

# Annual Report

01 apr - 2014  
31 oct





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# Strategic Report

## Introduction by the Chairman and Chief Executive

We are delighted to introduce the last annual report of the Royal United Hospital Bath as an NHS Trust, recording a momentous seven months of development in our organisation's history as we passed through the rigorous tests of good governance, legal constitution, local representation and financial sustainability to achieve the very significant milestone of Foundation Trust status.

The year opened on the heels of our selection as one of 12 trusts to lead the way on embedding an open, transparent and compassionate culture as part of the national "Sign up to Safety" Campaign. It also hailed the start of operation for some fantastic new facilities in the form of both our new Pathology building and an urgent care centre on site – where GPs now work side by side with Emergency Care physicians. This paved the way to starting work on improved accommodation for our information management, technology and medical records teams and a £1.6m investment in a lighter yet more energy efficient environment across the whole hospital.

In May we formally submitted our application to Monitor, commencing the five-month journey of in-depth assessment towards authorisation as a Foundation Trust. Meanwhile, taking on substantial new business in the form of both an extension of our catchment area to the North West, following the closure of Frenchay hospital at the end of May and ensuring the safe transfer of maternity services and staff on the 1 June. As a result of maternity moving to the RUH, a new Division of Women and Children's has been created covering services for maternity, gynaecology, paediatrics and neonatology.

Amazing staff have been the bedrock of all our achievements. 2014 saw national recognition of this at some of the most prestigious award ceremonies in British healthcare – winning in the Safety in Surgical Recovery category and with no less than four nominations across other categories at the Patient Safety and Care Awards (HSJ and Nursing Times) awards for patient Safety and Care. Our emphasis on looking after our future workforce was also recognised by The Student Nursing Times who named the Royal United Hospital Bath as the best for student nurse placements.

Following significant investment in nursing in 2013 we have further enhanced our nursing strategy in year, particularly investing in improvements to midwife to birth ratios and creating a new role of Supervisory Senior Sister/ Charge Nurse on our wards to ensure we continue to offer the best support to staff and can attract and retain the right people in the right roles. Our nursing team have also run successful campaigns this year to achieve significant reductions in pressure ulcers and to raise awareness of sepsis. On World Sepsis Day in September the RUH were able to celebrate the training of over 600 staff across 60 days to ensure prompt diagnosis and treatment of the condition.

Of course there have also been challenges to overcome including management of demand pressures and the forces of nature as storms in July 2014 caused some significant water damage and disruption to patient experience across a number of areas of the main hospital. Despite these we have been able to demonstrate overall good operational, quality and financial performance with work continuing to embed a range of new ways of working both internally and with partners to improve resilient delivery of the four hour target.

Finally, we would like to take this opportunity to once again thank all our dedicated staff and many supporters – particularly the Friends of the Royal United Hospital Bath and their 330 fantastic volunteers who regularly give up their time to support us.



Brian Stables,  
Chairman



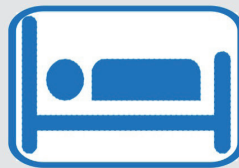
James Scott, Chief Executive

# OUR YEAR



## October

Baby Friendly Initiative award from UNICEF



## July

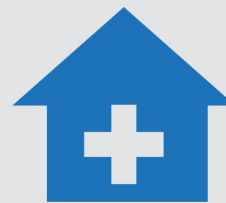
CQC scores RUH as one of lowest risk hospitals in the country

## August

Target met in Rapid Spread project to prevent pressure ulcers

## September

Target reached in Sepsis 6 campaign



## June

Maternity services return to the RUH

## May

9 wards awarded gold dementia charter marks

## Apr 2014

£110m 5-year plan to build new cancer centre and other buildings

## Trust overview

The Royal United Hospital Bath NHS Trust (RUH) provides general acute and emergency treatment and care for a catchment area of Bath and North East Somerset, Wiltshire (West and North), Somerset (Mendip) and South Gloucestershire. The catchment population of the RUH is around 400,000.

The Trust occupies a 52-acre site about one and a half miles from Bath city centre and became a National Health Service Trust in 1992. All acute services are provided on the RUH site and the Trust also provides a range of outpatient and diagnostic services from ten community sites.

In June 2014 The RUH took over maternity services for the area. In addition to the maternity wing at the hospital, the RUH runs maternity units in Trowbridge, Chippenham, Frome, Paulton and Shepton Mallet.

The Trust's lead commissioners are Wiltshire Clinical Commissioning Group, Bath and North East Somerset Clinical Commissioning Group (B&NES CCG) and B&NES, Gloucestershire, Swindon and Wiltshire Specialised Commissioning Group. B&NES CCG commissions on behalf of seven other CCGs, including Somerset and South Gloucestershire.

## Operational Performance

The Trust has had a very good year to date, performing well against a range of key access and outcome measures,

**Table 1**

Performance Indicator	Performing	Weighting	Q1	Q2	Oct 14	Score	Q3	Score
Four hour maximum wait in A&E (All types from April 2014)	95%	1.0	94.4%	94.3%	93.6%	1	93.6%	1
C Diff>= 72 hours post admission (target for year = 37) Cum	37	1.0	3	9	11	0	11	0
RTT - admitted - 90% in 18 weeks all specialties	90%	1.0	90.5%	90.5%	90.1%	0	90.1%	0
RTT - non-admitted - 95% in 18 weeks all specialties	95%	1.0	95.7%	95.5%	91.6%	1	91.6%	1
RTT - open pathways in 18 weeks	92%	1.0	93.1%	92.4%	92.3%	0	92.3%	1
31 day diagnosis to first treatment for all cancers	96%	0.5	98.0%	98.3%	96.9%	0	96.9%	0
31 day second or subsequent treatment - surgery	94%	1.0	95.4%	97.6%	97.1%	0	97.1%	0
31 day second or subsequent treatment - drug treatments	98%		100%	100%	100%		100%	
31 day second or subsequent cancer treatment - radiotherapy treatments	94%		98.8%	99.0%	97.0%		97.0%	
2 week GP referral to 1st outpatient	93%	0.5	94.6%	94.0%	93.7%	0	93.7%	0
2 week GP referral to 1st outpatient - breast symptoms	93%		95.4%	95.6%	96.6%		96.6%	
62 day referral to treatment from screening	90%	1.0	98.3%	95.6%	100.0%	0	100.0%	0
62 day urgent referral to treatment of all cancers	85%		88.7%	91.6%	86.9%		86.8%	
Access to healthcare for people with learning disabilities - Trust compliance	n/a	0.5	Yes	Yes	Yes	0	Yes	0
Governance Risk Rating		8.5	1	1	2		2	
					Green		Green	



including cancer waiting times, 18 weeks RTT and Clostridium Difficile. The year to date position is shown in Table 1. The Trust scored highly against the Trust Development Agency Accountability Framework five key quality domains

**Table 2**

	TDA Accountability Framework 2014/15	June 2014	July 2014	August 2014	September 2014	October 2014
<b>Quality</b>	Caring	5	4	5	4	4
	Effective	5	5	5	5	5
	Responsive	5	5	5	4	4
	Safe	4	5	5	5	5
	Well Led	5	4	5	4	4
	Overall Quality	5	5	5	5	5

shown in Table 2, reported from June 2014:

Internal Trust reports against an Integrated Balanced Score Card, providing monthly performance under the five domains: Caring, Effective, Responsive, Safe and Well led. As Maternity services joined the Trust in June 2014, key reporting metrics were reported to the Board.

## Challenges we have faced

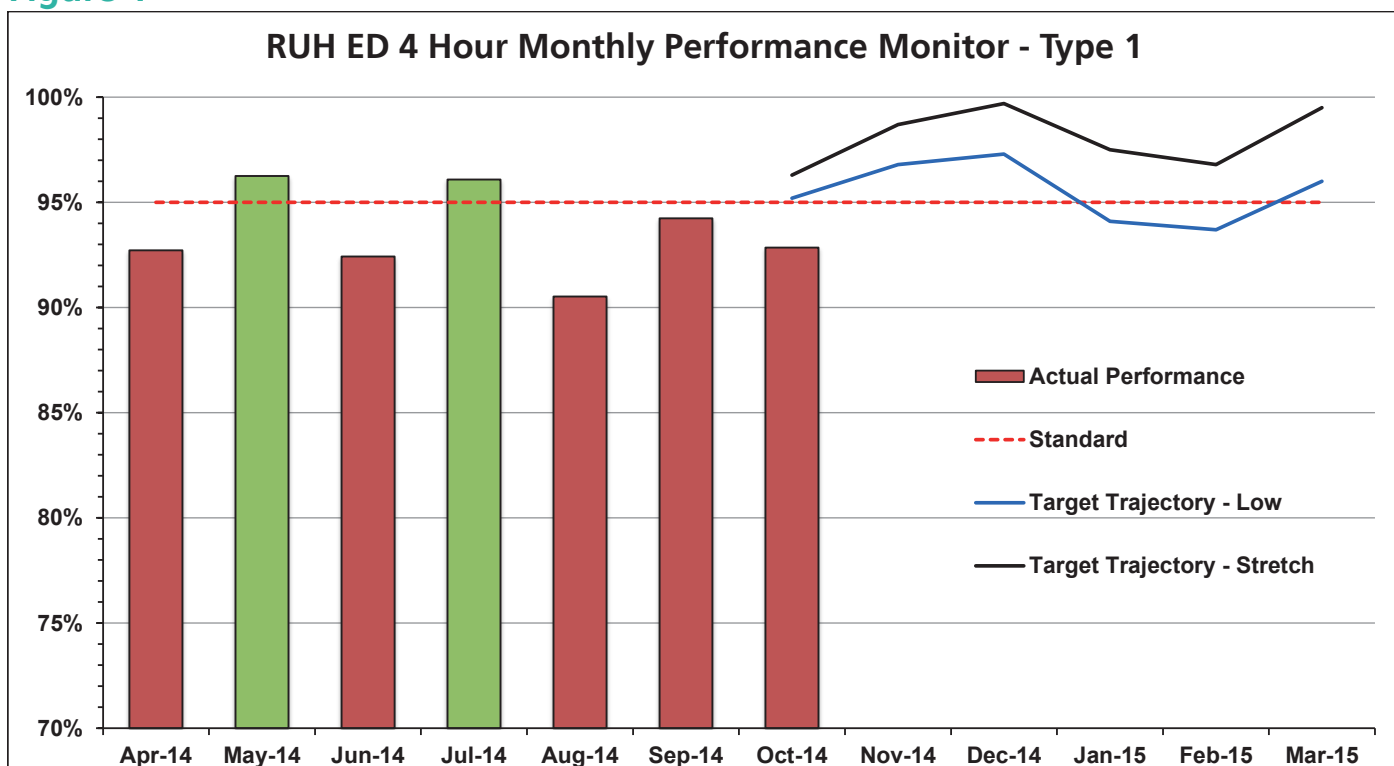
### Four hour performance

We delivered green rated performance in May and July. The remaining months saw an increase of 150 Emergency Department attendances per month – (2.0%). We saw unprecedented levels of emergency admissions peaking at 14%, an extra 500 patients in one month compared with last year. This was mirrored right across the region.

We are proud of our supportive relationship with the ambulance service and cooperate fully to ensure that they reach their patients in good time by making sure no crews are delayed at the ED.

We have developed an Urgent Care Improvement Board which has identified key issues which we have worked with

**Figure 1**



our Community partners to resolve. We agreed a trajectory to get back on track, as illustrated in Figure 1. We have focused on three work streams:

- Front door – ensuring patients flow freely from the ED to the medical and surgical assessments. We have formalised the pathway for patients referred directly by their GP. We have seen a much improved patient experience for patients through Emergency Surgery Ambulatory Care (ESAC), shorter waits, reduced length of stay and high patient satisfaction.
- Flow – we have changed the way our site and bed management teams are working, focusing much more on getting patients to the right bed first time. Ward teams have been instrumental in making this happen, ensuring that patients are given the best care in the most appropriate setting by the right teams.
- Back door – We have worked closely with our community partners to improve the pace at which patients can leave the hospital. We are working to further improve the delays for patients awaiting onward placement. We have made some progress but there is still a lot to do.

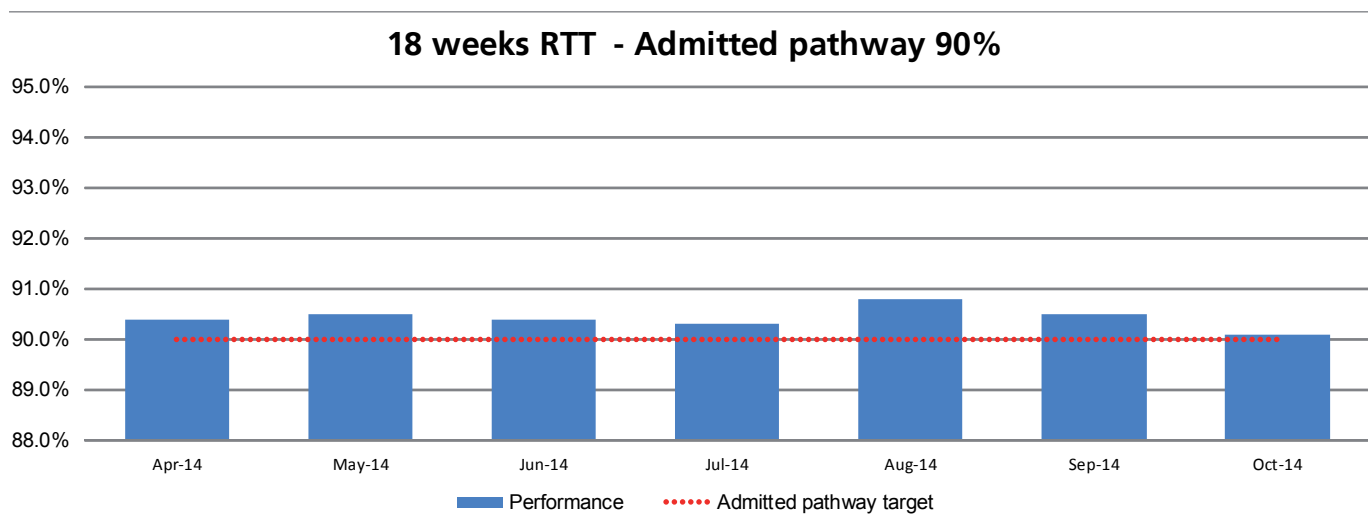
We invited the Emergency Care Intensive Support Team (ECIST) back to the hospital to see what more could be done. We took note of changes required, which included mobilising of the ambulatory care units and completed all actions in preparation for winter.

We made changes to our four-hour all types reporting to include the on-site Urgent Care Centre following guidance from NHS England in October 2014 in agreement with our Commissioners.

### 18 weeks RTT

We have maintained delivery of elective care for our patients, managing competing demands of emergency and planned care.

Figure 2



As emergency pressures continued through the summer months, the number of patients waiting more than 18 weeks increased. This was in part due to increased levels of in referrals across the specialties of Dermatology, Gastroenterology, General Surgery, ENT and Oral Surgery.

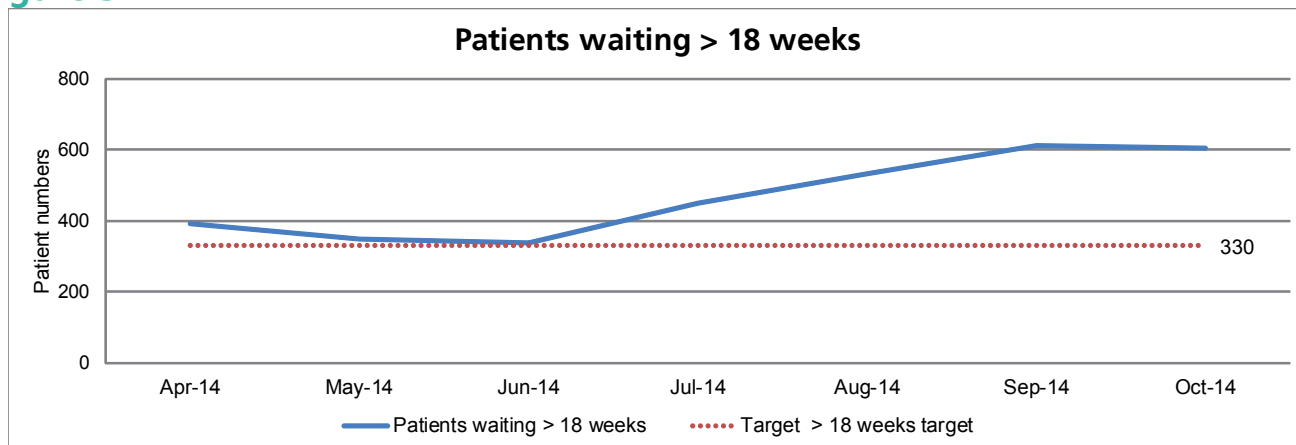
In response a number of actions were taken:

- The Trust employed additional consultants across the range of specialties
- The Commissioners have put in place robust referral management services to help to manage demand
- The Trust has further developed relationships with alternative providers within the local area, providing greater choice and improved waiting times for our patients.

