Royal United Hospitals Bath
NHS Foundation Trust

Annual Report and Accounts

2016/2017

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

Contents

Message from the Chairman and Chief Executive

We are pleased to present our Annual Report and Accounts for the year 2016/17. Our values, developed in conjunction with staff, patients and carers, continue to be at the heart of everything we do – everyone matters, working together, making a difference. This report shares some of our achievements, and by 'our' we mean all our staff throughout the organisation, whether on the frontline providing care, behind the scenes supporting clinical services or those who keep our Trust functioning day and night, who patients might never meet but who nevertheless play a vital role in ensuring the RUH can continue to provide high quality care and the best possible experience for those who need our help.

The NHS continues to face significant challenges including an aging population and increasing demand on services. Like many Trusts, throughout 2016/17 we continued to experience periods of heightened pressure for our urgent and emergency services. We know that we can't look at the challenges faced by our Emergency Department in isolation from the rest of the health and social care system, and we continue to work closely with our health and social care partners to look at ways to improve this situation.

Against this backdrop, 95% of patients attending our A&E were assessed within eight minutes, and we remained one of the top performing Trusts in the region in ensuring a swift handover between ambulance and A&E staff; meaning patients arriving by ambulance are brought in quickly and ambulance crews are freed up to respond to 999 calls.

In August 2016 we were delighted to learn that following a routine inspection, the Care Quality Commission rated the overall care at the RUH as outstanding. The inspection found that patients and their families are involved as partners in their care and empowered and supported to maximise their independence. We recognise there is still more to do and we continue to make good progress to improve our overall rating from 'requires improvement'. Where we demonstrate outstanding practice we have taken steps to share this across the Trust and with others - our ground breaking education campaign to teach staff how to quickly identify and treat the potentially life threatening condition Sepsis was used as a model for acute Trusts across the South West, and short-listed as a finalist in the National Patient Safety Care Awards.

Work continues to transform our site and deliver our ambitious estates redevelopment programme to ensure our Trust is 'Fit for the Future'. We completed our new pharmacy, significantly improving working conditions for staff and creating more appropriate storage, preparation and distribution of medicines. We opened our highly anticipated new 300 space public car park. Looking ahead we're working together with patients, carers and our stakeholders on the design of our new RNHRD and Therapies Centre and Dyson Cancer Centre.

We thank all the volunteers and support groups who give up their time to help and support us, in projects big and small which make a real difference for patients, carers, visitors and staff. A particular highlight this year was the opening of our new £1.2m Positron PET-CT cancer scanner, purchased thanks to money raised by the Bath Cancer Unit Support Group. The new state-of-the-art scanner used in the detection and diagnosis of cancer and dementia, means patients no longer need to travel to Cheltenham to have a scan at a difficult and stressful time.

We welcomed a number of new staff and public governors, who join our Council of Governors in representing our 16,000+ members. Reaching out into the communities they serve, our Governors ensure our members have a voice and can influence the RUH's priorities and future business plans.

We continue to work with our partners to instigate wider healthcare changes via the Sustainability and Transformation Plan (STP). Plans continue to be developed to help our system meet growing demand sustainably whilst maintaining and improving the quality of care delivered.

All in all, it has been another demanding year for the NHS as a whole, despite this we end the financial year with a surplus, and an in strong position to build on the successes of this year.

Brian Stables

Chairman

James Scott

Chief Executive

Performance report

Overview of performance

The following report provides a summary of how the Royal United Hospitals Bath NHS Foundation Trust (RUH) performed against its key targets and objectives from both a financial and operational perspective during 2016/17. Information about the Trust's statutory background, principal activities and future objectives are also outlined below.

<u>Statement from the Chief Executive</u>

2016/17 has been a challenging but successful year for our organisation. Across the wider NHS we have continued to see increasing operational and financial pressure on all hospitals combined with significant change driven by the NHS Five Year Forward View. The RUH has continued to address these challenges and is committed to maintaining high quality services which are productive and efficient. Like many acute trusts, managing increases in emergency demand continued to represent the Trust's main operational and financial challenge in 2016/17, including meeting the four-hour emergency access target. Despite these challenges the RUH has delivered a year-end surplus of £3.6m.

Further information relating to the operational and financial performance of the Trust over the 2016/17 financial year is outlined in the following report.

<u>Principal activities of the Trust</u>

The Royal United Hospitals Bath NHS Foundation Trust is a Public Benefit Corporation which is authorised under the National Health Service Act 2006 to provide goods and services for the purposes of the Health Service in England. It was established as an NHS Trust in 1992 and achieved Foundation status in November 2014.

The Trust provides a range of clinical care, which includes general acute, maternity and emergency services to a core population of approximately 500,000 patients, across Bath and North East Somerset, Wiltshire, Somerset and South Gloucestershire. The acquisition of the Royal National Hospital for Rheumatic Diseases (RNHRD) on 1 February 2015 further expanded the RUH's catchment and portfolio of specialist treatment and rehabilitation activities, attracting patients from other areas of the UK and internationally, particularly for treatment of long-term conditions.

In December 2015, further to a successful tender together with other providers, the RUH became a founding partner in Wiltshire Health and Care, a Limited Liability Partnership (LLP) which from 1 July 2016 became responsible for the delivery of integrated adult community health services across Wiltshire for the next five years.

Together our 5,127 dedicated employees deliver high quality services from our hospital sites and local community settings.

<u>Objectives, risks and issues</u>

Our vision: *To Care. To Innovate. To Inspire.*

Our vision continues to focus us towards leading the way in patient care, with a reputation that's built on excellence – in safety and quality of care, in ground-breaking research and services, in the way we develop our people, in our strong relationships with our partners, and in every patient experience. Across the past two years we have been working towards three broad ambitions:

Offering system leadership: Seeking to role model healthcare excellence and innovation and research, working with colleagues across health and social care to inspire further improvement in patient care.

Developing seamless services without physical or mental barriers: Working together across our organisation and with other partners to deliver and support the highest quality care - when and where it's needed. Seeking to give every patient a high quality and consistent healthcare experience whether it takes place in their homes, the community or in our hospitals.

Being the provider which our community would choose to have: Patients, employees, healthcare professionals and partners always being able to rely on our excellent service.

During the coming year, the details of our strategy and vision for the next few years will be reviewed in line with their natural cycle. Quality patient care and operational excellence will continue to be at their core.

Key objectives in 2017/18 include:
- Addressing our operational performance challenges particularly relating to patient flow through the hospital;
- Continuing to embed the Trust values and support staff health and wellbeing;
- Delivering the next phase of estate redevelopment including a new RNHRD and Therapies Centre;
- Encouraging cultural change in the adoption of new technology;
- Empowering teams to continue to make quality improvements with a particular focus on falls, infection, acute kidney injury and early warning tools;
- Further improving how we use our resources to remain on a firm financial footing;
- Working with partners across the health system to provide services which are more flexible to patients' needs and sustainable against growing demand.

The Trust faces a number of operational, strategic and financial challenges which could impact on our ability to deliver against these objectives. Principal risks and uncertainties are described in more detail in the Annual governance statement of the Annual Report and include:

- Capacity and focus for the scale and pace of change required both internally and across the wider system in a financially constrained climate;
- Speed and focus of development of wider system capability to prevent ill health and support management of more patients and conditions at home and within the community;
- Ongoing challenges of workforce supply and European labour uncertainties whilst continuing to develop a workforce that is flexible, motivated and resilient to the changing needs and demands facing our health system.

Going concern

The RUH continues to operate in a climate of financial uncertainly within the NHS in England. Whilst there are known risks including the substantial capital programme over the coming five years, the continuing operational pressures, and financial challenges being faced by all organisations across the local health community, there is sufficient evidence to demonstrate that the Trust will remain financially viable for the next 12 months.

The key evidence in support of this is the balanced financial plan for 2017/18 which has been approved by the Board of Directors and submitted to NHS Improvement for review.

After making enquiries, the Directors have a reasonable expectation that the RUH has adequate plans and resources to continue in operational existence for the foreseeable future. For this reason the RUH continues to adopt the going concern basis in preparing the accounts.

Performance analysis

Overview of performance during 2016/17

<u>Operational performance</u>

The Trust produces an integrated balanced scorecard which outlines how it is performing under five domains: Caring, Effective, Responsive, Safe and Well-led. In September 2016, NHS Improvement published the NHS Single Oversight Framework. The Single Oversight Framework does not give a performance assessment in its own right; its aim is to help providers attain, and maintain, Care Quality Commission ratings of 'Good' or 'Outstanding'. The Framework looks at providers across five themes, Quality of care (safe, effective, caring and responsive), Finance and use of resources, Operational performance, Strategic change and Leadership and improvement capability (well-led). The Trust's integrated balanced scorecard has been reviewed against the Single Oversight Framework to ensure that the Trust is focused on all areas affecting performance across these five themes. With the publication of the Single Oversight Framework the RUH has been assigned a governance rating of 2 (out of 4 and where 1 reflects providers with maximum autonomy).

Within the framework Trusts are segmented to help NHS Improvement determine the level of support required. For operational performance Emergency Access standard of four hours and RTT the Trust has been placed into segment 3 (out of 4 as outlined above). Targeted improvement support has been received for the four-hour standard.

The Trust has a well embedded data quality assurance framework in order to ensure a high level of data integrity is maintained, which is led by the Trust's Quality Board.

<u>Four-hour performance</u>

This access standard has continued to be challenging for the RUH and the Trust is clear that support from the wider system will be required to further improve delivery. The RUH has continued to draw upon the expertise and experience from those urgent care and emergency systems coping more effectively in order to inform our improvements and planning. RUH performance during 2016/17 is outlined below:
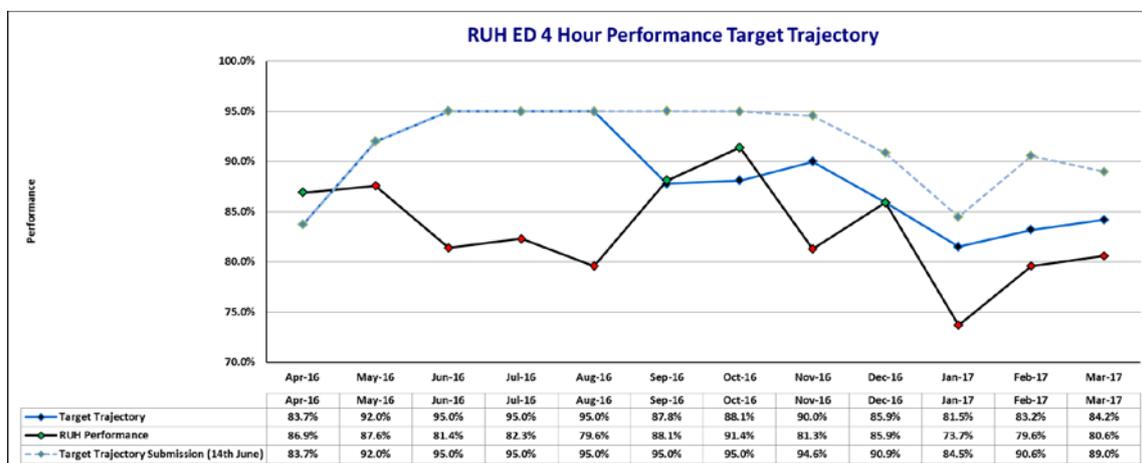
RUH ED 4 Hour Performance Target Trajectory

	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
Target Trajectory	83.7%	92.0%	95.0%	95.0%	95.0%	87.8%	88.1%	90.0%	85.9%	81.5%	83.2%	84.2%
RUH Performance	86.9%	87.6%	81.4%	82.3%	79.6%	88.1%	91.4%	81.3%	85.9%	73.7%	79.6%	80.6%
Target Trajectory Submission (14th June)	83.7%	92.0%	95.0%	95.0%	95.0%	95.0%	95.0%	94.6%	90.9%	84.5%	90.6%	89.0%

We remain committed to delivering safe and high quality care to our patients, and in particular during the periods of heightened pressure within our emergency department. The RUH improvement programme is led by the Urgent Care Collaborative Board which oversees the actions required for further improvement across the system in this area.

Thanks to the hard work of our staff we continue to perform highly on quality aspects of our A&E services; over 95% of patients attending A&E are assessed within eight minutes, and we remain one of the top performing Trusts in the region in ensuring a swift handover between ambulance and A&E staff, meaning patients arriving by ambulance are brought in quickly and ambulance crews are freed up to respond to 999 calls. This performance was sustained during the most challenging period for the hospital during quarter 4.

Percentage of Handovers Over 30 Minutes
6 Mar - 9 Apr 2017

Hospital	Percentage
Bristol Royal Infirmary	9%
Cheltenham General Hospital	5%
Derriford Hospital	8%
Dorset County Hospital	7%
Gloucester Royal Hospital	3%
Great Western Hospital	10%
Musgrove Park Hospital	6%
North Devon District Hospital	6%
Poole Hospital	7%
Royal Bournemouth Hospital	7%
Royal Devon And Exeter Wonford	4%
Royal United Hospital - Bath	1%
Salisbury District Hospital	3%
Southmead Hospital	4%
Torbay Hospital	7%
Treliske Hospital	6%
Weston General Hospital	5%
Yeovil District Hospital	2%
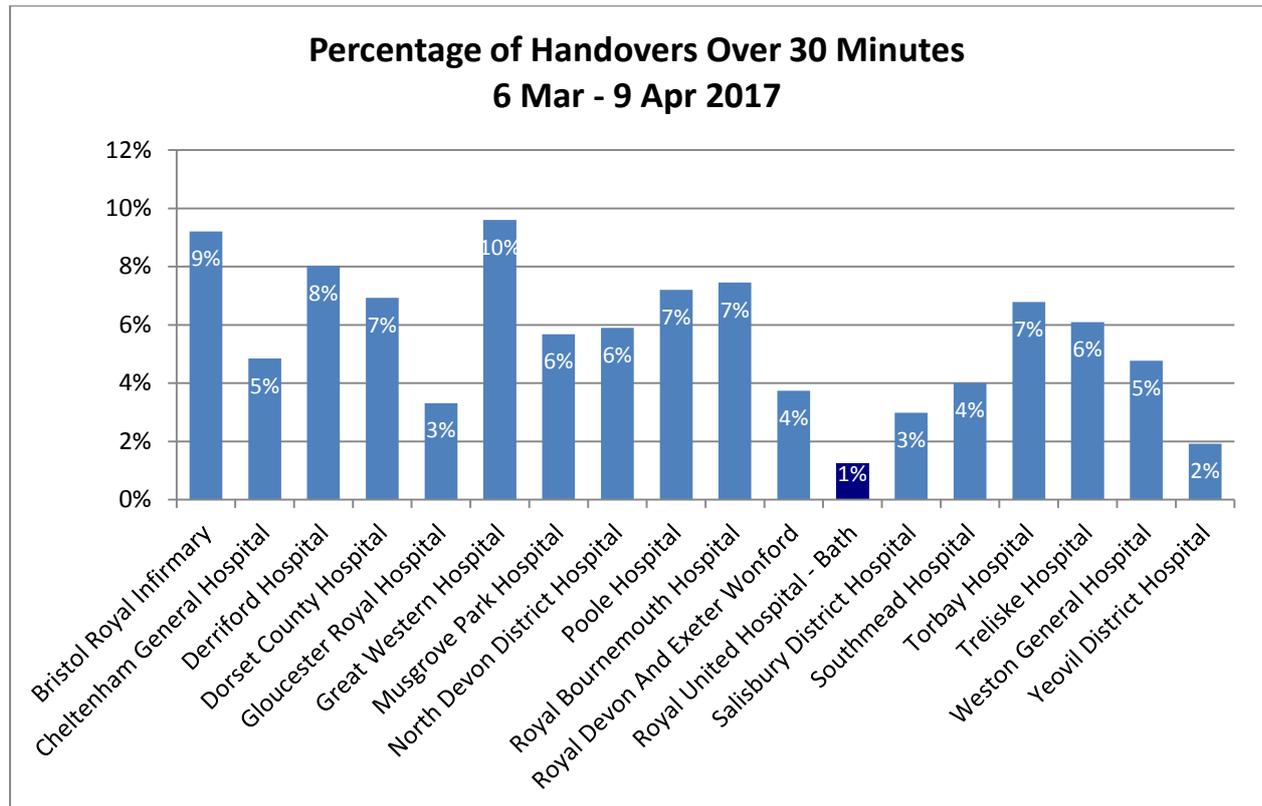
Source: South Western Ambulance Service NHS Foundation Trust data

Patient satisfaction with regard to the care that they receive in our Emergency Department and front-door assessment areas remains high. Our emergency department also continues to perform well against the national Emergency Department clinical indicators and patient survey.

We are proud to be recognised as a pioneering organisation and, following the Trust's participation in a ground-breaking Flow Programme with the Academic Health Science Network, Health Foundation and Sheffield NHS Foundation Trust, completed in September 2016, we have been selected to host the Flow Programme for the South West. This commenced in January 2017 and our learning will be used to launch a wider national programme addressing the quality improvement skillset gap across the NHS workforce.

18-week Referral to Treatment Time (RTT)

We have worked hard to balance emergency and elective care; however, during 2016/17 we have been unable to sustain the delivery of the 18-week elective access standard. This has been due to a

sustained increase in elective demand and the competing demands of emergency care. An improvement trajectory was agreed with Commissioners in June 2016 and performance against this can be seen in the graph below:

RTT Trajectory as per June 16 Submission
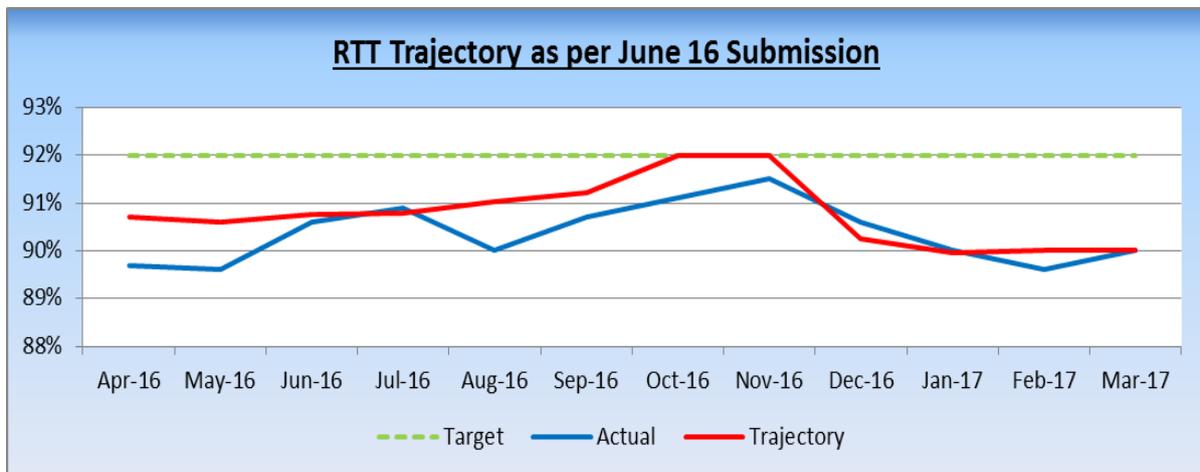
There has also been significant referral growth of patients with a suspected/diagnosed cancer, where urgency of appointment can significantly impact routine elective work, and as a consequence there has been an increase in our backlog beyond planned levels. We have maintained focus on ensuring those patients with the greatest clinical priority are treated first.

During 2016/17 the Trust has detailed, by specialty, the actions that will be taken both internally to increase elective capacity and what is required by the wider system in order to reduce and manage demand more effectively. The Trust has seen significant success with this approach during the year with improvements seen at speciality level for ENT, Dermatology and General Surgery.

Cancer performance

The Trust continues to perform well against the cancer standards with recovery seen in performance against the two-week wait for Breast Symptomatic patients from quarter 2 of 2016/17. Failure to meet this standard as seen in quarter 4 was due to the loss of a Locum Consultant Radiologist. The Associate Medical Director for Cancer Standards is now seeking a cancer network approach to develop a plan for permanent medical cover. To maintain patient safety, across any period when performance has been below the national standard, the waiting list has been kept under close review and screened by specialists in order to ensure that those patients who have a higher risk of malignancy are seen within the two-week standard. During 2016/17 one consultant post has been appointed but performance will continue to be at risk until a permanent plan can be implemented for the second consultant post.

Diagnostics

We recovered performance against the six-week diagnostic maximum wait, delivering the Commissioner agreed improvement trajectory from July 2016. Performance has unfortunately deteriorated from December 2016 with the impact of increased demand for Cardiac diagnostic investigations and the closure to referral of the cardiac MRI service in Bristol. The Trust is focused on supporting an improvement plan within Cardiology to recover performance as early as possible in 2017/18, working closely with Commissioners.

Diagnostic Remedial Action Plan Trajectory

Legend: Waiting > 6 Weeks — Target — Trajectory — Performance
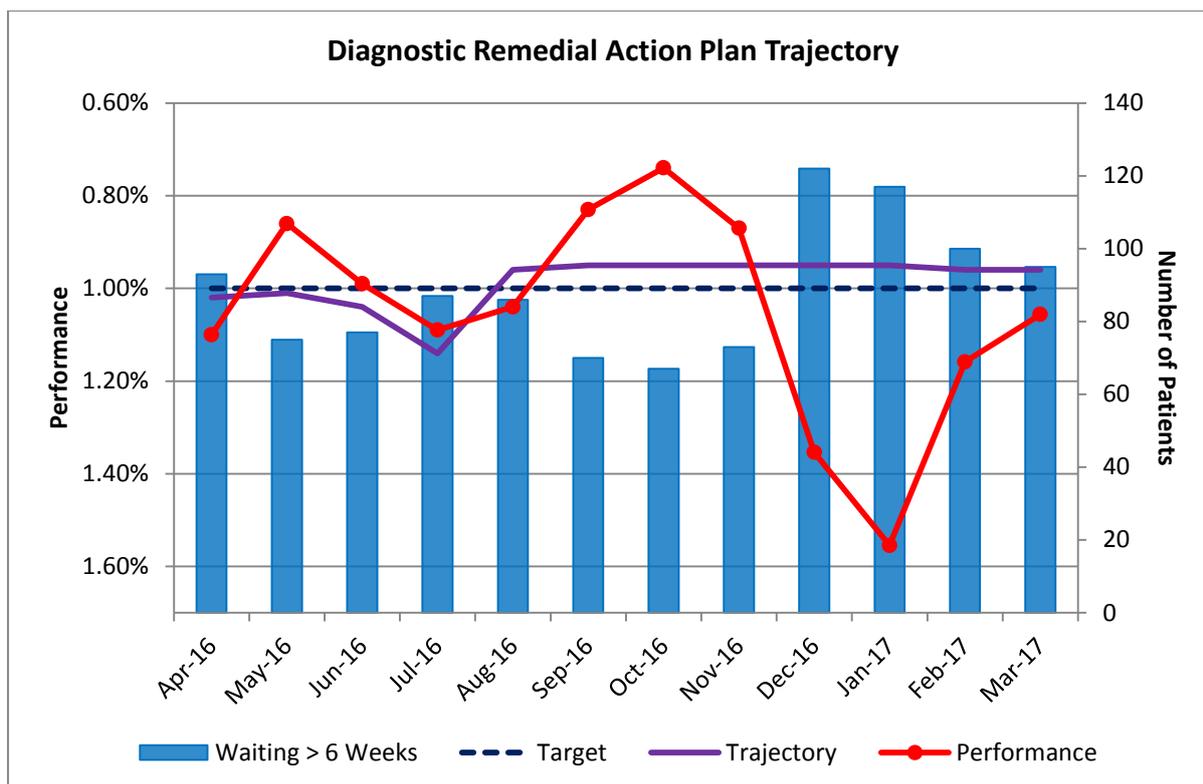
Maternity indicators

The integrated balanced scorecard incorporates the key maternity indicators including the Friends and Family Test, breastfeeding, smoking cessation and midwife to birth ratio. The Trust benchmarks well in the majority of aspects of performance and in particular those metrics relating to the quality and safety of our services. A detailed action plan is in place to help reduce the levels of staff sickness and improvements have continued to be demonstrated during 2017.

Financial performance

Overview

2016/17 represented a significant financial challenge for the NHS as a whole with a focus on stabilising finances, particularly for hospitals. Alongside this the Trust has been working with its partners to instigate wider healthcare changes via the Sustainability and Transformation Plan (STP). Plans continue to be developed to help the Trust meet growing demand and the need to maintain and improve the quality of care delivered for patients.

The NHS recognised the challenges as a whole when it launched the Sustainability and Transformation Fund for 2016/17. For the RUH this meant an allocation of funding of £8.8m towards delivering an overall surplus target of £9.7m (excluding exceptional items). The funding the Trust received was contingent on delivering an improvement in patient access performance. The RUH has performed well this year, and has delivered an overall surplus £11.645m. Included within this surplus was £10.153m Sustainability and Transformation Funds, higher than the original allocation due to the Trust receiving a bonus for exceeding the financial control total.

The statement of comprehensive income shows an overall surplus; however, this position has been impacted by a number of exceptional items including:

- Change in valuation for building impairment of £8.933m;

- Depreciation on donated assets of £0.7m; and
- Charitable income of £0.3m donated from the RUH Charitable funds and £1.3m from the Bath Cancer Unit Support Group donated for the PET-CT scanner.

Adjusting for these exceptional items gives a total reported Trust surplus of £3.6m.

The Trust overall delivered a use of resource metric of a 1 at the year-end (out of 4, where 4 is high risk and 1 is low risk). This continues to highlight the high performance of the Trust in what is a challenging financial environment.

Overall the Trust received more income from its commissioners than 2015/16 and saw significant levels of non-elective activity. Like many hospitals, managing increases in patients admitted in an emergency represented the Trust's main operational and financial challenge during the year, including meeting the A&E four-hour emergency access target.

The table below shows the income and expenditure for the Group (includes NHS charitable funds) compared to previous year:

	2016/17 £m	2015/16 £m
Income	321.7	292.9
Expenditure	(303.8)	(287)
Financing Charges	(4.7)	(5.1)
Surplus before impairments	13.2	0.9
Impairments	(8.9)	(23.5)
Surplus/(Deficit) for the period	4.3	(22.6)

The delivery of cost and quality improvement programmes, which the Trust calls QIPP, was challenging and the Trust delivered £13.6m of the £14.8m planned. The key schemes to deliver this year included:

- Improving patient pathways (£3.5m);
- Workforce redesign (£3.4m);
- Non-pay efficiency programme (£1.6m);
- More efficient use of Estate (£1m);
- Improving non-clinical revenue streams (£0.8m); and
- Drugs (£0.3m).

Capital investment

The Trust invested £18.5m in infrastructure and equipment during 2016/17, (£19.7m in 2015/16). This was funded internally, through donations and through a loan from the Department of Health for the new Pharmacy building (£5m) and the ongoing investment in the electronic patient record programme (£1m). The programme has sought to achieve a balance between maintaining and replenishing the asset infrastructure, reducing risk and improving patient experience.
Significant in-year programmes included spends of:

- £5m on new pharmacy building;
- £1.8m on the ongoing digital programme, including electronic patient record and IM&T infrastructure;
- £1.1m on theatre, ward and sterile services upgrades;
- £1.5m on medical equipment.

In conclusion, 2016/17 has been a very difficult year for the NHS. Despite this challenging financial environment the Trust's financial results are good. The Trust remains committed to delivering high

quality services efficiently; however, the overall financial pressure in the NHS means the Trust will continue to face many challenges to ensure that it remains financially, clinically and operationally sustainable going forward.

Environmental matters: Sustainability Report

Sustainable Development is an important objective for society and also represents an opportunity to reduce costs at the Trust. For example, expenditure on energy, waste and water was £2.45m in 2016/17. The Trust's 'Sustainable Development Management Plan' (SDMP) addresses the themes set by the NHS Sustainable Development Unit[1]. This guidance suggests setting 'outcome' / 'performance' targets for: energy and carbon management, water, and waste. We also have plans in place to manage 'process' / 'input' measures for: procurement and food, low carbon travel, transport and access, designing the built environment; staff engagement; collaborations through partnerships and networks, governance, and finance. A section on Adaptation has also been added to the plan for completeness.

Our **Sustainability Vision** is to act as a national pilot site, driving positive change within the NHS by:

- Exceeding Government sustainability targets
- Dramatically improving efficiency and reducing costs
- Delivering excellent staff and patient comfort through better control of the built environment.

Our **2020 Sustainability Performance Targets** have been set with reference to Government legislation and are summarised below with comments on performance to date:

	Energy and carbon management:	Water:	Waste:
Expenditure in 16/17	£1.8m	£494k	£433k
2020 performance target	28%, reduction in CO_{2e} emissions against 2013 baseline by 2020[2].	25% reduction in water use against 2004/2005 baseline by 2020[3].	10% saving against 2016/17 expenditure[4]: - reduce and reuse £15k worth of waste each year - save £30k per year from better segregation of residual waste.
Progress by end of 16/17	During 2016/17, CO_{2e} emissions at the RUH were reduced by 5%. This leaves an 18% saving to be achieved between now and 2020.	During 2016/17 water consumption at the RUH was reduced by 18%. This is equivalent to having already beaten our 2020 target by 4%.	During 2016/17, significant investment was made in the waste team; these changes will give sufficient capacity to support the delivery of the 2020 waste target. £30k savings in the black bag, recycling and confidential waste contracts are also anticipated during 2017/18 as a result of 2016/17 tendering work.

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[1] 'Technical Briefing 9: Measuring Sustainable Development'; published by the Association of Public Health Observatories (APHO)
[2] Department of Health: 'HTM 07-02 (Part A), Making energy work in healthcare'
[3] Department of Health: 'HTM 07-04: Water management and water efficiency'
[4] Note, no specific waste target is set by the Department of Health, hence this target results from the waste hierarchy of: prevent, reuse, recycling, dispose); plus industry best practice performance on health care waste segregation.

This work on target setting has been presented to the *'Health Estates and Facilities Management Association'* as an example of best practice.

Sustainability successes to date

A reference point with regard to the sustainability leadership demonstrated by the Trust is that in February 2016 the Carter Report on *'Operational productivity and performance in [the] NHS'* suggested that Trusts should implement 'LED lighting', utilise 'Combined Heat and Power' (CHP), and set up 'Smart Energy Management Systems'. We have already implemented the first two recommendations and are partway through the third.

Examples of successes in 2016/17 include:

- We were **shortlisted** for the **2016 NHS Sustainability Awards**, in the categories for Innovation, Waste & Water.
- We have been shortlisted for the **2017 NHS Sustainability Awards** in the category of Water, for our 18% absolute reduction in water consumption.
- The **Environment Champions Toolkit** continues to support staff engagement, helping them reduce their environmental impact, providing user feedback and reducing costs.
- We continue to work with the Bath and North East Somerset (BaNES) Council team to promote **sustainable transport**, inviting them to engage with our staff via their transport road shows.
- Continued partnership with Enterprise Car Club to locate **two new hybrid cars** on site for business and personal use, assisting greatly with travel to our services out in the community.
- The salary sacrifice **Cycle Scheme** processed 74 bicycles in 2016/17, saving staff an average of £252 each and the RUH £8,048 in National Insurance costs.
- We continue to utilise the **'Next Bikes' scheme**, siting a station outside our main entrance that allows for better cycling connectivity with town and the train station.
- There has been increased usage of our **Park & Ride scheme** from Odd Down, which is subsidised by the RUH.
- **Demand side response** has been in place at the Trust since 2012, saving the Trust an estimated £80,000 per annum by using standby electricity generation capacity to help balance the National Grid.

