

# Annual Report

2013/14



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# 1

## Management commentary

### 1.1

#### Introduction by the Chairman and Chief Executive

We are pleased to introduce our annual report 2013/14, which provides a snapshot of progress on our journey of continuous development and improvement as we strive to provide the very highest quality health services. Our quality accounts outline in detail a number of areas of particular note, including 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 has also been a positive year for our staff who have won a number of awards and whose engagement levels were measured in 2013 and were shown to be exceeding the national average.

That said, it has not been a year without challenges and, like many trusts across the country, we have seen steadily growing demand for emergency services, putting ever increasing pressures on our services. We have worked very successfully with the National Emergency Care Intensive Support team and newly opened on-site urgent care centre to establish new ways of working which are now sought after, as examples of good practice by others.

We have also invested, including committing over £3m additional funding towards nursing staff across a two year period whilst also supporting the successful completion of exciting capital plans such as our new Pathology facility and specifically designed dementia friendly ward. All of this progress of course is only made possible by attention at the same time to good financial management, delivering once again this year on our financial commitments including a £5.2m surplus.

Finally, we would like to take this opportunity to welcome our new maternity services staff who on publication of this document will have joined us and also to thank all our staff who, despite challenges day or night, continue to care or enable the provision of patient care with compassion, safety and dignity.

Thank you also all our 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

A handwritten signature in blue ink, appearing to read 'B. Stables'.



James Scott, Chief Executive

A handwritten signature in blue ink, appearing to read 'J. Scott'.

## 1.2

### 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 500,000.

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.

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.

## 1.3

### Vision and strategy

The Trust's five year strategic vision, based on delivering high quality sustainable patient care for its existing population, states that:

***The Royal United Hospital Bath will be recognised for delivering the highest quality hospital care for the people it serves as assessed by patient safety and clinical outcomes and evidenced by patient surveys.***

This vision is delivered in relation to the core service offerings of:

- Acute unplanned care e.g. attendance at the Emergency Department;
- Planned care for those with complex health issues or requiring complex care, including pathway management e.g. for patients with diabetes;
- Less complex planned care e.g. day surgery;
- Specialised services, in particular care for people with cancer;
- Comprehensive family health services;
- Care for patients with long term conditions.

The Trust's strategy has been developed in response to the forecast needs of the local population which the Trust serves. Consultation on the strategy was undertaken through a comprehensive series of public meetings and publication of the Trust's plans. Staff were also asked to consider the proposals, and feedback from both groups were fed into the strategy. There was unanimous positive feedback on the Trust's strategic direction from all quarters of the community. A summary report of the responses is published on the Trust's website.

The Trust recognises the national trend towards increased care provided in a community settings, supplemented by demand management initiatives to reduce the number of patients accessing acute services. This has been supported in year by new five-year planning guidance across the whole health economy. The Trust has revised its five-year plan in year to take into account these developments and is working closely with commissioners and council colleagues to ensure that the long term capacity model for the Trust supports these changes.

The local market remains competitive for elective care, with other local NHS Trusts, Independent Sector Treatment Centres (at Devizes, Emerson's Green and Shepton Mallet) and private providers serving the same population. In this market, the Trust remains focused on providing a high quality, safe service – emphasising particular expertise in complex elective treatment and caring for those requiring higher dependency or intensive care. The Trust has been selected as a pioneer Trust in the national 'Sign up to Safety' programme on the basis of its track record in safety improvement over the last 5 years.

Following the national trend, local demographic analysis (as evidenced through Joint Strategic Needs Assessments) indicates that the age profile of the population the Trust serves will increase in the next 5 years, with many of its patients having an increasing number of long term conditions. The Trust has continued to work closely with GPs (as providers and commissioners) to develop new partnership models for care provision. Examples of this include joint work with both Wiltshire and B&NES CCGs in developing and delivering community based elderly care services and the development of more integrated diabetes care.

In January 2014 the Trust was successful in its bid to provide Maternity Services – a service which covers the community birth centres in Paulton, Frome, Shepton Mallet, Trowbridge and Chippenham as well as the Central Delivery Suite at the Royal United Hospital. These services transferred to the Trust from 1st June 2014. As a result, the Trust has refined its service offer to incorporate family health, bringing together Paediatrics, Maternity Services, Gynaecology and Neonatal Intensive Care, to provide a more integrated service in partnership with GPs, health visitors and other associated community services.

The key principles of the Trust's strategy are to:

- Continue to improve the safety, quality, efficiency and productivity of the services it provides for patients;
- Release direct and indirect costs to deliver its Quality, Innovation, Productivity and Prevention (QIPP) programme;
- Absorb market growth as a result of local changes in provision – both in non-elective and elective services;
- Work effectively as a partner within the health and social care community through integration and development of working and contractual arrangements.

## 1.4

### Objectives, priorities and key performance indicators

As a result of changes to national planning guidance, the Trust commenced production of two business plans in 2014/15. The two year business plan – approved by the Trust Board in March 2014 – focused on operational delivery of the strategy from April 2014 to March 2016. This is supplemented by a broader, more strategic five year plan that is aligned with the Local Health Economy (LHE) plans.

Reflecting the change in Care Quality Commission standards, the Trust has revised its Integrated Balanced Scorecard. This now groups key performance indicators (as required by the Monitor and TDA Risk Assurance Framework) against the five CQC domains of: safe, effective, caring, responsive and well-led. For 2013/14 the Trust achieved a Monitor Governance rating of Green (no evident concerns) subject to Monitor review.

The Trust was also one of the first to have a new-style Care Quality Commission inspection.

This was carried out in December 2013. The Trust was judged to be providing safe and effective care for the patients it served, and whilst it was not provided with a rating, the inspection team confirmed that there were no material concerns.

The Trust will be focusing on maintaining its performance against each of the CQC domains and ensuring that it delivers against the Monitor Governance rating once authorised as a Foundation Trust.

The Trust Board monitors its performance against its financial position, which is laid out in more detail within the Annual Accounts. The Trust Board papers, including objectives, the Integrated Balanced Scorecard and the Finance Report are published on the Trust website.

## 1.5

### Benefits from capital investment

In order to deliver its vision and annual priorities, the Trust has considered how its physical assets need to change in order to be appropriate for future service delivery. The Trust invests in its estate and equipment through its capital investment programme. This programme is aligned to the overall five year business plan of the Trust, which has identified the key priorities for investment as:

- 2012/13 – Construction of a new Pathology Laboratory and new IM&T and Medical Records Building;
- 2013/14 – Replacing one of the Trust’s linear particle accelerators, more commonly known as a “Linac” which is used in radiation therapy, commencing the new Oncology development (three year development), replacement of South plant room to ensure a safe energy efficient system and completion of the site-wide Philips LED lighting project (visit [http://www.lighting.philips.co.uk/projects/assets/projects/RUHB/Case\\_Study-RUHB.pdf](http://www.lighting.philips.co.uk/projects/assets/projects/RUHB/Case_Study-RUHB.pdf) to see the case study by Philips), saving energy and improving the environment for patients and staff.
- 2014/15 – Design of a new purpose built pharmacy department, completion of the West generator complex – ensuring safe compliant power to patient areas and the successful completion of Parry ward refurbishment, a model that can be implemented for future refurbishments.

Salix funding has been secured to enable the installation of a new absorption chiller that will allow waste heat from the CHP (Combined heat and Power plant) to cool theatres, reducing energy costs across the site during the warmer months of the year. Phase two of the Pregnancy Loss room in Maternity begins later this year.

Enabling works for the continuation of the Oncology development:

- Demolition of Bath Fertility Clinic;
- Planned demolition of the old path labs and mortuary;
- Demolition of the existing IT department;
- The move of Commercial Projects team to Bath and Wessex House;
- Move of the Infection control team into the South;
- Creation of new offices in the Wolfson Centre;
- Creation of a new public car park at the front entrance.

The focus of the programme is to reduce backlog maintenance and ensure that services can be delivered in high quality accommodation. One of the Trust's strategic pillars is improving its buildings and environment. Key objectives linked to this pillar relate to improved sustainability, increasing the number of single en-suite rooms and reducing the value of backlog maintenance.

This pillar is led by the Director of Estates and Facilities, but requires the input of all Directors to ensure that the estate meets the needs of the whole Trust. The introduction of a new structure and roles within the Estates department, combined with the expertise of the Projects team, has ensured key investments are prioritised and planned in line with the Estates' five year strategic plan.

## 1.6

### Description of key relationships

As a result of changes in the national health and care system, systems for oversight, education and training and commissioning have altered. The Trust therefore has sought to develop positive working relationships with new organisations.

#### **Education and Research & Development (R&D)**

Key partners include:

- The University of the West of England, who primarily undertake training of nurses and other allied health professionals, such as physiotherapists;
- The University of Bristol, who undertake the training of doctors; and
- The University of Bath with whom the Trust has links for research and development.

The Trust has developed these relationships to support the education of future professionals and to ensure that the Trust has adequate resource to manage its activity.

The Trust is actively engaged with the new Local Education and Training Board – known as the West of England Membership Council. This covers all elements of training for health-care staff, including Severn Postgraduate Medical Education which has replaced the Severn Deanery as the governance and oversight body for medical education across the region. The Trust has been identified as providing high quality education and training to its trainee doctors once again in 2013/14.

To recognise these key relationships the Trust has identified the universities as stakeholders as recognised within the Trust's draft Constitution as an NHS Foundation Trust. As such each university will be asked to nominate a Governor to serve on the Trust's Council of Governors for a two year term, rotated between the universities.

#### **NHS Foundation Trust Membership and Council of Governors (Shadow)**

The Trust has built a membership of over 7,000 public members, as part of its application to become an NHS Foundation Trust. These members, as well as the staff members, elected eleven Public Governors and five Staff Governors to sit on the Shadow Council of Governors during 2013/14. Representatives from Wiltshire CCG, B&NES CCG, Wiltshire Council, Bath and North East Somerset Council, and the University of Bath were also appointed to the Council of Governors.

The Shadow Council of Governors is the body through which the membership maintains dialogue with the Trust board. It has a number of important roles and responsibilities, including:

- Ensuring the new Trust operates in accordance with its licence as an NHS Foundation Trust;
- Representing the views of, and linking to, the public, staff and partner organisations;
- Approving the appointment of the Chairman, Non-Executive Directors and Chief Executive;
- If appropriate, removing the Chairman and Non-Executive Directors;
- Commenting on the forward plans and strategic direction of the Trust, including any significant changes in the services provided.

The Trust has continued to develop the role of Governors in 2013/14, forming new working groups reporting to the Shadow Council of Governors, covering the following areas: Quality, Membership and Outreach and Business Planning and Strategy. The Trust is actively developing its Governors to support its Foundation Trust application.

The Trust has also continued the Caring for You events, where members are invited to learn more about what's going on in the Trust. Topics in 2013/14 included Breast cancer, Diabetes Surgery – A journey through the Theatre and Men's health – Urology and Cardiology.