Looking forward the Trust has plans in place to treat the longest waiting patients during November in line with the National 18 weeks RTT guidance.

We have performed well against the 6 week diagnostic maximum wait providing early diagnosis and treatment for our patients. Performance for the period to October 2014 is provided in Table 3.

**Figure 3**



**Table 3**

Diagnostic Tests within 6 weeks	2014						
	April	May	June	July	Aug	Sept	Oct
<b>Performance (%)</b>	0.2	1.1	0.2	0.2	0.3	0.2	0.2

## Annual accounts

### Context

The RUH was granted licence to operate as a Foundation Trust on 1st November 2014. As a result, two sets of accounts have to be submitted, one for each legal entity: one as an NHS Trust for seven months (1st April 2014 to 31st October 2014) and one as an NHS Foundation Trust for five months (1st November to 31st March 2015).

This report relates to the period 1st April 2014 to 31st October 2014, when the RUH was an NHS Trust. The Trust reported a surplus for the seven month period of £2.1m before accounting for technical adjustments (accounting for donated assets and impairments).

In addition, as reported as part of the Group accounts, the Trust consolidated the RUH Hospital charitable fund accounts into the Trust accounts this year as required. The impact on Income and Expenditure for the year was a net of £10k. This consisted of donation income offset by employee expenses and non-pay expenses. The impact on the Statement of Financial Position was £6.9m, mainly in charitable investments.

As an NHS Trust, the Trust's performance is measured against its statutory financial duties, the Trust achieved all targets and performance is summarised as follows:

	Plan	Actual	Variance
Income and expenditure surplus (excluding the impact of impairments and accounting for donated assets)	£3m	£2.1m	£0.9m
Income and expenditure retained surplus	£3.6m	£1.1m	£2.6m
Cost improvement plan (QIPP)	£5.8m	£5.5m	£0.4m
External Financing Limit (EFL)	£0.3m	£0.3m	-
Capital Resource Limit (CRL)	£11.3m	£6.3m	£5m
Capital Absorption rate %	3.5%	3.5%	-

The Trust achieved a planned surplus of £1.1m, which was £2.6m lower than plan. The actual retained surplus as at 31st October included an impairment £1.3m for the Pathology building that was fully commissioned in June 2014; however the plan did not expect this impairment to happen until March 2015. The other key variance is the under recovery of donated income £0.5m due to the delay in the friends coffee shop refurbishment and the purchase of medical equipment.

The Trust's final reported surplus is adjusted to remove the effects of accounting for donated assets leaving a net surplus of £2.1m, by achieving this target the Trust has achieved its statutory breakeven duty and ensured that its in-year expenditure has not exceeded its income.

The Trust has also achieved its other key financial duties, both the External Financing Limit (EFL), this sets out how the Trust must manage its cash flow and borrowing requirements and Capital Resource Limit (CRL), the maximum a Trust can invest in fixed assets during the year. The Trust also has achieved its capital absorption rate, the Trust is required to make a return on assets it employs of 3.5% based on actual assets held through the year, the Trust then pays 3.5% of this value as its dividend payment.

## Capital spend

The capital programme for the seven months totalled £7m, the key developments included the near completion of the IM&T building (£1.9m), which was fully commissioned in January 2015 and the replacement electronic patient record system (EPR) (£0.6m).

Capital plan	April- Nov Plan (£'000)	April- Nov Actuals (£'000)	April- Nov Variance (£'000)
Estates	2,704	1,271	(1,433)
IM&T	2,345	1,310	(1,036)
Medical Equipment	1,483	793	(690)
Strategic capital schemes	4,344	3,644	(700)
Total capital	10,876	7,018	(3,859)

## Better payment practice code

The Trust has responsibility to pay its suppliers in line with the payment terms agreed at the time of purchase. Failure to do this harms the reputation of the Trust and the wider NHS, as well as damaging supply sources and straining relationships with suppliers.

The Trust has adopted the national NHS Better payment practice code. The target set is that at least 95% of all trade creditors should be paid within 30 days of a valid invoice being received or the goods being delivered, whichever is the later – unless other terms have been agreed previously.

The Trust's detailed performance against this target for non-NHS creditors is set out in note 10 in the annual accounts.

Measure of compliance	2014-15 M1-7 Number	2014-15 M1-7 £000s
<b>Non-NHS Payables</b>		
Total Non-NHS Trade Invoices Paid in the Year	40,923	71,963
Total Non-NHS Trade Invoices Paid Within Target	39,595	68,816
Percentage of NHS Trade Invoices Paid Within Target	96.8%	95.6%
<b>NHS Payables</b>		
Total NHS Trade Invoices Paid in the Year	1,116	21,733
Total NHS Trade Invoices Paid Within Target	1,054	20,613
Percentage of NHS Trade Invoices Paid Within Target	94.4%	94.8%

## Future Prospects

The financial outlook for the NHS as a whole continues to be a challenging one given the continued requirement by

the Government to reduce public expenditure. The Trust had submitted its annual plan to the Trust Development Authority (TDA) which included delivering a savings plan of £11m in 2014/15. As at the end of October the Trust had achieved 94% of the savings planned to date, putting it in a strong position to meet the on-going challenges.

Now the Trust has been authorised as a Foundation Trust the most significant development is the acquisition of the Royal National Hospital for Rheumatic Diseases planned for February 2015. The acquisition will ensure the continuation of services currently provided on the RNHRD site, including long term rheumatic, pain and fatigue conditions. Investment will continue in the Trust's asset base with the investment of circa £31m in 2015/16 to construct a new pharmacy building and the continuation of the electronic patient record system.

The Trust's future financial plans do require the Trust to ensure that key financial risks are addressed. The main financial risks facing the Trust include:

- The delivery of the required surpluses each year to be able to implement the Trust Estates strategy
- The ability to deliver the full savings plans year on year
- To be able to respond flexibly to changes in demand, both from potential increases in activity and changes more locally as commissioners continue to implement changes to community pathways
- The Trust has identified a number of factors which will strengthen its ability to respond to these potential risks
- The Trust is working closely with its commissioning partners and contracts are signed for 2014/15, giving more certainty to the financial position
- The level of QIPP delivery in 2014/15 year to date shows confidence, the embedded processes and clear governance structure reduces the risk of underperformance in year.

## Accounting Policies

The Trust reviews its accounting policies regularly, following the requirements of International Financial Reporting Standards and Monitor's Annual Reporting Manual. These policies are discussed and agreed at the Audit Committee and reflect the changing nature of the guidance and the external environment within which the Trust functions.

## Going concern

The RUH has prepared its 2014/15 accounts on the basis of being a going concern. The Directors have a reasonable expectation that the RUH has adequate resources to continue operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

## Countering Fraud

The Trust works closely with the NHS Counter Fraud Service to tackle fraud and corruption in all areas of income and expenditure. The aim of the service is to reduce fraud to an absolute minimum thereby releasing much needed resources for providing better patient care and services. The Local Counter Fraud Specialist (LFCS) works throughout the year to prevent and investigate fraud issues and the causes of fraud within the Trust. This is done through a combination of planned risk assessments, and investigations in response to Trust matters raised by staff or other sources. The importance of countering fraud and the existence of the service is promoted through staff training, newsletters and on the staff intranet.

## External Audit

During 2014-15 The Trust engaged Grant Thornton LLP as its external auditors. The fees paid to the auditor in respect of the statutory audit for the period is £40,549, excluding VAT.

The directors who held office at the date of the director's report confirm that so far as they are aware there is no relevant audit information of which the Trust's external auditors are unaware. They also confirm they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

## Auditor's Report

The independent Auditor's report to the Directors of the Trust can be found in the introduction to the Accounts.

## Quality Performance

This year has been very challenging as we continue to see a high number of patients requiring admission to hospital. In 2013 we introduced our Urgent Care Programme and other initiatives to support patient flow in the hospital.

During the early part of October 2014 there was a week-long focus supporting the principle, which we called 'Green space – space for tomorrow', seeing how we could better support the discharge process. We piloted several pieces of work which all support the principle of creating space.

The successful discharge of patients following an emergency admission to hospital, in particular older people, relies on effective joint working between NHS, social care partners and the independent sector. A joint approach is important to anticipate and promptly respond to potential bottlenecks or obstacles to an early supported discharge. We spent time this year reviewing our processes and have created a single form which all agencies can feed in to and this is helping to streamline the discharge and referral process.

The Emergency Care Intensive Support Team (ECIST) were invited back to the RUH to review our schemes as part of the Urgent Care Programme, and their feedback has been very positive, recognising the work we have undertaken.

The Trust has not actually run maternity services here since 1992, so it was exciting news at the beginning of 2014 to learn that we had won the bid to provide maternity services, not only at the hospital, but at community birthing centres in Wiltshire and Somerset. The handover of services from Great Western Hospital to the RUH took place on 1 June 2014 and we are pleased that the integration of maternity staff, putting new policies into place and the implementation of a new computer system went extremely well.

To rationalise our services we set up a third division to encompass Gynaecology, Maternity and Paediatrics. The new Women and Children's Division is focussed on family, and patient-centred care, and we believe that we will now be able to look after mothers and babies together much more effectively. This has given us the opportunity to streamline a lot of the processes involved in looking after patients.

Our innovative work to improve patient safety meant that the RUH was chosen to help lead a national campaign. In a major speech on patient safety, Mr Hunt said that the RUH would be one of 12 Trusts in England who will form the vanguard of 'Sign up to Safety' – a campaign which aims to embed an open, compassionate and transparent culture within the NHS and to reduce incidents of avoidable harm to patients. This is tremendous news for the Trust and reflects the hard work of all our staff in ensuring we are recognised as one of the leading lights in pioneering patient safety in England. We have identified five priority areas for improvement – these are Sepsis, Acute Kidney Injury, Deteriorating patient, Venous Thromboembolism and falls.

A new Urgent Care Centre opened at the RUH in April, for patients who have an urgent need to see a GP or nurse but whose illness or injury is not life-threatening and does not require a visit to the Emergency Department. This service is available 24 hours a day, seven days a week. Patients are triaged on arrival to the Emergency Department to ensure that they receive prompt, effective and appropriate care.

Fast access to high quality safe treatment was highlighted by the Care Quality Commission (CQC) which found that the Trust met all essential quality and safety standards following an inspection of the hospital by the CQC in December 2013. The Trust received a positive report from the inspection; however there were a number of recommendations made which the Trust has focused on throughout 2014/15. The CQC has also introduced an intelligent monitoring system. This involves more than 150 different indicators to monitor the quality of the services we provide. These indicators relate to the five key questions the regulator asks – are services safe, effective, caring, responsive, well-led? Our risk score is very low, just two out of a possible 164 which gives us a risk rating of six, making us one of the lowest risk hospitals in the country.

We continue to monitor our Hospital Standardised Mortality Ratio (HSMR) which remains below average at 92.69 for the period September 2013 to August 2014. HSMR is a complex indicator and compares the actual number of deaths in hospital with the predicted number which takes into account a patient's age, medical problems and other risk factors. It is an indicator of healthcare quality that measures whether the mortality rate at a hospital is higher or lower than you would expect. Our HSMR is lower than expected meaning that the likelihood of patients dying at the RUH is better than the average. (A score of 100 indicates that the actual number of deaths matched the expected number).

In April we implemented a new way of improving care we provide to patients, called rapid spread, with the aim of eliminating all avoidable hospital-acquired pressure ulcers. This approach used a systematic 12-week programme combining proven improvement techniques and evidence-based practice to deliver the outcome of eliminating

# Quality Milestones



96% of staff trained in SSKIN care bundle



We have had a 90% reduction in Cat 2 pressure ulcers



The CQC have given us a risk rating of 6 - one of the safest in the country

pressure ulcers quickly. Staff showed real commitment and willingness to take on a new idea and work with it to ensure patients have an improved experience whilst in our care.

We immersed nearly 100 staff in the new way of working using a patient story as a catalyst for change. Staff from a number of disciplines were trained in the new pressure ulcer prevention pathway, the SSKIN care bundle and completing new documentation. We recognised the importance of involving the wider team, such as staff from the medical equipment library who are responsible for delivering pressure ulcer relieving mattresses.

Just three months later, we achieved 96% of staff trained and competent to use the new care bundle.

We believe that our results are testament to the dedication and commitment of our staff:

- Nine Category 2 pressure ulcers were recorded from April to July 2014, in the same period last year, when we had 88 – that's a 90% reduction on last year's figure;
- No Category 3 and Category 4 pressure ulcers were recorded from April to July 2014, compared to last year, when we recorded five.

We have made real progress in promoting the early recognition and treatment of Severe Sepsis, one of the Trust's safety priorities for 2014/2015, particularly for patients admitted to our Emergency department. The instigation of prompt treatment within an hour and the use of the 'Sepsis 6' bundle has shown improvement in compliance and CQUIN targets have been achieved.

The Trust has appointed Sepsis nurses who are having a positive impact on performance and training staff across the wards. In the coming year, we plan to spread Sepsis work to the community and increase public awareness.

We continue to run our very successful 'See it My Way' programme which provides a unique opportunity for staff to see things from a patient or family perspective. This year, the highly sensitive topic of organ donation was discussed – and it proved to be an emotional couple of hours with some inspirational and frank words from guest speakers. The RUH believes that an empathetic understanding of the patient's experience is vital for delivering great quality care – and, for delivering great care to patients with dementia, we have developed our five-year vision.

A special 'ageing suit', created by health solutions specialists Hill-Rom Liko, was developed to give staff the opportunity to experience the physical impact of dementia and this has proved a useful training tool.

A series of events and training initiatives took place at the hospital throughout National Dementia Awareness Week in

May 2014, and a number of projects to improve dementia care at the RUH have been established including:

- Specially designed dementia garden for Combe, Pulteney and Midford wards;
- Re-evaluation of and renewed focus of our successful Dementia Charter Mark scheme;
- Dementia Champions training as part of the Alzheimer's Society's drive to see one million Dementia Friends trained by 2015;
- 'The Parlour' – a specially created retreat on Forrester Brown ward for elderly patients and those with Dementia.

It was a proud night for the RUH in July 2014 when a number of our staff were recognised for the great work they are doing to improve patient safety at a glittering awards ceremony in London. Held jointly by the Health Service Journal (HSJ) and the Nursing Times, the Patient Safety and Care Awards celebrate excellent, safe and innovative care throughout the health service. The awards recognise those organisations successfully implementing initiatives whilst improving quality, clinical efficiency, effectiveness and safety at the same time.

We were well-represented on the shortlist – with three teams nominated across four separate categories. We were delighted that our team led by Dr Lesley Jordan were named winners in the Safety in Surgical Recovery category for their work in reducing the incidence of Perioperative Hypothermia.

Senior Sister Natasha Howard and her team were nominated in the Patient Safety in Hospital Care category of the awards for their work on improving hydration in an acute setting, and the Acute Diabetes Team, led by Dr Marc Atkin, were nominated in both the Diabetes Care and Patient Safety in Hospital Care categories.

For the past three years, RUH teams have been finalists at these prestigious awards. This year we were represented by four separate entries in the finals and we are extremely proud to have won the award for Safety in Surgical Recovery. It is great to see our staff recognised for the work they do, and for the innovations they have developed.

