impairments was marginally worse than Plan which caused the Q4 FSRR to be '2' rather than '3'. This was not a consequence of failure to deliver the required financial targets, but due to spending less than expected on exceptional costs which do not count in some of the metrics.

Statement of the chief executive's responsibilities as the accounting officer

The NHS Act 2006 states that the chief executive is the accounting officer of the NHS foundation trust. The relevant responsibilities of the accounting officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the NHS Foundation Trust Accounting Officer Memorandum issued by Monitor.

Under the NHS Act 2006, Monitor has directed University Hospital Southampton NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of University Hospital NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the accounting officer is required to comply with the requirements of the NHS Foundation Trust Annual Reporting Manual and in particular to:

- observe the Accounts Direction issued by Monitor, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual have been followed, and disclose and explain any material departures in the financial statements
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance
- prepare the financial statements on a going concern basis.

The accounting officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and to enable him/ her to ensure that the accounts comply with requirements outlined in the above mentioned Act.

The accounting officer is also responsible for safeguarding the assets of the NHS foundation trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in Monitor's NHS Foundation Trust Accounting Officer Memorandum.

Fiona Dalton, chief executive
24 May 2016

Annual governance statement

As accounting officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS foundation trust's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the NHS foundation trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the NHS Foundation Trust Accounting Officer Memorandum.

The purpose of the system of internal control

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

The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of the policies, aims and objectives of University Hospital Southampton NHS Foundation Trust;
- evaluate the likelihood of those risks being realised and the impact should they be realised; and
- manage them efficiently, effectively and economically.

The system of internal control has been in place in University Hospital Southampton NHS Foundation Trust for the year ended 31 March 2016 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

University Hospital Southampton NHS Foundation Trust is committed to providing high quality services in environments which are safe for patients, visitors and staff. The Board is committed to providing the resources and support systems necessary to ensure that action is taken to address all identified risks which are assessed as unacceptable to the organisation.

As accounting officer, I am ultimately responsible for the management of risk and the Board oversees that appropriate structures and robust systems of internal control and management are in place. The director of nursing and organisational development is the designated executive director with Board level accountably for clinical quality and safety supported by the medical director.

The Risk Management policy has been published on the Trust's intranet which is available to all staff and bespoke risk management training is provided to divisions and care groups. To support this training there is documented guidance on risk and safety management including comprehensive policies and procedures available on the Trust intranet. There is also a Trust Whistle Blowing Policy and a 'raising concerns' helpline in place.

The Trust is committed to the sharing of good practice and learning from incidents, complaints and patient feedback and it achieves this through:

- the prompt dissemination of safety alerts, recommendations and guidelines made by central bodies such as NHS England, the Medical Healthcare Regulatory Authority (MHRA) and the National Institute for Health and Care Excellence (NICE)
- root cause analysis of serious incidents
- policies that encourage timely and transparent reporting and investigation of adverse incidents and complaints
- feedback on learning and good practice through 'Safety Matters' communications and updates provided to quality governance steering group and divisional and care group governance meetings
- clinical audit
- staff appraisal

The risk and control framework

The Board of Directors is responsible for overseeing the Trust's governance programme. It delegates key duties and functions to its sub-committees. There are four committees within the structure that provide assurance to the Board, these are:

- **Audit and assurance committee**: Provides objective assurance to the Board and management as to the adequacy and effectiveness of the organisation's system of internal control. In addition to this the committee is responsible for ensuring that all statutory elements of clinical governance are adhered to within the Trust. This includes maintaining oversight of the Trust's risk management structures and processes.

  The audit and assurance committee considers the findings and recommendations of internal and external audit reports, counter fraud reports, patient safety reports and monitors the Trust's Corporate Risk Register and Assurance Framework.

- **Quality and performance committee**: Chaired by a non-executive director, this committee provides a forum for additional scrutiny of the delivery of any non-financial performance issues. Scrutiny is focused on performance against elective or emergency access targets or other quality issues.

- **Strategy and finance committee**: Chaired by a non-executive director, this committee provides scrutiny of the financial performance and strategy of the Trust; this includes the monitoring of in-year performance to ensure year-end financial targets are achieved, the review of strategic, annual and short term financial plans alongside major business cases.

- **Trust executive committee**: Chaired by the chief executive, this is the Trust's nominated risk committee responsible for advising on key issues, which affect the delivery of services within the Trust, specifically with regards to the quality and safety of patient services and staff experience. In addition the committee is responsible for monitoring operational and financial performance, prioritisation and control of resources and oversight, and the assessment and monitoring of risk and governance.

There are a range of mechanisms available to these committees to gain assurance that our systems are robust and effective. These include peer review, external inspection, service accreditation, monthly KPI and management reporting, clinical audit and internal and external audit. The Board of Directors receives regular reports from its sub-committees on matters covered, risks and issues identified and actions taken. The chair of each committee is required to provide an update at each Board meeting.

The Trust's Risk Management Strategy and Policy set out responsibilities for all staff in relation to risk identification, assessment and management. The risk management approach of setting objectives and then identifying, analysing, prioritising and managing risk is embedded throughout the organisation. The process starts with the systematic identification of risks throughout the organisation via structured risk assessments. Identified risks are documented on risk registers. These risks are then analysed in order to determine their relative likelihood and consequence using a 5x5 matrix.

Risks assessed as 'low' represent the lowest levels of threat and actions are limited to contingency planning rather than active risk management action. Such risks are recorded onto local risk registers with monitoring undertaken through care group or team meetings.

Risks assessed as 'moderate' represent moderate levels of opportunity/threat which may have a short-term impact on organisational objectives. Risks in this category are recorded onto divisional risk registers along with supporting action plans for risk treatment. All risks have been subject to ongoing review and monitoring via the divisional management team and care group meetings together with the status of controls in place and risk treatment.

A 'significant' risk is defined as any risk which has been identified as being potentially damaging to the organisation's objectives. Significant risks are those assessed as having a risk rating of 15 or above. Risks rated at 20 and above are incorporated within the Trust's Corporate Risk Register and are subject to review and scrutiny at the quarterly meetings of the audit and assurance committee.

In addition to the Corporate Risk Register, the Trust has an Assurance Framework in place, designed to provide the Trust with a method for the effective and focused management of the principal risks which may impact on the achievement of the Trust's strategic priorities.

The Trust's Assurance Framework sets out:

- strategic priorities
- principal risks
- mitigating controls
- assurances on controls
- gaps in control
- gaps in assurance
- action plans

The audit and assurance committee regularly review the levels of risk identified and the controls in place to manage them. A summary of the principle governance risks managed during the year is provided below:

Principal risk	How they are managed / mitigated / outcomes
Failure to meet four hour emergency access target	Internal processes within the emergency department have been improved alongside improving responsiveness from wards. Escalation processes have been implemented for breaches as well as weekly reviews. The Trust continues to work with the local health and social care network to reduce delayed discharged including use of the private sector where appropriate. Performance against this target is closely monitored and reported to both the quality and performance committee and Trust Board monthly via the integrated performance report.
Failure to maintain staffing levels that reflect the needs of patients and are sufficiently flexible to support variability in demand	New funds have been made available as part of ward staffing reviews. E-rostering is in place for all ward staff and the Trust has a single centralised bank for nursing and midwife posts. Daily reviews of patient acuity and dependency alongside nursing skill mix is undertaken in all ward areas as well as weekly and monthly staffing reviews to ensure that any staffing gaps are identified and addressed. Focused recruitment strategies have been developed for 'hot spot' areas. A staffing status report is presented to the Trust executive committee and Trust Board on a monthly basis providing assurance around staffing risks.
Inability to balance demand and capacity: Operational risks have been identified across a number of services/ specialties linking to issues around system capacity and delayed transfers of care	Weekly capacity meetings are held between operations, nursing and estates. Daily operational management reviews include an assessment of system capacity and escalation requirements. Plans to reduce length of stay have been developed with strong levels of clinical leadership and oversight. Annual and three year capacity plans have been developed with links to wider system capacity plans. Work continues with the local health social care network to reduce delayed discharges.
Failure to deliver financial plan as agreed with Monitor	Robust budget setting and monitoring processes are in place. A RAG rating system has been implemented to monitor the delivery of cost improvement plans. Divisional management teams attend routine financial recovery meetings with the chief executive and chief financial officer. The Trust has undertaken a number of workforce restructures and service reviews to identify efficiencies, improvements and cost reductions. Monitoring of the financial position takes place monthly at strategy and finance committee, Trust executive committee and Trust Board.

Principal risk	How they are managed / mitigated / outcomes
Failure to deliver an estate fit for purpose	There are a significant number of risks relating to the estate across the Trust and this was also identified by the CQC inspection in December 2014. The Trust has an estates strategy and an agreed capital programme. The Trust is working with local partners and, where appropriate, using charitable funds to address the issues with the estate alongside implementing a clearer internal prioritisation mechanism for estates work. The Trust's strategy and finance committee has oversight of this issue.
Failure to achieve national cancer standards	The Trust has implemented a comprehensive action plan which is reviewed at weekly performance meetings. Performance against these standards are closely monitored and reported to the Trust Board monthly via the integrated performance report.
Failure to deliver Patient Improvement Framework (PIF) priorities for 2015/16	Corporate and divisional leads have been identified to support delivery of the PIF priorities which include high harm falls and pressure ulcers. Ward quality accreditation reviews have been introduced to assess delivery of the priorities and Friends and Family test feedback is also monitored. Progress is reported at divisional performance reviews, quarterly via the outcomes, patient experience and safety reports to the Trust executive committee, quality and performance committee and Trust Board via the Integrated Performance Report.
Organisational performance against CQC regulatory compliance standards deteriorate	Following the CQC inspection in December 2014 the Trust has produced an action plan to address the issues identified during the visit. Robust monitoring of this action plan is in place alongside monitoring of the patient improvement framework priorities and divisional quality performance reviews. The Trust Board received a monthly KPI report and quarterly outcomes, safety and patient experience progress reports as well as regular clinical visits and Friends and Family test feedback to provide assurance of the Trust's compliance with the CQC standards.

The management of risks associated with information and information flows is seen as key within the overall assurance process. The Trust has a range of controls in place to provide assurance that the risks are being managed appropriately and effectively.

All staff are responsible for managing risks within the scope of their role and responsibilities as employees of the Trust. There are structured processes in place for incident reporting, and the investigation of Serious Incidents. The Trust Board, through the risk management policy and incident reporting policy, promotes open and honest reporting of incidents, risks and hazards.

The Trust has a positive culture of reporting incidents enhanced by accessible online reporting systems available across the Trust. All patient related incidents which have resulted in harm as well as 'near miss' incidents are included on the National Reporting & Learning System (NRLS) to aid national trend analysis of incident data. All Trust policies are impact assessed in respect of the nine protected characteristics.

The Trust involves its key public stakeholders with managing the risks that affect them through the following mechanisms:

- working collaboratively with our Clinical Commissioning Groups
- engagement with Healthwatch
- the Council of Governors are consulted on key issues and risks as part of the Annual Plan
- annual members' meeting

Quality governance arrangements

The quality governance steering group (QGSG) has delegated responsibility from the Trust executive committee and ultimately Trust Board to oversee the Trust's governance arrangements. The group provides a clear vision for healthcare governance within the Trust and supports our Forward Vision. It sets clear performance standards and holds the divisions, corporate functions and (where relevant) other trust-wide groups to account for the delivery of the healthcare governance agenda. The QGSG provides advice to the relevant sub-committees on the key issues which may impact on the quality of patient experience, patient safety, patient outcomes and regulatory assurance within the Trust. Any areas of high risk of concern will be escalated to the Trust executive committee, the audit and assurance committee or other committee as appropriate.

The QGSG has a number of sub-groups which include patient safety, patient experience, outcomes and effectiveness, regulatory assurance, adult and children safeguarding, health and safety, infection prevention, education and divisional governance groups. All of the sub-groups submit reports on a regular basis, and any changes in local or national policy practice or care concerns are discussed contemporaneously.

The Trust has a CQC steering group not only to oversee the delivery of the action plan resulting from recommendations made by the CQC at the last inspection but also compliance with the CQC Key Lines of Enquiry. Progress is reported to QGSG and our commissioners.

The Trust undertakes internal reviews of its services; these reviews are based on CQC standards and so far this year, they have been undertaken within dermatology and radiology. There are two further reviews planned for learning disability and end of life care. Additionally, the Trust operates a Clinical Accreditation Scheme, a process where wards or departments are required to demonstrate adherence to standards of care to become accredited. The Trust monitors ward standards through the clinical quality dashboard which focuses performance against key metrics including patient safety, effectiveness, patient experience and outcomes from matron peer walkabouts.

The Trust's patient improvement framework (PIF) underpins our quality governance and is updated and reviewed annually. It outlines the Trust's priority areas of focus for quality and progress is monitored from 'Ward to Board'.

The foundation trust is fully compliant with the registration requirements of the Care Quality Commission.

Monitor

In March 2015 the Trust's governance risk rating was 'Under Review'. This rating was triggered as a result of the Trust's failure to meet the ED four hour waiting time target, alongside concerns regarding the Trust's financial performance.

During 2015/16 our performance against these national indicators was subject to routine scrutiny and review both internally and through performance meetings held with regulators. In December 2015, Monitor confirmed that as a result of the action taken by the Trust to improve performance against the national waiting time targets, alongside the sustained improvements in delivering the Trust's financial plans, it had closed its investigation and adjusted the Trust's governance risk rating to 'green'.

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

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

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

Review of economy, efficiency and effectiveness of the use of resources

The cost improvement programme (CIP)

The Trust has an active and successful transformation team which supports clinical teams to deliver improvements in quality, cost and performance. The team includes four functions:

- Service improvement managers leading trust-wide transformation projects
- Quality/service improvement training, delivering training to UHS and other local NHS providers
- A project management office, monitoring our CIP programme and co-ordinating transformation governance
- Data analysts, improving data quality, analysis and presentation.

Transformation projects support the CIP and patient improvement framework priorities and are governed by our Transformation Board, led by the chief executive. The CIP has delivered approximately £31m of efficiency in 2015/16, made up of pay and non-pay savings, productivity improvements and associated income. The cost improvement programme is regularly reviewed for any impact on quality, performance or patient experience.

Procurement efficiency plays an important part in delivering savings. The Trust's internal procurement team deliver over £2m of savings each year by effectively negotiating contracts with suppliers.

Service line reporting and patient level costing

For several years the Trust has produced service line reporting on an annual and now quarterly basis, to assess the profitability of each care group within the Trust.

The Trust has a Patient Level Costing (PLiCS) system, which provides timely, regular and accurate information on profitability at divisional, care group and individual patient level. This data is used to identify areas of differing practice and areas of opportunity to improve effectiveness, efficiency and value for money.

Internal audit

The audit and assurance committee reviews the Trust's systems of internal control, including the governance arrangements, as part of the audit programme, assisting the Board with its responsibilities to strengthen and improve the effectiveness of the Board Assurance Framework (BAF).

Information governance

In the period 1 April 2015 to 31 March 2016 the Trust has reported one 'Level 2' information governance Serious Incident Requiring Investigation (SIRI) to the Department of Health and the office of the Information Commissioner.

A letter intended to be copied to the foster parents for a looked after infant was sent in error to the address of the biological grandmother of the child. The letter included the details of a couple who were in the final stages of adopting the child, potentially breaching the confidence of the adoption arrangements.

Following investigation the Trust has reviewed its practice around the collection and recording of contact details for looked after children and implemented some changes to improve the accuracy of the data collected. After concluding its own investigation the office of the Information Commissioner decided not to take any formal regulatory action against the Trust.

Annual quality report

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare quality accounts for each financial year. Monitor has issued guidance to NHS foundation trust boards on the form and content of annual Quality Reports which incorporate the above legal requirements in the NHS Foundation Trust Annual Reporting Manual.

Our quality report for this year represents a balanced view of the Trust, providing commentary on our progress against our quality priorities for the previous year and identifies our focus for next year.

The Board gains assurance on quality in various ways, via

- Board visits to divisions to review delivery of the quality agenda
- The monthly key performance indicator (dashboard) quality report
- The Clinical Quality Dashboard
- Quarterly patient experience, safety and outcome reports to Trust board
- The rolling program of patient improvement framework (PIF) reports covering:
  - patient experience/patient feedback/patient complaints
  - patient safety
  - clinical outcomes/effectiveness
  - regulatory assurance
  - performance targets

In addition, the audit and assurance committee and the Trust executive ccommittee receive summaries from the Trust's QGSG. We consult widely on our Quality Report with our staff and key stakeholders and with the Board prior to formal submission to parliament.

Review of effectiveness

As accounting officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS foundation trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the quality report attached to this Annual Report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the audit and assurance committee, Trust executive committee and the QGSG and a plan to address weaknesses and ensure continuous improvement of the system is in place.

My review is also informed by:

- Monitor Risk Assessment Framework
- Care Quality Commission registration
- Internal Audit reports
- External Audit reports
- CQC Intelligent Monitoring Reports
- Clinical Audits
- Accreditation and Peer Reviews
- Patient and Staff Surveys
- Benchmarking information

The Trust Board and TEC regularly review the Trust's performance in relation to principal risks to the achievement of and the controls in place to assist in the delivery of its key objectives and targets. The Board proactively seeks support in commissioning reviews, support and external assessments in order to improve its overall performance.

The strategy and finance and quality and performance committees focus on investigating the progress made in the delivery of financial plans and to undertake an in-depth analysis of financial, service quality and performance information.

Clinical audit is given a high importance. The annual clinical audit plan was developed to reflect the priorities of the Trust Board and national best practice. The QGSG ensures that there is a comprehensive programme of quality improvement for the care of patients, reporting on a regular basis to the Trust Board and TEC on the full range of its activities. The committee also ensures that clear lines of governance accountability exist within the Trust for the overall quality of clinical care and clinical audit.

Internal audit has reviewed and reported upon control, governance and risk management processes, based on an audit plan approved by the audit committee. Where scope for improvement was found, recommendations were made and appropriate action plans agreed with management.

The head of internal audit provides me with an opinion on the overall arrangements for gaining assurance through the BAF and on the controls reviewed as part of internal audit's work. The methodology used by the Trust's internal auditor (Pricewaterhouse Coopers LLP) scores their opinion into one of four possible categories:

- Satisfactory
- Generally satisfactory with some improvement required
- Major improvement required
- Unsatisfactory

For the period 1 April 2015 to 31 March 2016 the internal audit opinion states:

"Governance, risk management and control in relation to business critical areas is generally satisfactory. However, there are some areas of weakness and/or non-compliance in the framework of governance, risk management and control which potentially put the achievement of objectives at risk.

Some improvements are required in those areas to enhance the adequacy and/or effectiveness of the framework of governance, risk management and control.

Our opinion is based on:
- All audits undertaken during the year.
- Any follow up action taken in respect of audits from previous periods.
- The effects of any significant changes in the organisation's objectives or systems.
- Any limitations which may have been placed on the scope or resources of internal audit.
- What proportion of the organisation's audit needs have been covered to date.

The key factors that contributed to our opinion are summarised as follows:
One review has been classified as high risk overall and two at medium risk, these are:
- High risk - Key Financial Systems (fixed asset register only)
- Medium risk – Locum and Agency, Medical and Nursing staff
- Medium risk – Local Comprehensive Research Network

The Trust has an on-going process to assess compliance with the CQC's new essential standards and regulations, which includes regular review of the CQC's Intelligent Monitoring information and on-going monitoring of the evidence to demonstrate compliance with the standards. No issues have been identified

from this process which would affect the Trust's registration. Improvements identified as a result of the Trusts most recent CQC inspection have been incorporated into a comprehensive action plan which is subject to rigorous review. There are no significant control issues to report.

In addition, a nominated local counter fraud specialist with a remit of building a strong anti-fraud culture throughout the organisation is commissioned and provides regular reports to the chief financial officer and the audit and assurance committee.

Our external auditors, KPMG, also undertake a review of our quality report and our accounting processes and transactions to inform their audit opinion and provide an opinion on our use of resources. No significant concerns have been raised.

Conclusion

No significant control issues have been identified and the head of internal audit opinion finding from the results of internal audit work in terms of the number and relative priority of findings has identified no critical risk areas.

Signed

Fiona Dalton
Chief executive
24 May 2016

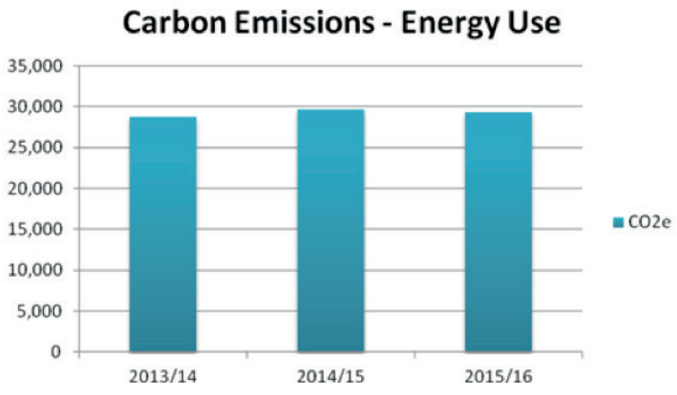
Voluntary disclosures

Environmental sustainability and climate change

The Trust is committed to reducing its carbon footprint and control energy costs by investing in energy saving initiatives.

The NHS has a carbon footprint of around 22.8 million tonnes CO2 equivalent per year (2015), an 11% reduction since 2007. The target is to achieve a further 17% reduction by 2020.

Our hospital consumes 34 million kilowatt hours of electricity per annum and creates around 29,000 tonnes of carbon emissions. The site uses 270,000 cubic metres of water. The following graph tracks carbon emissions over the last three years.



UHS All Energy CO2e				
	2013/14	**2014/15**	**2015/16**	**% year**
Tonnes	28,763	29,703	29,275	-1.44

A carbon management policy was introduced in April 2013 which sets out the plans and processes to meet these NHS targets.

With the help of Department of Health funding, the Trust has invested £2.6m in energy efficiency schemes including replacing single glazed windows with high performance double glazed units, improving roof insulation, changing light fittings, waste heat recovery measures, introducing new BMS system controls in theatres, improvements to steam mains thermal insulation and the fitting of automatic internal doors to reduce heat loss along a through corridor. It will continue to invest in energy saving schemes.

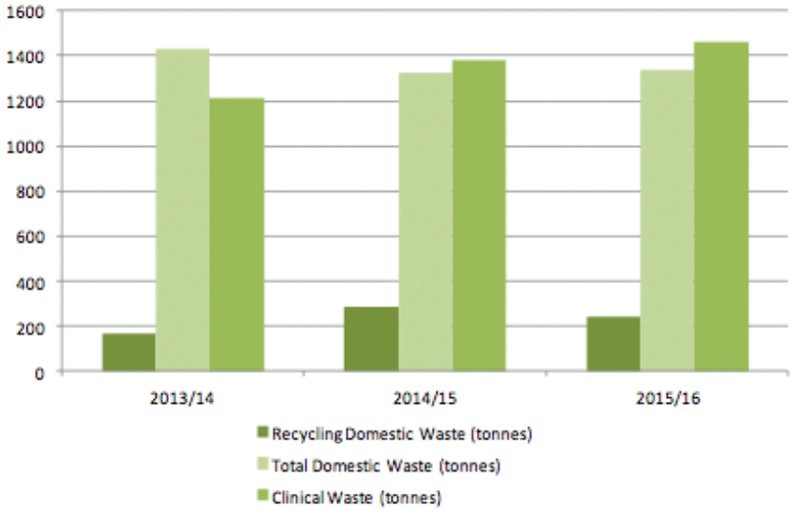
A plan to develop on site localised energy production started in the year with the purchase of an anaerobic digester system. This facility uses organic waste to generate electricity and heat thereby reducing our energy demands. It uses the latest fuel cell and solar panel technology. Since this is a pilot site, the hospital will be at the leading edge of integrated energy technology.

In addition we're investing in Short Term Operating Reserve (STOR) infrastructure plant. At certain times of the day the National Grid needs reserve power in the form of either generation or demand reduction to be able to manage overall energy supply. Where it is economic to do so, the National Grid may procure part of this requirement ahead of time from the Trust through STOR.

Waste management

Effective waste management is a core principle of the Trust. The Trust is committed to reducing its carbon footprint and improving the understanding of waste management within the health service. Widely distributed recycling bins encourage the collection of paper, cardboard, plastics, tins and glass. The waste management team also recycle ink cartridges and batteries.

In 2015/16 the organisation recycled 239 tonnes of domestic waste			
Waste	**2013/14**	**2014/15**	**2015/16**
Recycling domestic waste (tonnes)	165	281	239
Total domestic waste (tonnes)	1430	1322	1339
% recycled or re-used	12%	21%	18%
Clinical waste (tonnes)	1214	1383	1463



Business mileage

In 2015/16 the number of business miles claimed by staff totalled 766,473 compared to 741,038 in 2014/15. We will continue to encourage staff to use public transport and/or bikes with the aim of reducing this figure in 2016/17.

Procurement

In conjunction with the national NHS Standard for Procurement 2.5 the Trust will embed processes to ensure sustainable development is assessed, considered, implemented and monitored in procurement decision making. This will be developed in conjunction with the NHS Procuring for Carbon Reduction Roadmap to ensure that goods and services procured by the Trust are designed, manufactured, delivered, used and managed at end of life in an environmentally and socially responsible manner and forms an integral part of the Trust Sustainable Development Plan.

Suppliers to the Trust shall comply in all material respects with applicable environmental and social law requirements in force from time to time in relation to the goods. Where the provisions of any such laws are implemented by the use of voluntary agreements, our suppliers shall comply with such agreements as if they were incorporated into English law subject to those voluntary agreements being cited in our specifications and tender response documents. Suppliers to the Trust shall:

- comply with all policies and/or procedures and requirements set out in our specifications and tender response documents in relation to any stated environmental and social requirements, characteristics and impacts of the goods and the supplier's supply chain;

- maintain relevant policy statements documenting the supplier's significant social and environmental aspects as relevant to the goods being supplied and as proportionate to the nature and scale of the supplier's business operations; and
- maintain plans and procedures that support the commitments made as part of the supplier's significant social and environmental policies.

Equality, diversity and inclusion

We recognise the importance of treating everyone with respect, dignity and compassion regardless of their protected characteristics. We know from the Trust Workforce Race Equality Standard (WRES) data and the staff survey results that we haven't always got it right but, in order to move forward and truly embrace equality, diversity and inclusivity, we need to start listening and having honest conversations. We are working with our staff networks to promote a culture that is inclusive.

We are committed to providing equal opportunities to all individuals, eliminating discrimination and fostering good relationships between the Trust, patients, staff, volunteers, stakeholders and partner organisations. In 2015/16 we created an annual plan which identified our priorities and actions for equality, diversity and inclusivity, and we have been working on delivering these actions throughout the course of the year.

In July 2015 the Trust published its WRES data. (http://www.uhs.nhs.uk/Media/SUHTInternet/AboutUs/AnnualReportsStrategiesandPlans/WRES-summary-report.pdf) This data indicated inequalities in the experience of Black minority ethnic (BME) staff employed in the Trust in recruitment, career progression and experiencing bullying and harassment. In conjunction with the Ethnicity Inclusive Network (EIN) the Trust is working to address these inequalities.

As part of the Trust's public sector equality duty in January 2016 the monitoring and equality data was published (http://www.uhs.nhs.uk/Media/SUHTInternet/AboutUs/AnnualReportsStrategiesandPlans/Data-for-public-sector-equality-duty-publishing-report.pdf). This data highlighted, amongst other things, that less than 2% of staff declared a disability and less than 2% identified themselves as lesbian, gay or bisexual. Yet the results of the anonymous staff survey showed that a higher percentage of staff declared themselves as disabled. This demonstrated a reluctance amongst staff to declare this protected characteristic. We plan to launch a campaign in 2016/17 to improve the collection of monitoring data.

Governance structure for equality, diversity and inclusion

The Trust Board is committed to equality, diversity and inclusion and this is embedded in all our activities. We recognise that responsibility for ensuring an all-inclusive culture begins at the top of the organisation, with the Trust Board holding full corporate responsibility for the governance of equality diversity and inclusion within the Trust.

The equality diversity and inclusion committee includes representation from each division, as well, as the chairs of each of the staff networks. Together the committee members inform the strategic direction of this important agenda and provide assurance to the Trust Board. Executive responsibility for this agenda sits with the director of nursing and organisational development.

The importance of inclusive leadership is being reflected in our recruitment processes for senior leadership roles and we aim to recruit candidates from all protected characteristics into senior roles.

Celebrating diversity conference 2015

As part of a three year strategy, we have held diversity conferences to raise awareness of the nine characteristics that are protected under the Equality Act 2010.

In June 2015, we held our third annual diversity conference for staff and managers. The conference focused on the protected characteristics of gender, gender reassignment and race. The conference included an opening address by Fiona Dalton, chief executive, multiple workshops and forum theatre sessions on discrimination cases for each of the three protected characteristics. These sessions raised awareness and influenced the direction of this agenda for 2016/17.

The keynote address was given by Rageh Omaar and Rikki Arundel who engaged the delegates in discussions around racial equality and transgender awareness. The day was extremely well received.

The EDI committee will continue to facilitate a range of events in 2016/17 and the next conference will be held in September 2016, which will focus on a further three protected characteristics.

Staff networks and lunch time sessions

We have four active staff networks covering five of the protected characteristics: disability, gender reassignment, race, religion or belief and sexual orientation. They share their unique insight into the experiences of our diverse workforce and service users to influence and help deliver the equality agenda. Along with staff that do not have a protected characteristic, the staff networks provide our workforce with a voice and are instrumental in influencing cultural change within the organisation. Members of the network are also involved in the organisation and delivery of our diversity conferences and lunch time events, which are designed to raise awareness and bring about change. We will continue to work closely with the networks to raise awareness, improve attendance and address issues raised by staff.

Ethnicity Inclusive Network (EIN)

The EIN has worked closely with UHS to raise awareness of the experience of BME staff within the Trust. The EIN executive committee have worked to improve the experience of BME staff and patients.

The EIN chair was invited to 10 Downing Street as part of the prime minister's Diwali celebration. He also attended discussions with national equality directors on the effectiveness of staff networks and what more can be done to support the equality agenda at a national level. He has liaised with the national WRES implementation team and has been key in building relationships with the Trust.

Working with the EIN, HR and the IT department, the Trust has improved protected characteristic monitoring data collection for disciplinary and grievance procedures. This data will help inform policy and procedures for the future.

In September 2015 the EIN, in partnership with UHS, organised a WRES workshop with external speakers. This event was well attended by both staff and external partners. The points discussed in this workshop were well received by senior leaders within the organisation. Staff were able to share their experience and discuss racial inequality issues.

In October UHS celebrated Black History month by sharing the success and inspiring story of Witness Dzobo - a member of staff who volunteered in Sierra Leone during the Ebola crisis. Witness's story has since been shared on multiple platforms across the Trust. Wendy Irwin a national leader in equality, diversity and inclusion also shared her experience and knowledge of working in this field.

We will continue to work closely with the EIN to address any inequalities and further improve on our current WRES data.

Lesbian, Gay, Bisexual and Transgender Network (LGBT)

The LGBT network supported us in the organisation of the Celebrating Diversity Conference in 2015. They led two of the transgender workshops and are currently developing a transgender patient pathway to ensure Trans patients are treated with respect and dignity at UHS.

The network attended local Pride events, to raise awareness of UHS as a LGBT friendly organisation.

The LGBT network galvanised the Trust senior leaders and staff in different departments to sign the 'Stonewall No Bystander' anti-bullying campaign in October 2015. They also provided information to develop the Stonewall Workplace Equality Index and are currently helping us address the issues highlighted during this process.

In February 2016, we celebrated LGBT history month with the network chair presenting her experience of growing up as a lesbian in the 80s and Andy, a chaplain from Portsmouth, shared his experience of faith and homosexuality. These presentations were filmed and will be shared with staff via our internal staff website.

The LGBT network is working collaboratively with local LGBT networks, to share good practice and improve partnerships. We will continue to work closely with the LGBT network and Stonewall to introduce the transgender patient and staff pathway and a 'coming out at work' guide.

Long-Term Illness and Disability network (LID)

The LID network continues to work closely with UHS to raise awareness of challenges faced by disabled staff and with the estates department to address these issues.

We recognise that the practical application of reasonable adjustments for disabled staff is an area that we need to focus on and improve. The LID chair, Tina Lanning, is providing guidance to ensure any adjustments we make are proactive and fit for purpose.

The network supported UHS in renewing our application for two tick status with the Jobcentre plus.