### **Commissioners**

The Trust has continued to develop its relationships with its local CCGs in 2013/14 and will be further developing these relationships in 2014/15 to respond to the national mandate for increasingly integrated planning. The Trust has established a Clinical Commissioning Reference Group, where GP and consultant leads from both organisations meet to discuss and debate strategic priorities. The Trust has regular performance and activity review meetings with all its principle commissioners to ensure that contracted activity and performance is delivered, in line with population, demographic profiling, forecasting and the prevalence of conditions.

As part of the two year planning process, the Trust has developed comprehensive and robust Quality, Innovation, Prevention and Productivity (QIPP) plans, building on its >90% achievement of QIPP schemes in 2013/14. These QIPP plans focus on achieving greater integration of care pathways and improving efficiency in service provision.

### **Specialised Commissioning Groups**

The Trust is developing its relationship with Specialised Commissioners (SCG). Relationship activity in 2013/14 focused on agreeing compliance against national specifications and relevant derogation plans. The Trust will be working closely with the SCG in 2014/15 to develop a strategic relationship that is more focused on ways in which services can be developed for the benefit of the population it serves.

### **NHS Trust Development Authority**

The Trust has a positive working relationship with the NHS Trust Development Authority (TDA) who remain supportive of the Trust's Foundation Trust application.

### **Local Councils**

The role of Health and Wellbeing Boards has started to develop, and will continue to do so in 2014/15. The Trust participates in the Health and Wellbeing Boards for Wiltshire and B&NES, and has worked with them to agree their Better Care Fund plans. Relationships continue to be developed at all management tiers to ensure that there is increased integration, communication and operational effectiveness, supporting more distributed care and partnership working.

# 2

## Sustainability report

### 2.1

#### Background

The Trust is committed to the sustainability agenda and specifically, reducing the Trust's carbon footprint, described through the following Strategic Objective:

***'We will improve the efficiency of our estate through improved utilisation, functionality and sustainability of our buildings.'***

To deliver this key strategic priority the Trust has identified the Director of Estates and Facilities as the lead Executive Director and also has allocated a Non-Executive Director, to the membership of the sustainability committee known as 'Team Green'.

The Trust also recognises the importance of sustainability reporting and has adopted the HM Treasury Guidance in presenting this information. The Trust will continue to develop its sustainability reporting and will ensure that it meets the requirements of presenting at least three years' information, at the earliest opportunity. A new role of compliance and energy engineer has recently been appointed to, underlining the commitment to this area of work.

### 2.2

#### Summary of performance

The Trust is on track to reduce its carbon footprint and increase energy efficiency to the target levels by 2016/17. During 2011/12 the key action was the installation of a new energy centre incorporating a 2 MW combined heat and power (CHP) plant to provide both heating and electricity to the Trust estate. This energy centre replaced 30-year-old gas-fired boilers which were inefficient compared to current models – the CHP acting as 'lead boiler'. This has had a small impact on the Trust's carbon footprint and energy expenditure to date due to teething problems but the unit was fully functional in November 2013 so will steadily make a significant impact on these key metrics. Four smaller CHP plants have been installed in the staff accommodation blocks and the Neo-natal Intensive Care Unit (NICU).

The Trust has a detailed programme of energy efficiency and sustainability projects listed below, which helped the Trust achieve the Health Service Journal Energy Efficiency award in November 2012. The main projects at this time were:

- Establishing a 'Team Green' within the Trust which meets regularly;
- Calculating the carbon footprint annually and completing the 'Good Corporate Citizenship Assessment Model' to score wider corporate responsibilities;
- Energy awareness campaign with representatives in each department;
- Increasing recycling waste streams across the whole hospital;
- Installing a food bio-digester for catering waste;
- Transport schemes including: the availability of electric cars on site, electric bike hire, subsidy of the 'Park and Ride' scheme to hospital, discounted bus fares for staff and reducing deliveries to the site from our supply chain;
- Replacing inefficient old plant, for example, calorifiers with plate heat exchangers;
- Installing LED lighting, notably, to the value of £1.6m following the award of a capital grant from the Department of Health in September 2013;
- Installation of new steam traps throughout the hospital to reduce waste steam;
- Replacing all timber windows with new ones that comply with Part L of the Building Regulations;

- Exporting electricity generated by our standby generators as part of a 'Flexitricity' agreement;
- Building the new NICU to meet BREEAM 'Excellent' Standards.

## 2.3

### Summary of future strategy

The Trust is committed to the sustainability agenda and recognises that we have an important role to play, both as a large employer in Bath and as part of the wider NHS, in reducing carbon emissions and continually improving our sustainability performance. People are increasingly aware of the need to reduce energy consumption at home and it is important that we educate, encourage and enable staff to do the same at work, as well as being a responsible public sector organisation. The HSJ Award has galvanised efforts to examine all opportunities to reduce our energy expenditure and carbon footprint.

## 2.4

### Greenhouse gas emissions

In April 2013 we launched our electric pool car hire scheme for Trust employees. Two fully electric cars have been leased from a sustainable transport company for Trust staff to use for business related journeys and for private use out of hours and at weekends. We have also accepted an offer from the local council to install solar charged electric bikes as part of a wider project for the city of Bath.

The European Union Emissions Trading Scheme (EUETS) and the CRC Energy Efficiency Scheme (formerly known as the Carbon Reduction Commitment) are the principle forms of statutory legislation that actively drives the progress for our Trust to reduce its carbon emissions. Various initiatives have also been set up to achieve reductions. Emissions relating to purchased electricity have decreased significantly from 2011 to 2012 due to a combination of factors: the addition of a new 2Mega Watt Combined Heat and Power system which reduced our consumption of purchased electricity, increased awareness of switching off appliances and lights amongst staff, improved power management across our IT infrastructure and energy efficiency improvements on existing and new buildings.

The estates team regularly read gas, electricity and water meters across the site, and all invoices are scrutinised to ensure they are correct before payment. In this way, potential problems can be identified and investigated; further investment was made in 2013/14 to upgrade the energy management software, providing greater analysis of use with clearer presentation. The new post of Energy and Compliance Manager will bring a new focus on our energy usage and management of the CHP plant. Further work was carried out on improving and extending the Building Management System across the site. This monitors and controls heating, cooling and ventilation systems remotely allowing the Head of Estates to monitor performance and ensure set points and time schedules are accurate.

Further work for 2014/15 and beyond includes the use of a 'Salix' interest free loan of £1.3m to replace inefficient pumps and fans with modern, digitally controlled units. It will also fund the replacement of an old chiller unit with a new absorption unit which uses the waste heat from the Combined Heat and Power plant to provide chilled water. The payback for this scheme is five years and will reduce carbon emissions by 300 tonnes of CO<sup>2</sup> per annum. The Trust will also continue to replace outdated heating plant with modern plate heat exchangers, replace ill-fitting windows and increase levels of building insulation.

**Table  
1**

**Greenhouse gas emissions and energy use in the Trust**

<b>Greenhouse Gas Emissions</b>		<b>2010/11<sup>2</sup></b>	<b>2011/12<sup>3</sup></b>	<b>2012/13<sup>4</sup></b>	<b>2013/14</b>
Non-financial indicators (tonnes CO <sup>2</sup> )	<b>Total Gross Emissions</b>	<b>13,848</b>	<b>13,677</b>	<b>14,884</b>	<b>N/A<sup>5</sup></b>
	Gross emissions Scope 1 (direct)	6,330	8,146	8,586	7831
	Natural gas	6,242	7,742	8,270	7,503
	Fuel oil	88	310	62	74
	Fugitive refrigerant	Data unavailable	84	254	254
	Business travel (from owned and leased road vehicles)	5	10	7	Under review
	Scope 2 (energy indirect) purchased electricity	7,518	5,432	6,141	6,309
	Scope 3 business travel (in vehicles not owned or operated by the Trust)	Data unavailable	99	50 (flights, tube trains, National Rail trains) 107 business miles in privately owned vehicles	609 trains, 7 flights  Under Review
Related energy consumption (millions kWh)	<b>Total</b>	<b>48.64</b>	<b>53.47</b>	<b>56.05</b>	<b>56.50</b>
	Electricity non-renewable	10.75	7.64	8.51	8.2
	Electricity renewable	3.58	2.55	2.83	2.80
	Natural gas	34.00	42.17	44.46	45.50
	Fuel oil	0.31	1.11	0.25	1.0
	<b>Total</b>	<b>1,991</b>	<b>2,301</b>	<b>2,526</b>	<b>2,554</b>
	Electricity	1,158	1,017	993	1,012
	Natural gas	811	1,207	1,516	1,485
	Fuel Oil	22	77	17	57

The table above shows that there was an increase in Gross emissions Scope 1 (direct) from 2011/12 to 2012/13, primarily due to increased gas use whilst commissioning the new CHP plant.

<sup>2</sup> During 2010/11 the Trust surrendered 6,651 EUETS allowances. No surrender was required under the CRC scheme.

<sup>3</sup> During 2011/12 the Trust surrendered 6,799 EUETS allowances at a value of £38,000 as required under the scheme. The Trust expected to have to surrender allowances for 5,613 tonnes under the CRC scheme, with an approximate value of £67,350.

<sup>4</sup> During 2012/13 the Trust has identified 9800 EUETS allowances that are required to be surrendered at a value of approx. £37,000. The Trust expects to have to surrender allowances for 6,141 tonnes under the CRC scheme with an approximate value of £74,000.

<sup>5</sup> Calculation cannot be made without Business travel figures. However the figure for CO<sup>2</sup> emissions from the CRC report for 2013/14 was 4389.

## 2.5

### Waste

The Waste data shown in Table 2 includes all waste produced directly by the RUH. It does not include waste which has been produced by building contractors involved in new builds and building refurbishment projects although these waste arisings are subject to 'WRAP' standards as a minimum. The Trust is committed to continually reducing the amount of waste sent to landfill and increasing the amount of waste recycled.

There has been a sharp decrease in the amount of waste recorded for recycling in 2012-2013 compared to 2011-2012. This was due to the plastics, cans, paper and glass recycling waste contractor using a new bin weighing system instead of using bin weight estimates. The weight of the waste in each bin is recorded using a microchip device, just before the waste material is tipped into the back of the waste vehicle.

In order to protect ourselves from increased landfill disposal costs and to improve our environmental credentials, the 'Any Takers' furniture recycling system continues to be promoted and more new internal recycling bins for our departments are being provided.

The CHP uses natural gas to produce both heat and power which increases the Trust's emissions from burning natural gas, but significantly reduces the need to import electricity.

**Table  
2**

### Waste disposal and recycling at the Trust

Waste		2008/09	2009/10	2010/11	2011/12	2012/13
Non-financial indicators (tonnes)	<b>Total Waste</b>	<b>1,550</b>	<b>1,467</b>	<b>1,566</b>	<b>1,720</b>	<b>1,364</b>
	Incinerated	130	218	165	138	145
	Alternative treatment	214	221	228	222	202
	Landfill	784	708	690	613	640
	Recycled	373	319	482	723	353
Financial indicators (£k)	<b>Total Waste Disposal Cost</b>	<b>382</b>	<b>436</b>	<b>430</b>	<b>319</b>	<b>330</b>
	Incinerated	126	215	182	104	104
	Alternative Treatment	110	92	89	78	91
	Landfill	99	82	110	84	91
	Recycled	47	48	67	64	56

## 2.6

### Use of finite resources – water consumption

The Trust is a major consumer of water and has actively been trying to reduce the volume of water year on year. From 2011 to 2012 the Trust reduced its water consumption by 6.3% and from 2012 to 2013, consumption decreased by 2.3%. Consumption 2012/13 dropped only slightly indicating that further work is required in this area although the programmed demolition of old building stock will promote greater water efficiency. The Trust has a programme to identify and repair water leaks, as well as replacing inefficient water systems across the site as part of on-going maintenance and refurbishment programmes.