With input from staff and patient representatives, the Trust Board of Directors agreed a two-year Quality Strategy in 2014 which aims to ensure every patient receives the safest, highest quality care personalised to their needs. The focus is on ensuring that our patients have the best clinical outcomes, delivered with compassion in a safe environment, resulting in the best possible experience. The Quality Strategy outlines the approach everyone will take to improve quality. It builds on our strengths and complements our governance, risk and safety infrastructure, but also addresses those areas where we know we could improve. It outlines our priorities, and sets out what success will look like in 2016, together with the framework for delivery and the methodology for measuring our progress.

## Workforce Summary

### Service Line Management (SLM) Development

Service Line Management is about becoming a clinically led organisation. The SLM Development programme comprises four half-day sessions focusing on clinical strategy development, quality and service development, business management, finance and performance.

This bespoke programme is designed and delivered by RUH staff to meet the development needs of clinical leaders responsible for service lines. It enables doctors, managers and senior nurses to learn together about leading services in a complex environment. In addition, clinical teams have benefited from team strategy sessions which enable whole teams to develop a shared vision and work plan for their service. Individual and team coaching has been provided to assist clinicians to develop their leadership skills.

### Staff Engagement

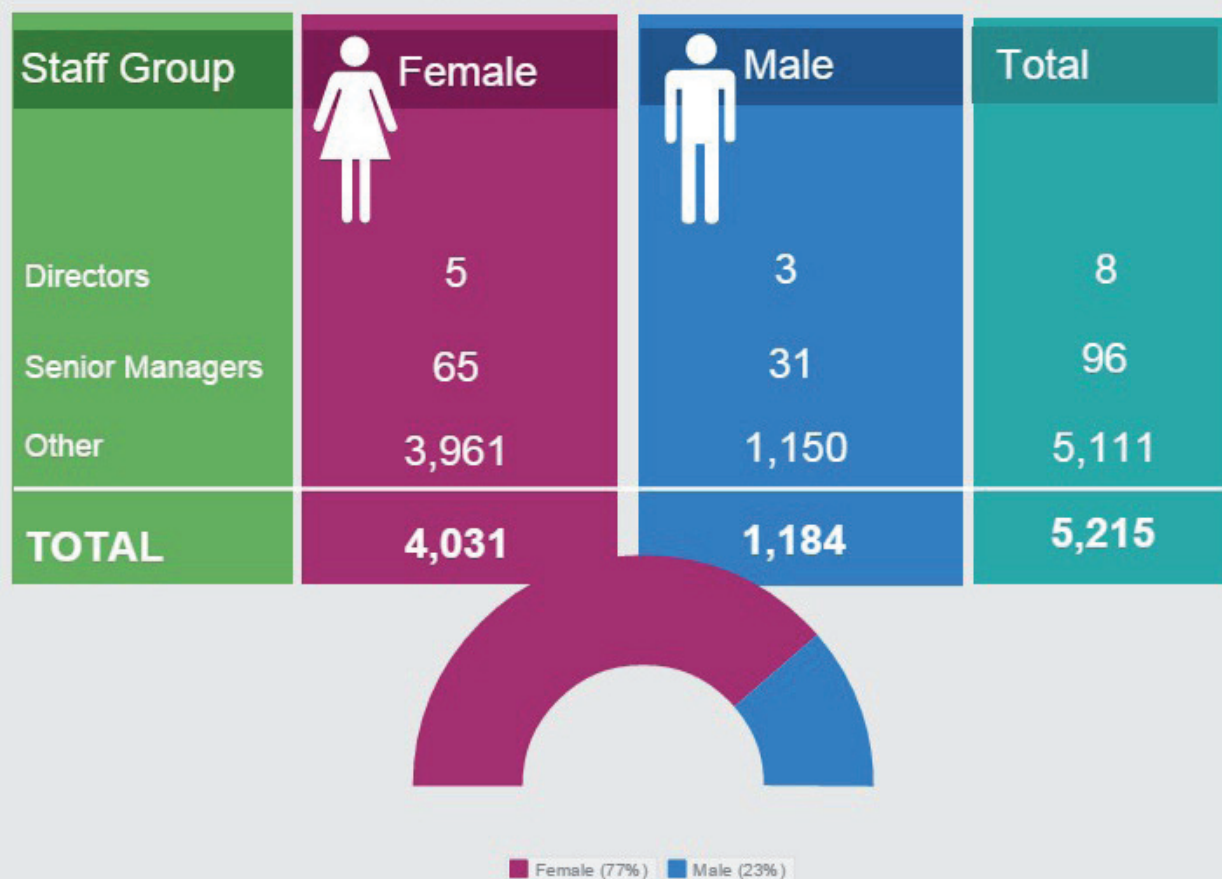
The Trust views staff engagement as a high priority. There is a convincing and growing evidence base which makes the link between engaged staff and high quality patient care.

Two years' ago the Trust adopted a different approach to the way in which it identifies what helps and hinders staff engagement. Rather than relying entirely on the information in the annual NHS Staff Survey the Trust analysed an array of information gathering mechanisms to identify what is important to staff. This information was and continues to be tested with staff, staff governors, staff side representatives and RUH Leaders.

Over the past two years the Trust engagement score, as evidenced in the NHS Staff Survey, has improved from 3.63 in 2012 to 3.78 in 2013. The national average score for acute trusts in 2013 was 3.74 which means that the RUH's score was above (better than) average when compared with similar trusts.



## Gender Distribution at the RUH at 31 Oct 2014



Our staff engagement activity is themed into five areas and over the past year has included:

### Embed continuous quality improvement

- Success stories and staff innovations publicised in @RUH Bath and In the Week
- Innovation Panel introduced
- A link from 'In the Week' to the nomination process for RUH awards makes it easier for staff to nominate and acts as a reminder to do so
- RUH is one of 12 Trusts chosen to help lead a national campaign 'Sign up to Safety' because of its innovative work to improve patient safety
- Spring to Green, Green Line, Perfect Day approach introduced.

### Embed Service Line Management

- Service Line Management (SLM) Development Programme
- SLM Next Steps discussion taken place
- Oversight of SLM now sits within the Divisions as part of business as usual
- Leadership development programme for ward sisters launched
- Matron Development programme
- Individual and Team coaching sessions offered to SLM triumvirate
- Good take up of NHS Leadership Academy programmes from RUH staff
- RUH Leaders Forum introduced.

## Continuing and Personal & Professional Development

- Customer Service training programme piloted in Women & Children's Division
- Acute Care Programme introduced
- IV workbook update and IV assessor training revamp – response to staff concerns raised during training programmes, and in partnership with UWE to support transfer from student nurse to staff nurse
- Preceptorship programme for newly registered professionals – additional sessions on discharge planning and human factors as a result of requests from staff
- In-situ simulation in mobile MRI van – response to radiographer's concerns regarding their own health and safety, and changes implemented to improve patient and staff safety
- Resuscitation Link practitioners immersion event
- Conflict Resolution training revamped and shortened in response to staff feedback
- In-situ simulation training established within Women & Children's Division.

## Communication

- Listening events within divisions e.g. cleaning staff;
- Fresh Eyes (formerly known as Happy Anniversary) listening event, an opportunity to hear about new starters' experience of working at the RUH;
- In the Week, @RUH, Open Staff Meeting, Director Patient Safety visits;
- RUH annual objectives circulated with payslips;
- Editorial Board open to staff to attend with their ideas;
- Friends & Family test for staff implemented;
- Trauma Risk Management (TRIM) process introduced;
- Visits to all birthing centres as part of welcome to RUH and to hear and respond to concerns raised.

## Friends & Family Test (FFT) for Staff

The Trust was required to implement the FFT during 2014/15 ensuring that all staff are asked two questions over the course of 12 months. The questions ask about the extent to which they would or would not recommend the Trust as a place to receive treatment and as a place to work.

In the first two quarters specific staff groups were asked to respond to the survey using a link from an email. In quarter 1 the response rate was 34%. A total of 581 responses were received from the 1729 staff surveyed which included AHP's, healthcare scientists, medical, admin & clerical, general management.

In quarter 2 the response rate was lower at 18%. A total of 319 responses were received from the 1780 staff surveyed which included support to AHPs, support to healthcare scientists, registered nurses & midwives, support to nursing e.g. HCAs, maintenance & ancillary.

In summary, 76% (headcount: 3509) of staff have been sent a survey and 26% (headcount: 900) of those asked completed the survey.

In quarter 3 all staff will be asked for their views via the NHS National Staff Survey. In quarter 4 all staff will be asked to respond to the FFT for staff. Information about how to do so will be communicated to staff via their payslips.

This information will be analysed at the end of March 2015 to identify priority areas for staff engagement activity in the coming year.

## Leadership Development

This year we have introduced a bespoke development programme for Matrons which has helped them develop the Nursing Strategy for the Trust.

We have launched a leadership programme specifically aimed at Ward Sisters and Charge Nurses, to provide an

		Apr	May	Jun	Jul	Aug	Sep	Oct
Headcount	Substantive	4249	4253	4565	4603	4612	4661	4674
	Bank	407	432	466	476	498	512	518
	<b>Total</b>	<b>4656</b>	<b>4685</b>	<b>5031</b>	<b>5079</b>	<b>5110</b>	<b>5173</b>	<b>5192</b>
WTE		3591.53	3594.85	3840.31	3880.87	3891.65	3940.18	3946.31

opportunity for them to come together to explore, challenge and improve their leadership practice.

The programme objectives are to develop awareness of personal leadership qualities and to identify personal strengths and limitations:

- Self-knowledge
- Self-awareness
- Resilience and determination
- Self-confidence
- Reflection.

It provides leaders with a 'toolkit' and strategies to help them develop leadership behaviours which:

- Reduces risk and makes healthcare safer
- Promotes patient and family centred care
- Creates an environment in which improving quality is part of everyday work
- Fosters team working and engagement.

Evaluations of the first cohort are very positive and we plan to offer the opportunity to every ward sister over the coming two years.

## Pay Progression

Following the changes that came into effect on 1 April 2013 to the national Agenda for Change Terms & Conditions (Pay Circular (AforC) 2/2013), pay progression through all incremental pay points is now conditional upon individuals demonstrating that they have the requisite competencies for their role and that they have demonstrated the required level of performance and delivery during the review period. They must also have demonstrated satisfactory conduct, attendance and positive behaviours linked to values.

In effect, this is a way of fostering individual motivation by rewarding effort, achievement and good performance with financial reward. Consequently expectations around standards and performance, and how these will be measured, have also been made clear.

## Consultant Job Planning

The purpose of this new policy is to support the process of consultant job planning, recognising the links to appraisal. It consolidates, in one document, local agreements and approaches developed at RUH since the introduction of the new consultant contract, clarifying responsibilities and timescales for action. This policy helps ensure that clinical services are aligned to utilise consultant resources most effectively and to deliver most efficiently the activity commissioned by CCGs and the nationally determined patient care standards such as waiting list targets. Other objectives such as service changes or leadership of key initiatives can also be agreed as part of this process.

## Maternity

320 maternity staff transferred to the RUH from the Great Western Hospital NHS Foundation Trust in June following the successful award of the maternity services tender to the RUH. Support from the HR Directorate has been on-going to welcome these staff to the RUH and establish a successful Women and Children's division to take these services forward.

# Directors' Report and Annual Governance Statement

## Introduction

This Annual Governance Statement covers the period from 1 April 2014 to 31 October 2014. There is a separate Annual Governance Statement which covers the period from 1 November 2014 (the date when the Trust became an NHS Foundation Trust) until 31 March 2015.

The Chief Executive, in his capacity as Accounting Officer for the NHS in the Department of Health, requires the Accountable Officer (AO) for the Royal United Hospital Bath NHS Trust to give him assurance about the stewardship of his organisation. For the Royal United Hospital Bath NHS Trust the Accountable Officer is James Scott, Chief Executive.

## Scope of responsibility

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

## The governance framework of the organisation

The Trust has developed its governance structures over a period of time to deliver an integrated governance agenda. Integrated governance is the combination of systems, processes and behaviours which the Trust uses to lead, direct and control its functions in order to achieve its organisational objectives.

The Board of Directors leads on integrated governance and delegates key duties and functions to its seven standing sub-committees. In addition, the Board reserves certain decision-making powers including, decisions on strategy and budget setting. The following diagram gives an overview of the integrated governance structure.

The roles and responsibilities of all committees are described more fully below. There are three key committees within the structure that provide assurance to the Board of Directors. These are:

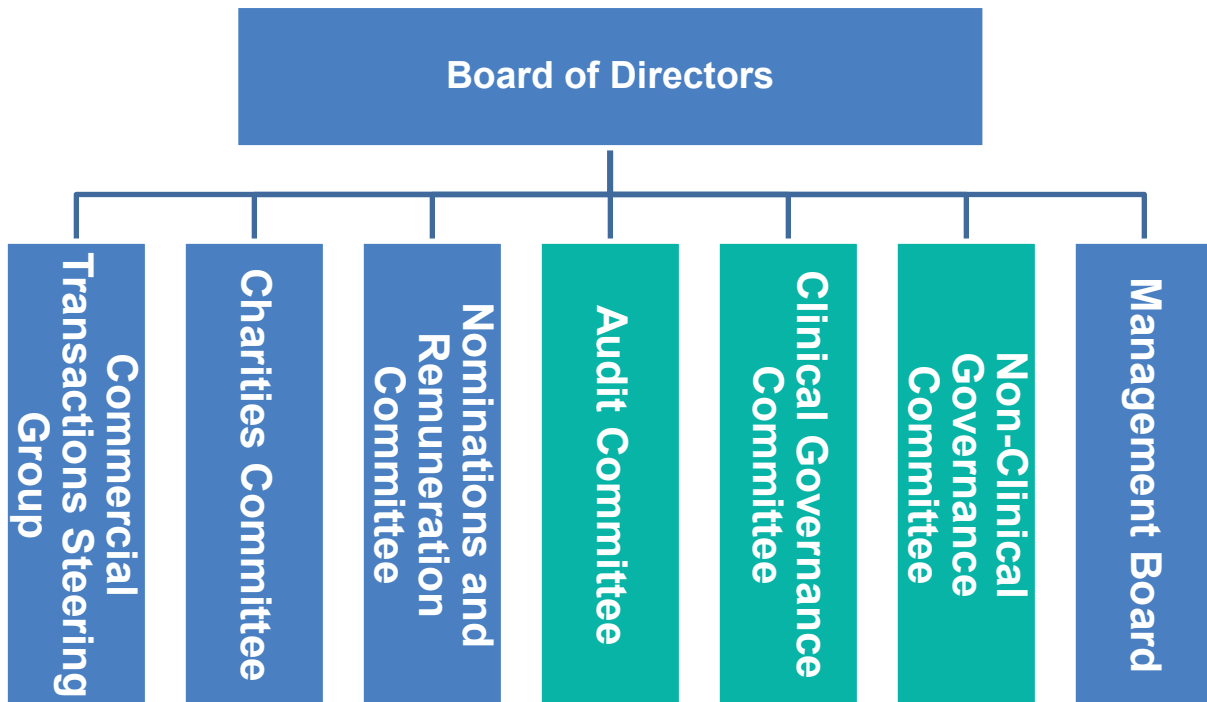
- The Non-Clinical Governance Committee
- The Clinical Governance Committee
- The Audit Committee

There are a range of mechanisms available to these assurance committees to gain assurance that our systems are robust and effective. These include utilising internal and external audit, peer reviews, management reporting and clinical audit. Where systems and processes cover both clinical and non-clinical areas, for example, the storage of medicines and materials management, more than one assurance committee will need to assure itself and in turn the Board of Directors that the approach is effective and robust. To do this the Trust has developed a mechanism for cross-referring items to seek the other assurance committee's view of relevant systems and processes. In addition, the Non-Clinical and Clinical Governance Committees hold two joint meetings a year.

The Board of Directors is accountable for the operations of the Trust. Due to the size and complexity of the operations involved, it delegates responsibility for operational delivery to the Trust's Management Board, which in turn delegates authority to a number of sub-groups as appropriate. The expected outcomes, as prescribed by the Board of Directors through the Management Board's Terms of Reference, are delivered by the organisation through a series of defined systems and processes.

## Committee structure and reporting

Details of the key committees in the Trust's governance structure are given below. Each Committee Chair has information that ensures a consistent approach across all groups, including Terms of Reference, upward reporting and review of effectiveness. Guidelines for the development of agendas and for papers to be presented at the groups are also



available. This information has been developed in line with the Productive Leader Toolkit created by the NHS Institute for Innovation and Improvement.