Our standard accessible toilets do not currently meet the needs of all individuals with a disability, for example, individuals with profound disability often need extra facilities to allow them to use toilets safely and comfortably (for instance adequate space in the changing area for a disabled person and up to two carers, equipment like height adjustable adult sized changing benches, ceiling track hoists and mobile hoists.) With this in mind a 'changing places' toilet has been built within the new front entrance of Southampton General Hospital. This initiative has been welcomed by both service users and the LID network.

Staff Faith and Belief Network (SFBN)

The spiritual care service and the SFBN continue to support staff around faith matters. Staff come individually to receive support from the spiritual care team or meet as a group with the network

Opportunities to practise one's faith are provided with regular worship times established for different faith groups.

In November 2015, the SFBN along with the spiritual care team organised various faith events to celebrate inter-faith week, including a faith and food event. These events raised awareness about different faith practices and their significance. Special festivals are celebrated as and when staff request these.

The SFBN will continue to support the spiritual care team in running events for the National Interfaith week. They aim to increase understanding within the network of the rites of passage of each faith and increase awareness of the network within UHS.

Working with the networks and the EDI committee we have launched a new online training package, which staff are required to undertake every three years. We have also launched a new zero tolerance poster which has been widely displayed across all sites.

Reflecting learnings from patient safety incidents we have launched a new root cause analysis template to analyse discriminatory behaviour and actions taken following these incidents. These will be reviewed quarterly and updates provided to Trust Board. Individuals will be encouraged to challenge discriminatory behaviour, report it and liaise with the police liaison officer to improve support for staff.

NHS Employers equality and inclusion partners programme 2015/16

The Trust successfully applied for partner status with NHS Employers for 2015/16. As part of this programme we have participated in national audits, shared good practice and raised the Trust profile on a national level. We will be applying for the 2016/17 programme.

Southampton Hospital Charity

Southampton Hospital Charity (SHC) is the Trust's official registered charity. Its objective is to improve the health and wellbeing of NHS patients who use the services of the Trust's hospitals. SHC makes grants to pay for equipment, facilities or amenities which enhance and supplement what the Trust provides with its NHS funds.

This year SHC gave grants to the Trust of £2.106m, the money having been raised largely through the generosity and tireless efforts of donors and supporters in the local community as well as the Trust's own staff. SHC's grants contributed:

£1,432k for the purchase of equipment
£353k for patient welfare and amenities
£209k for staff education
£63k for staff welfare and amenities
£49k for research

The total raised for the benefit of our patients by SHC since its relaunch in 2008 now stands at £15.9m.

For more information about SHC visit www.southamptonhospitalcharity.org

We are also grateful to a number of other charities for their continuing support:

- The Wessex Neurological Centre Trust ('Smile4Wessex')
- Wessex Heartbeat
- The Friends of the Paediatric Intensive Care Unit (PICU)
- The Murray Parish Trust
- The League of Friends of Southampton General Hospital
- The League of Friends of Southampton Eye Unit
- Southampton Hospital Radio
- Radio Lollipop
- Macmillan Cancer Support
- Marie Curie Cancer Care
- Countess Mountbatten Hospice Charity
- The Charlotte Francis May Foundation
- Where There's a Will

In light of chancellor George Osborne's announcement of a £2m government investment in a new £4.8m children's emergency and trauma department, we will be embarking on a two year fundraising campaign with The Murray Parish Trust to raise the remaining funds required to create this essential new department at Southampton Children's Hospital within UHS.

Developments in information technology

We have continued to invest in a strategy for information technology and are working towards a paperless environment. Many of our clinics now run without case notes, and a self-check-in has been introduced for outpatients to avoid people having to queue at reception.

As part of our electronic patient record programme, 2015 saw the start of the digitisation of critical care, connecting up monitors and automating vital signs collection. Those patients requiring a high level of support and monitoring are now starting to benefit from complex rule based decision support for staff through a state-of-the-art computer system. Vital signs (temperature, blood pressure and respiratory rate) will increasingly be collected by mobile devices to enable more timely intervention across the Trust, thereby positively impacting patient safety.

Access to IT and patient records by doctors has been enhanced with the development of the Clinical Handover and Record of Treatment System. This is being developed into a cross-professional single point of access platform.

The My Medical Record system has been developed from a solely UHS project into something that now supports multiple organisations. The Trust is a leader in the area of patient activation online. In 2016 we will start to routinely put test results into the system for the benefit of patient access.

In 2016, a project to install electronic document management will see a further step towards reduction in paper use and records management. Eventually all form data will be collected directly into a variety of devices from tablet computers to PCs.

In line with NHS ambitions for access we hope to increase internet availability and access for patients, as well as staff and visitors, who will be able to use their own devices.

Investing for the future

The Trust continues to invest in our hospital sites through refurbishment and creating additional capacity where required. Investments in 2015/16 include:

- Upgraded facilities in a paediatric ward in a partnership with a local charity
- A new front entrance for the hospital including improved facilities for staff, visitors and patients
- Creating additional ambulance assessment bays to improve the efficiency of the transfer of patients from the ambulance team to the ED team
- Significant investment in information technology with external funding for an electronic document management system and critical care systems
- An orthopaedic ward has been refurbished
- The build for the new Southampton Centre for Cancer Immunology started on site
- Continued investment in medical equipment purchases
- Upgrading the crash bleep system
- Continued investment in the infrastructure of the site through the strategic maintenance programme and smaller ward improvements
- Continuing to invest in the replacement of the radiology equipment including a new ultrasound suite, MRI and CT scanners, X-ray facilities

Leading research into better care

Once again we were at the forefront of the national research effort, giving more people than ever before access to clinical trials.

With research-active clinical teams and staff across our clinical specialties, we continue to deliver research driving new treatments and care into the clinic, with key strengths in respiratory, cancer, musculoskeletal and nutritional health research.

Delivering new research, faster

For the second year running, we were in the top three highest recruiting trusts in England to all National Institute for Health Research (NIHR) portfolio research studies, with over 18,000 people gaining access to these trials and studies.

That figure is one of our highest ever and underscores the progress we have made in making research an integral part of more of our clinical services. When the participants recruited through our wider research partnerships are added to this, our total recruitment exceeds 25,000, a huge contribution to the national research effort.

We're doing it efficiently too. Five times in the last year Southampton patients have been first in the UK to access potentially ground breaking new treatment through research participation, including two who were the first worldwide to receive trial treatments.

Our programme of re-investing significant proportions of our £20m research income has continued with targeted investments into a range of clinical specialties. In addition, 2015 saw the introduction of a transparent per-patient recruitment payments for clinical care groups, incentivising research activity and clarifying payment of any research delivery costs.

Strategic partnerships with key pharmaceutical companies were also strengthened, ensuring smoother and faster placement of new trials at Southampton, and our role as a key site for drug and vaccine studies.

Milestones and successes

Our NIHR Southampton Respiratory Biomedical Research Unit (BRU) continued to drive major new investment and initiatives in UK asthma research, leading a £4m deal between the pharmaceutical company Novartis and the NIHR Translational Research Partnership programme, to optimise use of Xolair, Novartis' drug for control of exacerbations in allergic asthma. This complemented the announcement of the first study in AstraZeneca's £220m programme developing a new inhaled treatment for managing virus-induced severe asthma exacerbations built on work by Southampton company Synairgen through the BRU.

2015/16 also saw the 3500th student engaged with health and biomedical research through the Lifelab facility, which provides dedicated facilities for secondary school pupils. As well as providing quality educational experiences, Lifelab forms the basis of a behaviour change research project within our nutrition-focused NIHR Southampton Biomedical Research Centre (BRC), exploring how to improve life and health choices.

In June 2015 the Wessex Investigational Sciences Hub laboratory processed samples from the first Southampton patient to enter the national 100,000 genomes initiative, Madeleine Cox. Hoping to benefit from new insight into her complex genetic developmental condition, Madeleine's family are contributing to the future of personalised medicine – something more Southampton patients will be able to do following the launch of the cancer arm of the initiative in Southampton in February 2016.

New facilities

Our role in cancer research was also bolstered over 2015/16 with planning approval for the University of Southampton's new Southampton Centre for Cancer Immunology on the hospital grounds. This £25m facility will consolidate Southampton's international leadership in using the body's own defences to fight cancer, accelerating the cycle of new therapy development, trialing and improvement.

Further development of our ability to translate science into new treatments was the aim of a new bid to the NIHR to consolidate our nutrition and respiratory experimental medicine into one BRC.

That bid will be considered over 2016, as will refunding of our NIHR Wellcome Trust Clinical Research Facility, and its relicensing for Medicines and Health products Regulatory Authority phase I research accreditation for quality and safety. That accreditation makes it the only NIHR facility with such status in England, underscoring the quality of our clinical research activities, and combined with a unified BRC gives us a superb platform for advancing health and care.

OXFORD AND SOUTHAMPTON
Children's Hospitals Network

Strengthening our network

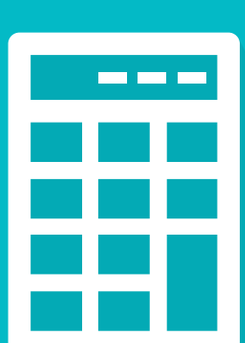
In 2012 we partnered with Oxford University Hospitals NHS Foundation Trust to establish The Children's Hospitals Network (CHN). This unique network was created to focus on the delivery of children's specialist services across more than 20 district general hospitals in the Thames Valley and Wessex regions. Today the network encompasses cardiac, neurosciences, critical care, rehabilitation and orthopaedic specialties, with further services planning to join this innovative network.

In 2015 the hard work and dedication of the CHN was formally recognised when we were selected to host Operational Delivery Networks (ODNs) for three of our paediatric services: cardiac, critical care and neurosciences. This is a fantastic step forward and gives us the opportunity to benefit from greater involvement of our stakeholders, as well as enabling us to ensure patients receive the best standard of care as near to home as possible. You can read more about Operational Delivery Networks at www.oschn.nhs.uk/operational-delivery-networks/

We are delighted to be collaborating and sharing best practice with other trusts and specialties nationally who are keen to replicate our network model.

During the past three years we have established strong relationships with a committed team who constantly surprise us with their innovative ideas to improve patient care. Patients and parents/carers also provide valuable insight and guidance that help us to evolve the services we offer. You can find more information about the CHN by visiting www.oschn.nhs.uk

ANNUAL ACCOUNTS



Statement from the chief financial officer

For all NHS Trusts, 2015/16 has been the most difficult year in recent memory to achieve financial balance. At the time of writing this report, around three quarters of all trusts were in deficit and the total deficit for the year 2015/16 was £2.45 billion, equivalent to approximately 5% of turnover for the sector.

Recognising the financial challenges affecting all hospitals, we had anticipated that finances at UHS would be tight and had planned for a deficit (loss) of £9.8m, or 1.4% of turnover. The Trust is measured by Monitor, the independent regulator of NHS Foundation Trusts, on its Financial Sustainability Risk Rating (FSRR) score, where '1' is the highest risk and '4' is the lowest risk. For UHS, our year-end FSRR was '2', consistent with our Annual Plan which had been reviewed and approved by Monitor. Monitor also measure trusts on 'pre-impairment' financial performance and for UHS in year 2015/16 this was a deficit of £9.2m, or 1.3% of turnover, close in line with our Plan expectation.

In addition, as part of an agreed change in how our buildings should be valued, the accounting valuation of our buildings was changed in the year, leading to an impairment charge of £18.1m. This was a technical adjustment only and did not involve cash payments or make any difference to our ownership of the buildings or their use.

This impairment charge was the main driver of our reported 'post-impairment deficit' of £27.3m. Due to the nature and causes of impairments, Monitor exclude 'post-impairment' deficits from their assessment of trusts' financial performance.

Whilst our financial performance was better than the sector-average and better than our own forecast commitment to Monitor, we must recognise that a £9.2m deficit is not sustainable even over the short-term. We are pleased therefore that this sector-wide issue has been acknowledged by the Department of Health and that additional funding has been ring-fenced in 2016/17 to support the finances of NHS hospital trusts. We welcome the opportunity to receive this additional funding and we are committed to doing everything in our power to deliver the challenging performance targets set by the regulator as a condition to obtaining the funding.

In terms of 2015/16 financial performance compared to our Plan expectations; both income and expenditure were higher than expected:

Although the Trust had planned for more emergency and scheduled patients than last year, the increases were greater than anticipated, particularly over the winter months. As an example, for the period January to March 2016, there were around 3,000 (15%) more patients, or 33 more patients per day, attending the Trust's emergency department (ED) than during the same period in 2015. Since the ED is a major source of admissions to the hospital, increased attendances led to increased numbers of emergency in-patient admissions.

In terms of patient discharges, the Trust has been working closely with partner agencies to ensure the timely discharge of emergency patients as soon as they are medically fit. However despite this work, on an average day we had in excess of 100 patients in hospital beds who were medically fit but whose discharge was delayed.

These factors caused higher than anticipated bed occupancy levels, particularly over the winter months, which meant that more beds were opened than we had planned. In turn, this led to an unplanned requirement for additional staff, which in some cases was fulfilled by agencies in order to maintain clinically appropriate staffing levels. Having more emergency patients also had a knock-on effect in surgery; we try very hard to avoid cancelling patients' surgery because we know how distressing and inconvenient it can be but unfortunately this was necessary on occasions due to our surgical beds being occupied by emergency

patients. As well as being unsatisfactory for these patients, it was also adverse for the hospital's finances because i) the cost of agency staff is significantly higher than equivalent Trust staff employed directly and ii) the cost of treating these emergency patients is greater than the income received from NHS commissioners for treating them. Hence as more emergency patients are treated, the greater the losses incurred.

The Department of Health and taxpayers rightly expect that NHS services become more efficient each year and this efficiency expectation is included in year-on-year reductions in the prices set nationally for hospitals to charge for each type of treatment, such as an outpatient appointment, an ED attendance or a scheduled hernia operation. To offset these price reductions, NHS trusts must reduce expenditure by becoming approximately 4% more efficient each year. For UHS, our 'Cost Improvement Programme' (CIP) schemes were particularly effective in 2015/16 and savings of £31m were achieved through a combination of efficiencies in workforce and non-pay spend, such as price reductions negotiated on clinical consumables by the procurement team. I would like to thank all our staff for their individual and collective efforts to reach this fantastic savings achievement.

Capital expenditure in the year was £13.5m, lower than in previous years due to the difficult financial circumstances at UHS and across the NHS. With a limited budget available, we sought to balance the competing needs of improving the estate infrastructure, improving patient experience and outcomes, and investing in schemes to improve efficiency. We are optimistic that the ring-fenced funding referred to above, combined with efficiency savings from next year's CIP programme, will enable higher levels of capital investment to benefit our patients in 2016/17 and beyond.

David French
Chief financial officer

Foreword to the accounts

These accounts for the period to 31 March 2016, have been prepared by University Hospital Southampton NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to the NHS Act 2006 and are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) (a) of the National Health Service Act 2006.

Fiona Dalton
Chief executive
24 May 2016

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS OF UNIVERSITY HOSPITAL SOUTHAMPTON NHS FOUNDATION TRUST ONLY

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of University Hospital Southampton NHS Foundation Trust for the year ended 31 March 2016 set out on pages 87 to 118 of the Accounts. In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Trust's affairs as at 31 March 2016 and of the Group's and the Trust's income and expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2015/16.

2. Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows:

Valuation of land and buildings (excluding dwellings) - Land £31.0 million (2014/15: £23.6 million) and Buildings (excluding dwellings) £214.0 million (2014/15: £240.1 million) risk level is → (consistent) year on year

Refer to pages 25-27 (Audit Committee Report), pages 91 to 101 (accounting policy) and pages 9 and 28 - 30 to (financial disclosures).

The risk: Land and buildings are initially recognised at cost, but subsequently are recognised at current value in existing use (EUV) for non-specialised property assets in operational use, and, for specialised assets where no market value is readily ascertainable, at the depreciated replacement cost (DRC) of a modern equivalent asset that has the same service potential as the existing property. A review is carried out each year to test assets for potential impairment, with an interim desk-top valuation carried out every three years and a full valuation every five years.

There is significant judgment involved in determining the appropriate basis (EUV or DRC) for each asset according to its degree of specialisation, as well as over the assumptions made in arriving at the valuation of the asset. In particular the DRC basis of valuation requires an assumption as to whether the replacement asset would be situated on the existing site or, if more appropriate, on an alternative site. Further, DRC is decreased if VAT on replacement costs is deemed to be recoverable. Both of these assumptions can have potentially significant effects on the valuation.

In 2015/16 Gerald Eve undertook a desktop valuation of the Group's land and buildings. The 2015/16 financial statements include £7.5 million relating to revaluation gains (2014/15 £5.9 million), and £21.9 million relating to impairments or revaluation losses (2014/15 £2.9 million). These have primarily been driven by the Group adopting a revised basis of valuation which excludes VAT from the cost of rebuilding assets.

Our response: In this area our audit procedures included:

- We assessed the competency, capability, objectivity and independence of the Group's external valuer and considered the terms of engagement of, and the instructions issued to, the valuer for consistency with the Group's accounting policies for the valuation of property, plant and equipment;
- We confirmed that the information provided to the valuer, including details of in-year capital expenditure on land and buildings, was complete, relevant and accurate;

- We undertook work to understand the basis upon which any revaluations to land and buildings have been recognised in the financial statements and determined whether they complied with the requirements of the FT ARM; and

- We agreed the appropriateness of any amendments made by management to the information received from the valuer before incorporation into the financial statements.

We also considered the adequacy of the Group's disclosures in respect of land and buildings.

Recognition of NHS and non-NHS income – Patient care income NHS £573.3 million (2014/15: £546.3 million) and patient care income non-NHS £21.2 million (2014/15: £18.9 million) and non-patient care income £98.6 million (2014/15: £109.4 million) risk level is → (consistent) year on year

Refer to pages 25-27 (Audit Committee Report), pages 91 to 101 (accounting policy) and pages 9 and 28 - 30 to (financial disclosures).

The risk: The main source of income for the Group is the provision of healthcare services to the public under contracts with NHS commissioners, which make up 83% of income. The Group participates in the Agreement of Balances (AoB) exercise which is mandated by the Department of Health (the Department), covering the English NHS only, for the purpose of ensuring that intra-NHS balances are eliminated when the consolidation exercise takes place to report the Department's Consolidated Resource Account. The AoB exercise identifies mismatches between income, expenditure, receivable and payable balances recognised by the Group and its counter-parties at 31 March 2016.

Mismatches can occur for a number of reasons, but the most significant arise where the Trust and commissioners have not concluded the reconciliations of healthcare spells completed within the last quarter of the financial year, which have not yet been invoiced, or there is no final agreement over proposed contract penalties as activity data for the period has not been validated.

In addition to this patient care income the Group reported total income of £98.5 million (2014/15: £109.4 million) from other activities, principally education and training and research and development. Much of this income is generated by contracts with other NHS and non-NHS bodies which are based on varied payment terms, including payment on delivery, milestone payments and periodic payments. Therefore there is a greater risk that income will be recognised on a cash rather than an accruals basis. In addition some sources of income require independent grant confirmations which can impact the amount of income the Group will actually receive.

We do not consider NHS income to be at high risk of significant misstatement, or to be subject to a significant level of judgement. However, due to its materiality in the context of the financial statements as a whole NHS income is considered to be one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.

Our response: In this area our audit procedures included:

- We agreed commissioner income to signed contracts and selected a sample of the three largest balances (comprising 87% of income from patient care activities) to agree in more detail to supporting evidence. We reviewed contract variations and sought explanations from management to ensure these had been agreed;

- In 2015/16 the Trust participated in the Agreement of Balances (AoB) exercise with other NHS organisations. We reviewed third party confirmations from your commissioners and compared the values they are disclosing within their financial statements to the value of income captured in your financial statements. We sought explanations for any variances over £250,000, and all balances in dispute;

- We reviewed the approach to impairing receivables and confirmed that they were in line with the Group's accounting policies, and the judgement for the level of provision was appropriate;

- We reviewed the judgement made in accounting for incomplete spells to determine whether income had been recognised in the appropriate period; and

- We carried out testing of other income by analysing the movement in key balances and obtaining • for significant variances.

We also considered the adequacy of the Group's disclosures in respect of income, particularly in relation to any key judgments made and estimates used in recognising income.

3. Our application of materiality and an overview of the scope of our audit

The materiality for the financial statements was set at £13.7 million (2014/15: £13.1 million), determined with reference to a benchmark of income from operations (of which it represents 2%). We consider income from operations to be more stable than a surplus related benchmark.

We report to the Audit and Assurance Committee any corrected and uncorrected identified misstatements exceeding £250,000 (2014/15: £250,000), in addition to other identified misstatements that warrant reporting on qualitative grounds.

The Group has three reporting components and all of them were subject to audits for group reporting purposes performed by the Group audit team at one location in Southampton. These audits covered 100% of group income, surplus for the year and total assets. The audits performed for group reporting purposes were all performed to materiality levels set individually for each component and ranged from £250k to £13.7m.

4 Our opinion on other matters prescribed by the Code of Audit Practice is unmodified

In our opinion:

- the parts of the Remuneration and Staff Reports to be audited have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2015/16; and

- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

5 We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides the information necessary for patients, regulators and other stakeholders to assess the Group's performance, business model and strategy; or

- the Audit & Assurance Committee Report (within the Annual Report) does not appropriately address matters communicated by us to the audit committee.

Under the Code of Audit Practice we are required to report to you if in our opinion:

- the Annual Governance Statement does not reflect the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2015/16, is misleading or is not consistent with our knowledge of the Group and other information of which we are aware from our audit of the financial statements.

- the Trust has not made proper arrangement for securing economy, efficiency and effectiveness in its use of resources.

In addition we are required to report to you if:
- any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006.

- any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit.

We have nothing to report in respect of the above responsibilities.

Certificate of audit completion
We certify that we have completed the audit of the accounts of University Hospital Southampton NHS Foundation Trust in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice issued by the National Audit Office.

Respective responsibilities of the accounting officer and auditor
As described more fully in the Statement of Accounting Officer's Responsibilities on page [#] the accounting officer is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the UK Ethical Standards for Auditors.

Scope of an audit of financial statements performed in accordance with ISAs (UK and Ireland)
A description of the scope of an audit of financial statements is provided on our website at www.kpmg.com/uk/auditscopeother2014. This report is made subject to important explanations regarding our responsibilities, as published on that website, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Respective responsibilities of the Trust and auditor in respect of arrangements for securing economy, efficiency and effectiveness in the use of resources
The Trust is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Under Section 62(1) and Schedule 10 paragraph 1(d), of the National Health Service Act 2006 we have a duty to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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

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

The purpose of our audit work and to whom we owe our responsibilities
This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors of the Trust, as a body, for our audit work, for this report or for the opinions we have formed.

Neil Thomas
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London E14 5GL

May 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2016

		Group		Trust	
		Year ended 31 March 2016	Year ended 31 March 2015	**Year ended 31 March 2016**	Year ended 31 March 2015
	NOTE	**£000**	£000	**£000**	£000
Operating income from patient care activities	**3.1**	**594,536**	565,167	**594,536**	565,167
Other operating income	**3.1**	**98,515**	109,363	**95,900**	107,010
Operating income from continuing operations		**693,051**	674,530	**690,436**	672,177
Operating expenses of continuing operations *	**4**	**(711,440)**	(657,129)	**(708,691)**	(654,892)
OPERATING SURPLUS/(DEFICIT)		**(18,389)**	17,401	**(18,255)**	17,285
FINANCE COSTS					
Finance income	**8**	**209**	187	**92**	124
Finance expenses	**9**	**(2,521)**	(2,170)	**(2,521)**	(2,170)
PDC Dividends payable		**(6,653)**	(6,924)	**(6,653)**	(6,924)
NET FINANCE COSTS		**(8,965)**	(8,907)	**(9,082)**	(8,970)
SURPLUS/ (DEFICIT) FOR THE YEAR		**(27,354)**	8,494	**(27,337)**	8,315
Other comprehensive income					
Will not be reclassified to income and expenditure:					
Impairments charged to reserves	**10**	**(3,808)**	(6,153)	**(3,808)**	(6,153)
Revaluations	**23**	**7,493**	2,667	**7,493**	2,667
May be reclassified to income and expenditure when certain conditions are met:					
Fair Value gains/ (losses) on Available-for-sale financial investments		**(150)**	126	**0**	0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(23,819)**	5,134	**(23,652)**	4,829

* Included within operating expenses of continuing operations (Group and Trust) in 2015/16 is a charge of £18.1m for an impairment to property, plant and equipment resulting from a change of assumption in the valuation methodology (see note 1.19)

The notes on pages 91 to 118 form part of these accounts

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2016

	NOTE	Group 31 March 2016 £000	Group 31 March 2015 £000	Trust 31 March 2016 £000	Trust 31 March 2015 £000
Non-current assets					
Intangible assets	11	**6,650**	4,877	**6,650**	4,877
Property, plant and equipment	12	**293,397**	309,681	**293,268**	309,577
Investment property	13	**108**	108	**0**	0
Other investments	13	**2,707**	2,857	**891**	841
Trade and other receivables	15	**3,459**	2,450	**3,459**	2,450
Total non-current assets		**306,321**	319,973	**304,268**	317,745
Current assets					
Inventories	14	**14,877**	13,047	**14,397**	12,618
Trade and other receivables	15	**57,015**	46,747	**57,772**	46,398
Cash and cash equivalents	17.1	**23,912**	29,486	**21,798**	27,796
Total current assets		**95,804**	89,280	**93,967**	86,812
Current liabilities					
Trade and other payables	18	**(77,488)**	(66,695)	**(78,171)**	(66,739)
Borrowings	19	**(9,525)**	(8,784)	**(9,525)**	(8,784)
Provisions	21.1	**(2,548)**	(465)	**(2,548)**	(465)
Other liabilities	20	**(12,687)**	(9,496)	**(12,687)**	(9,496)
Total current liabilities		**(102,248)**	(85,440)	**(102,931)**	(85,484)
Total assets less current liabilities		**299,877**	323,813	**295,304**	319,073
Non-current liabilities					
Trade and other payables	18	**(405)**	(405)	**(405)**	(405)
Borrowings	19	**(49,783)**	(51,404)	**(49,783)**	(51,404)
Provisions	21.1	**(2,797)**	(2,868)	**(2,797)**	(2,868)
Other liabilities	20	**(7,123)**	(7,329)	**(7,123)**	(7,329)
Total non-current liabilities		**(60,108)**	(62,006)	**(60,108)**	(62,006)
Total assets employed		**239,769**	261,807	**235,196**	257,067
Financed by					
Taxpayers' equity					
Public Dividend Capital		**191,957**	190,176	**191,957**	190,176
Revaluation reserve	23	**24,378**	20,912	**24,378**	20,912
Income and expenditure reserve		**19,289**	46,412	**18,861**	45,979
Charitable fund reserves		**4,145**	4,307	**0**	0
Total taxpayers' equity		**239,769**	261,807	**235,196**	257,067

The financial statements on pages 87 to 118 were approved by the Board on 24 May 2016 and signed on its behalf by:

Fiona Dalton
Chief executive
24 May 2016

CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2016

Group	NHS Charitable Funds Reserves	Public Dividend Capital	Revaluation Reserve	Income and Expenditure Reserve	Total
	£000	£000	£000	£000	£000
Taxpayers' and Others' Equity at 01 April 2015	**4,307**	**190,176**	**20,912**	**46,412**	**261,807**
(Deficit) for the year	**(12)**	**0**	**0**	**(27,342)**	**(27,354)**
Transfers between reserves	**0**	**0**	**(211)**	**211**	**0**
Impairments	**0**	**0**	**(3,808)**	**0**	**(3,808)**
Revaluations - property, plant and equipment	**0**	**0**	**7,493**	**0**	**7,493**
Transfer to retained earnings on disposal of assets	**0**	**0**	**(8)**	**8**	**0**
Fair Value losses on Available-for-sale financial investments	**(150)**	**0**	**0**	**0**	**(150)**
Public Dividend Capital received	**0**	**1,781**	**0**	**0**	**1,781**
Taxpayers' and Others' Equity at 31 March 2016	**4,145**	**191,957**	**24,378**	**19,289**	**239,769**
Taxpayers' and Others' Equity at 01 April 2014	4,011	188,319	24,561	37,926	254,817
Surplus for the year	170	0	0	8,324	8,494
Transfers between reserves	0	0	(163)	163	0
Impairments	0	0	(6,153)	0	(6,153)
Revaluations - property, plant and equipment	0	0	2,667	0	2,667
Fair Value gains on Available-for-sale financial investments	126	0	0	0	126
Public Dividend Capital received	0	1,857	0	0	1,857
Other reserve movements	0	0	0	**(1)**	(1)
Taxpayers' Equity at 31 March 2015	4,307	190,176	20,912	46,412	261,807

Trust	Public Dividend Capital	Revaluation Reserve	Income and Expenditure Reserve	Total
	£000	£000	£000	£000
Taxpayers' and Others' Equity at 01 April 2015	**190,176**	**20,912**	**45,979**	**257,067**
Surplus/ (Deficit) for the year	**0**	**0**	**(27,337)**	**(27,337)**
Transfers between reserves	**0**	**(211)**	**211**	**0**
Impairments	**0**	**(3,808)**	**0**	**(3,808)**
Revaluations - property, plant and equipment	**0**	**7,493**	**0**	**7,493**
Transfer to retained earnings on disposal of assets	**0**	**(8)**	**8**	**0**
Public Dividend Capital received	**1,781**	**0**	**0**	**1,781**
Taxpayers' and Others' Equity at 31 March 2016	**191,957**	**24,378**	**18,861**	**235,196**
Taxpayers' and Others' Equity at 01 April 2014	188,319	24,561	37,501	250,381
Surplus for the year	0	0	8,315	8,315
Transfers between reserves	0	(163)	163	0
Impairments	0	(6,153)	0	(6,153)
Revaluations - property, plant and equipment	0	2,667	0	2,667
Public Dividend Capital received	1,857	0	0	1,857
Taxpayers' Equity at 31 March 2015	190,176	20,912	45,979	257,067

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

		Group		Trust	
		Year ended 31 March 2016	Year ended 31 March 2015	**Year ended 31 March 2016**	Year ended 31 March 2015
	NOTE	**£000**	£000	**£000**	£000
Operating surplus/ (deficit)		**(18,389)**	17,401	**(18,255)**	17,285
Operating surplus/ (deficit)		**(18,389)**	17,401	**(18,255)**	17,285
Non-cash income and expense:					
Depreciation and amortisation	**11/12.1**	**21,717**	19,982	**21,691**	19,956
Impairments	**10**	**18,101**	0	**18,101**	0
Reversals of impairments	**10**	**0**	(3,231)	**0**	(3,231)
Losses on disposal	**4**	**33**	46	**33**	46
Non-cash donations/grants credited to income		**(750)**	(7,852)	**(750)**	(7,852)
(Increase) in Trade and Other Receivables	**15**	**(11,018)**	(5,535)	**(12,124)**	(4,471)
(Increase) in Inventories	**14**	**(1,830)**	(413)	**(1,779)**	(530)
Increase in Trade and Other Payables	**18**	**10,119**	2,795	**10,757**	2,865
Increase in Other Liabilities	**20**	**2,985**	8,486	**2,985**	8,486
Increase/ (Decrease) in Provisions	**21**	**1,975**	(3,994)	**1,975**	(3,994)
NET CASH GENERATED FROM OPERATIONS		**22,943**	27,685	**22,634**	28,560
Cash flows from investing activities					
Interest received	**8**	**92**	107	**92**	124
Purchase of intangible assets	**11**	**(3,805)**	(1,301)	**(3,805)**	(1,301)
Purchase of Property, Plant and Equipment	**12**	**(9,698)**	(18,154)	**(9,647)**	(18,154)
Receipt of cash donations to purchase capital assets		**750**	1,737	750	1,737
Investment in subsidiary		**0**	0	**(50)**	(841)
NHS Charitable funds - net cash flows from investing activities		**116**	20	**0**	0
Net cash (used in) investing activities		**(12,545)**	(17,591)	**(12,660)**	(18,435)
Cash flows from financing activities					
Public dividend capital received		**1,781**	1,857	**1,781**	1,857
Other loans received		**1,290**	0	1,290	0
Loans repaid to the Department of Health	**19**	**(4,927)**	(4,925)	**(4,927)**	(4,925)
Other loans repaid	**19**	**(78)**	0	**(78)**	0
Capital element of finance lease rental payments		**(4,331)**	(3,401)	**(4,331)**	(3,401)
Capital element of Private Finance Initiative Obligations		**(314)**	(349)	**(314)**	(349)
Interest paid	**9**	**(795)**	(909)	**(795)**	(909)
Interest element of finance lease	**9**	**(1,541)**	(1,050)	**(1,541)**	(1,050)
Interest element of Private Finance Initiative obligations	**9**	**(145)**	(164)	**(145)**	(164)
PDC Dividend paid		**(6,912)**	(6,965)	**(6,912)**	(6,965)
Net cash (used in)/ generated from financing activities		**(15,972)**	(15,906)	**(15,972)**	(15,906)
Increase/ (decrease) in cash and cash equivalents		**(5,574)**	(5,812)	**(5,998)**	(5,781)
Cash and Cash equivalents at 1 April		**29,486**	35,298	**27,796**	33,577
Cash and Cash equivalents at 31 March		**23,912**	29,486	**21,798**	27,796

The notes on pages 91 to 118 form part of these accounts

NOTES TO THE ACCOUNTS

Accounting policies

Monitor is responsible for issuing an accounts direction to NHS foundation trusts under the NHS Act 2006. Monitor has directed that the financial statements of NHS Foundation Trusts shall meet the accounting requirements of the Foundation Trust Annual Reporting Manual (FT ARM) which shall be agreed with the Secretary of State. Consequently, the following financial statements have been prepared in accordance with the FT ARM 2015/16 issued by Monitor. The accounting policies contained in that manual follow International Financial Reporting Standards (IFRS) and HM Treasury's Financial Reporting Manual (FReM) to the extent that they are meaningful and appropriate to NHS Foundation Trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

Accounting convention

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

1.1 Consolidation

NHS Charitable Fund

Southampton Hospital Charity ('SHC') is a registered charity. University Hospital Southampton NHS Foundation Trust ('the Trust') is the sole trustee of SHC. The Trust has determined that SHC is a subsidiary of the Trust because the Trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with SHC and has the ability to affect those returns and other benefits through its power over SHC. However, as trustee of SHC the Trust is legally obliged to act exclusively in the interests of the charity's beneficiaries - NHS patients – and not (insofar as they diverge) in the interests of the Trust itself or its staff. The balance of funds of SHC at 31 March 2016 was £4.136m (unrestricted) and £0.009m (restricted).