2016/17 performance

2016/17 has been a successful year of consolidation, planning and pilot projects. This progress built on the Trust's investment during 2014/15 in the recruitment of a Compliance and Sustainability Manager and a Compliance and Sustainability Project Leader. The targets given above have been developed to meet the pledge given in the 2014/15 Annual Report to update our past sustainability objective of *'improving the efficiency of our estate through improved utilisation, functionality and sustainability of our buildings'* with numerical performance targets.

In developing these targets and convincing people of their viability, pilot projects in condensate return for the boiler house, building management systems and leak reductions for water have been undertaken. With a focus on water reduction in 2016/17, we have successfully achieved an 18% absolute reduction of water consumption, saving the Trust an estimated £70k. This has demonstrated the value of the targets to the Trust, and assists in the planning for the year ahead and the investment required to tackle the energy and carbon targets.

Energy and CO$_2$ performance

		2014/15	2015/16	2016/17
Non-financial indicators **(tonnes CO$_2$e)**	**Total gross emissions**	**12,873**	**12,611**	**11,994**
	Electricity *	2,339	1,151	1,338
	Natural gas	10,271	11,279	10,431
	Fuel oil	65	76	123
	Waste	197	105	102
Related site energy consumption (millions kWh)	**Total**	**59.8**	**63.3**	**60.2**
	Electricity *	4.3	2.1	3.5
	Natural gas	55.5	61.2	56.7
Financial indicator **(£k)**	**Total**	**2,539**	**2,347**	**1,967**
	Electricity	480	360	419
	Natural gas	1,676	1,558	1,090
	Fuel oil	20	12	26
	Waste	363	418	433

* Note: Electricity consumed refers to the net consumption of electricity from the National Grid and is calculated as electricity imports–exports. In order to avoid double counting, electricity generated onsite is not included in this figure, as it is supplied from the CHP engine which is ultimately powered from the gas consumption reported above.

During 2016/17, CO$_2$e emissions at the RUH fell by 5%, meaning that to date, against the 2013 baseline year for our 2020 target, the Trust has achieved a 14% reduction in emissions. This leaves an 18% saving to be achieved between now and 2020, representing a further saving of £333k per annum at 2016/17 prices.

Water performance

		2014/15	2015/16	2016/17
Non-financial indicators	Water Consumption ('000m3)	227	223	184
Financial indicator (£k)	Water Supply Costs	404	352	308
	Sewerage Costs	197	206	185
	Total cost:	601	557	494

We announced the launch of a 'leak busting' campaign in the 2014/15 annual report. This was in response to annual increases in water consumption of 18% in 2013/14 and 7% in 2014/15. 2015/16

saw this trend reversed and we achieved a 1% reduction in water consumption. In 2016/17 we have achieved an 18% absolute reduction, meaning that we have already achieved our 2020 target. The Trust has been shortlisted for the 2017 NHS Sustainability Awards within the Water category for the progress the RUH has made. We will continue to target further savings this year.

Waste performance

		2014/15	2015/16	2016/17
Non-financial indicators (tonnes)	**Total Waste**	**1,424**	**1,660**	**1,543**
	Incinerated Clinical Waste	171	172	155
	Alternative Treatment Clinical Waste	271	345	387
	Recycled	303	518	485
	Landfill	680	625	570
Financial indicator (£k)	**Total Waste Disposal Cost**	**363**	**418**	**433**
	Incinerated	72	70	62
	Alternative Treatment	113	140	156
	Recycled	38	81	87
	Landfill	140	126	127

The waste team has seen significant change over the past three years and a lot of work has gone into improving the systems and data collection. Many of the increases in the figures reported are due to an improved scope of reporting. Work during 2016/17 focused upon improving the compliance and safety of the waste management systems and in developing the reduction target provided in the previous section. During 2016/17 the team has reviewed resourcing to deliver the targets. This has resulted in investment being granted for a Waste and Recycling Officer to join the team, and the re-establishment of a Waste Portering Supervisor role. This shall enable the team to focus upon embedding the Sustainable Development Management Plan and undertaking the first projects towards achieving the targets in 2017/18.

Social, community and human rights issues

All Trust policies and procedures are based on national employment legislation, adhere to NHS constitution staff pledges and contain an equality and diversity impact assessment – to ensure upholding of social, community and human rights principles. In addition, our implementation of the Equality Delivery System and the Workplace Race Equality Standard ensures that we have a transparent governance and accountability structure to build on the work in these two areas. During 2016/17 the Trust had no social, community or human rights violation issues.

Important events since the end of the financial year affecting the Trust

No events to add as of 25 May 2017.

Details of overseas operations

The Trust has no branches outside the UK.

Signed

James Scott

Chief Executive (Accounting Officer)

26 May 2017

Accountability report

Directors' report

This report is prepared in accordance with the NHS Foundation Trust Code of Governance and the NHS Foundation Trust Annual Reporting Manual (NHS FT ARM) 2016/17 published in January 2017.

Directors' responsibility for the annual report and accounts

The Directors are responsible for preparing the annual report and accounts. The Directors consider that the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the Trust's performance and strategy.

Directors of the Trust

Directors of the Royal United Hospitals Bath NHS Foundation Trust during 2016/17:

Brian Stables	Chairman
Joanna Hole	Non-Executive Director Vice Chairman and Senior Independent Director
Moira Brennan	Non-Executive Director
Nigel Sullivan	Non-Executive Director
Nick Hood	Non-Executive Director (to 28 February 2017)
Jane Scadding	Non-Executive Director
Jeremy Boss	Non-Executive Director (from 6 March 2017)
James Scott	Chief Executive
Sarah Truelove	Deputy Chief Executive & Director of Finance
Tim Craft	Medical Director
Francesca Thompson	Chief Operating Officer
Helen Blanchard	Director of Nursing & Midwifery
Claire Buchanan	Director of Human Resources*
Jocelyn Foster	Commercial Director*
Howard Jones	Director of Estates & Facilities* (to 10 February 2017)

*Non-voting members

The Trust considers each of the listed Non-Executive Directors to be independent.

Any Director who no longer meets the requirements of the Fit and Proper Persons Test will have their membership of the Board of Directors terminated.

The Board of Directors

Chair and Non-Executive Directors

Brian Stables, Chairman (Appointed: 1 April 2010)

Brian was previously a Foundation Trust Network Board Member and Trustee, and prior to this held the position of Non-Executive Director and Vice Chairman of NHS Wiltshire. He has an MBA and is a Fellow of the Chartered Institute of Management Accountants (FCMA). Brian is also a Director of

Profex Associates Ltd Management Consultancy, an Associate Lecturer on the Open University MBA Programme, a Trustee of Wiltshire Air Ambulance Charitable Trust, and a Trustee of Wiltshire Mind.

Moira Brennan, Non-Executive Director (Appointed: 1 February 2008)

Moira is on the Trust's Board of Directors' Nominations and Remuneration Committee, and Commercial Transactions Steering Group. She is Chair of the Trust's Audit Committee, and Charity Committee, and is the Whistle Blowing contact and Sustainability Champion. Moira has a BSc (Hons) in Business Administration and is a Fellow of the Institute of Chartered Accountants in England and Wales. She brings experience of working in finance gained over 20 years in the private sector. Outside the Trust Moira is Chair of Bathampton Parish Council, Treasurer of Bathampton Village Hall, a Trustee of St John's Foundation and a Member Nominated Trustee of the Royal Mail Senior Executive Pension Plan.

Joanna Hole, Non-Executive Director, Vice Chairman and Senior Independent Director* (Appointed: 1 April 2011) *Vice-Chairman and Senior Independent Director from 1 November 2015

Joanna is Chairman of the Non-Clinical Governance Committee, a member of the Audit Committee, and on the Board of Directors' Nominations and Remuneration Committee. She is also the Board lead for the Physical Environment and Complaints, and Champion for Adult and Children's Safeguarding and Resilience Planning. She is an ex Senior Civil Servant and has held a number of senior positions within the Ministry of Defence which include: Head of Safety, Sustainable Development and Continuity (civilian and military), Director of Business Continuity and Deputy Director of HR Development Framework (Civilian).

Nigel Sullivan, Non-Executive Director (Appointed: 1 August 2012)

Nigel serves on the Non-Clinical Governance Committee, the Board of Directors' Nominations and Remuneration Committee and the Fit for the Future Board. Nigel has a BSc (Hons) and a Post Graduate Diploma in Personnel Management. He has held senior positions in a range of private sector organisations, and his current role is Group HR Director of Talk Talk Group plc. He is Director of West Four Apartments Company Limited.

Nicholas Hood, Non-Executive Director (Appointed: 1 August 2012 – retired 28 February 2017)

Nicholas was Chair of the Clinical Governance Committee and sat on the Board of Directors' Nominations and Remuneration Committee as well as the Commercial Transactions Steering Group and the Audit Committee. He was a Safeguarding Champion. Nicholas has an Honorary Doctorate MBA and is an Honorary Fellow of the Institution of Water and Environmental Management. He is Life Vice-President of @Bristol, Fellow of World Wildlife Fund and a member of First Group Strategic Advisory Board. Previous roles include; Chairman of Walk-the-Walk, Deputy Chairman of Brewin Dolphin plc, Chairman of MIHT, Chairman of Winterhur UK, Director of National Westminster Bank (western board), Member of the HRH the Prince of Wales Council for the Duchy of Cornwall, and Chairman of Wessex Water Authority, Chairman of Wessex Water plc.

Jane Scadding, Non-Executive Director (Appointed: 1 November 2015)

Jane serves on the Clinical Governance Committee (becoming Chair in March 2017, following Nicholas Hood's retirement), the Board of Directors' Nominations and Remunerations Committee, and Fit for the Future Board. She has a BA (Hons) in French and Management Studies, and is MCIPS qualified and Fellow of Chartered Institute of Procurement and Supply. Jane's previous appointments included Chief Procurement Officer for Wincanton plc, Global Procurement Director for capital and construction in Glaxo Smithkline and European Procurement Director for Pharmaceuticals in Smithkline Beecham. Until May 2017 Jane was a Trustee for Bath and Wiltshire School Sports Trust. Jane is also Chief Procurement Officer at TalkTalk.

Jeremy Boss, Non-Executive Director (Appointed: 6 March 2017)

Jeremy serves on the Clinical Governance Committee, the Commercial Transactions Steering Group and the Audit Committee. He has a BSc (Hons) in Economics from the University of Warwick and is a Fellow of both the Institute of Chartered Accountants in England and Wales (ICAEW) and the British Computer Society. Jeremy's previous appointments include Chief Information Officer for both the Department of Energy and Climate Change and the Audit Commission. He is also a current Non-Executive Director and Audit Chair at the Driver and Vehicle Licensing Agency (DVLA).

Executive Directors (voting)

James Scott, Chief Executive (Appointed: 1 June 2007)

James was previously Chief Executive of Yeovil Hospital, a wave 1A NHS Foundation Trust, Director of Operations at Chase Farm Hospital and held a number of senior roles in London hospitals such as St Mary's Paddington and Hammersmith. He has a BA (Hons) in History and a Diploma in Health Services Management. James is Vice Chair of the West of England Academic Health Science Network, and Senior Responsible Officer for the BaNES, Swindon and Wiltshire Sustainability and Transformation Plan.

Sarah Truelove, Director of Finance & Deputy Chief Executive (Appointed: June 2013)

Sarah was previously Director of Finance and Deputy Chief Executive of Gloucestershire Hospitals NHS Foundation Trust, Director of Finance at Gloucestershire PCT, and held a number of senior roles in commissioning and acute hospitals. Sarah has a BA (Hons) in politics and is a Member of the Chartered Institute of Public Finance and Accountancy. Sarah is married to the Director of Finance at Avon and Wiltshire Mental Health Partnership (who prior to this was the Chief Finance Officer for Wiltshire Clinical Commissioning Group). She is a School Governor at The Corsham School and her daughter works as a healthcare assistant through the bank office.

Dr Tim Craft, Medical Director (Appointed: August 2010)

Tim's previous roles at the RUH were as Deputy Medical Director, Chair of the Specialty Division, Clinical Director of Anaesthesia and Critical Care Medicine, Clinical Director of Operations and Director of Operations. He has an MBBS (London), FRCA and is a Health Foundation Leadership Fellow. Tim is Director and shareholder of Anaesthetic Medical Systems (AMS) Ltd., Director and shareholder of 10 Bar Ltd and partner of Bath Anaesthetic Group LLP.

Francesca Thompson, Chief Operating Officer (Appointed: September 2006)

Francesca was previously the Trust's Director of Nursing, and Board Director of Nursing at Great Western Hospitals NHS Foundation Trust. She is a registered nurse and a registered Midwife (lapsed), is a Fellow of Improvement Faculty NHS Institute for Innovation and Improvement and has an MSc in Social Sciences. Her daughter is registered with the Trust's temporary Bank Staff.

Helen Blanchard, Director of Nursing & Midwifery (Appointed: August 2013)

Helen was previously Chief Nursing Officer and Director of Infection Prevention and Control at Worcestershire Acute Hospitals NHS Trust, Director of Nursing and Quality at Hereford County Hospitals NHS Trust, and held a number of senior nursing and midwifery roles in Acute Trusts. She is a Registered General Nurse and District Nurse, a lecturer/practice educator and has an MSc in Nursing Studies. Helen has no declared interests.

Claire Buchanan, Director of Human Resources (Appointed: October 2013)

Claire was previously Acting Director, and Deputy Director of Workforce and OD at University Hospitals Bristol NHS Foundation Trust, and held various senior HR positions at United Bristol Healthcare NHS Trust. She has an MA in Human Resource Management and is a Chartered Fellow of the Institute of Personnel and Development. Claire became a Trustee of St Peters Hospice in April 2017.

Jocelyn Foster, Commercial Director (Appointed: July 2012)

Jocelyn was previously Director of Business Strategy for Kent County Council, Strategy Director at (Parcelforce) Royal Mail, Strategic and Corporate Development Director at Leicestershire Partnership NHS Trust, and has previous public and private sector experience in business strategy, planning, transformation and new business development. Jocelyn has an MBA, DPhil, and BSc (Hons) in Biological Sciences. Jocelyn's declared interests for 2016/17 were as follows: Chair of Trustees, Apex Works, Complaints Panellist - Dental Complaints Service, Trustee of the Disabilities Trust, and a financial interest in Veloscient Ltd (facilitating structured data capture for a range of markets, including healthcare).

Howard Jones, Director of Estates & Facilities (Appointed: November 2008 – retired in February 2017)

Howard was previously Director of Estates and Facilities at East Kent Hospitals NHS Foundation Trust. He has a BEng (Hons) MSc C Eng, an MSc in Corporate Real Estate Management and is a Chartered Engineer with a degree in Environmental Engineering. He had no declared interests.

Contact with the Directors

Information on how to contact the Chairman and the Chief Executive is available on the Trust's website. In addition, all Directors can be contacted at ruh-tr.trustboard@nhs.net

Register of interests

The Trust's Chair, Non-Executive Directors, Executive Directors and Governors are required to comply with the Trust's Code of Conduct and declare any interests that may result in a potential conflict of interest in their role at the Trust, they do this during each of their public meetings. On 1 June 2017, following NHS England guidance, the Trust will publish on its website a register of Interests for all 'key decision-making roles' as defined by NHS England guidance.

Additional Directors' report disclosures

Cost Allocation and Charging Requirements

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

Political Donations

The Trust has made no political donations over the course of the year.

The Trust is required, by the national "better payment practice code", to aim to pay all valid invoices within 30 days of receipt, or the due date, whichever is the later. Over the 12 months to 31 March 2017, the Trust achieved the following performance:

	Foundation Trust	
	Number	Value £'000
Total bills paid within the year	82,803	202,666
Total bills paid within target	78,639	192,410
Percentage of bills paid within target	95%	95%

Total interest paid to suppliers under the Late Payment of Commercial Debts Act 1998 was £1,342.

Enhanced quality governance reporting

Patient care and stakeholder relations

During 2016/17 a number of developments and initiatives introduced by the RUH Bath NHS FT have further improved patient experience and quality of care. As the direction of travel for health services continues to move towards providing more integrated care, the Trust has continued to work with other organisations and build relationships, strengthening partnership working, stakeholder relations and staff involvement. Highlights are outlined below and further detail can be found in the quality report and performance report sections of this annual report.

Patient care

Information about how we are using our foundation trust status to develop services and improve patient care can be found in the membership section of this report.

Performance against key healthcare targets and progress towards targets as agreed with commissioners together with details of other key quality improvements can be found in the Quality Accounts.

Monitoring improvements in the quality of care
From April 2010, all health and adult social care providers who provide regulated services are required by law to be registered with the Care Quality Commission (CQC). The Trust is registered with the CQC with no conditions applied.

The CQC undertook a planned inspection of the Trust between 15 and 18 March 2016 and as part of this routine inspection process an unannounced visit was also undertaken on 29 March 2016. The CQC published the inspection report in August 2016. The report identifies many areas of good and outstanding practice including end-of-life care and the kindness and compassion of staff which led the CQC to give an 'outstanding' rating for the caring domain for the Trust.

Three of the eight core services were identified as 'requires improvement'. These were Urgent and Emergency Services, Medical Care and Critical Care. An improvement plan was returned to the CQC detailing the actions to be taken to address the compliance actions from the report. Progress in implementing the improvement plan has been discussed at the public meeting of the   Board of Directors on a quarterly basis. As part of the assurance process, each core service provided reports to the Quality Board on the actions taken to address the CQC recommendations and evidence of how these actions had led to improved outcomes or experience for service users.

Quality Governance

The Board of Directors takes clear responsibility for ensuring the quality and safety of services provided by the Trust and has in place robust structures and reporting mechanisms to ensure that quality priorities are identified and monitored. Where our performance is below what we expect they also ensure that remedial action is taken to improve services.

It is the role of the Clinical and Non-Clinical Governance Committees to "test" our systems and processes in order to assure the Board of Directors that we have robust systems in place for monitoring quality and safety.

The Trust has developed a Ward and Outpatient Accreditation programme to recognise and incentivise high standards of care and reduce variation in practice. It also provides assurance that the CQC fundamental standards are being met and is used to identify where any improvements in practice are required. The programme uses Performance Indicators to measure the quality and safety of the services provided at individual ward and outpatient level. Assessment of the Performance Indicators is undertaken through analysis of data and observations of care.

The programme takes a tiered approach from Foundation to Gold level, and wards and departments will progress through each of the levels in recognition of the increasing quality of care provided. 2016/17 saw the introduction of this exciting initiative.

Progress to date: all wards have been assessed against the Foundation and Bronze level standards, and we have seen excellent examples of high quality patient care. The majority of Outpatient areas have also been assessed at Foundation level, and we are working to develop the next level of standards.

A further Accreditation programme has been developed for the specialties, commencing with Emergency department, Paediatrics and Maternity, with specific indicators developed for these areas. Progress is reported to the Board of Directors on a six-monthly basis.

Furthermore our regular Executive patient safety walkabouts are an opportunity for staff to engage with Board members in relation to patient safety and quality and raise any concerns. The Executives complete around 40 such visits each per year.

Our programme of visits by the CCG's and Healthwatch representatives provides an external perspective. During 2016/7 Healthwatch representatives have participated in the patient and carer experience group and had the opportunity to participate in visits to a variety of areas within the Trust. The CCG's have undertaken several quality visits into clinical areas including the Emergency Department, Maternity, Acute Stroke Unit, Orthopaedics and the Surgical Assessment Unit. Patients, Carers and Healthwatch representatives were also involved in a programme of visits called the '15 steps challenge' to all outpatient departments which was a great success. In addition patients and their families/carers have the opportunity to feed back on the quality of care we provide through the Friends and Family Test (FFT) and through patient surveys. We use this information and feedback to make changes to the services and care we provide.

Each year we ask our members to let us know the topics they would like us to include in our programme of Caring for You events. This year's sessions included:

- Cardiology
- Rheumatology & Arthritis
- Pain Services
- Restart a heart – resuscitation
- Stroke

- RUH Redevelopment
- Urgent and Emergency Care at the RUH (The RUH's Front Door)

Our Trust integrated balanced scorecard is based on the Care Quality Commission domains and our ward dashboards allow for the triangulation of data and information flows from ward to Board.

Patient and public involvement activities

Our Patient and Carer Experience Group oversees delivery of the three-year 'Patient and Carer Empowerment' programme which was set up in 2015/16, and has four key aims:

1. Involve patients and carers in the design of new and existing services
2. Continuously use patient and carer feedback to improve services
3. Encourage and empower patients and carers to be actively involved in their care and treatment
4. Improve patient and carer information

As a direct result of patient involvement and feedback several initiatives and improvements have been implemented such as investment in earplugs for inpatients to support them sleeping, TV screens installed in our Emergency Department and Outpatients departments with work in progress to include clinic waiting times as well as other useful patient information, focus groups with RUH pain management patients, and small credit-sized cards given to patients using our Dermatology and Ophthalmology services with telephone numbers they need about follow-up appointments, their condition or medical treatment.

Over the past year we have also produced, and tested with staff, a resource kit to support them to involve patients and carers and are increasingly working with services across the Trust to help them to gain patient and carer experience feedback through a variety of involvement activities.

The Trust's Patient and Carer Experience Strategy 2016-19 has been developed to support all staff to seek and act on patient and carer feedback, and ensure that those using our services have the best possible experience, and was approved by our Board of Directors in October 2016. The Strategy describes the importance of staff and patients working together to make improvements, and was developed with the involvement of patients, families and carers, public Trust members and staff.

The strategy sets out how we will continue to put patients and carers at the heart of everything we do and is centred around three key ambitions:

- To listen to patients and carers – supporting staff to actively engage with patients and carers, encouraging all feedback and learning from listening to their experiences and making improvements, where necessary, as a result of their feedback.
- To communicate clearly and effectively - ensuring that we meet the emotional needs of patients/carers by communicating effectively with them and providing information in a way that they can understand
- To involve patients and carers in improving services – to involve patients in the design of new services and making improvements to existing services, providing toolkits/guides.

We have hosted quarterly 'See it my Way' events where patients and carers share with staff their experiences of care and services provided. These events have included sessions on living with cancer, moving on from children's to adult services, and living with a mental health condition.

The Patient and Carer Experience Team has instigated a programme of Pets as Therapy Dogs who visit wards and Outpatient areas to meet patients and staff and provide a therapeutic opportunity for patient experience, which has been positively received.

Improvements in patient/carer information

This year we have continued to improve our patient and carer information across the organisation.

We published the Trust policy on Writing and Producing Written Patient and Carer Information. The policy sets out the Trust's expectations for: involving patients and carers in developing information and for approval of clinical content, writing in an accessible and understandable way, use of the internet, records management, and branding.

Key drivers for the policy were the publication of the NHS England Accessible Information Standard (AIS) in June 2016 with requirements for providing information in alternate formats for patients and carers with sensory impairments and/or learning disabilities, and the Trust's Patient and Carer Empowerment programme.

To accompany the policy we provided on-line toolkits and a help-desk to support staff. Over 60 services have produced new or updated leaflets and made them available online. Some examples include making the leaflets issued by the Emergency Department available for patients online for the first time and improving our 'Easy Read' leaflets for patients with learning disabilities.

We established a new lay advisory group, the 'Readers' Panel', to review all new leaflets from a patient and carer's perspective. This group of nearly 75 Trust members works by email and this approach allows less mobile or more remote members to give us their support.

Information on complaints handling

Our complaints resolution process has focused on resolving patients' and carers' concerns at an early stage through the Patient Advice and Liaison Service (PALS). The Trust views complaints constructively and is committed to having effective procedures in place to handle all issues brought to the attention of staff. The organisation takes an active approach to asking for people's views, dealing with complaints more effectively and using the information received to learn and improve.

This year, we have seen a reduction in the number of formal complaints (219) compared to the previous year (303) despite an increase in activity levels. Contacts with PALS this year have increased with our focus on aiming to resolve queries or concerns at an early stage.

Staff will treat all complaints seriously and listen to what service users have to say, providing assistance and advice on the process which the Trust will follow. It may be that the concerns can be dealt with by PALS in an attempt to resolve the concerns quickly without the need to follow the formal complaint route.

Complaints are logged and tracked on DATIX, the Trust's reporting system also used for incident reporting. This allows staff to receive regular updates when responses are due.

Since August 2016 the Trust has reported its performance against the 35-day local target for all formal complaints it receives. This target was previously 25 days but has been changed to allow thorough investigation of complaints received with the aim of a more detailed and thorough outcome letter. The number of meetings with those who had reason to complain has increased reflecting the emphasis on early informal resolution.

Clinical leads and managers are responsible for investigating and responding to complaints made in their respective areas. Heads of Nursing and Midwifery have oversight of all complaints, the investigations and the Trust's responses. Complaints are regularly shared at nursing and governance meetings. The learning from complaints is reported in the Quarterly Patient Experience Report to the Quality Board and the Board of Directors.

Stakeholder relations

West of England Academic Health Science Network (AHSN)

The RUH Bath NHS FT continues to work in partnership with the West of England AHSN to explore new opportunities for collaboration and innovation to further improve patient safety and quality of care, and share best practice across the South West. RUH staff have progressed through both the AHSN Health Innovators programme and the AHSN West of England Academy training for Improvement Coaches and are now taking forward their innovations and service improvements within the Trust. A number of our clinical teams have been undertaking specific work streams to support the rapid implementation of innovation and service improvement and share best practice across the NHS. For example, the RUH has in the past year worked with partners funded by the WEAHSN to establish the UK's second FLOW training centre which provides health and social care staff with key skills and tools to undertake a comprehensive diagnosis of how their local healthcare system is working and where to focus improvement efforts.

Undergraduate and postgraduate medical training

Undergraduate medical students: The RUH hosts Bath Academy as a teaching hub for Bristol University Medical School, supporting the education and training of nearly 400 medical students, equating to 9000 student weeks, per year. Around 25 Consultants act as Coordinators and Tutors providing and organising the teaching of medical students, they work alongside eight Clinical Teaching Fellows (Junior Doctors) as the keystone to providing the teaching both on the wards and in the classroom.

The Bath Academy goes from strength to strength as our reputation as the most popular Academy for Bristol medical students continues to grow. This reputation is enhanced by further improving our Simulation Suite where we can teach medical students how to deal with a multitude of clinical situations in a controlled environment. The challenge next year will be the introduction of a new Bristol medical school curriculum which will involve some changes to the way of teaching, but one that we are looking forward to delivering.

Postgraduate Doctors: Despite a challenging year of immense change in Post-Graduate Medical Education precipitated by the 2016 Junior Doctors Contract, results from the National Training Survey and Quality Panels have shown the RUH continues to offer excellent training. The pioneering Local Trainee Support Faculty run by the Associate Director of Medical Education for Support is in place to help those trainees who need additional advice and guidance.

The General Medical Council and Health Education England are moving forward on a multi-professional education agenda. At the RUH, we continue to explore non-medical workforce options, such as Physician Associates and Advanced Nurse and Physiotherapy Practitioners. A new Educational Governance structure, Trust Education Group, has been established and successful multi-professional skills days to further integrate those groups in clinical practice have taken place. We will be welcoming our first four Physician Associate students to the RUH on placement in 2017-18.

Fit for the Future – RUH Estates redevelopment and public engagement

The Trust, working together with Kier under a P21+ contract, has an exciting programme of redevelopment underway to transform our site and further improve the services we provide. We have worked, and continue to work, closely with patients, clinicians, staff, healthcare stakeholders, the local planning authority and the wider community in developing our plans to ensure any new buildings best meet the needs of patients and staff, fit within the existing infrastructure and improve the overall layout of the RUH site.

This year significant improvements to public car parking space have been achieved, a new pharmacy has been opened – significantly improving working conditions for staff and creating more appropriate storage, preparation and distribution arrangements for medication. Utilising public, patient, staff and local resident feedback we have also been finalising the designs for our new RNHRD & Therapies Centre.

Our capital programme is funded from a variety of sources including our cost savings programme, public fundraising and disposal of assets which are no longer required.

Consultation with local groups and organisations

Focused clinical and patient and public engagement on the planned relocation of Rheumatology and Rheumatological Therapies services from the Mineral Hospital site to the new building was undertaken between October 2016 and January 2017. There were many positive benefits to patients identified for the move to new purpose-built facilities and reassurances provided around continuity of service, expertise and access. The relocation was supported by the Bath and North East Somerset (BaNES) Health and Wellbeing Select Committee at a meeting on 22 March 2017.

Between April and June 2016, public engagement was also undertaken around the proposal to relocate the RUH Sexual Health Service from its current position on the site of the new RNHRD and Therapies Centre to an integrated community facility at the Riverside Centre in Bath. This was endorsed by the BaNES Health and Wellbeing Select Committee at its meeting on 20 July 2016 and services are planned to move in June 2017.

Clinicians continue to be integral to planning the future of their services to ensure the delivery of high quality effective care, and the RUH continues to work with CCG and NHS England Engagement leads and patients to ensure Patient and Public Engagement is carried out in line with the Government's Consultation Principles for Public Bodies (October 2013).

Community services

In July 2016, Wiltshire Health and Care (a Limited Liability Partnership (LLP) created between Great Western Hospitals Foundation Trust, Salisbury Foundation Trust and the RUH) commenced its £40m/yr contract from the CCG to deliver seamless and improved community services across Wiltshire. Together since launch we have rolled out mobile working technology to all core community teams, improved performance on referral to treatment for planned referrals to above national standards, improved performance on numbers of patients living at home post receipt of reablement support to above target and defined a new model of higher intensity care for patients in the community to support maintenance of more complex patients at home for longer. In 2017/18 we will be rolling out our Home First pathway with Wiltshire Health and Care which builds on a very successful active rehabilitation pilot project run and funded by the RUH therapies team in 2016/17, helping patients with therapy requirements to return home from hospital at an earlier stage. This will be funded at scale through Wiltshire Health and Care via the Wiltshire CCG contract going forward.

In November 2016 BaNES CCG awarded its contract for a prime provider of community services across BaNES to Virgin Care. The RUH has been working closely with Virgin since the award to understand its plans for community services and the impact of this upon patients, RUH activity and pathways. From 1 April 2017 we take on the provision of an integrated community sexual health service for BaNES under subcontract to Virgin Care. We will also improve the integration of our RUH therapy services through bringing speech and language resources in-house. We expect to continue to develop our collaborative working relationship across the period of the contract in order to ensure delivery of the most effective pathways and best experience for patients.

NHS Quest

The RUH is a member of NHS Quest. This is a member-convened network for Foundation Trusts who are committed to a relentless focus on improving quality and safety. Members work together to share challenges, benchmark, peer review and design innovative solutions to provide the best care possible for patients and staff. A small annual membership fee is invested by the Trust towards the administration costs of the network.

Research

The RUH contributes to the South West's Genomics Medicine Centre based near Bristol. This is part of a network of 13 centres nationally which will assist in the delivery of the unique, innovative and world-leading 100,000 Genomes project aiming to improve diagnosis and treatment of a range of conditions.