## The Board of Directors

The Board of Directors meets monthly (with the exception of August). The dates of the meetings are published on the Trust’s public website. The agenda, reports and minutes of the public Board of Directors meetings are also published on the Trust’s website in advance of the meetings. The agenda for the meetings is based on four key areas of:

- Quality – Patient Safety, Effectiveness and Experience;
- Operational Performance and Use of Resources;
- Corporate Governance/Risk/Regulatory – This gives the Board an opportunity to consider key risks, the Board Assurance Framework, legislative changes which may impact on the function of the Trust, other governance issues and regular reports from its sub committees;
- Strategy/Business Planning and Improvement – This covers strategy decision making, approval of business plans and business cases.

The Board of Directors annually reviews the Terms of Reference for each of the sub-committees. The Board of Directors receives regular reports from its sub-committees on the business covered, risks identified and actions taken. These reports are delivered by the Non-Executive Director Chairs of each of these groups, supported by the Executive Director lead.

The Board approves an Annual Cycle of Business in advance of the financial year which identifies the key reports which will be presented in year. Reporting to the Board is based on the principles of exception reporting to ensure that the Board considers the key issues and utilises its time effectively.

The Board conducts the majority of business in public, but where this is not possible, due to reasons of confidentiality, it excludes members of the public pursuant to the Public Bodies (Admission to Meeting) Act 1960.

To ensure adequate flows of information from the Board of Directors to the Management Board, the Chief Executive provides a verbal update to the Management Board on business transacted at the Board of Directors and other issues of importance.

Membership of the Board of Directors is currently made up of the Trust Chairman, five independent Non-Executive Directors and five Executive Directors, including the Chief Executive, and three non-voting Executive Directors. The key roles and responsibilities of the Board are as follows:

- To set and oversee the strategic direction of the Trust;
- Continued appraisal of the financial and operational performance through Director Reports;
- Direct operational decisions as required;
- To discharge their duties of regulation and control;
- To ensure the Trust continues to maintain patient quality and safety as its primary focus, receiving and reviewing data analysis and comment in the form of the Quality Report;
- To receive reports from the Audit Committee, the annual internal auditor's report and external auditor's report and take action as appropriate;
- To approve the Annual Report and Annual Accounts.

The document which describes how the Trust operates is called the Standing Orders. The Standing Orders are supported by the Standing Financial Instructions and a Scheme of Delegation which shows which decisions the Board has reserved for itself and which it has delegated and to whom it has delegated these.

The Board receives monthly reports on operational performance which includes an integrated balanced scorecard which shows performance against the identified key performance indicators which contain national, local and internally driven targets. The integrated balanced scorecard is structured around the Care Quality Commission's five domains (safety, effectiveness, caring, responsive and well-led).

In addition, the Board of Directors receives a monthly Quality Report which outlines progress towards delivering the quality agenda and also provides a mechanism for updating the Board of Directors on key quality issues which may require their attention. The monthly Quality Report also reports on the Trust's Family and Friends Test results, feedback from Meridian Patient Surveys and patient safety. The Board of Directors receives a more detailed quarterly report on Complaints, Patient Advice and Liaison Service contacts, serious incidents and inquests. This enables the Board of Directors to triangulate data from a number of different sources.

A breakdown of attendance for the Board of Directors is presented below:

Title	Name	Attendance (from 6)
Chairman	Brian Stables	6
Non-Executive Director	Moira Brennan	5
Non-Executive Director	Joanna Hole	6
Non-Executive Director	Michael Earp	6
Non-Executive Director	Nicholas Hood	5
Non-Executive Director	Nigel Sullivan	6
Chief Executive	James Scott	6
Medical Director	Tim Craft	6
Director of Nursing and Midwifery	Helen Blanchard	6
Chief Operating Officer	Francesca Thompson	6
Deputy Chief Executive and Director of Finance	Sarah Truelove	6
Director of Estates and Facilities*	Howard Jones	6
Director of Human Resources*	Claire Buchanan	6
Commercial Director*	Jocelyn Foster	6

*\*Indicates non-voting members of the Board of Directors*

The key Board sub-committees are as follows:

- Management Board
- Non-Clinical Governance Committee
- Clinical Governance Committee
- Audit Committee

## Management Board

The Management Board is chaired by the Chief Executive and is held monthly. The membership of the Board is as follows:

Title	Name	Attendance (from 7)
Chief Executive (Chair)	James Scott	5
Chief Operating Officer	Francesca Thompson	7
Commercial Director	Jocelyn Foster	5
Medical Director	Tim Craft	4
Director of Nursing and Midwifery	Helen Blanchard	4
Director of Human Resources	Claire Buchanan	6
Deputy Chief Executive	Sarah Truelove	7
Director of Estates and Facilities	Howard Jones	6
Head of Division – Surgery	Monica Baird	6
Head of Division – Women and Children (from 1 June 2014)	Bernie Marden	5 of 5
Head of Division – Medicine	William Hubbard	4
Divisional Manager – Medicine	Fiona Bird	7
Divisional Manager – Surgery	Suzanne Wills	6
Divisional Manager – Women and Children (from July 2014)	Rhiannon Hills	4 of 4
Head of Nursing – Medicine	Jo Miller	4
Head of Nursing – Surgery	Sharon Bonson	7
Head of Nursing and midwifery (from 1 June 2014)	Vicky Tinsley	5 of 5

The Management Board has delegated powers from the Board of Directors to oversee the day-to-day management of an effective system of integrated governance, risk management and internal control across the whole organisation's activities (both clinical and non-clinical), which also supports the achievement of the organisation's objectives.

## Non-Clinical Governance Committee

The Non-Clinical Governance Committee (NCGC) focuses primarily on providing assurance to the Board that the Trust has a robust framework for the management of risks arising from or associated with estates and facilities, environment and equipment, health and safety, workforce, reputation management, information governance, business continuity and other non-clinical areas.

The NCGC is chaired by a Non-Executive Director. The Committee meets bi-monthly.

Membership of this Committee includes:

Title	Name	Attendance (from 3)
Non-Executive Director	Joanna Hole (Chair)	2
Non-Executive Director	Nigel Sullivan	1
Director of Human Resources (Lead Executive)	Claire Buchanan	2
Director of Facilities and Estates	Howard Jones	3
Chief Operating Officer	Francesca Thompson	3
Commercial Director	Jocelyn Foster	2
Trust Secretary	Julie Hill	2

The primary objective of the Committee is to provide assurance to the Board that the key critical non-clinical systems and processes are effective and robust.

## Clinical Governance Committee

The Clinical Governance Committee focusses primarily on providing assurance to the Board that the Trust has a robust framework for the management of risks arising from or associated with incident management and reporting, quality improvement, compliance with the Care Quality Commission's standards, medical records, patient experience, research and development and maintaining clinical competence.

The Committee meets bi-monthly and is chaired by a Non-Executive Director.

The membership of the Committee is as follows:

Title	Name	Attendance (from 3)
Non-Executive Director (Chair)	Michael Earp	3
Non-Executive Director	Nicholas Hood	2
Director of Nursing and Midwifery	Helen Blanchard	3
Medical Director	Tim Craft	2
Associate Medical Director for Quality Improvement	Carol Peden	1
Trust Secretary	Julie Hill	3

The primary objective of the Committee is to provide assurance to the Board that the key critical clinical systems and processes are effective and robust.

## Joint Committee Meetings

The Non-Clinical Governance Committee and Clinical Governance Committee hold six monthly joint meetings to seek assurance of key systems and processes which impact on both non-clinical and clinical areas. The Joint Meeting of the Non-Clinical and Clinical Assurance Committees met in September 2014 and considered Medical Records, the 2015 Patients Record Programme, the Quality, Innovation, Productivity and Prevention (QIPP) programme, the Trust's re-launched Raising Concerns Policy and reviewed the progress in addressing the recommendations in the CQC Quality Report concerning the supervision of children attending the Emergency Department and developing pathways for children to avoid them waiting unnecessarily in a mixed Emergency Department.

## Audit Committee

The Committee is chaired by a Non-Executive Director and meets no less than four times a year. Membership of this Committee is made up of three Non-Executive Directors (including the Chair).

Title	Name	Attendance (from 3)
Non-Executive Director (Chair)	Moira Brennan	3
Non-Executive Director	Michael Earp	2
Non-Executive Director	Joanna Hole	2

At least one of the members of the Audit Committee is required to have recent and relevant financial experience. Moira Brennan provides this experience and also chairs this committee.

Further details on the experience and qualifications of the Board of Directors can be found on the Trust website at [www.ruh.nhs.uk](http://www.ruh.nhs.uk)



Additional staff will be invited as required; these could include:

- Chief Executive
- Deputy Chief Executive and Director of Finance
- Trust Board Secretary
- External Auditor
- Internal Auditor
- Local Counter Fraud Specialist
- Head of Financial Services

The Committee's key roles and responsibilities are as follows:

## **Governance**

The Committee reviews the establishment and maintenance of an effective system of internal control and probity across the whole of the organisation's activities.

## **Internal Audit**

The Committee shall ensure that there is an effective internal audit function established by the Trust that meets mandatory NHS Internal Audit Standards and provides appropriate independent assurance to the Audit Committee, Chief Executive and Board of Directors. The Committee will review the audit function at least annually and agree its plan of work for the forthcoming year.

## **External Audit**

The Committee shall review the work and findings of the External Auditor and consider the implications and management response to their work.

## **Local Counter Fraud Specialist**

The Committee shall ensure that there is an effective counter fraud function established by management that meets NHS Counter Fraud standards and provides independent assurance to the Audit Committee, Chief Executive and Board of Directors. Other assurance functions such as reviews by the Department of Health and/or other regulators/inspectors.

## **Management**

The Committee shall request and review reports and positive assurances from directors and managers on the overall arrangements for governance, probity and internal control. They may also request specific reports from individual functions within the organisation as they may be appropriate to the overall arrangements.

## **Risk Management**

The Audit Committee is responsible for assuring the Board of Directors that the Trust's risk management system is robust and effective. To do this the Committee will test the system through Internal Audit Review, as well as corporate and operational review.

## **Remuneration Committee**

Membership of the Remuneration Committee includes the Chairman of the Board of Directors and all Non-Executive Directors. The Committee meets at least twice annually and its key roles and responsibilities are to determine the appropriate employment and remuneration and terms of employment for the Chief Executive and Executive Directors.

Title	Name	Attendance (from 2)
Chairman	Brian Stables	2
Non-Executive Director	Moira Brennan	2
Non-Executive Director	Joanna Hole	2
Non-Executive Director	Michael Earp	1
Non-Executive Director	Nigel Sullivan	2
Non-Executive Director	Nick Hood	1

## Charities Committee

The Royal United Hospital Charitable Fund was formed under a Deed dated 10 September 1996 as amended by a Supplemental Deed dated 9 December 2009. It is registered with the Charity Commission in England and Wales (Registered number 1058323) (“the Charity”).

The Trust is the Corporate Trustee of the Charity, acting through its voting Board of Director members who are collectively referred to as the Trustee’s Representatives (“Trustees”) and their duties are those of trustees.

The main beneficiaries of the Charity are the Trust’s patients and staff through the provision of grants to the Trust for purchasing and developing facilities; training and development of staff; and research and development.

The Charity’s structure is diverse and reflects the breadth of variety of activities within the Trust. There are in excess of 70 separate funds.

The Charitable Fund has a significant and proactive fundraising operation in the form of The Forever Friends Appeal that is primarily, but not totally, focussed on principal Campaigns agreed with the Charities Committee and the Corporate Trustee.

Whilst the Charities Committee is a formal subcommittee of the Board of Directors, arrangements have been implemented to operate this group and the Full Corporate Trustee of the charity at arm’s length from the Trust. These arrangements include: a formal service level agreement between the Trust and the charity outlining the support and associated costs to the charity, reporting to the Full Corporate Trustee of the Charity Annual Report and Accounts and a separate charity strategy.

The Charities Committee is chaired by an Independent Trustee. Membership of the committee includes a further two Non-Executive Directors, the Director of Nursing and Midwifery and Deputy Chief Executive and Director of Finance. The Committee meets quarterly.

Title	Name	Attendance (from 2)
Independent Trustee	Roger Newton	2
Non-Executive Director	Moira Brennan	2
Non-Executive Director	Brian Stables	2
Director of Nursing and Midwifery	Helen Blanchard	1
Deputy Chief Executive and Director of Finance	Sarah Truelove	2

## Commercial Transactions Steering Group

The Board of Directors established a new standing committee in September 2014 to provide scrutiny and assurance of aspects of tenders and other significant transactions as delegated by the Board of Directors. The Commercial Transactions Steering Group did not meet during the period of this report.

## Annual Committee Effectiveness Reviews

Each Committee is required to consider how well it has performed during the year against the objectives as set out in their Terms of Reference and against the delivery of their work plans for the year. This information is collated and then presented to the Board of Directors alongside any revisions to the Terms of Reference and the following year's work plan. Any deviation from plan is highlighted to allow the Board of Directors to consider whether any further changes to membership or committee constitution are required. The Board of Directors also considers the whole of its committee structure to ensure that it is delivering its requirements.

## Key Governance Systems

The Trust has identified the following as key systems which support the delivery of the Trust's objectives:

- Risk Management
- Performance Management
- Business Planning and Budget Setting

Supporting these systems are sub-systems which include, but are not limited to:

- Workforce planning
- Maintaining clinical and non-clinical competencies
- Health & Safety
- Equality & Diversity

The Board of Directors' assurance committees test these systems to ensure they are robust and effective. Where additional assurance is required, the Trust's internal auditors are tasked with undertaking a more comprehensive review and actions are taken to address any shortfall against the expected standards.

## Governance changes during the year

The most important governance change in 2014/15 was becoming an NHS Foundation Trust on 1 November 2014. There is a separate Annual Report covering the period from 1 November 2014.

During the period of this report, the key governance change was the establishment of the new Women and Children's Division following the transfer of responsibility for Maternity Services from Great Western Hospitals NHS Foundation Trust to the RUH Bath NHSTrust on 1 June 2014. The new division brought together Paediatrics, Neonatal and Gynaecology services as well as Maternity Services.

The Board of Directors agreed with effect from April 2014 that the membership of the Management Board would be reduced to enable more time to be focussed on strategic debate. The revised membership is:

- Executive Team
- Clinical Heads of Division
- Heads of Nursing/Midwifery
- Divisional Managers

As previously mentioned, the Board of Directors has also established a Commercial Transactions Steering Group. There have been no other significant governance changes implemented during the period. The governance systems will be continually monitored to ensure that the Trust continues to learn from best practice and update systems so they meet revised guidance throughout the year.

## The Shadow Council of Governors

The Shadow Council of Governors meets on a quarterly basis and has established three working groups on: Quality, Strategy and Business Planning and Membership and Outreach.

## The Board of Directors' Review of Effectiveness

The Board of Directors is required to consider whether it has been effective in leading the organisation on an annual basis. The Board has undertaken an evaluation and has determined that the Board of Directors is operating at a satisfactorily level. This is supported by the following evidence:

- The Trust's performance has been rated as Performing as measured against the NHS Trust Development Authority's (TDA) Accountability Framework. This confirms that the Trust has met all of the National Priorities as set out in the NHS TDA Accountability Framework.
- The Trust's performance would also be classified as Green against the Monitor Risk Assessment Framework Performance rating process.
- External review of the Trust's Quality Governance Framework by KPMG (April 2014) identified a high level of clinical engagement and strong quality focused culture and strong executive leadership.
- A Quality Impact Assessment (QIA) was undertaken, both at the start of and regularly during the currency of every QIPP project to identify whether there were any unintended negative consequences to quality which would mean that the project would be amended or stopped.
- The Trust has continued to build its membership base which is both representative and inclusive of the local population. As at 31 October 2014, the Trust has recruited over 7,763 public members and the majority of eligible staff are members.
- The Board of Directors has a full complement of Executive and Non-Executive Directors.