SHC's accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102. On consolidation, necessary adjustments are made to SHC's assets, liabilities and transactions to:

- recognise and measure them in accordance with the Foundation Trust's accounting policies; and
- eliminate intra-group transactions, balances, gains and losses.

Other subsidiaries

The Trust wholly owns UHS Pharmacy Ltd and UHS Estates Ltd which form part of the consolidated accounts. UHS Pharmacy Ltd provides outpatient pharmacy services. Its turnover for the period ended 31st March 2016 was £12.5m. UHS Estates Ltd was established in March 2016 and is currently in the process of developing Staff Support Offices for the Trust.

Subsidiary entities are those over which the Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines. Where subsidiaries' accounting policies are not aligned with those of the trust (including where they report under UK FRS 102) then amounts are adjusted during consolidation where the differences are material. The amounts consolidated are drawn from the financial statements of UHS Pharmacy Ltd and UHS Estates Ltd. Intra-entity balances, transactions and gains/losses are eliminated in full on consolidation.

Joint ventures

Joint ventures are arrangements in which the Trust has joint control with one or more parties, and where it has rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method.

The Trust has one joint venture, Southampton CEDP LLP, which is a commercial partnership with Interserve Ltd for undertaking various developments, the first of which relates to the development of the front of the hospital. The Trust accounts using the net equity method for the joint venture at its financial year end which is 31 December. The joint venture made a small profit (less than £1k) in the year to 31 December 2015.

Notes to the Accounts - 1. Accounting policies (continued)

1.2 Income

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the Trust is contracts with commissioners in respect of healthcare services.

Revenue from patient care spells that are part completed at the year end are apportioned across financial years on the basis of the number of occupied bed days and average revenue per bed day.

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

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

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

The Trust sells some goods, such as drugs, to other NHS Trusts. Income is recognised on delivery of the goods to the customer.

Grants and donations are recognised as income on receipt. Where the funder imposes a condition that the grant or donation must be used to acquire or construct an asset the income is deferred until that asset is brought into use.

1.3 Expenditure on employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. It is not possible for the NHS Foundation Trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme.

Employers' pension cost contributions are charged to operating expenses as and when they become due. Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to operating expenses at the time the trust commits itself to the retirement, regardless of the method of payment.

1.4 Expenditure on other goods and services

Expenditure on goods and services is recognised when and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

1.5 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential be provided to, the Trust;
- it is expected to be used for more than one financial year; and
- the cost of the item can be measured reliably.
- the item has a cost of at least £5,000 or
- collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control.

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

The refurbishment to the Main Entrance Retail Area in 2015/16 has not been recognised as Trust capital expenditure as this is the responsibility of, and was financed by, a private sector partner separate to the Trust's joint venture.

Notes to the Accounts - 1. Accounting policies (continued)

1.5 Property, plant and equipment (continued)

Measurement

Valuation

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

Land and buildings used for the Trust's services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

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

HM Treasury currently adopts a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. A desktop revaluation has been carried out at 31 March 2016. The last full revaluation was undertaken at 31 March 2015.

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

- Fixtures and equipment- carried at depreciated historic cost as this is considered to be not materially different from fair value. Fixtures and equipment acquired before 1 April 2008 were indexed and the carrying value of those assets at that date is being written off over their useful lives.

An item of property, plant and equipment which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 of IFRS 5.

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably.

Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Notes to the Accounts - 1. Accounting policies (continued)

1.5 Property, plant and equipment (continued)

Depreciation
Items of property, plant and equipment are depreciated over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

Property, plant and equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Revaluation gains and losses
Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating income.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.
Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

Impairments
In accordance with the FT ARM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating income to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

De-recognition
Assets intended for disposal are reclassified as 'Held for Sale' once all of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable i.e. management are committed to a plan to sell the asset;
- an active programme has begun to find a buyer and complete the sale;
- the asset is being actively marketed at a reasonable price;
- the sale is expected to be completed within 12 months of the date of classification as 'Held for Sale'; and
- the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'Held for Sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Notes to the Accounts - 1. Accounting policies (continued)

1.5 Property, plant and equipment (continued)

Donated, government grant and other grant funded assets
Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

Private Finance Initiative (PFI) transactions
PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-Statement of Financial Position' by the Trust. In accordance with IAS 17 the underlying assets are recognised as property, plant and equipment at their fair value together with an equivalent finance lease liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate

The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for services.

The service charge is recognised in operating expenses and the finance cost is charged to Finance Costs in the Statement of Comprehensive Income.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:
a) Payment for the fair value of services received;
b) Payment for the PFI asset, including finance costs; and
c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

Services received
The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

PFI Asset
The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the Trust's approach for each relevant class of asset in accordance with the principles of IAS 16.

PFI liability
A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Income.

Lifecycle replacement
Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

Notes to the Accounts - 1. Accounting policies (continued)

1.5 Property, plant and equipment (continued)

Assets contributed by the Trust to the operator for use in the scheme
Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the Trust's Statement of Financial Position.

1.6 Intangible assets

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

Internally generated intangible assets
Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
- the Trust intends to complete the asset and sell or use it;
- the Trust has the ability to sell or use the asset;
- how the intangible asset will generate probable future economic or service delivery benefits e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the Trust to complete the development and sell or use the asset; and
- the Trust can measure reliably the expenses attributable to the asset during development.

Software
Software which is integral to the operation of hardware (e.g. an operating system) is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware (e.g. application software) is capitalised as an intangible asset.

Measurement
Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 of IFRS 5. Intangible assets held for sale are measured at the lower of their carrying amount or 'fair value less costs to sell'.

Amortisation
Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Notes to the Accounts - 1. Accounting policies (continued)

1.7 Revenue government and other grants

Government grants are grants from Government bodies other than income from commissioners for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

1.8 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the weighted average cost method.

1.9 Financial instruments and financial liabilities

Recognition

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs i.e. when receipt or delivery of the goods or services is made.

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below.

All other financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

De-recognition

All financial assets are de-recognised when the rights to receive cash flows from the assets have expired or the Trust has transferred substantially all of the risks and rewards of ownership.
Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Classification and measurement

Financial assets are categorised as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets.
The Trust's loans and receivables comprise: cash and cash equivalents, NHS receivables, accrued income and 'other receivables'.
Loans and receivables are recognised initially at fair value, net of transaction costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Comprehensive Income. Loans from the Department of Health are not held for trading and are measured at historic cost with any unpaid interest accrued separately.

Trust receivables are current and therefore the transaction value is deemed to be the fair value and amortised cost.

Financial liabilities

All financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

They are included in current liabilities except for amounts payable more than 12 months after the Statement of Financial Position date, which are classified as long-term liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to Finance Costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the cost of those assets.

Notes to the Accounts - 1. Accounting policies (continued)

1.9 Financial instruments and financial liabilities (continued)

Impairment of financial assets

At the Statement of Financial Position date, the Trust assesses whether any financial assets are impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced through the use of an allowance account/bad debt provision.

Provision for the impairment of receivables is maintained based on the age of the receivable or if otherwise believed to be irrecoverable.

1.10 Leases

Trust as lessee

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease.

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for as an item of property plant and equipment.

The annual rental is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability is de-recognised when the liability is discharged, cancelled or expires.

Imaging Infrastructure Support Service (IISS)

During 2012/13 the Trust entered an agreement for the provision of a comprehensive replacement and maintenance service contract for all major radiological imaging equipment. The contract term is 13 years with a fixed unitary payment covering asset replacement and on-going maintenance. The asset replacements are treated as finance leases and accounted for as above. Where the element of the unitary payment relating to asset replacement is made in advance of the actual asset acquisition that payment is treated as a prepayment. The element of the unitary charge relating to maintenance is charged to the Statement of Comprehensive Income.

Operating leases

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

Leases of land and buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

The Trust as lessor

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

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

1.11 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the discount rates published and mandated by HM Treasury.

Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution , and in return the NHSLA settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust.
The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at note 21.3 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

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

Notes to the Accounts - 1. Accounting policies (continued)

1.12 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 22 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed at note 22, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

● possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or

● present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

1.13 Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS Trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

A charge, reflecting the cost of capital utilised by the NHS Foundation Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS Foundation Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated assets (including lottery funded assets), (ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and (iii) any PDC dividend balance receivable or payable. In accordance with the requirements laid down by the Department of Health (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the 'pre-audit' version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result of the audit of the annual accounts.

1.14 Value Added Tax

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

1.15 Corporation Tax

Section 148 of the Finance Act 2004 amended S519A of the Income and Corporation Taxes Act 1988 to provide power to the Treasury to make certain non-core activities of Foundation Trusts potentially subject to corporation tax. This legislation became effective in the 2005/06 financial year. In determining whether or not an activity is likely to be taxable a three-stage test may be employed:

- The provision of goods and services for purposes related to the provision of healthcare authorised under Section 14(1) of the Health and Social Care Act 2003 (HSCA) is not treated as a commercial activity and is therefore tax exempt;

- Trading activities undertaken in house which are ancillary to core healthcare activities are not entrepreneurial in nature and not subject to tax. A trading activity that is capable of being in competition with the wider private sector will be subject to tax;

- Only significant trading activity is subject to tax. Significant is defined as annual taxable profits of £50,000 per trading activity.

The majority of the Trust's activities are related to core healthcare and are not subject to tax. However, the Trust's commercial subsidiaries are subject to corporation tax, although none has been incurred in the 2015/16 period.

1.16 Foreign exchange

The functional and presentational currencies of the Trust are sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the Trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

● monetary items are translated at the spot exchange rate on 31 March;

● non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

1.17 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's FReM.

Notes to the Accounts - 1. Accounting policies (continued)

1.18 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

However the losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

1.19 Critical accounting judgements and key sources of estimation uncertainty

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Classification of Leases

Under IAS 17 a finance lease is one that transfers to the lessee 'substantially all the risks and rewards incidental to ownership of an asset'. This requires the consideration of a number of factors for each lease such as the lease transferring ownership of the asset to the lessee by the end of the lease term; the lessee having the option to purchase the asset at a price sufficiently lower than fair value at the date the option becomes exercisable for it to be reasonably certain at the inception of the lease that the option will be exercised; the lease term being for the major part of the economic life of the asset even if economic title is not transferred; the present value of the minimum lease payments amounting at the inception of the lease to at least substantially all of the fair value of the leased asset; and the lease assets being of such a specialised nature that only the lessee can use them without major modifications; or lessor's losses associated with cancelling the lease being borne by the lessee; gains or losses from fluctuations in the fair value of the residual accruing to the lessee; and the ability to continue the lease for a secondary period at a rent substantially lower than market rent. The total outstanding commitment for operating leases at 31 March 2016 is £6.558m, and for finance leases £30,684m.

Asset lives and residual values

Property, plant and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as the remaining life of the asset and projected disposal values.

The range of asset lives for intangible assets is as follows:

	Min Life Years	Max Life Years
Software	5	10

The ranges of asset lives for property, plant and equipment are as follows:

	Min Life Years	Max Life Years
Buildings excluding dwellings	2	69
Dwellings	47	47
Plant & Machinery	3	20
Transport Equipment	5	10
Information Technology	5	15
Furniture & Fittings	10	10

Impairment of assets

At each balance sheet date, the Trust checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually. In 2015/16, the Trust adopted a revised basis of valuation for building assets which excludes VAT from the cost of rebuilding assets. The consequential impairment value recognised in the year ending 31 March 2016 is disclosed at Note 10.

Notes to the Accounts - 1. Accounting policies (continued)

1.19 Critical accounting judgements and key sources of estimation uncertainty (continued)

Recoverability of receivables

Provision for non payment is made against all non-NHS receivables that are greater than 180 days old unless recoverability is certain. Provision is made against more recent receivables where there is some doubt concerning recoverability. The provision for impaired receivables at 31 March 2016 was £6.979m (see note 16.1).

Provisions

The Trust regularly monitors the position regarding provisions, including legal claims and restructuring, to ensure that it accurately reflects at each balance sheet date the current position in providing for potential future costs from past events, including board resolutions. The total provision for liabilities and charges at 31 March 2016 was £2.548m (see note 21.1).

Key sources of estimation uncertainty

There are no key assumptions concerning the future, or other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

1.20 Accounting Standards that have been issued but not adopted.

The following accounting standards, amendments and interpretations have been issued by the International Accounting Standards Board (IASB) but not yet required to be adopted.

Change published	Published by IASB	Financial year for which the change first applies
IFRS 11 (amendment)- acquisition of an interest in a joint operation	May 2014	Not yet EU adopted. Expected to be effective from 2016/17.
IAS 16 (amendment) and IAS 38 (amendment) – depreciation and amortisation	May 2014	Not yet EU adopted. Expected to be effective from 2016/17.
IAS 16 (amendment) and IAS 41 (amendment) – bearer plants	June 2014	Not yet EU adopted. Expected to be effective from 2016/17.
IAS 27 (amendment) – equity method in separate financial statements	August 2014	Not yet EU adopted. Expected to be effective from 2016/17.
IFRS 10 (amendment) and IAS 28 (amendment) – sale or contribution of assets	September 2014	Not yet EU adopted. Expected to be effective from 2016/17.
IFRS 10 (amendment) and IAS 28 (amendment) – investment entities applying the consolidation exception	December 2014	Not yet EU adopted. Expected to be effective from 2016/17.
IAS 1 (amendment) – disclosure initiative	December 2014	Not yet EU adopted. Expected to be effective from 2016/17.
IFRS 15 Revenue from contracts with customers	May 2014	Not yet EU adopted. Expected to be effective from 2017/18.
Annual improvements to IFRS: 2012-15 cycle	September 2014	Not yet EU adopted. Expected to be effective from 2017/18.
IFRS 9 Financial Instruments	July 2014	Not yet EU adopted. Expected to be effective from 2018/19.

This reflects the EU-adopted effective date rather than the effective date in the standard.

The adoption of these standards in future periods is not expected to have a material impact on the financial statements.

Notes to the Accounts

2. Operating Segments

Trust activity is organised into four clinical divisions as follows:

Division	A	Surgery, Cancer Care and Critical Care
Division	B	Specialist Medicine, Emergency Medicine, Medicine for Older People and Pathology
Division	C	Women and Newborn, Child Health, Clinical Support and Non Clinical Support Trauma
Division	D	and Orthopaedics, Cardiothoracic, Neurosciences and Radiology

Each division has its own senior management team.
The Chief Operating Decision Maker (CODM) of the Trust is the Trust Board which is required to approve the budget and all major operating decisions.
The monthly performance report to the CODM reports the performance of each division's operating costs against approved budgets. The financial information below is consistent with the monthly reporting.

	Year ended 31 March 2016	Year ended 31 March 2015
	£000	£000
Division A	**155,676**	146,543
Division B	**133,067**	124,675
Division C	**124,702**	120,220
Division D	**144,854**	139,839
Total divisions	**558,298**	531,277
Adjustment for income included above	**63,826**	73,476
Headquarters and corporate costs	**45,548**	30,004
Total operating expenses excl charity	**667,672**	634,757
Depreciation, amortisation, impairments etc	**40,939**	19,985
Charitable expenditure and running costs	**2,829**	2,387
Total operating expenses incl charity	**711,440**	657,129

The income above relates to divisional incomes that are deducted from operating costs for the purposes of reporting to the CODM.

3.1 Operating income by activity	**Group**		**Trust**	
	Year ended 31 March 2016	Year ended 31 March 2015	**Year ended 31 March 2016**	Year ended 31 March 2015
	Total	Total	**Total**	Total
	£000	£000	**£000**	£000
Income from patient care activities				
Elective income	**114,963**	117,918	**114,963**	117,918
Non elective income	**143,382**	142,152	**143,382**	142,152
Outpatient income	**73,641**	67,855	**73,641**	67,855
ED (A&E) income	**14,522**	13,627	**14,522**	13,627
Other NHS clinical income	**239,759**	215,497	**239,759**	215,497
Private patient income	**5,159**	4,918	**5,159**	4,918
Other clinical income	**3,110**	3,200	**3,110**	3,200
Total income from patient care activities	**594,536**	565,167	**594,536**	565,167
Other operating income				
Research and development	**19,315**	18,917	**19,315**	18,917
Education and training	**37,257**	37,041	**37,257**	37,041
Receipt of grants/donations for capital acquisitions - Donation (i.e. receipt of donated asset) *	**0**	6,115	0	6,115
Receipt of grants/donations for other capital acquisitions	**817**	1,840	**817**	1,840
Other charitable and other contributions to expenditure	**520**	520	**520**	520
Non-patient care services to other bodies	**13,828**	13,220	**13,913**	13,343
Reversal of impairments of property, plant and equipment	**0**	3,231	**0**	3,231
Rental revenue from operating leases	**34**	430	**34**	430
NHS Charitable Funds: Incoming Resources excluding investment income	**2,700**	2,475	**0**	0
Other operating income:				
Car parking	**3,710**	3,744	**3,710**	3,744
Staff accommodation rentals	**35**	43	**35**	43
Crèche services	**1,446**	1,435	**1,446**	1,435
Clinical excellence awards	**3,759**	4,559	**3,759**	4,559
Other	**15,094**	15,793	**15,094**	15,792
Total other operating income	**98,515**	109,363	**95,900**	107,010
TOTAL OPERATING INCOME	**693,051**	674,530	**690,436**	672,177

Of total operating income of £693.051m , £573.305m was for commissioner requested services (2014/15: £546.260m), and £119.746m was for non-commissioner requested services (2014/15: £128.270m).

3.2 Operating lease income	**Group**		**Trust**	
	Year ended 31 March 2016	Year ended 31 March 2015	**Year ended 31 March 2016**	Year ended 31 March 2015
	Total	Total	**Total**	Total
	£000	£000	**£000**	£000
Rental revenue from operating leases - minimum lease receipts	**34**	430	**34**	430
Future minimum lease payments due on leases of buildings and equipment expiring				
- not later than one year;	**0**	352	**0**	352
- later than five years:	**1,068**	1,102	**1,068**	1,102
TOTAL	**1,068**	1,454	**1,068**	1,454

Notes to the Accounts

3.3 Analysis of income from activities by source	Group Year ended 31 March 2016 £000	Group Year ended 31 March 2015 £000	Trust Year ended 31 March 2016 £000	Trust Year ended 31 March 2015 £000
NHS Foundation Trusts	**377**	4	**377**	4
NHS Trusts	**243**	298	**243**	298
Clinical Commissioning Groups and NHS England	**573,305**	546,260	**573,305**	546,260
Local Authorities	**237**	119	**237**	119
Non NHS: Private patients	**5,159**	4,918	**5,159**	4,918
Non-NHS: Overseas patients (non-reciprocal)	**459**	491	**459**	491
NHS injury scheme (was RTA)	**2,414**	2,590	**2,414**	2,590
Devolved administrations and Channel Islands	**12,342**	10,487	**12,342**	10,487
Total income from activities	**594,536**	565,167	**594,536**	565,167

3.4 Overseas visitors	Group Year ended 31 March 2016 £000	Group Year ended 31 March 2015 £000	Trust Year ended 31 March 2016 £000	Trust Year ended 31 March 2015 £000
Income recognised this year	**459**	491	**459**	491
Cash payments received in-year (relating to invoices raised in current and previous years)	**524**	378	**524**	378
Amounts added to provision for impairment of receivables (relating to invoices raised in current and prior years)	**124**	187	**124**	187
Amounts written off in-year (relating to invoices raised in current and previous years)	**209**	34	**209**	34

4 Group operating expenses	Group Year ended 31 March 2016 £000	Group Year ended 31 March 2015 £000	Trust Year ended 31 March 2016 £000	Trust Year ended 31 March 2015 £000
Services from NHS Foundation Trusts	**4,237**	4,519	**4,237**	4,519
Services from NHS Trusts	**3,247**	5,858	**3,247**	5,858
Services from CCGs and NHS England	**60**	0	**60**	0
Services from other NHS Bodies	**5,869**	3,705	**5,869**	3,705
Purchase of healthcare from non NHS bodies	**12,729**	14,296	**12,729**	14,296
Employee Expenses - Executive directors	**1,347**	1,416	**1,347**	1,416
Employee Expenses - Non-executive directors	**158**	156	**158**	156
Employee Expenses - Staff	**406,716**	392,903	**406,429**	392,647
NHS Charitable funds - employee expenses	**595**	538	**0**	0
Supplies and services - clinical (excluding drug costs)	**80,108**	75,114	**80,108**	75,114
Supplies and services - general	**17,578**	16,877	**17,489**	16,832
Establishment	**3,425**	3,073	**3,409**	3,061
Research and development	**4,540**	5,112	**4,540**	5,112
Transport (business travel only)	**419**	442	**419**	442
Transport	**1,281**	1,581	**1,281**	1,581
Premises - Business rates payable to Local Authorities	**2,063**	2,143	**2,047**	2,143
Premises- other	**17,682**	16,899	**17,595**	16,833
Increase/ (Decrease) in provision for impairment of receivables	**1,968**	1,226	**1,968**	1,226
Change in provisions discount rate(s)	**(19)**	136	**(19)**	136
Inventories written down	**36**	49	**36**	49
Drug costs (non inventory drugs only)	**1,827**	1,622	**1,827**	1,622
Drugs Inventories consumed	**85,199**	72,036	**86,138**	72,871
Rentals under operating leases	**681**	797	**665**	781
Depreciation on property, plant and equipment	**20,088**	18,513	**20,062**	18,487
Amortisation on intangible assets	**1,629**	1,469	**1,629**	1,469
Impairments of property, plant and equipment	**18,101**	0	**18,101**	0
Audit fees :				
Audit services- statutory audit	**62**	69	**58**	69
Audit services -charitable fund accounts	**9**	9	**0**	0
Other auditor remuneration	**114**	112	**103**	112
Clinical negligence insurance costs	**8,566**	8,830	**8,566**	8,830
Loss on disposal of other property, plant and equipment	**33**	46	**33**	46
Legal fees	**789**	922	**789**	922
Consultancy costs	**72**	422	**72**	416
Internal audit costs - (not included in employee expenses)	**121**	127	**121**	127
Training, courses and conferences	**1,756**	1,378	**1,756**	1,378
Patient travel	**127**	147	**127**	147
Car parking & Security	**589**	614	**589**	614
Redundancy	**1,128**	20	**1,128**	20
Insurance	**612**	650	**612**	650
External financial services	**991**	1,017	**991**	1,017
Losses, ex gratia & special payments	**93**	166	**93**	166
Catering equipment provision	**1,541**	0	**1,541**	0
Other	**1,048**	282	**741**	22
NHS Charitable funds: Other resources expended	**2,225**	1,838	**0**	0
TOTAL	**711,440**	657,129	**708,691**	654,892

4.1 Group other audit remuneration	Group Year ended 31 March 2016 £000	Group Year ended 31 March 2015 £000	Trust Year ended 31 March 2016 £000	Trust Year ended 31 March 2015 £000
Other auditor remuneration paid to the external auditor is analysed as follows:				
Audit-related assurance services	**13**	4	**13**	4
Taxation compliance services	**77**	25	**66**	25
General assurance services	**0**	4	**0**	4
All other non-audit services	**24**	79	**24**	79
Total	**114**	112	**103**	112

4.2 Group losses and special payments	Year ended 31 March 2016 Cases by number and value		Year ended 31 March 2015 Cases by number and value	
Losses and special payments paid out in the year were as follows:	**Number**	**£000's**	Number	£000's
Losses of cash	**14**	**8**	4	2
Bad debts and claims abandoned	**396**	**378**	379	219
Damage to buildings, property etc. (including stores losses) due to:	**11**	**36**	35	49
Total Losses	**421**	**422**	418	270
Ex gratia payments	**33**	**11**	33	9
Special Severance payments	**0**	**0**	1	21
Total Special Payments	**33**	**11**	34	30
Total Losses and Special Payments	**454**	**433**	452	300

Notes to the Accounts

5.1 Employee Expenses	Group		Trust	
	Year ended 31 March 2016	Year ended 31 March 2015	**Year ended 31 March 2016**	Year ended 31 March 2015
	Total £000	Total £000	**Total £000**	Total £000
Salaries and wages	**321,013**	311,122	**320,773**	311,122
Social security costs	**26,786**	26,011	**26,768**	26,011
Pension cost - Employers contributions to NHS Pensions	**38,256**	36,121	**38,256**	36,121
Pension cost - other contributions	**15**	10	**10**	10
Agency/contract staff	**26,441**	28,133	**26,441**	28,133
NHS Charitable funds staff	**595**	538	**0**	0
Recoveries from Other bodies in respect of staff cost netted off expenditure	**(3,875)**	(6,681)	**(3,875)**	(6,681)
Total Net Staff Costs	**409,231**	395,254	**408,373**	394,716
Employee Expenses - Staff	**406,716**	392,903	**406,453**	392,903
Employee Expenses - Executive directors	**1,347**	1,416	**1,347**	1,416
NHS Charitable funds: Employee expenses	**595**	538	**595**	0
Total Employee benefits excluding capitalised costs	**408,658**	394,857	**408,395**	394,319

The difference between net staff costs and total employee benefits relates to capitalised staff costs. Total remuneration paid to executive directors for the year ended 31 March 2016 (in their capacity as directors) totalled £1,347k (2014/15 £1,416k). No other remuneration was paid to directors in their capacity as directors, other than one exit package disclosed under Note 5.4 below. There were no advances or guarantees entered into on behalf of directors by the Trust. Employer contributions to the NHS Pension Scheme for executive directors for the year ended 31 March 2016 totalled £142k (2014/15 £143k). The total number of directors to whom benefits are accruing under the NHS defined benefit scheme (the NHS Pension Scheme) was 11 (2014/15 7).

5.2 Average number of employees (WTE basis)	Group		Trust	
	Year ended 31 March 2016	Year ended 31 March 2015	**Year ended 31 March 2016**	Year ended 31 March 2015 (Restated)
	Total Number	Total Number	**Total Number**	Total Number
Medical and dental	**1,284**	1,212	**1,284**	1,212
Administration and estates	**1,639**	1,602	**1,639**	1,602
Healthcare assistants and other support staff	**1,523**	1,457	**1,523**	1,457
Nursing, midwifery and health visiting staff	**2,961**	2,859	**2,961**	2,859
Scientific, therapeutic and technical staff	**845**	810	**845**	810
Healthcare science staff	**438**	424	**438**	424
Agency and contract staff	**495**	495	**495**	495
Bank staff	**60**	62	**60**	62
Other	**140**	119	**129**	110
Total	**9,385**	9,040	**9,374**	9,031

5.3 Early retirements due to ill health

From April 2015 to March 2016 there were 5 (Apr 2014-Mar 2015:11) early retirements from the organisation agreed on grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements is £266k (Apr 2014-Mar 2015: £590k). The cost of these ill-health retirements will be borne by the NHS Business Services Authority-Pensions Division.

5.4 Reporting of other compensation schemes- exit packages	Group and Trust		Group and Trust	
	Number of compulsory redundancies	**Value of compulsory redundancies**	Number of compulsory redundancies	Value of compulsory redundancies
Exit package cost band (including any special payment element)	**Number**	**£000**	Number	£000
Year ended 31 March 2016	**Year ended 31 March 2016**		Year ended 31 March 2015	
<£10,000	**3**	**10**	2	6
£10,001 - £25,000	**3**	**46**	1	14
£25,001 - 50,000	**3**	**102**	0	0
£50,001 - £100,000	**2**	**139**	0	0
£100,001 - £150,000	**1**	**135**	0	0
Total	**12**	**432**	3	20

5.5 Exit packages: other (non-compulsory) departure payments - 2015/16	**Number of other departures Number**	**Value of other departures** £000	Number of compulsory redundancies Number	Value of compulsory redundancies £000
Year ended 31 March 2016	**Year ended 31 March 2016**		Year ended 31 March 2015	
£10,001 - £25,000	**0**	**0**	1	21
£100,001 - £150,000	**1**	**121**	0	0
Total	**1**	**121**	1	21

The 1 non-compulsory case in 2015/16 relates to a voluntary redundancy. The 1 case in 2014/15 related to a non-contractual payment.

Notes to the Accounts

6 Pensions

Past and present employees are covered by the provisions of the two 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. Both are unfunded, defined benefit scheme that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

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

a) Accounting valuation

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

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

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers.
The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.

The government introduced automatic enrolment of staff into a workplace pension in April 2013 (although staff can continue to opt out again after enrolment). In general the Trust's staff are enrolled into the NHS pension scheme. However, there is a small group of staff who cannot be enrolled into the NHS scheme; for example, where they have already started drawing their NHS pension. These staff are auto-enrolled into the National Earnings Savings Trust (NEST) scheme managed by the NEST corporation which is a non-departmental public body accountable to the Department of Work and Pensions. NEST is a defined contribution pension scheme that was created as part of the government's workplace pensions reforms under the Pensions Act 2008. The employer contribution rate for NEST adopted by the Trust currently stands at 1% of annual earnings between £5824 and £43000 (this is the minimum rate stipulated). This is due to rise to 1.2% in April 2016, 2.6% in 2018/19 and then 4% in April 2019. At 31 March 2016 the Trust had 62 members in NEST (31 March 2015: 45) and had made total contributions for 2015/16 of £9k (2014/15: £7k).