Sir Bruce Keogh wrote that: "We want to become the first country to introduce whole genome sequencing as a mainstream part of our national healthcare system. Better understanding genomics will help us transform how we care for patients, from 'one-size-fits-all' to 'one-size-fits-one'. These 13 NHS Genomics Medical Centres are on their way to bringing genomic diagnostics throughout the NHS in England to the benefit of patients."

Funding for the direct costs of collection and analysis of material by the Centre is provided through the Bristol Genomics Contract.

The RUH is one of the most research-active trusts of its size and as such is also involved in a range of other research programmes in collaboration with other NHS centres, charities and universities to help bring access to new treatments to our patients earlier and to help lead the way in our understanding of conditions and better care. Each research programme is responsible for securing and managing its own funding stream, which in the main come from external sources and grants.

Volunteer Dementia Programme

In March 2017, the RUH launched a new three year collaborative project aimed at improving the experience of our many patients who also suffer from dementia. The project in total will cost £200k of which the Medlock Charitable Trust generously donated £100,000 and the Forever Friends Appeal has committed to raise the additional funds. Volunteers already make an enormous difference to dementia patients on our specialist older people's wards, spending time with them and helping them engage in meaningful activities. Over three years the Volunteer Dementia Project will provide an estimated 160 volunteer placements and 4,800 hours of care to patients with dementia.

A co-ordinator employed by the Alzheimer's Society will organise a volunteer befriending service and a number of activities to increase mental and physical stimulation to improve patient wellbeing. Colleagues from the Research Institute for the care of older people (RICE) will be supporting the evaluation of the programme with a view to establishing both the quality impacts and a sustainability business case at the end of the three-year period.

Interactive reminiscence room pods, set up in familiar environments such as a traditional 1950s sitting room and a retro-kitchen, will be used to engage with dementia patients as they have a calming and relaxing effect. Bedside personalisation such as photos and ornaments placed on patients' bedsides will be provided and a programme of creative activities such as knitting, reading and drawing will be included by the hospital's arts charity, Art at the Heart.

Combining our knowledge and expertise with our project partners will help develop this programme and really test out its value in caring for patients with dementia. The three-year Volunteer Dementia Project will help us pilot and research the need for longer-term work in this area, and hopefully also provide a blueprint for a future national model of care.

Sustainability and Transformation Planning (STP)

We have been working closely with commissioning and provider partners across the BaNES, Swindon and Wiltshire area to jointly develop sustainability and transformation plans to improve our local population's health and wellbeing, to improve service quality and deliver financial stability. Funding for the administration of this has been shared between partners. Our Chief Executive has taken a particular leadership role in chairing this work on behalf of the system across the year. Our joint plans were published publicly at the end of 2016 and include the following priorities:

- Transforming primary care
- More focus on prevention and proactive care
- Making best use of technology and our public estates
- Developing a modern workforce
- Improved collaboration across hospital trusts

The latter in particular has involved benchmarking and consideration of the efficiency of our models for back-office and work to improve the resilience of our key clinical services.

We have also recently been invited to join an oversight group for wider stakeholders of the Somerset STP, through which we hope to share further learnings and ideas across systems.

In addition to this work our local A&E delivery board has also been focused together with partners on plans to improve the resilience of our urgent care systems.

Across 2017/18 we will be looking to continue our work together to deliver against all of these priorities.

Friends of the RUH and Friends of the RNHRD

The RUH and its patients are in the very fortunate position of receiving support from two very passionate charitable groups of Friends. Their volunteers contribute a huge amount of value to our organisation in their direct activities on wards for patient benefit and also in their activities which generate funds which are used to enhance patient experience. In 2016/17 they have supported a wide range of projects both for individual departments and across the Trust such as investing in electronic information screens for patient waiting areas and supporting the continuation of our much-loved Arts programme and exhibitions. We are delighted to be celebrating the 60th anniversary of the Friends of the RUH in 2017.

Statement as to disclosure to the auditor

The Trust Board of Directors can confirm that each individual who was a Director at the time this report was approved has certified that:

- So far as the Director is aware, there is no relevant audit information of which the Trust's auditor is unaware and,

- the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Trust auditor is aware of that information.

Accounting Policies

NHS Improvement has directed that the financial statements of NHS Foundation Trusts shall meet the accounting requirements of the Department of Health Group Accounting Manual (GAM) agreed with HM Treasury. Consequently the Trust's financial statements have been prepared in accordance with the 2016/17 DH GAM issued by the Department of Health. The accounting policies contained in that manual follow International Financial Reporting Standards (IFRS) and HM Treasury's Financial Reporting Manual. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

Income Disclosures

Income from the provision of goods and services for the purposes of health services in England is greater than the income from the provision of goods and services for any other purpose for Royal United Hospitals Bath NHS Foundation Trust. Income was received from other sources including private patients and catering. Any net surplus generated from these additional activities serves to enhance patient care and further knowledge and understanding of the conditions treated at the Trust.

Investments

The Trust has a one-third controlling interest in Wiltshire Health and Care LLP, in partnership with Salisbury NHS Foundation Trust and Great Western Hospitals NHS Foundation Trust.

Wiltshire Health and Care LLP, from July 2016, became responsible for the delivery of adult community healthcare across Wiltshire for at least the next five years. The LLP has a separate Board but strategic control of the organisation remains with the partners as detailed in the Members' Agreement signed by the three NHS Foundation Trusts.

No financial assistance was given by the Trust.

Remuneration report

The remuneration report has been prepared in accordance with sections 420 and 422 of the Companies Act 2006; regulation 11, parts 3 and 5 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulation 2008; parts 2 and 4 of schedule 8 of the Regulations as adopted by NHS Improvement in the NHS Foundation Trust Annual Reporting Manual 2016/17; and relevant elements of the *NHS Foundation Trust Code of Governance*.

The following report details how the remuneration of senior managers in determined. A 'senior manager' is defined as 'those persons in senior positions having authority or responsibility for directing or controlling the major activities of the Trust'. The Trust deems this to be the Executive and Non-Executive members of the Board of Directors.

Annual Statement on Remuneration

Chairman of the Remuneration Committee's annual statement on remuneration

Upon authorisation as an NHS Foundation Trust on 1 November 2014, the Board of Directors established a Nominations and Remuneration Committee with responsibility for the nomination and selection of candidates for appointment as Chief Executive or Executive Directors, as well as issues concerning remuneration.

The Nominations and Remuneration Committee is chaired by the Trust Chairman and has delegated responsibility for the remuneration and terms of service for the Chief Executive and Executive Directors of the Trust. Its responsibility includes all aspects of salary, provision of other benefits, including pensions, arrangements for termination of employment and other contractual terms. The membership of the Committee consists of all the Non-Executive Directors. The Chief Executive and the Director of Human Resources are in attendance at meetings of the Committee to provide advice, but are not present during any discussions relating to their own remuneration. The Committee did not receive any external advice.

Senior Managers' Remuneration Policy

With the exception of the Chief Executive and Executive Directors, all non-medical employees of the Trust are remunerated in accordance with the national NHS Agenda for Change pay structure. Medical staff are remunerated in accordance with national terms and conditions of service for doctors and dentists.

The remuneration of the Chief Executive and Executive Directors (with the exception of the Medical Director*) is determined by the Board of Directors' Nominations and Remuneration Committee taking into account market levels, key skills, performance and responsibilities. In reviewing remuneration, including making decisions about whether to pay the Chief Executive and any of the individual Executive Directors more than £142,500 per annum, as outlined in the guidance issued by the Cabinet Office, the Committee has regard to the Trust's overall performance, delivery of agreed objectives, remuneration benchmarking data in relation to similar NHS Foundation Trusts and the wider NHS and the individual Director's level of experience and development of the role.

*The pay, terms and conditions for the Medical Director are driven by his Consultant Contract and therefore by Medical Terms and Conditions albeit that an additional payment is made which reflects the additional responsibilities for the role of Medical Director. The Medical Director is eligible to apply for discretionary performance-related pay under Medical Terms and Conditions but is excluded from eligibility for the Directors' Bonus Payments Scheme.

Performance Assessment of Chief Executive and Executive Directors

Individual performance is reviewed through the Trust's appraisal process to evaluate the extent to which the Chief Executive and Executive Directors have met their objectives and contributed to the delivery of the Trust's strategic objectives. The annual review comprises, where applicable, a cost of living uplift and, at the Committee's discretion, a Directors'* non-consolidated bonus payments scheme of up to 10% of the individual Executive Director's salary for outstanding performance over the last 12 months. The performance of the Chief Executive and Executive Directors is assessed on a continuing basis via formal appraisal and unsatisfactory performance may provide grounds for termination of contract.

*with the exception of the Medical Director who was paid under the terms of the national Consultant contract and was therefore eligible to apply for national or local Clinical Excellence Awards and was excluded from any other bonus payment arrangements.

The Board of Directors' Nominations and Remuneration Committee met on 27 April 2016 to consider the Chief Executive and Executive Directors' remuneration and performance bonus for 2015/16. The meeting was chaired by Brian Stables, Chairman, and was attended by Joanna Hole, Non-Executive Director, Moira Brennan, Non-Executive Director, Nigel Sullivan, Non-Executive Director, and Nick Hood Non-Executive Director. The Chief Executive attended the meeting but withdrew during the discussion about his performance bonus. The Trust Board Secretary was in attendance and recorded the Committee's discussions and decisions.

Remuneration of the Chairman and Non-Executive Directors

Upon authorisation as an NHS Foundation Trust, the Council of Governors established a Nominations and Remuneration Committee. This Committee is responsible for the appointment, remuneration and appraisal of the Trust Chairman and Non-Executive Directors.

The Committee first met on 6 November 2014 to consider the remuneration of the Trust Chairman and other Non-Executive Directors. The Committee reviewed national NHS Trust Chairman and Non-Executive Directors' remuneration benchmarking data and agreed to recommend to the Council of Governors that the level of remuneration for the Trust Chairman and the Non-Executive Directors should be in line with similar-sized NHS Foundation Trusts in the South West region. The Committee recommended the following remuneration for Non-Executive Directors:

a) Basic Non-Executive Directors' remuneration:
   £12,500 per annum

b) Chair of the Audit Committee
   • £14,000 per annum

c) Senior Independent Director
   • £14,000 per annum

d) Chairs of the Non-Clinical and Clinical Governance Committees
   • An additional allowance of £1,000

The Committee recommended that the remuneration of the Trust Chairman should be set at £47,500 per annum.

The Committee's recommendation was approved by the Council of Governors on 6 November 2014.

The Council of Governors' Nominations and Remuneration Committee did not review the Chairman and Non-Executive Directors' allowances in 2016/17.

Annual Report on Remuneration

Service Contracts

None of the current Executive Directors is subject to an employment contract that stipulates a length of appointment. The appointment of the Chief Executive is made by the Non-Executive Directors and approved by the Council of Governors. The Chief Executive and Executive Directors have a permanent employment contract and the contract can be terminated by either party with six months' notice. The contract is subject to normal employment legislation. Executive Directors are appointed by a committee consisting of the Chairman, Chief Executive and Non-Executive Directors. The Trust's Constitution sets out the circumstances in which a Director will be disqualified from office and employment terminated.

The Service Contract for Non-Executive Directors is not an employment contract. Non-Executive Directors are appointed for an initial term of up to three years and are eligible for further terms of appointment up to three terms or nine years. The Council of Governors is responsible for appointing, suspending and dismissing the Chairman and Non-Executive Directors as set out in the Trust's Constitution.

Name	NHS FT terms of office*	Current term of Office	Notice period
Brian Stables Chairman	01-Nov-2014-31-Mar-2016	1-Apr-2016-31-Mar-2019	3 months
Joanna Hole Non-Executive Director	01-Nov-2014-31-Oct-2015	01-Nov-2015-31-Oct-2018	3 months
Moira Brennan Non-Executive Director	01-Nov-2014-31-Jan-2016	01-Feb-2016-31-Jan-2018	3 months
Nigel Sullivan Non-Executive Director	01-Nov-2014-31-Jul-2016	01-Aug-16 31-Jul-2019	3 months
Nick Hood Non-Executive Director	01-Nov-2014-31-Jul-2016	01-Nov-2014-28-Feb-2017 (Retired on 28 February 2017)	3 months
Jane Scadding Non-Executive Director	01-Nov-2015-31-Oct-2018	01-Nov-2015-31-Oct-2018	3 months
Jeremy Boss, Non-Executive Director	6 March 2017–28 February 2020	6 March 2017–28 February 2020	3 months
James Scott Chief Executive Director	01-Jun-2007	N/A	6 months
Sarah Truelove Deputy Chief Executive & Director of Finance	24-Jun-2013	N/A	6 months
Tim Craft Medical Director	01-Aug-2010	N/A	6 months
Francesca Thompson Chief Operating Officer	25-Sep-2006	N/A	6 months
Helen Blanchard Director of Nursing & Midwifery	27-Aug-2013	N/A	6 months
Claire Buchanan Director of Human Resources**	07-Oct-2013	N/A	6 months
Jocelyn Foster Commercial Director**	30-Jul-2012	N/A	6 months
Howard Jones Director of Estates & Facilities**	03-Nov-2008 (retired February 2017)	N/A	6 months

Upon authorisation as an NHS Foundation Trust on 1 November 2014, the Council of Governors appointed the existing Chairman and Non-Executive Directors in accordance with the requirements of the NHS Foundation Trust's Constitution.

**indicates non-voting members of the Board of Directors

Disclosures in accordance with the Health and Social Care Act

Director and governor expenses

Information regarding Director and governor expenses during the reporting period are outlined below:

<u>Directors' expenses</u>

No taxable expenses were paid to any Executive or Non-Executive Director during the reporting period or the previous financial year.

<u>Governors' expenses</u>

Governors are not remunerated, but are entitled to claim expenses for costs incurred whilst undertaking duties for the Trust as a Governor (for example, travel expenses to attend Council of Governors' meetings). A total of £1,437.77 was paid to 9 Governors (out of 27 Governors) in the period from 1 April 2016 to 31 March 2017.

Senior Managers' Remuneration

<u>Remuneration for Senior Managers for 2016-17:</u>

		Salary and Fees (bands of £5,000)	Salary and Fees for Clinical Duties (bands of £5,000)	Start (s) or Leave (l) Date	Annual Performance-Related Bonuses (bands of £5,000)	Pension - Related Benefits (bands of £2,500)	Total (bands of £5,000)
		£'000	£'000	£'000	£'000	£'000	£'000
James Scott	Chief Executive	180-185	0	-	15-20	-	195-200
Sarah Truelove	Director of Finance	135-140	0	-	10-15	-	150-155
Francesca Thompson	Chief Operating Officer	115-120	0	-	10-15	40-42.5	165-170
Helen Blanchard	Director of Nursing	110-115	0	-	10-15	40-42.5	160-165
Timothy Craft	Medical Director	45-50	135-140	-	0	10-12.5	130-135
Howard Jones	Director of Facilities	105-110	0	10/02/17 (l)	5-10	-	110-115
Claire Buchanan	Director of Human Resources	100-105	0	-	5-10	27.5-30	135-140
Jocelyn Foster	Commercial Director	105-110	0	-	5-10	37.5-40	150-155
Brian Stables	Chairman	45-50	0	-	-	-	45-50
Moira Brennan	Non-Executive Director	10-15	0	-	-	-	10-15
Jane Scadding	Non-Executive Director	10-15	0	-	-	-	10-15
Joanna	Non-	10-15	0	-	-	-	10-15

Name	Role	Salary and Fees	Salary and Fees for Clinical Duties	Start/Leave Date	Annual Performance - Related Bonuses	Pension - Related Benefits	Total
Hole	Executive Director						
Nicholas Hood	Non-Executive Director	10-15	0	28/02/17 (l)	-	-	10-15
Nigel Sullivan	Non-Executive Director	10-15	0	-	-	-	10-15
Jeremy Boss	Non-Executive Director	0-5	0	-	-	-	0-5

Remuneration for Senior Managers for 2015-16

		Salary and Fees (bands of £5,000)	Salary and Fees for Clinical Duties (bands of £5,000)	Start (s) or Leave (l) Date	Annual Performance - Related Bonuses (bands of £5,000)	Pension - Related Benefits (bands of £2,500)	Total (bands of £5,000)
		£'000	£'000	£'000	£'000	£'000	£'000
James Scott	Chief Executive	180-185	0	-	15-20	122.5-125	315-320
Sarah Truelove	Director of Finance	135-140	0	-	10-15	-	150-155
Francesca Thompson	Chief Operating Officer	115-120	0	-	10-15	32.5-35	160-165
Helen Blanchard	Director of Nursing	120-125	0	-	5-10	60-62.5	190-195
Timothy Craft	Medical Director	45-50	135-140	-	0	130-135	280-285
Howard Jones	Director of Facilities	105-110	0	-	5-10	-	110-115
Claire Buchanan	Director of Human Resources	100-105	0	-	5-10	27.5-30	135-140
Jocelyn Foster	Commercial Director	105-110	0	-	5-10	37.5-40	150-155
Brian Stables	Chairman	45-50	0	-	0	-	45-50
Moira Brennan	Non-Executive Director	10-15	0	-	0	-	10-15
Michael Earp	Non-Executive Director	5-10	0	31/10/15(l)	0	-	5-10
Jane Scadding	Non-Executive Director	5-10	0	1/11/15 (s)	0	-	5-10
Joanna Hole	Non-Executive Director	10-15	0	-	0	-	10-15
Nicholas Hood	Non-Executive Director	10-15	0	-	0	-	10-15
Nigel Sullivan	Non-Executive Director	10-15	0	-	0	-	10-15

No Senior Manager received any payments in respect of taxable benefits or long-term performance-related bonuses in either 2015/16 or 2016/17.

Total Pension Entitlement

	Real Increase in Pension at Pension Age (bands of £2,500)	Real Increase in Pension Lump Sum at Pension Age (bands of £2,500)	Total Accrued Pension at Pension Age at 31 March 2017 (bands of £5,000)	Lump Sum at Pension Age, Related to Accrued Pension at 31 March 2017 (bands of £5,000)	Cash Equivalent Transfer Value at 1 April 2016	Real Increase in Cash Equivalent Value Transfer	Cash Equivalent Transfer Value at 31 March 2017	Employer's Contribution to Stakeholder Pension
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Francesca Thompson Chief Operating Officer	0-2.5	5-7.5	35-40	110-115	794	66	860	17
Helen Blanchard Director of Nursing & Midwifery	0-2.5	5-7.5	35-40	110-115	681	56	737	16
Timothy Craft* Medical Director	0-2.5	0-2.5	75-80	230-235	1,595	58	1,653	4
Claire Buchanan* Director of Human Resources	2.5-5	5-7.5	30-35	90-95	514	97	611	14
Jocelyn Foster* Commercial Director	0-2.5	0-2.5	10-15	15-20	127	26	153	15

Note: The Chief Executive is no longer making contributions to the NHS Pensions Scheme, and the Medical Director stopped making contributions to the scheme in May 2016.

Fair Pay Multiple

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 for the highest paid Director in the Royal United Hospitals Bath NHS Foundation Trust for the year to 31 March 2017 was £195,000-£200,000 (to 31 March 2016: £195,000-£200,000). This was 7.1 times the median remuneration of the workforce (31 March 2016: 7.1), which was £27,740 (31 March 2016: £27,866).

In 2016-17, overall three employees received remuneration in excess of the highest paid Director (31 March 2016: four). Remuneration ranged from £15,251 to £227,344 (31 March 2016: £15,100 to £223,779).

Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

There is no change to the fair pay multiple from 2015/16 to 2016/17.

Payments for loss of office

There have been no payments made to any senior manager during 2015/16 and 2016/17 for loss of office.

Payments to past senior managers

No payments or awards were made to past senior managers during the reporting period.

Signed

James Scott

Chief Executive

26 May 2017

Staff report

Analysis of staff numbers

An analysis of average staff numbers across the Trust is outlined in the table below:

Average number of employees (WTE basis)	2016/17
Medical and dental	519
Administration and estates	732
Healthcare assistants and other support staff	1,221
Nursing, midwifery and health visiting staff	1,208
Scientific, therapeutic and technical staff	347
Healthcare science staff	147
Agency, Bank and other contract staff	310
Total average numbers	**4,484**
Of which	
Number of employees (WTE) engaged on capital projects	21

Analysis of staff costs for 2016/17

	Permanently employed £'000	Other £'000	Total £'000
Salaries and wages	146,010	7,455	153,465
Social security costs	14,488	668	15,156
Pension cost	17,731	628	18,359
Termination benefits	14	0	14
Temporary staff	0	4,450	4,450
Total staff costs	**178,644**	**13,201**	**191,845**

Gender analysis

The number of male and female, senior managers and employees as at 31 March 2017:

Staff Group	Female	Male	Total
Directors	5	2	7
Other Senior Managers	85	43	128
Other employees	3,904	1,132	5,036
Total	3,994	1,178	5,171

Sickness absence data

The Trust has robust procedures in place for the management of sickness absence with regular reporting at departmental, divisional and Board of Directors' level.

The sickness absence rate for 2016/17 was 4.3%.The average number of working days lost to sickness absence per full time employee was 9.7.

Staff policies and actions applied during the financial year:

The Trust's Equality and Diversity policy and a variety of other supporting policies are the cornerstone of its approach to equality of employment opportunity. We recognise our responsibility to provide (as far as is reasonably practicable) job security of all employees.

Our policies ensure full and fair consideration of applications for employment made by disabled persons, having regard to their particular aptitudes and abilities; for continuing the employment of, and for arranging appropriate training for, employees who have become disabled persons during the period; and for the training, career development and promotion of disabled employees.

Our policies aim to ensure that no job applicant or employee receives less favourable treatment where it cannot be shown to be justifiable on the grounds of:

- Age
- Disability
- Gender reassignment
- Marriage and civil partnership
- Pregnancy and maternity
- Race
- Religion or belief
- Sex
- Sexual orientation

Engaging and consulting our employees

A number of actions have been undertaken in the financial year to provide employees systematically with information on matters of concern to them, consult employees or their representatives on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests, encourage the involvement of employees in the Trust's performance,

and achieve a common awareness on the part of all employees of the financial and economic factors affecting the performance of the Trust.

The Trust has formal consultation arrangements through the joint staff consultative and negotiating committee to provide information to staff, consult them through their designated local representatives and take their views into account. The Trust also uses a variety of regular forms of communication to secure engagement with staff which include:

- Face-to-face meetings and briefing sessions
- Pay-slip bulletin – information pertinent to everyone (corporate development, employment issues etc) circulated to every member of staff with their monthly pay-slip
- Intranet – staff can access policies and procedures, patient information, an on-line telephone directory and up-to-date news about the Trust, including finance reports, performance reports and minutes from key meetings such as the Council of Governors and Board of Directors
- Email briefings – Intheweek, an email newsletter sent to all staff every Monday via their individual NHS email accounts, on a variety of subjects affecting the Trust – from departmental moves to briefings on clinical issues
- All-staff email – used to share critical information
- Staff magazine – @RUHBath is a colourful newspaper published once a month, packed full of news from around the Trust and with a focus on staff and the roles they play in the organisation
- Posters, leaflets, reports – produced specifically for staff
- Twitter – the Trust has its own private Twitter account which all staff can join
- Membership magazine – Insight Magazine is distributed to members, and our local community and is available across the Trust every quarter and updates the Trust's membership on service developments, proposals and plans
- The Innovation panel to support and empower staff to put forward and implement ideas for innovation and service improvement.

Our recently refreshed Workforce Strategy sets out how we will attract, recruit and retain appropriately skilled, qualified and experienced staff who share our values, demonstrate our agreed behaviours and who will deliver safe, compassionate, excellent care. It is continues to be reviewed to ensure that it reflects the Trust's needs.

Health and safety performance and health and wellbeing

During the reporting period between 1 April 2016 and 31 March 2017 the Trust did not receive any health and safety Improvement Notice(s). During the reporting period the Trust was taken to Court, and was fined £200,120 following an Improvement Notice issued in 2012. This case is closed.

All staff have access to an Occupational Health service including an Employee Assistance scheme providing confidential counselling services for employees and their families, and over the past year a Health and Wellbeing Strategy has been developed with a focus on delivering the following aim:

Provide a working environment in which we care for our staff and know that, in doing this, they are supported to provide outstanding care for our patients, each other, and their environment. This will be achieved by supporting staff to assess and take responsibility for their own health and wellbeing and providing prevention, intervention and rehabilitation services.

The results of our recent NHS Staff Survey clearly identified areas where we are doing well in terms of supporting staff to maintain their health and wellbeing:
- Staff satisfaction with the quality of work and care they are able to deliver
- Organisation and management interest in and action on health and wellbeing
- Quality of appraisals

- Good communications between senior managers and staff
- Support from immediate managers
- Recognition and value of staff by managers and the organisation
- Satisfaction with resourcing and support
- Recognition and value of staff by managers and the organisation
- Percentage of staff appraised in the last 12 months
- Percentage of staff experiencing harassment, bullying or abuse from staff in the last 12 months
- Percentage of staff believing that the organisation provides equal opportunities for career progression or promotion.

But there are also areas where we need to improve:

- Percentage of staff reporting errors, near misses or incidents witnessed in the last month
- Percentage of staff/colleagues reporting most recent experience of violence
- Staff confidence and security reporting unsafe clinical practice
- Fairness and effectiveness of procedures for reporting errors, near misses and incidents, and
- Quality of non-mandatory training, learning or development.

How we support staff to maintain their health and wellbeing in the face of these challenges is outlined below:
- Provision of a comprehensive Occupational Health Service
- Access to dedicated psychological support services
- Access to a Staff Physio Acute Assessment & Self-Management Service
- Spiritual and pastoral care through the Hospital Chaplaincy service
- Schwartz rounds and Trauma Risk Management (TRiM)
- On-site gym, squash courts, cycle schemes
- Open-air swimming pool
- Programme of health and wellbeing campaigns.

The Trust has further demonstrated its commitment to delivering improved health and wellbeing to its employees by signing up to the Workplace Wellbeing Charter and is aiming to be assessed during 2017-18, which is an opportunity for employers to demonstrate their commitment to the health and wellbeing of their workforce in the following areas:

- Leadership
- Absence management
- Health & Safety
- Mental health
- Smoking & tobacco
- Physical activity
- Healthy eating
- Alcohol & substance abuse

As part of the Trust's arrangements for Health and Safety compliance under the Health and Safety at Work, etc. Act 1974, the Trust has in place a Health and Safety governance framework consisting of a Health and Safety Committee. The Committee receives assurance in line with legislation on Management of Health and Safety at Work Regulations 1999, Water safety (L8), Fire safety (RR(FS)O), as well as the CQC Standards including the CQC regulations 2009 and the Health and Social Care Act 2008, regulation 2014. The Committee oversees the work of several sub committees,

such as the safer staff group and safer environment group, which each have devolved responsibilities for various aspects of health and safety across the Trust. When monitoring and reporting on health and safety the Trust uses the Health and Safety Executive's Reporting of Incidents, Diseases and Dangerous Occurrences Regulations (RIDDOR) system to report as per the regulations.

<u>Information on policies and procedures with respect to countering fraud and corruption</u>

The Trust has policies in place with respect to countering fraud, bribery and corruption. We take a proactive approach to raising awareness of the potential for fraud, bribery and corruption amongst our staff and work closely with the counter-fraud service to ensure preventative measures are in place. The Trust has an annual work plan in place which reflects activity relevant to the Trust and the NHS Protect Standards for Providers: Fraud, Bribery and Corruption, and engages an accredited Counter Fraud Specialist to support the activity detailed within the counter-fraud work plan.

Staff survey

<u>Staff engagement</u>

The Trust monitors staff engagement using the key indicators in the annual NHS Staff Survey, and the Friends and Family Test (FFT) for Staff results. Over the past five years the Trust engagement score, as evidenced in the NHS Staff Survey, has improved from 3.63 in 2012 to 3.83 in 2016. The national average score for acute trusts in 2016 was 3.81, which means that the RUH score was slightly above average when compared with similar Trusts.

The Trust's focus for staff engagement in the year 2016/17 was to embed the values co-created with staff, patients, carers and their families, in the previous year. To enable this, managers were briefed about their role in living the values, the induction for new staff was updated to include a focus on the values, the appraisal policy and other key policies were updated, posters and leaflets were distributed, and values-based recruitment was piloted with Healthcare Assistants. When asked if they were aware of the values in the staff survey, 95% of staff said 'yes definitely' or 'yes to some extent'

In addition, campaigns to engage staff through embedding the values were launched. The importance of appreciation to staff engagement is crucial at the RUH. To support this, a web-enabled engagement tool was launched and managers were encouraged to use it to formally thank their staff. Since the tool's launch the Trust's staff survey key finding for recognition and value of staff by managers and the organisation has increased from 3.45 to 3.51.

<u>Learning from staff feedback</u>

The key method for learning from our staff in the previous year has been the Making a Difference survey inspired by feedback from the 'values listening' events in the previous year. The Trust was keen to find out more about how staff wanted to live the value 'making a difference'. The survey revealed strong staff commitment to making change and frustration with how to navigate the system to make change. Further analysis indicated that the recruitment process was a priority area for improvement. To enable this change HR staff have participated in systems thinking training to enable those delivering the recruitment system to design and implement improvements rather than having change imposed upon them.

The Trust gains feedback from new staff via 'Fresh Eyes'. Every month the Trust invites its new starters to share their feedback in a facilitated session called Fresh Eyes.

Summary of performance – NHS Staff Survey

All staff across the Trust were invited to complete the annual NHS Staff Survey and a total of 2,242 responses was received, a response rate of 46%, which was above average for acute trusts in England and reflects the hard work and effort that has been put in place throughout 2016 to engage with staff, during what has been another year of significant organisational change and operational challenges.

Areas of improvement and deterioration outlined below:

Summary of Performance	2016/17		2015/16		
Response rate	RUH	National Average	RUH	National Average	
	46%	43%	48%	41%	Deterioration
Top five ranking scores	2016/17		2015/16		
	RUH	National Average	RUH	National Average	
Percentage of staff believing that the organisation provides equal opportunities for career progression or promotion	89%	87%	91%	87%	Deterioration
Percentage of staff appraised in the last 12 months	90%	87%	88%	86%	No Change
Percentage of staff experiencing harassment, bullying or abuse from staff in the last 12 months	23%	25%	24%	26%	No Change
Quality of appraisals	3.17	3.11	3.06	3.05	Improvement
Recognition and value of staff by managers and the organisation	3.51	3.45	3.45	3.42	Improvement

Bottom five ranking scores	2016/17		2015/16		
	RUH	National Average	RUH	National Average	
Fairness and effectiveness of procedures for reporting errors, near misses and incidents	3.62	3.72	3.61	3.70	No Change
Quality of non-mandatory training, learning or development	3.99	4.05	3.97	4.03	No Change
Staff confidence and security in reporting unsafe clinical practice	3.57	3.65	3.57	3.62	No Change
Percentage of staff/colleagues reporting most recent experience of violence	62%	67%	65%	-	No Change
Percentage of staff reporting errors, near misses or incidents witnessed in the last month	89%	90%	89%	90%	No Change

Addressing our key priorities and targets

Our staff survey results offer us a framework upon which to further improve staff experience and engagement - addressing areas of concern and further building on areas in which we are performing well.   Action plans include a corporate plan and divisional plans enabling tailored actions to be put in place and to monitor improvements. The development and monitoring of the plans is co-ordinated by the Deputy Director of HR through the Health and Well Being Group reporting to the Strategic Workforce Committee, and through the Safe-Staffing Group reporting to the Health and Safety Committee. Both committees report into the Trust Board of Directors via Management Board.