The Trust is also working closely with its water supplier, Wessex Water, to carry out water saving awareness events to help staff save water at the hospital and in their own homes. Wessex Water has carried out an audit on areas which are significant consumers of water (wards, accommodation, kitchen, Education Centre). Subsequent recommendations (retrofitting of taps, renewal of old systems etc.) will be presented to the Trust for consideration.

**Table  
3**

### Consumption of finite resources (i.e. water)

Finite Resource Consumption		2009/10 <sup>5</sup>	2010/11 <sup>6</sup>	2011/12 <sup>7</sup>	2012/13
Non-Financial Indicator ('000m <sup>3</sup> )	Water Consumption	167	189	177	173
Financial Indicator (£k)	Water Supply Costs	247	274	286	303

<sup>5</sup> The figures for 2009/2010 do not include charges for sewerage of £124k

<sup>6</sup> The figures for 2010/2011 do not include charges for sewerage of £134k

<sup>7</sup> The figures for 2011/2012 do not include charges for sewerage of £127k

## 2.7

### Biodiversity and natural environment

In April 2012 the Trust installed six bat boxes in the woodland area behind the residential accommodation buildings. The Trust was advised by the Avon Wildlife Trust (AWT) as to the type and most suitable location for the boxes. There is evidence they have attracted bats.

Several new trees have also been planted on the Trust site. In February 2013, the local residents living adjacent to the Trust on the western boundary were consulted on the species of tree they would like to have planted on the boundary line. Silver Birch trees were the preferred choice. As part of NHS Sustainability Day, Silver Birch trees were planted in this area along with other trees (oak, hawthorn, apple and holly) that were planted adjacent to our main medical gas storage facility.

New grounds and gardens contracts have also been set up, which have improved the maintenance of the site through better pruning of shrubs and trees and tidying up particular parcels of land. New courtyard gardens have been established and the Friends continue to provide 28 hanging baskets to improve the look of the main entrance.

Additionally, the Trust has been entered into the Bath in Bloom competition, recognising the increased investment in our grounds and gardens. Having increased green spaces on the site helped enormously during the heat wave of 2013, by providing cool spaces for staff to sit out in. This is a key recommendation of Climate Change adaptation plans.

## 2.8

### Procurement (general overview)

To ensure that the Trust's procurement policy reflects its desire to reduce its carbon footprint, the Trust is reviewing its approach to commissioning, sourcing and buying. This includes

whether a product should be purchased in the first place, the level of use, the most appropriate stock levels and reviewing whether an item can be re-used or recycled prior to ordering any new items.

The drive to constantly reduce costs often favours the cheapest short term option, but this can have a disproportionately high lifetime carbon cost.

By delivering sustainable procurement it will help the Trust to:

- Stimulate innovation in the supply chain to deliver viable sustainable options for both goods and services;
- Identify any opportunities for greater efficiency in the supply chain, such as sourcing products from local suppliers or co-operatives;
- Reduce sustainability risks posed to the Trust through the practices of supply chain partners, the sourcing of materials and design of goods;
- Meet stakeholder expectations in a marketplace that is looking increasingly at the origins and ethical nature of products.

The Trust has already made sustainable gains in relation to procurement in a number of areas and is now working with its suppliers to develop this on a more formal basis. Examples of this include the consolidation of order requirements to reduce the number of deliveries to site, bulk storage of high turnover items, electronic procurement and trading and product range rationalisation. The Trust is also committed to maximising opportunities for local suppliers to compete for NHS contracts, thus reducing transport mileage and the Trust's carbon footprint as a result.

In addition, the Trust is working hard to ensure it purchases more products derived from renewable sources, and encouraging its suppliers to develop and innovate suitable products for use by the RUH.

## 2.9

### Food procurement

The Trust works with local suppliers that can demonstrate lower carbon forms of production and transport to reduce food miles. The number of supplier deliveries per week is also closely managed to ensure the minimum number of journeys are carried out. Measures to reduce the carbon footprint of food procurement are a strong consideration in food supplier tenders.

The Trust is working with local farmers and food suppliers to increase the amount of sustainable produce we use. Using more assured foods from fairly traded and organic sources results in healthier meals for patients, staff and visitors as well as benefitting the environment and the local economy. This includes items such as free range Lion quality eggs, free range organic chicken, Rainforest Alliance coffee and organic ice cream.

Where possible the Trust will seek to purchase food from smaller suppliers, giving local businesses the opportunity to provide good quality, fresh local food to the hospital at a competitive price. This initiative also reduces the amount of food miles.

The Trust complies with the mandatory requirements of the Government Buying Standards and is implementing the best practice elements where practicable.

## 2.10 Sustainable construction

The Trust is committed to ensuring all new developments are sustainable and meet the highest standards of sustainability whilst ensuring that all schemes are affordable.

The principles from the building of the NICU have been adopted in the new Pathology Laboratory which includes photo-voltaic panels, high levels of insulation and use of the new Energy Centre to further increase site energy efficiencies. The Information Management and Medical Records building which opens in October 2014 has been designed around passive cooling measures and high levels of insulation. All new buildings are fitted with LED lighting.

## 2.11 People

Improving the health and well-being of our workforce not only ensures the Trust is a 'healthy employer' with low sickness rates and high levels of motivation; it also helps to improve the general health of the communities in which staff live. The Trust provides subsidised travel passes for park and ride schemes, and discounted parking for those who car share.

The Trust encourages staff to join the National Cycle Scheme under the Cycle to Work initiative, and over the last three years the Trust has also invested in new and improved cycle parking facilities.

Staff can also make use of the gym on site. Healthy food is offered in the staff restaurants. The Trust offers a free counselling service and our occupational health department operates a smoking cessation service.

In May 2013 the Trust invested significant money in the external heated swimming pool, to ensure this facility continues for use into the next decade. As with the gardens it was put to good use in the summer of 2013 and continues to be a well-used sports and leisure facility for staff to both refresh and keep fit.

Flexible working is also encouraged. E-learning, classroom, remote learning and work based learning are all available.

## 2.12 Governance

The Trust's sustainability agenda is managed by regular meetings of Team Green, whose membership includes Heads of Departments, Trust staff, the Environment Manager and Non-Executive Directors and the Director of Estates and Facilities. The information gained at these meetings is then reported quarterly to the Trust Board via the Director of Estates and Facilities. Ultimate responsibility for the effective overall delivery of the agenda rests with the Trust Board.

Figures quoted in reports to the Trust Board on matters such as waste reduction figures, carbon emissions from energy use etc. are taken from official ERIC reports. These ERIC reports are submitted to the Department of Health at the end of the financial year. Each individual in the Trust responsible for constructing the ERIC reports (for example, the Environment Manager produces the ERIC waste management report), retains their raw data in the event of an external audit.

# 3

## Information on social and community issues

### 3.1

#### Emergency preparedness

The Trust has in place a Major Incident Plan that is fully compliant with the requirements of the NHS Emergency Planning Guidance 2005. The Trust reviewed and tested the plan in September 2011 in line with the requirements of the Civil Contingencies Act 2004. The Trust Board approved the plan in December 2011.

### 3.2

#### Principles for remedy

The Trust has adopted the Parliamentary and Health Service Ombudsman's Principles for Remedy. Where the Trust has caused injustice or hardship by maladministration or service failure the Trust will seek to remedy this in conjunction with the individual. This forms part of the Trust's complaint handling process which was reviewed during the year by the Clinical Governance Committee to ensure that it was fit for purpose. The culture of the Trust is to seek continuous improvement in all areas of its work and particularly in relation to the quality of its services, of which patient experience is a key component.

### 3.3

#### Employee consultation and engagement

The Trust has formal structures to consult and negotiate with employee representatives; these continued throughout the year. Additionally other consultation processes took place including admin and clerical staff forums, listening events, the annual staff survey and the involvement of staff side representatives in various working groups. The Trust uses a range of communication methods to provide information to staff including team briefing, open staff meetings led by the Chief Executive, emailed weekly newsletters, printed magazines and Facebook and Twitter. The development of the Trust's Foundation Trust Membership arrangements has further enabled employees access to information via the staff governors about a range of matters.

All employees with a permanent contract or a contract for more than twelve months have automatically become members of the Trust. Staff members elected five staff Governors in November 2012 who joined the Council of Governors. During 2013/14 they have been seeking the views of the wider staff membership and are helping to shape the forward direction of the Trust. In addition, and as described in the Membership Strategy, the Council of Governors will be consulted on key changes to the Trust including, where appropriate, ward moves, estates development and service changes.

### 3.4

#### The policy in relation to disabled employees

The Trust's policy is to actively implement the systems and processes required by the Equality Act 2010 to ensure that it meets its statutory duties. The Trust has been accredited with the 'two ticks' disability standard which also demonstrates its commitment to disabled applicants. For several years the Trust has worked with Project Search to support disabled young people into employment and has successfully recruited a number of former Project Search students into Trust posts.

With the advice of our on-site occupational health team, the Trust makes 'reasonable adjust-

ments' for employees who are or become disabled including adjustments to roles or working hours and the provision of specialised equipment. The Trust has a range of policies in place to support employees in their role as 'carers' of disabled people.

Health and safety risk assessments are in place to ensure that staff do not suffer disability through work and are supported by a range of training such as manual handling.

## 3.5

### The policy on equal opportunities

The Trust's policy is to actively implement the systems and processes required by the Equality Act 2010 to ensure that it meets its statutory duties. In February 2014 the Trust held a successful 'Showcasing Equality' conference which also enabled us to implement the NHS Equality Delivery System (EDS) self-assessment process and to set equality goals for 2014/15.

The Equality goals set are:

- Decisions about the way in which health needs are assessed and services provided to individual patients are consistently and effectively communicated with them at every stage of their care pathway;
- Patients and carers report positive experiences of their treatment and care outcomes, of being listened to and respected, and of how their privacy and dignity is prioritized;
- Robust systems and processes are in place to address abuse, harassment, bullying and violence against staff from patients, their relatives and colleagues;
- All managers are supported to engage with their junior staff (bands 1-4) to improve career progression within the Trust and wider health community.

The Trust will be working to define clear actions to enable us to meet these goals and monitor achievement. Monitoring data will be published annually.

The Trust recognises the important role that training has in the delivery of our equality goals and this is being embedded in a number of programmes.

## Table 4

### Gender distribution as at 31st March 2014

Staff Group	Female	Male	Total
Director	5	3	8
Senior Manager	58	32	90
Other	3,496	1,109	4,605
Total	3,559	1,144	4,703

# 4

## Annual Account

### 4.1

#### Context

The Trust ended the year with a surplus of £5.2m before technical adjustments (accounting for donated assets and impairments), this was in line with the plan for 2013/14. This demonstrates the continued improvement the Trust has made and the progress it needs to sustain into 2014/15 in order to deliver the financial plan and continue on its journey to become a Foundation Trust.