The Board of Directors' assessment has been supported by the following external assessments:

- The Trust was one of the first wave of 18 acute trusts selected to pilot the CQC's new inspection regime. The inspection took place in December 2013. Following the visit, the CQC lifted the warning notice. The CQC concluded that: "patients received safe and effective care".
- The CQC identified one area where the regulations of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2010 were not met and the Trust should improve. The CQC stated: "the trust must protect people from the risks of inappropriate and unsafe care and treatment by means of effective operations systems designed to – regularly assess, and monitor of the quality of services; identify, assess and manage risks; and make changes in the treatment or care relating to the analysis of incidents that resulted in, or had the potential to result in harm."
- The CQC made another 17 recommendations where the Trust could improve and the Trust, in consultation with its key stakeholders has developed an ambitious Improvement Plan to address the CQC's recommendations. The Trust has developed a comprehensive improvement plan to address the issues identified by the CQC.
- The Trust is subject to regular inspection by a number of external agencies. Whilst a number of improvement actions have been identified through the process of inspection, no regulatory actions have been imposed on the Trust.
- The Trust has undertaken another self-assessment against Monitor's Quality Governance Assurance Framework. The Trust commissioned KPMG to conduct an independent review and the outcome of their review was reported to the Board of Directors meeting in April 2014.
- KPMG concluded that: "Overall, there appears to be a strong quality governance focus at the Trust, with an awareness from staff of the value that effective systems and processes can have on services provided to patients".
- KPMG made a number of recommendations for further improvement and an action plan was developed to take forward the actions, monitored by the Quality Board.
- In May 2014, the Trust's application to become an NHS Foundation Trust was reactivated. During this period, Monitor's assessment team conducted its review which included observing a number of the Trust's Boards and Committees, interviewing members of the Board of Directors, senior staff and holding focus group meetings with patients, nurses, consultants and junior doctors. Monitor also received feedback from the Trust's key stakeholders, including commissioners, the CQC and the Trust Development Authority.

## Board of Directors Member Appraisals

Each member of the Board of Directors is appraised against their performance during the year, which culminates with an annual appraisal against their objectives for the year. The appraisers for each group of Board of Directors' members are as follows:

Appraisee	Appraiser
Chairman	NHS Trust Development Authority
Non-Executive Directors	Chairman
Chief Executive	Chairman
Executive Directors (as line reports)	Chief Executive
Executive Directors (as Board of Directors members)	Chairman

The purpose of the appraisal is to monitor progress against the set objectives and identify any development needs or support required to ensure that by year end the objective is delivered. For the Chief Executive and Executive Directors, delivery against the objectives is taken into consideration when determining if any bonus is to be awarded and the level of the stated bonus. The amount of any bonus awarded to the Chief Executive and Executive Directors is reported in the Annual Report for the following year.

During the period, the Senior Independent Director, Michael Earp, also undertook an appraisal of the Chairman. In future years, and once licensed as an NHS Foundation Trust, the governors of the Trust will be involved in the Chairman's appraisal.

## 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 on-going process designed to:

- Identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives; and
- Evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically.

The system of internal control has been in place at the Trust for the year ended 31 October 2014 and up to the date of approval of the annual report and accounts. There is a separate annual report and accounts for the period since becoming an NHS Foundation Trust on 1 November 2014 until 31 March 2015.

## Capacity to handle risk

I have overall responsibility for all risks. A nominated lead Director, the Director of Nursing and Midwifery, has been designated as the Director responsible for clinical governance and risk management. I am responsible for corporate governance issues.

The Board of Directors is ultimately responsible for managing and directing the Trust's business. However, there are three Assurance sub-committees which provide the Board with assurance. These are the Clinical Governance Committee, Non-Clinical Governance Committee, and the Audit Committee.

The Board of Directors has approved the risk management processes and defined the objectives for managing risk. The Trust has a Trust-wide Risk Register. All new significant risks are reviewed by the Management Board and by the Board of Directors. The Management Board then takes on oversight of the significant risks until they have been managed to a reduced level of risk.

Assurance Committees have been established as sub-committees of the Board of Directors, with membership from Executive and Non-Executive Directors, clinical representatives from the Divisions and other senior clinical and managerial representatives. The Strategic Framework for Risk Management includes a reporting structure to the Board of Directors.

Each clinical specialty has a forum for discussing risk management and clinical governance issues. Each clinical specialty has a nominated lead for risk management, clinical effectiveness, research & development, education and training, and patient and public involvement.

Guidance on risk management is included in the Strategic Framework for Risk Management.

The Clinical Governance Performance Framework includes standards on risk management and the pillars of clinical governance. Key Performance Indicators (KPIs) have been developed for clinical governance and these are monitored through the Trust's performance measures and included in a corporate scorecard on a monthly basis. The evidence used to monitor against the KPIs has been used in a number of areas to provide evidence for the on-going compliance with the Care Quality Commission.

The Trust seeks to ensure that lessons learned from incident, complaint and other investigations are used to update and improve practice. These issues are regularly communicated to the Operational Governance Committee where Trust wide representatives have the opportunity to discuss themes which may emerge from these investigations and make recommendations for, and implement, policy or procedural change. The Operational Governance Committee reports to the Management Board and escalates issues which require higher level scrutiny.

## The Risk and Control Framework

### Context

The Strategic Framework for Risk Management identifies the key risk areas for the Trust as clinical risk, non-clinical risk, financial risk, human resource risk and information risk.

The Strategic Framework for Risk Management includes a clear risk management process. If a risk cannot be resolved at a local level, the risk can be referred through the operational management structure to the Management Board or ultimately to the Board of Directors. The risk is also added to the risk register with a plan detailing ways to minimise the risk. Each risk is assessed for its severity and likelihood of occurrence, and is allocated a risk 'traffic light'. Risks are reviewed to ensure that any inter-dependencies are understood, along with the cumulative effect of risks. The level of exposure to risks is also assessed, and an acceptable level of exposure is assigned to each risk. In assessing the Trust's response, due regard is paid to the financial, service delivery and reputational consequences of risks. The Head of Risk and Assurance acts as a gate keeper to the Risk Register to ensure consistency of scoring, as well as the accuracy and currency of the register.

The Management Board reviews each new significant risk and either explores the solutions or accepts the risk. The highest rated risks are reviewed quarterly by the Board of Directors. Training in risk management is included as part of the induction programme for new members of staff and is included in the development planner for the Board of Directors.

### Assurance Framework

The Assurance Framework is a process by which the Trust gains assurance that it has a well-balanced set of objectives for the year and that there are controls and assurances in place to manage the key risks associated with achieving the objectives.

The Assurance Framework was developed using the Trust's Integrated Business Plan and the corporate objectives for the year. The strategic objectives were assessed, and risks in achieving the objectives identified, including any gaps in assurance or control. The Assurance Framework was reviewed by the Board of Directors, its Assurance Committees and the Executive Director leads for each risk regularly throughout the year.

Internal Audit reviewed the Trust's risk management arrangements twice during the year. The Internal Auditor's report on Risk Management published in August 2014 concluded that: "the RUH have a clear and well documented process in place for recognising, reporting and reviewing risk. This is clearly laid out in the Strategic Framework for Risk Management. During our review it was demonstrated that the policy was being actively followed by the Trust, with risks reviewed at relevant Committees/Board."

The Trust has in place a Major Incident Plan that is fully compliant with the requirements of the NHS Emergency Planning Guidance 2005 and all associated guidance. The Trust has also developed a Business Continuity Plan which was refreshed in light of guidance issued in relation to the new arrangements for local health Emergency Planning Resilience and Response (EPRR). The Trust has a full time dedicated Resilience Manager in post.

## Other Risks to Note

The Trust has identified the following as its top three clinical risks:

### **Bed capacity and patient flow to ensure right patient, in the right bed, first time**

The Trust recognises that when patient flow impacts on capacity and the acute hospital is under pressure, there are significant potential challenges for the delivery of safe, effective and high quality care and an increase in the risks that need to be managed.

In response to an unprecedented increase in demand for Emergency Department services in August 2014, which was reflected nationally, the Trust invited Emergency Care Intensive Support Team (ECIST) to conduct another review of the emergency care programme. In a letter to the Trust dated 8 October 2014, ECIST concluded that: "Overall, the Trust's approach to urgent and emergency care appears to be sound and coherent. Governance and leadership are strong, clinical engagement is good and the balance between improvement support and performance management appears comprehensive. The patient flow model, particularly within the Emergency Department is generally good."

### **Capability, capacity and staffing numbers**

The risk relating to capability, capacity and staffing numbers particularly relates to the bed capacity risk above and to corresponding availability of nursing staff to manage the opening of additional ward capacity in addition to unplanned escalation and a high volume of clinical outliers.

To manage this risk, a number of actions have been taken and delivered through the Strategic Workforce Committee, Nursing Workforce Group and Divisional Boards. Actions have included:

- Recruitment campaign for key groups of staff, including recruitment overseas
- Investment in nursing staffing during 2013/14 and 2014/15 focussing on safeguarding (adults and children), older person's wards, acute gastroenterology ward and supporting the development of a model of supervisory ward sister.
- Using winter monies to provide a dedicated consultant led team to care for medical outliers.

### **Medical records and health record keeping**

A risk was identified to medical records in relation to the accessibility and availability of records, timeliness and coding and the overall use of the health record.

In order to improve the availability and storage of case notes, a secondary Health Record active library has been developed at Peasedown St John, near Bath. The Trust conducts weekly audits of nursing documentation and the standard of record keeping has improved significantly.

The Trust's top financial and business risks during this period were identified as:

### **Delivering the Quality Innovation Productivity and Prevention Programme (QIPP) and the Impact of Clinic**

A risk was identified in relation to the non-delivery of the Trust's QIPP Programme and the impact of Commissioners QIPP Plans. The Board of Directors approved a five year QIPP Strategy in April 2014 which sets out the approach the Trust is taking to deliver QIPP to ensure that the Trust continues to provide high quality, sustainable and cost effective healthcare that leads to the best outcomes for patients. The Board of Directors also approved revised governance arrangements for the QIPP Programme, taking into account the consolidation of Service Line Managements ways of working and the alignment of the transformation and efficiency programmes into one QIPP programme, overseen by the Transformation Board.

The Trust's Internal Auditors conducted a review of the QIPP Programme and their report published in April 2014 concluded that: "QIPP is more established in the Trust's culture with greater emphasis on quality and patient care with a secondary and supporting focus on financial achievements. This, in turn has led to greater take up from clinicians and front line staff in delivering QIPP targets".

The Clinical Commissioning Reference Group maintains an overview of joint QIPP plans. The Urgent Care Working Group provides oversight of all urgent care demand. The Trust has developed its bed model designed to provide up to date likely scenario analysis to allow greater mitigation planning.

## Failing to deliver the agreed standards of care leading to a failure to achieve the CQUIN gateway and best practice tariffs and additional income

The Trust has identified a risk in relation to the non-delivery of the CQUIN targets and the associated loss of income. To mitigate the risk, the Trust has set up the CQUIN Steering Group to serve as the central point of programme management. The Group is chaired by the Director of Nursing and Midwifery and includes representation from Business Intelligence (contract monitoring and data) and Finance (allocation of resources). CQUIN scheme leads submit monthly updates on progress to the meeting (achievements against action plan, risks, mitigations, required support). There is clinical engagement in agreeing the CQUIN schemes.

The key principle that has been agreed with the Commissioners is that all elements of each scheme are completely within the scope of the Trust to deliver, without reliance on external agencies.

## Internal Audit Reports

During the period 1 April to 31 October 2014, the Trust's Internal Auditors conducted the following reviews:

Area	Overall Report Rating
Charitable Donations	Significant Assurance
Risk Management	Significant Assurance with Minor Improvement Opportunities
Procurement	Significant Assurance with Minor Improvement Opportunities
Learning from Serious Incidents	Significant Assurance with Minor Improvement Opportunities
Data Quality	Significant Assurance with Minor Improvement Opportunities
Cash Management	Adequate

## Quality Governance

Quality Governance is a key element of the overall governance arrangements of the Trust. Quality is woven into all groups but the key groups involved in delivering the quality agenda are:

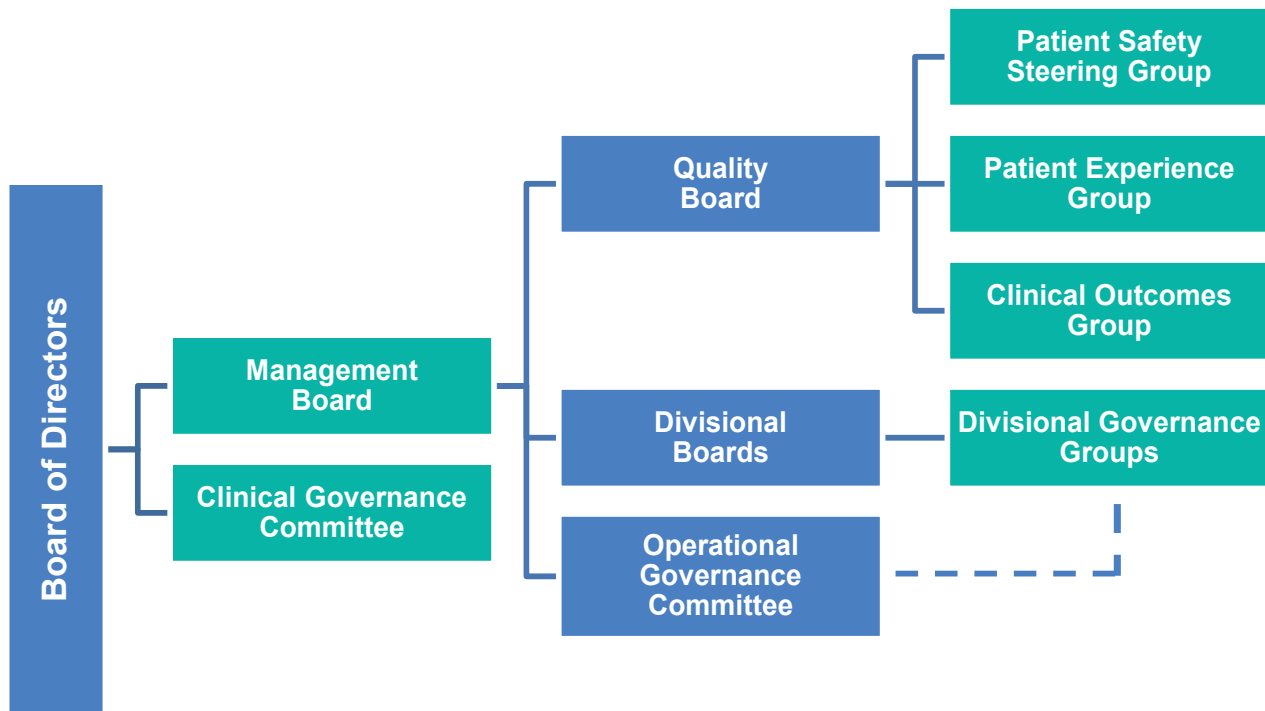
Each group as presented above plays a key role in the quality governance of the Trust. Their roles are as follows:

- The Board of Directors approved the Quality Strategy 2014-16 in April 2014 and has oversight of the delivery of quality through the performance management system and risk management systems.
- The Management Board as the key operational delivery group in the Trust oversees operational performance against quality indicators and receives regular information on quality and patient safety work.
- The Quality Board, which is accountable to the Management Board, has responsibility for formulating the quality improvement strategic direction. This has been achieved through the development of the quality improvement strategy approved by the Board of Directors. The Quality Board oversees the implementation of the strategy. The Quality Board ensures that the Board of Directors, via the Management Board, is aware of risks to the quality of care being delivered and plans to mitigate these risks, and poorly performing services and the actions being taken to improve them.
- The Operational Governance Committee is the group which delivers quality improvement at an operational level. The Operational Governance Committee works closely with the Quality Board and the Quality Board's sub groups – the Patient Safety Steering Group, the Patient Experience Group and the Clinical Outcomes Group – as well as the Divisional Clinical Governance Groups.

From April 2010 health and adult social care providers had to be registered with the Care Quality Commission (CQC) and this required Trusts to comply with the "Essential standards of quality and safety", as set out in the Health and Social Care Act 2008 (Regulated Activities) Regulations 2009 and the Care Quality Commission (Registration) Regulations 2009. These standards allow Trusts to measure the quality of services they provide and ensure that Trusts are accountable for meeting the regulations.