Reporting of errors, unsafe clinical practice and experience of violence are being addressed through the corporate plan.   We also have a keen focus on 'everyone matters' and have committed to a programme of "Managing Challenging Behaviour and Restraint Training" to ensure that staff in clinical divisions, working on wards and departments (particularly Registered Nurses, Healthcare Assistants and Physiotherapists), are supported and have effective systems in place to address abuse, harassment, bullying and violence against staff from patients, their relatives and carers.

We are continuing our Staff Engagement/Values Embedding Programme during 2017/18.   Areas of priority will include further consolidation of the values into our day-to-day activities and behaviours, further improving recognition of the achievements of our employees and ensuring staff at all levels have the opportunities to make improvements to further enhance staff experience and patient care. The Staff Experience Steering Group provides strategic leadership to the staff engagement programme of work.

Monitoring arrangements for the Trust's staff engagement work is through the Trust's governance committees, Strategic Workforce Committee, Management Board and the Trust Board of Directors.

The development and monitoring of the plans is co-ordinated by the Deputy Director of HR through the Health and Well Being Group reporting to the Strategic Workforce Committee, and through the

Safe-Staffing Group reporting to the Health and Safety Committee. Both committees report into the Trust Board of Directors. Progress against key priority areas of the programme will be kept under regular review and monitored quarterly by the Board of Directors.

Expenditure on consultancy

Expenditure on consultancy, as defined in the Department of Health's Group Accounting Manual 2016/17, during 2016/17 was £959k.

Off-payroll engagements

Engagements as of 31 March 2017, for more than £220 per day and that last for longer than six months:

No. of existing engagements as of 31 March 2017	20
Of which…	
No. that have existed for less than one year at time of reporting.	10
No. that have existed for between one and two years at time of reporting.	3
No. that have existed for between two and three years at time of reporting.	2
No. that have existed for between three and four years at time of reporting.	1
No. that have existed for four or more years at time of reporting.	4

All existing off-payroll engagements have been subject to risk-based assessments and assurance requested where necessary to verify the individual is paying the right amount of tax.

No. of new engagements, or those that reached six months duration between 1 April 2016 and 31 March 2017.	10

No. of the above which include contractual clauses giving the Trust the right to request assurance in relation to income tax and National Insurance obligations.	0
No. for whom assurance has been requested.	10
Of which …	
No. for whom assurance has been received.	10
No. for whom assurance has not been received.	0
No. that have been terminated as a result of assurance not being received.	0

There were no off-payroll engagements of board member and/or senior officials with significant financial responsibility, between 1 April 2016 and 31 March 2017.

Exit packages

Details of exit packages for 2016-17:

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	8	8
£10,000 - £25,000	1	-	1
£25,001 - £50,000	-	1	1
£50,001 - £100,000	-	-	-
£100,001 - £150,000	-	-	-
>£150,000	-	-	-
Total number of exit packages by type	**1**	**9**	**10**
Total resource cost (£'000)	**14**	**49**	**63**

Details of exit packages for 2015-16:

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	11	11
£10,000 - £25,000	-	1	1
£25,001 - £50,000	4	4	8
£50,001 - £100,000	-	-	-
£100,001 - £150,000	1	-	1
>£150,000	-	-	-
Total number of exit packages by type	**5**	**16**	**21**
Total resource cost (£'000)	**292**	**198**	**490**

Details of other departures payments 2015-16 and 2016-17:

	2016-17		2015-16	
	Agreements Number	Total Value of Agreements £000	Agreements Number	Total Value of Agreements £000
Voluntary redundancies including early retirement contractual costs.	1	28	5	144
Mutually agreed resignations (MARS) contractual costs.	-	-	-	-
Early retirements in the efficiency of the service contractual costs.	-	-	-	-
Contractual payments in lieu of notice.	8	21	11	54
Exit payments following Employment Tribunals or court orders.	-	-	-	-
Non-contractual payments requiring MHT approval.	-	-	-	-
Total	**9**	**49**	**16**	**198**

Governance of the Trust

<u>Role of the Board of Directors</u>

The Board of Directors is collectively responsible for the exercise of powers and the performance of the Trust. It is legally responsible for the delivery of high quality, effective services and for making decisions relating to the strategic direction, financial control and performance of the Trust. The Board of Directors attaches great importance to ensuring that the Trust operates to high ethical and compliance standards. In addition, it seeks to adhere to the principles of good corporate practice as set out in the *NHS Foundation Trust Code of Governance*.

The Board of Directors is responsible for:

- Determining the strategic direction of the Trust in consultation with the Council of Governors
- Setting targets, monitoring performance and ensuring the resources are used in the most appropriate way
- Providing leadership of the Trust within a framework of prudent and effective controls, which enables risk to be assessed and managed
- Making sure the Trust performs in the best interests of the public, within legal and statutory requirements
- Ensuring the quality and safety of healthcare services delivered by the Trust and applying principles and standards of quality governance set out by the Department of Health, the Care Quality Commission and other relevant NHS bodies
- Being accountable for the services provided and how public funds are spent and exercising those functions effectively, efficiently and economically
- Effective governance measures
- Specific duties relating to audit, remuneration, clinical governance, charitable funds and risk assurance
- Compliance with the Trust's provider licence, and
- Compliance with the Trust's Constitution.

The Board of Directors meets monthly (with the exception of August) with provision to hold extraordinary meetings as and when required. The Board of Directors has a formal schedule of matters specifically reserved for its decisions. This includes approving strategy, business plans and budgets, regulations and control, annual report and monitoring how the strategy is implemented at an operational level. The Board of Directors delegates other matters to its sub-committees and to the Executive Directors and senior management.

<u>Board of Directors focus</u>

Board meetings follow a formal agenda which is ordered under the headings of:

- Quality, patient safety, effectiveness and experience
- Operational performance and use of resources
- Corporate governance, risk and regulatory, and
- Strategy and business planning and improvement.

The Board of Directors has timely access to all relevant operational, financial, regulatory and quality information. Upon appointment to the Board of Directors, all Directors (Executive and Non-Executive) are fully briefed about their roles and responsibilities. Ongoing development is provided collectively by the monthly Board Seminars and Away Days and individual training needs are assessed through the appraisal process. All Directors attend regional and national events.

The Board of Directors develops its understanding of the view of governors and members through a variety of mechanisms. This includes Executive and Non-Executive Director attendance at meetings of the Council of Governors and its working groups; attendance at joint Board and Council away day events; participation in meetings involving members, such as at the Annual Members' Meeting, at the Members' *Caring for You* events; and Executive Director attendance at Governor Constituency meetings.

<u>Appointment of a New Non-Executive Director</u>

The Council of Governors Nominations and Remuneration Committee met on 7 September 2016 to discuss the recruitment process to appoint a new Non-Executive Director to replace Nicholas Hood, Non-Executive Director when his term of office ended on 28 February 2017. The Committee approved the appointment of an external recruitment agency to assist the Trust with the recruitment and selection process.

<u>Chairman</u>

The Chairman is responsible for ensuring that the Board of Directors focuses on the strategic development of the Trust and for ensuring robust governance and accountability arrangements are in place, as well as evaluating the performance of the Board of Directors, its committees and individual Non-Executive Directors.

<u>Non-Executive Directors</u>

Non-Executive Directors share the corporate responsibility for ensuring that the Trust is run efficiently, economically and effectively. Non-Executive Directors use their expertise to scrutinise the performance of management, monitor the reporting of performance and satisfy themselves as to the integrity of financial, clinical and other information. The Non-Executive Directors also fulfil their responsibility for determining appropriate levels of remuneration for Executive Directors.

Non-Executive Directors are appointed for a three-year term of office. A Non-Executive Director can be reappointed for a second three-year term subject to the recommendation of the Council of Governors' Nominations and Remuneration Committee and approval by the Council of Governors. A Non-Executive Directors' term of office can be extended beyond a second term on an annual case-by-case basis by the Council of Governors, subject to a formal recommendation from the Chairman, satisfactory performance and the needs of the Board of Directors. In any event, no Non-Executive Director will serve more than nine years. Removal of the Chairman or another Non-Executive Director shall require the approval of three quarters of the members of the Council of Governors.

The Chairman and other Non-Executive Directors and the Chief Executive (except in the case of the appointment of a new Chief Executive) are responsible for deciding the appointment of Executive Directors. The Chairman and other Non-Executive Directors are responsible for the appointment and removal of the Chief Executive, whose appointment requires approval by the Council of Governors.

<u>Board of Directors Completeness</u>

The Directors' summary biographies describe the skills, experience and expertise of each Director. There is a clear separation of the roles of the Chairman and the Chief Executive.

All of the Non-Executive Directors of the Trust are considered to be independent in accordance with NHS Foundation Trust Code of Governance as published by NHS Improvement. The Board considers that the Non-Executive Directors bring a wide range of business, commercial and financial knowledge required for the successful direction of the Trust.

The balance, completeness and appropriateness of the Board of Directors is reviewed at least annually to ensure its effectiveness. In 2016/17 this was undertaken by Non-Executive Directors, the Executive Team and the members of the Council of Governors' Nominations and Remuneration Committee as part of the discussions around the appointment of a new Non-Executive Director to replace Nicholas Hood whose term of office ended on 28 February 2017. At the present time, the Board is satisfied as to its balance, completeness and appropriateness and will continue to keep these matters under review in consultation with the Council of Governors.

Board evaluation and development

Evaluation of the Chairman's performance is led by the Senior Independent Director under the auspices of the Council of Governors' Nominations and Remuneration Committee, which is also responsible for evaluating the performance of the Non-Executive Directors. The Chief Executive's performance is evaluated by the Chairman. The Chief Executive is responsible for undertaking an evaluation of the performance of individual Executive Directors, the outcome of which is reported to the Board of Directors' Nominations and Remuneration Committee. Each Committee of the Board of Directors undertakes an annual self-assessment and reports the outcome to the Board of Directors.

The Board of Directors undertakes an annual development review of its performance and its effectiveness as a unitary board. The Board of Directors holds a minimum of four away day sessions during the year, which provide an opportunity for the Board to debate strategic issues in an informal setting. The Board of Directors also has a programme of Board Seminars held after each Board meeting on a range of topical issues. Individual Directors attend a range of formal and informal training and networking events as part of their ongoing development.

The Trust will undertake an external Well-Led Governance Review during 2017/18 in line with NHS Improvement's guidance.

Board Committees

The Board of Directors have delegated responsibilities to sub-committees to undertake specified activities and provide assurance to Board members. The Committees provide the Board of Directors with a written report of their proceedings. A summary of each committee's role is set out below:

Management Board

The Management Board is chaired by James Scott, Chief Executive, and 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.

Audit Committee

The Audit Committee is chaired by Moira Brennan, Non-Executive Director. The Audit Committee is responsible for:

- Governance - reviewing the establishment and maintenance of an effective system of internal control and probity across the whole of the organisation's activities.
- Internal Audit - ensuring that there is an effective internal audit function established by the Trust that meets mandatory NHS Internal Audit Standards.
- External Audit - reviewing the work and findings of the External Auditor and considering the implications and management response to their work.

- Local Counter-Fraud - ensuring that there is an effective counter-fraud function established by management that meets NHS Counter-Fraud standards.
- Management - reviewing reports and positive assurances from Directors and managers on the overall arrangements for governance, probity and internal control.
- Risk Management - assuring the Board of Directors that the Risk Management system operating within the Trust is robust and effective.

In addition to its standing items of business, which include debtor and creditor analysis, internal audit recommendation tracker, financial risks on the Board Assurance Framework, Internal Audit Reports, External Audit Reports and Counter-Fraud progress reports, the Audit Committee has reviewed risk management systems and processes.

There were no significant issues relating to the financial statements, operations or compliance during the year. However, concerns over the increasing level of overdue debt relating to the treatment of patients from outside the usual catchment area of the Trust led to the members requesting a review of the controls with regard to providing elective services to ensure they were strengthened to protect the liquidity of the organisation.

The Audit Committee is also responsible for monitoring the external auditor's independence and objectivity, including the effectiveness of the audit process. There is an annual review undertaken by the members of the Committee, assessing the performance of all the external audit providers against an agreed set of KPIs. These KPIs include verifying compliance with statutory requirements and deadlines, communication with key senior management personnel, satisfactory planning processes, and confirmation that the provision of staff to carry out work for the Trust are those named and qualified to do so.

The current external auditor, Deloitte, was appointed with effect from 1 April 2016; this followed an appropriate tender process as detailed in the Trust SFIs and was approved by the Council of Governors following recommendation by the Committee.

Deloitte has not provided any non-audit services for the Trust in 2016/17.

Non-Clinical Governance Committee (NCGC)

The Non-Clinical Governance Committee is chaired by Joanna Hole, Non-Executive Director. The 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; business development and other non-clinical areas as may be identified.

Clinical Governance Committee

The Clinical Governance Committee was chaired by Nick Hood, Non-Executive Director until his retirement on 28 February 2017. Jane Scadding, Non-Executive Director has chaired the Committee from March 2017. The Committee 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 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.

Joint Committee Meetings

The Non-Clinical Governance Committee and Clinical Governance Committee hold six-monthly joint meetings to seek assurance of key systems and processes which impact on both non-clinical and clinical areas.

Board of Directors' Nominations and Remuneration Committee

The Board of Directors' Nominations and Remuneration Committee is chaired by Brian Stables, Chairman. The Committee's key roles and responsibilities are to appoint the Chief Executive and the Executive Directors and to determine the appropriate employment and remuneration and terms of employment for the Chief Executive and Executive Directors.

The Charities Committee

From January 2016, the Charities Committee was chaired by Moira Brennan, Non-Executive Director. 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, focused on principal campaigns agreed with the Charities Committee and the Corporate Trustee.

Whilst the Charities Committee is a formal sub-committee 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.

Commercial Transactions Steering Group

The Commercial Transactions Steering Group is chaired by the Deputy Chief Executive and Director of Finance and provides scrutiny and assurance of aspects of tenders and other significant transactions as delegated by the Board of Directors.

Fit for the Future Board

The Board of Directors approved the establishment and the terms of reference of a new Fit for the Future Board in February 2016. The Board is chaired by the Chief Executive and its members include two Non-Executive Directors. The primary objective of the Fit for the Future Board is to shape, review

and challenge the Trust-wide transformation programme across key themes including transformation, acute and community integration, productivity and implementing the recommendations from Lord Carter's review of NHS efficiency. The Terms of Reference were reviewed in October 2016 to include the review, challenge and support of the actions taken by the Trust to achieve its target for four-hour performance and any other off-target performance measure.

Board of Directors Membership and Attendance: 1 April 2016 to 31 March 2017

	Board of Directors (10 meetings)	Audit Committee (4 meetings)	Non-Clinical Governance Committee (6 meetings)	Clinical Governance Committee (6 meetings)	Joint Clinical and Non-Clinical Governance Committee (3 meetings)	Board of Directors' Nominations and Remuneration Committee (1 meeting)	Commercial Transactions Steering Group (7 meetings)	Charities Committee (4 meetings)	Fit for the Future Board (6 meetings)	Management Board (12 meetings)
Brian Stables Chairman	10/10	1	-	1	1	1/1	7/7	4/4	5/6	-
Joanna Hole Non-Executive Director/Senior Independent Director	10/10	4/4	5/6	-	3/3	1/1	-	-	-	-
Jane Scadding Non-Executive Director	8/10	-	-	5/6	2/3	0/1	-	-	2/6	-
Moira Brennan Non-Executive Director	10/10	4/4	-	-	-	1/1	7/7	4/4	-	-
Nigel Sullivan Non-Executive Director	8/10	-	6/6	-	2/3	1/1	-	-	-	-
Nick Hood Non-Executive Director	8/9	2/4	-	5/5	1/2	1/1	5/5	-	-	-
Jeremy Boss Non-Executive Director	1/1	-	-	1/1	1/1	-	-	-	-	-

	Board of Directors (10 meetings)	Audit Committee (4 meetings)	Non-Clinical Governance Committee (6 meetings)	Clinical Governance Committee (6 meetings)	Joint Clinical and Non-Clinical Governance Committee (3 meetings)	Board of Directors' Nominations and Remuneration Committee (1 meeting)	Commercial Transactions Steering Group (7 meetings)	Charities Committee (4 meetings)	Fit for the Future Board (6 meetings)	Management Board (12 meetings)
James Scott Chief Executive	10/10	-	-	-	-	-	-	-	- *	10/12
Sarah Truelove Deputy Chief Executive & Director of Finance	9/10	4/4	2/6	-	2/3	-	7/7	4/4	6/6	9/12
Helen Blanchard Director of Nursing & Midwifery	10/10	-	-	6/6	3/3	-	-	3/4	2/6	12/12
Claire Buchanan Director of Human Resources	10/10	-	5/6	-	2/3	-	-	-	2/6	9/12
Tim Craft Medical Director	8/10	-	-	5/6	3/3	-	-	-	5/6	8/12
Jocelyn Foster Commercial Director	10/10	-	6/6	-	3/3	-	7/7	4/4	5/6	11/12
Howard Jones Director of Estates & Facilities	09/10	-	4/5	-	2/2	-	3/5	-	2/5	9/10
Francesca Thompson Chief Operating Officer	10/10	-	6/6	-	1/3	-	-	-	5/6	10/12

The Council of Governors

Composition, roles and responsibilities

The Council of Governors consists of 21 Governors:

- 11 Public Governors (elected by public members)
- 5 Staff Governors (elected by staff members)
- 5 Stakeholder Governors (appointed by their organisation)

The Council of Governors (CoG) is chaired by the Trust Chairman Brian Stables. Governors at the Royal United Hospitals Bath are the direct link between the NHS Foundation Trust's members and the Trust. The Council of Governors' prime role is to represent the interests and views of Trust members, the local community, other stakeholders and the public in general. The Council has a right to be consulted on the Trust's strategies and plans and any matter of significance affecting the Trust or the services it provides.

The Council of Governors' roles and responsibilities are set out in law and are detailed in the Trust's Constitution. The work of the Governors is divided between their statutory and non-statutory duties.

The statutory powers and duties of the Council of Governors include:

- Appoint and, if appropriate, remove the Chairman and other Non-Executive Directors
- Determine the remuneration and allowances and other terms and conditions of office of the Chairman and other Non-Executive Directors
- Approve the appointment of the Chief Executive
- Approve and, if appropriate, remove the NHS Foundation Trust's Auditors
- Receive the NHS Foundation Trust's annual accounts, any report from the auditor on them, and the annual report
- Approve changes to the Trust's Constitution (a joint responsibility with the Board of Directors)
- Approve any proposal by the Trust to enter into a significant transaction
- Approve any application by the Trust to enter into a merger, acquisition, separation or dissolution
- Approve any proposed increase of more than 5% of total income in the amount of the Trust's income attributable to activities other than the provision of goods and services for the purposes of the health service in England

In preparing the NHS Foundation Trust's forward plan, the Board of Directors must have regard to the views of the Council of Governors.

2016 Governor Elections

During 2016 the Trust held an election to elect two staff governors and five public governors across five constituencies. This was the first constituency-wide election for new governors since becoming an NHS Foundation Trust hospital in 2014.

Each constituency had a contested election and the voting turnout was good. The full election report can be found on our website www.ruh.nhs.uk/membership.

Register of Governors

The register of Governors for the period 1 April 2016 to 31 March 2017 is:

Name	Constituency	Term of Office ends
Public Governors		
Amanda Buss	City of Bath	31 October 2017
Dominic Tristram	City of Bath	31 October 2016
Mike Midgely*	City of Bath	31 October 2019
Helen Rogers	North East Somerset	31 October 2017
Nick Houlton*	North East Somerset	31 October 2019
Michael Welton	Somerset (Mendip)	31 October 2017
Ian Bynoe	Somerset (Mendip)	31 October 2016
Anne Martin*	Somerset (Mendip)	31 October 2019
Jan Taylor	North Wiltshire	31 October 2017
Chris Callow*	North Wiltshire	31 October 2019
Jane Shaw	South Wiltshire	31 October 2017
Phil Morris	South Wiltshire	31 October 2016
James Colquhoun*	South Wiltshire	31 October 2019
Bill Aiken	Rest of England & Wales	31 October 2017
Staff Governors		
Elizabeth Brown**	Staff	Stood down November 2016
Phill Lunt	Staff	31 October 2017
Hassan El-Wakeel	Staff	31 October 2017
Michael Coupe	Staff	31 October 2016
Sharon Manhi	Staff	31 October 2016
Julie Scriven*	Staff	31 October 2019
David Chodkiewicz*	Staff	31 October 2019
Shaun Lomax***	Staff	31 October 2017
Stakeholder Governors (appointed)		
Dr Ian Orpen	BaNES CCG	31 October 2017
Cllr Vic Pritchard	BaNES Council	31 October 2017
Dr Andrew Girdher	Wiltshire CCG	31 October 2017
Cllr Keith Humphries	Wiltshire Council	31 October 2017
Mark Humphriss	University of Bath	31 March 2017

These governors were elected or re-elected in 2016.

**Elizabeth Brown, Staff Governor, stood down in November 2016. The Trust's Constitution allows the Trust to invite the next highest polling candidate from the most recent election to fill the Governor vacancy for the remainder of her Governor term (until 31 October 2017).*

***Shaun Lomax who stood in the 2016 election agreed to take up the position until 31 October 2017.*

During the Council of Governors' meeting held on 6 December 2016, the Chairman asked all Governors to consider if they wished to put themselves forward for the role of Lead Governor and submit any expressions of interest and supporting statements to the Membership Office. An anonymous ballot took place and the Council of Governors confirmed the appointment of Chris Callow as Lead Governor on 6 March 2017.

<u>Link with the Board of Directors</u>

The Council of Governors holds the Non-Executive Directors to account for the performance of the Board. This increases the level of local accountability in public services. The Council of Governors is required to advise the Board of Directors regarding future plans and strategies and the monitoring of performance against the Trust's strategic direction. Through contact with members and the public at events such as constituency meetings, Caring for You, the Annual General Meeting and through other engagement activities, Governors have an opportunity to listen to members and the public and to represent their views on a wide range of matters relating to the Trust's forward plans, priorities and strategies.

The Board of Directors uses a variety of methods to ensure that they take account of, and understand, the views expressed by Governors and members. The Council of Governors is chaired by the Chairman and these meetings are attended by the Chief Executive. Non-Executive Directors are invited to attend meetings and other Directors attend to report on items relating to their responsibilities. Non-Executive Directors take part in Director-led presentations in order to provide further assurance. The Governors have the opportunity to question Executive and Non-Executive Directors. There is also a programme of seminars hosted by the Non-Executive Director Chairs of the Assurance Committees.

The Board of Directors and Council of Governors also hold a joint away day to provide an opportunity for informal discussions. Although meetings of the Board of Directors are held in public and Governors can and do attend, the Chairman writes to all Governors after every Board of Directors' meeting setting out a summary of the key items discussed at the meeting, and the decisions taken within both the public and the private meetings, and responds to any questions or concerns that Governors may have.

In the event of a dispute between the Council of Governors and the Board of Directors, in the first instance the Chairman would endeavour to resolve the dispute. If the Chairman was not able to resolve the dispute, the Senior Independent Director and Lead Governor would jointly attempt to resolve the dispute. Should the Senior Independent Director and Lead Governor not be able to resolve dispute, the Board of Directors, pursuant to section 15(2) of Schedule 7 of the 2006 Act, would decide the disputed matter.

<u>Board Monitoring Group</u>

Each month a small group of Public Governors attend meetings of the Board of Directors (BoD). The aim of the Board Monitoring Group is to improve how the Council of Governors holds the Non-Executive Directors (NEDs) to account for the performance of the Board. Attendance at meetings and reading the Board papers has enabled Governors to see the Board in action and in particular the NEDs questioning Executive Directors. The Governors write a report to CoG with suggestions for the priority issues to be raised with Non-Executive Directors and Governor Working Groups.

<u>Council of Governor Meetings</u>

The Council of Governors has met on the following occasions:

- 31 May 2016 – scheduled meeting
- 7 September 2016 – scheduled meeting
- 6 December 2016 – scheduled meeting
- 6 March 2017 – scheduled meeting

The following table summarises Governor attendance at Council of Governor meetings 1 April 2016 to 31 March 2017:

Name	Constituency	Attendance
Public Governors		
Amanda Buss	City of Bath	3 of 4
Dominic Tristram	City of Bath	2 of 2
Mike Midgley	City of Bath	2 of 2
Helen Rogers	North East Somerset	3 of 4
Nick Houlton	North East Somerset	3 of 4
Michael Welton	Somerset (Mendip)	3 of 4
Ian Bynoe	Somerset (Mendip)	2 of 2
Anne Martin	Somerset (Mendip)	2 of 2
Jan Taylor	North Wiltshire	3 of 4
Chris Callow	North Wiltshire	3 of 4
Jane Shaw	South Wiltshire	4 of 4
Phil Morris	South Wiltshire	1 of 2
James Colquhoun	South Wiltshire	2 of 2
Bill Aiken	Rest of England & Wales	2 of 4
Staff Governors		
Elizabeth Brown	Staff	2 of 2
Shaun Lomax	Staff	1 of 1
Phill Lunt	Staff	2 of 4
Hassan El-Wakeel	Staff	4 of 4
Michael Coupe	Staff	2 of 2
David Chodkiewicz	Staff	2 of 2
Sharon Manhi	Staff	1 of 2
Julie Scriven	Staff	2 of 2
Stakeholder Governors (appointed)		
Dr Ian Orpen	BaNES CCG	3 of 4
Cllr Vic Pritchard	BaNES Council	2 of 4
Dr Andrew Girdher	Wiltshire CCG	2 of 4
Cllr Keith Humphries	Wiltshire Council	3 of 4
Mark Humphriss	University of Bath	4 of 4

The Chief Executive attended all Council of Governor meetings and other Directors attended as requested by the Governors.

Council of Governors' Nominations and Remuneration Committee

During 2016-17 the Nomination and Remuneration Committee has undertaken the following work:

- Participated in the appointment process for a new Non-Executive Director and made a recommendation on the appointment for the Council of Governors' approval;
- Participated in the Chairman's appraisal by providing feedback to the Senior Independent Director on his performance;
- Received feedback from the Senior Independent Director on the results of the Chairman's appraisal;

- Made a recommendation to the Council of Governors in respect for the Chairman's objective for 2017/18 in his role as Chairman of the Council of Governors;
- Reviewed the outcome of the Chairman's appraisal of the Non-Executive Directors.

On 6 March 2017, the Council of Governors approved the recommendations of the committee in respect of the new Non-Executive Director appointment.

Governor working groups

Governors continue to fulfil both their statutory and non-statutory duties through their established working groups. Governor working groups are supported by the Membership & Governance Manager, and include an Executive Director lead. All working group agendas include an item for the Governors to develop assurance questions to ask the Non-Executive Directors should further assurance be required post-meeting.

The working groups which have been developed are:

- Governor Strategy & Business Planning Working Group
- Governor Quality Working Group
- Governor Membership & Outreach Working Group

The working groups do not have decision-making powers, but will make recommendations for the approval of the full Council of Governors. Each group is chaired by a Governor and has an Executive Lead.

There are a number of ways for members and the public to communicate with the Governors:

- Post: RUH Membership Office (D1) , Royal United Hospitals Bath NHS Foundation Trust, Combe Park, Bath, BA1 3NG
- Email: RUHmembership@nhs.net
- Telephone: 01225 821299 or 01225 826288

Foundation Trust Membership

Being an NHS Foundation Trust means that we are a membership-led organisation that has a duty to be responsive to and meet the needs of our local community. We are accountable to our members who are represented by an elected Council of Governors. The Royal United Hospitals Bath NHS Foundation Trust is made of public and staff members.

Members are able to:

- Have a say over how services at the RUH are run;
- Provide feedback based on personal experiences as well as those of family and friends;
- Come to special Members' events to gain an insight into the hospital's activities;
- Vote for the public governors who will represent the members and hold the hospital to account;
- Take responsibility for shaping the services provided by the RUH now and in the future;
- Receive copies of Insight, the hospital's quarterly community magazine;
- Take part in focus groups and surveys to help improve patient experience.

<u>Public members</u>

Anyone who is aged 16 or over and lives in England and Wales can become a member of the RUH. We have six public member constituencies as follows:

- City of Bath
- North East Somerset
- Mendip
- North Wiltshire
- South Wiltshire
- Rest of England and Wales

<u>Staff members</u>

Staff who are permanently employed or hold a fixed term contract of at least 12 months are automatically registered as members unless they choose to opt out. Staff members are represented by five governors.

<u>How many members do we have?</u>

The table below highlights the Trust's actual and target public membership figures for 31 March 2017:

Category	Actual 31 March 2017	Target 31 March 2017
Public	11,369	11,000
Staff	5,095	5,000
Total	16,464	16,000

Constituency breakdown	As at 31 March 2017
City of Bath	2,465
North-East Somerset	1,952
Mendip	1,546
North Wiltshire	1,697
South Wiltshire	2,310
Rest of England and Wales	1,699
Staff	5,095

Membership size and movements		
Public constituency	**Last year (2016/17)**	**Next year 2017/18 (predicted)**
At 1 April	10,284	11,369
New members	1,491	1,400
Members leaving	450	400
At 31 March	11,369	12,369
Staff constituency	**Last year (2016/17)**	
At 1 April	4,859	5,095

At 31 March	5,095	5,095

Public Constituency	Number of members	Eligible membership
AGE		
0-16	39	152,404
17-21	907	48,594
22+	9,516	583,614
Not stated	907	-
ETHNICITY		
White	9,773	728,501
Mixed	78	9,462
Asian or Asian British	164	11,684
Black or Black British	101	4,764
Arab	3	688
Other	25	1,865
Unknown	1,225	n/a
SOCIO-ECONOMIC GROUPING		
AB	3,375	60,698
C1	3,335	69,365
C2	2,293	48,403
DE	2,333	45,242
Unknown	33	n/a
GENDER		
Male	3,974	386,996
Female	7,368	397,614
Unknown	27	n/a

Developing a representative membership

The Board of Directors and the Council of Governors are committed to growing the Trust's membership and to ensuring that the membership is representative of the local community served by the Trust. The Council of Governors' Membership and Outreach Working Group reviews membership data on a quarterly basis and develops action plans for targeted membership recruitment activity to increase membership amongst particular groups or localities if membership is unrepresentative. Face-to-face recruitment campaigns take place throughout the year and the Trust aims to increase membership by 1,000 public members each year.

The Public & Staff Membership Development Strategy 2016/17 has been developed by the Membership & Governance Manager in conjunction with the Governor Membership and Outreach Working Group. The working group supports the Trust in growing and developing its membership, evolving methods of communication and engagement with the members and the local community including hard to reach and under-represented groups. It also ensures that the Council of Governors and the Trust take account of the views of its membership, particularly at the Annual Members'

Meeting. The Public and Staff Membership Development Strategy sets out objectives to develop further an engaged membership.

The Trust's Membership aim is to ensure that the public is at the heart of everything we do by creating a representative membership and engaging them in the development and transformation of their health services.