We expect this position and performance to give the Trust an overall risk rating of four, indicating strong financial performance on the scale from one (high financial risk) to four (low financial risk) against which the Trust would be measured by the Foundation Trust regulator Monitor, once authorised.

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:

**Table  
5**

#### Key financial achievements

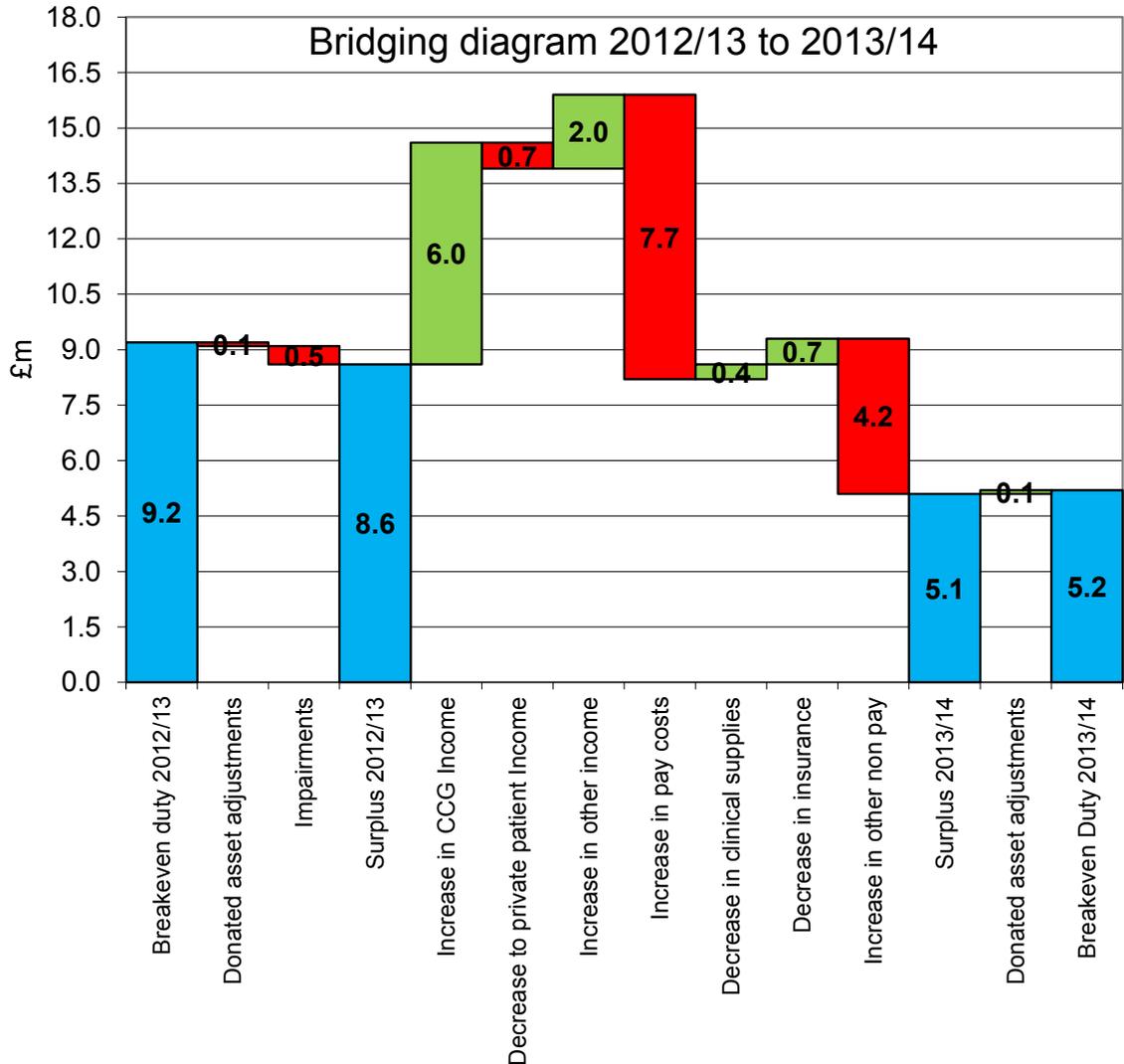
	Plan	Actual	Variance
Income and expenditure retained surplus	£3.8m	£5.1m	£1.3m
Income and expenditure surplus before accounting for donated assets	£5.2m	£5.2m	-
Cost Improvement Plan (QIPP)	£11.3m	£11.3m	-
External Financing Limit (EFL)	£2.7m	£3.6m	£0.9m
Capital Resource Limit (CRL)	£15.0m	£15.0m	-
Capital absorption rate %	3.5%	3.5%	-

The Trust achieved its target of planned surplus of £5.2m. The planned retained surplus of £3.8m included a £1.2m impairment related to the opening of the new Pathology building. This is now not expected to happen until the summer of 2014. The Trust's final reported surplus is adjusted to remove the effects of accounting for donated assets leaving a net surplus of £5.2m, 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), which sets out how the Trust must manage its cash flow and borrowing requirements and Capital Resource Limit (CRL), which is 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.

**Figure 1**

**The change in surplus from 2012/13 to 2013/14**



**4.2**

**Capital spend 2013/14**

The capital programme for the year totalled £16m, the key development was the final stage of the new Pathology building which will be fully commissioned in the first quarter of 2014/15. The Trust's own cash resources to invest were supplemented by £1.8m of new Public Dividend Capital (PDC) received from the Department of Health in respect of a successful business case to upgrade and install more energy efficient lighting.

The remaining capital programme centred on the Trust's plan to prioritise investment to keep operational buildings safe, fit for purpose, and compliant with statutory legislation.

**Table  
6**

## Capital plan 2013/14

Capital Plan 2013/14 as at 31 Mar 14	Annual Plan (£k)	Year to Date Actual (£k)	Year to Date Variance (£k)	Year to Date Actual (%)
Estates' five year programme	2,773	2,797	24	101%
IM & T	1,071	1,055	(16)	98%
Medical equipment	1,865	1,156	(709)	62%
Leased assets	26	0	(26)	0%
Strategic capital schemes	10,464	10,743	279	103%
	<b>16,199</b>	<b>15,751</b>	<b>(448)</b>	<b>97%</b>

## 4.3

### 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 (available by separate request). Its overall performance in relation to the code improved significantly during 2013/14 – 96.5% of non-NHS trade invoices were paid within target compared to 94.6% in 2012/13. It is anticipated that this improvement will be sustained going into the new financial year.

**Table  
7**

### Measure of compliance 2013-14

Measure of Compliance	Number	£k
<b>Non-NHS Payables</b>		
Total non-NHS trade invoices paid in the year	65,971	77,213
Total non-NHS trade invoices paid within target	63,675	73,051
Percentage of NHS trade invoices paid within target	96.52%	94.61%
<b>NHS Payables</b>		
Total NHS trade invoices paid in the year	2,439	71,932
Total NHS Trade invoices paid within target	2,234	69,827
Percentage of NHS trade invoices paid within target	91.59%	97.07%

## 4.4

### Future prospects

The financial environment continues to be challenging and the Trust is seeking to deliver a QIPP plan of £11m in 2014/15. While this QIPP requirement is not as large as in some other providers; it is nonetheless an on-going challenge for the organisation. The Trust operates at a reference cost of 90 and has delivered a high level of savings in 2013/14. To maintain that level of delivery the Trust will need to continue to work with community and commissioning partners to transform and streamline services and pathways.

The Trust is planning to make significant investments in the estate over the next five years in order to provide high quality facilities to improve patient care. Ensuring sufficient cash resources are generated to support this investment will be imperative. The two key priorities in the capital programme over the next five years are:

- Replacement of the Electronic Patient Record (EPR) project
- RUH North development including the building of a new Cancer centre.

The Trust's future financial plans 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 from the health service reconfiguration in Bristol 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 2013/14 has improved significantly on the previous year and the embedded processes and clear governance structure reduce the risk of under-performance in 2014/15.

## 4.5

### Accounting policies

The Trust reviews its accounting policies on a regular basis 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.

Towards the end of 2013-2014, the Trust requested an independent valuer to conduct a re-

valuation of its estate. As on previous occasions, the valuation used the 'modern equivalent asset' method, based on the cost of replacing losses with similar up-to-date counterparts. The revaluation resulted in a £16m increase in the fair value of the Trust's infrastructure; details of the revaluation and market value of the fixed assets are shown in note 14 to the Trust's accounts. There were no other material changes to accounting arrangements during the year.

## 4.6 Going concern

The going concern assessment for 2013/14 was presented to the Audit Committee and provided assurance to the Trust's directors that it has adequate resources to continue in operational existence for the foreseeable future and, consequently, to continue to adopt the 'going-concern' basis in preparing its accounts.

## 4.7 Counter 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 (LCFS) 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.

## 4.8 External audit

During 2013-14 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 are £89,230, 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.

## 4.9 Auditor's report

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

# 5

## Trust Board membership

The membership of the Trust Board is outlined below. The terms and conditions of appointment of the Non-Executive Directors are available for inspection by contacting the Trust. Contact details can be found at the end of this document. The Non-Executive Directors are all considered to be independent in their character and judgement. To be considered independent the Non-Executive Directors must meet a number of criteria which includes not having any pecuniary or material interest in organisations with whom the Trust contracts, not having been an employee of the Trust in the preceding five years, and have not served on the Board for more than nine years.

**Table  
8**

Name	Position	Tenure	Voting	Board sub-committee	Attendance at Board during 2013-14
Brian Stables	Chairman	4 years	Yes	Ex-officio member of all Trust Board Committees Remuneration Committee	11 out of 11
Moira Brennan	Non-Executive Director (Independent)	4 years	Yes	Audit Committee Charities Committee Remuneration Committee	11 out of 11
Michael Earp	Non-Executive Director, Vice Chairman and Senior Independent Director	4 years	Yes	Audit Committee Remuneration Committee Clinical Governance Committee Charities Committee	9 out of 11
Joanna Hole	Non-Executive Director (Independent)	4 years	Yes	Remuneration Committee Non-Clinical Governance Committee Audit Committee	10 out of 11
Nigel Sullivan	Non-Executive Director (Independent)	4 years	Yes	Remuneration Committee Non-Clinical Governance Committee	9 out of 11
Nick Hood	Non-Executive Director (Independent)	2 years	Yes	Remuneration Committee Clinical Governance Committee	6 out of 11
James Scott	Chief Executive	Substantive	Yes	Management Board Ex-officio member of all other Trust Board Committees	10 out of 11
Tim Craft	Medical Director	Substantive	Yes	Management Board Clinical Governance Committee	10 out of 11
Howard Jones	Director of Facilities	Substantive	No	Management Board Non-Clinical Governance Committee	10 out of 11

Name	Position	Tenure	Voting	Board sub-committee	Attendance at Board during 2013-14
Francesca Thompson	Chief Operating Officer	Substantive	Yes	Management Board Non-Clinical Governance Committee	10 out of 11
Jocelyn Foster	Commercial Director	Substantive	No	Management Board Non-Clinical Governance Committee	10 out of 11
Lynn Vaughan	Director of Human Resources (until July 2013)	Substantive	No	Management Board Non-Clinical Governance Committee	3 out of 3
Krystyna Ruskiewicz	Director of Human Resources (Interim) (July to September 2013)	Temporary	No	Management Board Non-Clinical Governance Committee	1 out of 2
Claire Buchanan	Director of Human Resources (from October 2013)	Substantive	No	Management Board Non-Clinical Governance Committee	6 out of 6
Mary Lewis	Director of Nursing (Acting) (until August 2013)	Temporary	Yes	Management Board Charities Committee Clinical Governance Committee	4 out of 4
Helen Blanchard	Director of Nursing (from August 2013)	Substantive	Yes	Management Committee Charities Committee Clinical Governance Committee	7 out of 7
Catherine Philips	Director of Finance	Substantive	Yes	Management Board Audit Committee Charities Committee	2 out of 2
Sarah Truelove	Deputy Chief Executive and Director of Finance (from June 2013)	Substantive	Yes	Management Board Audit Committee Charities Committee	9 out of 9

# 6

## Remuneration report

### 6.1

#### Membership of the remuneration committee

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

During 2013/14 the following individuals were Non-Executive Directors:

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

### 6.2

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

Starting salaries for Executive Directors are determined by the 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 ten per cent may be paid.