Notes to the Accounts

7.1 Operating leases

	Year ended 31 March 2016			Year ended 31 March 2015		
	£000	£000	£000	£000	£000	£000
Group	**Buildings**	**Plant & Machinery**	**Total**	Buildings	Plant & Machinery	Total
Minimum lease payments	**449**	**232**	**681**	382	415	797
Trust						
Minimum lease payments	**449**	**216**	**665**	382	399	781

7.2 Arrangements containing an operating lease

	Year ended 31 March 2016			Year ended 31 March 2015		
	£000	£000	£000	£000	£000	£000
Group	**Buildings**	**Plant & Machinery**	**Total**	Buildings (restated)	Plant & Machinery	Total
Future minimum lease payments due:						
- not later than one year;	**457**	**257**	**714**	382	24	406
- later than one year and not later than five years;	**859**	**206**	**1,065**	1,129	36	1,165
- later than five years.	**4,779**	**0**	**4,779**	4,944	0	4,944
Total	**6,095**	**463**	**6,558**	6,455	60	6,515
Trust						
Future minimum lease payments due:						
- not later than one year;	**457**	**241**	**698**	382	6	388
- later than one year and not later than five years;	**859**	**184**	**1,043**	1,129	0	1,129
- later than five years.	**4,779**	**0**	**4,779**	4,944	0	4,944
Total	**6,095**	**425**	**6,520**	6,455	6	6,461

7.3 Interest on late payments

There was no interest incurred on late payments in 2014/15 or 2015/16

8 Finance income

	Group		Trust	
	Year ended 31 March £000	Year ended 31 March 2015 £000	**Year ended 31 March £000**	Year ended 31 March 2015 £000
Interest on bank accounts	**92**	107	**92**	107
Interest on loans and receivables	**0**	0	**0**	17
NHS Charitable funds: investment income	**117**	80	**0**	0
Total	**209**	187	**92**	124

9 Finance expenses

	Group		Trust	
	Year ended 31 March 2016 £000	Year ended 31 March 2015 £000	**Year ended 31 March 2016 £000**	Year ended 31 March 2015 £000
Interest expense:				
Capital loans from the Department of Health	**784**	909	**784**	909
Commercial loans	**15**	0	**15**	0
Finance leases	**1,540**	1,049	**1,540**	1,049
Private Finance Initiative schemes	**145**	164	**145**	164
Total Finance costs	**2,484**	2,122	**2,484**	2,122
Unwinding of discount on provisions	**37**	48	**37**	48
Total Finance expenses	**2,521**	2,170	**2,521**	2,170

Notes to the Accounts

10 Impairments

Group and Trust	**Year ended 31 March 2016**			Year ended 31 March 2015		
	Net impairment	Impairments	Reversals	Net impairment	Impairments	Reversals
	£000	**£000**	**£000**	£000	£000	£000
Diminution from normal operations	**0**	**0**	**0**	(3,231)	0	(3,231)
Other	**3,808**	**3,808**	**0**	6,153	6,153	0
Changes in market price	**18,101**	**18,101**	**0**	0	0	0
Total Impairments	**21,909**	**21,909**	**0**	2,922	6,153	(3,231)

Of the amount above, £18.101m was charged (2014/15 £3.231m credited) to the Statement of Comprehensive Income and £3.808m (2014/15 £6.153m) charged to the Revaluation reserve. The impairment recognised in 2015/16 reflects a change in the assumption in the valuation regarding recoverability of VAT.

11 Intangible assets

	Movements for Year ended 31 March 2016		Movements for Year ended 31 March 2015	
	Software licences (purchased)	**Total**	Software licences (purchased)	Total
Group and Trust	**£000**	**£000**	£000	£000
Valuation/Gross Cost at 1 April	**17,947**	**17,947**	15,900	15,900
Additions - purchased / internally generated	**3,362**	**3,362**	2,039	2,039
Additions - assets purchased from cash donations / grants	**40**	**40**	8	8
Disposals	**(6,349)**	**(6,349)**	0	0
Valuation/Gross cost at 31 March	**15,000**	**15,000**	17,947	17,947
Amortisation at 1 April	**13,070**	**13,070**	11,601	11,601
Provided during the year	**1,629**	**1,629**	1,469	1,469
Disposals	**(6,349)**	**(6,349)**	0	0
Amortisation at 31 March	**8,350**	**8,350**	13,070	13,070
Net Book Value at 31 March	**6,650**	**6,650**	4,877	4,877

Notes to the Accounts

12.1 Property, plant and equipment 2015/16 Group	Land	Buildings excluding dwellings	Dwellings	Assets Under Construction and Payments on Account	Plant & machinery	Transport equipment	Information Technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/Gross cost at 1 April 2015	23,601	240,944	1,234	561	101,331	626	8,779	87	377,163
Additions - purchased	0	3,809	0	1,810	3,314	0	1,133	0	10,066
Additions - leased	0	18	0	1,755	5,529	176	0	0	7,478
Additions - grants / donations of cash to purchase assets	0	132	0	0	578	0	0	0	710
Reclassifications	0	522	0	(522)	0	0	0	0	0
Revaluations	7,429	0	64	0	0	0	0	0	7,493
Disposals	0	0	0	0	(9,100)	(110)	(824)	(12)	(10,046)
Valuation/Gross cost at 31 March 2016	31,030	245,425	1,298	3,604	101,652	692	9,088	75	392,864
Accumulated depreciation at 1 April 2015	0	0	0	0	61,109	393	5,903	77	67,482
Provided during the year	0	9,528	27	0	9,553	75	903	2	20,088
Impairments charged to operating expenses	0	18,101	0	0	0	0	0	0	18,101
Impairments charged to the revaluation reserve	0	3,808	0	0	0	0	0	0	3,808
Disposals	0	0	0	0	(9,066)	(110)	(824)	(12)	(10,012)
Accumulated depreciation at 31 March 2016	0	31,437	27	0	61,596	358	5,982	67	99,467

All of the disposals shown above relate to the accounting disposal of Commissioner Requested Services assets at or beyond the end of their useful economic lives; the assets shown as disposals have all been replaced or superseded by new arrangements, so there is no implication for the delivery of those services.

12.2 Property, plant and equipment 2014/15 Group	Land	Buildings excluding dwellings	Dwellings	Assets Under Construction and Payments on Account	Plant & machinery	Transport equipment	Information Technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/Gross cost at 1 April 2014	29,694	241,974	1,479	5,592	96,689	499	7,690	87	383,704
Additions - purchased	0	8,601	212	557	3,885	11	1,103	0	14,369
Additions - leased	0	2,943	0	0	11,966	0	0	0	14,909
Additions - donated	0	6,115	0	0	0	0	0	0	6,115
Additions - government granted	0	1,028	0	0	585	116	0	0	1,729
Impairments charged to revaluation reserve	(6,093)	0	(60)	0	0	0	0	0	(6,153)
Reclassifications	0	5,588	0	(5,588)	0	0	0	0	0
Revaluations	0	(25,305)	(397)	0	0	0	0	0	(25,702)
Disposals	0	0	0	0	(11,794)	0	(14)	0	(11,808)
Valuation/Gross cost at 31 March 2015	23,601	240,944	1,234	561	101,331	626	8,779	87	377,163
Accumulated depreciation at 1 April 2014	0	22,821	343	0	63,605	333	5,155	74	92,331
Provided during the year	0	8,382	54	0	9,252	60	762	3	18,513
Reversal of impairments credited to revaluation reserve	0	(3,231)	0	0	0	0	0	0	(3,231)
Revaluations	0	(27,972)	(397)	0	0	0	0	0	(28,369)
Disposals	0	0	0	0	(11,748)	0	(14)	0	(11,762)
Accumulated depreciation at 31 March 2015	0	0	0	0	61,109	393	5,903	77	67,482

12.3 Property, plant and equipment- other entities in Group

	Year ended 31 March 2016			Year ended 31 March 2015		
	Buildings excluding dwellings	Information Technology	Total	Buildings excluding dwellings	Information Technology	Total
Of the movements above, the following relate to UHS Pharmacy Ltd:	£000	£000	£000	£000	£000	£000
Valuation/Gross cost at 1 April	59	86	145	59	86	145
Additions - purchased	51	0	51	0	0	0
Valuation/Gross cost at 31 March	110	86	196	59	86	145
Accumulated depreciation at 1 April	14	27	41	5	9	14
Depreciation provided during the year	8	18	26	9	18	27
Accumulated depreciation at 31 March	22	45	67	14	27	41

None of the movement relates to the Trust charity or UHS Estates Ltd.

Notes to the Accounts

	Land	Buildings excluding dwellings	Dwellings	Assets Under Construction and Payments on Account	Plant & machinery	Transport equipment	Information Technology	Furniture & fittings	Total
12.4 Property, plant and equipment financing									
Net book value at 31 March 2016	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Group									
Owned	**31,030**	**185,891**	**1,271**	**1,849**	**38,325**	**39**	**3,105**	**8**	**261,518**
Finance Lease	**0**	**253**	**0**	**1,755**	**0**	**155**	**0**	**0**	**2,163**
On-balance-sheet PFI contracts	**0**	**3,515**	**0**	**0**	**0**	**0**	**0**	**0**	**3,515**
Donated	**0**	**24,328**	**0**	**0**	**1,732**	**140**	**1**	**0**	**26,201**
NBV Total at 31 March 2016	**31,030**	**213,987**	**1,271**	**3,604**	**40,057**	**334**	**3,106**	**8**	**293,397**
Net book value at 31 March 2015									
Group									
Owned	23,601	209,628	1,234	561	20,944	55	2,875	10	258,908
Finance Lease	0	2,943	0	0	17,645	0	0	0	20,588
On-balance-sheet PFI contracts	0	3,737	0	0	0	0	0	0	3,737
Donated	0	24,636	0	0	1,633	178	1	0	26,448
NBV Total at 31 March 2015	23,601	240,944	1,234	561	40,222	233	2,876	10	309,681
Of the balance above, the following relates to UHS Pharmacy Ltd:									
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 31 March 2016	0	88	0	0	0	0	41	0	129
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 31 March 2015	0	45	0	0	0	0	59	0	104

None of the balance relates to the Trust charity.

13 Investments

	NHS Charitable funds: Investment property	NHS Charitable funds: Other Investments	Other Investments	NHS Charitable funds: Investment property	NHS Charitable funds: Other investments	Other Investments
	Movements for year ended 31 March 2016			Movements for year ended 31 March 2015		
Group	**£000**	**£000**	**£000**	£000	£000	£000
Carrying value at 1 April	**108**	**2,857**	**0**	100	2,678	0
Acquisitions in year - other	**0**	**0**	**0**	0	61	0
Fair value gains [taken to I&E]	**0**	**0**	**0**	8	0	0
Fair value losses (impairment) [taken to I&E]	**0**	**0**	**0**	0	(8)	0
Movement in fair value of Available-for-sale financial assets recognised in Other Comprehensive Income	**0**	**(150)**	**0**	0	126	0
Carrying value at 31 March	**108**	**2,707**	**0**	108	2,857	0

	Other Investments	Other Investments
	Movements for year ended 31 March 2016	Movements for year ended 31 March 2015
Trust	**£000**	£000
Carrying value at 1 April	**891**	0
Acquisitions in year	**0**	841
Carrying value at 31 March	**891**	841

The investment relates to issuing of share capital to the Trust by UHS Estates Ltd

Notes to the Accounts

14 Inventories	Group Drugs £000	Group Consumables £000	Group Total £000	Trust Drugs £000	Trust Consumables £000	Trust Total £000
Current						
Carrying Value at 31 March 2015	**2,826**	**10,221**	**13,047**	**2,397**	**10,221**	**12,618**
Carrying Value at 31 March 2016	**3,455**	**11,422**	**14,877**	**2,975**	**11,422**	**14,397**

15 Trade and other receivables	Group Total 31 March 2016 £000	Group Total 31 March 2015 £000	Trust Total 31 March 2016 £000	Trust Total 31 March 2015 £000
Current				
NHS Receivables	**27,069**	18,308	**27,069**	18,308
Other receivables with related parties - revenue	**1,717**	2,098	**1,717**	2,098
Prepayments (Non-PFI)	**17,029**	13,671	**17,026**	13,668
Accrued income	**6,000**	7,329	**7,126**	7,403
PDC Dividend receivable	**285**	26	**285**	26
VAT receivable	**1,595**	1,441	**1,259**	1,126
Other receivables	**9,540**	9,084	**9,540**	9,084
NHS Charitable funds: Trade and other receivables	**30**	105	**0**	0
Provision for impaired receivables	**(6,250)**	(5,315)	**(6,250)**	(5,315)
Total Current	**57,015**	46,747	**57,772**	46,398
Non-Current				
Other receivables	**4,188**	2,816	**4,188**	2,816
Provision for impaired receivables	**(729)**	(366)	**(729)**	(366)
Total Non-Current	**3,459**	2,450	**3,459**	2,450
Total Trade and other Receivables	**60,474**	49,197	**61,231**	48,848

16.1 Provision for impairment of receivables	Group Year ended 31 March 2016 £000	Group Year ended 31 March 2015 £000	Trust Year ended 31 March 2016 £000	Trust Year ended 31 March 2015 £000
At 1 April	**5,681**	5,922	5,681	5,922
Increase in provision	**5,842**	2,209	5,842	2,209
Amounts utilised	**(670)**	(1,467)	(670)	(1,467)
Unused amounts reversed	**(3,874)**	(983)	(3,874)	(983)
At 31 March	**6,979**	5,681	**6,979**	5,681

Notes to the Accounts

16.2 Analysis of impaired receivables	Trade Receivables 31 March 2016	Other Receivables 31 March 2016	Trade Receivables 31 March 2015	Other Receivables 31 March 2015
Group	**£000**	**£000**	£000	£000
Ageing of impaired receivables				
0 - 30 days	**2,696**	**39**	2,398	83
30-60 Days	**151**	**71**	295	46
60-90 days	**77**	**43**	108	42
90- 180 days	**870**	**220**	307	207
over 180 days	**1,606**	**1,206**	1,245	950
Total	**5,400**	**1,579**	4,353	1,328
Ageing of non-impaired receivables past their due date				
0 - 30 days	**3,071**	**138**	3,208	356
30-60 Days	**2,256**	**251**	1,345	197
60-90 days	**518**	**154**	355	179
90- 180 days	**1,407**	**780**	439	683
over 180 days	**366**	**4,279**	838	4,078
Total	**7,618**	**5,602**	6,185	5,493
Trust	**£000**	**£000**	£000	£000
Ageing of impaired receivables				
0 - 30 days	**2,696**	**39**	2,398	83
30-60 Days	**151**	**71**	295	46
60-90 days	**77**	**43**	108	42
90- 180 days	**870**	**220**	307	207
over 180 days	**1,606**	**1,206**	1,245	950
Total	**5,400**	**1,579**	4,353	1,328
Ageing of non-impaired receivables past their due date				
0 - 30 days	**3,055**	**138**	3,230	356
30-60 Days	**2,256**	**251**	1,378	197
60-90 days	**518**	**154**	359	179
90- 180 days	**1,407**	**780**	439	683
over 180 days	**366**	**4,279**	838	4,078
Total	**7,602**	**5,602**	6,244	5,493

17.1 Cash and cash equivalents	Group 31 March 2016	Group 31 March 2015	Trust 31 March 2016	Trust 31 March 2015
	£000	£000	**£000**	£000
Total cash balance	**23,912**	29,486	**21,798**	27,796
Cash at commercial banks and in hand	**2,163**	1,752	**49**	62
Cash with the Government Banking Service	**21,749**	27,734	**21,749**	27,734
Cash and cash equivalents as in SoFP	**23,912**	29,486	**21,798**	27,796

17.2 Third party assets held by the NHS Foundation Trust

Group and Trust	Year ended 31 March 2016	Year ended 31 March 2015
	£000	£000
Patients' Monies	**7**	8

Notes to the Accounts

18 Trade and other payables

	Group		Trust	
	Total	Total	**Total**	Total
	31 March 2016	31 March 2015	**31 March 2016**	31 March 2015
	£000	£000	**£000**	£000
Current				
NHS payables - revenue	**8,235**	6,970	**8,226**	6,970
Amounts due to other related parties - revenue	**10,359**	9,700	**10,359**	9,700
Other trade payables - capital	**3,314**	2,639	**3,314**	2,639
Other trade payables - revenue	**22,557**	17,879	**21,245**	17,021
Social Security costs	**3,740**	3,677	**3,740**	3,677
Other taxes payable	**4,046**	4,100	**4,046**	4,100
Other payables	**5,176**	4,667	**5,172**	4,663
Accruals	**19,738**	17,063	**22,069**	17,969
NHS Charitable funds: Trade and other payables	**323**	0	**0**	0
Total Current	**77,488**	66,695	**78,171**	66,739
Non-current				
Other payables	**405**	405	**405**	405
Total Non Current	**405**	405	**405**	405
Total Trade and other payables	**77,893**	67,100	**78,576**	67,144

An amount of £5.42m (2014/15 £5.169m) relating to outstanding pension contributions is included within amounts due to other related parties; this liability was due in April 2016.

19 Borrowings

	Group		Trust	
	31 March 2016	31 March 2015	**31 March 2016**	31 March 2015
	£000	£000	**£000**	£000
Current				
Capital Loans from Department of Health	**4,925**	4,925	**4,925**	4,925
Other Loans	**121**	0	**121**	0
Obligations under finance leases	**4,146**	3,545	**4,146**	3,545
Obligations under Private Finance Initiative contracts	**333**	314	**333**	314
Total Current	**9,525**	8,784	**9,525**	8,784
Non-current				
Capital Loans from Department of Health	**25,542**	30,467	**25,542**	30,467
Other Loans	**1,092**	0	**1,092**	0
Obligations under finance leases	**20,748**	18,203	**20,748**	18,203
Obligations under Private Finance Initiative contracts	**2,401**	2,734	**2,401**	2,734
Total Non Current	**49,783**	51,404	**49,783**	51,404
Total Borrowings	**59,308**	60,188	**59,308**	60,188

The Foundation Trust has the following loans with the Department of Health:

Original Advance Date	Original Loan	Current Balance outstanding	Interest Rate	Date of final repayment
	£000	£000	%	
November 2007	3,000	569	4.85%	March 2018
March 2008	7,500	1,500	4.19%	March 2018
September 2008	8,000	2,000	4.85%	Sept 2018
September 2010	8,000	5,063	2.74%	Sept 2025
October 2011	10,000	5,500	1.57%	Aug 2021
September 2012	5,000	3,332	0.76%	March 2022
June 2013	15,000	12,503	1.91%	June 2028
Total balance outstanding		30,467		

The Trust took out a loan of £1.29m with a commercial lender in 2015/16 at a rate of 4.42%

20 Other liabilities	Group		Trust	
	31 March 2016	31 March 2015	**31 March 2016**	31 March 2015
	£000	£000	**£000**	£000
Current				
Deferred grants income	**2,602**	2,847	**2,602**	2,847
Deferred income - goods and services	**10,085**	6,649	**10,085**	6,649
Total Current	**12,687**	9,496	**12,687**	9,496
Non-current				
Deferred income - goods and services	**7,123**	7,329	**7,123**	7,329
Total Non-current	**7,123**	7,329	**7,123**	7,329
Total Other liabilities	**19,810**	16,825	**19,810**	16,825

21.1 Provisions for liabilities and charges	Current	Current	Non-current	Non-current
Group and Trust	**31 March 2016**	31 March 2015	**31 March 2016**	31 March 2015
	£'000	£'000	**£'000**	£'000
Pensions relating to staff	**215**	223	**2,797**	2,868
Other legal claims	**255**	242	**0**	0
Restructurings	**537**	0	**0**	0
Other	**1,541**	0	**0**	0
Total	**2,548**	465	**2,797**	2,868

Pensions relating to staff relates to future costs of early retirements where the Trust agreed in earlier years to fund the employee for full pension benefits; the "other" provision relates to a provision for a contractual payment relating to catering equipment costs; the restructuring provision relates to a number of redundancies and other staff exit package costs.

21.2 Provisions for liabilities and charges analysis	Pensions - other staff	Other legal claims	Re-structurings	Other	Total
Group and Trust	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2015	3,091	242	0	0	**3,333**
Change in the discount rate	(19)	0	0	0	**(19)**
Arising during the year	118	139	537	1,541	**2,335**
Utilised during the year - cash	(215)	(52)	0	0	**(267)**
Reversed unused	0	(74)	0	0	**(74)**
Unwinding of discount	37	0	0	0	**37**
At 31 March 2016	**3,012**	**255**	**537**	**1,541**	**5,345**
- not later than one year;	215	255	537	1,541	**2,548**
- later than one year and not later than five years;	860	0	0	0	**860**
- later than five years.	1,937	0	0	0	**1,937**
Total	**3,012**	**255**	**537**	**1,541**	**5,345**

21.3 Clinical Negligence liabilities	31 March 2016	31 March 2015
Group and Trust	**£'000**	£'000
Amount included in provisions of the NHSLA in respect of clinical negligence liabilities of the Foundation Trust	**165,297**	88,669

22 Contingent liabilities	31 March 2016	31 March 2015
Group and Trust	**£'000**	£'000
Other	**55**	102

Notes to the Accounts

23 Revaluation Reserve

Group and Trust	**Revaluation Reserve - property, plant and equipment Year ended 31 March 2016 £000**	Revaluation Reserve - property, plant and equipment Year ended 31 March 2015 £000
Revaluation reserve at 1 April	**20,912**	24,561
Impairments	**(3,808)**	(6,153)
Revaluations	**7,493**	2,667
Transfers to other reserves	**(211)**	(163)
Asset disposals	**(8)**	0
Revaluation reserve at 31 March	**24,378**	20,912

24.1 Related Party transactions

University Hospital Southampton NHS Foundation Trust is a public benefit corporation authorised by Monitor, the independent regulator for NHS Foundation Trusts.

During the year none of the board members or members of senior management or parties related to them has undertaken any material transactions with the Group.

The Department of Health is regarded as a related party. The Trust has had a significant number of transactions with the Department and with other entities for which the Department is regarded as the parent department.

The transactions relate mainly to the provision of healthcare services and the purchase of services in the ordinary course of business. The entities are:

	Year ended 31 March 2016		Year ended 31 March 2015	
Group	**Income £000**	**Expenditure £000**	Income £000	Expenditure £000
	0	**0**	0	0
Department of Health	**25,815**	**2**	25,090	0
Portsmouth Hospitals NHS Trust	**1,428**	**4,270**	880	3,661
NHS Litigation Authority	**219**	**8,897**	0	9,154
NHS Southampton CCG	**122,982**	**0**	121,860	0
NHS West Hampshire CCG	**120,723**	**0**	114,675	0
NHS England	**303,298**	**0**	284,240	0
Health Education England	**37,121**	**0**	38,956	0
Solent NHS Trust	**2,184**	**1,652**	2,292	3,017
Other NHS Bodies	**52,810**	**20,666**	45,514	19,438
	666,580	**35,487**	633,507	35,270

In addition, the Group has had a number of material transactions with other Government departments and other central and local government bodies. These are as follows:

NHS Pension Scheme	**0**	**38,256**	0	36,121
National Insurance Fund	**0**	**26,786**	0	26,011
NHS Blood and Transplant	**0**	**7,344**	0	6,077
NHS Professionals	**0**	**17,345**	0	11,206
University of Southampton	**6,408**	**9,499**	5,799	8,927
Other government bodies	**1,750**	**1,392**	1,455	3,594
	8,158	**100,622**	7,254	91,936
Total value of transactions with related parties	**674,738**	**136,109**	640,761	127,206

The Group comprises the Trust, UHS Pharmacy Ltd, UHS Estates Ltd and Southampton Hospital Charity. The Trust has £332k (£364k at 31 March 2015) receivables with Southampton Hospital Charity. It has share capital of £841k (£841k at 31 March 2015), receivables of £16k (£60k at 31 March 2015) and payables of £1.38m (£0k at 31 March 2015) with UHS Pharmacy Ltd, and share capital of £50k (£0k at 31 March 2015), and receivables and payables of £1.125m (£0k at 31 March 2015) with UHS Estates Ltd. Transactions with related parties are on a normal commercial basis. UHS Pharmacy Ltd made donations to Southampton Hospital Charity of £332k in 2015/16, a sum equivalent to its estimated profit for the year (2014/15: £200k).

24.2 Related Party balances

Group	**At 31 March 2016**		At 31 March 2015	
	Receivables £000	**Payables £000**	Receivables £000	Payables £000
Department of Health	**313**	**0**	26	0
Other NHS Bodies	**27,041**	**10,120**	18,308	8,973
Other government bodies	**3,312**	**18,145**	3,539	17,477
Total balances with related parties at 31 March	**30,666**	**28,265**	21,873	26,450

The Trust's joint venture referred to in page 91 of the accounts is jointly controlled by the Trust and Partnering Solutions (Southampton) Ltd. The latter is a wholly owned subsidiary of Interserve Prime Solutions Ltd which in turn is a joint venture entity under the common control of the groups headed by Interserve PLC and Prime (GB) Holdings Ltd. The Trust received £200k in 2015/16 from its joint venture for services rendered. The Trust received £211k in 2015/16 as a delivery fee via Prime PLC from the investor following financial close of the car parking development scheme project. In addition, the Trust used Interserve PLC as a Procure 21 Estates building partner. The Trust accounted for £785k of expenditure on capital projects undertaken by Interserve in 2015/16.

Notes to the Accounts

25 Capital Commitments	**Total 31 March 2016**	Total 31 March 2015
Group and Trust	**£000**	£000
Property, plant and equipment	**15,434**	1,844
Intangible assets	**104**	748
Imaging Infrastructure Support Service	**33,830**	38,450
Total	**49,368**	41,042

The Imaging Infrastructure Support Service commitment relates to the purchase of new radiology equipment over the remaining 10 years of the contract.

26 Finance Lease obligations	**Total 31 March 2016**	Total 31 March 2015
Group and Trust	**£000**	£000
Gross buildings lease liabilities	**7,397**	5,688
of which liabilities are due:	**0**	0
- not later than one year;	**1,029**	780
- later than one year and not later than five years;	**3,557**	2,908
- later than five years.	**2,811**	2,000
Finance charges allocated to future periods	**(1,859)**	(1,439)
Net buildings lease liabilities	**5,538**	4,249
- not later than one year;	**633**	483
- later than one year and not later than five years;	**2,473**	2,085
- later than five years.	**2,432**	1,681
Gross plant and machinery lease liabilities	**23,287**	21,394
- not later than one year;	**4,649**	4,088
- later than one year and not later than five years;	**14,606**	12,817
- later than five years.	**4,032**	4,489
Finance charges allocated to future periods	**(3,931)**	(3,895)
Net plant and machinery lease liabilities	**19,356**	17,499
- not later than one year;	**3,513**	3,062
- later than one year and not later than five years;	**12,134**	10,367
- later than five years.	**3,709**	4,070

27.1 On-SOFP PFI obligations	**Total 31 March 2016**	Total 31 March 2015
Group and Trust	**£000**	£000
Gross PFI liabilities	**3,210**	3,669
of which liabilities are due		
- not later than one year;	**459**	459
- later than one year and not later than five years;	**1,834**	1,834
- later than five years.	**917**	1,376
Finance charges allocated to future periods	**(476)**	(621)
Net PFI obligation	**2,734**	3,048
- not later than one year;	**333**	314
- later than one year and not later than five years;	**1,524**	1,447
- later than five years.	**877**	1,287
	2,734	3,048

27.2 On-SOFP PFI commitments

	Total 31 March 2016	Total 31 March 2015
Group and Trust	**£000**	£000
Commitments in respect of the service element of the PFI		
Within one year	**1,513**	1,502
2nd to 5th years (inclusive)	**6,052**	6,008
Later than five years	**3,026**	4,506
Total	**10,591**	12,016

The Trust's PFI Commitment relates to the Energy Supply Agreement with Veolia PLC (principally for steam heat and management of emergency generators)

27.3 Analysis of amounts payable to service concession operators

	Total for year ended 31 March 2016	Total for year ended 31 March 2015
Unitary payment payable to service concession operator	**1,513**	1,502
Consisting of:		
- Interest charge	**145**	164
- Repayment of finance lease liability	**314**	349
- Service element	**1,054**	989

28 Imaging Infrastructure Support Service commitments
Group and Trust
The total commitment with regard to the Imaging Infrastructure Support Service entered into in 2012/13 is as follows:

	31 March 2016			31 March 2015		
	Service and maintenance £000	**Finance lease interest and repayments £000**	**Total £000**	Service and maintenance £000	Finance lease interest and repayments £000	Total £000
- not later than one year;	**3,200**	**4,827**	**8,027**	3,200	4,876	8,076
- later than one year and not later than five years;	**12,800**	**19,308**	**32,108**	12,802	19,502	32,304
- later than five years.	**14,400**	**21,722**	**36,122**	17,602	26,816	44,418
Total	**30,400**	**45,857**	**76,257**	33,604	51,194	84,798

Notes to the Accounts

29 Post balance sheet events

There have been no significant post balance sheet events requiring disclosure.

30 Financial Risk Management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with commissioners and the way those commissioners are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.
The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the Board of Directors. Foundation Trust treasury activity is subject to review by the Trust's internal auditors.

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

Interest rate risk
The Trust borrows from government for capital expenditure, subject to affordability. The borrowings are for 5-15 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. Interest charged on finance leased assets is at fixed rates of interest. The Trust therefore has low exposure to interest rate fluctuations.

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

Liquidity risk
The Trust's operating costs are incurred under contracts with commissioners, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from internally generated funds together with funds obtained from external government borrowing when necessary, along with commercial sources through its finance lease and PFI arrangements.

	Group		Trust	
30.1 Financial assets by category	**Total 31 March 2016**	Total 31 March 2015	**Total 31 March 2016**	Total 31 March 2015
	Loans & Receivables	Loans & Receivables	**Loans & Receivables**	Loans & Receivables
	£000	£000	**£000**	£000
Trade and other receivables excluding non financial assets	**40,413**	31,645	**41,539**	31,719
Cash and cash equivalents at bank and in hand	**21,857**	27,817	**21,798**	27,797
NHS Charitable funds: financial assets	**2,737**	2,857	**0**	0
Total	**65,007**	62,319	**63,337**	59,516

	Group		Trust	
30.2 Financial liabilities by category	**Total 31 March 2016**	Total 31 March 2015	**Total 31 March 2016**	Total 31 March 2015
	Other Financial Liabilities	Other Financial Liabilities	**Other Financial Liabilities**	Other Financial Liabilities
	£000	£000	**£000**	£000
Borrowings excluding Finance lease and PFI liabilities	**31,680**	35,392	**31,680**	35,392
Obligations under finance leases	**24,894**	21,748	**24,894**	21,748
Obligations under Private Finance Initiative contracts	**2,734**	3,048	**2,734**	3,048
Trade and other payables excluding non financial assets	**69,784**	59,323	**70,790**	59,366
NHS charitable funds: financial assets	**323**	0	**0**	0
Total	**129,415**	119,511	**130,098**	119,554

	Group		Trust	
30.3 Fair values of financial assets at 31 March 2016	**Book Value**	**Fair value**	**Book Value**	**Fair value**
	£000	**£000**	**£000**	**£000**
NHS Charitable funds: non-current financial assets	**2,707**	**2,707**	**0**	**(2,707)**

	Group		Trust	
30.4 Fair values of financial liabilities at 31 March 2016	**Book Value**	**Fair value**	**Book Value**	**Fair value**
	£000	**£000**	**£000**	**£000**
Loans	**26,634**	**26,634**	**26,634**	**26,634**
Other	**23,149**	**23,149**	**23,149**	**23,149**
Total	**49,783**	**49,783**	**49,783**	**49,783**

	Group		Trust	
30.5 Maturity of Financial liabilities	**31 March 2016**	31 March 2015	**31 March 2016**	31 March 2015
	£000	£000	**£000**	£000
In one year or less	**87,015**	68,107	**87,375**	68,150
In more than one year but not more than two years	**9,540**	7,228	**9,540**	7,228
In more than two years but not more than five years	**21,907**	23,096	**21,907**	23,096
In more than five years	**10,953**	21,080	**10,953**	21,080
Total	**129,415**	119,511	**129,775**	119,554

31 Limitation on auditor's liability

The limitation on the Trust's auditor's liability is £1m.

FTC Summarisation Schedules for University Hospital Southampton NHS Foundation Trust

Summarisation schedules numbers FTC01 to FTC40 and accompanying WGA sheets for 2015/16 are attached.

Chief financial officer certificate

I. I certify that the attached FTC schedules have been compiled and are in accordance with:

- The financial records maintained by the NHS foundation trust; and
- Accounting standards and policies which comply with the NHS Foundation Trust Annual Reporting Manual 2015/16 issued by Monitor

2. I certify that the FTC schedules are internally consistent and that there are no validation errors

3. I certify that the information in the FTC schedules is consistent with the financial statements of the NHS Foundation Trust.

Signed

David French, chief financial officer
24 May 2016

Chief executive certificate

1. I acknowledge the attached FTC schedules, which have been prepared and certified by the Finance Director, as the FTC schedules which the Foundation Trust is required to submit to Monitor.

2. I have reviewed the schedules and agree the statements made by the Chief Financial Officer above.

Signed

Fiona Dalton, chief executive
24 May 2016

QUALITY ACCOUNT AND REPORT 2015/16

CONTENTS

Chief executive's welcome

Welcome to our quality account for the year 2015/16. This document summarises our progress against the quality objectives that we set ourselves last year, and outlines our priorities for 2016/17.