The primary objectives are as follows:

- To create an engaged and supportive membership, representative of the public and stakeholders in our area
- To inform members of the health landscape and provide them with the information to access services and make the best health choices
- To enable members to influence the services the Trust offers them and hold the Board to account for the delivery of those services
- To develop the infrastructure and processes to enable efficient and effective dialogue between the Trust Board and its members

Engaging with members

The Trust has 11,369 local people registered as members of the Trust, and a further 5,095 staff members. This is an audience of 16,464 people to seek views and opinions from.

The Trust has a number of feedback mechanisms to ensure regular engagement and communication with members; these include:

- Members' quarterly newsletter and Insight magazine
- E-communications
- Caring for You events
- Governor Constituency meetings
- Online surveys
- Annual Members' Meeting

Throughout 2016/17 the Trust has run a number of engagement events with the public ranging from Caring for You events to Governor Constituency meetings. In 2016/17 there were five constituency meetings across the region. Each constituency meeting aims to inform attendees about the Trust, but also seek their views about what could be improved and what is going well. After each meeting every attendee receives an update incorporating "You Said, We Did" style feedback. Additional articles and information is also included in the quarterly members' magazine Insight, which is disseminated to all public members.

Throughout 2016/17, the Staff Governors continued to engage with staff by attending team meetings to find out more about the experiences of staff and to also inform them about the role of a governor.

Caring for You Events

Our Caring for You events are designed exclusively for our members and give them and the public the opportunity to step behind the scenes and understand more about the work of the hospital and how it supports the health and wellbeing of local communities.

Each event attracts 80-150 members and events in 2016/17 included Cardiology, Pain Services, a hands-on resuscitation event entitled "Restart the Heart", the Emergency Department and many

more. The aim of the events is to enable members to understand more about the work of the hospital and how it supports the health and wellbeing of the local communities, in order to help them connect more closely with our work.

NHS Foundation Trust Code of Governance

NHS Foundation Trusts in their annual reports are required to disclose information relating to the Code's requirements. For each item below, the information, its reference in the Code of Governance and its location within the Annual Report are shown. The reference "ARM" indicates a requirement not of the Code of Governance, but of the NHS Foundation Trust Annual Reporting Manual issued by NHS Improvement.

The Trust considers that it complies with the specific disclosure requirements as set out in the NHS Foundation Trust Code of Governance and NHS Foundation Trust Annual Reporting Manual (FT ARM).

Table 1 – Code of Governance sections included in the Annual Report

Ref No	Code Provision	Annual Report and Accounts Section
A.1.1	The schedule of matters reserved for the Board of Directors should include a clear statement detailing the roles and responsibilities of the Council of Governors. This statement should also describe how any disagreements between the Council of Governors and the Board of Directors will be resolved. The annual report should include this schedule of matters or a summary statement of how the Board of Directors and the Council of Governors operate, including a summary of the types of decisions taken by each of the Boards, and which are delegated to the Executive management of the Board of Directors.	Directors' Report
A.1.2	The annual report should identify the Chairperson, the Deputy Chairperson, the Chief Executive, the Senior Independent Director and the chairperson and members of the Nominations, Audit and Remuneration Committees. It should also set out the number of meetings of the Board and those committees and individual attendance by Directors.	Directors' Report
A.5.3	The annual report should identify the members of the Council of Governors, including a description of the constituency or organisation that they represent, whether they were elected or appointed, and the duration of their appointments. The annual report should also identify the nominated Lead Governor.	Directors' Report
FT ARM	The annual report should include a statement about the number of meetings of the Council of Governors and individual attendance by governors and Directors.	Directors' Report

Ref No	Code Provision	Annual Report and Accounts Section
B.1.1.	The Board of Directors should identify in the annual report each Non-Executive Director it considers to be independent, with reasons where necessary.	Directors' Report
B.1.4	The Board of Directors should include in its annual report a description of each Director's skills, expertise and experience. Alongside this, in the annual report, the Board should make a clear statement about its own balance, completeness and appropriateness to the requirements of the NHS Foundation Trust.	Directors' Report
FT ARM	The annual report should include a brief description of the length of appointments of the Non-Executive Directors, and how they may be terminated.	Directors' Report
B.2.10	A separate section of the annual report should describe the work of the nominations committee(s), including the process it has used in relation to Board appointments.	Directors' Report
FT ARM	The disclosure in the annual report on the work of the nominations committee should include an explanation if neither an external search consultancy nor open advertising has been used in the appointment of a Chair or Non-Executive Director.	Directors' Report
B.3.1	A Chairperson's other significant commitments should be disclosed to the Council of Governors before appointment and included in the annual report. Changes to such commitments should be reported to the Council of Governors as they arise, and included in the next annual report.	Directors' Report
B.5.6	Governors should canvass the opinion of the Trust's members and the public, and for appointed Governors the body they represent, on the NHS Foundation Trust's forward plan, including its objectives, priorities and strategy, and their views should be communicated to the Board of Directors. The annual report should contain a statement as to how this requirement has been undertaken and satisfied.	Directors' Report
FT ARM	If, during the financial year, the Governors have exercised their power* under paragraph 10C** of schedule 7 of the NHS Act 2006, then information on this must be included in the annual report. This is required by paragraph 26(2)(aa) of schedule 7 to the NHS Act 2006, as amended by section 151 (8) of the Health and Social Care Act	This power has not been exercised.

Ref No	Code Provision	Annual Report and Accounts Section
	2012. * Power to require one or more of the Directors to attend a Governors' meeting for the purpose of obtaining information about the Foundation Trust's performance of its functions or the Directors' performance of their duties (and deciding whether to propose a vote on the Foundation Trust's or Directors' performance). ** As inserted by section 151 (6) of the Health and Social Care Act (2012)	
B.6.1	The Board of Directors should state in the annual report how performance evaluation of the Board, its committees, and its Directors, including the chairperson, has been conducted.	Directors' Report
B.6.2	Where there has been external evaluation of the Board and/or governance of the Trust, the external facilitator should be identified in the annual report and a statement made as to whether they have any other connection to the Trust.	The Trust did not commission an external evaluation of the Board during the period of the Annual Report.
C.1.1	The Directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the NHS Foundation Trust's performance, business model and strategy. Directors should also explain their approach to quality governance in the Annual Governance Statement (within the annual report).	Annual Governance Statement
C.2.1	The annual report should contain a statement that the Board has conducted a review of the effectiveness of its system of internal controls.	Annual Governance Statement
C.2.2	A trust should disclose in the annual report: a)If it has an internal audit function, how the function is structured and what role it performs; or b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Annual Governance Statement

Ref No	Code Provision	Annual Report and Accounts Section
C.3.5	If the Council of Governors does not accept the audit committee's recommendation on the appointment, reappointment or removal of an external auditor, the Board of Directors should include in the annual report a statement from the audit committee explaining the recommendation and should set out reasons why the Council of Governors has taken a different position.	N/A
C.3.9	A separate section of the annual report should describe the work of the [Audit] committee in discharging its responsibilities. The report should include: • the significant issues that the committee considered in relation to financial statements, operations and compliance, and how these issues were addressed; • an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or re-appointment of the external auditor, the value of external audit services and information on the length of tenure of the current audit firm and when a tender was last conducted; and • if the external auditor provides non-audit services, the value of the non-audit services provided and an explanation of how auditor objectivity and independence are safeguarded.	Governance of the Trust – Audit Committee
D.1.3	Where an NHS Foundation Trust releases an executive Director, for example to serve as a Non-Executive Director elsewhere, the remuneration disclosures of the annual report should include a statement of whether or not the Director will retain such earnings.	N/A
E.1.4	Contact procedures for members who wish to communicate with governors and/or Directors should be made clearly available to members on the NHS Foundation Trust's website and in the Annual Report.	Directors' Report
E.1.5	The Board of Directors should state in the annual report the steps they have taken to ensure that the members of the Board, and in particular the Non-Executive Directors, develop an understanding of the views of governors and members about the NHS Foundation Trust, for example through attendance at meetings of the Council of Governors, direct face-to-face contact, surveys of members'	Directors' Report

Ref No	Code Provision	Annual Report and Accounts Section
	opinions and consultations.	
E.1.6	The Board of Directors should monitor how representative the NHS Foundation Trust's membership is and the level and effectiveness of member engagement and report on this in the annual report.	Directors' Report
FT ARM	The annual report should include: • a brief description of the eligibility requirements for joining different membership constituencies, including the boundaries for public membership; • information on the number of members and the number of members in each constituency; and a summary of the membership strategy, an assessment of the membership and a description of any steps taken during the year to ensure a representative membership [see also E.1.6 above], including progress towards any recruitment targets for members.	Directors' Report
FT ARM	The annual report should disclose details of company Directorships or other material interests in companies held by governors and/or Directors where those companies or related parties are likely to do business, or are possibly seeking to do business, with the NHS Foundation Trust. As each NHS Foundation Trust must have registers of governors' and Directors' interests which are available to the public, an alternative disclosure is for the annual report to simply state how members of the public can gain access to the registers instead of listing all the interests in the annual report. See also ARM paragraph 7.33 as Directors' report requirement.	Directors' Report

Table 2: "Comply or explain" assessment of compliance with the 2014 Code of Governance

The Royal United Hospitals Bath NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.

Code Ref	Narrative in the Code	RUH Compliance
A.1.4	The Board should ensure that adequate systems and processes are maintained to measure and monitor the NHS Foundation Trust's effectiveness, efficiency and economy as well as the quality of its health care delivery.	**Confirmed:** the Board of Directors receives detailed monthly reports on operational performance, quality and finance. There is a Board Assurance Framework and a system of internal controls in place as detailed in the Annual Governance Statement.
A.1.5	The Board should ensure that relevant metrics, measures, milestones and accountabilities are developed and agreed so as to understand and assess progress and delivery of performance.	**Confirmed:** the Board of Directors receives a monthly operational performance scorecard.
A.1.6	The Board should report on its approach to clinical governance.	**Confirmed:** the Trust undertook an internal review against the Quality Governance Assurance Framework. The outcome of the self-assessment was reported to the June 2015 Board of Directors' meeting. The Trust also undertook an interview review against the Well Led Governance Framework. The outcome of the self-assessment was reported to the February 2016 Board of Directors' meeting. The Annual Quality Accounts also provides details of the Trust's approach to clinical governance.
A.1.7	The Chief Executive as the Accounting Officer should follow the procedure set out by NHS Improvement for advising the Board and the Council and for recording and submitting objections to decisions.	**Confirmed:** the Chief Executive is aware of this provision in the Accounting Officer Memorandum.
A.1.8	The Board should establish the constitution and standards of conduct for the NHS Foundation Trust and its staff in accordance with NHS values and accepted standards of behaviour in public life.	**Confirmed:** the Trust has a Constitution, which was last updated in January 2015, to reflect the acquisition of the RNHRD. Staff are required to sign the Trust's Code of Conduct. The Board of Directors annually confirms its adherence to the Nolan standards of public life.
A.1.9	The Board should operate a code of conduct that builds on the values of the NHS Foundation Trust and reflect high standards of	**Confirmed:** The Trust has a Code of Conduct based on the Trust's values. There are separate codes of conduct for the

		probity and responsibility.	members of the Board of Directors and Council of Governors. The Board of Directors' Code of Conduct reflects the requirements of the Fit and Proper Persons Test.
A.1.10		The NHS Foundation Trust should arrange appropriate insurance to cover the risk of legal action against its Directors.	**Confirmed:** the Trust is a member of the NHS Litigation Authority. The Trust's NHS Foundation Trust Constitution states that providing Directors act honestly and in good faith, any legal costs incurred in the execution of their functions will be met by the Trust.
A.3.1		The Chairperson should, on appointment by the council, meet the independence criteria set out in B.1.1. A Chief Executive should not go on to be the Chairperson of the same NHS Foundation Trust.	**Confirmed:** The Trust Chairman and Chief Executive are compliant with this provision. The Trust's Chairman meets the independence criteria.
A.4.1		In consultation with the Council, the Board should appoint one of the independent Directors to be the Senior Independent Director.	**Confirmed:** The Vice Chairman is the Senior Independent Director. The current Vice-Chairman and Senior Independent Director, Joanna Hole, took up office on 1 November 2015.
A.4.2		The Chairperson should hold meetings with the Non-Executive Directors.	**Confirmed:** The Trust Chairman holds regular meetings with Non-Executive Directors.
A.4.3		Where Directors have concerns that cannot be resolved about the running of the NHS Foundation Trust or a proposed action, they should ensure that their concerns are recorded in the Board minutes.	**Confirmed:** All discussions at the Board of Directors' meetings are contained in the minutes of each meeting.
A.5.1		The Council of Governors should meet sufficiently regularly to discharge its duties.	**Confirmed:** The Council of Governors meets quarterly which is in line with other NHS Foundation Trusts. There is provision to hold additional meetings if required.
A.5.2		The Council of Governors should not be so large as to be unwieldy.	**Confirmed:** The size of the Council of Governors is considered to be appropriate and is regularly reviewed.
A.5.4		The roles and responsibilities of the Council of Governors should be set out in a written document.	**Confirmed:** A document setting out the roles and responsibilities of the Council of Governors is available from the Trust's public website and is also set out in the NHS Foundation Trust's Constitution.
A.5.5		The Chairperson is responsible for leadership of both the Board and the Council but the Governors also have a responsibility to make	**Confirmed:** Members of the Board of Directors (both Executive and Non-Executive) are in attendance at Council of

	the arrangements work and should take the lead in inviting the Chief Executive to their meetings and inviting attendance by other Executives and Non-Executives, as appropriate.		Governor meetings. The Trust holds joint away day sessions for governors and the Board of Directors.
A.5.6	The Council should establish a policy for engagement with the Board of Directors for those circumstances when they have concerns.		**Confirmed:** The Trust has a Board of Directors' and Council of Governors' engagement policy which sets out the process for governor(s) to raise concerns.
A.5.7	The Council should ensure its interaction and relationship with the Board of Directors is appropriate and effective.		**Confirmed:** The Board of Directors and Council of Governors keep this relationship under review.
A.5.8	The Council should only exercise its power to remove the Chairperson or any Non-Executive Directors after exhausting all means of engagement with the Board.		**Confirmed:** The process for removing the Chairman and Non-Executive Directors is set out in the Trust's NHS Foundation Trust's Constitution. Governors are aware of this provision and of the consequences of using this power.
A.5.9	The Council should receive and consider other appropriate information required to enable it to discharge its duties.		**Confirmed:** The Trust is fully compliant with this provision.
B.1.2	At least half the Board, excluding the Chairperson, should comprise Non-Executive Directors determined by the Board to be independent.		**Confirmed:** The Trust is fully compliant with this provision. All Non-Executives are considered to be independent.
B.1.3	No individual should hold, at the same time, positions of Director and governor of any NHS Foundation Trust.		**Confirmed:** The Trust is fully compliant with this provision. Directors and governors are aware of this provision.
B.2.1	The nominations committee or committees, with external advice as appropriate, are responsible for the identification and nomination of Executive and Non-Executive Directors.		**Confirmed:** This provision is set out in Trust's Board of Directors/Council of Governors' Nominations and Remuneration Committees' Terms of Reference.
B.2.2	Directors on the Board of Directors and governors on the Council should meet the "fit and proper" persons test described in the provider licence.		**Confirmed:** The Trust has undertaken appropriate checks to assure itself that every member of the Board of Directors meets the "fit and proper persons" criteria as described in the provider licence. Governors have confirmed that they meet the requirements of the Fit and Proper Persons criteria and the Council of Governors' Nominations and Remuneration Committee Terms of Reference are clear that candidates must meet the criteria.

B.2.3	The Nominations Committee(s) should regularly review the structure, size and composition of the Board and make recommendations for changes where appropriate.	**Confirmed:** Both the Board of Directors' and Council of Governors' Nominations and Remuneration Committee's Terms of Reference include this requirement.
B.2.4	The Chairperson or an Independent Non-Executive Director should chair the Nominations Committee(s).	**Confirmed:** This provision is set out in the Nominations and Remuneration Committee's Terms of Reference.
B.2.5	The Governors should agree with the Nominations Committee a clear process for the nomination of a new Chairperson and Non-Executive Directors.	**Confirmed:** This is made explicit in the Terms of Reference for the Council of Governors' Nominations and Remuneration Committee.
B.2.6	Where an NHS Foundation Trust has two nominations committees, the nominations committee responsible for the appointment of Non-Executive Directors should consist of a majority of Governors.	**Confirmed:** The Council of Governors' Nominations and Remuneration Committee comprises a majority of Governors as set out in the Terms of Reference.
B.2.7	When considering the appointment of Non-Executive Directors, the Council should take into account the views of the Board and the Nominations Committee on the qualifications, skills and experience required for each position.	**Confirmed:** The Council of Governors' Nominations and Remuneration Committee's Terms of Reference includes this requirement. The Council of Governors' Nominations and Remuneration Committee took account of the views of the Board of Directors when considering the skills, experience and qualifications for the new Non-Executive Director appointed in March 2017.
B.2.8	The annual report should describe the process followed by the Council in relation to appointments of the Chairperson and Non-Executive Directors.	**Confirmed:** This is set out in the Annual Report.
B.2.9	An independent external adviser should not be a member of or have a vote on the Nominations Committee(s).	**Confirmed:** This provision is set out in Trust's NHS Foundation Trust's Nominations and Remuneration Committee's Terms of Reference.
B.3.3	The Board should not agree to a full-time Executive Director taking on more than one Non-Executive Directorship of an NHS Foundation Trust or another organisation of comparable size and complexity.	**Confirmed:** The Trust is compliant with this provision. This is monitored through the declaration of interests process.
B.5.1	The Board and the Council of Governors should be provided with high-quality information appropriate to their respective functions and relevant to the decisions they have to make.	**Confirmed:** The Board of Directors and Council of Governors receive high quality information appropriate to their respective functions.

B.5.2	The Board, and in particular Non-Executive Directors, may reasonably wish to challenge assurances received from the executive management. They need not seek to appoint a relevant adviser for each and every subject area that comes before the Board, although they should, wherever possible, ensure that they have sufficient information and understanding to enable challenge and to take decisions on an informed basis.	**Confirmed:** The Board of Directors' minutes provide evidence of executive and Non-Executive Directors' challenge. In addition, the Board of Directors' assurance committees provide the opportunity to test systems and processes in more detail and to confirm a level of assurance. Further, independent advice would be made available if required.
B.5.3	The Board should ensure that Directors, especially Non- Executive Directors, have access to the independent professional advice, at the NHS Foundation Trust's expense, where they judge it necessary to discharge their responsibilities as Directors.	**Confirmed:** The Chief Executive is aware of this provision and will make available independent professional advice as and when appropriate.
B.5.4	Committees should be provided with sufficient resources to undertake their duties.	**Confirmed:** This is considered as part of the Committees' annual reviews of their effectiveness.
B.6.3	The senior Independent Director should lead the performance evaluation of the Chairperson.	**Confirmed:** The Senior Independent Director leads the performance evaluation of the Trust's Chairman.
B.6.4	The Chairperson, with assistance of the Board secretary, if applicable, should use the performance evaluations as the basis for determining individual and collective professional development programmes for Non-Executive Directors relevant to their duties as Board members.	**Confirmed:** The Board of Directors regularly discusses whether there are any development needs and these are addressed by the Board of Directors' programme of seminars, away days and external training events.
B.6.5	Led by the Chairperson, the Council should periodically assess their collective performance and they should regularly communicate to members and the public details on how they have discharged their responsibilities.	**Partially compliant:** The Chair meets with governors on a one-to-one basis to discuss their performance. The Chair leads the assessment of the collective performance of the Council of Governors annually.
B.6.6	There should be a clear policy and a fair process, agreed and adopted by the Council, for the removal from the Council of any Governor who consistently and unjustifiably fails to attend the meetings of the Council or has an actual or potential conflict of interest which prevents the proper exercise of their duties.	**Confirmed:** The Trust's NHS Foundation Trust Constitution sets out the criteria and process for removing a Governor.
B.8.1	The Remuneration Committee should not agree to an Executive member of the Board leaving the employment of an NHS Foundation Trust, except in accordance with the terms of their contract of employment, including but not	**Confirmed:** The Chairman (Chair of the Board of Directors' Nominations and Remuneration Committee) is aware of this requirement.

	limited to service of their full notice period and/or material reductions in their time commitment to the role, without the Board first having completed and approved a full risk assessment.	
C.1.2	The Directors should report that the NHS Foundation Trust is a going concern with supporting assumptions or qualifications as necessary.	**Confirmed:** The monthly finance report to the Board of Directors confirms that the Trust is a going concern.
C.1.3	At least annually and in a timely manner, the Board should set out clearly its financial, quality and operating objectives for the NHS Foundation Trust and disclose sufficient information, both quantitative and qualitative, of the NHS Foundation Trust's business and operation, including clinical outcome data, to allow members and Governors to evaluate its performance.	**Confirmed:** The Trust's Annual Report and Annual Quality Accounts Reports are presented to the Annual Members' Meeting and are available from the Trust's website.
C.1.4	a) The Board of Directors must notify NHS Improvement and the council of governors without delay and should consider whether it is in the public's interest to bring to the public attention, any major new developments in the NHS Foundation Trust's sphere of activity which are not public knowledge, which it is able to disclose and which may lead by virtue of their effect on its assets and liabilities, or financial position or on the general course of its business, to a substantial change to the financial wellbeing, health care delivery performance or reputation and standing of the NHS Foundation Trust. b) The Board of Directors must notify NHS Improvement and the council of governors without delay and should consider whether it is in the public interest to bring to public attention all relevant information which is not public knowledge concerning a material change in: • the NHS Foundation Trust's financial condition; • the performance of its business; and/or the NHS Foundation Trust's expectations as to its performance which, if made public, would be likely to lead to a substantial change to the financial wellbeing, health care delivery performance or reputation and standing of the NHS Foundation Trust.	**Confirmed:** The Board of Directors is aware of this requirement.

C.3.1	The Board should establish an Audit Committee composed of at least three members who are all independent Non-Executive Directors.	**Confirmed:** The Trust's Audit Committee comprises three independent Non-Executive Directors.
C.3.3	The Council should take the lead in agreeing with the Audit Committee the criteria for appointing, re-appointing and removing external auditors.	**Confirmed:** The Council of Governors agreed the tender process for appointing new external auditors in consultation with the Audit Committee.
C.3.6	The NHS Foundation Trust should appoint an external auditor for a period of time which allows the auditor to develop a strong understanding of the finances, operations and forward plans of the NHS Foundation Trust.	**Confirmed:** The Council of Governors approved the appointment of new external auditors for a three-year period (1 April 2016-31 March 2019).
C.3.7	When the Council ends an external auditor's appointment in disputed circumstances, the chairperson should write to NHS Improvement informing it of the reasons behind the decision.	**Confirmed:** The Trust's Chairman is aware of this requirement.
C.3.8	The Audit Committee should review arrangements that allow staff of the NHS Foundation Trust and other individuals, where relevant, to raise, in confidence, concerns about possible improprieties in matters of financial reporting and control, clinical quality, patient safety or other matters.	**Confirmed:** The Audit Committee receives regular reports from the Trust's Counter Fraud Service. The Non-Clinical Governance Committee has provided assurance to the Board of Directors on the Trust's Raising Concerns Policy.
D.1.1	Any performance-related elements of the remuneration of Executive Directors should be designed to align their interests with those of patients, service users and taxpayers and to give these Directors keen incentives.	**Confirmed:** The Board of Directors' Nominations and Remuneration Committee is responsible for determining the eligibility for executive Directors to receive performance-related bonuses after a detailed review of each executive Director's performance.
D.1.2	Levels of remuneration for the Chairperson and other Non- Executive Directors should reflect the time commitment and responsibilities of their roles.	**Confirmed:** The Council of Governors' Nominations and Remuneration Committee determine the remuneration of the Chairman and other Non-Executive Directors after taking account of the time commitment and responsibilities of their roles.
D.1.4	The Remuneration Committee should carefully consider what compensation commitments (including pension contributions and all other elements) their Directors' terms of appointments would give rise to in the event of early termination.	**Confirmed:** This will be undertaken if and when required.
D.2.2	The Remuneration Committee should have delegated responsibility for setting remuneration for all Executive Directors, including pension rights and any compensation	**Confirmed:** The Terms of Reference of the Board of Directors' Nominations and Remuneration Committee include this

	payments.	provision.
D.2.3	The Council should consult external professional advisers to market-test the remuneration levels of the Chairperson and other Non-Executives at least once every three years and when they intend to make a material change to the remuneration of a Non-Executive.	**Confirmed:** The Council of Governors' Nominations and Remuneration Committee took account of external benchmarking data as part of their work in determining the level of remuneration for the Chairman and other Non-Executive Directors.
E.1.2	The Board should clarify in writing how the public interests of patients and the local community will be represented, including its approach for addressing the overlap and interface between governors and any local consultative forums.	**Confirmed:** The Trust has a membership and engagement strategy.
E.1.3	The Chairperson should ensure that the views of governors and members are communicated to the Board as a whole.	**Confirmed:** Governors receive advance notice of the Board of Directors' agenda and papers and are invited to contact the Chairman if they have any comments and or questions. A number of Governors attend the public Board meeting as observers.
E.2.1	The Board should be clear as to the specific third party bodies in relation to which the NHS Foundation Trust has a duty to co-operate.	**Confirmed:** The Trust fully meets this requirement. Good relationships are maintained with principal stakeholders.
E.2.2	The Board should ensure that effective mechanisms are in place to co-operate with relevant third party bodies and that collaborative and productive relationships are maintained with relevant stakeholders at appropriate levels of seniority in each.	**Confirmed:** The Trust fully meets this requirement.

NHS Improvement's Single Oversight Framework

NHS Improvement's Single Oversight Framework provides the framework for overseeing providers and identifying potential support needs. The framework looks at five themes:

- Quality of care
- Finance and use of resources
- Operational performance
- Strategic change
- Leadership and improvement capability (well-led)

Based on information from these themes, providers are segmented from 1 to 4, where '4' reflects providers receiving the most support, and '1' reflects providers with maximum autonomy. A Foundation Trust will only be in segments 3 or 4 where it has been found to be in breach or suspected breach of its licence.

The Single Oversight Framework applied from Quarter 3 of 2016/17. Prior to this, Monitor's *Risk Assessment Framework* (RAF) was in place. Information for the prior year and first two quarters relating to the RAF has not been presented as the basis of accountability was different. This is in line with NHS Improvement's guidance for annual reports.

<u>Segmentation</u>

NHS Improvement has segmented trusts according to the level of support each trust needs across the five themes listed above. NHS Improvement has placed the Trust in segment 2. This segmentation information is the Trust's position as published by NHS Improvement on 30 March 2017. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

The finance and use of resources theme is based on the scoring of five measures from '1' to '4', where '1' reflects the strongest performance. These scores are then weighted to give an overall score. Given that finance and use of resources is only one of the five themes feeding into the Single Oversight Framework, the segmentation of the Trust disclosed above might not be the same as the overall finance score here.

Area	Metric	2016/17 Q3 score	2016/17 Q4 score
Financial sustainability	Capital service capacity	1	1
	Liquidity	1	1
Financial efficiency	I&E margin	1	1
Financial controls	Distance from financial plan	2	1
	Agency spend	1	1
Overall scoring		1	1

Statement of the Chief Executive's responsibilities as the accounting officer of the Royal United Hospitals Bath NHS Foundation Trust

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

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions, which require the Royal United Hospitals Bath NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Royal United Hospitals Bath NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Department of Health Group Accounting Manual* and in particular to:

- observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis

- make judgements and estimates on a reasonable basis

- state whether applicable accounting standards as set out in the *NHS Foundation Trust Annual Reporting Manual (and the Department of Health Group Accounting Manual)* have been followed, and disclose and explain any material departures in the financial statements

- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance, and

- prepare the financial statements on a going concern basis.

The Accounting Officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS Foundation Trust and to enable him/her to ensure that the accounts comply with requirements outlined in the above-mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS Foundation Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Signed

James Scott, Chief Executive

26 May 2017

Annual governance statement 2016/17

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of the Royal United Hospitals Bath NHS Foundation Trust, to 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 in the Royal United Hospitals NHS Foundation Trust for the year ended 31 March 2017 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

I have the overall and final responsibility for all risk, health and safety issues and for providing the Trust with the necessary organisation and resources to produce, implement and manage effective policy and action to realistically minimise risk to the lowest possible within available resources.

The Board of Directors has ultimate responsibility and accountability for the quality and safety of services provided by the Royal United Hospitals Bath NHS Foundation Trust. The Board of Directors has approved the Strategic Framework for Risk Management which provides a clear, systematic approach to the management of risks to ensure that risk assessment is an integral part of clinical, managerial and financial processes across the Trust. The Strategic Framework sets out the role of the Board of Directors, the Management Board, the Divisional Boards and the Assurance Committees, together with the individual responsibilities of the Chief Executive, Executive Directors and all staff in managing risks.

The Royal United Hospitals Bath NHS Foundation Trust uses a web-enabled electronic risk management system (Datix) to record, manage and monitor risks on the Trust-wide Risk Register. Significant risks are reviewed monthly by the Management Board. The Management Board then takes on oversight of the significant risks until they have been managed to an acceptable level of risk.

The Board of Directors reviews the top operational risks scoring 16 and above on a quarterly basis as well as a quarterly review of the complete Risk Register, alongside the Board Assurance Framework. The Board of Directors last reviewed the full Risk Register in January 2017. The Board of Directors also identifies risks as part of the self-assessment documentation submitted to NHS Improvement.

Assurance Committees

The Board of Directors has established three Assurance Committees each chaired by a Non-Executive Director together with other Non-Executive Director members that ensure that there are effective monitoring and assurance arrangements in place to support the system of internal control. The key responsibilities in relation to risk management are set out below:

Audit Committee

- Provides assurance to the Board of Directors about the soundness of overall systems of governance and internal control
- Risk Management Systems and Processes
- Financial Risk Management
- Reviews allocated risk on the Board Assurance Framework.

Clinical Governance Committee

- Provides assurance that the key clinical systems and processes are effective and robust
- Reviews allocated risk on the Board Assurance Framework.

Non-Clinical Governance Committee

- Provides assurance that the non-clinical systems and processes are effective and robust.
- Reviews allocated risk on the Board Assurance Framework

After every meeting, the Committee Chair presents a report to the Board of Directors highlighting the key issues discussed, any risks identified, key decisions and recommendations.

The Trust's Clinical and Non-Clinical Governance Committees were reviewed in September 2016 and it was concluded that assurance was provided against the key internal processes that support the key risks on the Board Assurance Framework.

Charities Committee

The Board of Directors has also established a Charities Committee, which is responsible for reviewing and approving the use of the Trust's charitable funds.

Divisional Boards

The three clinical Divisions (Medicine, Surgery, and Women and Children's) have each established a Governance Committee, which is responsible for reviewing and managing risks within their respective divisions. The Operational Governance Committee, which is a sub-committee of the Management Board, acts as the operational committee for supporting the management of clinical risk issues. The Health and Safety Committee acts as the operational committee for supporting the management of health and safety risks.

Leadership of the Risk Management Process

As Accounting Officer I have overall responsibility for risk management across all organisational, financial and clinical activities. Other members of the Executive Team exercise lead responsibility for the specific types of risk as follows:

Director of Nursing and Midwifery

- Designated Director with responsibility for the implementation of governance frameworks and risk management.