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

### 6.3

#### 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.

## 6.4

### Termination liabilities for Executive Directors

There are no provisions for compensation for early termination for any Executive Directors, as detailed in Table 9.

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.

## 7

### Details of service contracts

Table 9

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 <sup>1</sup>	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

<sup>1</sup> Tim Craft's substantive appointment is as a Medical Consultant, to which Consultant Contract termination liabilities apply.



## Table 10

# Emoluments Disclosure<sup>2</sup>

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

## 2013-14

Name	Title	Salary (bands of £5,000) £k	Performance pay and bonuses (bands of £5,000) £k	Other Remuneration £k	Pension Related Benefits (bands of £2,500) £k	TOTAL (bands of £5,000) £000	Date of Starting (S) or Leaving (L)
James Scott	Chief Executive	165-170	10-15		50.0-52.5	230-235	
Howard Jones	Director of Estates and Facilities	95-100	5-10		N/A* (see note pg 39)	100-110	
Francesca Thompson	Chief Operating Officer	115-120	5-10		137.5-140	260-265	
Mary Lewis	Acting Director of Nursing	35-40			110.0-112.5	145-150	26/8/13 (L)
Helen Blanchard	Director of Nursing	60-65			35-37.5	95-100	28/8/13 (S)
Catherine Phillips	Director of Finance and Deputy Chief Executive	20-25	5-10		137.5-140.0	165-170	31/5/13 (L)
Sarah Truelove	Director of Finance and Deputy Chief Executive	105-110				105-110	24/6/13 (S)
Jocelyn Foster	Commercial Director	105-110	5-10		22.5-25.0	130- 135	

<sup>2</sup> This section is subject to audit

Name	Title	Salary (bands of £5,000) £k	Performance pay and bonuses (bands of £5,000) £k	Other Remuneration £k	Pension Related Benefits (bands of £2,500) £k	TOTAL (bands of £5,000) £000	Date of Starting (S) or Leaving (L)
Lynn Vaughan	Director of Human Resources	30-35	5-10		N/A* (see note pg 39)	35-45	31/7/13 (L)
Claire Buchanan	Director of Human Resources	45-50			112.5-115	160-165	7/10/13 (S)
Tim Craft <sup>1</sup>	Medical Director	45-50		60-65	152.5-155.0	260-265	
Brian Stables	Chairman	20-25				20-25	
Krystyna Ruszkiewicz	Interim Head of Human Resources	25-30				25-30	15/07/13 (S) 26/09/13 (L)
Moira Brennan	Non-Executive Director	5-10				5-10	
Michael Earp	Non-Executive Director	5-10				5-10	
Joanna Hole	Non-Executive Director	5-10				5-10	
Nigel Sullivan	Non-Executive Director	5-10				5-10	
Nicholas Hood	Non-Executive Director	5-10				5-10	

## Table 11

### 2012-13

Name	Title	Salary (bands of £5,000) £k	Performance pay and bonuses (bands of £5,000) £k	Other Remuneration £k	Pension Related Benefits (bands of £2,500) £k	TOTAL (bands of £5,000) £000	Date of Starting (S) or Leaving (L)
James Scott	Chief Executive	160-165	10-15		100-102.5	275-280	
Howard Jones	Director of Estates and Facilities	95-100	5-10		17.5-20	120-125	
Francesca Thompson	Chief Operating Officer	25-30			52.5-55	80-85	01/01/13 (S)
Francesca Thompson	Director of Nursing	65-70	5-10			70-75	31/12/12 (L)
Mary Lewis	Acting Director of Nursing	20-25			N/A** (see note pg 39)	20-25	
Catherine Phillips	Director of Finance and Deputy Chief Executive	120-125	5-10		47.5-50	175-180	
Jocelyn Foster	Commercial Director	65-70			67.5-70	135 - 140	30/07/12 (S)
Lynn Vaughan	Director of Human Resources	85-90	5-10		47.5-50	145-150	
Tim Craft <sup>1</sup>	Medical Director	30-35		60-65	27.5 - 30	125 - 130	

Name	Title	Salary (bands of £5,000) £k	Perform- ance pay and bonuses (bands of £5,000) £k	Other Remuneration £k	Pension Related Benefits (bands of £2,500) £k	TOTAL (bands of £5,000) £000	Date of Starting (S) or Leaving (L)
Lisa Hunt	Chief Operating Officer and Deputy Chief Executive	105-110	5-10			115-120	03/01/13 (L)
Brian Stables	Chairman	20-25				20-25	
Moira Brennan	Non-Executive Director	5-10				5-10	
Michael Earp	Non-Executive Director	5-10				5-10	
Stephen Wheeler	Non-Executive Director	1-5				1-5	31/07/12 (L)
Roger Newton	Non-Executive Director	1-5				1-5	31/07/12 (L)
Joanna Hole	Non-Executive Director	5-10				5-10	
Nigel Sullivan	Non-Executive Director	1-5				1-5	

<sup>1</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 (Performance pay and bonuses).

\* Howard Jones has reached retirement therefore calculation no longer applicable.  
Lynn Vaughan retired 31/7/13 therefore calculation no longer applicable.

\*\* Figures for 2011/12 are not available therefore calculation cannot be completed.

Note: A performance related payment was paid in 2013/14 which related to performance in 2012/13. There were no long term performance pay and bonuses paid.

## Table 12 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 31st March 2014 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 31st March 2014 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31st March 2014 £000	Cash Equivalent Transfer Value at 31st March 2013 £000	Real increase in Cash Equivalent transfer Value £000	Employer's contribution to stakeholder pension £000
James Scott	Chief Executive	2.5-5.0	7.5-10.0	60-65	185-190	1,226	1,129	97	
Jocelyn Foster	Commercial Director	0-2.5	2.5-5.0	0-5	10-15	81	53	28	
Catherine Phillips	Director of Finance and Deputy Chief Executive	5.0-7.5	17.5-20.0	35-40	115-120	606	498	108	
Mary Lewis	Acting Director of Nursing	5.0-7.5	15.0 – 17.5	25 - 30	75-80	441	345	96	
Francesca Thompson	Director of Nursing	5.0-7.5	20.0-22.5	30-35	95-100	701	543	158	
Tim Craft	Medical Director	7.5-10.0	22.5-25.0	65-70	205-210	1,380	1,191	189	
Helen Blanchard	Director of Nursing	0-2.5*	2.5-5.0*	30-35	90-95	558	0	558	
Claire Buchanan	Director of Human Resources	0-2.5*	5.0-7.5*	25 - 30	80-85	467	0	467	

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

\* Estimated values based on time in post in year

Non-Executive directors do not receive pensionable remuneration (2013/14: nil). 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 2013/14. Balances for those in post during 2012/13 can be obtained from the 2012/13 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.

**James Scott, Chief Executive, 28 May 2014**

# 10

## Pay multiples<sup>4</sup>

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 2013-14 was £175,000-£180,000 (2012-13: £175,000-£180,000). This was 6.6 times (2012-13 6.5) the median remuneration of the workforce, which was £26,993 (2012-13:£27,348). In 2013-14, three (2012-13: three) employees received remuneration in excess of the highest paid Director.

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

**Table  
13**

	2013/14	2012/13
Band of highest paid Director's total remuneration (£'000)	175-180	175-180
Median total remuneration (£)	26,993	27,348
Ratio	6.6	6.5

<sup>4</sup> This section is subject to audit

# 11 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.

**Table 14** 2013/14

Exit package cost band (including any special payment element)	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)
Less than £10,000	0	5	5 (£15,000)	0
£10,001 - £25,000	0	0	0	0
£25,001-£50,000	0	0	0	0
£50,001-£100,000	0	0	0	0
£100,001-£150,000	0	0	0	0
£150,001-£200,000	0	0	0	0
>£200,000	0	0	0	0
<b>Total number of exit packages by type (total cost)</b>	<b>0</b>	<b>0</b>	<b>5 (£15,000)</b>	<b>0</b>

**Table 15** 2012/13

Exit package cost band (including any special payment element)	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)
Less than £10,000	1 (£3,000)	7 (£25,000)	8 (£28,000)	0
£10,001 - £25,000	1 (£23,000)	0	1 (£23,000)	0
£25,001-£50,000	1 (£42,000)	0	1 (£42,000)	0
£50,001-£100,000	0	0	0	0
£100,001-£150,000	0	0	0	0
£150,001-£200,000	0	0	0	0
>£200,000	0	0	0	0
<b>Total number of exit packages by type (total cost)</b>	<b>3 (£68,000)</b>	<b>7 (£25,000)</b>	<b>10 (£93,000)</b>	<b>0</b>

# 12 Annual account 2013/14

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 at Appendix 1:

- Summary Financial Statements
- Annual Governance Statement
- Directors Statements
- Independent Auditors 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).

## 12.1 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.FOIRRequests@nhs.net](mailto:ruh-tr.FOIRRequests@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

## 12.2 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 year, the external auditor was paid £107,076 including VAT for their work (2012/13: £103,107). 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 2013/14, 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.

## 12.3 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.

## 12.4 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.

## 12.5 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.

## 12.6 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.

## 12.7 Staff sickness absence

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

Table  
16

	2013/14	2012/13
Total days lost	29,411	26,775
Total staff years <sup>1</sup>	3,441	3,300
Average working days lost <sup>2</sup>	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 2012 and 31 December 2013 and are used as approximations of the information related to the financial years.

## 12.8 NHS Trust Manual for Accounts

The operating and financial review has been prepared in accordance with the NHS Trust Manual for Accounts for 2013/14, as directed by the Secretary of State.