The Trust has been registered with the Care Quality Commission without conditions since March 2010.





The Trust recognises that the Health Act 2006 introduced a statutory duty on NHS organisations to observe the provisions of the Code of Practice on Healthcare Associated Infections. The Board of Directors is aware of its responsibilities in assuring that it has suitable systems and arrangements in place to ensure that the Code is being observed.

## Quality Accounts 2014/15

All providers of NHS Health Care are required to produce an annual Quality Accounts Report about the quality of services delivered. A range of both internal and external groups have helped to develop the Quality Accounts report 2014/15 and to identify the Quality Priorities for 2015/16, including staff, governors, Healthwatch and Clinical Commissioning Groups. The Trust's external auditors are responsible for reviewing the Quality Accounts against national requirements and for testing a sample of the quality indicators disclosed in the Quality Accounts to ensure that the performance information contained in the Quality Accounts is accurate and robust. Further information about the Quality Accounts 2014/15 is provided in the Trust's NHS Foundation Trust's Annual Report.

## Board to Ward

The Trust has further developed its key lines of communication between both the Board of Directors and Ward level. The main features of this communication are outlined below:

### Matron Presentations

The Matrons from the three clinical divisions are each invited to present to the Board twice each year. The topics raised are selected by the Matrons and are focused around new initiatives, developments and also quality improvements. This is also an opportunity for the Matrons to interactive with the Board of Directors to share ideas, concerns and other issues.

### Patient Stories

The Board of Directors has introduced a patient story at the beginning of each Board of Directors meeting aligned to the Quality & Patient Safety Report. The story takes the form of either a recorded interview with a patient, or is a statement read out by a member of staff on behalf of the patient. These stories ensure that the Board of Directors receives both positive and negative messages about the care being delivered within the Trust in the words of patients, carers and family members.

## Integrated Balanced Scorecards

The Board of Directors has adopted the use of an Integrated Balanced Scorecard for monitoring performance. The revised scorecard presents together quality, operational and financial performance, so that an informed view can be taken across the whole without impacting on one area. This approach is being rolled out throughout the Trust to Divisional, Specialty and Ward levels. This consistency in approach will ensure that the Board has oversight of information from Ward to Board.

## Information Governance

Information Governance within the Trust is managed and controlled through the implementation of the Trust's Information Governance Strategy which is owned by the Board of Directors. The strategy is delivered through an action plan for Information Risk Management and through a commitment to initiate work as early as possible on completing the NHS Information Governance Toolkit and national legislation, policies and directives, thus gaining maximum benefit from introduced improvements.

Further information about the Trust's compliance against the Information Governance Toolkit is set out in the NHS Foundation Trust Annual Report. A rolling programme of Information Risk Management audits has been continued in the current year with action plans being produced to further ensure risks are reduced and legal compliance with the Data Protection Act maintained.

During the period of this report, there has been effective reporting of Information Governance incidents and near misses and follow up on all incidents has ensured corrective actions where necessary. There were 14 level 1 information governance incidents from 1 April 2014 to 31 October 2014 relating to data:

- Disclosed in error (12)
- Lost or stolen paperwork (1)
- Other (1)

## Review of Effectiveness

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

My review is also informed by:

- Care Quality Commission registration
- Care Quality Intelligent Monitoring reports
- Care Quality Commission planned and responsive inspections
- Internal Audit reports
- External Audit reports
- Auditors' Value for Money Assessment
- Clinical audits
- Patient and staff surveys
- Friends and Family Test
- Benchmarking information
- External Review of the Quality Governance Assurance Framework

I have been advised on the implications of the results of my review of the effectiveness of the system of internal con-

control by the Board of Directors, Audit Committee, Clinical Governance Committee, Non-Clinical Governance Committee and the Management Board. When issues are identified, plans are put in place to ensure that any learning is embedded in the organisation. This ensures that the system is subject to continuous improvement.

The Trust has an on-going process to assess compliance with the CQC's Essential standards of quality and safety, 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 through this process have been incorporated into action plans which are subject to rigorous review. There are no significant control issues to report.

During the period, the Trust's major risks were the delivery of sustained performance, the achievement of financial savings and associated workforce changes required to deliver the savings. These risks will continue to be closely monitored.

The Board of Directors has a vital role in ensuring that the Trust has an effective system of internal control. The Board of Directors and its sub-committees have functioned effectively throughout the year.

My review confirms that the Royal United Hospital Bath NHS Trust has a generally sound system of internal control that supports the achievement of its policies, aims and objectives.

Accountable Officer: James Scott, Chief Executive

Organisation: Royal United Hospital Bath NHS Trust (RD1)

Signature:

Date: 27 May 2015

# Sustainability Report

In the last year the Estates & Capital Projects teams have successfully completed a number of major projects which have brought real benefits for staff and patients at the hospital. The year started off with the opening of the new Urgent Care Centre adjacent to the Emergency Department which has enabled the provision of a new walk-in service. This new unit which includes 5 consulting rooms and reception was constructed into an unused courtyard providing excellent clinical accommodation. It was officially opened by Sir Bruce Keogh in July 2014.

The next major project to be completed was the opening of the new £13m Pathology laboratory and mortuary which was incrementally commissioned throughout May and June. All the departments were moved over successfully and this important service for the hospital transferred to the new state of the art building without interruption of service. The building has proved to be very popular and hugely successful in providing modern Pathology analytical services on two floors and a new Mortuary and bereavement suite on the ground floor which was designed with our chaplaincy staff and end of life nurses. It is a handsome building and is connected to the hospital on two levels, with discrete vehicular access. The completion of this building allows us to demolish the old Pathology Laboratory located adjacent to Combe Park enabling the construction of a new patient and visitor car park as described in our Estates Strategy.

The major refurbishment of Parry Ward was completed in August 2014 to time and budget, correcting a number of safety issues inherent in the existing building but at the same time providing a much better environment for nursing this group of patients. It is bright and colourful and has set the pattern for future ward upgrading's.

In October Mary Berry, renowned food writer and television presenter on BBC Television who was born in Bath, opened the new Friends Coffee shop to great acclaim. It was funded entirely by the Friends from charitable donations and sits alongside a new landscaped garden for Combe Ward which was funded earlier in the year by the Department of Health. This has now transformed what was a rather dowdy courtyard into a beautiful new area for all to enjoy.

Apart from these major capital buildings, we have invested heavily during the year in the electrical infrastructure, installing a new standby generator to protect the central area of the hospital and the new Pathology Laboratory and as it is remotely operated, it allows the Trust to generate electricity for sale to the grid. We have also upgraded wards and public spaces and provided ten additional bed spaces on site, including four en-suite rooms in the Older Persons Unit. The cardiac ward has been fitted with new windows, flooring and has been re-decorated throughout. In the Princess Anne Wing the maternity ward has benefited from the creation of a Bereavement Suite which was funded from DH monies. The intention is to spend our limited resources wisely in order to improve the environment based on a priority list and risk assessments.

The major capital resource activity this year has been spent in planning the new Pharmacy Department which represents Phase 1 of our major development programme named 'Fit for the Future'. It is hoped work will commence in May 2015. The new Pharmacy will be located in the former P3 car park and will include five Aseptic Suites, thus future proofing it for the manufacture of radiotherapy, chemotherapy and gene therapy drugs. The new unit is located adjacent to the main clinical areas of the hospital and will improve the effectiveness of this service.

Furthermore, the space released by the old Pharmacy will allow us to construct a new integrated Therapies Department which could be named the Royal National Hospital for Rheumatic Diseases at the RUH. Some of the new accommodation will be created for the Rheumatology service which transfers from the RNHRD to the RUH in due course. We are now planning the footprint of this building so that the construction will follow on from the demolition of the old Pharmacy. Plans are also in place to design the new Cancer building which will be constructed immediately after the new Therapies Centre is opened and the old demolished.

Apart from the new developments it is good to see that through targeted investment and demolition we are able to report a reduction in our backlog maintenance liability of £10m. We are therefore on track to virtually eliminate this figure by the end of the development programme.



Alongside the Capital Development Plan the Estates and Facilities Division has been targeting investment to improve our sustainability performance. Over the past five years we have demonstrated leadership through a number of important initiatives which have saved the Trust considerable sums of money, transformed many areas of the hospital and greatly reduced our environmental impact. Examples are given below:

- A new Combined Heat and Power (CHP) engine within the new boiler house saved the Trust an estimated £415,000 in 2014.
- We have been awarded funding to install an absorption chiller to convert summer heat from the CHP unit into cooling for the planned new Pharmacy building.
- Retrofitting the majority of the hospital's lighting with LED units has greatly improved the ambience of our buildings and saved at least £150,000 per annum in energy and maintenance costs. LED lamps use approximately half the energy of the compact fluorescent lamps which they replaced. The maintenance savings arise from a reduction in lamp replacements and corresponding maintenance labour, due to the lamps' 5 year warranty. This project was funded through a grant obtained from the Department of Health.
- A new Environment Champions Toolkit has been developed which will support future engagements with staff, helping them reduce their environmental impact on a day to day basis and providing user feedback.
- The re-use and recycling system 'Any Takers' has been moved from an email distribution list to a website which will foster greater uptake.
- We have worked with the BANEs Council team to promote sustainable transport and have invited them to engage with our staff through their transport road shows.
- We have also agreed a deal with the City Car Club to place 2 new hybrid cars on site for business and personal use which will assist greatly with journeys to and from our expanding community services, i.e. Maternity birthing centres and the RNHRD.
- The salary sacrifice Cycle Scheme processed 94 bicycles in 2014, saving staff an average of £240 each and the RUH £9,731 in National Insurance costs.
- We have adopted the 'Next Bikes' scheme which works in the same way as London's 'Boris Bikes', siting a station outside our main entrance that allows for better cycling connectivity with town and the train station.

- There has been increased usage of our Park & Ride scheme from Odd Down, which is subsidised by the RUH.
- Investments were made to enable waste segregation during transport on site and a new waste manual is under development which will better support staff in reducing the amount of waste they produce and in safely managing that which is unavoidable.
- Improved heating controls have been installed in the on-site accommodation blocks, the West ward area, Bath and Wessex House, the Oasis Centre, and Theatres 9A and 9B.
- A five-year partnership with Avon Wildlife Trust has been initiated to proactively manage biodiversity during new building projects at the site and to maximise crossover with the charity's health and well-being projects that promote the health benefits of enjoying the outdoors and nature.
- There have also been significant investments in staff capacity with the appointment of Dr Gareth Veal, Compliance and Sustainability Manager and a Compliance and Sustainability Analyst.

Historic data on the consumption of finite resources is given below. Please note that the data is reported year to date until October 31st 2014, when the RUH achieved Foundation Trust status. Full year data will be provided in the 2014/15 Foundation Trust Annual report.

The projects listed above demonstrate the commitment of the RUH to improving our sustainability performance. We have high-level support from Howard Jones (Director of Estates and Facilities) and Moira Brennan (Non-Executive Director) acting as sustainability champions. In 2015/16 our new Compliance and Sustainability Manager will lead a review of our historic sustainability objective which has been to 'Improve the efficiency of our estate through improved utilisation, functionality and sustainability of our buildings.' The aim is to update this objective with performance targets that align with national sustainability targets. We also plan to formalise our sustainability management and reporting system, selecting and implementing an internationally recognised management system. These two initiatives will enable us to develop a ten year sustainability strategy for the organisation which will involve setting specific performance targets that align with UK policy.

<b>Energy and CO2 emissions</b>						
		<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>Apr-14 - Oct-14</b>
Non-financial indicators (tonnes CO2)	<b>Total gross CO2 emissions (excluding travel)</b>	<b>13,848</b>	<b>13,568</b>	<b>14,727</b>	<b>14,140</b>	<b>6,319</b>
	Electricity	7,518	5,432	6,141	6,309	1,258
	Natural gas	6,242	7,742	8,270	7,503	5,010
	Fuel oil	88	310	62	74	36
	Fugitive refrigerant (CO2 equivalent)	Data unavailable	84	254	254	14
Related energy consumptions (millions kWh)	<b>Total</b>	<b>48.6</b>	<b>53.5</b>	<b>56.1</b>	<b>57.5</b>	<b>29.8</b>
	Electricity	14.3	10.2	11.3	11.0	2.6
	Natural gas	34.0	42.2	44.5	45.5	27.1
	Fuel oil	0.3	1.1	0.3	1.0	0.1
Financial indicator (£k)	<b>Total</b>	<b>1,991</b>	<b>2,301</b>	<b>2,526</b>	<b>2,554</b>	<b>1,138</b>
	Electricity	1,158	1,017	993	1,012	328
	Natural gas	811	1,207	1,516	1,485	801
	Fuel oil	22	77	17	57	10

## Waste production

		2010/11	2011/12	2012/13	2013/14	Apr-14- Oct-14
Non-financial indicators (tonnes)	<b>Total Waste</b>	<b>1,566</b>	<b>1,720</b>	<b>1,364</b>	<b>1,213</b>	<b>694</b>
	Incinerated	165	138	145	161	97
	Alternative treatment	228	222	202	265	145
	Landfill	690	613	640	638	361
	Recycled	482	723	353	149	90
Financial indicators (£k)	<b>Total Waste Disposal Cost</b>	<b>430</b>	<b>319</b>	<b>330</b>	<b>265</b>	<b>116</b>
	Incinerated	182	104	104	72	45
	Alternative treatment	89	78	91	74	42
	Landfill	110	84	91	91	13
	Recycled	67	64	56	27	16

## Water usage

		2010/11	2011/12	2012/13	2013/14	Apr-14- Oct-14
Non-Financial Indicator ('000m <sup>3</sup> )	Water Consumption	189	177	173	206	131
Financial Indicator (£k)	Water Supply Costs	274	286	303	367	271

# Remuneration Report

## Membership of the Remuneration committee

All, and only, Non-Executive Directors are members of the committee. The committee is quorate with four members.

From 1 March 2014 to 31 October 2014 the following individuals were Non-Executive Directors:

Brian Stables  
Michael Earp  
Moira Brennan  
Joanna Hole  
Nigel Sullivan  
Nick Hood

## Statement on the policy on the remuneration of senior managers for current and future years

Starting salaries for Executive Directors are determined by the Remuneration Committee by reference to independently obtained NHS salary survey information, internal relativities and equal pay provisions and other labour market factors where relevant, e.g. for cross sector, functional disciplines such as human resources.

Progression is determined by the Committee for:

- Annual inflation considerations in line with nationally published indices (RPI/CPI), DH guidance and other nationally determined NHS pay settlements;
- Specific review of individual salaries in line with independently obtained NHS salary survey information, other labour market factors where relevant, e.g. for cross sector, functional disciplines, internal relativities and equal pay provisions. Such review is only likely where an individual Director's portfolio of work or market factors change substantially.

A discretionary performance related payment system for Executive Directors exists. The arrangement provides for directors to receive an annual inflation uplift provided that performance is judged to be satisfactory. Additionally, a non-consolidated bonus of up to five per cent may be paid to individuals whose performance exceeds expectation. For individuals judged to have outstanding performance a non-consolidated bonus of up to 10 per cent may be paid.

Other senior managers are paid in accordance with the national NHS Agenda for Change pay system.

## Contracts

Contracts are normally substantive (permanent) contracts subject to termination by written notice of six months, by either party.

On occasion as required by the needs of the organisation appointments may be of a temporary or 'acting' nature in which case a lesser notice period may be agreed.

## Termination liabilities for Executive Directors

There are no provisions for compensation for early termination for any Executive Directors, as detailed in the table on page 41.

Other termination liabilities for all executive directors are the entitlements under the NHS Whitley Council and/or Agenda for Change and the NHS Pension scheme. Statutory entitlements also apply in the event of unfair dismissal. The balance of annual leave earned but untaken would be due to be paid on termination.