Director of Finance

- Designated Director with responsibility and accountability for financial risk.
- The Senior Information Risk Officer (SIRO) designated with the responsibility to ensure there is a framework in place for the management of information governance-related risks.

Director of Human Resources

- Designated Director with responsibility for ensuring that there is a framework in place for the management of non-clinical risk across the organisation.

Director of Estates and Facilities

- Designated Director responsible for health and safety
- Responsible for ensuring effective physical and human precautions are in place to control health and safety risks.

Medical Director

- Director Lead for medical risk for the Trust.

The role of the Executive Directors is to ensure that appropriate arrangements and systems are in place to achieve:

- Identification and assessment of risks
- Elimination or reduction of risks to an acceptable level
- Compliance with internal policies and procedures, statutory and external requirements
- Effective management of risks.

These responsibilities are managed operationally through the Head of Risk and Assurance who has responsibility for ensuring that staff are trained and equipped to manage risk effectively and in accordance with the Strategic Framework for Risk Management. This is achieved through risk training programmes and supporting divisional teams.

Staff empowerment and risk management training

Risk management training is provided through the induction programme for all new staff. The corporate training programme ensures that all new staff are provided with details of the Trust's risk management systems and processes and understand their responsibilities for reporting incidents. The corporate induction is augmented by local induction programmes by managers. The Trust's mandatory training programme includes health and safety, manual handling, fire awareness, infection control, safeguarding patients, resuscitation and information governance. In addition, the Head of Risk and Assurance provides tailored training for individual roles and works closely with staff across the Trust to ensure they understand their responsibilities and accountabilities for managing risk in their areas. The approach is informed by various sources of information, including incident reports, key quality indicator reports, survey feedback and comments, risk analyses and national guidance and best practice.

The Risk and Control Framework

The Strategic Framework for Risk Management defines risk, the Trust's risk appetite, and identifies individual and collective responsibility for risk management within the organisation. It also sets out the Trust's approach to the identification, assessment, scoring, treatment and monitoring of risk. The strategic framework:

- Defines the objectives of risk management and process and structure by which it is undertaken
- Defines the Trust's risk appetite which articulates the content and range of risk(s) that the Trust might take
- Sets out the lead responsibilities and the organisational arrangements as to how these are discharged
- Sets out the key policies, procedures and protocols governing risk management.

The Trust uses a risk assessment matrix to score individual risks. The risk assessment matrix enables the Trust to assess the level of risk in a standardised way, using a 5x5 risk matrix methodology. This prioritisation tool is based on national guidance. Each risk is given a score for both the consequence/severity of the potential risk and its likelihood of occurring. The two scores are then multiplied together to give an overall risk impact score. The higher the final score the greater the risk. All risks are recorded and held on the Datix risk management system, which is used to produce reports for all levels of management.

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 in accordance with the Incident Reporting and Management Policy and Procedure. An anonymised summary of all new Serious Incidents is included in the monthly Board of Directors' Quality Report which is published on the Trust's website. The Board of Directors also receives a quarterly Incidents, Claims and Inquests report which contains more detailed analysis of trends and learning and is considered in the private Board of Directors' meeting.

Monitoring compliance of the Trust's Strategic Framework for Risk Management is through the annual Internal Audit of the Assurance Framework/risk management/risk maturity, undertaken to assess the Risk Maturity of the organisation, which is based upon the review of the design, adequacy and effectiveness of the organisation's Assurance Framework and Risk Management processes.

The audit report and any resulting action plan to address recommendations is submitted to the Audit Committee and relevant Assurance Committee for approval, and also to the Management Board. The Audit Committee reviews progress against identified elements of the audit report action plan until completion.

The Trust's Internal Auditors conducted a Financial Risk Management Audit in October 2016. The Internal Auditors gave "significant assurance" and stated that: "there is a robust system in place for identifying risks and ensuring they are logged on Datix. Our benchmarking of the Trust's BAF against 38 other trusts showed it compares well with others".

Board Assurance Framework

The Trust has a Board Assurance Framework. The Board 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 Board Assurance Framework was reviewed quarterly by the Board of Directors with each risk assigned to the relevant assurance committee. The assurance committees review their respective risks at each meeting and their comments are reported to the Board of Directors. Strategic risks are also regularly reviewed at the Board of Directors' Strategy Away Day which is held quarterly.

Risks to data security

The Trust manages its risks to data security through a number of different approaches. The Trust has a Board-level senior information risk owner (SIRO). The SIRO chairs an information governance group (IGG) which is responsible for setting the framework for information governance standards in the Trust and ensuring delivery of action plans to improve compliance. The Trust's Caldicott Guardian role is held by the medical Director who is a member of the Information Governance Group.

The Information Governance Group's purpose is to drive the broader information governance agenda and provide the Trust Board with assurance that effective information governance best practice mechanisms are in place within the Trust.

Risks to data security realised in year are detailed under the 'Information Governance' section.

Description of the principal risks facing the Trust

The Management Board identified the Trust's current top clinical and operational risks at its April 2017 meeting as:

- **Capacity and flow:** This risk relates to the Trust's ability to manage within its bed base and maintain timely flow of patients out of the Emergency Department, Medical Assessment Unit and Surgical Assessment Unit, to ensure that the Trust is able to offer a high quality service to non-elective patients. The Urgent Care Collaborative Board and A&E Delivery Board are leading the work to address this risk, which focuses on:
    - o Providing alternatives to admission at the front door of the hospital
    - o Minimising delays to care for inpatients
    - o Good discharge planning for all patients.

- **Registered Nurse vacancies:** Recruiting to Registered Nurse vacancies has always been viewed as a high priority in the Trust. However, despite very proactive recruitment initiatives in place, the Trust like many other Trusts, is faced with a consistent 'gap' in its registered nursing workforce.

    Some wards are finding this more of a challenge than others, but these 'hot spot' wards have been identified, and action plans are in place to support these areas and the majority of these wards have now appointed Registered Nurses.

    To try and reduce the number of vacancies, the Trust is taking actions over and above the usual ongoing recruitment plans and use of bank/pool staff. For example, the Trust has recently

recruited Registered Nurses from Italy. The Trust has also invested in developing the new role of Ward Assistant Practitioners (Band 4).

The Trust's top three business risks are:

- Failure to respond and transform rapidly enough to manage the pressure of our changing health system;
- Failure in commissioner affordability of demand
- Failure to sustain performance.

The Trust's other key risks include:

- The risk of failing to deliver the planned financial surplus which could impact on the Trust's ability to deliver its Estates Strategy;
- Achievement of Sustainability and Transformation Fund performance improvement trajectories. The payment of STF monies is dependent on performance against these targets;
- Health and Safety Executive Improvement Notice - regarding Legionella
- Scale of change and increasing workforce pressures
- Brexit

These risks will continue to be managed throughout 2017/18.

Principal risks to compliance with the NHS Foundation Trust Provider Licence Condition 4 (FT governance) and actions identified to mitigate the risks

The NHS Foundation Trust Provider Licence requires NHS Foundation Trusts to meet the compliance standards for finance and governance as set out in NHS Improvements Single Oversight Framework. The Trust has complied with NHS Improvement's requirements for finance but due to a number of operational performance challenges, the Trust has failed to meet the Emergency Department four-hour and 18-week referral to treatment performance during 2016/17 and to meet the target for reducing the number of cases of C.difficile. In quarters 1 and 4 the Trust also failed to meet the cancer two-week wait to first outpatient appointment for breast symptomatic patients. The Trust also performed below the referral to treatment incomplete standard of 92% for 2016/17.

In July 2016 NHS Improvement opened a formal investigation into the Trust's compliance with its licence in respect of four-hour and 18-week referral to treatment performance. In October NHS Improvement's Regional Support Group closed the investigation and no formal enforcement action was taken, subject to the agreement and delivery by the Trust of a number of informal actions. In February 2017 the Trust responded to NHS Improvement clearly mapping the progress made against each of the informal actions.

The Trust remained in segment two overall under NHS Improvement's Single Oversight Framework and received targeted rather than mandated support during 2016/17. However, the Trust was placed in segment three for four-hour and referral to treatment performance. NHS Improvement's governance rating for the Trust is 2 because of failure to meet the access standards.

The principal risks to compliance with the provider licence condition 4 (NHS Foundation Trust governance) are set out below. The Board of Directors reviews its performance against the requirements of NHS Improvement's Single Oversight Framework on a monthly basis. Where the Trust has not met the performance standards, the Board assures itself that there are robust plans in place to improve performance. An exception report is considered by the Board of Directors and is forwarded to NHS Improvement.

Accident and Emergency Four-Hour Wait Standard

Due to sustained operational pressures during 2016/17, the Trust did not meet the Accident and Emergency four-hour wait standard. The Trust developed an Urgent Care Improvement Plan in response to recommendations made by the Emergency Care Intensive Support Team. The Urgent Care Improvement Plan has three work streams: front door; specialities; and back door. Each work stream is led by an Executive Director.

The Trust has worked with the local health and social care system, through the A&E Delivery Board, to improve urgent care response standards. Performance against the system-wide urgent care improvement plan is reviewed monthly by the A&E Delivery Board.

Progress on delivering the Urgent Care Improvement Plan and the Remedial Action Plan is reported to the Board of Directors each month so progress and performance can be monitored.

Cancer two-week wait to first outpatient appointment for breast symptomatic patients

The standard was not achieved in quarters 1 and 4 due to capacity issues caused by difficulties in recruitment to substantive or locum post. The Associate Medical Director for Cancer Services put in place actions to mitigate any risk to patients, including the Breast Team triaging all referrals according to clinical suspicion of cancer. All patients with a clinical suspicion of cancer receive an appointment within two weeks of referral.

Referral to Treatment Target – Incomplete pathways

The Trust failed to meet the Referral to Treatment (incomplete pathways) target from April 2016 to March 2017. The failure was anticipated and an improvement trajectory was agreed with the Trust's Commissioners with performance in Quarter 4 profiled to be lower due to the predicted non-elective pressures following the Christmas period. Performance was also exacerbated by the Junior Doctors' strike action earlier in the year and by an influenza outbreak in quarter 4.

The Board has an established process to assure itself of the validity of its corporate Governance Statement required under NHS Foundation Trust Condition 4 (8) (b), with appropriate sources of assurance being provided to the Board, thereby allowing it to self-certify compliance with the Statement.

Communication with stakeholders

Communication with stakeholders is key to ensuring risks identified by stakeholders that affect the Trust can be identified, assessed, discussed and, where appropriate, action plans can be developed to resolve any issues. A number of forums exist that allow communication with stakeholders including:

- **The Council of Governors** which has a formal role as a stakeholder body for the wider community in the governance of the Trust. This includes public governors' constituency meetings, regular member newsletters, and the Annual Members' Meeting.
- **Partner organisations**, including commissioning college and meetings with Clinical Commissioning Groups, Council representatives, voluntary sector and local universities.
- **Staff** – staff engagement meetings, staff survey and team briefings.
- **Public and service users** – patient surveys, Patient and Carer Experience Group and Patient Advice and Liaison Service.

Compliance with the Care Quality Commission

The Trust is compliant with the registration requirements of the Care Quality Commission. The Trust was registered with no compliance conditions on 1 April 2010.

The Care Quality Commission conducted an announced inspection of the Trust in March 2016. The inspection report was published on 10 August 2017, giving the Trust an overall rating of 'Requires improvement'. Further detail on the findings can be found in the Quality Accounts section.

Compliance with NHS pension scheme regulations

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

Compliance with equality, diversity and human rights legislation

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

Compliance with obligations under the Climate Change Act

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

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

The Board of Directors has received regular reports about the economy, efficiency and effectiveness of the use of resources. The reports provide detail on the financial, clinical and performance of the Trust and highlight any areas through benchmarking or the traffic light system where there are concerns.

The Trust's reference cost index score for 2015/16 of 85.7 suggests that healthcare is provided at a cost 14.3 below the national average, which indicated that the cost of the Trust providing healthcare was 10.1% below the national average.

Internal audit has reviewed the systems and processes in place during the year and has published reports setting out any required actions to ensure economy, efficiency, effectiveness and use of resources. The outcomes of these reports are graded as to the level of assurance and are reviewed by the respective assurance committees.

NHS Improvement assigns ratings based on its assessment of the Trust under its Single Oversight framework. The Trust's performance against the Single Oversight Framework targets is reported monthly to the Board. The Trust further obtains assurance of its systems and processes and tests its benchmarking by working with other NHS and external organisations, and also through organisations such as NHS Providers where foundation trusts share good practice.

The Trust's Fit for the Future Board is a delegated Board Committee with representation from two Non-Executive Directors. The Fit for the Future Board oversees the Trust's response to the Carter Efficiency Review recommendations and reports to the Board of Directors on progress.

Information governance

Information governance remains a high priority for the Trust. The Trust has a Caldicott Guardian (Medical Director) and a Senior Information Risk Officer (SIRO), the Deputy Chief Executive and Director of Finance.

All staff are governed by a Code of Confidentiality and access to data held on IT systems is restricted to authorised users. Information governance training is incorporated into a corporate induction programme for all new employees and all staff are required to undertake information governance training annually to national standards.

The annual information governance self-assessment exercise has taken place using the Information Governance Toolkit provided by Connecting for Health. The Information Governance Toolkit's requirements relate to the following areas:

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

The Trust has achieved level 2 of the Information Governance Toolkit in 2016/17.

From 1 April 2016 to 31 March 2017, the Trust had four serious information governance incidents requiring investigations involving personal data. The incidents were reported to the Information Commissioner's Office (ICO). There were 117 communication data breaches. During the same period, the Trust had 18 other personal data related incidents. The Trust has rigorous and robust processes and procedures in place to mitigate breaches of the Data Protection Act. When a breach occurs, the Trust ensures that remedial action has been taken to minimise the risk of a recurrence.

A programme of 45 proactive Information Risk Management audits take place across the year and staff are required to complete annual information Governance refresher training. This training includes any lessons learnt from incidents that have occurred.

During the year we have focused on root cause of patient correspondence breaches specifically regarding Discharge Summaries and a communications campaign was launched to further minimise risks and reinforce processes and procedures.

In June 2016, the Trust had an Information Risk Review completed by the Information Commissioners' Office (ICO) to provide an independent assessment of the Trust's controls with regard to training, information risk management and security and access. The Trust was given 13 recommendations to complete, nine of which have been fully met, with the remainder close to completion. The report noted that 'there is buy-in from senior management in relation to the value and necessity of Information Governance within the Trust and this attitude fosters a positive environment for building a robust and effective information governance strategy'.

Annual Quality Report

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year. NHS Improvement (in exercise of the powers conferred on Monitor) has issued guidance to NHS Foundation Trust Boards on the form and content of annual Quality Reports which incorporate the

above legal requirements in the *NHS Foundation Trust Annual Reporting Manual*. The Annual Quality Report 2016/17 has been developed in line with relevant national guidance.

Quality Governance Arrangements

The Trust has robust quality governance arrangements in place, which incorporate the monitoring and delivery of the Trust's ambitious patient safety priorities and the quality account priorities. The Board of Directors is responsible for ensuring the quality and safety of services provided by the Trust and has developed a robust quality governance structure and reporting mechanisms to ensure that quality objectives are identified, monitored and, where performance is below the expected standard, action is taken to address the issue. The Board of Directors and the Management Board have reviewed the annual quality account priorities and have considered the progress with the priorities through the monthly Quality Reports. A range of both internal and external groups has contributed to the 2016/17 Quality Accounts report, and to identifying the Quality Priorities for 2017/18, including staff, governors, members, Healthwatch and Clinical Commissioning Groups. The Trust's external auditor is 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.

The Management Board as the key operational delivery group in the Trust oversees operational performance against quality indicators and receives regular information on quality and patient safety work. The Quality Board, which is accountable to the Management Board, has responsibility to formulate the quality improvement strategic direction. 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. In addition the Quality Board has oversight each month of progress with all the CQUIN schemes.

The Operational Governance Committee, chaired by the Director of Nursing and Midwifery, is the group which delivers risk management 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 and Carer Experience Group and the Clinical Outcomes Group – as well as the Divisional Clinical Governance Groups.

The Quality Board receives regular updates about clinical quality and was responsible for the development of the Quality Strategy 2014-16 which was approved by the Board of Directors in April 2014.
The Trust's participation in national and regional patient safety initiatives sets the tone for the rest of the organisation and demonstrates that quality improvement is a top priority.

The Chief Executive is the Vice-Chair of the West of England Academic Health Science Network. The Trust is also a member of NHS Quest, a member network for NHS Foundation Trusts who wish to focus relentlessly on improving quality and safety.

It is the role of the Clinical and Non-Clinical Governance Committees to "test" our systems and processes in order to assure the Board of Directors that we have robust systems in place for monitoring quality and safety.

The Quality Accounts contain information that is subject to internal and external validation. The information has been made available to the public through the quality and operational performance reports that are provided to the public meeting of the Council of Governors.

The Trust's report on Quality Accounts is subject to review by its external auditor who will report on its review of the arrangements that the Trust has put in place to secure the data quality of information included in the Quality Accounts.

Disclosure on processes to gain assurance in relation to quality and accuracy of elective waiting time data

Effective Board of Directors' decision-making is reliant upon the quality of the data received to inform those decisions. It is therefore imperative that the Board of Directors receives regular assurances over sources of key data underpinning its performance and the integrity of its reporting against national targets. The Trust has an established system for data quality management which includes a team of Senior Business Analysts who provide support to the clinical teams / service lines in reviewing quality, activity and finance information. Analysts support investigation and correction of data errors. The development of user-friendly reporting formats (such as Business Objects, Scorecards and Dashboards) is aimed at displaying information in a format that drives greater engagement from teams. In turn, greater engagement creates more feedback on quality and drives accuracy.

The Trust has established a Data Quality Steering Group which reports into the Clinical Informatics Board (as a sub-group of the Management Board).The role of the Data Quality Steering Group is to ensure there is a central repository of data quality issues and risks and that remedial actions are being undertaken. The Group also ensures that the response to internal and external data quality audits is being progressed and the requisite governance improvements are being undertaken in line with Information Governance Toolkit standards.

Capabilities and culture

The Trust has established the Quality Improvement Centre under the leadership of the Director of Nursing and Midwifery which brings together staff responsible for patient safety, quality improvement and assurance, clinical audit, risk management and patient experience to support the delivery of the Quality Strategy throughout the Trust.

The Trust has changed the way it handles complaints and has adopted a more personal approach which involves meeting with complainants to discuss their concerns rather than responding in writing.

Systems and processes

Patient feedback is reviewed by the Board of Directors in a number of different ways:

- Monthly Board of Directors' Quality Report includes the friends and family test results which is triangulated with other performance data for each ward; feedback through complaints, patient surveys and Patient Advice Liaison Service contacts;
- Monthly Board of Directors' patient story at every meeting and matron presentations;
- Quarterly Patient Feedback and Incident, Claims and Inquest reports to the Board of Directors;
- Executive and Non-Executive Directors patient safety visits;
- Member and patient feedback at the Annual Members' Meeting and Governor Constituency meetings;
- Board of Directors' annual mortality review.

How we monitor data and report on quality

- The Trust reviews the implementation status of all National Institute for Clinical Excellence guidance and Central Alerting System guidance to risk-assess any development areas for the Trust and to take action to implement recommendations.
- The Board of Directors receives an annual mortality review report which compares the Trust's hospital standardised mortality rate (HSMR) with other comparable Trusts. The Trust uses clinical outcome data to assess and improve services with participation in national audits as well as undertaking local audits

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the Executive managers and clinical leads within the NHS foundation trust who have responsibility for the development and maintenance of the internal control framework

I have drawn on the content of the Quality Report attached to this Annual Report and other performance information available to me. My review is also informed by comments made by the external auditor in its management letter and other reports. 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 address any weaknesses and ensure that any learning is embedded in the organisation. This ensures that the system is subject to continuous improvement.

The Trust's Assurance Framework provides me with evidence of the effectiveness of controls that manage the risks to the organisation achieving its strategic objectives, have been reviewed and are being actively managed. Internal Audit provides me with an opinion about the effectiveness of the assurance framework and the internal controls reviewed as part of the Internal Audit plan. Work undertaken by Internal Audit is reviewed by the Assurance Committees (Audit, Non-Clinical and Clinical Governance Committees). The Assurance Framework and the top risks on the Risk Register are reviewed by the Board of Directors four times a year. The Board of Directors reviews the full Risk Register annually. This provides me and the Board of Directors with evidence of the effectiveness of controls in place to manage risks to achieving the Trust's principal priorities.

Clinical Audit is one of a number of methods used by the Trust for assessing the quality and safety of care provided to patients. Clinical audit is an essential part of the Quality Improvement process and all audits undertaken within the Trust must demonstrate the potential to improve the standard of care delivered. The Trust has a Clinical Audit Policy which sets out how Clinical Audit should be conducted in the Trust.

The Trust's Clinical Audit Annual Programme of priority topics is approved by the Quality Board and includes topics identified from the National Clinical Audit and Patient Outcomes Programme, National Institute for Health and Clinical Excellence guidance, Central Alerting System Alerts and Serious Incidents. The Quality Board receives a quarterly progress report on the outcome of the clinical audit programme.

The Head of Internal Audit's opinion for the period based 1 April 2016 to 31 March 2017 is that:

"Significant assurance with minor improvement opportunities can be given on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control."

My review is also informed by External Audit opinion, inspections carried out by the Care Quality Commission and other external inspections and reviews.

The processes outlined below are well established and ensure the effectiveness of the systems of internal control through:

- Board of Directors' review of the Board Assurance Framework, including the risk register and internal audit reports on its effectiveness
- Audit Committee and Clinical and Non-Clinical Governance Committees' review of the effectiveness of the Trust's systems and processes
- Review of serious incidents and learning by the Operational Governance Committee and internal audit report on its effectiveness
- Review of progress in meeting the Care Quality Commission's essential standards by the Quality Board
- Clinical Audits
- National Patient and Staff Surveys
- Internal audits of effectiveness of systems of internal control
- Internal Audit of Committee Governance and Effectiveness
- Quality Governance Framework Self-Assessment
- Well-Led Framework Governance Self-Assessment.

Conclusion

In making its corporate governance statement, the Trust will have assured itself of the validity of the statement through identification of the information and evidence available to support each part of the statement, and testing the robustness of this with the Audit Committee prior to the Board of Directors approving the final statement.

No significant internal control issues have been identified. My review confirms that the Trust has a sound system of internal control that supports the achievement of its policies, aims and objectives.

Signed

James Scott

Chief Executive

26 May 2017

Accountability report signed

James Scott

Chief Executive (Accounting Officer)

26 May 2017

Quality Accounts

2016/2017

Quality Accounts 2016-17

Part 1

Statement on Quality from the Chief Executive

The Board of Directors is committed to providing services of the highest quality, that are patient centred, accessible, support recovery and maintain good health. We work closely with service users, their carers, our partners in other agencies and third sector colleagues to deliver integrated care in the right place and at the right time by staff with the right skills.

The Trust values: **Everyone Matters, Working Together, Making a Difference** are now embedded across the Trust and the impact on staff can be seen in the results of the annual staff survey where the Trust's staff engagement score increased on the previous year. Since 2016 more staff are reporting that they would recommend the Trust as a place to work.

The Trust is proud of its achievements against its 2016/17 priorities. The training on diagnosis of Acute Kidney Injury (AKI) has been linked to the training in recognising a deteriorating patient. The Trust has improved models of care for stroke patients and has worked hard to improve discharge planning. The Trust's End Of Life Care was rated 'Outstanding' by the Care Quality Commission in its inspection report, published in August 2016, recognising the team's role in meeting the care needs of those patients approaching end of life. The Trust has responded to feedback from our patients and has taken a number of steps to improve communication regarding outpatient appointments.

Like many other acute Trusts this year, we have been facing huge pressures on our Emergency Department with increasing admissions and an ageing population. We remain committed to delivering high quality safe care to our patients at all times. We recognise the impact that periods of continued pressure have on our staff and thank them for all their dedication and support throughout the year.

I believe that the information contained in the Quality Accounts is an accurate reflection of the care we provided in this year.

James Scott

Chief Executive Accounting Officer

26 May 2017

Part 2

About Royal United Hospitals Bath NHS Foundation Trust

The Royal United Hospitals Bath NHS Foundation Trust (the Trust) is a provider of healthcare - primarily serving the people of Bath and North East Somerset, Wiltshire, Mendip and South Gloucestershire. We deliver healthcare from a number of locations including operating a busy district general hospital which is situated on the North Western side of the City of Bath and the Royal National Hospital for Rheumatic Diseases (RNHRD) in the centre of Bath.

At the core of our business is our service for patients requiring emergency and unplanned specialist care, 24 hours a day, every day of the year. In addition, we deliver a comprehensive planned, surgical, medical and diagnostics service for adults and children including maternity services. Further specialisation is delivered in a small number of areas, for example, rheumatology (including complex pain and fatigue conditions - following the acquisition of the Royal National Hospital for Rheumatic Diseases on the 1st February 2015), cancer, cardio-vascular care, higher levels of critical care and specialist orthopaedics. The Trust, in partnership with local Universities and Colleges, also plays a major role in Education and Research. Doctors, Nurses and many other professions learn with us as students and then as qualified staff. The strength of learning, teaching and research and development at the Trust means we have the best staff to work with us. The focus on learning supports innovation and improvement in the excellent care provided for our patients.

Why are we producing a Quality Account?

All NHS trusts are required to produce an annual Quality Account to provide information on the quality of services to service users and the public.

The Trust welcomes the opportunity to demonstrate how well we are performing, taking into account the views of service users, carers, staff and the public, and comparing our progress against the previous year and where we can, against national performance. We can use this information to make decisions about our services and to identify areas for improvement.

We have set out in this Quality Account how well we have performed against local and national priorities including how well we progressed with those areas we highlighted as our improvement priorities for 2016/17

How do we improve Quality?

The RUH has a Quality Improvement Centre (QIC), which brings together teams from Patient Experience, Audit, Risk and Litigation as well as Patient Safety and Quality Improvement. The staff offers a wide range of skills including leadership, stakeholder and staff engagement, clinical and nursing, training, research, education, clinical audit, project management, data analysis and administrative support. Individuals and teams from all parts of the trust are supported by the QIC. The teams within the QIC work with patients, carers and members of the public as well as staff from all parts of the hospital on specific projects to improve the quality of care provided to patients and their relatives / carers.

We have continued to develop standardised approaches to spread quality improvement knowledge and skills across the organisation to support our quality strategy. We have two different systems to deliver this knowledge.

- Quality Service Improvement Redesign (QSIR) which is a quality improvement training programme: designed and developed by NHS Improving Quality (NHSIQ) – Advancing Change and Transformation (ACT) Academy. A senior doctor and nurse who are both quality improvement leads within the RUH are accredited associate members of the NHS Improvement QSIR teaching faculty which enables them to deliver the four day QSIR Practitioner training within the Trust. This course is available to any member of staff across the organisation that is involved in delivering quality or service improvements. It aims to develop core quality improvement skills and knowledge, which staff can practically use within their chosen projects. To date the Trust has delivered the QSIR Practitioner training to over 50 staff. In addition there is a one day Quality Improvement training available to all staff.

- The second approach is Flow coaching, which teaches staff how to apply team coaching and improvement skills along one patient's journey in order to improve patient flow through a healthcare system. Following successful trials at Sheffield Teaching Hospitals NHS Foundation Trust and South Warwickshire NHS Foundation Trust, the Health Foundation has expanded the programme and established a Flow Coaching training centre at the RUH. This presents a unique opportunity for providers across the West of England to participate in the training programme being delivered during 2017. The Trust has six fully trained flow co-coaches and from January 2017 has been delivering training for a local cohort of staff each planning to undertake a programme of improvement across a patient journey.

Patient Safety Priorities 2016/17

The Trust has established a culture of improving patient safety taking the leading role in supporting local collaborative learning, so that improvements are made for patients. The Trust actively participates, contributes and is leading some of the work aligned to the West of England Academic Health Science Network (WEAHSN) Patient Safety Collaborative programme which is chaired by our Chief Executive.

The Trust patient safety programme consisted of the Safer 6 priorities and was developed to align with the Sign up to Safety and WEAHSN priorities. For 2016/17 the Safer 6 were:

Safer 6
Patient Safety
Priorities

National Early Warning Score(NEWS)
Improving Insulin Safety
Movement of patients
Acute Kidney Injury (AKI)
Sepsis
C Difficile

- National Early warning Score (NEWS)

The aim of the National Early Warning Score (NEWS) work stream is to ensure that NEWS is reliably and accurately used to monitor adult patients' vital signs, that care is appropriately and reliably escalated and correct actions are taken to ensure optimal care for the patient.

The focus for the NEWS work stream has been on the completion and accuracy of NEWS reporting with the aim to achieve 95 per cent compliance in recording and accuracy of NEWS in all adult patients at the Trust by April 2016. A key aspect has been developing the cascade trainer model and over 100 cascade trainers have trained 1230 staff. Measurement of recording and accuracy Trust wide demonstrate on average NEWS recorded 98 per cent, NEWS accuracy 90 per cent.

- Improving Insulin safety

The NHS Quest project is part of the Trust's insulin safety programme and has been the main focus for the reduction of insulin administration errors with an aim of 75% in adult patients with diabetes by May 2017. Improvements include: development of a self-administration Insulin protocol consisting of assessment and patient held care plan, and revision of the Link nurse role to include the development of a workbook and competencies and responsibility for delivering training within a ward. Mandatory e-learning 'The safe use of insulin' has also been developed.

- Movement of patients location

The aim of the project was to reduce the number of non-clinical moves to no more than one move per in-patient stay (excluding the move from an assessment ward), and reduce the number of late night moves. The project continues into 2017 with a focus on standardisation of the process of all transfers across the Trust.

- Acute Kidney Injury (AKI)

This is also a quality priority. See section priorities for improvement, looking back on last year, priority 1 for details.

- Sepsis

This is also a CQUIN. See Part 3, review of services, clinical effectiveness and National CQUIN schemes for 2016/17 for details.

- C Difficile

Details about this priority can be seen in Part 3 review of services, patient safety and Core Indicators.

Each of the Safer 6 Patient Safety priorities have an established work stream lead and work plan with agreed process and outcome measures. These are reported to the Patient Safety Steering Group chaired by the Director of Nursing and reported to the Board of Directors.

We engaged with staff, governors and stakeholders to consider our quality priorities for 2016/17 through our Annual General Meeting, membership constituency meetings, Patient and Carer Experience meetings, the Governor Quality working group and Quality Board.

For each priority, specific indicators show what the Trust aims to achieve and how progress will be measured.

Priorities for improvement – looking back on last year

Priority 1: to continue to reduce the occurrence of Acute Kidney Injury (AKI)

We said we would:

- Further embed the AKI bundle of care and show improvement in the delivery of each step
- Spread improvement work to all inpatient areas
- Train 90% of clinical staff in the use of the AKI teaching tool
- Decrease the incidence of the more severe cases of AKI
- Ensure GP communication occurs for all patients who have had an AKI by embedding the electronic AKI alert automatically into the patients discharge summary
- Review fluid balance charts and hydration charts to further increase early detection of AKI
- Develop patient information leaflets
- Link with North Bristol NHS Trust Renal Centre to ensure AKI guidance is maintained and up to date.