# 13

## Directors' interests

**Table  
17**

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	Chairman of Walk the Walk
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)
Thompson	Francesca	Director of Nursing	No interest currently declared
Truelove	Sarah	Director of Finance & Deputy Chief Executive	Married to the Chief Finance Officer for Wiltshire Clinical Commissioning Group  School Governor - The Corsham School
Sullivan	Nigel	Non-Executive Director	Director of West Four Apartments Management Company Ltd

# Appendix 1

## 1

### Introduction

The NHS 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.

## 2

### Scope of responsibility

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

The NHS Trust Development Authority (TDA), Clinical Commissioning Groups (CCGs) and the Trust have worked closely in 2013/14 and the Trust's performance is reviewed by the TDA and the CCGs on a regular basis.

## 3

### 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 six standing sub-committees. In addition the Board reserves certain decision making powers including, decisions on strategy and budget setting. The diagram below gives an overview of the integrated governance structure.

Figure 2



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 review, 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.

## 3.1

### 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.

## 3.2

### The Board of Directors

The Board of Directors meets monthly. The dates of the meetings are published on the Trust's 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 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, Patient Advice and Liaison Service contacts, complaints and serious incidents.

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:

Chairman (Brian Stables)	Attended 11 of 11
Non-Executive Director (Moira Brennan)	Attended 11 of 11
Non-Executive Director (Joanna Hole)	Attended 10 of 11
Non-Executive Director (Michael Earp)	Attended 9 of 11
Non-Executive Director (Nicholas Hood)	Attended 6 of 11
Non-Executive Director (Nigel Sullivan)	Attended 9 of 11
Chief Executive (James Scott)	Attended 10 of 11
Medical Director (Tim Craft)	Attended 10 of 11
Director of Nursing (Helen Blanchard)	Attended 7 of 7
Director of Nursing (Acting) (Mary Lewis)	Attended 4 of 4
Chief Operating Officer (Francesca Thompson)	Attended 10 of 11
Director of Finance (Sarah Truelove)	Attended 9 of 9
Director of Finance (Catherine Phillips)	Attended 2 of 2
Director of Estates and Facilities*	Attended 10 of 11
Director of Human Resources* (Lynn Vaughan)	Attended 3 of 3
Interim Director of Human Resources* (Krystyna Ruszkiewicz)	Attended 1 of 2
Director of Human Resources* (Claire Buchanan)	Attended 6 of 6
Commercial Director* (Jocelyn Foster)	Attended 10 of 11

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

The key Board sub-committees are described as follows. The attendance record for each member is also indicated.

### 3.3

## Management Board

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

Chief Executive (Chair) (James Scott)	Attended 11 of 12
Chief Operating Officer (Francesca Thompson)	Attended 8 of 12
Commercial Director (Jocelyn Foster)	Attended 11 of 12
Medical Director (Tim Craft)	Attended 12 of 12
Associate Medical Director for Quality Improvement (Dr Carol Peden)	Attended 5 of 12
Director of Nursing (Acting) (Mary Lewis)	Attended 4 of 4
Assistant Director of Nursing – Quality and Patient Safety (Mary Lewis)	Attended 5 of 6
Director of Nursing (Helen Blanchard)	Attended 7 of 7
Director of Human Resources (Lynn Vaughan)	Attended 3 of 3
Director of Human Resources (interim) (Krystyna Ruszkiewicz)	Attended 2 of 3
Director of Human Resources (Claire Buchanan)	Attended 5 of 6
Director of Finance (Catherine Phillips)	Attended 2 of 3
Director of Finance (Sarah Truelove)	Attended 7 of 9
Director of Estates and Facilities (Howard Jones)	Attended 10 of 12
Head of Division – Medicine (Dr William Hubbard)	Attended 8 of 12
Head of Division – Surgery (Monical Baird)	Attended 9 of 12
Divisional Manager – Medicine (Clare O’Farrell)	Attended 10 of 12

Divisional Manager - Surgery (Suzanne Wills)	Attended 8 of 12
Assistant Director of Nursing – Medicine (Jo Miller)	Attended 5 of 5
Assistant Director of Nursing – Patient Safety/Infection Prevention Control (Jo Miller)	Attended 5 of 7
Assistant Director of Nursing – Medicine (Acting) (Mandy Rumble)	Attended 5 of 5
Assistant Director of Nursing – Surgery (Sharon Bonson)	Attended 10 of 12
Assistant Director of Nursing – Workforce (Maria Wallen)	Attended 5 of 12
Director of Research and Development* (Mark Tooley)	Attended 11 of 12
Director of Post Graduate Medical Education* (Adam Malin)	Attended 10 of 12
Chief Pharmacist (Regina Brophy)	Attended 12 of 12
Head of Business Development (Jane Rowland)	Attended 12 of 12
Chief Information Officer (Janina Cross)	Attended 5 of 12
Programme Management Office Lead (John Halsted)	Attended 5 of 7
QIPP Programme Manager (Hester McLain)	Attended 4 of 5

\*The Director of Post Graduate Medical Education and Director of Research and development are not required to attend every meeting.

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.

## 3.4

### 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 as may be identified.

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

Membership of this Committee includes:

Non-Executive Director (Joanna Hole) (Chair)	Attended 5 of 5
Non-Executive Director (Nigel Sullivan)	Attended 2 of 5
Director of Human Resources (Lynn Vaughan) (Lead Executive)	Attended 1 of 1
Director of Human Resources (Krystyna Ruskiewicz)	Attended 0 of 1
Director of Human Resources (Claire Buchanan) (Lead Executive)	Attended 2 of 3
Director of Facilities and Estates (Howard Jones)	Attended 5 of 5
Chief Operating Officer (Francesca Thompson)	Attended 2 of 5
Commercial Director (Jocelyn Foster)	Attended 4 of 5
Trust Secretary (Julie Hill)	Attended 5 of 5

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.

## 3.5

### 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:

Non-Executive Director (Michael Earp) (Chair)	Attended 3 of 4
Non-Executive Director (Nicholas Hood)	Attended 1 of 4
Director of Nursing (Mary Lewis) (Lead Executive)	Attended 1 of 1
Director of Nursing (Helen Blanchard) (Lead Executive)	Attended 2 of 3
Medical Director (Tim Craft)	Attended 4 of 4
Associate Medical Director for Quality Improvement (Dr Carol Peden)	Attended 1 of 4
Trust Secretary (Julie Hill)	Attended 3 of 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

## 3.6

### Joint committee meetings

During 2013/14 the Non-Clinical Governance Committee and Clinical Governance Committee held two joint meetings. The purpose of the joint meetings was to seek assurance of key systems and processes which impact on both non-clinical and clinical areas. These reviews included: the Quality, Innovation, Productivity and Prevention (QIPP) programme and the Trust's Central Alerting System process.

## 3.7

### 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).

Non-Executive Director – Moira Brennan (Chair)	Attended 4 of 4
Non-Executive Director – Michael Earp	Attended 4 of 4
Non-Executive Director – Joanna Hole	Attended 4 of 4

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
- Director of Finance
- Board of Directors 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. 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.

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 Risk Management system operating within the Trust is robust and effective. To do this the Committee will test the system through Internal Audit Review, as well as corporate and operational review.

## **3.8**

### **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.

Chairman (Brian Stables)	Attended 2 of 2
Non-Executive Director (Moirá Brennan)	Attended 2 of 2
Non-Executive Director (Joanna Hole)	Attended 2 of 2
Non-Executive Director (Michael Earp)	Attended 1 of 2
Non-Executive Director (Nigel Sullivan)	Attended 2 of 2
Non-Executive Director (Nick Hood)	Attended 1 of 2

## 3.9

### 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 principle 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 Director of Finance. The committee meets quarterly.

Independent Trustee (Roger Newton)	Attended 4 of 4
Non-Executive Director (Moirá Brennan)	Attended 3 of 4
Non-Executive Director (Brian Stables)	Attended 3 of 4
Director of Nursing (Helen Blanchard)	Attended 0 of 3
Acting Director of Nursing (Mary Lewis)	Attended 1 of 1
Director of Finance (Sarah Truelove)	Attended 4 of 4

## 3.10

### 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.

## 4

### 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 short-fall against the expected standards.

## 5

### Governance changes during the year

There have been no significant governance changes implemented during the year. 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 Board of Directors reviewed the membership and terms of reference of the Management Board in February 2014 and agreed with effect from April 2014, the membership of the Management Board would be reduced. The revised membership will be: the Executive Team, the Heads of Division, Assistant Directors of Nursing and Divisional Managers. The structure of the meetings would also change to allow more time for strategic discussion and debate.

## 6

### 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 and the Shadow Council of Governors held a joint away session in

December 2013 as part of the Trust's strategic planning process. The Shadow Council of Governors and the Non-Executive Directors held a joint away day session in March 2014 to discuss their respective roles and responsibilities which was facilitated by the Foundation Trust Network.

## 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 for 2013/14 and has determined that the Board of Directors is operating at a satisfactory level. This is supported by the following evidence:

- The Trust's performance has been rated as Performing for 2013/14 as measured against the NHS Trust Development Authority's (TDA) Accountability Framework 2013/14. 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;
- An Internal Audit Report on Performance Management (January 2014) concluded that the "Trust has thorough procedures to validate and monitor patient waiting times".
- The Trust has achieved its planned financial surplus for 2013/14;
- The Trust achieved 99% delivery of financial savings from the Quality, Innovation, Prevention and Productivity Programme (QIPP) in 2013/14, alongside delivery of improved outcomes for patients, improved flow within the Trust and efficiency and productivity savings;
- 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. The Trust has recruited over 7,000 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 Care Quality Commission (CQC) undertook an unannounced inspection of the Trust in June 2013 and found that the Trust was not compliant with five of the CQC's standards. These standards were:
  - Respecting and involving people who use services (Outcome 1)
  - Care and Welfare of people who use services (Outcome 4)
  - Safeguarding people who use services from abuse (Outcome 7)
  - Assessing and monitoring the quality of service provision (Outcome 16)
  - Records (Outcome 21). The CQC issued a warning notice in respect of Records.
- Following the CQC's visit, the Trust implemented an action plan to address the CQC's concerns;

- 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 is subject to regular inspection by a number of other regulators including the Health and Safety Executive, the Medicines and Healthcare Products Regulatory Agency and the Human Tissue Authority. 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 the Quality Governance Framework. The Trust commissioned KPMG to conduct an independent assessment and the outcome of their review was reported to the Board of Directors meeting in April 2014.

## 8

### 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:

**Table  
18**

Appraisee	Appraiser
Chairman	TDA
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 2013/14 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.

## 9

### 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;
- 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 March 2014 and up to the date of approval of the annual report and accounts.

## 10

### Capacity to handle risk

I have overall responsibility for all risks. A nominated lead Director, the Director of Nursing, 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 and 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.

Incidents are dealt with as per the process identified in the Incident Reporting and Management Policy and Procedure; including the Management of Serious Untoward Incidents. All serious incidents are now included as part of the Board of Directors' monthly Quality Report. In February 2014, the Trust started work on implementing its Incident Reporting Project: "Becoming a Safer Organisation through Increased Reporting and Learning from Harm". The aim of the project is to provide a transparent process by which patient safety incidents and near misses are recorded, investigated in a timely way and the learning disseminated effectively and speedily across all relevant departments and services.