## Details of service contracts

Name	Post Title	Date of Contract	Unexpired Term	Notice period	Provision for Compensation for Early Termination	Other Termination Liability
James Scott	Chief Executive	01/06/2007	Substantive	6 months	None	See section 6.4 above
Tim Craft	Medical Director*	01/04/2004	Substantive	6 months	None	As above with respect to Medical Director responsibilities
Howard Jones	Director of Facilities	03/11/2008	Substantive	6 months	None	As above
Sarah Truelove	Director of Finance and Deputy Chief Executive	24/06/2013	Substantive	6 months	None	As above
Francesca Thompson	Chief Operating Officer	25/09/2006	Substantive	6 months	None	As above
Claire Buchanan	Director of Human Resources	07/10/2013	Substantive	6 months	None	As above
Jocelyn Foster	Commercial Director	30/07/2012	Substantive	6 months	None	As above
Helen Blanchard	Director of Nursing	28/08/2013	Substantive	6 months	None	As above

\* Tim Craft's substantive appointment is as a Medical Consultant, to which Consultant Contract termination liabilities apply.

## Emoluments Disclosure<sup>1</sup>

The remuneration of the Chairman and the Non-Executive Directors is set by the Appointment's Commission.

Name	Title	1 April 2014-31 October 2014					2013-14				
		Salary (bands of £5,000)	Performance pay and bonuses (bands of £5,000)	Other Pay <sup>2</sup> (bands of £5,000)	All pension related benefits (bands of £2,500)	Total (bands of £5,000)	Salary (bands of £5,000)	Performance pay and bonuses (bands of £5,000)	Other Pay <sup>2</sup> (bands of £5,000)	All pension related benefits (bands of £2,500)	Total (bands of £5,000)
James Scott	Chief Executive	95-100	10-15		12.5-15	120-125	165-170		50-52.5	230-235	
Howard Jones	Director of Estates and Facilities	55-60	5-10		n/a	60-65	95-100		n/a	100-105	
Francesca Thompson	Chief Operating Officer	65-70	10-15		7.5-10	85-90	115-120		137.5-140	260-265	
Helen Blanchard	Director of Nursing and Midwifery	60-65	5-10		20-22.5	90-95	60-65		35-37.5	95-100	
Sarah Trulove	Director of Finance and Deputy Chief Executive	80-85	5-10			85-90	105-110			105-110	
Jocelyn Foster	Commercial Director	60-65	5-10		7.5-10	80-85	105-110		22.5-25	130-135	
Claire Buchanan	Director of Human Resources	55-60	0-5		7.5-10	65-70	45-50		112.5-115	160-165	
Tim Craft	Medical Director	25-30		35-40	12.5-15	75-80	30-35	140-145	152.5-155	260-265	
Brian Stables	Chairman	10-15				10-15	20-25			20-25	
Moira Brennan	Non-Executive Director	0-5				0-5	5-10			5-10	
Michael Earp	Non-Executive Director	0-5				0-5	5-10			5-10	
Joanna Hole	Non-Executive Director	0-5				0-5	5-10			5-10	
Nigel Sullivan	Non-Executive Director	0-5				0-5	5-10			5-10	
Nicholas Hood	Non-Executive Director	0-5				0-5	5-10			5-10	

<sup>1</sup> This section is subject to audit.

<sup>2</sup> Tim Craft's substantive appointment is as a Medical Consultant. His remuneration is therefore split between his responsibilities as Medical Director (salary) and that earned in his substantive appointments (other pay).

\* There were no taxable expenses allowances of long term performance pay and bonuses paid during this period. A performance related payment was paid in 2014/15 which related to 2013/14.

## Pensions Disclosure<sup>3</sup>

Name	Title	Real increase in pension at age 60 (bands of £2,500) £000	Real increase in pension lump sum at age 60 (bands of £2,500) £000	Total accrued pension at age 60 at 31 October 2014 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 31 October 2014 (bands of £5,000) £000	Cash Equivalent Transfer Value at 1 April 2014 £000	Cash Equivalent Transfer Value at 31 October 2014 £000	Real increase in Cash Equivalent transfer Value £000
James Scott	Chief Executive	0 - 2.5	2.5 - 5	60 – 65	190 – 195	1,226	1,284	59
Jocelyn Foster	Commercial Director	0 - 2.5	0 - 2.5	5 - 10	10 – 15	81	96	16
Francesca Thompson	Director of Nursing	0 - 2.5	0 - 2.5	30 – 35	100 – 105	701	719	18
Tim Craft	Medical Director	0 - 2.5	0 - 2.5	65 – 70	205 - 210	1,380	1,401	21
Helen Blanchard	Director of Nursing	0 - 2.5	0 - 2.5	30 - 35	90 - 95	558	597	40
Claire Buchanan	Director of Human Resources	0 - 2.5	0 - 2.5	25 - 30	80 - 85	467	470	4

<sup>3</sup>This section is subject to audit.

Non-executive directors do not receive pensionable remuneration (2013/14: nil). Howard Jones has reached retirement age so calculation is no longer applicable. The Trust did not contribute to any Director's stakeholder pension scheme (2013/14: nil).

Pension details have only been disclosed for those Directors in post during 2014/15 up to 31 October 2014. Balances for those in post during 2013/14 can be obtained from the 2013/14 Annual Report.

### Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

### Real Increase or decrease in CETV

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

## Pay multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in the Royal United Hospital Bath NHS Trust in the financial year 2014-15 was £180,000-£185,000 (2013-14:£175,000-£180,000). This was 6.5 times (2013-14: 6.6) the median remuneration of the workforce, which was £28,173 (2013-14: £26,993). In 2013-14, two (2013-14: three) employees received remuneration in excess of the highest-paid director.

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind but not severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions. The median and the ratio include bank and locum staff but do not include agency staff.

As at 31 October 2014		As at 31 March 2014	
Band of Highest Paid Director's Total Remuneration (£'000)	180-185	Band of Highest Paid Director's Total Remuneration (£'000)	175-180
Median Total Remuneration (£)	28,173	Median Total Remuneration (£)	26,993
Ratio	6.5	Ratio	6.6

## Reporting of staff exit packages

The Trust is required, in line with Department of Health guidelines, to report exit packages which have been agreed with former staff as part of this report.

Exit package cost band (including any special payment element)	1 April 2014-31 October 2014				2013/14			
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band (total cost)	Of which, number where special payments have been made (totalled)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band (total cost)	Number of departures where special payments have been made (totalled)
Less than £10,000	0	9	10 (£29,000)	0	0	5 (£15,000)	0	
£10,001 - £25,000	1	0	1 (£17,000)	0	0	0	0	
£25,001-£50,000	0	0	0	0	0	0	0	
£50,001-£100,000	0	0	0	0	0	0	0	
£100,001-£150,000	0	0	0	0	0	0	0	
£150,001-£200,000	0	0	0	0	0	0	0	
>£200,000	0	0	0	0	0	0	0	
<b>Total number of exit packages by type (total cost)</b>	<b>1</b>	<b>9</b>	<b>11 (£46,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5 (£15,000)</b>	<b>0</b>

James Scott, Chief Executive  
27 May 2015



# Summary Accounts

The summary financial statements which follow do not contain sufficient information to allow as full an understanding of the results and state of affairs of the Trust and its policies and arrangements as provided by the full set of annual accounts.

The auditor's report on the full annual report and accounts was unqualified and the auditor's statement confirmed the strategic report and directors' reports were consistent with the accounts and were unqualified.

A full set of the accounts is available on request from the Director of Finance.

The following statements are attached:

- Summary Financial Statements
- Annual Governance Statement
- Directors' Statements
- Independent Auditor's report

The summary financial statements do not include the results for Royal United Hospital Bath Charitable Fund. The Charitable Fund is registered with the Charity Commission for England and Wales under registration number, 1058323. Its principle office is at the Royal United Hospital NHS Trust, Combe Park, Bath BA1 3NG. Details of the charitable fund can be found on the website: [www.ruh.nhs.uk](http://www.ruh.nhs.uk). The main fundraising appeal of the fund, the Forever Friends Appeal, can be found at [www.foreverfriendsappeal.co.uk](http://www.foreverfriendsappeal.co.uk).

## Administrative details

### Trust contact:

#### Director of Finance

Royal United Hospital Bath NHS Trust  
Malvern House  
Combe Park  
Bath BA1 3NG

Telephone: 01225 428331  
E-mail: [ruh-tr.FOIRequests@nhs.net](mailto:ruh-tr.FOIRequests@nhs.net)

### Solicitors:

#### Bevan Brittan Solicitors

35 Colston Avenue  
Bristol BS1 4TT

### Bankers:

#### Government Banking Service

Sutherland House  
Russell Way  
Crawley  
West Sussex RH10 1UH

### Auditors:

#### Grant Thornton LLP

Hartwell House  
55-61 Victoria Street  
Bristol BS1 6FT

## Audit

The independent auditor's statement is included within the Summary Financial Statements. The Trust, and its auditors, have processes in place to ensure that conflicts of interest are minimised and that the auditor's independence is not compromised. This includes providing the auditor with direct access to the Chair of the Audit Committee, and its other Non-Executive Members. The Audit Committee seeks confirmation on an annual basis that the audit function is independent from management. During the seven-month period, the external auditor was paid £51,438 including VAT for their statutory work, of which £3,900 relates to the audit of the full financial year for the RUH Charitable Funds (2013/14: £107,076).

All of this work related to their statutory activities under the Audit Commission's 'Code of Audit Practice'.

In respect of the preparation of the accounts for the period from 1 April 2014 to 31 October 2014, as far as the Directors are aware there is no relevant audit information of which the Trust's auditors are unaware. The Trust's Directors have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

## Going concern

The Directors have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future, and for a period exceeding twelve months from the date of signing the accounts. For this reason, the accounts have been prepared on the going concern basis.

## Counter fraud

The Trust has taken all reasonable steps to comply with the requirements set out in the Code of Conduct for NHS managers, and has a named individual nominated to provide the lead local counter fraud specialist function: an accredited counter fraud specialist. If you suspect that fraud may have occurred, affecting either the Trust or any other NHS organisation, please contact the counter fraud helpline on 0800 028 4060.

## Openness and accountability

The Trust is committed to ensuring that it operates within an open and transparent environment, where this does not conflict with its legal responsibilities. The Trust is compliant with the requirements of the Freedom of Information Act. The Annual Report and Accounts provides the public with a comprehensive review of the Trust's annual performance and has been subject to audit scrutiny.

## Pensions

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

## Staff sickness absence

The Manual for Accounts requires that the Trust disclose details of staff sickness absences. This disclosure is included below:

	1 Apr-13 Oct 2014	2013/14	2012/13
Total days lost	18,871	29,411	26,775
Total staff years <sup>1</sup>	2,217	3,441	3,300
Average working days lost <sup>2</sup>	8.5	8.5	8.10

<sup>1</sup> The number of equivalent years of staff service worked during the current year based on the number of working days in a year.

<sup>2</sup> The number of working days lost on average for each employee. This is calculated by dividing the total number of days lost by the total of staff years.

Data used in this calculation is on a calendar year basis, for the years ended 31 December 2013 and 31 October 2014 and are used as approximations of the information related to the financial years.

## NHS Trust Manual for Accounts

The operating and financial review has been prepared in accordance with the NHS Trust Manual for Accounts for 2014/15, as directed by the Secretary of State.

### Statement of Comprehensive Income 1 April 2014 to 31 October 2014

	Note	Trust		Group	
		7 months to 31 October 2014	2013-14 £000s	7 months to 31 October 2014	2013-14 £000s
Gross employee benefits	9.1	(94,565)	(149,734)	(94,565)	(149,734)
Other operating costs	7	(51,152)	(80,932)	(51,592)	(81,595)
Revenue from patient care activities	4	139,276	222,950	139,276	222,950
Other Operating revenue	5	10,935	17,995	11,357	22,646
<b>Operating surplus/(deficit)</b>		<b>4,494</b>	<b>10,279</b>	<b>4,476</b>	<b>14,267</b>
Investment revenue	11	24	40	26	135
Other gains and (losses)	12	0	(35)	6	48
Finance costs	13	(70)	(151)	(70)	(151)
<b>Surplus/(deficit) for the financial year</b>		<b>4,448</b>	<b>10,133</b>	<b>4,438</b>	<b>14,299</b>
Public dividend capital dividends payable		(3,066)	(4,999)	(3,066)	(4,999)
<b>Retained surplus/(deficit) for the year</b>		<b>1,382</b>	<b>5,134</b>	<b>1,372</b>	<b>9,300</b>
<b>Other Comprehensive Income</b>					
Impairments and reversals taken to the Re-valuation Reserve		0	0	0	0
Net gain/(loss) on revaluation of property, plant & equipment		5,183	5,787	5,183	5,787
<b>Total Comprehensive Income for the year*</b>		<b>6,565</b>	<b>10,921</b>	<b>6,555</b>	<b>15,087</b>
<b>Financial performance for the year</b>					
Retained surplus/(deficit) for the year		1,382	5,134	1,372	9,300
Impairments (excluding IFRIC 12 impairments)		972	0	972	0
Adjustments in respect of donated gov't grant asset reserve elimination		(251)	72	(251)	(453)
<b>Adjusted retained surplus/(deficit)</b>		<b>2,103</b>	<b>5,206</b>	<b>2,093</b>	<b>8,847</b>

\* The adjustments made to accounting outturn to arrive at reported performance include £670,000 donated income with respect to capital purchases and £419,000 depreciation for donated assets.



## Statement of Financial position as at 31 October 2014

	Note	Trust		Group	
		31 Oct 2014 £000s	31 Mar 2014 £000s	31 Oct 2014 £000s	31 Mar 2014 £000s
<b>Non-current assets:</b>					
Property, plant and equipment	14	178,223	171,929	178,223	171,929
Intangible assets	15	795	844	795	844
Other Investments - Charitable		0	0	6,038	6,032
Trade and other receivables	19.1	1,272	1,371	1,272	1,371
<b>Total non-current assets</b>		<b>180,290</b>	<b>174,144</b>	<b>186,328</b>	<b>180,176</b>
<b>Current assets:</b>					
Inventories	18	4,400	4,295	4,400	4,295
Trade and other receivables	19.1	15,540	15,154	15,358	14,825
Other current assets		0	0	0	0
Cash and cash equivalents	20	8,527	9,198	9,564	10,493
<b>Total current assets</b>		<b>28,467</b>	<b>28,647</b>	<b>29,322</b>	<b>29,613</b>
<b>Total assets</b>		<b>208,757</b>	<b>202,791</b>	<b>215,650</b>	<b>209,789</b>
<b>Current liabilities:</b>					
Trade and other payables	22	(19,462)	(18,664)	(19,456)	(18,753)
Provisions	26	(943)	(1,331)	(943)	(1,331)
Borrowings	23	(119)	(90)	(119)	(90)
Other financial liabilities		0	0	0	0
Capital loan from Department	23	(990)	(990)	(990)	(990)
<b>Total current liabilities</b>		<b>(21,514)</b>	<b>(21,075)</b>	<b>(21,508)</b>	<b>(21,164)</b>
<b>Net current assets/(liabilities)</b>		<b>6,953</b>	<b>7,572</b>	<b>7,814</b>	<b>8,449</b>
<b>Non-current assets plus/less net current assets/liabilities</b>		<b>187,243</b>	<b>181,716</b>	<b>194,142</b>	<b>188,625</b>
<b>Non-current liabilities:</b>					
Provisions	26	(1,470)	(2,076)	(1,470)	(2,076)
Borrowings	23	(70)	(126)	(70)	(126)
Capital loan from Department	23	(6,440)	(6,935)	(6,440)	(6,935)
<b>Total non-current liabilities</b>		<b>(7,980)</b>	<b>(9,137)</b>	<b>(7,980)</b>	<b>(9,137)</b>
<b>Total Assets Employed:</b>		<b>179,263</b>	<b>172,579</b>	<b>186,162</b>	<b>179,488</b>
<b>FINANCED BY:</b>					
<b>TAXPAYERS' EQUITY</b>					
Public Dividend Capital		139,806	139,685	139,806	139,685
Retained earnings		(6,368)	(8,671)	(6,368)	(8,671)
Revaluation reserve		45,826	41,565	45,826	41,565
Charitable Funds Reserve - Restricted		0	0	5,799	5,668
Charitable Funds Reserve - Unrestricted		0	0	1,100	1,241
Other reserves		0	0	0	0
<b>Total Taxpayers' Equity:</b>		<b>179,263</b>	<b>172,579</b>	<b>186,162</b>	<b>179,488</b>