How did we do?

Acute Kidney Injury (AKI) is a sudden and recent reduction in a person's kidney function. At the Trust there are on average 70 patients a week with an AKI, with 40% developing AKI whilst in hospital. This is similar to national statistics.

Our aim for 2016/2017 was to continue to improve early detection of AKI and prevent any further decrease in kidney function.

Following our initial training campaign and development of an AKI care bundle (U.R.I.N.E) in 2015/2016, the training has continued and regular weekly training on the core skills programme has been established. To date, 1050 staff have received training which is also linked to the other key areas important in recognising a patient who is unwell or has deteriorated. The Trust has developed an AKI/ Sepsis Simulation programme which uses Sepsis and AKI scenarios from the Trusts patients and this has been very positively received by staff.

To monitor compliance with the AKI care bundle and improvements a random sample of patients are analysed monthly and improvements have been seen across all aspects of the care bundle.

The improvement work on AKI has resulted in a 16% decrease in AKI acquired as an inpatient.

Communication to GP's about their patients who have an AKI during their admission has improved by 30% by embedding an electronic AKI alert into the discharge summary, with 9% of summaries containing information on medication and the patient's follow-up. This process has been further refined with more details of the AKI admission included at the request of the Commissioners.

In September 2016 the automatic alert for AKI on blood tests taken for kidney function was made available to GP's so that GP's who request blood tests themselves will be alerted if their patient has an AKI. There has been a primary care awareness programme alongside this and the Trust has linked with the Clinical Commissioning Groups regarding the development of their community awareness campaign and we have shared our tools.

The Trust is also part of a regional AKI network: Our work aligns to regional guidelines and is supported by our local Renal Centre, North Bristol NHS Trust. The Trust hosted one of the regional meetings in 2016, sharing our work. In particular, our work on improving processes in Radiology when contrast is administered to a patient was acknowledged by the group as being excellent practice.

We have produced a patient information leaflet which can be given to patients during their stay or on discharge and it can also be found on our public website. It provides information on what an AKI is, potential causes, treatment and guidance on how they can look after their kidney and encourages the patient to seek further advice from their GP.

The AKI project work will continue in 2017/2018 and we will plan to streamline the deteriorating patient safety work, combining AKI, Sepsis and the National Early Warning Score (N.E.W.S) training.

Priority 2: Improve the outcomes for stroke patients

We said we would:

- Develop a second hyper-acute bay on the Acute Stroke Unit to ensure that there is always a bed on the ward for new patients with a newly diagnosed stroke
- Build on the work previously undertaken with the local Clinical Commissioning Groups (CCG's) and community teams to improve the pathway for stroke patients to ensure safe and efficient discharge
- Continue to partake in the data collection for the Stroke Sentinel National Audit Programme and see improvement in our performance
- Work with the Cardiac and Stroke Network who are reviewing and developing the model of care for stroke thrombolysis and Hyper-Acute Stroke Units (HASUs) within the South West

How did we do?

Second hyper-acute bay

Whilst the second hyper-acute stroke bay is not in place yet, the teams have continued to work closely with the Emergency Department and the site team to ensure that patients requiring a hyper-acute stroke bed are prioritised at all times and are nursed by the specialist team within 4 hours of arrival in hospital. The Trust is still planning to take forward additional hyper-acute stroke beds.

Discharge

We have continued to work closely alongside our partners in the community ensuring effective discharge plans are made and executed. The Trust have worked with teams from Chippenham Stroke Unit and the rehabilitation unit at St Martins Hospital to review complex discharges and support an efficient discharge pathway. The inpatient therapy teams continue to have close liaison with those providing community stroke care in peoples home or nursing homes.

Stroke Sentinel National Audit Programme (SSNAP)

The Trust's participation in the stroke sentinel national audit programme continues. This data is entered in a timely fashion meeting the deadlines set by the Royal College of Physicians. All data is available and is accessed to demonstrate our current practices. The most recent SSNAP report rated the Trust as 'C' overall, which is slightly above average when compared with neighbouring Trusts in the southwest. (For more information about the SSNAP audit (please refer to Mandatory statement 2). The stroke triumvirate meet weekly and SSNAP performance is discussed at each meeting.

Models of care

The stroke team remain active partners within the Cardiac and Stroke Network, ensuring there is representation at the regional meetings. We are kept well informed of developments relating to stroke and keenly awaiting the outcome of the recent review of hyper acute access to stroke care in the South West of England.

Priority 3: to continue to improve the experience of patients and carers at discharge

We said we would:

- Develop and cascade a training programme for staff around the essential elements that constitute the planning of a safe and timely discharge
- Improve the timeliness of medications to take home by proactively ordering medicines for patients due to be discharged and monitoring this through patient surveys
- Further develop cross-boundary working within the Integrated Discharge Service
- Monitor patient outcomes in relation to discharge planning at the end of life
- Embed the multidisciplinary team discharge plan for patients at the end of life

How did we do?

This year was the second year that we committed to improving the discharge planning process for patients, in particular around the experience that patients have at the point when they leave hospital. During the year we have undertaken a number of initiatives aimed at improving discharge planning.

Discharge training

Discharge is a vital part of the patient's journey and to ensure that each patient is discharged efficiently and safely, it is essential that staff feel confident and have the correct knowledge and skills to be able to undertake this task.

As part of the ongoing work around discharge, nursing and therapy staff are receiving training to update them about discharge planning. The Discharge Liaison and Palliative Care Specialist Nurses, Occupational and Physiotherapists, have worked collaboratively to develop a workbook, which has been tested both by nurse and therapy staff to support the training.

The content for the workbook is a resource for the clinical teams, and has formed the basis of the Discharge Web Pages, which were launched at the end of January 2017.

Medication to take home

Delays to the distribution of medications for discharge have been one of the key frustrations cited by patients and carers through their feedback.

A multidisciplinary working group was established with the aim of improving the timeliness of medication to take home. This group has reviewed the different ways that medications can be dispensed at the point of discharge. Opportunities have been sought for extending the use of FP10 prescriptions, which are prescriptions for medication that can be used in pharmacies outside the Trust. There are benefits for some clinical areas to have some regularly used medication in pre-prepared ward based TTA (to take away) medication packs. Work has been done to understand which areas would benefit from having these pre prepared medication packs and consequently the number of wards that hold them has been increased. Further work is currently underway to determine whether the content of some of the TTA packs could be increased.

The group have also been working with the Information Management and Technology department (IM&T) to devise an electronic system that will enable the wards to highlight TTA medication required for a patients being discharged that day. This will help the pharmacy department to prioritise their work.

Integrated Discharge service (IDS)

Health and social care teams working together on helping those patients who require ongoing support and care once they leave hospital have successfully co-located to one location within the trust.

A single referral form into the IDS is now in use on the Millennium electronic computer system at the trust and continues to be modified and updated in line with changing processes. Referrals into the IDS have grown consistently since this was implemented in September 2016.

Number of IDS referral forms completed
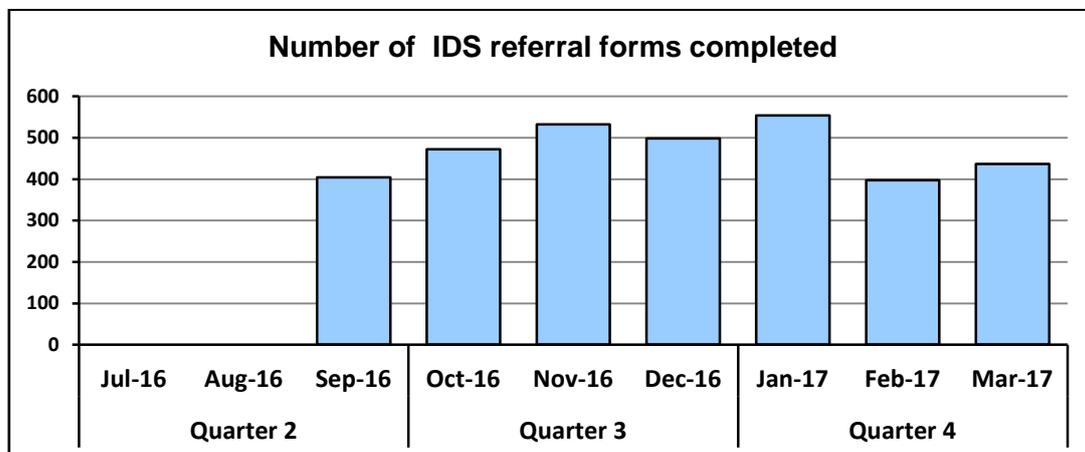
<u>End of Life Care</u>

The Trust committed to improving the coordination of discharge planning for patients with end-of-life care needs.

The Trust Specialist Palliative Care Team have been working with the ward areas to develop a guidance sheet and to improve the resources available to them both at ward level and on the Trust intranet, to aid ward staff in planning discharge through Continuing Health Care Fast Track (CHC FT) and in supporting a rapid discharge to preferred place of care. A Multi-disciplinary team (MDT) discharge plan has been developed and is being piloted as both a checklist to be completed the day before discharge and on the day of discharge.

The Specialist Palliative Care Team has been working with Wiltshire CCG Home First discharge team as part of a joint project with Dorothy House Hospice. The project was about providing an Enhanced Discharge Service (EDS) for End of Life Care (EOLC), and commenced in July 2016. This service facilitates a rapid discharge for patients in their last two weeks of life to their preferred place of care. The service provides a package of care for up to four weeks, through the Dorothy House Hospice at Home service, and is tailored to meet the needs of the patient. Since the project commenced, 43 patients that have been supported to be discharged to their preferred place of care at the end of their life by the EDS (See table). Monitoring at the end of February 2017 indicates an average length of stay on EDS of 14 days and a saving of 514 hospital bed days in total. Agreement has recently been achieved to extend this service to Bath and North East Somerset.
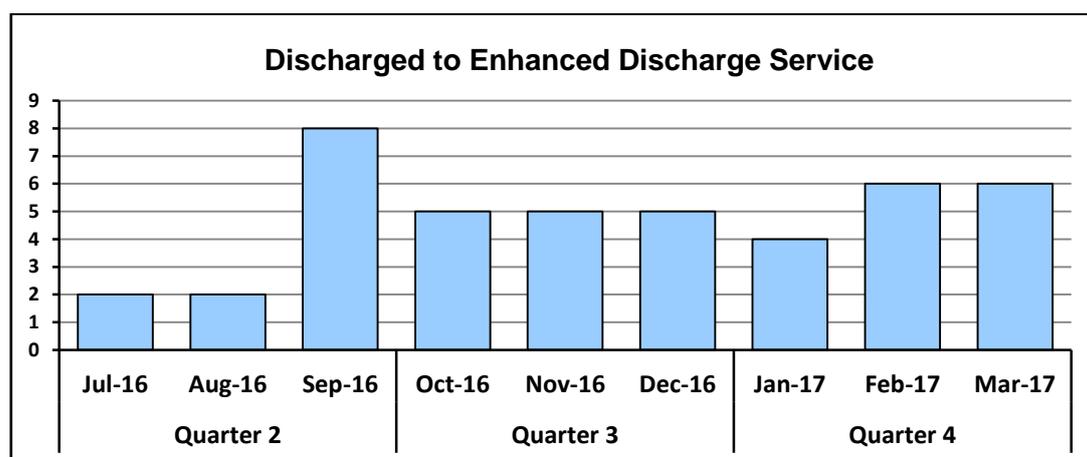
Priority 4: to improve our communication with patients and carers attending our Outpatients departments

We said we would:

- Hold a week-long event termed 'The Outpatient 15 steps Challenge' where each outpatient department will undertake an assessment with patient representatives of each aspect of the department
- The findings of the 15 steps challenge event will be used to develop an improvement plan and this will be monitored through the Trust's Outpatient Steering Group. Some actions may require hospital wide solutions – i.e. changes to car parking/ signage / IT processes
- Complete an outpatient accreditation programme, which will assess each outpatient department against a number of criteria (split into the 5 CQC domains) to promote uniformity between different outpatient departments

- Launch the patient portal – a website for patients to view parts of their medical records and clinic correspondence
- Begin the centralisation of the outpatient booking team functions that are currently split across the Combe Park and Royal National Hospital for Rheumatic Diseases (RNHRD) to improve access for patients who have appointment queries.

How did we do?

Outpatient 15 step challenge

The 15 steps challenge is a toolkit that is used with a series of questions and prompts to guide the assessment team, made up of staff, patients and carers, through their first impressions of an area. Its aim is to identify the key components of quality care and service that are most important to patients and carers.

"I can tell what kind of care my daughter is going to get within 15 steps of walking on to a ward". This highlights that first impressions count.

An Outpatient 15 steps challenge was undertaken from 8th to 19th August 2016. From this event, the Trust gathered a wealth of information from staff and patients about how our services are viewed. We were able to identify areas for improvement and agreed a set of standards for all departments, with the aim of bringing some uniformity across the geographically spread clinical areas. These included:

1. Nurse in charge badges
2. Team picture welcome board at department entrance
3. Creating patients with a warm welcome: - "Hello my name is"
4. Calling of patients from a designated area within the outpatients area
5. Live clinic board – who is here and any delays
6. Clear instructions of use of alcohol hand gel at entrance/reception
7. Clear process for booking in
8. the Trust branding and laminating of notices and posters displayed locally
9. Safety briefing for staff

On 2nd December 2016 the Trust celebrated the event and shared good practice and improvements with the teams and patients involved.

Outpatient Accreditation

Building on the success of the ward accreditation programme, which assesses the clinical areas against the CQC domains, the Quality Improvement Centre has led the accreditation process for each outpatient department against a set of criteria.

All the Trust outpatient departments at the Combe Park site were observed over a number of days and information about the quality of care was reviewed.

12 outpatient areas have achieved foundation level. These are shown below:

- Breast unit
- Respiratory
- Diabetes Clinic
- Sexual Health
- Fracture clinic
- Urology
- Gynaecology

- Vascular Studies
- Oral Surgery
- Oncology / Haematology
- Ophthalmology
- ENT

There are a number of areas yet to achieve foundation level. Work is being undertaken to support these areas to achieve the accreditation standards.

<u>The Patient Portal</u>

During November and December 2016 work was undertaken with key clinical stakeholders to gain an understanding of how the Patient Portal solution can support patients and carers throughout the Bath community. The portal allows patients to access their own computer medical records. The clinicians strongly agreed that data held by the Trust belongs to the patient, and that there should be no limitations as to what could or should be shared (within context and appropriateness).

A workshop was held on the 17th January 2017 which identified a draft priority solutions roadmap. To ensure patients' needs are met, a Patient Involvement Forum was held on Wednesday 1st March 2017, giving attendees the opportunity to express what was important for them to see and have access to.

The Trust Patient Portal is to be a Trust solution and not enterprise wide and it is important not to duplicate what is currently available on the patients' GP portal. The next step is to commence the procurement process to identify the best solution for the Trust Patient Portal.

<u>Centralised Outpatient booking</u>

Centralisation of the Royal National Hospital for Rheumatic Diseases (RNHRD) outpatient booking team functions to the Trust site, to improve access for patients who have appointment queries, was completed in September 2016.

Appropriate resource has also been allocated to the outpatient booking team on the Combe Park site, along with the new appointment booking function. This will pave the way for the subsequent move of Rheumatology services to the new RNHRD Rheumatology outpatient department on the Combe Park site.

Priorities for 2017/18

Our priorities for 2017/18 have been influenced by the progress made against our 2016/17 priorities, other quality indicators, organisational learning themes and feedback from our staff, patients, Foundation Trust Members and stakeholders. We have identified that for some of the 2016/17 priorities there is still more work to do and therefore some of our priorities will continue this year. Our Governors chose 'frailty' as the priority they particularly wanted to see included for 2017/18. Progress against our priorities will be monitored and reported through our Quality Board, the Governors Quality working group and the Board of Directors.

Priority 1: To further promote a system of identification and proactive management of patients who are identified as having the presence of frailty

Although not an inevitable part of aging, frailty is related to the aging process and is a long term condition in the same sense as diabetes or asthma. It is a term used to describe how our bodies gradually lose their in- built reserves, leaving us weaker and more vulnerable to dramatic changes in our health and wellbeing from minor influences such as an infection .

People who have frailty are at a much greater risk of falling, confusion, disability, admission to hospital and long-term care depending upon its severity. However frailty is not static, it can get worse, but it can also get better. This is one of the reasons that it is vitally important that frailty is assessed whenever an older person comes into contact with a health professional. Identifying frailty and assessing the severity of the condition helps the health care professional to holistically plan the patients immediate and ongoing care needs, and to promote the patients independence where ever possible. Additionally there is also a need to treat frailty as a long term condition in its own right and ensure we take a more comprehensive approach to the geriatric assessment.

The frailty pathway, incorporating the Rockwood frailty score and the Comprehensive Geriatric Assessment (CGA) has the potential to reduce harm and improve the experience of older people immeasurably. The Comprehensive Geriatric Assessment ensures individuals level of mobility and independence are assessed on admission to ensure a seamless and safe transfer back to community.

Our aims for 2017/18 are:

- Launch of revised Medical Assessment Proforma incorporating frailty score and Comprehensive Geriatric Assessment (CGA).
- Roll out CGA documentation to all older person's wards.
- Achieve 75% completion of CGA for patients in the Older Persons wards.
- Ensure CGA is present on the patients discharge summary from the wards where this has been rolled out.
- Implement a direct admission pathway from the Emergency Department to the Assessment and Comprehensive Evaluation unit for individuals that need minor intervention and short-term rehabilitation.
- To reduce harm and improve the experience of frail people in the hospital setting.

Priority 2: Management of jaundice in newborn babies

Jaundice is the most common condition that requires medical attention in newborns. The yellow coloration of the skin and sclera (white outer layer of the eyeball) in newborns with jaundice is the result of accumulation of bilirubin. In most cases neonatal jaundice is a normal physiological transition however for some babies there can be excessive levels of bilirubin, which, if left untreated can cause lifelong neurological impairment in the newborns or even death. Early recognition of jaundice by clinicians is paramount so that treatment can commence as soon as possible.

Prior to March 2017 the only way to diagnose jaundice in the newborn was for the baby to be admitted to hospital for a blood test. The National Institute for Health and Care Excellence (NICE) 2016 recommend the routine use of bilirubinometers for babies where neonatal jaundice is evident.

Our aims for 2017/18 are:

- To reduce the need for babies and families to attend the hospital
- To reduce unnecessary blood tests
- To be able to detect jaundice earlier
- To provide more appropriate clinical care more quickly
- To reduce unnecessary admissions to the Neonatal Intensive Care Unit

Priority 3: To continue to improve the experience of patients and carers at discharge

Having made good progress on improving the discharge planning process for patients during 2016/17 we would like to continue improving the patients' experience of a safe and efficient discharge by ensuring that we expand our criteria led discharge programme.

Criteria led discharge allows other members of the multi-disciplinary team such as a nurse, physiotherapist or occupational therapist to discharge patients if specific criteria have been met, which can help reduce the time patients are on the wards waiting to be discharged.

Our aims for 2017 /18 are:

- Improving the overall discharge experience for patients
- Reduce patients' delays waiting for a review by a doctor on the day of discharge where appropriate clear guidelines and plans are in place that nurses and allied health professionals can follow to ensure a smooth and efficient discharge.
- Provide a more timely discharge from hospital for patients who have had certain medical interventions, and procedures.

Priority 4: To continue to improve sepsis management

Significant improvements have been made in the identification and management of patients with Sepsis arriving at the Trust over the last two years and our aim is to spread this improvement across the whole organization.

Recent evidence in February 2017 identified 260,000 cases of Sepsis in the UK each year resulting in 44,000 deaths annually. Sepsis has a high profile in the national press with several cases reported, particularly children and a current national campaign to raise awareness of Sepsis in children was launched in December 2016. There is also a major drive from NHS England to improve management of sepsis and a national CQUIN (Commissioning for Quality and Innovation) proposed for the next 2 years.

Early in 2016 there had been a new international definition of Sepsis produced followed by new National Institute for Health and Care Excellence (NICE) guidelines in July. At the Trust, we have developed new teaching materials and management proformas and guidelines and have been spreading the NICE guidelines since the end of July. We have started work on improving processes for identification and prompt treatment if Sepsis develops whilst a patient is in hospital, including children and maternal patients.

Our aims for 2017/18 are:

- Deliver new Sepsis teaching to 2000 clinical staff
- Spread improvement work Trust wide
- Achieve 90% Sepsis screening for patients by March 2018
- Achieve 80% of antibiotics delivered within 60 minutes for patients with Sepsis

- Plan for the implementation of electronic recoding of patients observations
- Develop patient information leaflets which are readily accessible to the public
- Present patient stories to the board

Statements of Assurance from the Board

Mandatory Statement 1

During 2016/17 the Royal United Hospitals Bath NHS Foundation Trust provided and sub-contracted nine types of NHS services via three clinical divisions, Medicine, Surgery and Women and Children's.

The Royal United Hospitals Bath NHS Foundation Trust has reviewed all the data available to them on the quality of care in nine of these relevant health services.

The income generated by the relevant health services reviewed in 2016/17 represents 100% of the total income generated from the provision of relevant health services by the Royal United Hospitals Bath NHS Foundation Trust.

The Health and Social Care Act 2008 lays down a number of 'activities' (types of services provided) which are regulated by the Care Quality Commission (CQC). The CQC will register providers, such as the Trust, to carry out the regulated activities if providers show that they are meeting essential standards of quality and safety. The nine types of activity that, as a Trust we have been registered by the CQC to carry out are:

- Assessment or medical treatment for persons detained under the Mental Health Act 1983
- Diagnostic and screening procedures
- Management of supply of blood and blood derived products
- Nursing care
- Surgical procedures
- Termination of pregnancies
- Treatment of disease, disorder or injury
- Family Planning
- Maternity and Midwifery Services

Mandatory Statement 2

During 2016/17, 37 national clinical audits and 5 national confidential enquiries covered NHS services that the Royal United Hospitals Bath NHS Foundation Trust provides.

During that period the Royal United Hospitals Bath NHS Foundation Trust participated in 100% national clinical audits and 100% national confidential enquiries of the national clinical audits and national confidential enquiries which it was eligible to participate in.

The national clinical audits and national confidential enquiries that the Royal United Hospitals Bath NHS Foundation Trust participated in, and for which data collection was completed during 2016/17 are listed below alongside the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry.

Clinical Audit/National Confidential Enquiries	Participation?	Percentage of cases submitted
NCEPOD		
Medical & Surgical Clinical Outcome Review Programme: Physical & mental health care of mental health patients in acute hospitals	Yes	100%
Child Health Clinical Outcome Review Programme: Cancer in children, teens & young adults	N/A	Eligible to take part, but no cases identified
Child Health Clinical Outcome Review Programme: Young People's Mental Health	Yes	100%
Child Health Clinical Outcome Review Programme: Chronic Neurodisability (Cerebral Palsy)	Yes	100% Ongoing
Non-invasive ventilation (adults)	Yes	100%
Acute		
Case Mix Programme	Yes	100%
Asthma (paediatric and adult) care in emergency departments	Yes	100%
National Emergency Laparotomy Audit (NELA)	Yes	100%
Severe Sepsis and Septic Shock – care in Emergency Departments	Yes	100%
National Joint Registry (NJR)	Yes	100%
Major Trauma: The Trauma Audit & Research Network (TARN)	Yes	Completeness 82.7 - 88.8% (01/04/2016 to 30/09/2016)
Blood and Transplant		
National Comparative Audit of Blood Transfusion programme: • Audit of Patient Blood Management in Scheduled Surgery • Use of blood in Haematology	Yes	100%
Cancer		
Bowel cancer (NBOCAP)	Yes	89% (Annual Report 2016)
Lung Cancer (NLCA)	Yes	100%

Clinical Audit/National Confidential Enquiries	Participation?	Percentage of cases submitted
National Prostate Cancer Audit	Yes	100% (Annual Report 2016)
Oesophago-gastric cancer (NAOGC)	Yes	61-70% (2015/16)
Head and Neck Cancer Audit	Yes	100%
Heart		
Acute coronary syndrome or Acute myocardial infarction (MINAP)	Yes	100% (ongoing)
Cardiac Rhythm Management (CRM)	Yes	100%
Congenital heart disease (Paediatric cardiac surgery) (CHD)	N/A	Not relevant to the Trust
Coronary angioplasty	Yes	100%
National Adult Cardiac Surgery Audit	N/A	N/A
National Cardiac Arrest Audit (NCAA)	Yes	100%
National Heart Failure Audit	Yes	100%
National Vascular Registry	N/A	N/A
Pulmonary hypertension (Pulmonary Hypertension Audit)	Yes	100%
Long term conditions		
Adult Asthma	Yes	100%
Diabetes (Adult) includes National Diabetes Inpatient Audit	Yes	100%
Diabetes (Paediatric)	Yes	100%
Inflammatory bowel disease	No	Awaiting purchase of database to allow capture of IBD patients
National Chronic Obstructive Pulmonary Disease Audit Programme (COPD)	Yes	Pilot scheme 2016 Data collection commenced 01 Feb 2017

Clinical Audit/National Confidential Enquiries	Participation?	Percentage of cases submitted
Renal replacement therapy (Renal Registry)	N/A	N/A
Rheumatoid and early inflammatory arthritis	N/A	Data collection did not take place in 2016/17 nationally. Audit not currently running and will be recommissioned by the Healthcare Quality Improvement Partnership (HQIP) in 2017
Mental Health		
Prescribing Observatory for Mental Health (POMH)	N/A	N/A
Older People		
Falls and Fragility Fractures Audit Programme	Yes	100%
Sentinel Stroke National Audit Programme (SSNAP)	Yes	100%
National Audit of Dementia (Royal College of Psychiatrists)	Yes	100% (Apr to Nov 2016)
Other		
Elective surgery (National PROMs Programme)	Yes	100%
National Audit of Intermediate Care	N/A	N/A
National Ophthalmology Audit	Yes	100%
Endocrine and Thyroid National Audit	Yes	100%
Learning Disability Mortality Review Programme (LeDeR)	Yes	100%
Urology		
Nephrectomy Audit	Yes	88% (2013-15 data). 2016 data available September 2017

Clinical Audit/National Confidential Enquiries	Participation?	Percentage of cases submitted
Percutaneous Nephrolithotomy (PCNL)	Yes	25 cases submitted (2014-15, (ascertainment figures not available). 2016 data available May 2017
Radical Prostatectomy Audit	Yes	100% (2014-15 data). 2016 data available September 2017
Stress Urinary Incontinence Audit	N/A	N/A
Women's & Children's Health		
Maternal, New-born and Infant Clinical Outcome Review Programme (MBRRACE-UK)	Yes	100%
Neonatal intensive and special care (NNAP)	Yes	100%
Paediatric pneumonia	Yes	100%
Paediatric intensive care (PICANet)	N/A	N/A
UK Cystic Fibrosis Registry	Yes	100%

The reports of 22 national clinical audits were reviewed by the Trust in 2016/17 and the Royal United Hospitals Bath NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided:

- Audit of Red Cell and Platelet Transfusion in Adult Haematology Patients: The Trust performed the same or better than the national average in all but 2 of the 13 national standards. The recommended pre-transfusion threshold of 70g/L is now well known in in-patients with no additional risk factors and staff are encouraged to document their reasons if they wish to set a different threshold. Avoiding the use of platelets in chronic bone marrow failure highlighted a very recent change in national guidance which several staff were unaware of. This gave the opportunity to update all haematology clinicians in this change in national advice and practice has been updated accordingly. All haematology medical staff have also been informed of the audit findings which were presented at a journal club meeting after publication and circulated to non-attendees.

- Sentinel Stroke National Audit Programme (SSNAP): The audit monitors performance across ten domains which include efficiencies with treatment, therapy input and discharge processes. Each of the domains receives an overall score, and is categorised into a level (with 'A' being the highest and 'E' being the lowest) as a way of grouping and comparing against other teams. The Trust has improved its overall score to a C. Due to ongoing bed pressures, there continues to be challenges in ensuring patients get to an Acute Stroke Unit bed within 4 hours of reaching the

hospital. Good progress has, however been seen in other areas of the audit such as scanning and specialist assessment. A Physician Associate has been employed to work on the Acute Stroke Unit, and this has freed up other staff (Stroke Medical Nurse Practitioners and Stroke Specialty Doctors) to support stroke care at the front door of the hospital.

- National End of Life Care Audit: The Trust scored highly and better than the national average scores in the majority of standards. There were a few areas highlighted for improvement. These included documented evidence of discussion regarding the patient's spiritual/ religious/ cultural/ practical needs with the nominated persons important to the patient; access to specialist palliative care services 7 days per week and documented evidence that the team were aware of an individual plan of care for the person that is dying. The Priorities for Care of the Dying Patient will be audited locally every six months. Since the national audit was completed the Trust Priorities for Care Documentation has been reviewed and updated and a new Trust Policy for Care of the Dying Patient and Care of the Deceased Patient developed and formally approved.

- Myocardial Ischaemia National Audit Project (MINAP): The MINAP report for 2015/16 has shown improvement in performance from the previous report. This includes the percentage of patients admitted to a Cardiology ward, which has increased from 25% to 31%. This data is affected by the fact that MINAP ask for the first ward that patients go to from the Emergency Department, which is often the Medical Assessment Unit (MAU). The majority are then seen by the Cardiology team, either on MAU or after transfer to a Cardiology Ward. The percentage of patients seen by a Cardiologist has increased from 69% to 91% reflecting increased ward presence by Consultants since job plans were changed in 2016. The percentage of suitable patients referred for angiography has increased from 68 per cent to 86 per cent. The Trust is continuing to work on improving performance including further work with the coding and Business Intelligence Unit to allow better review of performance, and further education of staff involved in the management of patients with Acute Coronary Syndromes.

- National Emergency Laparotomy Audit (NELA): The year two NELA report published in July 2016 was based on data collected from 2014/15. Since July 2015 The Trust has relaunched its work on emergency laparotomies, having identified that previous improvement had not been sustained. Over the last 18 months, a bundle of care has been reintroduced for these patients and 80 per cent of patients now receive all aspects of this bundle, with a resulting decrease in mortality and length of stay. In the previous report, data had also been collected by retrospective note review from a non-clinician and there were therefore some concerns over data accuracy. Over the last 18 months, the Trust has established reliable data collection by clinicians at the time of surgery, improving data accuracy. The Trust's case ascertainment is now over 80 per cent and the Trust has been asked to share its processes for NELA data collection with other trusts. The year three report is due to be published in July 2017, and further improvements are expected based on local data which shows that:

  - over 80 per cent of patients are risk assessed preoperatively
  - over 80 per cent of patients receive critical care postoperatively
  - over 80 per cent of patients have a consultant radiologist reported CT scan if one has been performed
  - 70 per cent of high risk cases had both consultant surgeon and anaesthetists present, with 80 per cent of these having a consultant anaesthetist and over 85% a consultant surgeon.

The reports of 31 local clinical audits were reviewed by the Trust in 2016/17 and the Royal United Hospitals Bath NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided:

- Resuscitaire Checklist (Infants): This audit showed that compliance remains above 90%. The checking of the homebirth resuscitation equipment is not always consistently performed. Results were disseminated to all areas and reminders regarding checking of home birth resuscitation equipment were disseminated via' Hot Topics' which was discussed each day at handover.