## 11

## The Risk and Control Framework

### 11.1

### 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.

Risks outside the remit of the Trust's local governance groups are entered onto the Risk Register and are reviewed by an appropriate operational management groups, which includes the Management Board and Divisional Boards. 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.

### 11.2

### 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 2013/14. Following the publication of the CQC's report of their June inspection visit in October 2013, the Board of Directors agreed to include a new risk on the Board Assurance Framework: "The CQC judges that the Trust is non-compliant with its standards which could put patients at risk of poor quality care and lead to damage to the Trust's reputation and its ability to gain foundation trust status".

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.

The Board of Directors agreed in November 2013 that the format of the Board Assurance Framework was overly complicated. The Trust's internal auditors compared the format of the Board Assurance Framework as part of their audit of the Trust's Risk Management process and also concluded that it was a more complex document than other trusts they reviewed, as the information was held within three separate tables. The Board of Directors approved a new simpler Board Assurance Framework template at its meeting in January 2014.

Internal Audit reviewed the Trust's risk management arrangements twice during the year.

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.

## 11.3

### 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.

Due to extreme pressures from non-elective and urgent care being experienced, the Trust invited in the Emergency Intensive Support Team (ECIST) in March 2013 to review the Trust's internal processes in relation to urgent care and patient flow. A report and action plan was subsequently developed and an on-going programme of work with the ECIST has recently been successfully concluded.

The Trust's Urgent Care Programme Board was responsible for delivering the action plan and reporting on progress to both the Management Board and the Board of Directors. In addition to the internal review work undertaken, the Trust has worked with ECIST and the whole health and social care community to review urgent care systems and processes. Urgent Care Boards are now in place across both Bath and North East Somerset and Wiltshire to monitor and ensure delivery of the work programmes.

## 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 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.

# 12

## Internal audit reports

The Trust's Internal Auditors' Annual Report 2013/14 concluded that the Trust's core financial systems, risk management and the QIPP programme generally demonstrated an improvement in the effectiveness of control when compared to the previous year.

In the course of the annual audit programme of work, the Trust's Internal Auditors conducted a review of patients' property and identified this as a critical risk area for the Trust in October 2013. The Internal Auditor's conducted a follow up and their March 2014 report highlighted a number of measures that the Trust had put in place to address the findings from the October 2013 report including:

- Updating the Patient's Property and Valuables Policy
- Undertaking a full audit of items held in the safe
- Implementing a uniquely identifiable sealed bag storage system
- Implementing a policy for the regular change of combination of the safe
- Moving all unsecured patient property items to the safe.

The Internal Audit follow up report identified further areas for improvement and reduced the report classification from "critical" to "high risk".

The Internal Auditors conducted a review of Medical Records and concluded that this was a high risk area for the Trust because they found that medical records were not always available when required and this was leading to cancellation of appointments with resulting additional cost, delay and potential frustration to the patient. The Internal Auditors found that the problem occurred particularly where records were held outside of the Medical Records Library. As mentioned in section 11.3, 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 Internal Auditors' reviews of the following areas also produced a high risk rating:

- Performance Management – the review focussed on the accuracy of reported clinical data and identified some errors in the data, which although they were not material, had the potential to be so.
- Research and Development – the review noted inaccuracies in the approach to costing and billing research activity.
- Human Resources – the review identified concerns that junior doctors were not recording their sickness absence.

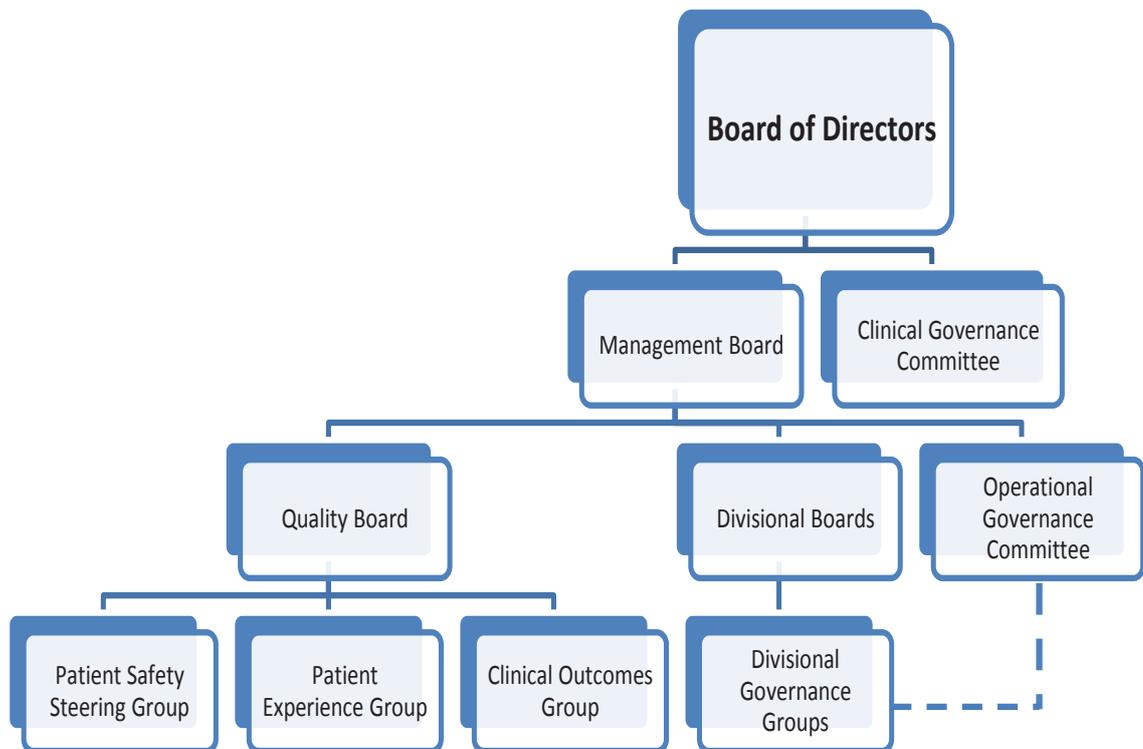
# 13

## 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

Figure 3



roles are as follows:

- The Board of Directors approved the Quality Improvement Strategy in November 2010 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, including the Trust's progress towards achieving the aims of the five year NHS South West Quality and Patient Safety Improvement Programme;
- The Quality Board, which is accountable to the Management Board, has responsibility to formulate 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. Areas identified from the CQC Quality and Risk Profile and internal reviews as requiring improvement will inform the Quality Work Plan.

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.

## 14

### Quality Accounts 2013/14

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 2013/14 and to identify the Quality Priorities for 2014/15, including staff, shadow 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.

## 15

### 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 two 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.

## 16

### 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.

In 2013/14 the Trust achieved a compliance score of 91% against the Information Governance Toolkit, Version 11. The Trust achieved at least the minimum required level 2 in all 45 of the requirements. In summary, this means that the Trust is compliant with the Information Governance Toolkit's requirements relating to the following areas:

- Information governance management
- Confidentiality and Data Protection Assurance
- Information Security Assurance
- Clinical Information Assurance
- Secondary Use Assurance
- Corporate Information Assurance

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 year 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 was one Information Governance Serious Incident Requiring Investigation (SIRI) incident reported to the Trust which was reported to the Department of Health and the Information Commissioners Office. There were 35 level 1 information governance incidents in 2013/14 relating to data:

- Disclosed in error (15)
- Lost in transit (3)
- Near miss incidents involving lost or stolen paperwork, or inappropriate security (15)
- Unauthorised access/disclosure (1)
- Other (1)

17

## 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;
- Internal Audit reports;
- External Audit reports;
- Auditors' Value for Money Assessment;
- CQC planned and responsive inspections;
- Clinical audits;
- Patient and staff surveys;
- Friends and Family Test;
- Benchmarking information.

I have been advised on the implications of the results of my review of the effectiveness of the system of internal 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 ongoing process to assess compliance with the CQC's Essential standards of quality and safety, which includes regular review of the CQC's Quality and Risk Profile 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.

In 2013/14, 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 be monitored throughout 2014/15.

The Board of Directors has a vital role in ensuring that the Trust has an effective system of internal control. 2013/14 has seen further improvements in the system of internal control, building on the work of previous years. 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:**

A handwritten signature in blue ink, appearing to read 'James Scott', with a stylized flourish at the end.

**Date:** 28 May 2014

# Appendix 2 – Summary financial statements

## Table 19

### Statement of Comprehensive Income

<b>Trust and Group Statement of Comprehensive Income for year ended 31 March 2014</b>				
	<b>Trust</b>		<b>Group</b>	
	<b>2013-14 (£k)</b>	<b>2012-13 (£k)</b>	<b>2013-14 (£k)</b>	<b>2012-13 (£k)</b>
Gross employee benefits	(149,734)	(142,010)	(149,734)	(142,010)
Other operating costs	(80,932)	(77,636)	(81,595)	(78,433)
Revenue from patient care activities	222,950	215,568	222,950	215,568
Other Operating revenue	17,995	18,017	22,646	18,896
Operating surplus/(deficit)	10,279	13,939	14,267	14,021
Investment revenue	40	38	135	121
Other gains and (losses)	(35)	19	48	184
Finance costs	(151)	(461)	(151)	(461)
Surplus/(deficit) for the financial year	10,133	13,535	14,299	13,865
Public dividend capital dividends payable	(4,999)	(4,914)	(4,999)	(4,914)
<b>Retained surplus/(deficit) for the year</b>	<b>5,134</b>	<b>8,621</b>	<b>9,300</b>	<b>8,951</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
	<b>2013-14 (£k)</b>	<b>2012-13 (£k)</b>	<b>2013-14 (£k)</b>	<b>2012-13 (£k)</b>
Impairments and reversals taken to the Revaluation Reserve	0	(2,391)	0	(2,391)
Net gain/(loss) on revaluation of property, plant & equipment	5,787	0	5,787	0
<b>Total Comprehensive Income for the year*</b>	<b>10,921</b>	<b>6,230</b>	<b>15,087</b>	<b>6,560</b>
<b>FINANCIAL PERFORMANCE FOR THE YEAR</b>				
Retained surplus/(deficit) for the year	5,134	8,621	9,300	8,951
Impairments (excluding IFRIC 12 impairments)	0	533	0	533
Adjustments in respect of donated gov't grant asset reserve elimination	72	86	(453)	(559)
<b>Adjusted retained surplus/(deficit)</b>	<b>5,206</b>	<b>9,240</b>	<b>8,847</b>	<b>8,925</b>

The adjustments made to accounting outturn to arrive at reported performance include £747,000 donated income with respect to capital purchases and £881,000 depreciation for donated assets