In 2015 we launched 'Forward', our new vision to be a forward-thinking hospital working with partners at the leading edge of healthcare for the benefit of our patients. Crucially for our quality improvement journey, we outlined our mission to "be better every day", and we will continue to talk to our patients, staff and partners to find new and innovative ways to improve patient care. In 2015 we are proud that:

- We have some of the best clinical outcomes in the country. These include areas such as intensive care, major trauma and cardiac surgery.
- Overall 95% of people asked rated their overall care as good, very good or excellent (Family & Friends Test, 2015/16 month 11).
- We delivered the majority of access standards, including cancer patients.
- Our performance against the four hour emergency access standard has improved since 2014/15.
- In the national Staff Survey, we were in the top 20% for staff engagement where 76% of staff would recommend the Trust as a place to work and 90% would recommend the Trust to their friends and family if they required care or treatment.
- We have revised the care processes and equipment for patients with visual or sensory loss to provide a better patient experience.
- We continued to develop an extensive research portfolio working closely with the National Institute of Health Research (NIHR) and the University of Southampton. This has given many of our patients access to trials in groundbreaking treatments.
- We are a lead player in the creation of the National Skills Academy for Health Southampton and Solent Excellence Centre, the Trailblazer Health apprenticeship steering group and the Talent for Care implementation group.
- We continue to strengthen our patient safety agenda and deliver on our duty of candour requirements.

In this document we outline some of the quality priorities we worked towards in 2015/16, and identify where we need to continue to improve in terms of our clinical outcomes, safety and patient experience.

We were also selected for two national initiatives, which we believe will directly contribute to the quality of care that we provide for patients. Firstly, we have been asked to be one of the national leaders in meeting the new seven day service standards. We have already invested significantly in ensuring our emergency services work fully seven days a week and we're excited about continuing to focus on this area, and improving care for patients. This investment is crucial as we work with a rising activity level year on year.

Secondly, we have been selected as one of the national leaders for staff health and wellbeing. We passionately believe that we need to care for our staff as well as caring for our patients, and this national initiative enables us to pay even greater attention to the health and wellbeing of everyone who works at UHS, giving them the opportunity to take part in a number of initiatives to help their mind, body and soul. We know that looking after our staff has a positive impact on patients.

This report holds our organisation to account for the quality of healthcare services we deliver. We believe it is crucial for the future development of the hospital to be fully transparent and accountable; acknowledging and celebrating our achievements, as well as being open about the areas requiring improvement.

We have shared and developed this report in conjunction with our staff, patients, carers and external stakeholders. To the best of my knowledge and belief the information in this document is accurate.

Fiona Dalton,
Chief Executive

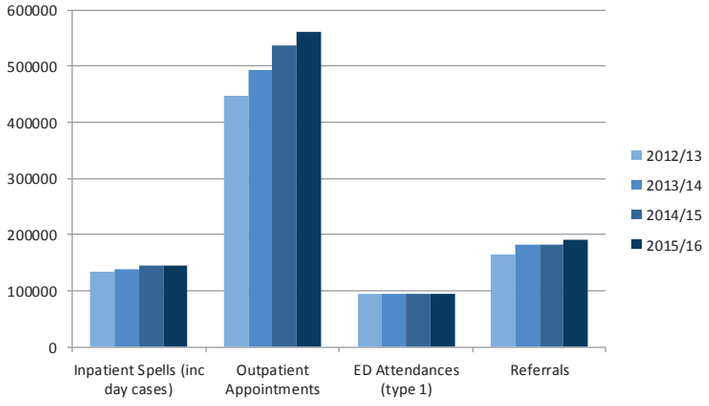
Overview of University Hospital Southampton NHS Foundation Trust

- Provides hospital services for people with acute health problems
- Employs over 10,500 staff
- Serves over 650,000 people who live in Southampton, the New Forest, Eastleigh and the Test Valley
- Serves the residents of Dorset, the Isle of Wight and the Channel Islands with specialist services.
- Delivers regional specialist hospital services for central Southern England
- Delivers major research programmes to develop the treatments of tomorrow
- Delivers training and education of the next generation of hospital staff

Hospitals:

- Southampton General Hospital
- Princess Anne Hospital
- Countess Mountbatten House
- New Forest Birth Centre

Activity levels during 2015/16



In summary, we have seen 706,931 patients as either inpatients or outpatients, with 113,569 passing through our emergency departments (type 1 and 2), reflecting a growth in activity of 3.44% on the previous year.

Our 2015/16 priorities for improving quality

This section outlines how we have performed against the delivery of our 2015/16 quality priorities. It also explains how we have developed and agreed our priorities for 2016/17.

A collaborative approach

Each year a team, which includes our patient representatives; staff; Council of Governors; clinical commissioners; community partners; and other key stakeholders, work together to agree the quality improvements we will prioritise for the coming year.

Deciding our priorities

Patient feedback plays a key role in the development of our Patient Improvement Framework (PIF) as it is crucial that the priorities deliver an improvement in patient care and experience. However, as well as reflecting our patient and staff feedback, the PIF also reflects the Department of Health's operating framework (2016) and the Commissioning for Quality, Innovation and Improvement (CQUIN) priorities both at a national and local level.

After consultation we assess each priority by asking:

- Have our patients told us this is important?
- Will this have a significant impact on improving quality?
- Is this feasible given our resources and timeframe?
- Does previous performance suggest the potential for improvement?
- Does this improvement tie in with national priorities or audits?

This year, the format of the PIF 2016/17 has changed to reflect the Care Quality Commissions' (CQC) inspection ratings to ensure we present our priorities under each of the CQC's key domains - safe, effective, caring and responsive – all of which sit beneath an overarching theme of being well-led.

How we use the PIF

We are proud of what we do well, but understand that we must keep improving to provide better care and to stay at the forefront of healthcare provision in an increasingly complex environment. The PIF enables us to achieve this by focusing our attention on key areas. Below are some examples of the types of comments that have influenced the development of our PIF priorities.

Communication:

- "My husband didn't know where he was supposed to go. It's such a big hospital".
- "Sometimes different staff say different things".
- "Very caring and everyone is very good at listening and responding, everyone always speaks to me".

Compassion:

- "I have had kindness and help, everyone has been so kind and caring. They have all been wonderful".
- "A big thank you for all the care and kindness shown towards mum during her stay".
- "The whole team were very caring and thoughtful throughout my stay".

Emergency department:

- "The waiting time was brilliant all the staff are friendly, the hospital was clean all over".
- "I had to wait 4 hours in waiting room before I seen (SIC) doctor. This puts you off going".
- "Seen quickly and told what was going on. Friendly staff with a helpful team".

(Comments taken from FFT data, 2015/16 to date)

Our 2015/16 priorities for outcomes and clinical effectiveness

In 2015/16, there were several priorities for clinical outcomes and clinical effectiveness. One area we focused on was that every clinical specialty would identify an outcome measure with an aim to improve clinical services against this measure. Further work was undertaken to improve standards of coding and data collection related to standardised mortality ratios (HSMR).

Priority 1: Every clinical speciality will identify an outcome measure
For each division to identify clinical outcome measures that measures improvement to both the clinical service and patient experience was an ambitious project for UHS. Whilst the aims were initially identified for this project, it required much more resource and infrastructure then was originally anticipated.
A number of areas in the Trust contribute to national outcomes data collection to assess our performance against other specialist services. UHS has demonstrated excellent performance in paediatric intensive care, general intensive care and cardiac intensive care.

This is a high priority for the coming year and a detailed plan for implementing this tool will be taken forward during the year 2016/17.

Priority 2: Making appropriate improvements in mortality rates and the way in which mortality is measured and evaluated
The Hospital Standardised Mortality Ratio (HSMR) is an indicator of healthcare quality which measures whether the mortality rate at a hospital is higher or lower than you would expect. Like all statistical indicators, HSMR is not perfect. If a hospital has a high HSMR, it cannot be said for certain that this reflects failings in the care provided by the hospital. However, it can be a warning sign that things are going wrong.

The HSMR is a ratio of the observed number of in-hospital deaths to the expected number of in hospital deaths (multiplied by 100) for 56 specific Clinical Classification System groups; in a specified patient group. The expected deaths are calculated from logistical regression models taking into account and adjusting for a casemix of: age band, sex, deprivation, interaction between age band and co-morbidities, month of admission, admission method, source of admission, the presence of palliative care, number of previous emergency admissions and financial year of discharge.

The Summary Hospital-level Mortality Indicator (SHMI) is a high level hospital mortality indicator that is published by the Department of Health on a quarterly basis. The SHMI follows a similar principle to HSMR however, there are some differences in the casemix model and the two should not be compared directly but used in conjunction to monitor mortality outcomes. SHMI can also be used as a potential smoke alarm for potential deviations away from regular practice.

In 2015/16, our priority was to improve HSMR to below 100 by improving coding accuracy and working more collaboratively with specialities, care groups and divisions.

Overall there were 80 fewer deaths in the Trust (a drop of 4%) along with an improved HSMR position from 108.81 (2014/15) to 98.85 (most recent 12 months data December 14 – November 15). The SHMI position has also improved from 99.26 (2014/15) to 96.72 (most recent 12 months data – July 14 – June 15).
The data used to derive HSMR and SHMI is taken from the Hospital Episodes Statistics (HES) data therefore capturing the primary diagnosis as the main conditions treated by the clinician, it is recognised any secondary diagnosis and co-morbidities can have a direct impact on HSMR and SHMI.

As part of an annual assessment the Trust undertakes an internal Information Governance audit submitted to the Department of Health. One of the Information Governance Toolkit audits looks at the information

processes involved in the collection of data for clinical coding purpose ensuring information is accurate, consistent and complete. The main findings from the 2015 audit highlighted that the number of secondary diagnosis and co-morbidities has risen substantially. Coding errors reduced and, for the first time in the Trust's information governance audit history, the Trust achieved level 3 (highest level of attainment possible) based on the targets set by the Clinical Classification Service regarding coding accuracy. This has been a result of many improvements including access to additional information systems and the introduction of clinical coding awareness programs for clinical staff. This has enabled the Trust to achieve continuous data quality improvements which can be seen through improved HSMR and SHMI.

The other priority for 2015/16 involved working with specialities, care groups and divisions to improve knowledge and understanding on HSMR. Benchmarked HSMR and SHMI data is monitored monthly by our central team, all outliers are investigated thoroughly and, where necessary, clinically validated to ensure clinical standards of care have not been compromised. HSMR continues to be monitored and reported to the Trust executive committee, divisional management teams and divisional governance managers on a monthly basis.

The central team have also produced a HSMR report for each division on a monthly basis. The report summarises HSMR outcomes at care group and speciality level, which provides focus to management teams, enables further clinical validation and scrutiny where appropriate, and put actions in place to address any issues. Engagement from clinical teams has improved dramatically across the organisation and thus understanding on HSMR has also improved. The central team will continue to work collaboratively with each speciality, care group and division in 2016/17.

Priority 3: Promote learning from reviews of hospital death certification

The Interim Medical Examiners Group (IMEG) was established within UHS during 2014/15 to review all adult inpatient deaths at UHS in response to the recommendations of the various national reviews and inquiries. The report of a fundamental review of Death Certification and Investigation in England, Wales and Northern Ireland (2003), the third report of The Shipman Enquiry (2003) and the Francis Report (2013) all recommended that additional scrutiny of deaths and an overhaul of the death certification process was required. The purpose was to ensure that the organisation learnt lessons where required and improved the quality of death certification.

During 2015/16 the Trust intended to further develop the IMEG by exploring funding streams to secure and develop the service, enhance eDischarge and HSMR. Additionally, aiming to support research by the University and Hospital Palliative Care Team (HPCT) and widen the group remit to include reviews of maternal, peri-natal, paediatric and hospice deaths.

The group has had continued success, sustaining the quality of completed death certificates during Q1 – Q3 of 2015/16. This is attributed to a combination of education and increased consultant involvement in discussions over cause of death prior to the meeting. Prior to the introduction of IMEG it was a regular occurrence for adverse events to be brought to our notice for the first time via HM Coroner review or at inquest. This has effectively been eliminated since this process was introduced.

The group aimed to support research with the University of Southampton and HPCT during 2015/16 and collaboration has commenced auditing IMEG, with a particular focus on end of life care.

It was an aim that IMEG, which focused on reviewing adult deaths, could be expanded to incorporate paediatric reviews. We have now introduced a paediatric version of IMEG called the child review of death and deterioration. This started during Q3 2015/16 and now captures all inpatient paediatric and neonatal deaths in a weekly review process. We have also introduced a daily review of deaths at the Countess Mountbatten House hospice (started in Q2).

The pathway for introducing and enhancing eDischarge and HSMR has been written and implemented. The aim being that the eDischarge summary would serve as the document referral to IMEG, be modified further during the IMEG meeting and then used as the basis for HM coroner referrals. At our CQC Inspection, the CQC noted the IMEG process as exemplary.

Our 2015/16 priorities for patient experience

There were several focal areas for patient experience in 2014/15; one key area was the improvement of the patient experience during meals. A further focus was on supporting patients with auditory and visual impairments. Additionally, we prioritised improving the care of patients at the end of their life and promoting safe and timely discharge of our patients from UHS.

Priority 1: Improve the patient experience during meals

Improving the meal experience for our patients has been a priority for us over previous years and detailed work has been undertaken. Patients continue to provide feedback to us on the meal service they receive and, whilst improvements have been made, this area of patient care remained a key focus with more work to be done.

During 2015/16 we aimed to:

- Review the role of mealtime coordinator (MTC)
- Review of the nutrition screening policy and e learning
- Develop a UHS strategy to shift to protected meals rather than protected mealtimes, to allow patients to attend scheduled investigations and treatment that may need to occur around a mealtime. This is important to balance patient flow and attendance at important clinical sessions with protected nutritional intake
- Review and update bed signage for nutrition
- Improve the utilisation of patient fluid balance charts
- Sustain actions developed in 2014/15

Throughout the year we have been reviewing the role of the MTC by observing care and running working groups with MTCs working within clinical areas. In order to maximise mealtime benefits to patients, a designated member of nursing staff known as the MTC is allocated for each relevant ward/clinical area. They ensure patients have the correct nutrition by coordinating with ward hosts for the protected mealtime and red tray systems. The fundamental aspects of the role were relaunched during nutrition and hydration week in March 2016.

The relaunch of aspects of care that support patient's nutrition and hydration needs include the MTC role, but also our nutritional screening policy, our plans for protected meals and our nutritional bed signage.

Within UHS we have been using a system of protected mealtimes for patients over previous years. This has benefits to our patients; ensuring mealtimes are protected from unnecessary and avoidable interruptions, providing an environment conducive to eating, and helping staff to provide patients with support and assistance with meals. However, the focus on mealtimes meant that if a patient had to be off the ward during mealtimes there was a risk they would miss their meal. Our aim during 2015/16 was to shift the concept of protected mealtimes to one of protected meals. The patient would not be interrupted whilst eating their meal however, if a patient was scheduled to have an investigation over a mealtime then they could attend this appointment, with the assurance that they would receive their meal after the investigation. This would enable patients to receive routine tests without missing their meals.

Patients who require a specific meal are identified through a diet sign displayed above their beds. We have reviewed and redesigned the diet sign to make it easier for staff to use and more visible for patients and their relatives. Every bed within UHS will have a diet sign displayed above it, making it standard for all patients to have their dietary preference displayed.

During 2014 we started the mealtime assistance roll-out trial. This continued during 2015/16 with over 100 volunteers recruited and trained to work at lunchtime and evenings, supporting patients with their meals. Patients are assessed and their dietary intake measured at separate mealtimes to assess if their nutritional intake has increased. The project has developed and mealtime assistance by the volunteers can now be

seen in five clinical areas of Southampton General Hospital; medicine for older people, the acute medical admission areas, trauma and orthopaedic wards and emergency medicine wards.

The patient feedback from the 2015 National Inpatient survey has indicated that 66% of patients feel supported at mealtimes. This is a 1% increase from 2014, we recognise this needs to improve further and this is a focus for 2016/17.

Priority 2: Support and protect patients who have visual and auditory impairment
During 2015/16 a small group was formed to focus on the support provided to patients with sensory loss. The group consisted of UHS staff and volunteers from the community. The members had experience of attending the hospital and could identify whether their needs had been met in relation to their visual or auditory loss.

The initial aim was to ensure that patients who have a specific care need are identified prior to admission to hospital, either as an inpatient or during an outpatient visit. To address this, the group are in the process of developing a care card that patients can request, which details their specific needs on admission. Linking in with the hospital admissions team we have been able to flag on the admission system that the patient has a care card and requires support when attending the hospital.

Patients who are registered physically disabled, have a hearing loss, are visually impaired, have a learning disability, a mental health difficulty, dementia and those who require an interpreter will be identified prior to admission so that appropriate actions can be taken to ensure their needs are met.

We have ensured that our hospital information booklet is available to patients in different languages, in Braille or made into an audio booklet.

Throughout the group meetings it became clear that there are many support groups and resources that are available to guide clinical staff. An information page on the hospital website is being developed with information from members of the group. Additionally training resources have been explored which can be provided to staff within the hospital, this will focus on the training for key hospital staff, volunteer guides and front of hospital staff.

Working with external organisations we have been able to identify equipment that can be utilised to support patients with hearing impairment whilst in hospital.

The introduction of the nurses' toolkit in all clinical areas enables nurses to change hearing aid batteries, piping of hearing aids and includes a sonoside device. This device enables patients who wear a hearing aid to hear more effectively in situations that are more challenging to their hearing, for example, where several people may be in conversation such as multi-disciplinary ward rounds.

We are installing a permanent hearing loop system in the entrance to the hospital and the need for hearing loops has been identified as a potential requisite when parts of the hospital are updated.

Members of the group have been able to review areas that already have local hearing loops and advise on their effectiveness and appropriate posters displaying that a hearing loop is present.

Priority 3: Improving end of life care for our patients
We continue to work hard to improve end of life care for our patients and those important to them. We developed an individualised end of life care plan (informed by the five priorities for care) for the last days or hours of life, which is now available across the Trust.

To assist staff in managing this vital aspect of care a palliative /end of life care web page is now available for staff to access with education and training resources, together with information about Countess Mountbatten House hospice.

The executive end of life care steering group is well established and is currently identifying priorities that will inform the Trust's three to five year end of life care strategy. This is in line with the six ambitions published by the National Palliative and End of Life Care Partnership (2015) and new NICE Clinical Guideline 31.

A report has been submitted to the Marie Curie end of life care project which identifies the importance of effective communication, partnership working and the coordination of discharge planning and care across health and social care boundaries.

Our aims for 2016/17
In the coming year we aim to deliver an education and training programme providing sessions on each of the five priorities for care, difficult conversation skills and advance care planning.

We will continue to participate in and inform the national work stream around the evolution of the Emergency Care & Treatment Plan, working alongside Wessex CLAHRC to develop use of Treatment Escalation Plans (TEP).

We are developing an end of life care competency framework based on the new recommendations set out within the latest NICE Clinical Guideline 31 (2015) ensuring that staff caring for the dying within the acute hospital are supported in developing the skills, knowledge and attitudes required to deliver excellent end of life care.

The team recognise that communication and the provision of information is a vital component in managing end of life care. A particular area that is challenging is the management and transition from an acute setting to a home setting for those that wish to die at home. We will be developing information for relatives and carers so that they know who to contact and who will be there for support in their bereavement.

Lastly, we will audit the use of the individualised end of life care plan and use the results to inform continuing improvement in the care of the dying.

Priority 4: To promote safe and timely discharge of all patients from UHS
This year we focused on improving the number of patients discharged before lunch with a target of 19%. This not only supports patient flow in the hospital but also impacts patient experience and improved discharge. We have worked on improving our processes to achieve this, by identifying patients the day before, auditing the reasons why we have not achieved this and taken action. We monitor performance on a weekly basis and share learning from wards who are sustaining performance. We will have achieved our target by the end of the year and will continue to focus on improving this even further.

Before the implementation of this project we averaged a discharge by lunchtime of 8-9%. Currently we are achieving an average of 16.83%. This has been working especially well in areas such as medicine for older people and cardiovascular and thoracic medicine.

Interestingly, the improvement in the overall length of stay in the Trust has proved a confounding factor in this measurement. Patients who have a shorter overall stay in terms of days may be kept later on the day of discharge to ensure they are fully recovered; this is a trend seen in surgery. One of the ways this is being managed is the opening of a discharge area for surgical patients.

We acknowledge this is an ongoing priority and there is more work to be done in all areas.

Our 2015/16 priorities for patient safety

Our 2015/16 priorities for patient safety were to continue to:

- Focus on improving reporting of incidents and learning
- To build on and sustain our safety culture
- To reduce the number of avoidable high harm pressure ulcers and falls
- To reduce complications from failure to interpret or act on abnormal cardiotocography CTG tracing in labour

Priority 1: To continue to improve reporting of incidents and learning. To build on and sustain our safety culture

The electronic reporting of incidents, including 'near misses', has been fully embedded across the organisation. We have developed a wide range of reports that allow staff to look at the volume, type of incident and degree of harm in their wards and departments.

We have and continue to improve the feedback to reporters using an automated part of the electronic system, as we know that good feedback encourages staff to report incidents.

A monthly electronic newsletter outlining the lessons learned from more significant incidents is sent to all clinical staff and includes an example of a favourable event (an incident or an event which went particularly well) for instance an individual member of staff being particularly compassionate, or a team working especially well together, or an innovative approach to an old problem. This allows us to learn from when things go well.

We have conducted safety culture surveys which assess a ward or departments safety climate. Safety climate is a subset of the broader culture and refers to staff attitudes and perceptions about patient safety within the ward or department, for example how easy they find it to report incidents and whether they feel they are supported in raising concerns about patient safety by senior leaders in the area. This is important because the culture of an area and the perceptions and attitudes of staff have been found to affect patient safety outcomes. These have been conducted in wards and departments as part of our internal quality reviews and all wards and departments will complete a survey as part of their clinical accreditation scheme going forward in 2016.

Priority 2: To reduce avoidable high harm pressure ulcers and falls

We achieved the target for 2015/16 of a 20% reduction in avoidable high harm falls. There have been three avoidable harm high falls against a trajectory of 15.

UHS took part in the national audit of inpatient falls which examined organisational and clinical practice in over 90% of eligible NHS trusts. Our reported falls rate per 1000 bed days was 7.30, by comparison the mean result in acute hospitals was 5.6. We feel this reflects a strong reporting culture. This is supported by the number of falls resulting in moderate/severe harm at UHS being 0.17 against a mean national average for similar trusts of 0.19.

This improvement has been achieved thanks to a falls nurse specialist who delivers education and training to improve the reliability of risk assessment and falls prevention interventions, such as use of low profile beds, intentional rounding and culprit medication reviews.

In 2015/16, we have seen an 11% improvement in the reductions of incidences of pressure ulcers from 2014/15 but are disappointed not to have achieved our target 20% reduction. We will continue to focus on the reduction of pressure ulcers for the coming year. Strategies to improve in this area include the implementation of a new risk assessment tool developed at UHS. We believe that this tool will be key in delivering more accurate identification of patients at risk and linking this risk to care bundles. Senior nursing teams are working hard to constantly monitor and improve the reliability of care processes.

Priority 3: Reduce complications from failure to interpret or act on abnormal cardiotocography (CTG) tracing in labour

As part of the Sign up to Safety campaign we received £220,000 from the National Health Service Litigation Authority to install ten additional state-of-the-art computer systems to monitor the health of women and babies during the birthing process. The technology, known as the Guardian (developed by K2 Medical Systems), provides continuous analysis of a baby's heart rate immediately before and during birth. The data is collected via sensors and automatically uploaded to a secure portal where it is made available to midwives and doctors at the Princess Anne Hospital outside of the delivery room at any time. Conventional monitoring occurs only within the delivery room and it is up to the clinician at the bedside to involve other senior staff at their discretion.

In addition to providing earlier alerts to clinicians about situations where additional support or intervention is needed, it means staff can minimise interruptions for women during their labour. The information is also securely accessible in real-time to midwives and consultants anywhere in the world via PC, laptop, smartphone or tablet devices.

The maternity unit has four Guardian systems that cover 14 labour wards, so the additional monitors will ensure the system is available permanently in each ward. All new K2 Guardian systems were installed at the beginning of March 2016.

Never events

Never events are a particular type of serious incident that are largely preventable, where guidance or safety recommendations that provide strong systemic protective barriers are available at a national level. We have had five of these incidents reported in this year although one case was historic and relates to an operation performed in 2013. We take these events extremely seriously and learn from them to identify risks in our systems and provide an opportunity to improve patient safety.

In the next year, we will be working hard to ensure that national safety standards for invasive procedures are used to create our own, more detailed, standardised local safety standards for invasive procedures. We will then focus on training procedural teams to allow safe, effective and consistent safety steps and include training in human factors and non-technical skills such as situational awareness, stress management, decision-making and teamwork.

Our quality priorities for 2016/17

We have developed this year's patient improvement framework (PIF) by listening to staff and patients to identify the most important priorities. We consult on these with patient groups, our commissioners and staff to gain real ownership of adopting and achieving the priorities that matter to patients.

This year we have developed the framework to reflect the five domains set out by the Care Quality Commission of well-led, safe, effective, caring and responsive. The PIF and our priorities are contained in Appendix D.

Participation in national clinical audits and confidential enquiries

During 2015/16 UHS participated in all 47 national clinical audits, we also had 100% participation in the national confidential enquiries relevant to our services.

The National Confidential Enquiries into Patient Outcome and Death (NCEPOD) studies that UHS participated in during 2015/2016 were:

- NCEPOD Acute pancreatitis study
- NCEPOD Mental health study
- NCEPOD Child health review inc. chronic neurodisability and young person's mental health

The national clinical audits that we participated in, and for which data collection was completed during 2015/16, are listed below (Table A) alongside the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry.

Table A.

	Total number of NCAs UHS were eligible to participate in (n=47)	Eligible (47)	Participated (100%)	% actual cases submitted / expected submissions
1	Acute Coronary Syndrome or Acute Myocardial Infarction (MINAP)	✓	✓	100%
2	Bowel cancer (NBOCAP)	✓	✓	Ongoing
3	Cardiac Rhythm Management (CRM)	✓	✓	Ongoing
4	Case Mix Programme (CMP)	✓	✓	Ongoing
5	College of Emergency Medicine (CEM)- Procedural Sedation in Adults	✓	✓	Ongoing
6	College of Emergency Medicine (CEM)- Vital signs in Children	✓	✓	Ongoing
7	College of Emergency Medicine (CEM)- VTE risk in lower limb immobilisation	✓	✓	Ongoing
8	Child health clinical outcome review programme (NCEPOD)	✓	✓	Ongoing
9	Congenital Heart Disease (Paediatric cardiac surgery) (CHD)	✓	✓	100%
10	Coronary Angioplasty/National Audit of PCI	✓	✓	100%
11	Diabetes footcare	✓	✓	Ongoing
12	Diabetes in pregnancy (NPID)	✓	✓	100%
13	Diabetes Inpatient Audit (NADIA)	✓	✓	Ongoing
14	Diabetes (Paediatric) RCPCH NPDA	✓	✓	Ongoing
15	Elective surgery (National PROMs Programme) Varicose vein surgery and hernia surgery	✓	✓	Ongoing
16	Elective surgery (National PROMs Programme) Hip and knee replacement	✓	✓	Ongoing
17	Falls and Fragility Fractures Audit Programme (FFFAP) national hip fracture database	✓	✓	Ongoing
18	Falls and Fragility Fractures Audit Programme (FFFAP) fracture liaison database	✓	✓	Ongoing

	Total number of NCAs UHS were eligible to participate in (n=47)	Eligible (47)	Participated (100%)	% actual cases submitted / expected submissions
19	Falls and Fragility Fractures Audit Programme (FFFAP) national inpatient falls	✓	✓	Ongoing
20	Inflammatory Bowel Disease (IBD) programme - Biological therapies adult and paediatrics	✓	✓	Ongoing
21	Lung cancer (NLCA) (LUCADA)	✓	✓	Ongoing
22	Major Trauma: The Trauma Audit & Research Network (TARN)	✓	✓	100%
23	Maternal, Newborn and Infant Clinical Outcome Review Programme (MBRRACE-UK)	✓	✓	100%
24	National Adult Cardiac Surgery Audit	✓	✓	Ongoing
25	National Cardiac Arrest Audit (NCAA)	✓	✓	100%
26	National Chronic Obstructive Pulmonary Disease (COPD) Audit Programme - Secondary Workstream	✓	✓	Ongoing
27	National Chronic Obstructive Pulmonary Disease (COPD) Audit Programme - Pulmonary Rehabilitation Audit	✓	✓	Not specified
28	2015 Audit of Patient Blood Management in Scheduled Surgery (NCABT)	✓	✓	Ongoing
29	2015 Audit of Lower GI Bleeding and the use of blood (NCABT)	✓	✓	100%
30	2016 Audit of Red Cell and Platelet Transfusion in Haematology (NCABT)	✓	✓	100%
31	National Complicated Diverticulitis Audit (CAD)	✓	✓	Ongoing
32	National Emergency Laparotomy Audit (NELA)	✓	✓	100%
33	National Emergency Oxygen Audit (BTS)	✓	✓	Ongoing
34	National Heart Failure Audit	✓	✓	69%
35	National Joint Registry (NJR)	✓	✓	Ongoing
36	National Prostate Cancer Audit (NPCA) (2nd year)	✓	✓	Ongoing
37	National Vascular Registry (NVR)	✓	✓	100%
38	Neonatal Intensive and Special Care (NNAP)	✓	✓	Ongoing
39	Oesophago-gastric cancer (NAOGC) (NOGGA)	✓	✓	Ongoing
40	Paediatric Asthma (BTS)	✓	✓	Ongoing
41	Paediatric Intensive Care Audit Network (PICANet)	✓	✓	Ongoing
42	Renal replacement therapy (Renal Registry)	✓	✓	100%
43	Rheumatoid and Early Inflammatory Arthritis	✓	✓	Ongoing
44	Sentinel Stroke National Audit Programme (SSNAP) continuous SSNAP Clinical patient Audit	✓	✓	Ongoing
45	Sentinel Stroke National Audit Programme (SSNAP) SSNAP Post Acute Organisational Audit	✓	✓	Ongoing
46	UK Cystic Fibrosis Registry (adults and paediatrics)	✓	✓	Ongoing
47	UK Parkinson's Audit (previously known as National Parkinson's Audit)	✓	✓	Ongoing

The reports of 13 national clinical audits were reviewed by the provider in 2015/16 and we intend to take following actions to improve the quality of healthcare provided (See Appendix B).

The reports of 69 Trust-wide and local clinical audits were reviewed in 2015/16 and as result the Trust will take action to improve the quality of healthcare provided (See Appendix C).

Participation in clinical research

In 2015/16 we further expanded and integrated our research activities across our clinical services in partnership with the University of Southampton, improving access to new treatment options and advancing care. We have long believed that asking important questions improves our patient outcomes and services, something recognised as a key feature of top performing trusts (NHS England 2014).

18,560 patients receiving relevant health services provided or subcontracted by UHS in 2015/16 were recruited to national portfolio trials, the second highest recruitment rate in England. Adding participants in our wider research partnerships to this takes our total recruitment to 25,816 – the highest number of people we have ever involved in clinical research in a single year.

Five Southampton patients were the first in the UK to access potentially ground breaking new treatment through research participation, including two who were the first worldwide to receive trial treatments. In June 2015 we also recruited our first family into the national 100,000 Genomes project, as hosts to one of 13 regional centres laying the foundations for personalised medicine in the NHS.

Our recruitment and delivery performance secured over £20m in research funding for further investment into research in clinical areas, and underpinned a preferred partner deal with a commercial research organisation, securing priority on new trial contracts. Additional regular contracts were secured through continuation of strategic partnership meetings with major pharmaceutical companies, ensuring Southampton remains a key site for drug and vaccine studies.

A £4m deal has been signed between the National Institute of Health Research (NIHR) Translational Research Partnership programme, Southampton Respiratory Biomedical Research Unit and the pharmaceutical company Novartis to optimise the use of Xolair, Novartis' drug for control of exacerbations in allergic asthma.

In support of quality early stage research, our NIHR Wellcome Trust Clinical Research Facility underwent relicensing inspection for Medicine and Healthcare Regulatory Agency phase I research accreditation for quality and safety, with the aim of maintaining its status as the only NIHR facility with this accreditation in England and underscoring the quality of our clinical research activities. The facility submitted a full renewal bid under the NIHR, whilst further development of our translational research capability was progressed through compilation of a full bid for a combined NIHR Biomedical Research Centre, due for submission in 2016/17. The proposed centre will consolidate our strengths in nutrition and respiratory experimental medicine, incorporating cancer and genomic medicine, conducted in partnership with the University of Southampton.

Data quality

The Trust submitted records between April 2015 and March 2016 to the NHS-wide Secondary Uses Service for inclusion in Hospital Episode Statistics. As at November 2015 (latest national report) the percentage of records in the published data:

Which included a valid NHS number was:
99.2 % for admitted patient care
99.4 % for outpatient care
95.3 % for accident and emergency care

Which included a valid General Medical Practice Code was:
99.9 % for admitted patient care
99.8 % for outpatient care
99.6 % for accident and emergency care.