James Scott, Chief Executive  
27 May 2015

## Statement of Cash Flows 1 April 2014 to 31 October 2014

	Trust		Group	
	7 months to 31 October 2014 £000s	2013-14 £000s	7 months to 31 October 2014 £000s	2013-14 £000s
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating Surplus/(Deficit)	4,494	10,279	4,476	14,267
Depreciation and Amortisation	4,981	9,031	4,981	9,031
Impairments and Reversals	972	0	972	0
Donated Assets received credited to revenue but non-cash	(357)	(560)	(357)	(560)
Interest Paid	(62)	(134)	(62)	(134)
Dividend (Paid)/Refunded	(2,572)	(5,011)	(2,572)	(5,011)
(Increase)/Decrease in Inventories	(179)	(594)	(179)	(594)
(Increase)/Decrease in Trade and Other Receivables	(398)	(4,315)	(545)	(3,956)
(Increase)/Decrease in Other Current Assets	0	0	0	0
Increase/(Decrease) in Trade and Other Payables	(515)	4,781	(610)	4,787
Provisions Utilised	(322)	(647)	(322)	(647)
Increase/(Decrease) in Provisions	(672)	(210)	(672)	(210)
NHS Charitable Funds – net adjustments for working capital movements, non-cash transactions and non-operating cash flows	0	0	0	73
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>5,370</b>	<b>12,620</b>	<b>5,110</b>	<b>17,046</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	24	40	26	40
(Payments) for Property, Plant and Equipment	(5,594)	(15,203)	(5,594)	(15,203)
(Payments) for Intangible Assets	(70)	(183)	(70)	(183)
(Payments) for Other Financial Assets	0	0	0	(4,000)
Proceeds of disposal of assets held for sale (PPE)	0	35	0	35
NHS Charitable Funds – net cash flows relating to investing activities	0	0	0	0
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>	<b>(5,640)</b>	<b>(15,311)</b>	<b>(5,638)</b>	<b>(19,311)</b>
<b>NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>	<b>(270)</b>	<b>(2,691)</b>	<b>(528)</b>	<b>(2,265)</b>

	Trust		Group	
	7 months to 31 October 2014 £000s	2013-14 £000s	7 months to 31 October 2014 £000s	2013-14 £000s
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Public dividend capital received	121	2,329	121	2,329
Loans received from DH – new capital investment loans	0	0	0	0
Loans repaid to DH – capital investment loans repayment of principal	(495)	(990)	(495)	(990)
Loans repaid to DH – Revenue Support Loans	0	0	0	0
Capital element of payments in respect of finance leases and on-SoFP PFI and LIFT	(27)	(147)	(27)	(147)
NHS Charitable Funds – net cash flows relating to financing activities	0	0	0	0
<b>Net Cash Inflow/(Outflow) from financing activities</b>	<b>(401)</b>	<b>1,192</b>	<b>(401)</b>	<b>1,192</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
	<b>(671)</b>	<b>(1,499)</b>	<b>(929)</b>	<b>(1,073)</b>
<b>Cash and Cash Equivalents (and bank overdraft) at beginning of the period</b>				
	<b>9,198</b>	<b>10,697</b>	<b>10,493</b>	<b>11,566</b>
<b>Cash and Cash Equivalents (and bank overdraft) at year end</b>				
	<b>8,527</b>	<b>9,198</b>	<b>9,564</b>	<b>10,493</b>

## Trust Statement of Changes in Taxpayers' Equity 1 April 2014 to 31 October 2014

<b>TRUST</b>	<b>Public Dividend capital £000s</b>	<b>Retained earnings £000s</b>	<b>Revaluation reserve £000s</b>	<b>Other reserves £000s</b>	<b>Total reserves £000s</b>
<b>Balance at 1 April 2014</b>	<b>139,685</b>	<b>(8,671)</b>	<b>41,565</b>	<b>0</b>	<b>172,579</b>
<b>Changes in taxpayers' equity for 7 months to 31 October 2014</b>					
Retained surplus/(deficit) for the year		1,382			1,382
Net gain / (loss) on revaluation of property, plant, equipment			5,183		5,183
Transfers between reserves		922	(922)		0
<b>Reclassification Adjustments</b>					
New PDC Received – Cash	121				121
Charitable Funds Adjustment					
<b>Net recognised revenue/(expense) for the year</b>	<b>121</b>	<b>2,304</b>	<b>4,261</b>	<b>0</b>	<b>6,685</b>
<b>Balance at 31 October 2014</b>	<b>139,806</b>	<b>(6,368)</b>	<b>45,826</b>	<b>0</b>	<b>179,264</b>
<b>Balance at 1 April 2013</b>					
<b>Balance at 1 April 2013</b>	<b>137,356</b>	<b>(15,651)</b>	<b>37,625</b>	<b>0</b>	<b>159,330</b>
<b>Changes in taxpayers' equity for the year ended 31 March 2014</b>					
Retained surplus/(deficit) for the year		5,134			5,134
Impairments and reversals			5,787		5,787
Transfers between reserves		1,847	(1,847)	0	0
Transfers under Modified Absorption Accounting – PCTs & SHAs		(1)			(1)
<b>Reclassification Adjustments</b>					
New PDC Received – Cash	2,329				2,329
Charitable Funds Adjustment					
<b>Net recognised revenue/(expense) for the year</b>	<b>2,329</b>	<b>6,980</b>	<b>3,940</b>	<b>0</b>	<b>13,249</b>
<b>Balance at 31 March 2014</b>	<b>139,685</b>	<b>(8,671)</b>	<b>41,565</b>	<b>0</b>	<b>172,579</b>

## Group Statement of Changes in Taxpayers' Equity 1 April 2014 to 31 October 2014

<b>GROUP</b>	<b>Public Dividend capital £000s</b>	<b>Retained earnings £000s</b>	<b>Revaluation reserve £000s</b>	<b>Charitable Funds Reserve £000s</b>	<b>Other reserves £000s</b>	<b>Total reserves £000s</b>
<b>Balance at 1 April 2014</b>	<b>139,685</b>	<b>(8,671)</b>	<b>41,565</b>	<b>6,910</b>	<b>0</b>	<b>179,489</b>
<b>Changes in taxpayers' equity for 7 months to 31 October 2014</b>						
Retained surplus/(deficit) for the year		1,382				1,382
Net gain / (loss) on revaluation of property, plant, equipment			5,183			5,183
Transfers between reserves		922	(922)			0
<b>Reclassification Adjustments</b>						
New PDC Received – Cash	121					121
Charitable Funds Adjustment				(11)		(11)
<b>Net recognised revenue/(expense) for the year</b>	<b>121</b>	<b>2,304</b>	<b>4,261</b>	<b>(11)</b>	<b>0</b>	<b>6,675</b>
<b>Balance at 31 October 2014</b>	<b>139,806</b>	<b>(6,367)</b>	<b>45,826</b>	<b>6,899</b>	<b>0</b>	<b>186,164</b>
<b>Balance at 1 April 2013</b>						
<b>Balance at 1 April 2013</b>	<b>137,356</b>	<b>(15,651)</b>	<b>37,625</b>	<b>2,743</b>	<b>0</b>	<b>162,073</b>
<b>Changes in taxpayers' equity for the year ended 31 March 2014</b>						
Retained surplus/(deficit) for the year						
Impairments and reversals		5,134				5,134
Transfers between reserves			5,787			5,787
Transfers under Modified Absorption Accounting – PCTs & SHAs		1,847	(1,847)		0	0
<b>Reclassification Adjustments</b>		(1)				(1)
New PDC Received – Cash	2,329					2,329
Charitable Funds Adjustment				4,167		4,167
<b>Net recognised revenue/(expense) for the year</b>	<b>2,329</b>	<b>6,980</b>	<b>3,940</b>	<b>4,167</b>	<b>0</b>	<b>17,416</b>
<b>Balance at 31 March 2014</b>	<b>139,685</b>	<b>(8,671)</b>	<b>41,565</b>	<b>6,910</b>	<b>0</b>	<b>179,489</b>

# Directors' Interests

Surname	First Name	Role	Declared Interest
Blanchard	Helen	Director of Nursing	No interests currently declared
Brennan	Moira	Non-Executive Director	Bathampton Parish Councillor Treasurer of Bathampton Village Hall Trustee of St John's
Buchanan	Claire	Director Human Resources (Non-Voting)	No interest currently declared
Craft	Tim	Medical Director	Medical Director and shareholder of Anaesthetic Medical Systems (AMS) Ltd  Director and shareholder of 10Bar Ltd
Earp	Michael	Non-Executive Director	No interest currently declared
Foster	Jocelyn	Commercial Director	Chair of Trustees, Apex Works (Charitable organisation in Leicester providing services to support disadvantaged and marginalised individuals in Leicester into work)  Complaints Panellist - Dental Complaints Service - Private Complaints Resolution Service  Trustee of the Disabilities Trust (a national organisation providing brain injury rehabilitation, autism and physical disability services)
Hole	Joanna	Non-Executive Director	No interest currently declared
Hood	Nick	Non-Executive Director	No interest currently declared
Jones	Howard	Director of Estates and Facilities (Non-Voting)	No interest currently declared
Scott	James	Chief Executive	Vice Chairman of West of England Academic Health Science Network
Stables	Brian	Chairman	Director of Profex Associates Ltd - Management Consultancy  Associate Lecturer, Open University Mary Seacole Programme  Trustee, Wiltshire Air Ambulance Charitable Trust  Wife works part-time at Apetito, Trowbridge (food supplier for the RUH)  Daughter is registered with the Trust's Temporary Staff Bank
Sullivan	Nigel	Non-Executive Director	Director of West Four Apartments Management Company Ltd
Thompson	Francesca	Director of Nursing	Daughter is registered with the Trust's Temporary Staff Bank
Truelove	Sarah	Director of Finance & Deputy Chief Executive	Married to the Chief Finance Officer for Wiltshire Clinical Commissioning Group  School Governor - The Corsham School

# Statement of the Chief Executive's responsibilities as the accountable officer of the Trust

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

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

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

**James Scott, Chief Executive**  
**27 May 2015**

# Statement of Directors' responsibilities in respect of the accounts

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

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

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

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

**By order of the Board**

**James Scott, Chief Executive**  
27 May 2015

**Sarah Truelove, Deputy Chief Executive & Director of Finance**  
27 May 2015



# Independent Auditor's Report to the Directors of Royal United Hospital Bath NHS Trust

We have audited the financial statements of Royal United Hospital Bath NHS Trust for the seven month period ended 31 October 2015 under the Audit Commission Act 1998. The financial statements comprise the Trust and Group Statement of Comprehensive Income, the Trust and Group Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Trust and Group Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England.

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

- the table of salaries and allowances of senior managers and related narrative notes on page 42
- the table of pension benefits of senior managers and related narrative notes on page 43
- the table of pay multiples and related narrative notes on page 44.

This report is made solely to the Board of Directors of Royal United Hospital Bath NHS Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2014. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust's directors and the Trust as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of Directors and auditor

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

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report which comprises the Strategic report, Sustainability Report, information on Social and Community Issues and Director's Interests to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Royal United Hospital NHS Trust for the seven month period ended 31 October 2014 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the Group for the seven month period ended 31 October 2014 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England.

## Opinion on other matters

In our opinion:

- the part of the Remuneration Report subject to audit has been prepared properly in accordance with the requirements directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England; 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.

## Matters on which we report by exception

We report to you if:

- in our opinion the governance statement does not reflect compliance with the NHS Trust Development Authority's Guidance
- we refer the matter to the Secretary of State under section 19 of the Audit Commission Act 1998 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998.

We have nothing to report in these respects.

## Certificate

We certify that we have completed the audit of the accounts of Royal United Hospital Bath NHS Trust in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

**John Golding**  
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

**Grant Thornton UK LLP**  
Hartwell House  
55-61 Victoria Street  
Bristol BS1 6FT

# Glossary

Term	Definition
Agenda for Change	Current NHS pay system (excluding doctors, dentists and some senior managers) implemented to standardise pay across various staff groups and across NHS organisations.
Amortisation	An amount which is charged to expenditure on a periodic basis to reflect the use of an intangible asset over more than one reporting period.
Asset	A balance which represents the value of finance benefit the Trust will gain in future periods as a result of a past transaction or event.
Borrowings	Amounts which the Trust has borrowed, either as a loan or as a finance lease.
Breakeven Duty	A statutory requirement for the Trust to ensure that it balances income and expenditure over a period of three years (or in certain exceptions, five years).
Cash Equivalents	Assets that can be easily and quickly converted into cash.
Current Asset	An asset used or sold in the Trust's normal activities, such as stocks.
Depreciation	An amount which is charged to expenditure and which recognises the reduction in value of a non-current asset over its life due to wear and tear, technological changes or the general passing of time.
Donated Asset Reserve	An account which is credited with a balance to reflect assets donated to the Trust.
Exit packages	A financial arrangement with an employee which will result in a termination of their contract of employment with the Trust. This can be the result of a MARS scheme, redundancy, severance agreement, or pay in lieu of notice.
Finance Costs	A balance which represents interest costs, arising from borrowings and unwinding the discounts applied to future liabilities reflecting the time-value of money.
Finance Lease	A contractual agreement arising where an underlying asset is transferred to the lessee, but where legal ownership remains with the lessor.
IFRS	International Financial Reporting Standards, a set of rules that were set up to standardise accounting procedures and reporting processes across international boundaries. These have been applied for the first time in 2009/10.
Impairment	The reduction in value of an asset due to damage or obsolescence.
Independent Sector Treatment Centres	Privately owned treatment centres which perform procedures on behalf of the NHS.
Intangible Asset	An asset which cannot be seen or touched but which have value, such as software licences.
Inventories	Stock.
Liabilities	A balance which represents an expected future financial outflow to the Trust arising as a result of a past transaction or event.
MARS	Mutually Agreed Resignation Scheme. The Scheme enables individual employees – in agreement with their employer – to choose to leave their employment voluntarily, in return for a severance payment. It is not a redundancy.
Non-Current Asset	An asset which is held for more than one year and not sold during the normal course of Trust activities, such as medical equipment.
Operating Expenses	Costs incurred through carrying out the day to day activities of the Trust i.e. patient care activities.
Operating Revenue	Income received from the day to day activities of the Trust i.e. patient care activities.
Payables	Balances owed to others.
PDC Dividend	An amount which represents a return on the net assets of the Trust which is paid annually to HM Treasury. The net assets used for this calculation excludes the value of donated assets and cash held in Government Banking Services bank accounts.
Provision	A liability arising as a result of a past event which will be payable in future periods.
Public Dividend Capital (PDC)	Represents Central Government's investment in the Trust. This is similar to the 'Share Capital' in a company.
Receivables	Balances owed by others.
Redundancy	Termination of employment of an employee or a group of employees for business reasons.
Revaluation Reserve	A reserve which is credited with historic increases in the value of assets as a result of changes in prices. Any reductions in values are also when assets are assessed and found to have increased in value the additional amount is recorded here.
Taxpayers' Equity	A balance representing the net assets of the Trust.
UK GAAP	UK Generally Accepted Accounting Practice represents the collective term for the standards, rules and practices which developed in the UK. From 2009/10 onward, these have been replaced by International Financial Reporting Standards in the NHS.

### **Are we talking your language?**

If you need this document in another format,  
including large print,  
please contact the  
Patient Advice and Liaison Service  
Tel: 01225 825656  
E-mail: [ruh-tr.Pals@nhs.net](mailto:ruh-tr.Pals@nhs.net)

Se você gostaria desta informação em seu idioma,  
por favor nos contate em 01225 825656.

如果你希望这一信息在你的语言,请联系我们关于  
01225 825656.

Jeśli chcesz tę informację w twoim języku,  
prosimy o kontakt z 01225 825656.

### **We value your opinion**

We want to make sure future reports give you all the information you need on  
our services, so please tell us if you think we could improve.

If you would like to know more, or to comment on our plans,  
please write to the

**Chairman Brian Stables** or  
**Chief Executive James Scott** at:

Royal United Hospital Bath NHS Trust  
Combe Park  
BATH  
BA1 3NG  
Telephone: 01225 824032  
E-mail: [ruh-tr.trustboard@nhs.net](mailto:ruh-tr.trustboard@nhs.net)  
Website: [www.ruh.nhs.uk](http://www.ruh.nhs.uk)

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