# Table 20

## Statement of Financial Position

Trust and Group Statement of Financial Position as at 31 March 2014					
	Trust		Group		
	31 March 2014 £k	31 March 2013 £k	31 March 2014 £k	31 March 2013 £k	1 April 2012 £k
<b>NON-CURRENT ASSETS:</b>					
Property, plant and equipment	171,929	159,390	171,929	159,390	161,971
Intangible assets	844	947	844	947	638
Other Investments - Charitable			6,032	1,936	1,748
Trade and other receivables	1,371	1,532	1,371	1,532	1,584
<b>Total non-current assets</b>	<b>174,144</b>	<b>161,869</b>	<b>180,176</b>	<b>163,805</b>	<b>165,941</b>
<b>CURRENT ASSETS:</b>					
Inventories	4,295	3,701	4,295	3,701	3,296
Trade and other receivables	15,154	10,678	14,825	10,699	11,817
Other current assets	0	0	0	0	33
Cash and cash equivalents	9,198	10,697	10,493	11,566	6,878
<b>Total current assets</b>	<b>28,647</b>	<b>25,076</b>	<b>29,613</b>	<b>25,966</b>	<b>22,024</b>
<b>Total assets</b>	<b>202,791</b>	<b>186,945</b>	<b>209,789</b>	<b>189,771</b>	<b>187,965</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	(18,664)	(14,078)	(18,753)	(14,161)	(15,128)
Provisions	(1,331)	(2,011)	(1,331)	(2,011)	(1,904)
Borrowings	(90)	(185)	(90)	(185)	(103)
Other financial liabilities	0	0	0	0	(1,900)
Capital loan from Department	(990)	(990)	(990)	(990)	(590)
<b>Total current liabilities</b>	<b>(21,075)</b>	<b>(17,264)</b>	<b>(21,164)</b>	<b>(17,347)</b>	<b>(19,625)</b>
<b>Net current assets/(liabilities)</b>	<b>7,572</b>	<b>7,812</b>	<b>8,449</b>	<b>8,619</b>	<b>2,399</b>
<b>Non-current assets plus/less net current assets/liabilities</b>	<b>181,716</b>	<b>169,681</b>	<b>188,625</b>	<b>172,424</b>	<b>168,340</b>
<b>NON-CURRENT LIABILITIES</b>					
Provisions	(2,076)	(2,236)	(2,076)	(2,236)	(2,627)
Borrowings	(126)	(190)	(126)	(190)	(309)
Capital loan from Department	(6,935)	(7,925)	(6,935)	(7,925)	(5,315)
<b>Total non-current liabilities</b>	<b>(9,137)</b>	<b>(10,351)</b>	<b>(9,137)</b>	<b>(10,351)</b>	<b>(8,251)</b>
<b>Total Assets Employed:</b>	<b>172,579</b>	<b>159,330</b>	<b>179,488</b>	<b>162,073</b>	<b>160,089</b>
<b>FINANCED BY: TAXPAYERS' EQUITY</b>					
Public Dividend Capital	139,685	137,356	139,685	137,356	137,356
Retained earnings	(8,671)	(15,651)	(8,671)	(15,651)	(25,423)
Revaluation reserve	41,565	37,625	41,565	37,625	41,167
Charitable Funds Reserve - Restricted	0	0	5,668	1,587	1,275
Charitable Funds Reserve - Unrestricted	0	0	1,241	1,156	1,114
Other reserves	0	0	0	0	0
<b>Total Taxpayers' Equity</b>	<b>172,579</b>	<b>159,330</b>	<b>179,488</b>	<b>162,073</b>	<b>155,489</b>

# Table 21

## Statement of Cash Flows

<b>Trust and Group Statement of Cash Flows for the year ended 31 March 2014</b>				
	<b>Trust</b>		<b>Group</b>	
	2013-14 (£k)	2012-13 (£k)	2013-14 (£k)	2012-13 (£k)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating Surplus/(Deficit)	10,279	13,939	14,267	14,021
Depreciation and Amortisation	9,031	9,030	9,031	9,030
Impairments and Reversals	0	533	0	533
Donated Assets received credited to revenue but non-cash	(560)	(703)	(560)	(703)
Interest Paid	(134)	(439)	(134)	(439)
Dividend (Paid)/Refunded	(5,011)	(5,057)	(5,011)	(5,057)
(Increase)/Decrease in Inventories	(594)	(405)	(594)	(405)
(Increase)/Decrease in Trade and Other Receivables	(4,315)	(218)	(3,956)	(235)
(Increase)/Decrease in Other Current Assets	0	33	0	33
Increase/(Decrease) in Trade and Other Payables	4,781	(962)	4,787	(1,052)
Provisions Utilised	(647)	(835)	(647)	(835)
Increase/(Decrease) in Provisions	(210)	1,477	(210)	1,477
NHS Charitable Funds - net adjustments for working capital movements, non-cash transactions and non-operating cash flows			73	84
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>12,620</b>	<b>16,393</b>	<b>17,046</b>	<b>16,452</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	40	38	40	38
(Payments) for Property, Plant and Equipment	(15,203)	(7,714)	(15,203)	(7,714)
(Payments) for Intangible Assets	(183)	(468)	(183)	(468)
(Payments) for Other Financial Assets	0	0	(4,000)	0
Proceeds of disposal of assets held for sale (PPE)	35	19	35	19
NHS Charitable Funds - net cash flows relating to investing activities			0	0
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>	<b>(15,311)</b>	<b>(8,125)</b>	<b>(19,311)</b>	<b>(8,125)</b>
<b>Net cash inflow/(outflow) before financing</b>	<b>(2,691)</b>	<b>8,268</b>	<b>(2,265)</b>	<b>8,327</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Public Dividend Capital Received	2,329	0	2,329	0
Loans received from DH - New Capital Investment Loans	0	4,000	0	4,000
Loans repaid to DH - Capital Investment Loans Repayment of Principal	(990)	(990)	(990)	(990)
Loans repaid to DH - Revenue Support Loans	0	(6,500)	0	(6,500)
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT	(147)	(149)	(147)	(149)
NHS Charitable Funds - net cash flows relating to Financing activities				
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>	<b>1,192</b>	<b>(3,639)</b>	<b>1,192</b>	<b>(3,639)</b>
<b>CASH AND CASH EQUIVALENTS</b>				
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period	10,697	6,068	11,566	6,878
Cash and Cash Equivalents (and Bank Overdraft) at year end	9,198	10,697	10,493	11,566
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,499)</b>	<b>4,629</b>	<b>(1,073)</b>	<b>4,688</b>

# Table 22

## Statement of Taxpayers' Equity

<b>Trust and Group Statement of Changes in Taxpayers' Equity for the year ended 31 March 2014</b>						
<b>Trust</b>	<b>Public Dividend capital £k</b>	<b>Retained earnings £k</b>	<b>Revaluation reserve £k</b>	<b>Other reserves £k</b>	<b>Total reserves £k</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 2013-14</b>						
Retained surplus/(deficit) for the year		5,134			5,134	
Net gain / (loss) on revaluation of property, plant, equipment			5,787		5,787	
Transfers between reserves		1,847	(1,847)	0	0	
Transfers under Modified Absorption Accounting - PCTs & SHAs		(1)			(1)	
Transfers under Modified Absorption Accounting - Other Bodies		0			0	
Reclassification Adjustments						
New PDC Received - Cash	2,329				2,329	
Charitable Funds Adjustment						
Net recognised revenue/(expense) for the year	2,329	6,980	3,940	0	13,249	
<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>	
<b>Balance at 1 April 2012</b>	<b>137,356</b>	<b>(25,423)</b>	<b>41,167</b>	<b>0</b>	<b>153,100</b>	
<b>CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2013</b>						
Retained surplus/(deficit) for the year		8,621			8,621	
Impairments and reversals			(2,391)		(2,391)	
Transfers between reserves		1,151	(1,151)	0	0	
Reclassification Adjustments						
Charitable Funds Adjustment						
Net recognised revenue/(expense) for the year	0	9,772	(3,542)	0	6,230	
<b>Balance at 31 March 2013</b>	<b>137,356</b>	<b>(15,651)</b>	<b>37,625</b>	<b>0</b>	<b>159,330</b>	
<b>Group</b>	<b>Public Dividend capital £k</b>	<b>Retained earnings £k</b>	<b>Revaluation reserve £k</b>	<b>Charitable Funds Reserve £k</b>	<b>Other reserves £k</b>	<b>Total reserves £k</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 2013-14</b>						
Retained surplus/(deficit) for the year		5,134				5,134
Net gain / (loss) on revaluation of property, plant, equipment			5,787			5,787
Transfers between reserves		1,847	(1,847)		0	0
Transfers under Modified Absorption Accounting - PCTs & SHAs		(1)				(1)
Transfers under Modified Absorption Accounting - Other Bodies		0				0
Reclassification Adjustments						
New PDC Received - Cash	2,329					2,329
Charitable Funds Adjustment				4,167		4,167
Net recognised revenue/(expense) for the year	2,329	6,980	3,940	4,167	0	17,416
<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>
<b>Balance at 1 April 2012</b>	<b>137,356</b>	<b>(25,423)</b>	<b>41,167</b>	<b>2,389</b>	<b>0</b>	<b>155,489</b>
<b>CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2013</b>						
Retained surplus/(deficit) for the year		8,621				8,621
Impairments and reversals			(2,391)			(2,391)
Transfers between reserves		1,151	(1,151)		0	0
Reclassification Adjustments						
Charitable Funds Adjustment				354		354
Net recognised revenue/(expense) for the year	0	9,772	(3,542)	354	0	6,584
<b>Balance at 31 March 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>

## Appendix 3 – Statement of the Chief Executive’s responsibility as the accountable officer of the Trust

The Secretary of State has directed that the Chief Executive should be the Accountable Officer to the Trust. The relevant responsibilities of Accountable Officers are set out in the Accountable Officers’ Memorandum issued by the Department of Health. These include ensuring that:

- There are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance;
- Value for money is achieved from the resources available to the Trust;
- The expenditure and income of the trust has been applied to the purposes intended by Parliament and conform to the authorities 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.



28 May 2014

James Scott, Chief Executive

# Appendix 4 – Statement of Directors’ responsibility 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



28 May 2014

James Scott, Chief Executive



28 May 2014

Sarah Truelove, Deputy Chief Executive & Director of Finance

# Appendix 5 – Independent Auditors’ 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 year ended 31 March 2014 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 Trust and Group Statement of Cash Flows, the Trust and Group Statement of Changes in Taxpayers' Equity 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 pages 34 to 37;
- The table of pension benefits of senior managers [and related narrative notes] on page 38 and 39;
- The table of pay multiples [and related narrative notes] on page 40.

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 opinions we have formed.

## **Respective responsibilities of Directors and auditors**

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 miss-statement, 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 Trust; 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 Management Commentary, Sustainability Report, Information on Social and Community Issues and Directors’ 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 Bath NHS Trust as at 31 March 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 as at 31 March 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 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.

### **Conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources**

#### **Respective responsibilities of the Trust and auditors**

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires

us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2013, as to whether the Trust has proper arrangements for:

- securing financial resilience;
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

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

### **Conclusion**

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2013, we are satisfied that in all significant respects Royal United Hospital Bath NHS Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014.

### **Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to provide assurance over the Trust's annual quality account. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

**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**

**4 June 2014**

## Appendix 6 – 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.

<b>Term</b>	<b>Definition</b>
Liabilities	A balance which represents an expected future financial out-flow 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,  
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### **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  
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