Our Information Governance Toolkit Assessment Report overall score for 2015/16 was 73% and was graded 'satisfactory'.

Our information quality and records management attainment levels assessed within the information governance toolkit provide an overall measure of the quality of data systems, standards and processes within an organisation. The Trust met or exceeded the minimum required level of compliance assessment for all information quality and records management requirements of the toolkit for the reporting year.

We recognise that good quality health services depend on the provision of high quality information. UHS took the following actions to improve data quality in 2015/16:

- Continued performance management of data quality via Trust and divisional meetings, the clinical coding function, and the IM&T team. These groups use audit reports of patient data and key performance indicators on internal and external timeliness, validity and completion, including Dr Foster comparative analysis information. Areas of poor performance are identified, investigated and plans agreed for improvement.
- A data quality review programme working closely with clinical areas and clinicians to review the quality, timeliness and accuracy of patient level data collection.
- Continued work to reduce data quality problems at the point of data entry through improved system design, changes to software, and targeted support for system users.
- Supported training and education programmes for all staff involved in data collection, including information governance training and the provision of information collection guidance.
- Maintained a programme of regular internal audit, including data quality, record keeping, health records management, information governance and clinical coding audit.
- Continued to maintain and develop improved compliance with the Information Governance Toolkit standards.
- Began a programme of education, training and data quality work to support improved collection and management of patient pathways and waiting times.

Review of services

During 2015/16 UHS provided and/or sub-contracted 107 relevant health services (from Total Trust activity by specialty cumulative 2015/16 contractual report). UHS has reviewed all the data available on the quality of care in all of these NHS services.

The income generated by the NHS services reviewed in 2015/16 represents 100% of the total income generated from the provision of NHS services by University Hospital Southampton NHS Foundation Trust for 2015/16.

Proportion of income for achieving the commissioning for quality and innovation payment framework (CQUIN)

NHS England define CQUIN as a mechanism to secure improvements in quality of services and better outcomes for patients and drive transformational change by linking a proportion of English healthcare providers' income to the achievement of local quality improvement goals.

A proportion of UHS income in 2015/16 was conditional upon achieving quality improvement and innovation goals agreed between UHS and any person or body they entered a contract, agreement or arrangement with for the provisions of relevant health services, through the CQUIN framework. Further details of the agreed goals for 2016/17 are currently being determined between UHS and clinical commissioning groups.

The conditional income in 2015/16 upon achieving quality improvements and innovation goals was £11,309,000

We have used the CQUIN framework to actively engage in and agree quality improvements working with our commissioners, to improve patient pathways across our local and wider health economy.

Our CQUIN priorities for 2015/16

Clinical	CQUIN Scheme	CQUIN Target	National or Local Scheme	Financial Reward for Achieving Scheme
NHSE & CCGs	Acute Kidney Injury	Focusing on AKI diagnosis and treatment in hospital and the plan of care to monitor kidney function after discharge	National	£1,240,000
NHSE & CCGs	Sepsis 2a	Screening all appropriate patients for sepsis who arrive through the emergency department/ or by direct admission to any other unit	National	£513,000
NHSE & CCGs	Sepsis 2b	Initiate intravenous antibiotics within one hour of presentation, for those patients who have suspected severe sepsis, Red Flag or septic shock	National	£512,000
NHSE & CCGs	Emergency urgent care 8a	Improving recording of diagnoses in ED of patients with mental health needs, whilst this still includes mental health re-attendances within ED there is no longer a risk of a financial penalty	National	£1,186,000
NHSE & CCGs	3a Dementia – Find, assess, investigate, refer & inform	Extension of 14/15, Find, assess patients > 75 to whom case finding is applied, identify those as potentially having dementia, appropriately assess and refer onto specialist services and inform (written care plan on discharge which is shared with patients GP)	National	£341,000
NHSE & CCGs	3b Dementia – staff training	To ensure that appropriate dementia training is available to staff through a locally determined training programme	National	£342,000
NHSE & CCGs	3c Dementia - supporting carers	Ensure carers of people with dementia feel adequately supported	National	£342,000
SCCCG & WHCCG	Follow up reform	Review current practice of routine face to face follow ups with aim to stop routine face to face follow ups and commence patient initiated follow up	Local	£1,160.000
SCCCG	Falls and bone health	Reduce injuries due to falls in people >65 in collaboration with Solent/SCAS	Local	£203,000
WHCCG	Managing delayed transfer of care	A reduction in delayed transfers of care and non-elective excess bed days. The aim is to accelerate the integration of health and social care and provide increased care in the community	Local	£318,000
SCCCG & WHCCG	Choose and book	Deliver directly-bookable services to all patients referred from GP and community services	Local	£833,000
SCCCG	Person-centred planning	To develop the previous years CQUIN and collect patient's views and improve through training and sharing of good practices	Local	£204,000
SCCCG	End of life care	Improving quality of care for patients whose recovery is uncertain and may be towards the end of life care	Local	£254,000
NHSE	Intravenous Immunoglobulin Panel (IVIg)	Implementation and management of a regional clinical IVIg panel set up by the regional centre and involving the local District General Hospitals.	Local	£431,000
NHSE	Intravenous Immunoglobulin Panel database	Database of IVIG data	Local	£431,000

Clinical	CQUIN Scheme	CQUIN Target	National or Local Scheme	Financial Reward for Achieving Scheme
NHSE	Neonatal	To identify babies with a gestation age 24 to 36 weeks with an SO postcode who may be suitable for short-term nasogastric tube feeding at home whilst breast or bottle feeding is established and to provide an outreach service to allow this to happen	Local	£431,000
NHSE	Highly specialist services	Providers of highly specialist services will hold a clinical outcome collaborative audit workshop and produce a single provider report	Local	£861,000
NHSE	Dental	A local Dental Network is in place within Wessex and requires engagement by all local dental professionals	Local	£76,000
NHSE	Screening	Highly specialised services clinical outcome collaborative audit workshop	Local	£124,000
NHSE	Haemoglobinopathy network	Developing partnership working across services which treat patients with Haemoglobinopathies to define pathways and protocols	Local	£431,000
NHSE	Hep C Network	Developing partnership working within networks and co-ordination of data collection alongside the procurement process	Local	£269,000
NHSE	Clinical utilisation tool	Introduction of software system to assess if a patient required acute care	Local	£807,000
			Total	£11,309,00

Registration with the Care Quality Commission(CQC)

Care Quality Commission

UHS is required to register with the Care Quality Commission (CQC) and its current registration status for locations and services is as below.

Regulated activity: Surgical procedures

Provider conditions: This regulated activity may only be carried on at the following locations:

- Princess Anne Hospital, Coxford Road, Southampton, SO16 5YA
- Southampton General Hospital, Tremona Road, Southampton, SO16 6YD

Regulated activity: Treatment of disease, disorder or injury

Provider conditions: This regulated activity may only be carried on at the following locations:

- Countess Mountbatten House, Moorgreen Hospital, Botley Road, West End, Southampton, SO23 3JB
- Princess Anne Hospital, Coxford Road, Southampton, SO16 5YA
- Royal South Hants Hospital, Brintons Terrace, Southampton, SO14 0YG
- Southampton General Hospital, Tremona Road, Southampton, SO16 6YD

Regulated activity: Maternity and midwifery services

Provider conditions: This regulated activity may only be carried on at the following locations:

- New Forest Birth Centre, Ashurst Hospital, Lyndhurst Road, Ashurst, Southampton, SO40 7AR
- Princess Anne Hospital, Coxford Road, Southampton, SO16 5YA

Regulated activity: Diagnostic and screening services

Provider conditions: This regulated activity may only be carried on at the following locations:

- Countess Mountbatten House, Moorgreen Hospital, Botley Road, West End, Southampton, SO23 3JB
- Princess Anne Hospital, Coxford Road, Southampton, SO16 5YA
- Royal South Hants Hospital, Brintons Terrace, Southampton, SO14 0YG
- Southampton General Hospital, Tremona Road, Southampton, SO16 6YD
- New Forest Birth Centre, Ashurst Hospital, Lyndhurst Road, Ashurst, Southampton, SO40 7AR

Regulated activity: Transport services, triage and medical advice provided remotely

Provider conditions: This regulated activity may only be carried on at the following locations:

- Princess Anne Hospital, Coxford Road, Southampton, SO16 5YA
- Southampton General Hospital, Tremona Road, Southampton, SO16 6YD

Regulated activity: Assessment or medical treatment for persons detained under the 1983 (Mental Health) Act

Provider conditions: This regulated activity may only be carried on at the following locations:

- Countess Mountbatten House, Moorgreen Hospital, Botley Road, West End, Southampton, SO23 3JB
- Princess Anne Hospital, Coxford Road, Southampton, SO16 5YA
- Southampton General Hospital, Tremona Road, Southampton, SO16 6YD

UHS has no conditions on registration and the CQC has not taken enforcement action against University Hospital Southampton NHS Foundation Trust during 2014/16.

The CQC undertook a review of compliance in December 2014 and January 2015. The inspections covered all the UHS sites.

University Hospital Southampton NHS Foundation Trust

Overall rating for this trust	**Requires improvement**
Are services at this trust safe?	Requires improvement
Are services at this trust effective?	Good
Are services at this trust caring?	Good
Are services at this trust responsive?	Requires improvement
Are services at this trust well-led?	Good

Countess Mountbatten House

Overall rating for this service	**Good**
Are services at this location safe?	Good
Are services at this location effective?	Good
Are services at this location caring?	Good
Are services at this location responsive?	Good
Are services at this location well-led?	Good

Southampton General Hospital

Overall rating for this hospital	Requires improvement
Urgent and emergency care	Good
Medical care	Good
Surgery	Requires improvement
Critical care	Requires improvement
Services for children & young people	Good
End of life care	Requires improvement
Outpatients & diagnostic imaging	Requires improvement

Princess Anne Hospital

Overall rating for this hospital	Good
Maternity & gynaecology	Good

The Trust has been implementing a plan of action based on the recommendations of the CQC and our progress was reviewed in a summit meeting with Monitor, CQC, our commissioning groups and representatives from Healthwatch. It was agreed that good progress has been made against the recommendations, the majority have been completed with some ongoing but being progressed.

A review meeting was held on 11 January 2016 with the CQC and the director of nursing, medical director and deputy director of nursing. The purpose of the meeting was to review progress against the action plan. The director of nursing proposed that certain actions should be subject to regular scrutiny once the initial action had been achieved, therefore a new colour (blue) was added to the RAG rating and agreed to reflect actions complete but in need of ongoing review.

Several actions from the CQC visit and subsequent action plan involves updating the current estate and infrastructure. A number of building and remodelling projects are now underway. This is excellent news for improving our care delivery but has created some significant disruption to the site at the current time.

The estates team and all teams are working hard to minimise the impact of this activity.

CQC safeguarding children visit

As part of a multiagency review by the CQC into safeguarding children, UHS participated in a multiagency inspection. The CQC team visited the emergency department, the maternity hospital and the paediatric admissions wards and inspected services under the following key lines of enquiry:

- Early help
- Child protection
- Looked after children
- Children in need
- Leadership and governance
- Training and supervision

A formal report has being compiled and was published in April 2016. An improvement plan has been formulated and implemented in response to the initial feedback.

Deanery visit

During 2013 Wessex Deanery raised concerns about training and supervision for junior doctors in trauma and orthopaedics (T&O), requesting actions to address the issues. After an initial review in 2014 the Deanery acknowledged that the Trust had made tremendous efforts to address the concerns and work continued on improvement of the service and the training experience it offers for doctors. Since then T&O are no longer an outlier in any area of the General Medical Council (GMC) survey for 2015, this is a commendable turnaround. T&O are being used as a positive example by the GMC and will be revisiting in the new financial year to check the improvement has been maintained.

Our standard core indicators of quality

From 2012/13 all trusts were required to report against a core set of indicators relevant to the services they provide, for at least the last three reporting periods, using a standardised statement set out in the NHS (Quality Accounts) Amendment Regulations 2012, this data is presented in the same way in all quality accounts published in England. This allows the reader to make a fair comparison between hospitals.

As required by point 26 of the NHS (Quality Accounts) Amendment Regulations 2012, where the necessary data is made available by the Health and Social Care Information Centre, a comparison is made of the numbers, percentages, values, scores or rates of each of the NHS foundation trust's indicators with

a) The national average for the same; and
b) Those NHS trusts and NHS foundation trusts with the highest and lowest of the same.

Our hospital mortality rating

The data made available to the National Health Service trust or NHS foundation trust by the Health and Social Care Information Centre with regard to:

(a) the value and banding of the Summary Hospital-level Mortality Indicator (SHMI) for the Trust for the reporting period; and

(b) the percentage of patient deaths with palliative care coded at either diagnosis or specialty level for the Trust for the reporting period is included to give context.

The value and banding of the SHMI

	Jan 14 - Dec 15		Apr 14 - Mar 15		Jul 14 - Jun 15	
	Value	**OD Banding**	**Value**	**OD Banding**	**Value**	**OD Banding**
UHS	1.01	2	0.99	2	0.96	2
National Ave	1	2	1	2	0.99	2
Highest Trust Score	1.24	1	1.2	1	1.2	1
Lowest Trust Score	0.65	3	0.67	3	0.66	3

The percentage of patient deaths with palliative care coded at either diagnosis or specialty level

	Jan 14 - Dec 15			Apr 14 - Mar 15			Jul 14 - Jun 15		
Deaths	**Treatment Rate**	**Diagnosis Rate**	**Combined Rate**	**Treatment Rate**	**Diagnosis Rate**	**Combined Rate**	**Treatment Rate**	**Diagnosis Rate**	**Combined Rate**
UHS	15.6	41.8	42.5	15.1	39.7	40.6	15.6	41.8	42.5
National Ave	1.4	25.8	25.9	1.4	25.7	25.8	1.4	25.8	25.9
Highest Trust Score	18.3	52.9	48.7	17.6	47.4	47.4	18.3	52.9	52.9
Lowest Trust Score	0	0	0	0	0	0	0	0	0

The percentage of patient admitted with palliative care coded at either diagnosis or specialty level

	Jan 14 - Dec 15			Apr 14 - Mar 15			Jul 14 - Jun 15		
Spells	**Treatment Rate**	**Diagnosis Rate**	**Combined Rate**	**Treatment Rate**	**Diagnosis Rate**	**Combined Rate**	**Treatment Rate**	**Diagnosis Rate**	**Combined Rate**
UHS	0.6	1.9	1.9	0.6	2.1	2.2	0.6	2.2	2.3
National Ave	0.08	1.3	1.4	0.08	1.4	1.4	0.08	1.4	1.4
Highest Trust Score	1.2	3.2	3.2	1.25	3.3	3.4	1.3	3.3	3.4
Lowest Trust Score	0	0	0	0	0	0	0	0	0

Our Patient Reported Outcomes Measures (PROMS) following hip or knee replacement surgery

The data made available to the National Health Service trust or NHS foundation trust by the Health and Social Care Information Centre with regard to the Trust's patient reported outcome measures scores for
(iii) Hip replacement surgery, and
(iv) Knee replacement surgery, during the reporting period.

Adjusted health gain

	Reporting period											
	Apr 2012 - Mar 2013 (Published Aug 14)				**Apr 2013 - Mar 2014 (Published Aug 15)**				**Apr 2014 - Mar 2015 (Provisional, published Nov 15)**			
	UHS	Eng. Ave.	Highest Trust Score	Lowest Trust Score	UHS	Eng. Ave.	Highest Trust Score	Lowest Trust Score	UHS	Eng. Ave.	Highest Trust Score	Lowest Trust Score
Hips	20.707	21.299	24.688	17.218	21.671	21.38	24.405	17.582	21.214	21.455	24.683	16.029
Knees	15.448	15.996	20.444	12.460	14.975	16.273	19.709	11.932	15.71	16.142	19.960	11.153

Participation rates

	Reporting period											
	Apr 2012 - Mar 2013 (Published Aug 14)				**Apr 2013 - Mar 2014 (Published Aug 15)**				**Apr 2014 - Mar 2015 (Provisional, published Nov 15)**			
	UHS	Eng. Ave.	Highest Trust Score	Lowest Trust Score	UHS	Eng. Ave.	Highest Trust Score	Lowest Trust Score	UHS	Eng. Ave.	Highest Trust Score	Lowest Trust Score
Overall	70.10%	75.50%	1786.50%	0.00%	82.40%	77.20%	1182.80%	0.00%	85.80%	75.40%	879.80%	0.00%
Hips	55.60%	83.20%	1412.50%	0.00%	67.00%	87.00%	950.00%	0.00%	73.80%	85.60%	469.20%	0.00%
Knees	104.0%*	90.40%	1828.60%	0.00%	107.0%*	95.00%	973.80%	0.00%	104.8%*	94.80%	789.80%	0.00%

Data source http://www.hscic.gov.uk/proms

*Participation rates above 100% occur when the number of questionnaires returned for a period exceeds the number of cases undertaken.

Our readmissions rate for children and young adults

The Heath and Social Information Centre have previously provided readmission data for children and young adults. Since the publication of child readmission figures in 2013/14, this data has been on hold as they review their data collection processes with assurances that this data publication will commence again in the near future.

Despite several requests to get this data by the information team at UHS, we have been unsuccessful. The Trust team have been informed that several other healthcare trusts across the United Kingdom have been requesting this data for their Quality Accounts and currently sit in the same position as UHS.

Our patient experience score for responsiveness to the personal needs of patients

The data made available to the National Health Service trust or NHS foundation trust by the Health and Social Care Information Centre with regard to the Trust's responsiveness to the personal needs of its patients during the reporting period.

The University Hospital Southampton NHS Foundation Trust has taken actions to improve this percentage, and so the quality of its services.

	Reporting period - awaiting results of the 2014 National Inpatient Survey			
	2010/11	**2011/12**	**2012/13**	**2013/14**
	Composite Score			
UHS	6.48	6.42	6.8	6.4
National Ave	6.73	6.74	7.0	6.8
Highest Trust Score	8.26	8.5	8.6	8.2
Lowest Trust Score	5.67	5.65	5.4	5.3

The annual results from the Friends and Family test in relation to services for inpatients and patients discharged from type 1 and 2 emergency departments (A&E)

The data made available by National Health Service Trust or NHS Foundation Trust by the Health and Social Care Information Centre for all acute providers of adult NHS funded care, covering services for inpatients and patients discharged from Accident and Emergency (type 1 and 2)

UHS	**Year End 2015/16**		
How likely are you to recommend UHS to friends and family if they needed care or treatment?	**Response Rate**	**Positive Response**	**Negative Response**
Inpatients and Daycases	21.30%	96.21%	1.23%
A&E	10.69%	92.27%	3.48%

Inpatients and Daycases			
Highest Trust Score	73.80%	100.00%	21.05%
Lowest Trust Score	0.06%	61.40%	0.00%
A&E			
Highest Trust Score	64.79%	100.00%	37.23%
Lowest Trust Score	0.02%	33.33%	0.00%

National average	Year end 2015/16		
How likely are you to recommend UHS to friends and family if they needed care or treatment?	**Response Rate**	**Positive Response**	**Negative Response**
Inpatients and Daycases	24.44%	95.27%	1.71%
A&E	14.76%	87.79%	6.33%

The percentage of our staff who would recommend this Trust as a provider of care, to their family or friends

Supporting and listening to our staff is essential to ensure we provide a safe, effective and quality service. In April 2014 the national Friends and Family Test survey for staff was introduced. This is a quarterly survey that focuses on the advocacy element of staff experience and runs in tandem with the national annual staff satisfaction survey that also asks similar questions. The UHS results for quarter 4 (January/February 2016) show the highest scores for both questions since the survey was introduced in April 2014.

Question	Reporting period						
	Quarter 1 May 2014	Quarter 2 August 2014	Quarter 4 February 2015	Quarter 1 May 2015	Quarter 2 August 2015	Quarter 4 Jan/Feb 2016	National average scores to date
How likely are you to recommend UHS to friends and family if they needed care or treatment?	86%	88%	90%	90%	89%	90%	79%
Highest Trust Scores	99%	98%	100%	100%	100%	NYK	NYK
Lowest Trust Scores	46%	41%	45%	44%	48%	NYK	NYK
How likely are you to recommend UHS to friends and family as a place to work?	74%	73%	72%	75%	73%	76%	62%
Highest Trust Scores	90%	95%	91%	90%	90%	NYK	NYK

The national annual staff survey also asks similar questions and the Trust results are shown below.

Question	2012	2013	2014	2015	National average for all acute trusts 2015
I would recommend my organisation as a place to work.	64%	63%	68%	68%	61%
If a friend or relative needed treatment I would be happy with the standard of care provided by this organisation	67%	71%	77%	79%	70%
Staff recommendation of the Trust as a place to work or receive treatment.	3.64	3.79	3.89	3.94	3.76

Workforce Race Equality Standard (WRES)

Question		UHS 2014	Average (median) for Acute Trusts	UHS 2015
% staff experiencing harassment, bullying or abuse from patients, relatives or the public in the last 12 months.	White	26%	28%	26%
	BME	22%	28%	24%
% staff experiencing harassment, bullying or abuse from staff in the last 12 months.	White	23%	25%	22%
	BME	22%	28%	25%

The percentage of staff believing that the Trust provides equal opportunities for career progression or promotion

Workforce Race Equality Standard (WRES)

Question		UHS 2014	Average (median) for Acute Trusts	UHS 2015
% staff believing that UHS provides equal opportunities for career progression or promotion.	White	91%	89%	90%
	BME	83%	75%	73%
% staff experiencing discrimination at work from their manager / team leader or other colleagues	White	7%	6%	6%
	BME	13%	13%	16%

The workforce race equality standard data for 2014/15 showed we have a higher percentage of BME members of staff in the lower bandings within the organisation. They are more likely to be involved in a grievance or a disciplinary proceeding, less likely to be appointed following interview, more likely to experience bullying and harassment and are less likely to access non-mandatory training. The Trust Board did not reflect the ethnic diversity of the population of Southampton city. We are taking a multi-pronged approach to address this disparity.

- We have updated our data collection of monitoring information of disciplinary proceedings and grievances, so we are able to access this information more easily.

Career progression:

- We are running a project to evaluate interview results from a two-week period. The proposal is to discuss with the interviewers to understand their reasoning for not appointing the BME applicant
- We will run a listening exercise with all BME staff to understand the barriers from the applicant's point of view
- Equality, diversity and inclusivity has been incorporated in the interview process of all senior management interviews to ensure that successful candidates reflect the Trust values.
- We plan to update the recruitment policy with the following updates included:
  - When there is a BME candidate being interviewed the panel must include a BME member on the panel. (This would be a BME member of staff from within the organisation, who is trained by the recruitment and retention team).
  - When a BME candidate is unsuccessful at the interview stage – the chair of the panel must offer and meet with the individual and provide constructive feedback, and access to training opportunities that they feel would benefit the applicant in the future.

The percentage of our patients that were risk assessed for venous thromboembolism (VTE Blood clot)

The data made available to the National Health Service trust or NHS foundation trust by the Health and Social Care Information Centre with regard to the percentage of patients who were admitted to hospital and who were risk assessed for venous thromboembolism during the reporting period.

University Hospital Southampton NHS Foundation Trust has taken actions to improve this percentage, and so the quality of its services, which are detailed in our Trust Board quarterly report.

	2014/15 Q1	2014/15 Q2	2014/15 Q3	2014/15 Q4	2015/16 Q1	2015/16 Q2
UHS	95.560%	95.10%	95.23%	95.38%	95.10%	95.30%
National Average (Acute Providers)	96.40%	96.50%	96.34%	96.30%	96.30%	96.20%
Highest Trust score (Acute Providers)	100%	100%	100%	100%	100%	100%
Lowest Trust score (Acute Providers)	87.20%	90.50%	81.91%	79.235	86.10%	75%

The rate per 100,000 bed days of cases of Clostridium Difficile infection in our Trust

The data made available to the National Health Service trust or NHS foundation trust by the Health and Social Care Information Centre with regard to the rate per 100,000 bed days of cases of Clostridium Difficile infection reported within the Trust amongst patients aged two or over during the reporting period.

University Hospital Southampton NHS Foundation Trust has taken actions to improve this percentage, and so the quality of its services, which are detailed in our Trust Board Quarterly Outcomes report.

	2010/11	2011/12	2012/13	2013/14	2014/15
UHS	25.8	18.9	11.3	9	11.9
National Average	29.7	22.2	17.3	14.7	14.5
Highest Trust score	71.2	58.2	30.8	37.1	62.2
Lowest Trust score	0	0	0	0	0
Lowest Trust score (non zero)	2.6	1.2	1.2	1.2	2.6

The rate per 100 admissions, of patient safety incidents reported in our Trust

The data made available to the National Health Service trust or NHS foundation trust by the Health and Social Care Information Centre with regard to the number and, where available, rate of patient safety incidents reported within the Trust during the reporting period, and the number and percentage of such patient safety incidents that resulted in severe harm or death.

University Hospital Southampton NHS Foundation Trust has taken actions to improve this percentage, and so the quality of its services, which are detailed in our Trust Board Quarterly Safety report.

The data produced is for two quarters only as the measurement has changed from incidents per 100 admissions to rate per 1000 bed days in April 2014.

	Apr 14 to Sept 14			Oct 14 to March 15		
	Rates Per 1000 bed days	**Severe and death**	**Severe and death %**	**Rates Per 1000 bed days**	**Severe and death**	**Severe and death %**
UHS	32.3	57	0.85%	35.41	61	0.90%
National Average (Acute teaching trusts)	33.29	20	0.52%	37.15	23	0.58%
Highest Trust score (Acute teaching trusts)	74.96	97	3.05%	82.21	128	5.19%
Lowest Trust score (Acute teaching trusts)	0.24	0	0.00%	3.57	2	0.05%

Where the necessary data is made available to the Trust by the Health and Social Care Information Centre, a comparison of the numbers, percentages, values, scores or rates of the Trust with—

(a) The national average for the same; and
(b) With those National Health Service trusts and NHS foundation trusts with the highest and lowest of the same, for the reporting period.

NHS Improvement published the first annual report 'Learning from Mistakes League'. Drawing on a range of data this will identified the level of openness and transparency in NHS provider organisations for the first time:

This year's League shows that 120 organisations were rated as outstanding or good, 78 had significant concerns and 32 had a poor reporting culture.

We are pleased to note that UHS rated as having good levels of openness and transparency and the second highest of a university teaching hospital.

National Tariff Payment - Payment by results

UHS was not subject to the Payment by Results clinical coding audit during the reporting period by the audit commission.

Overview of performance

The information below summarises our achievement for performance across all of the performance indicators that are fully reported each month in our Trust Board performance reports. These indicators are also included in the development of our PIF since 2011/12 and the Monitor compliance framework requirements. These are:

	Key Performance Indicators						
No.	**Key targets**	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2015/16 Target**	**Met/ Not Met**
1	A&E patients, %admitted, transferred or discharges < 4hours (UHS & Partners)	94.30%	93.30%	88.85%	88.37%	95%	Not Met
2	18 week - Admitted patients treated within 18 weeks	92.38%	88.62%	86.07%	87.84%	N/A	N/A
3	18 week - Non admitted patients treated within 18 weeks	95.24%	88.56%	93.44%	93.08%	N/A	N/A
4	18 weeks - Patients currently waiting on an 18 week pathway within 18 weeks (incomplete pathways)	91.45%	90.57%	93.23%	93.35%	Achieve 92%	Met
5	6 weeks - Maximum waiting times for 15 key diagnostics tests	0.07%	0.03%	0.38%	0.75%	<1%	Met
6	Cancer: 2 week wait (Urgent GP/GDP referral) to first hospital assesment	95.56%	94.16%	94.99%	96.47%	93%	Met
7	All breast symptoms: referral to first treatment	96.83%	94.36%	95.03%	93.65%	93%	Met
8	Cancer: 31 days (decision to treat) to first treatment	98.53%	96.40%	96.34%	97.14%	96%	Met
9	Cancer: 31 days (decision to treat) to 2nd or subsequent treatment (Drugs)	99.69%	99.91%	99.48%	99.63%	98%	Met
10	Cancer: 31 days (decision to treat) to 2nd or subsequent treatment (Surgery)	97.73%	97.33%	96.39%	95.92%	94%	Met
11	Cancer: 31 days (decision to treat) to 2nd or subsequent treatment (Radiotherapy)	99.03%	99.42%	97.96%	99.15%	94%	Met
12	Cancer: 62 days Urgent GP referral to treatment	90.11%	87.27%	80.50%	86.57%	85%	Met

Notes:
Metrics 2-3: There was a national target in place until June 2015, when the target was abolished. The Trust met the target in 2015/16 while it remained in place.
Metrics 2-4: Annual performance calculated as an average of submitted performance for the full year.
Metrics 6-12: Final 15/16 performance may change as final submission date not yet reached.

Patient safety indicators

Patient safety indicators							
Key targets	**2012/13**	**2013/14**	**2014/16**	**2015/16 (YTD)**	**2015/16 Target**	**Met / Not Met**	**Proposed 2016/17 target**
Serious Incidents Requiring Investigation (SIRI)	127	195	35	51	31	Not met	Target should be set on the indicator 0.05 per 100 admissions resulting in severe harm or death
Never Events	2	2	2	5	0	Not met	0
Healthcare Associated Infection MRSA bacteraemia reduction	3	5	5	1	0	Not met	2015/2016 target will remain zero
Healthcare Associated Infection Census") (as average of monthly %)	375%	354%	3.57	>100%	100%	Met	2015/2016 target will remain 100%
Healthcare Associated Infection Clostridium difficile reduction	40	33	37	23-26	49	Met	2015/2016 - Target is yet to be confirmed
Avoidable Hospital Acquired 33* Grade III and IV Pressure Ulcers	41	42	26	37	32	Not met	Target for 2016/2017 is 30
Falls Avoidable Falls	5	19	9	3	15	Met	Further 20% reduction 4 less = 15
Fall Assessment tool (timeframe of completed within 6 hours commenced in 2015) Compliance (as average of monthly %)	94.5%	95.00%	95.70%	71%	95%	Not met	>95% fully completed not partial. UHS falls assessment outcome measures were changed in 2015; the assessment is now "falls assessment is undertaken and paperwork has been completed within 6 hours of admission", the number of cases reviewed has also increased. Both these factors have had an impact on our outcome data for 2015/16.
Thromboprophylaxis (VTE) % Patients Assessed (CQUIN)	95.31%	95.41%	95.35%	95.00%	95.05	Met	95%
Thromboprophylaxis (VTE) Pharmacological prophylaxis (as average of monthly %)	96.16%	97.32%	99.46%	95.00%	98.86%	Met	95%

Patient experience indicators

Patient experience indicators							
Key targets	**2012/13**	**2013/14**	**2014/16**	**2015/16 (YTD)**	**2015/16 Target**	**Met / Not Met**	**Proposed 2016/17 target**
Total complaints	585	578	579	473	<600	Met	<550
Percentage of complaints closed in target time (due this month) (As average of monthly 5)	92%	96.7%	93%	93%	>=90%	Met	>=93%
National Friends & Family Test Response Rate UHS Emergency department Inpatients Maternity		 21.7%	 27.9% 37.94% 25.15%	 9.91% 22.51% 23.38%	 15% 30% 30%	Not met	 Internal targets >15% >30% >30%
Percentage of patients recommending UHS to their Friends & Family UHS Emergency department Inpatients Maternity					 92.26% 95.49% 95.81%	 n/a	 Internal targets >93% >96% >96%
Monthly Real time Survey Have you ever shared a sleeping area with patients of the opposite sex during this stay in hospital? (Those who gave an answer, as average of monthly %)	7%	13%	13.47%	12%	<=15%	Yes	<12%
Same Sex Accommodation (Non clinically justified breaches)	10	16	10	5	<=360 (<=30 per month)	Yes	<10
Nutrition % of patients with Nutritional screening in 24hrs (as average of monthly %)	91.9%	89.1%	89%	82%	>95%	Not met	>95%

Patient outcome indicators

Patient outcome indicators							
Key targets	**2012/13**	**2013/14**	**2014/16**	**2015/16 (YTD)**	**2015/16 Target**	**Met / Not Met**	**Proposed 2016/17 target**
Hospital Standardised Mortality Rate (HSMR) University Hospital Southampton NHS Foundation Trust	114.97	113.15	104.35	97.04*	100	Met	100
Hospital Standardised Mortality Rate (HSMR) Southampton General Hospital	107.38	108.45	96.67	86.97*	<90.1	Met	<90.1
Hospital mortality Rate	1.86	1.83	1.75	1.57			Data not available until June 2016
Emergency readmissions, within 28 days (as average of monthly %)	10.3%	10.7%	10.4%	8.9%	7.5%	Met	
Patient reported outcome measures. PROMS hip replacement data contributed	55.6%	53.9%	67.6%	Q1And 2 Only 74.8%	80%	To be confirmed once Q3/4 data is available	Full data will not be available from HSCIC until June 2016
Knee replacement data contributed	104%	117%	107%	94.7%	80%	Met	80%

Further information about our Trust

Duty of Candour

The Trust is committed to being open and candid about communicating with patients, their relatives and carers about any failure in care or treatment, whether they be the results via a patient safety incident, complaint or claim.

In order to support patients and families we have developed written information to explain our process and what they can expect from us along with clear contact details to support them.

To support and educate staff Duty of Candour is included in all our induction training and regularly on our education sessions and we monitor compliance with Duty of Candour regularly. UHS has not declared any breach of the duty since it came into force.

Raising a concern (Whistle blowing)

The Trust has a robust Whistle Blowing Policy in place that is compliant with current legislation and best practice arising from the Francis Report.

In October 2013 the Trust launched an internal whistle blowing helpline to facilitate the reporting of incidents and protected disclosures. This helpline is staffed from 8am to 6pm Monday to Sunday by a group of senior managers from human resources and from the risk and patient safety team. There is also a dedicated email address for staff to use if they prefer. Since it began the helpline has managed three protected whistle blowing disclosures and eight other disclosures which have been made directly to the CQC.

The Trust has developed a staff information leaflet to assist whistle blowers, highlighting the internal and external support mechanisms available to them during the process of making a protected disclosure.

In line with the recommendations of the Francis Report the Trust has appointed two Freedom to Speak Up Guardians who report directly to the chief executive and oversee any complex or high risk cases. In addition to the two Freedom to Speak Up Guardians the Trust has an identified a non-executive director who takes the lead on whistle blowing and provides independent guidance and support to the process.

The Trust is currently in the process of refreshing its whistle blowing policy in line with the development of a national whistle blowing policy and will relaunch the helpline with a series of awareness campaigns during May 2016.

Sign up to safety

UHS joined the NHS England Sign up to Safety campaign in January 2015 and, to demonstrate our commitment, we have made public five key pledges:

We will:

- **Put safety first.** Commit to reduce avoidable harm in the NHS by half and make public our goals and plans developed locally
- **Continually learn**. Make our organisation more resilient to risks, by acting on the feedback from patients and by constantly measuring and monitoring how safe our services are
- **Be honest and transparent** with people about our progress to tackle patient safety issues and support staff to be candid with patients and their families if something goes wrong
- **Collaborate**. Take a leading role in supporting local collaborative learning, so that improvements are made across all of the local services that patients use
- **Support**. Help people understand why things go wrong and how to put them right. Give staff the time and support to improve and celebrate the progress

In order to support the national aim of reducing avoidable harm in the NHS by 50% in the next 3-5 years we will focus on five key safety topics. A safety improvement plan was developed for each key initiative to provide clarity about what we want to achieve and when we want to achieve it by. It is recognised that improvement is a cycle of plan, do, study, act and these plans should and will develop as we learn what works and what doesn't.

Five key initiatives:

1. Reducing avoidable harm to patients who have an inpatient fall
2. Reducing avoidable harm to patients caused by pressure damage in adults and children
3. Improve the recognition and timely management of sepsis in adults and children
4. Prevent and minimise the impact of acute kidney injury in adults and children
5. Reduce complications from failure to interpret or act on abnormal CTG tracing in labour

Patient feedback and listening events

Patient and public feedback and engagement is proactively promoted in the Trust in a variety of different ways. These include:

- CEO patient lunches
- Friends and Family Test comments
- Have Your Say feedback
- Real-time feedback surveys
- National Patient Surveys
- NHS choices feedback
- Concerns and complaints
- Clinical specialty ad hoc surveys
- Feedback directly to clinical areas

Results from our national inpatient survey (2014/16) and data collected from our real-time surveys told us that patients are disturbed by noise at night. This included noise from clinical staff (22% of respondents) as well as from other patients (37% of respondents).

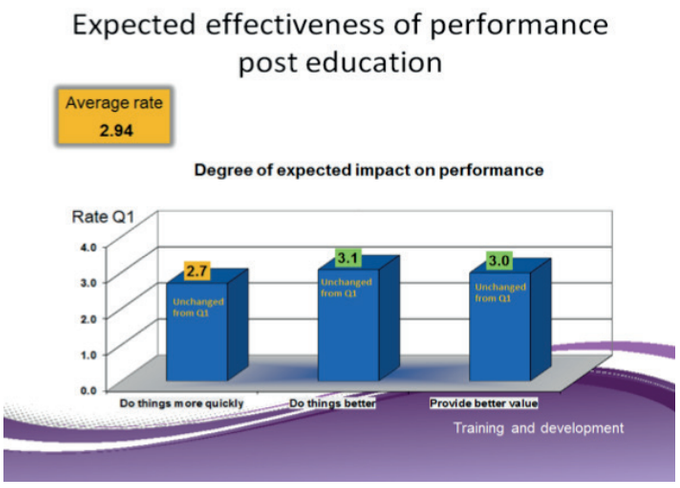
In response to this feedback, during 2015 we developed guidance to help patients rest and sleep whilst in hospital. A 'noise at night' pledge sets out standards of clinical practice, identifying measures that can be taken to reduce the amount of noise at night and promote relaxation, rest and recovery for our patients. This includes availability of eye masks and ear plugs.

Education and training of UHS staff

The development, monitoring and enhancement of quality learning is central to the organisation's ability to ensure that staff are fit for practice and purpose and equipped with the knowledge and skills needed for their role. Ultimately, regardless of role, this education/ training should contribute to patient safety and experience.

During this year, a new strategy for training and development evaluation has been developed and was agreed in September 2015. It is in the process of being implemented across the organisation.

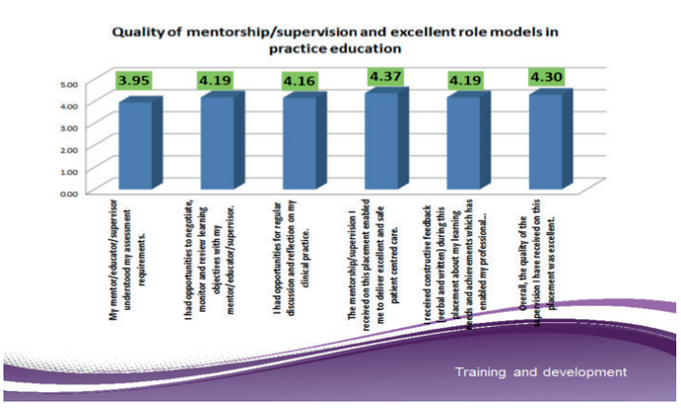
The courses that the training and development team provide are constantly evaluated by the course attendees and the results are on the next page.



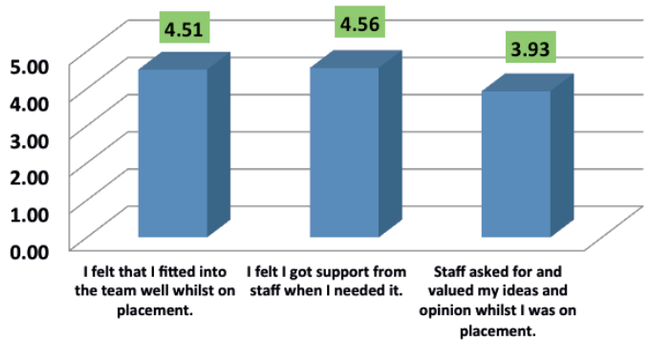
Student placement evaluation

The student placement evaluations have been aligned with an ongoing Health Education England Wessex office evaluation project. The Education Quality Team are active members of the regional task and finish group. Further work is still needed to support this development which will continue into 2016.

The latest student evaluation report relevant for period from July to December 2015 makes an evidence of excellent mentorship/supervision quality provided to students by the UHS staff:



Belongingness



A number of work streams that were identified for completion during 2015/16 have been have completed and are established. These include:

- Development of evaluation suitable for child health care group local education and training provision
- Development of extended role survey for radiographers including the training and education needs relating to extended roles
- Development and implementation of statutory and mandatory training questionnaire for PhD students in practice at UHS for the Wellcome Trust
- Development and implementation of Medical Interpreters Course evaluation
- Creating HCA training evaluation questionnaire for theatres
- Supporting workforce development related surveys across the Trust
- Supporting divisional ad hoc evaluation requirements
- Health Education England (Wessex Office) visited UHS to complete the Education Quality Review. This was a very positive meeting and one that clearly demonstrated the commitment and quality of the education and training provided by the organisation.
- UHS continues to be involved in national work around the development needs of health support staff, including being a lead player in the creation of the National Skills Academy for Health Southampton and Solent Excellence Centre, the Trailblazer Health apprenticeship steering group and the Talent for Care implementation group. The Talent for Care Partnership pledge, signed by Fiona Dalton, Jo Mountfield and Tina Lanning (for staff side) in January 2016, commits the Trust to implementing the Talent for Care strategic intentions which forms the structure of the Trust's new health support staff development strategy.

Conclusion

We are proud of the advances we have made in the quality of services we provide. However, our mission is to be better every day and we are not complacent; we know that we are still on a journey to achieve excellence in all areas.

The Quality Report enables us to qualify our progress comprehensively and agree the priorities for 2016/17. We see this as an essential vehicle for us to work closely with our Council of Governors, our commissioners and the local and wider community on our future quality agenda as well as celebrating our successes and progress. Working with all our key stakeholders including patients we are determined to continue improving to achieve leading healthcare for the benefit of our patients.

Response to the Quality Account from Southampton City and West Hampshire Commissioning Groups

Chief Executive
University Southampton NHS Foundation Trust
Trust Management Offices
Tremona Road
Southampton
Hants
SO16 6YD

Dear Fiona
University Hospital Southampton Quality Account 2015/16
Southampton City and West Hampshire Clinical Commissioning Groups are pleased to comment on University Hospital Southampton NHS Foundation Trust's (UHSFT) Quality Account for 2015/16. The CCGs have continued to work with the Trust over the past year in monitoring the quality of care provided to the local population of Southampton and West Hampshire and in identifying areas for improvement.

There is a clear message within the Quality Account that UHSFT is keen to provide patient centred care through continuous quality improvement and has highlighted some of the positive improvements made during 2015/16. These include; best clinical outcomes in the country for intensive care, major trauma, cardiac surgery, continued improvement in the management of mortality since the inception of the Trust's Internal Mortality Evaluation Group (IMEG), the mealtime support initiatives, continuing to improve individualised end of life care, along with national initiatives that the Trust has been selected to participate in including the new 7 day service standards and staff health and well-being

It is disappointing to see only three of eleven priorities were fully achieved during 2015/16, with a further seven partially met. The one priority that was not met was "Every clinical specialty will identify an outcome measure". UHSFT have recognised that they had underestimated the level of work/resources required to meet this priority. Many of the priorities listed in the Quality Account will continue to be a focus for UHSFT during 2016/17 and have been captured within the Patient Improvement Framework (PIF).

Whilst the Trust is to be congratulated for efforts to reduce preventable high harm falls and incidents of pressure ulcers over 2015/16, it is of note that five Never Events were reported and the CCGs will be keen to see the outcomes of the planned initiatives utilising the National Safety Standards for Invasive Procedures (NatSSIPs) to prevent such events occurring in the future. It is also positive to see that UHSFT is taking part in the Sign up to Safety campaign: Listen, Learn, Act Programme and have outlined five core pledges.

Commissioners look forward to reviewing the progress UHSFT makes in improving the number of patient discharges that take place before lunch. Commissioners are expecting UHSFT to continue working to improve on key performance standards for the emergency department (A&E) as well as the 18 week pathways of care.

There is positive feedback from staff for both the Friends and Family Test and the National Staff Survey. However the trust has recognised the need to undertake further work over the coming year regarding the Workforce Race Equality Standards.

Overall the Quality Account reflects both the challenges experienced by UHSFT over the last 12 months and highlights the work undertaken through UHSFT's ambition to improve the quality of services.

The Quality Account on the whole meets the minimum national requirements, but could have been strengthened through the inclusion of patient stories. UHSFT have covered the new reporting considerations (NHS England letter dated 3 February 2016) by outlining how they are meeting Duty of Candour, information on the Sign Up to Safety campaign, and ongoing work relating to whistleblowing.

UHSFT should be proud of all the initiatives undertaken during 2015/16 to engage with patients, carers and staff. Of specific note is the CEO patient lunches and real time feedback which have reported some very rich feedback to influence improvements.

Both CCGs fully support the quality priorities for 2016/17; of the fifteen identified priorities, three continue to build on the 2015/16 indicators and the rest are new.

Southampton City and West Hampshire CCGs are satisfied with the Quality Account for 2015/16 and look forward to continue working closely with the Trust over the coming year to further improve the quality of services.

Yours sincerely

Response to the Quality Account from our Council of Governors

The governors are proud to be associated with University Hospital Southampton which has provided outstanding care and treatment for patients in the past year. The achievement is even more remarkable given the political and financial problems that constantly swirl around NHS hospitals. Before considering the clinical issues I would like to acknowledge the financial stability that our staff have achieved in these challenging times. Not all trusts have been so fortunate. With finances under control the clinical work of the hospital can flourish and the teams concentrate on important improvements for patients. It is also worth mentioning at this point a remarkable success was the development of the much needed new front entrance to the hospital, which has been achieved at no cost to the taxpayer. That's very good news for us all.

During the year, in the company of one of the directors, I and a number of colleague governors have made several unannounced visits to wards to test different topics each time. On each occasion I have been impressed by the enthusiastic greeting we receive; no sign of anxiety let alone fear of an impromptu inspection. Just the reverse, the senior nurses are obviously delighted to have an opportunity to talk about the work in which they take such pride. Their positive attitude encourages an excellent atmosphere for managing high quality care.

During one of the strikes by junior doctors, I asked if there was anything I could do to help (non-clinical of course). The medical director suggested I might like to tour the hospital wards and check if patient safety was at risk. I found each ward was calm, and focused on following safety routines so that the patients were not disadvantaged during the short term of the industrial action.

After careful consultation with interested parties, the Trust chose 10 challenging priorities to improve in the year in three key areas: clinical effectiveness, patient experience, and patient safety. Each area of focus showed improvement to the benefit of patients and in some cases to their families.

The mortality ratio is explained clearly under Priority 2. It is reassuring that the UHS figure for Hospital Standardised Mortality Ratio has improved significantly, largely through improvements in the quality of data.

During 2014/15 the Interim Medical Examiners Group was established to review all adult deaths at UHS in response to a recommendation of various national reviews and enquires. A senior clinician reviews each death to assess whether the treatment plan was carried out satisfactorily. If any issues are identified then two positives are likely to follow a) appropriate teaching to ensure mistakes are not repeated and b) based on the duty of candour, relatives will be informed of the outcome. This approach has been implemented with rigour and proven to be very worthwhile.

For those patients with auditory or visual impairments, arrival at hospital can be daunting for obvious reasons. It is good to see that a focus group has carefully considered the potential hazards and put forward some practical improvements. Firstly to develop a reliable system to identify these patients and provide them with a care card that explains to staff their individual needs. Secondly, within the hospital, technical assistance is available to correct hearing aid faults and sound loops are being fitted as wards are re-vamped.

Governors arranged a presentation from the end of life team at the end of 2015. We were impressed with the significant progress being made in this sensitive area. The small team of specialists, who have gained national recognition, will train frontline staff on key wards to ensure the best deployment of resources. Palliative care for the patient and sensitive emotional support for the family is available comprehensively. The team is particularly responsive to the differing expectations prompted by issues of race and religion in our diverse population.

When a patient is well, and ready for discharge, it is very frustrating if the intended deadline is delayed. During the year a major initiative was set-up to ensure more patients left on time and before lunch. A modest target of 19% was achieved. Governors have questioned why a timely discharge is not achieved more often. The emphasis has to be on liaison between teams involved and fitting priorities together for the benefit of the patient.

Complex discharges occur where the patients' treatment is complete, but they have to remain in an acute bed while assessments are completed to see what kind of onward care patients need and this is arranged for them, often this care in not available in a timely manner. This can affect between 100 and 125 patients every day. Such patients are at risk of regressing and patients awaiting elective surgery have to wait longer and they too may deteriorate still further. Much effort has been made by all the agencies involved to improve the situation and some progress has been achieved. Governors hope the same intensive efforts will continue to reduce delay in the coming year.

This year will see a relaunch of activity by governors to find out from UHS Members what you think about the performance of the hospital. Governors have a duty to seek your opinion and pass issues through to the Board, so please do not hesitate to email us at: UHSgovernor@uhs.nhs.uk

If you would like to see the Board in action then please attend one of the Board's monthly meetings and hear directly how the UHS is developing. At the end of the meeting you can take the opportunity to ask the Board a question directly.

The governors have long felt that the framework in which they operate fails to optimise their ability to hold the non-executive directors to account as expected in the governors' brief. Our new joint chair of the Board and Council of Governors, Peter Hollins, has proposed a more structured form of engagement with the Board of Directors. Governors have high hopes of being more effective in the coming year.

Leon Spender JP
Lead governor

Response to the Quality Account from Healthwatch Southampton

Healthwatch Southampton has continued to be involved and consulted by the Trust on a number of issues. We are pleased once again to comment on the quality account of the Trust for the year which as far as we can tell is complete and accurate with no serious omissions.

In her welcome, the chief executive highlights a number of items for which she, and no doubt all those that work at UHS, is proud. The list is impressive and Healthwatch Southampton congratulates UHS on its many achievements. We have witnessed very high quality care in all departments and in some cases outstanding care despite the obvious pressure under which they work.

As Chairman of Healthwatch, I can confirm that I am consulted on the patient improvement framework which is reviewed regularly with a desire to improve all aspects of patient experience and we support the intention to reflect the Care Quality Commissions' (CQC) inspection ratings. Whilst it is true that the PIF enables the Trust to pay particular attention to key areas identified by patients and public, we are a little concerned at the way the criteria for priority setting are stated. For example 'is this feasible given our resources and timeframe?' And 'does previous performance reflect potential for improvement?' This implies that the Trust only selects those areas which it believes will prove achievable. We expect the Trust to work hard to improve all aspects of performance and in particular those that have proved difficult in the past.

Last year we commented that we looked forward to seeing the resulting web pages for each division to identify clinical outcome measures; we understand the complexity of this objective and agree it should receive high priority for the coming year. The improvement in coding errors and the consequent improvement in HSMR and SHMI are welcomed as is the IMEG process.

We have witnessed improvement to patient experience during meals in many of the wards but we agree that there is more that needs to be done. The relaunch of the mealtime coordinator role should help as should the improved diet signage above the patient's bed. The move from protected mealtimes to protected meals is also sensible. The Southampton Mealtime Assistance Roll-out trial (SMART) is a good initiative and volunteers are making a difference to the mealtime experience for many patients. Whilst we welcome these initiatives, regrettably it is our experience that there is quite a variation across wards and in some wards it is necessary to remind nursing staff that they retain an overall responsibility for meals and nutrition.

The work of the small group to improve the experience of patients and the public with visual and auditory impairment is of course welcomed and Healthwatch has been well represented on this group. There is still quite a lot more that needs to be addressed and in particular it is important that the Trust ensures that recommendations from this group result in positive actions that are effectively audited.

We are pleased that the priority to improve end of life care is making progress. It is essential that there is an individualised care plan for end of life and the education and training programme planned for 2016/17 is crucial to ensure that good policies and plans are fully understood and enacted by all relevant staff. We are also very keen to see the plans for those patients expressing a wish to die at home as this is an area that is in need of improvement. We hope that the Trust will make an effort to inform the public of these strategies. On a similar theme we would hope to see a tightening up of the procedures and policies surrounding DNACPR as this remains an area of concern to the public.

The priority to promote safe and timely discharge is of course welcome and it is good that progress is being made to increase the numbers discharged before lunch but the situation with discharge is more complex than just the time of discharge. The discharge plan should ideally take account of a number of factors. Regrettably, some families are reluctant to accept a role in looking after older people and in some cases it is not possible for a family member to be available at a time convenient to the hospital. Financial constraints mean that adult social care assistance either at home or in a care home has been severely affected by cuts

to Council Budgets. Ensuring that the patient can cope, or has help to cope, is an essential part of discharge planning and although the Trust policy makes that clear, it is apparent that this detail is all too often overlooked. We agree that more work is needed.

The objective to sustain and build on the safety culture is an excellent objective. We strongly approve of the management approach to be open and transparent in this regard and have witnessed this in action. Staff are supported and encouraged to raise concerns about patient safety to senior leaders in the area and we hope that this attitude will permeate to all levels.

The reduction in high harm falls is most welcome and so too is the reduction of incidences of pressure ulcers although it would have been better if they had reached the target of a 20% reduction and we approve the intention to maintain focus on this matter. The introduction of the K2 Guardian systems covering 14 labour wards should be a great help in reducing problems during pregnancy.

The number of 'never events' reported is a disappointment but in keeping with our earlier comment we applaud the open and transparent approach and the desire to learn for these events.

The participation in clinical research is undoubtedly of great benefit not just to patients of the trust but has much wider implications for long term improvement for treatments and is encouraged.

In common with many other hospitals the 4 hour ED target is not being met. However, although not required nationally, a deeper analysis of the figures would be helpful. The Kings Fund and other bodies suggest that a substantial number of attendees should not be in A&E, having minor injuries and self-limiting medical issues. What is this figure for UHS? It would be interesting to know how quickly acute cases requiring early diagnosis and admissions are attended.

We approve of the priorities for quality 2016/17. In particular we like the idea of introducing a 'patient leader' and the general theme of developing and promoting patient and public involvement. Currently, patients and families are not made sufficiently aware of the PIF. Signposting on the hospital website could be improved; there are a number of existing, good, leaflets available but the hospital policy of having these readily displayed on each ward needs enforcing.

As an additional comment we would have liked to see some commitment to improving the estates and environmental aspects of the Trust. It is one of the aspects of patient experience that attracts negative comments from patients and visitors. There is no doubt that the new front entrance will be a huge improvement and one that we welcome but there are many other aspects that require attention. Lifts, toilets and the car park barrier come immediately to mind but there are many others that affect patients directly. The plan to increase car parking is welcome but is a year away. Although this may not be an area mandated for the quality accounts we would hope that UHS would note it for future reports.

Healthwatch Southampton will continue to represent the best interests of the patients and will do what we can to support the Trust in its intention to 'be better every day'.

H F Dymond MBE
Chairman Healthwatch Southampton

Statement of directors' responsibilities in respect of the quality report

The directors are required under the Health Act 2009 and the National Health Service Quality Accounts Regulations to prepare Quality Accounts for each financial year.

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

In preparing the Quality Report, directors are required to take steps to satisfy themselves that:

The content of the Quality Report meets the requirements set out in the NHS Foundation Trust Annual Reporting Manual 2015/16.

The content of the Quality Report is not inconsistent with internal and external sources of information including:

Board minutes and papers for the period April 2015- March 2016
Papers relating to Quality reported to the Board over the period April 2015- March 2016
Feedback from the commissioners dated 16/5/2016
Feedback from governors dated 12/05/2016
Feedback from local Healthwatch organisations dated 16/5/2016

The Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 16 March 2016.

The May 2015 national patient survey
The May 2015 national staff survey
The Head of Internal Audit's annual opinion over the Trust's control environment dated 16/05/2016
CQC quality and risk profiles dated May 2015

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

By order of the board

24 May 2016

Chair

Chief executive

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS OF UNIVERSITY HOSPITAL SOUTHAMPTON NHS FOUNDATION TRUST ON THE QUALITY REPORT

We have been engaged by the Council of Governors of University Hospital Southampton NHS Foundation Trust to perform an independent assurance engagement in respect of University Hospital Southampton NHS Foundation Trust's Quality Report for the year ended 31 March 2016 (the 'Quality Report') and certain performance indicators contained therein.

Scope and subject matter
The indicators for the year ended 31 March 2016 subject to limited assurance consist of the following two national priority indicators (the indicators):

- percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period; and

- A&E: maximum waiting time of four hours from arrival to admission/transfer/discharge.

Respective responsibilities of the directors and auditors
The directors are responsible for the content and the preparation of the Quality Report in accordance with the criteria set out in the NHS Foundation Trust Annual Reporting Manual issued by Monitor.

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

- the Quality Report is not prepared in all material respects in line with the criteria set out in the NHS Foundation Trust Annual Reporting Manual and supporting guidance;

- the Quality Report is not consistent in all material respects with the sources specified in the Detailed Guidance for External Assurance on Quality Reports 2015/16 ('the Guidance'); and

- the indicator in the Quality Report identified as having been the subject of limited assurance in the Quality Report are not reasonably stated in all material respects in accordance with the NHS Foundation Trust Annual Reporting Manual and supporting guidance and the six dimensions of data quality set out in the Guidance.

We read the Quality Report and consider whether it addresses the content requirements of the NHS Foundation Trust Annual Reporting Manual and supporting guidance and consider the implications for our report if we become aware of any material omissions.

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

- board minutes and papers for the period April 2015 to May 2016;
- papers relating to quality reported to the board over the period April 2015 to May 2016;
- feedback from commissioners;
- feedback from governors;
- feedback from local Healthwatch organisations;
- feedback from Overview and Scrutiny Committee;
- the trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009;
- the latest national patient survey;
- the latest national staff survey;
- the 2015/16 Head of Internal Audit's annual opinion over the trust's control environment; and
- the latest CQC Intelligent Monitoring Report dated 23 April 2015.

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

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

This report, including the conclusion, has been prepared solely for the Council of Governors of University Hospital Southampton NHS Foundation Trust as a body, to assist the Council of Governors in reporting the NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2016, to enable the Council of Governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicator. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors as a body and University Hospital Southampton NHS Foundation Trust for our work or this report, except where terms are expressly agreed and with our prior consent in writing.

Assurance work performed

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

- evaluating the design and implementation of the key processes and controls for managing and reporting the indicator;
- making enquiries of management;
- testing key management controls;
- limited testing, on a selective basis, of the data used to calculate the indicator back to supporting documentation;
- comparing the content requirements of the NHS Foundation Trust Annual Reporting Manual to the categories reported in the Quality Report; and
- reading the documents.

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

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

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

The scope of our assurance work has not included governance over quality or the non-mandated indicator, which was determined locally by University Hospital Southampton NHS Foundation Trust.

Basis for qualified conclusion
As a result of the procedures performed in relation to the referral to treatment within 18 weeks for patients on incomplete pathways quality indicator, we have not been able to gain assurance over the six dimensions of data quality as required by Monitor, with issues identified in relation to the operating effectiveness of the control environment.

Qualified conclusion
Except for the matter described in the 'Basis for qualified conclusion' section above, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2016:

- the Quality Report is not prepared in all material respects in line with the criteria set out in the NHS Foundation Trust Annual Reporting Manual;
- the Quality Report is not consistent in all material respects with the sources specified in the Guidance; and
- the remaining indicator in the Quality Report subject to limited assurance (A&E: maximum waiting time of four hours from arrival to admission/transfer/discharge) has not been reasonably stated in all material respects in accordance with the NHS Foundation Trust Annual Reporting Manual and supporting guidance and the six dimensions of data quality set out in the Guidance.

KPMG LLP
Chartered Accountants
15 Canada Square
Canary Wharf
London E14 5GL

May 2016

APPENDIX

Page		KPI	Target	Target Source	Mar 15	Apr 15	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16
Activity	Activity	R-12 Day Case Discharges (source: Business Objects)	N/A	N/A	56,980	56,913	56,524	56,599	56,423	56,131	55,817	55,604	55,984	56,312	56,146	56,278	56,029
	Activity	R-12 Elective Discharges (source: Business Objects)	N/A	N/A	20,995	21,172	21,275	21,496	21,566	21,581	21,738	21,755	21,839	21,831	21,778	21,763	21,626
	Activity	R-12 Non-Elective Discharges (source: Business Objects)	N/A	N/A	66,959	66,899	66,879	66,850	66,854	66,639	66,635	66,761	66,955	66,993	67,071	67,500	67,869
	Activity	R-12 New Outpatient Appointments (source: Business Objects)	N/A	N/A	189,690	190,666	191,055	192,571	192,892	194,251	194,582	193,424	194,912	195,309	196,079	197,798	197,452
	Activity	R-12 Follow-up Outpatient Appointments (source: Business Objects)	N/A	N/A	347,259	349,903	350,913	354,541	356,065	357,728	359,909	359,182	361,549	361,952	362,962	365,104	363,955
	Activity	R-12 Referrals (month in arrears)	N/A	N/A	182,402	182,312	182,592	184,375	185,028	185,996	186,078	185,739	187,165	188,272	189,186	191,392	N/A
Flow	Capacity	Midday Occupancy (Adult level 1 capacity - month in arrears)	<=95%	Internal	100.1%	95.5%	93.5%	92.3%	95.0%	96.0%	97.3%	96.9%	96.3%	85.6%	92.6%	94.0%	N/A
	Capacity	Midday Occupancy (Paediatric level 1 capacity - month in arrears)	<=80%	Internal	77.7%	78.3%	83.0%	82.3%	86.1%	85.1%	88.0%	84.0%	85.2%	72.9%	78.3%	80.9%	N/A
	Capacity	Rolling 12-Month EL LoS	N/A	N/A	3.59	3.60	3.59	3.60	3.51	3.46	3.41	3.43	3.47	3.51	3.52	3.53	3.54
	Capacity	Rolling 12-Month NEL LoS	N/A	N/A	5.92	5.93	5.93	5.91	5.92	5.94	5.96	5.92	5.92	5.90	5.82	5.77	5.71
	Performance	Complex Discharge Census (monthly average)	TBC	Local	182.5	181.9	192.2	198.0	185.2	190.8	192.6	194.6	N/A	N/A	N/A	105.4	120.8
	Performance	Red Alerts (monthly total)	N/A	N/A	40	43	13	8	16	29	39	43	23	13	47	48	40
	Performance	Black Alerts (monthly total)	N/A	N/A	5	0	2	0	0	3	0	0	0	0	0	0	2
	RTT	% Elective Operations Cancelled at the Last Minute	<=0.8%	Local	1.40%	1.14%	1.37%	0.89%	1.00%	1.12%	1.39%	1.00%	0.81%	0.82%	2.03%	1.37%	1.19%
Operational Performance	ED	% patients spending less than 4 hours in ED (Type 1)	=>95.0%	National	88.2%	85.2%	89.4%	93.4%	91.0%	82.8%	91.3%	86.3%	84.5%	86.3%	80.0%	79.2%	85.2%
	ED	% patients spending less than 4 hours in ED (Types 1, 2 & 3)	=>95.0%	National	90.0%	87.6%	91.0%	94.5%	92.5%	85.6%	92.7%	88.5%	86.9%	88.4%	82.8%	82.5%	87.5%
	RTT	% Incomplete Pathways Within 18 Weeks in Month	=>92.00%	National	94.99%	94.99%	95.01%	94.85%	94.43%	94.08%	93.17%	92.15%	93.02%	92.11%	92.04%	92.14%	92.26%
	RTT	Total Patients in Backlog	<1200	Internal	1184	1209	1244	1297	1463	1615	1825	2110	1859	2098	2118	2093	2040
	Cancer	Urgent GP referrals seen in 2 weeks (month in arrears)	=>93.0%	National	96.5%	96.6%	97.9%	96.4%	96.4%	96.1%	95.8%	95.6%	96.4%	95.0%	94.7%	96.0%	N/A
	Cancer	Treatment started within 62 days of urgent GP referral (month in arrears)	=>85.0%	National	88.4%	84.6%	90.2%	87.4%	84.9%	91.9%	83.5%	85.3%	85.7%	88.4%	82.4%	83.6%	N/A
	Outcomes	Stroke: Door to Needle Time <60mins (month in arrears)	=>55.0%	National	75.0%	33.3%	40.0%	100.0%	50.0%	33.3%	75.0%	57.1%	42.9%	66.7%	42.9%	87.5%	N/A
Safety & Experience	Patient Safety	Clostridium Difficile Reduction (confirmed lapse in care)	<=3	National	3	5	4	3	2	2	4	3	2	5	0	1	4
	Patient Safety	MRSA Bacteraemia Reduction	0	National	0	0	0	0	0	0	0	0	0	0	1	2	0
	N/A	Safety Express Thermometer	=>97.0%	Internal	97%	99%	98%	98%	98%	97%	97%	98%	98%	98%	98%	98%	98%
	Patient Experience	FFT Negative Score - Inpatients	<5%	Internal	1.65%	1.35%	1.20%	1.42%	1.04%	1.00%	1.40%	1.10%	1.85%	1.31%	1.50%	0.88%	0.86%
HR	Staffing	Staff FFT - % of Staff Likely or Extremely Likely to Recommend UHS as a Place to Work (quarterly measure)	Escalating (=>75.5%)	Internal	72%	75%			73%			N/A - Trust completes National Staff Survey instead			76%		
	Staffing	Turnover - Rolling 12-months	<=10.00%	Internal	12.00%	12.40%	13.10%	13.06%	13.01%	13.26%	13.26%	13.30%	13.28%	13.52%	13.66%	13.75%	13.56%
	Staffing	Sickness Absence - Rolling 12-months	<=3.00%	Internal	3.49%	3.50%	3.48%	3.46%	3.44%	3.45%	3.48%	3.47%	3.47%	3.42%	3.38%	3.37%	3.41%
	N/A	Nursing Vacancies	<=8.00%	Internal	14.3%	16.2%	16.6%	16.4%	17.2%	17.6%	15.4%	13.7%	13.2%	14.0%	14.0%	12.2%	12.2%
	N/A	Statutory & Mandatory Training (composite measure)	=>90%	Internal	N/A	N/A	N/A	N/A	84%	85%	84%	85%	84%	84%	N/A	N/A	76%
R&D	R&D	NiHR Patients Recruited (month in arrears)	Variable	Internal	2049	1686	1315	1555	1648	1397	1435	1764	1769	1484	1384	1586	N/A
Finance	Finance	Clinical Income (£000s)	Variable	Internal	50,973	44,606	47,894	47,440	51,223	46,085	48,708	50,979	50,255	48,566	50,086	48,856	51,557
	Finance	Operating Expenses (£000s)	Variable	Internal	57,282	53,354	54,109	55,486	55,333	53,721	55,859	54,952	57,366	54,868	55,242	56,252	61,142
	Finance	Surplus (£000s)	Variable	Internal	-2,306	3,917	581	2,611	-1,635	1,263	1,295	-2,082	186	80	-879	2,509	1,102
	Finance	Financial Sustainability Risk Rating (CoSRR to July 2015)	Variable	Internal	3	2	2	2	2	2	2	2	2	2	3	2	2
	Finance	CIP Delivered (£000s)	Variable	Internal	2,942	767	1,100	1,823	2,143	2,461	3,060	2,938	3,184	3,202	4,186	3,070	3,112
	Finance	Cash (£000s)	Variable	Internal	27,817	22,139	19,838	11,063	6,123	16,097	14,463	11,323	19,262	20,644	16,271	11,255	21,806

Appendix B

All audit activity is managed, logged and approved via an audit process coordinated by the clinical effectiveness team. In 2016 we are implementing an electronic system that will provide progress reporting, incorporating all addition documents and action plans. This will track and trigger all re-auditing work and generate reminders to auditors across the organisation

National Clinical Audit: actions to improve quality

National audit title	Actions
1. Renal replacement therapy (Renal Registry)	• Aim to continuously improve quality. There are no initiatives arising specifically from the renal registry data
2. Maternal, Newborn and Infant Clinical Outcome Review Programme (MBRRACE-UK)	• On-going individual case review - stillbirths & neonatal deaths looking for clinical and organisational lessons. • There is on-going work within the Maternity Network looking at improved detection of in utero growth restriction.
3. National Emergency Laparotomy Audit (NELA)	• Work on maintaining and improving data entry. • Enrolled on a supraregional QI initiative called the emergency laparotomy collaborative • Changes to booking processes for emergency cases (done) • Development of an integrated care pathway for emergency laparotomy (work in progress) • Introduction for policy for consultant led care for high risk cases (done)
4. Major Trauma: The Trauma Audit & Research Network (TARN)	• Continuous improvements using a quarterly dashboard and monthly Best Practice Tariff report.
5. National Chronic Obstructive Pulmonary Disease (COPD) Audit Programme - Pulmonary Rehabilitation Audit	• To look at the provision of muscle strength testing to ensure the patients are worked at the correct level when doing resistance training.
6. Diabetes in pregnancy (NPID)	• Work towards implementation of current NICE guidance
7. Coronary Angioplasty/National Audit of PCI	• No action required as all results within acceptable outcome intervals
8. Bowel cancer NBOCAP	• No actions needed
9. National Vascular Registry (NVR)	• Review surgeon specific outcome data
10. Congenital Heart Disease (Paediatric cardiac surgery) (CHD)	• No actions needed
11. National Heart Failure Audit	• We have now employed a data clerk to enter the data on patients not referred to the HF team; thus aiming to achieve 100% of HES admissions. • We are looking at making contact with some of the consultants to ensure referrals are increased.
12. Acute Coronary Syndrome or Acute Myocardial Infarction (MINAP)	• Involvement in teaching sessions on ACS to South Central Ambulance Service to improve identification of appropriate patients and earlier pre-alert so that the ACS Nurse team can get the Cardiac Catheter Lab staff in sooner. • Plan to talk with commissioning group for the local Wessex Cardiac Network (at their next meeting) regarding the management of all patients with chest pain to improve i.d. and screening of patients with potential ACS and early discharge of those with non-cardiac chest pain. • All cases where reperfusion standards are breached are reviewed regarding route cause to highlight awareness in hospital and with primary care.
13. Oesophago-gastric cancer (NAOGC) (NOGGA)	• Continued focus on Enhanced Recovery.

Appendix C

Local Clinical Audit: actions to improve quality

Audit title	Actions
1. Re-audit of physiotherapy intervention for total knee replacement	• Agree appropriate intervention timescale for cryotherapy and liaise with team and gain consensus. • Adjust core standards in line with consensus if appropriate • Quad and hamstring strength-education and training to therapy team. • Re-implement use of notes templates. • Team education to include awareness of core standards. • Daily physio input to continue to record daily statistics to be able to monitor staffing and activity. • Re-audit to assess impact of increased weekend service. • Adjust Discharge section to include Knee triage and 1:1 OPR. • To add unavailable to CPM/Hydro. • To re-look at gait analysis section.
2. Re-audit of Physiotherapy Adherence to the Association of Chartered Physiotherapists in Cystic Fibrosis Inpatient Exercise Guidelines	• Improve documentation to see why patients are not carrying out the variety of exercises set. • To carry out a patient questionnaire to ask why patients are declining exercise and have their views on exercise.
3. Standardised acute adult green card audit	• Standards to be updated to reflect current guidance and improvements in practice before re-audit in six months. • Feedback to the department on standards not met and education to team about the need for correct documentation as records are a legal document at a team meeting within the next six months.
4. An audit of the SPPOST used by Therapy Services and Physiotherapy interventions for patients who are screened as 'low Risk' for PPC and are therefore not routinely treated by Physiotherapy	• To re-audit to ascertain why patients that had a laparotomy were not screened day 1 post op.
5. Care of women undergoing repair of perineal trauma	• To email all midwifery staff reminding them of the patient information leaflets available and to document in the case notes when a leaflet is given as per best practice.
6. Post total knee replacement: pillow audit	• To place a sign above elective knee patients bed stating that they should not have pillows beneath their knee.
7. Nutrition on GICU 2015	• A consultant meeting with dieticians is planned to discuss difference between feed that is prescribed and what is actually given. • Guidelines will be produced for a catch-up protocol. • Consultants and GICU nurses will meet to discuss protocols for feed during nursing turns and physio. • The need to stop feed awaiting theatre will be discussed with the anaesthetic department. • A review of the evidence behind GICU nutritional guidelines will be undertaken and new guidelines written if required.
8. Transfusion practices on critical care	• Departmental education by presentation at teaching sessions and local meetings to form a local guideline. • To roll out the audit as a regional audit in November via SPARC ICM (South Coast Audit and Peri-operative Research Collaboration in Intensive Care Medicine).
9. Warfarin management in endoscopy	• To repeat audit at the same time of year once changes implemented with a larger sample size. • To review the current policy particularly in terms of when INRs need to be checked, to consider a range of days as opposed to the current policy which states a specific day. • Further/clearer guidance for patients and GPs regarding when INRs need to be checked. • To review which patients are put into correct group re: diagnostic or therapeutic on request. • Clarification of where the information for patients who had the procedure at RSH is documented.

Audit title	Actions
10. Use of red alert bands	• Results of audit to be shared with Band 6 & 7 senior nursing teams, surgical matrons and education & practice development teams. • Senior nursing teams to share audit results with their nursing teams for information, learning and discussion of standards. • Senior nursing teams led by ward managers to lead initiatives at ward level to ensure 100% compliance is standard practice with no exceptions. Initiatives may include collaboration with education and practice development team. • Surgical audit facilitator to re-audit to monitor for compliance December 2014. • Identification bands not worn by all patients. • Each Band 7 ward leader to scrutinise their audit data & investigate ward practice to understand what constraints exist which may be preventing their staff achieving 100% or to identify education and training needs. • Each Band 7 ward leader to generate an action plan to address issues with time line and present this via exception reporting at care group governance. • Each ward leader to lead on the delivery of re-education of all nursing staff re UHS policy. • Checking of ID bands on every medication round to be mandatory. • Wards to ensure appropriate bands in place before transferring to another ward, receiving patients from another area (e.g. theatre, SHDU, ASU). • Wards to collect and analyse data weekly and include on exception reporting to care group governance on a monthly basis until compliance consistently at 100%.
11. Re-audit blood transfusion at Countess Mountbatten	• Leaflets to be available with blood transfusion forms in the MDT office to be given out. • To document risks and benefits explained in notes. • Dissemination of information regarding blood transfusion requirements to future SHOs. • To standardise of audit measures. • Up to date transfusion leaflets to be distributed
12. To audit the use of nutrition risk screening tool and weight gain during a hospital admission for children with congenital heart disease admitted to Ocean Ward	• Develop a business case for investment in dietetic/specialist nursing time. • Develop a research proposal – NIHR/ Heart Foundation looking at Telemedicine (App) on growth in children with CHD. • Develop a CQUIN for growth. • Develop a six month notice letter to start charging for OPD appointments.
13. Recording of quality control of glucose meters	• Surgical care group currently not achieving 100% compliance with this standard, this has safety implications for patient care and treatment planning. • Retraining plan in place.
14. Patient status at a glance (PSAG) board and patient bed-head information	• Surgical care group currently not achieving 100% compliance with UHS standards for PSAG board use, thus creating safety implications for the patients & service delivery implications for staff. • Actions to be delivered by either matron or risk coordinator at next Band 7 Business Day. • Band 7 managers to agree responsibility for disseminating results to their staff. • Band 7 managers to be tasked with continuing to drive further improvements to achieve 100% compliance, including re-education or refresher education of their staff. • Ongoing results to be included in monthly exception reporting to governance meetings. • Re-audit to be completed after four months to ensure compliance has improved or achieved 100% compliance. • Incident forms to be monitored for issues.

Audit title	Actions
15. Nurse in charge ward rounds re-audit	• No clinical area in the surgical care group currently achieves 100% compliance with nurse in charge ward rounds since the care group standards were reconfigured to promote compliance. • Feedback to be delivered by either matron or risk coordinator at next possible Band 7 Business Day. • Band 7 managers to agree responsibility for disseminating results to their staff. • Band 7 managers to be tasked with continuing to drive further improvements & to achieve 100% compliance. • Ongoing results to be included in monthly exception reporting to governance meetings. • Re-audit to be completed after four months to ensure compliance has improved/achieved 100% compliance. • Incident forms /RCA investigations/spot checks and notes reviews to be monitored for issues.
16. An audit to determine the prevalence of overweight/obesity amongst children with diabetes	• To develop kilocalorie controlled diets and prescriptive portion size (diet sheets) to support overweight and obese patients to loose weight. • To develop a table indicating recommendations for carbohydrate portions to support patients to identify appropriate portion size in post diagnosis of diabetes. • Dietetic annual review paperwork to include an annual summary sheet of a patient's diet including analysis of a diet history.
17. To audit the efficacy of paediatric dietetic shared care for children with cystic fibrosis at Portsmouth regional clinic on achieving a BMI on the 50th centile	• For under nutrition children to continue recently established shared care clinic with Portsmouth Hospital. • To ensure all patients have a local dietetic review at least every 2 months. • Add paragraph to Wessex Regional Nutritional Guidelines advising on frequency of dietetic review i.e. every two months.
18. A&E waiting times for OMFS patients: Dental Abscesses: Retrospective and Prospective quality improvement project from December 2014 to July 2015. (re-audit)	• Hand over algorithm to team leaders and finalise data capture form, including 'arrival time' and 'breach – y/n' for re-audit. • Teach the new OMFS SHOs to take over and continue this cycle and ensure that each SHO will collect data on their on-call shift to maximise prospective 'n' number. . • Formally arrange teaching the triage and EP nurses, the key members of the team who will encounter these patients first and enable Maxillofacial to intervene earlier. • Construct a questionnaire for OMFS SHOs to show if the system has helped improve their management of dental abscesses / feedback form for patients to elicit their experience of waiting in ED. • Re-audit prospectively, noting the arrival, bleep and triage times for dental abscesses from December.
19. NICE CG174 Audit examining the current standard of intravenous fluid prescribing in Southampton General Hospital.	• A new column to be added on the IV fluids prescription chart labelled 'patient's fluid status' and a description of what a fluid status assessment should include at the bottom of the IV fluids prescription chart. • A new column on the IV fluids prescription chart labelled 'indication', which will require doctors to tick one of the following boxes: Resus, Replacement and Redistribution and maintenance. A new box on the IV fluids prescription chart explaining the requirements of maintenance fluids. • When 0.9% NaCl is prescribed, serum chloride levels are not checked, teaching to be given on intravenous fluids prescribing early on in the 1st rotation of foundation year doctors. • The development of a mobile phone app which will provide education on prescribing intravenous fluids.

Audit title	Actions
20. Anticoagulation in AF in stroke patients	• Patients to be commenced on anticoagulation at a date after the discharge date, should go home with anticoagulation medication as part of their TTA medications. • Anticoagulation planned to start at a later date to be prescribed with TTA medications and to be supplied by the hospital pharmacy at the time of discharge.
21. A&E waiting times for OMFS patients: Dental abscesses: Quality improvement re-audit	• Hand over algorithm to team leaders and finalise data capture form, including 'arrival time' and 'breach – y/n' for re-audit. • Teach the new OMFS SHO' to take over and continue this cycle and ensure that each SHO will collect data on their on-call shift to maximise prospective 'n' number. • Formally arrange teaching the triage and EP nurses, to enable Maxillofacial to intervene earlier. • Construct a questionnaire for OMFS SHOs to show if the system has helped improve their management of dental abscesses / feedback form for patients to elicit their experience of waiting in ED. • Re-audit prospectively, noting the arrival, bleep and triage times for dental abscesses from December. • Re-pull retrospective data from December 2014 to July 2016 when able, for analysis of longer time period from when the algorithm was first proposed.
22. Quantify proportion of patients that are able to provide accurate drug history and optimise medical therapy of cardiology outpatients	• Change appointment letter by adding a reminder for patients to bring list of medication.
23. Patients knowledge and understanding of their opiod medication an audit based on NICE guidance CG140	• Implementation of opiod leaflet and education of patients by clinical staff when prescribing opiod to their patients.
24. Audit of pyloric stenosis guideline (2009) and outcomes	• Review guidelines and amend to include antimicrobial body washes pre and post op. • Re-educate staff within the department regarding use of antimicrobial prophylaxis to increase compliance.
25. Antenatal Screening Tests	• KPI ST2 – Timeliness of testing for Sickle Cell and Thalassaemia decisions is needed as to whether we can improve this KPI lie with senior management including the head of midwifery as, due to competing priorities, booking before 10 weeks for most women is not possible. • Senior leaders are looking at options around direct referral by women to maternity services thus removing any delay in seeing a GP but there are risks around communication of significant comorbidities, safeguarding etc and we are watching Portsmouth's experiences regarding this. • KPI NB1 – Avoidable repeat rate for newborn bloodspot screening. • Review of staff experience of current lancets. • Trial of new style of lancets x3. • Evaluation of new lancets.
26. NICE CG151 Re-audit management of Neutropenic sepsis	• Incomplete documentation on eDocs - Education on MAOS study day. • IV antibiotics not given in 1 hour - Education on MAOS study day.
27. Adherence to post-operative antibiotic therapy in orthopaedic patients protocol	• We are currently in the process of implementing change in the orthopaedic department through education about the importance of post-operative antibiotic prophylaxis.
28. Audit of the residual radiopharmaceutical in nuclear medicine syringes - is there a requirement to re-measure?	• Data needs to be analysed by physics team and approval to change practice obtained. Physics to look at data and approve change in practice. • Nuclear medicine staff need regular updates on audit. Disseminate information to the nuclear medicine team. • Nuclear medicine staff need to be aware of new doses. Create new dose chart for the dispensing room. • Policies and procedures on QMS need to be updated in view of changes made. Change departmental policies and procedures to include change in practice.

Audit title	Actions
29. Auditing communication referrals to SLT on the acute stroke unit against the Sentinel Stroke National Audit programme (SSNAP) standards	• Standard 1, 2 & 3 Identify F8 SSP Champion to lead on SSP matters and support SSP's in ensuring annual updates take place. • F8 ward manager/stroke specialist nurse manager to identify appropriate member of the team to help identify reasons that communication needs are not being identified/referred. • SLT team to provide training regarding communication screening during a swallow screen or to check for comments/ scores made by medical team. • LT SSP trainer to support F8 SSP Champion - ongoing. • Offer additional training slots as required. SLT SSP trainer to liaise with ward manager and F8 SSP champion to book training slots to highlight the results of the audit and give the opportunity for staff to raise questions/queries. • Design project/audit for SLT staff to complete in order to check back against data collected in this audit. • SLT stroke lead to support SLT assistants/band 5's in carrying out a project and re-audit for communication screening in order to further develop the stroke service.
30. Recording smoking status in emergency gynaecology admissions	• Implement and continue to use new proforma to state smoking status of all emergency gynae admissions.
31. Temporal artery biopsy- Are we following the international guidelines for size of specimen and referral time	• All vascular surgeons are being informed about required size of specimen which should be 10-20mm. • Rheumatology team are being informed through Trust emails that patients for referral must have an ACR score of three or more.
32. T&O Departmental audit of timely VTE risk assessment and thromboprophylaxis	• Dissemination of results to all medical staff to raise awareness and increase compliance (checking VTE assessments during the handover and on the post take ward round). • Post take ward round dictation pro forma. • Sisters/ nurse practitioners to follow up the VTE assessments of the new admissions, so as to ensure their completion.
33. Unlicensed medicines	• To identify the ten injections that have been issued in the last 6 months, that do not have administration details in the PIL, to determine what information is available to nurses at the point of administration. • To ensure that the above injections have available administration details available on JAC. • To consider whether the injections that do not have administration details provided in the PIL and that have not been issued in the last six months are still required to be kept at UHS.
34. Do Not Attempt Cardiac Pulmonary Resuscitation (DNACPR) audit	• The patient details on the DNACPR forms have to have documented two identifiers as a minimum. • Include the date DNACPR form to be completed in all cases. • To provide education and support in enabling staff to understand the reasons a DNACPR decision may be made. • Need for all DNACPR decisions to be discussed with patients unless this would lead to physiological and psychological harm. • Requirement of All DNACPR decisions to be raised by a Registrar or above. Identify through documentation whether the DNACPR decision is indefinite or requires review.
35. Environment at night	• Discuss with stores to investigate possibility of shortening lead time on getting the soft closing lid bins for wards. • Estates to repair the ward overhead and patient lights. • Daily checks to be completed and inform estates of any repair work needed on a daily basis.
36. Diagnosis and management of idiopathic intracranial hypertension (IIH): a local audit of current practice at SGH	• Clinicians to ensure weight and advice to lose weight is recorded in patient's notes. • Additional resources needed for visual field testing in neurophysiology.

Audit title	Actions
37. Audit of use of consent forms for genetic testing and storage of genetic material	• Increase awareness amongst professionals working within the Wessex Clinic Genetics Service of the professional JCMG on documenting consent for genetic testing. • Present the guidelines and audit results at a Clinical Genetics departmental audit meeting. • This audit to be put forward to the Clinical Genetics Society (CGS) as a suitable national audit. • Further consideration to be given to adding mention of VUS to the consent form. • Revision and simplification of the syntax of section two.
38. Emergency information located on anaesthetic machines	• Decision on what information needed to be documented for anaesthetic machine to be completed by anaesthetic department. • Theatres to provide the funding for printing of information for anaesthetic machine. • Gain quotes for printing the information from printing company. • Laminate, distribute and add information to anaesthetic machines.
39. Prospective audit of disease modifying therapy prescribing in multiple sclerosis	• Ongoing team education about the guidance at MS group meetings and the MS MDTs. • Audit to be completed annually.
40. Documentation of stem cell harvesting reagent and equipment expiry audit	• Apheresis staff to continue to be educated regarding completion of white cell procedure forms appropriately.
41. Hospital management of major trauma patients aged 16 and 17	• To use audit data to discuss results with adult orthopaedics to implement changes for them to take over the 16 and 17 year olds.
42. Abdomen x-ray dose audit	• Radiographers should record the height and weight of each patient on CRIS, so that more accurate dose audits can be carried out in future.
43. An audit of venous thromboembolism assessment on admission to the acute medical unit	• Update AMU consultants with re-audit results of lack of venous thromboembolism assessments. • Organise formal induction for junior doctors in AMU. • Findings and recommendations to be presented to the thrombosis committee. • Print more posters for AMU office.
44. An audit to investigate the use of the Malnutrition Universal Screening Tool "MUST" on cardiac wards	• Charge nurses / ANTs to monitor their ward's compliance. • Charge nurses / ANTs to monitor their ward's accuracy. • Dieticians to provide refresher MUST training sessions.
45. Comparison of emergency department attendance summaries and emergency department notes for those patients admitted to the clinical decisions unit	• Symphony and E-docs to be investigated for any IT issues precluding auto completion of these areas in attendance summaries. • Whether data sample has an appreciable effect on coding and accurate income generation. • Data to be passed to coding team. • Investigation of clinical relevance of variances in attendance summaries and emergency data passed to Dr M. Smethhurst.
46. To audit the use of the paediatric nutrition screening tool amongst children admitted to Piam Brown	• Charge nurses to monitor wards compliance against the nutrition screening tool. • Dieticians to provide training course for staff.
47. Drug driving: Are we counselling our patients?	• To start using the CMH admissions clerking proforma to prompt clinicians to identify people who are driving. • New patient information leaflet on drug driving from Department for Transport to be given to patients who are identified as drug driving. • To add a free text box to HMR discharge summary to inform other healthcare professionals. • To change trust HMR to include sections on driving
48. Severity scores in pancreatitis.	• Ensure the APACHE score sheet is completed and available for all staff to complete.

Audit title	Actions
49. Audit of standardised neurodevelopment follow-up of preterm infants & high risk newborns after 1 year at UHS.	• A 12 month time window has been set at 11 to 13 months CGA to be able to audit compliance. • Assessment tools will be scanned into the electronic system (E-Docs) by secretaries to enhance accessibility and facilitate future audit and research • A follow up co-ordinator to log when patient miss their clinic windows and why i.e. in-patient, parents cancel etc.
50. Compliance of G-CSF doses in stem cell mobilization policies and harvest schedules	• GCSF prescription not filed in patient's notes, prescription copied in pharmacy and then subsequently filed in patient's notes.
51. NICE CG32 Audit of malnutrition screening rates within Acute Medical Admissions Unit in SGH	• ANTs and ward sisters to monitor ward compliance with MUST. • Dieticians/dietetic assistants to offer refresher training on the ward to ensure MUST completed within 24 hours of admission. • ANTs and ward sisters to monitor ward compliance to ensure all information relating to scores are included. • Dieticians/dietetic assistants to offer refresher training on scoring.
52. Paracentesis for malignant ascited in the palliative care setting	• Discuss at team meeting regarding practice around ascitic drains and how we could improve this.
53. Elective caesarean section list timings	• Suggest multidisciplinary proforma formalising pre operative routine. • Establish methods to improve turnaround times.
54. Patient triggered follow-up (PTFU) for colorectal, breast and testis	• Policy documents reviewed and in the process of being revised and updated. • Revised policy to be circulated to clinical leads for PTFU, CNS and support worker. • Signatures to be requested agreeing the accuracy of the policy and compliance. • CNS's and support worker to ensure all patients have tests and results otherwise the patient will be asked to come in to outpatients for a review.
55. A re-audit of the bony mallets treated in RSH hand therapy against the bony mallet protocol	• Educate staff re: importance of issuing patient information leaflet, a reduction in compliance may have a direct relationship with increased DNA rate. • The mallet service and pathway needs to be reviewed in light of patients voting with their feet, recent evidence on self management of mallet injuries and use of various splints (Zimmer and thermoplastic) to immobilise the DIPJ. • Investigate feasibility of patient satisfaction questionnaire of current mallet service (those who attended and DNA's).
56. Discharge planning	• All patients to have an appropriate baseline discharge assessment undertaken, providing their medical condition allows. • Weekly measure the EDD documented on Doctor Worklist and a report will be sent monthly to all oncology doctors. • By the estimated date of discharge all members of the multi-disciplinary team should have completed their assessments to ensure that the patient is ready for discharge. • Doctors will communicate with nurse in charge daily. • Nurse in charge to attend or be available for handover. • Out of hours (after 8 pm and weekends) discharges should be pre-planned where possible. • Friday handover will include possible discharges and those patients should have HMR finalised
57. NICE CG92 Accuracy of VTE risk assessment in thoracic surgical patients	• To continue education & training of junior staff.
58. A clinical audit on the use of weekend Atropine occlusion for the treatment of Amblyopia in Children	• Use of a proforma to ensure all appropriate orthoptic tests performed at follow-up. • Advise GP to provide repeat atropine prescription when needed. • Design a template letter to GP for repeat prescription.

Audit title	Actions
59. NICE CG172 An audit of eplerenone prescribing in patients diagnosed with ACS and left ventricular failure	• Bundle on EDOCS to ensure patients post-MI with EF<40% are routinely being prescribed MRA. • Develop departmental protocol for patients post-MI with EF<40% to routinely be prescribed MRA.
60. NICE CG170 guideline based audit to assess patient knowledge of opioids in palliative care	• Implementation of opioid leaflet for patients. • Education of patients by clinical staff when prescribing opioids to them.
61. NICE CG83 Documentation of critical care rehabilitation for those patients admitted to general intensive care	• Design and implement a critical care rehabilitation pathway to record compliance with the NICE CG83 guidelines. • To include within the pathway all patients who are I&V for > 3 days and are expected to survive their intensive care stay.
62. An audit of Acute Respiratory Distress Syndrome in General Intensive Care unit	• Present audit findings at the GICU consultants meeting. • Obtain agreement for use of a "prompt" sticker to be included in the notes upon diagnosis of ARDS to aid optimal management. • To re-audit to evaluate impact in one year.
63. Cauda Equina Syndrome: Audit of Post-operative Screening, Documentation and Action	• All staff made aware of the need to ask every CES patient about Cauda Equina issues. • All staff made aware of the need to provide the booklet to Cauda Equina patients. • Post-discharge plan for management of ongoing Cauda Equina issues not always documented - All staff made aware of need to document plan for Cauda Equina problems
64. NICE CG101 What percentage of patients admitted with an exacerbation of COPD are offered pulmonary rehab and agree to attend a pulmonary rehab course provided by UHS or either the Solent or Southern NHS Trusts?	• Agree with the medical teams to highlight via referral or message to our answer-phone when there is a potential patient, who is likely to be discharged before assessment.
65. Donor pregnancy assessment audit	• BMT team to be reminded of importance of completing relevant documentation. • BMT team to be reminded of appropriate use of pregnancy assessment stickers.
66. Audit of pyloric stenosis guideline (2009) and outcomes	• Review the guideline flowchart at each new surgical registrar induction meeting.
67. An audit of Ankylosing Spondylitis (AS) services against national standards	• A specific AS Clinic will be set up for patients to ensure they receive consistent treatment. • Physiotherapist routinely in the clinic so all patients will have access to physiotherapy. • Further review of the outpatient physiotherapy services is needed and discussion with management on improving this. • Further assessment into the impact of AS in the workplace is needed, therefore WPAI to be used in AS clinic to start to assess workplace impact in more depth.
68. NICE CG79 Physical activity participation and access to physiotherapy services among patients with rheumatoid arthritis (RA).	• Physiotherapist to work within clinic, specific physio-led clinic. • Physiotherapist education session / audit feedback. • Discuss with rheumatology team to ensure that patient receive self-management advice within the given guidelines and feedback audit report results
69. Venous sinus stenting in with idiopathic intracranial hypertension.	• Presentation to highlight inconsistency in their non-visual fields. • Review eligibility criteria for VSS and educate the neurosciences team with a presentation regarding who to refer for VSS

Appendix D

Patient Improvement Framework (PIF) priorities for 2016/17

COMMUNICATION				
Collective Leadership, Culture of Caring, Organisational Development				
Effective	**Caring**	**Safe**	**Responsive**	**Well-led**
• **Enhance clinical handover between internal teams** - Documentation audit - Synergy of transfer documents - Standards for sharing information internally • **Report available outcome measures** - Develop a platform for the recording of patient reported outcome measures for each clinical service - Monitor and report on the outcomes and progress towards improvement • **Deliver Safeguarding Strategy** - Identify gaps and address concerns in care of all vulnerable patients	• **Promote clarity of communications** - Review all letters to patients for parity - Signpost patients to additional information - Explore opportunities for wayfinding • **Promote and deliver leaders in care** - Energise key nurse project - Roll-out "Hello my name is" - Roll-out John's campaign • **Develop our culture of compassion** - Review essential standards of practice booklet - Develop programme of observation of care - Deliver end of life care strategy	• **Deliver our safety strategy** - Develop work streams to deliver on the standards applicable to acute kidney injury, pressure ulcers, patient falls. - Ensure that action has been taken to mitigate against never events • **Reduce non-clinical transfers of care** - Analyse the current non clinical patient moves out of hours. - Identify actions to ensure reduction • **Enhance medication safety** - Review the discharge process of patients taking home medication	• **ED responsiveness** - Further improve four hour access - Promote discharge leaflet and learning from patient use - The patient experience in ED • **Access to hospital care** - To deliver the referral time to treatment (RTT) • **Promote the Home B4 Lunch initiative, supporting patients on discharge.** - Establish local discharge lounges - Identify champion wards - Participate in "Always Events" programme	• **Patient leader programme** - Launch the role of patient leader within UHS • **Promote and develop patient and public involvement** - Develop strategy - Learn from good practice - Roll out model of patient and public involvement across UHS • **Learning organisation** - Review process of responding to patient's complaints - Develop a programme of learning from patient feedback. - Share learning internally & externally

Appendix E

Glossary of acronyms

ACS	Acute coronary syndrome
AF	Atrial fibrillation
AMU	Acute medical admissions unit
APACHE	Acute physiology and chronic health evaluation
ASU	Acute assessment unit
BMI	Body mass index
CHD	Coronary heart disease
CNS	Clinical nurse specialist
CQC	Care Quality Commission
CQUIN	Commission Quality and Innovation Payment Framework
DIPJ	Distal interphalangeal joint
DNA	Did not attend
ED	Emergency department
EDD	Estimated date of discharge
EDI	Equality, diversity and inclusion committee
EIN	Ethnicity inclusive network
FSRR	Financial Sustainability Risk Rating
GICU	General intensive care unit
HPCT	Hospital palliative care team
HSMR	Hospital Standardised Mortality Rate
IMEG	Internal medical examiners group
INR	International normalised ratio
KPI	Key performance indicator
LGBT	Lesbian, gay, bisexual and transgender network
LID	Long-term illness and disability network
LoS	Length of stay
MDT	Multidisciplinary team
MIU	Minor injuries unit
MTC	Mealtime coordinator
MUST	Malnutrition Universal Screening Tool
NHS	National Health Service
NHSE	NHS England
NICE	National Institute for Health and Care Excellence
NIHR	National Institute for Health Research
OMFS	Oral and maxillofacial surgery
PCI	Percutaneous coronary intervention
PIF	Patient Improvement Framework
PSAG	Patient status at a glance
PTFU	Patient triggered follow up
RTT	Referral to Treatment
SFBN	Staff faith and belief network
SHC	Southampton Hospital Charity
SHDU	Surgical high dependency unit
SHMI	Summary Hospital-level Mortality Indicator
SHO	Senior house officers
SLT	Sentinel stroke programme
SPPOST	Southampton physiotherapy post-operative screening tool
SSP	Speech and language therapist
TEC	Trust executive committee
UHS	University Hospital Southampton
WPAI	Work productivity and activity impairment
WRES	Workforce Race Equality Standard