- Clinical Audit of CRPS patient pathway-referral and access criteria: Compliance to the standards was high and therefore little change in practice is recommended at present. However some small changes were made – the administrator now staples the referral check list to every referral prior to triage and checks completion on return. Extracting information for some of the standards would be made easier by including specific statements within the CRPS clinical documentation. A specified standard has now been included within the pre-admission documentation to facilitate future audits.

- ENT Interruptions Audit: This audit indicated an average of ten minutes of interruptions per clinic. Fifty per cent of patients were likely to have interruptions during their consultation in a Registrar clinic and 30 per cent in a Consultant clinic. Recommendations included no interruptions to be made unless absolutely necessary and that interruptions are only made when a door is open and that it can be seen that the clinician has finished their dictation and administrative chores associated with the previous patient. It was also proposed that in every clinic, an equipment check and restock would be made by the nurses. Because of the recommendations there has been a decrease in the number of interruptions.

- Documentation of management plans by Obstetricians prior to induction of labour: Monthly audits have identified good compliance for women having their condition assessed prior to induction of labour. Improvement is required for documentation of management plans in the maternal health records. The audit results are cascaded to all staff. The use of a sticker to encourage completion of management plans is being trialled.

- Resuscitation trolleys: The results for 2016 show an improvement in meeting the standards for the checking of resuscitation equipment. All standards for availability of equipment achieved a 'Green' RAG rating indicating compliance of at least 80 per cent. There were however some areas where the weekly and daily defibrillator checks were not consistently performed. The audit results have been circulated to all wards and departments with a reminder about the importance of these checks. Further spot check audits are being undertaken in the non-compliant areas to monitor performance.

Mandatory Statement 3

The government has made it clear over the last five years that it is committed to promoting research at the heart of the clinical activities in the NHS. Trusts are charged with incorporating research to their plans and strategies. Recent evidence has shown that patients treated in a research active hospital have better outcomes than those entering a non-research active hospital. This is good news for patients, as the Trust has an active and motivated research community of clinicians (including consultants, clinical fellows, nurses, allied health professionals, specialist research nurses, clinical trials staff and support staff).

It is the ambition of the Trust to give as many patients as possible the opportunity to be involved in research and to have access to treatments that would otherwise not be available to them. In strengthening our specialised research nurse and administrative capacity the Trust has been able to support extending research in Respiratory Medicine, Anaesthesia, and Dermatology, and has opened studies managed by Physiotherapists. The treatment of patients suffering from Parkinsonism is also a focus of research activity at the Trust.

The number of patients receiving relevant health services provided or sub-contracted by the Royal United Hospitals Bath NHS Foundation Trust in 2016/7 that were recruited during that period to participate in research approved by a research ethics committee during was 1744.
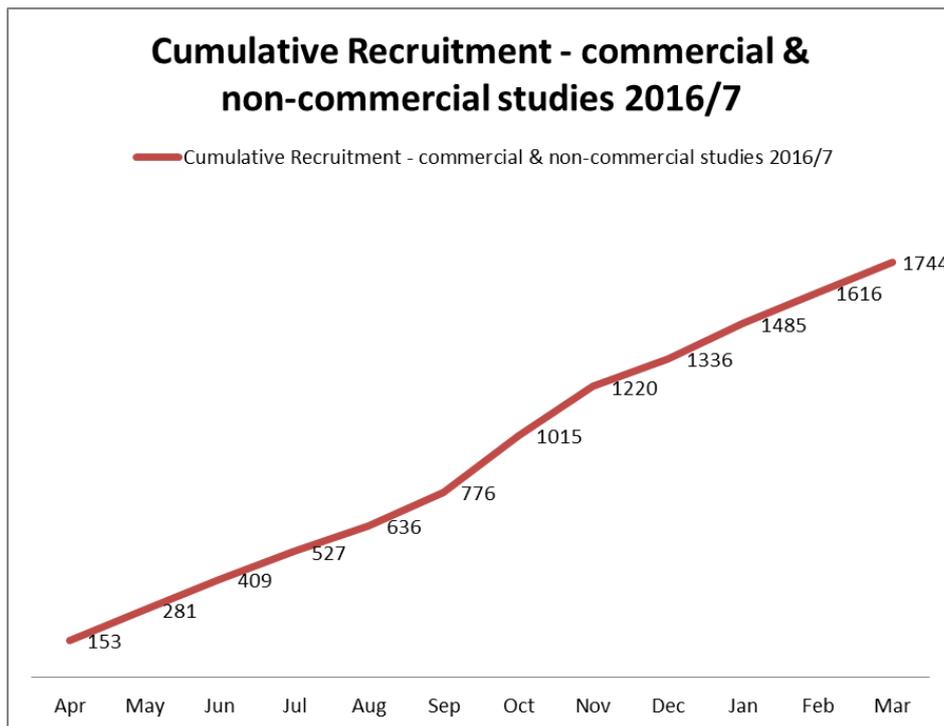
The table of patient recruitment shows that throughout the year we have consistently recruited numbers of patients in excess of our planned trajectory. In fact, our researchers have exceeded the projected recruitment numbers by almost 10% each month. As well as increasing the number of patients participating in research in 2016/17, there has been a continued increase in the complexity of research taking place across the entire organisation. At the time of publication, there are 301 trials open with patients being treated or attending follow up visits. Additionally, in December 2016, the Trust had 3,000 patients actively involved in trials across 22 medical and surgical speciality areas demonstrating the breadth and extent of research at the Trust.

Research initiated and run by our own consultants, alternative health practitioners and nurses continues to flourish. Many of these projects are in collaboration with the Universities of Bath, Bristol and West of England. Our distinguished researchers hold Professorships and lectureships in those institutions from clinical areas as diverse as Anaesthesia, Rheumatology, Chronic Pain Management, Ageing, and Parkinson's Disease.

Grants often follow a 3-5 year cycle with staff obtaining grants, working on the projects for two to four years and then working to apply for further funding to follow on from grants that are due to end. The following grants were awarded to Trust researchers in 2016/17.

Grants Awarded to RUH researchers in 2016/17			
Who	**Study**	**Amount and detail**	**When**
Professor Candy McCabe and Sharon Grieve	COMPACT feasibility study	£133,890 SUVA Swiss Insurance Co	
Dr Bashaar Boyce, Prof Neil McHugh, Dr Will Tillett	EMPOWER - Psoriatic Arthritis in worker related disability	£123,535 Abbvie	Feb-17
Prof Neil McHugh	Patients in PA with Nail Psoriasis starting on Adalimumab	£35,000 Abbvie	Mar-17
Dr Jenny Lewis	Pain Challenge Application	£205,070 (University of Bristol main grant holder)	
Dr Esther Crawley	Investigating the effectiveness and cost effectiveness of using FITNET to treat paediatric CFS/ME in the UK	£999,977.80 (University of Bristol main grant holder)	01/11/2016 to 01/11/2019
Dr Raj Sengupta	Quantitative imaging of sacrolillits; inter-centre (Bath/UCLH) validation and generalisability in adolescence and young adults.	£50,000. Collaboration with UCHL - Awarded by Arthritis Research UK national network of adolescent rheumatology.	01/10/2016 to 30/09/2018
Dr Raj Sengupta	ViMove wireless wearable sensors.	£25,440. Abbvie RUH grant/donation holder	
Dr Raj Sengupta	PROMISE "PROgnostic Markers In Spondyloarthritis (PROMISE Study)"	£216,431. Awarded by Celgene. RUH will hold grant.	
Dr Raj Sengupta	Fibromyalgia Optimal Management for patients with axial Spondyloarthritis (FOMAxS).	(amount to be comfirmed). RUH is a collaborator on grant. Awarded by ARUK.	
Dr Ali Khavandi	Cardiologist's Kitchen initiative – targeted dietary and lifestyle interventions for hypertension combining contemporary evidence with modern marketing and media strategies	£75,000. RUH will hold grant. Awarded by The Health Foundation – Innovating for Improvement Award	01/08/2016 to 01/11/2017

Nationally, grant applications have a 20 per cent success rate. At the Trust, however, our successful applications during 2016/17 significantly exceeded this rate. The Department of Health award of Research Capability Funding is used to support the infrastructure for research development and is based on the grant application success rate. As a result of our success rate in 2016/17, our grant for 2017/18 will be 10 per cent higher.

Mandatory Statement 4

A proportion of the Royal United Hospitals Bath NHS Foundation Trust income in 2016/17 was conditional on achieving quality improvement and innovation goals agreed between the Royal United Hospitals Bath NHS Foundation Trust and any person or body they entered into a contract, agreement or arrangement with for the provision of relevant health services, through the Commissioning for Quality and Innovation (CQUIN) payment framework. Further details of the agreed goals for 2016/17 and for the following 12-month period are available at https://www.england.nhs.uk/nhs-standard-contract/cquin/cquin-16-17/. This year, it is anticipated that the Trust will receive £5.1m in CQUIN payments out of a possible £5.5m, which represents 93 per cent achievement. In the previous year, 2015/16 the Trust achieved £5.4m in CQUIN out of a possible £5.6m, presenting a 92 per cent achievement.

Mandatory Statement 5

The Royal United Hospitals Bath NHS Foundation Trust is required to register with the Care Quality Commission (CQC) and its current registration status is 'registration without

conditions'. The CQC has taken no enforcement action against the Royal United Hospitals Bath NHS Foundation Trust during 2016/17.

Mandatory Statement 6 was removed from the regulations in 2011

Mandatory Statement 7

The Royal United Hospitals Bath NHS Foundation Trust has not participated in any special reviews or investigations by the CQC during the reporting period.

Mandatory Statement 8

The Royal United Hospitals Bath NHS Foundation Trust submitted records during 2016/17 to the Secondary Uses service for inclusion in the Hospital Episode Statistics, which are included in the latest published data.

The percentage of records in the published data*:

Which included the patient's valid NHS number was:

- 99.7% for admitted patient care
- 99.9% for outpatient care
- 98.6% for accident and emergency care

which included the patient's valid General Medical Practice Code was:

- 100% for admitted patient care
- 100% for outpatient care
- 100% for accident and emergency care

*Based on Provisional April 2016 to February 2017 SUS Data at the Month 11 Inclusion Date

Mandatory Statement 9

Royal United Hospitals Bath NHS Foundation Trust Information Governance Assessment Report overall score for 2016/17 was 90% and was graded as 'Green'.

Mandatory Statement 10

Clinical coding translates the medical terminology written in a patient's health record describing a patient's diagnosis and treatment into a standard, recognised code. The accuracy of this coding is a fundamental indicator of the accuracy of the patient's records and underpins payments and financial flows within the NHS.

The 2016/2017 Clinical Coding audit report was commissioned by the Head of Clinical Coding in order to comply with Information Governance (IG) requirement standard 12-505. It is a summary of coded data at the Trust, comprising 200 consultant episodes from a variety of specialties audited during the period 1st April 2016 to 31st December 2016

The audit was carried out by the Head of Coding, the Professional Lead and the Team Manager who are all NHS Digital approved auditors, and it is a combined result of several

different audits undertaken throughout the year as part of the department's rolling internal coding audit programme.

The Royal United Hospitals Bath NHS Foundation Trust was not subject to the Payment by Results Clinical Coding audit during 2016/17 by NHS improvement.

The graph below indicates the percentage of accuracy of coded data achieved at the Trust compared to the accuracy levels required to meet IG standards.
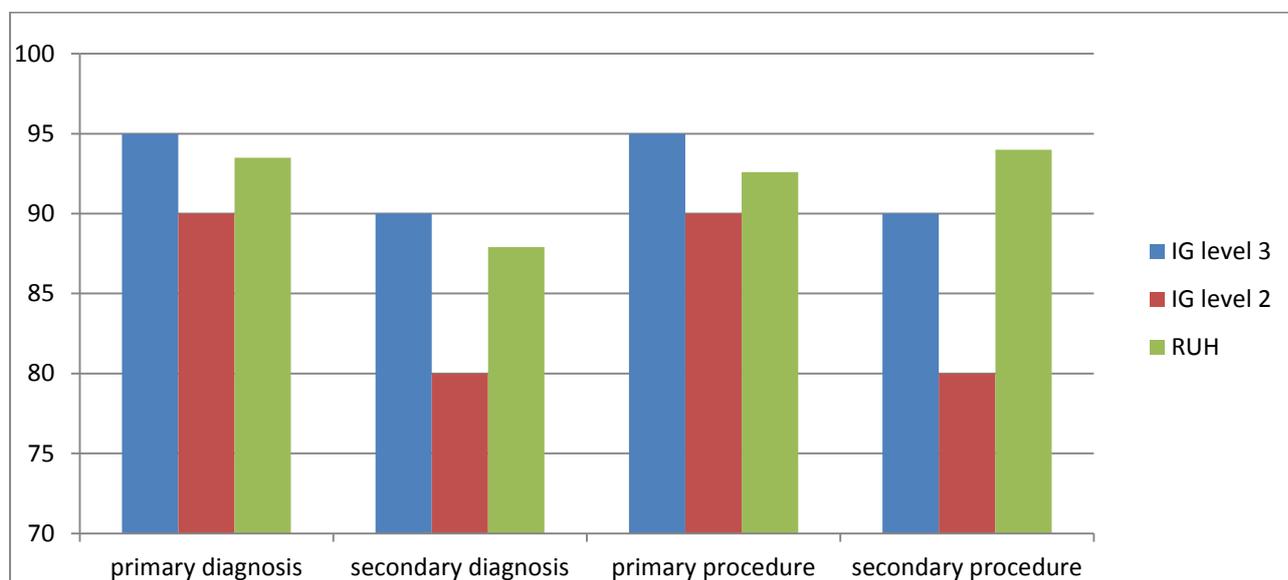
The Trust Clinical Coding audit for 2016/2017 achieved IG standard level 2.

Correct Primary Diagnoses (%)	Correct Secondary Diagnoses (%)	Correct Primary Procedures (%)	Correct Secondary Procedures (%)
94	88	93	94

Mandatory Statement 11

The Royal United Hospitals Bath NHS Foundation Trust will be taking the following actions to improve data quality:

Continue to use the Data Quality Assurance Framework implemented during 2015/16 as a way of assessing the quality of information reported to the Board. This process assigns a confidence rating to the Single Oversight key performance standards based on the outcome and frequency of data quality audits.

Continue to incorporate Data Quality in the Internal Audit Programme, ensuring that the quality of information remains a high priority for the Trust.

Continue the work of the Data Quality Steering Group, which meets regularly to oversee data quality within the Trust. The group monitors data quality issues and receives the outcomes of audits and external data quality reports to support resolution of issues and improvement work. The meetings are attended by staff from the Information, IM&T and Finance Departments and staff working in operational roles to make sure that the Trust maintains high quality and accurate patient information to support patient care.

Part 3 – Review of Services

This section of our Quality Accounts provides an overview of the quality of care we provided in 2016/17. The information shows our performance against mandated indicators as set out in the guidance from NHS Improvement and also against a number of indicators selected by the Board of Directors in consultation with our Commissioners.

Three indicators have been selected from each of the domains of patient safety, clinical effectiveness and patient experience. Where possible, we have included our previous year's performance and how we benchmark against the national average.

These indicators have been selected from the Trust's Integrated Balanced Scorecard and the NHS Improvement Risk Assessment Framework, which was later replaced by the Single Oversight Framework and fit within the domains of caring, effective, safe, responsive, and well led. They also link to the areas that we have identified in our Quality Account priorities and the CQUIN targets. We believe that our performance against these indicators demonstrates that we are providing high quality patient-centred care and will continue to monitor our performance over the coming year.

Patient safety

The three patient safety indicators are:

1. Falls
2. Infections
3. Pressure ulcers

Falls

	Trust local target	2016/17 Performance	Did we achieve in 2016/17 against our target?	2015/16 Performance	Did we achieve in 2015/16 against our target?	2014/15 Performance	Did we achieve in 2014/15 against our target?
Falls assessment completed within 24 hours (average per month)	95%	94%	✗	96.1%	✓	96.8%	✓
Number of falls resulting in harm (average per month)	1	3	✗	3	✗	1	N/A
Falls resulting in harm per 1000 bed days	N/A	0.16	N/A	0.15	N/A	0.05	N/A

We are are confident that the data we use to monitor falls is an accurate way of looking at falls within our hospitals. Falls resulting in harm relates to those categorised as moderate and above. Falls assessments are completed on our Patient Administration System and monitored by our senior nursing team. When falls occur they are reported via our incident reporting tool, and are monitored through our falls steering group, with the learning shared across the organisation.

The falls steering group monitors all falls within the Trust. This includes reviewing the results of all root cause analyses conducted to investigate falls that have occurred. This process enables us to learn from incidents, identify themes and trends and look for potential improvements.

During 2016/17 we worked with falls leads in the wards to embed the use of the falls care bundle, developed a training matrix and introduced measures to review all patients on medications that could contribute to or increase the risk of falls. We undertook thematic reviews in April and October 2016 of all falls to identify any correlation between patient specific, environmental and Trust wide risk factors. We improved our response to patients who have fallen by introducing a rapid post falls review and training in the use of the falls retrieval kit.

Falls leads remain active on all wards, and they are supported by a Quality Improvement Facilitator and a Senior Nurse.

Infections

		RUH Target (National)	2016/17 Total[1]		Have we improved on 2015/16 (actual cases)?	2015/16 Total[2]		Did we achieve in 2015/16 against our national target?	Were we better than the 15/16 national rate in 16/17? (actual cases)[3]
			Reported	Actual		Reported	Actual		
Clostridium difficile	Total infections	22	40	27	✓	58	32	✗	N/A
	Rate per 100,000 bed days	10.9	17.6	11.9	✓	26.4	14.5	✗	✓
MRSA	Total infections	0	1		✓	3		✗	N/A

1. In 2016/17 we have reported 40 cases of Clostridium difficile, however 13 of these have since been found to be not attributable to the Trust, resulting in 27 actual cases.

2. National data is not yet available for 2016/17, but we can compare ourselves to last year to give an idea of where we are nationally. This has been done based on the actual number of Trust attributable cases to date. The national rate for 15/16 was 14.9.

We are confident that our data on infections is accurate. Mandatory surveillance is undertaken by the Trust for blood stream infections caused by MRSA, MSSA and e-coli. All infections caused by C. difficile (Clostridium difficile) are also reportable. The Infection Prevention and Control Team receive notification of all of these infections and they report them to Public Health England via the Health Care Associated Infection Data Capture System including enhanced surveillance where necessary, e.g. in some cases we will be required to have undertaken detailed analysis of the infection and identify causes or the source. This is done in line with national definitions.

In the coming year we will continue to take forward improvement actions identified from a review of C. difficile infections undertaken by NHS Improvement this year. The Trust invited this review to look at how infections are managed and to identify where further improvements can be made. The report from their visit has not been received at the time of writing this report however; the issues raised from their verbal feedback have been included in the Trust's C. diff Action Plan. These recommendations can be seen in the core indicators section of this report.

There has been one case of Trust attributed MRSA bacteraemia this year. This was thoroughly investigated by post infection review. The affected patient had been an inpatient within Critical Care Services for a prolonged period of time and the investigation identified improvements in the management of arterial lines. A new management plan has since been introduced, led by the matron for Critical Care Services.

Pressure Ulcers

		2016/17				Have we improved on 2015/16 in 2016/17?	2015/16		2014/15	
		2016/17 Trust local target	2016/17 Total	2016/17 Average per month	Did we achieve in 2016/17 against our local target?		2015/16 Total	2015/16 Average per month	2014/15 Total	2014/15 Average per month
Grade two	Grade two	24	34	3	❌	❌	27	2	31	3
	Device related	N/A	15	1	N/A	✅	23	2	15	1
	Total	N/A	49	4	N/A	❌	50	4	46	4
Grade three		0	3	0	❌	❌	1	0	4	0
Grade four		0	1	0	❌	❌	0	0	0	0

Performance against our target of no more than two avoidable pressure ulcers was met for the months of May, July and September 2016 and March 2017. For months where the Trust saw an increase in the number of pressure ulcers improvement plans were put in place and monitored by the Senior Nursing team and the Tissue Viability Steering group.

All hospital acquired pressure ulcers are investigated to identify any themes and potential learning. These are then used to drive improvement work at local and Trust level.

The work to eradicate the harm from hospital acquired pressure damage within the Trust has been challenging, especially between December and February. Further improvements in the pressure ulcer prevention pathway, documentation, training and investigation have been embedded and it is expected that the year ahead will show a reduction in avoidable harm.

We are confident that our pressure ulcer data is accurate. Pressure ulcers are recorded on

our Patient First System and our incident reporting system. These are then checked and confirmed by our Tissue Viability team. An annual prevalence was carried out in July 2016 and provided assurance that the incidence data we are capturing is accurate.

Clinical effectiveness

The three clinical effective indicators are:

1. Sepsis
2. Cancer access targets
3. Hospital Standardised Mortality Ratio (HSMR)

Sepsis

		2016/17					Have we improved on 2015/16?	2015/16
		Q1	Q2	Q3	Q4	Total		
Percentage of patients with antibiotics given within one hour	Performance	77%	84%	70%	69%	83%	✔	60%
	Did we meet our CQUIN target?	✔	✔	✔	✖	N/A	N/A	✔
Screening[1]	Performance	87%	80%	85%	80%	83%	✔	70%
	Did we meet our CQUIN target?	✔	✔	✔	✔	N/A	N/A	✔

Sepsis is one of our CQUINS for 2016/17; further detail on our sepsis work is detailed in the National CQUIN schemes 2016/17 section.

We are confident that the information we use for monitoring sepsis is accurate. Information is collected from patient information electronic system, within our Emergency Department and also from hospital notes. This is then validated by clinical staff and fed back to staff in the department for monitoring performance and driving improvement.

Cancer access targets

	Measure		Royal United Hospitals Bath NHS Foundation Trust						National	
		Target	2016/17 RUH Total	Did we achieve in 16/17?	2015/16 RUH Total	Did we achieve in 15/16?	2014/15 RUH Total	Did we achieve in 14/15?	2015/16 National total	2016/17 National total[1]
Two week wait	From GP referral to 1st outpatient appointment	93.0%	94.1%	✔	93.3%	✔	93.7%	✔	94.1%	94.3%
	From GP referral to 1st outpatient appointment - breast symptoms	93.0%	83.9%	✖	86.6%	✖	95.1%	✔	93.2%	93.6%
31 day wait	From diagnosis to first treatment for all cancers	96.0%	99.5%	✔	99.5%	✔	98.4%	✔	97.6%	97.6%
	From diagnosis to subsequent treatment - surgery	94.0%	99.2%	✔	99.7%	✔	98.0%	✔	95.6%	95.4%
	From diagnosis to subsequent treatment - drug treatments	98.0%	100.0%	✔	100.0%	✔	100.0%	✔	99.5%	99.4%
	From diagnosis to subsequent treatment - radiotherapy treatments	94.0%	100.0%	✔	99.9%	✔	99.0%	✔	97.6%	97.3%
62 day wait	From urgent referral to treatment of all cancers	85.0%	88.9%	✔	89.6%	✔	90.0%	✔	82.4%	82.3%
	From referral to treatment from a screening service	90.0%	90.9%	✔	96.3%	✔	97.0%	✔	93.1%	92.0%

1. National data for 2016/17 is between Apr 16 - Dec 2016

We did not achieve our target for the two week wait breast symptomatic target in 2016/17. We achieved for Quarters two and three but failed the target for Quarters one and four when our capacity to see all referrals within the two week timeframe was impacted by staffing issues. This affected breast symptomatic patients, but has not affected patients with suspected cancer. Patients are clinically triaged, and any referred or triaged as urgent suspected cancer are offered an appointment within two weeks and are managed against the two week wait suspected cancer target. The breast suspected cancer two week wait target was achieved for the year 2016/2017 at 95.7 per cent.

Actions were taken to run additional sessions in the week and at weekends, as well as recruiting to posts to increase staffing levels.

We are confident that the information we use for our cancer indicators is accurate. It is collected from Patient First, cancer information systems and the national cancer waiting times system in line with national definitions. Our reporting process and data quality are regularly audited as part of the 2016/17 Quality Account Audit programme. We also use a range of reports to monitor and manage patient pathways with our cancer team

Hospital Standardised Mortality Ratio (HSMR)

| | | National Average | 2016/17 | | 2015/16 | | 2014/15 | |
| | | | April to January | | April to March | | April to March | |
			HSMR value	Were we within expected range?	HSMR value	Were we within expected range?	HSMR value	Were we within expected range?
HSMR	Overall	100	109.3	❌	107.0	❌	101.9	✅
	Weekday	100	105.9	✅	105.7	✅	100.9	✅
	Weekend	100	118.9	❌	110.5	✅	105.1	✅

We use the Dr Foster intelligence tool to monitor our HSMR performance. This looks at observed and expected outcomes to measure mortality. The calculation uses statistical methods to identify whether mortality is significantly better, worse or within expected range of the national average.

Due to the time it takes to publish the data we are only able to include figures from April to January of this reporting year.

We monitor HSMR through our monthly Clinical Outcomes Group meeting. This meeting is chaired by our Medical Director, and is attended by clinical and non-clinical staff within the Trust. Any areas of concern are also investigated.

Our HSMR for April to December this year is outside of the expected range for overall and weekend mortality rates but within the expected range for weekday. The Clinical Outcomes Group is monitoring HSMR and continuing to investigate variation from expected levels.

Patient experience

The three patient experience indicators are:

1. Referral to Treatment (RTT)

2. Friends and Family Test (FFT)
3. Emergency Department – Four Hour waiting times

<u>Referral to Treatment (RTT)</u>

Measure	Target	Royal United Hospitals Bath NHS Foundation Trust						National
		2016/17 RUH Total	Did we achieve in 16/17	2015/16 RUH Total	Did we achieve in 15/16?	2014/15 RUH Total	Did we achieve in 14/15?	2016/17 National total [1]
Incomplete pathways - patients waiting no longer than 18 weeks for treatment	92.0%	90.4%	❌	91.7%	❌	92.3%	✔️	90.8%

1. Latest 2016/17 national position is for April 16 to January 17

We have worked hard to balance emergency and elective care, however during 2016/17 we have been unable to sustain the delivery of the access standard for open pathway; this has been due to a sustained increase in elective demand and the competing demands of emergency care. An improvement trajectory was agreed with Commissioners in June 2016 and performance against this has been monitored alongside the national target level of 92 per cent.

There has also been significant growth in the referral of patients with a suspected or diagnosed cancer, where urgency of appointment can significantly impact routine elective work, and as a consequence there has been an increase in our backlog beyond planned levels. We have maintained focus on ensuring those patients with the greatest clinical priority are treated first.

During 2016/17 the Trust has detailed, by specialty, the actions that will be taken both internally to increase elective capacity and what is required by the wider system in order to reduce and manage demand more effectively. The Trust has seen significant success with this approach during the year with improvements seen at speciality level for ENT, Dermatology and General Surgery.

We are confident that the information reported here is accurate. Our referral to treatment pathways are recorded on our Trust Patient Administration System and are monitored and reported in line with national definitions. In August 2014 our processes and reporting were audited as part of our internal audit programme and referral to treatment data for open pathways (patients not yet treated) have been audited as part of the 2014/15, 2015/16 and 2016/17 Quality Accounts. Our patient pathways are subject to thorough checking by a dedicated validation team, and we have a range of reports available to monitor and manage patient pathways on a daily basis.

Friends and Family Test (FFT)

Measure			Royal United Hospital			National	
			2016/17 RUH Total	Have we improved on 2015/16?	2015/16 RUH Total	How do we compare to National?	2016/17 National Total [1]
Inpatients	Response rate		21.8%	✓	21.6%	✗	24.2%
	Percentage of patients that would recommend the RUH to friends and family		97.0%	About the same	97.0%	✓	95.0%
A&E	Response rate		16.7%	✓	11.3%	✓	12.7%
	Percentage of patients that would recommend the RUH to friends and family		97.1%	✓	96.0%	✓	86.1%
Maternity	Antenatal care	Percentage of patients that would recommend the RUH to friends and family	96.0%	✓	94.7%	✓	95.6%
	Birth	Response rate	18.9%	✗	25.8%	✗	23.1%
		Percentage of patients that would recommend the RUH to friends and family	99.0%	✓	97.0%	✓	96.6%
	Postnatal ward	Percentage of patients that would recommend the RUH to friends and family	98.0%	About the same	98.0%	✓	93.8%
	Postnatal community provision	Percentage of patients that would recommend the RUH to friends and family	99.0%	About the same	99.0%	✓	97.6%
Outpatients	Percentage of patients that would recommend the RUH to friends and family		96.6%	✓	93.9%	✓	92.6%

1. The latest published data is only available up to January 2017, so 2016/17 national performance is currently April 2016 to January 2017 only.

We are confident that our patients have been given the opportunity to provide feedback via the Friends and Family test, and that the information displayed represents the responses that we have received. Patients are given the opportunity to complete feedback cards, which are then entered onto our patient experience system. Eligible patient numbers are taken from our Patient Administration System. Responses and eligible populations are reported in line with national definitions.

Emergency Department – Four Hour waiting times

Measure	Target	Royal United Hospitals Bath NHS Foundation Trust						National
		2016/17 RUH Total	Did we achieve in 16/17?	2015/16 RUH Total	Did we achieve in 15/16?	2014/15 RUH Total	Did we achieve in 14/15?	2016/17 National total [2]
Patients attending the Emergency department waiting a maximum of four hours before a decision is made to treat, admit or discharge - All Types - Including the Urgent Care Centre [1]	95.0%	83.3%	✗	86.9%	✗	91.4%	✗	89.0%
Patients attending the Emergency department waiting a maximum of four hours before a decision is made to treat, admit or discharge - Type 1 - Emergency Department only	95.0%	80.8%	✗	84.7%	✗	90.5%	✗	83.6%

1. In 2014/15 the Urgent Care Centre opened alongside our Emergency Department. Since the beginning of 2015/16 we now report 'all types' (including Urgent Care Centre) performance as standard.

This access standard has continued to be challenging, and the Trust is clear that support from the wider system is required to deliver it. The Trust has continued to draw upon the expertise and experience from those urgent care and emergency systems coping more effectively, in order to inform our improvements and planning. The Trust performance during 2016/17 is outlined in the table.

We remain committed to delivering safe and high quality care to our patients, and in particular during the periods of heightened pressure within our emergency department. The Trust improvement programme is led by the Executive Urgent Care Collaborative Board which over sees the actions required for further improvement in this area.

The Trust has performed highly on quality aspects of our A&E services; over 95% of patients attending A&E are assessed within eight minutes, and we remain the top performing Trust in the region in ensuring a swift handover between ambulance and A&E staff; meaning patients arriving by ambulance are brought in quickly and ambulance crews are freed up to respond to 999 calls. This performance was sustained during the most challenging period for the hospital during quarter 4.

We are confident that our Emergency Department data is accurate. Attendances are recorded on our Emergency Department Patient Administration System and wait times are checked by clinical teams. Our attendances and waits are monitored and reported in line with national guidance. We have a range of reports available to help us to monitor and manage attendances and wait times on a daily basis. Our Accident and Emergency waiting time measures were audited in September 2015 as part of the Trust's Internal Audit Programme as well as being one of the areas audited in the 2016/17 Quality Account Audit.

Core indicators

Preventing people from dying prematurely

Summary Hospital Mortality Indicator (SHMI)

Measure		Latest Reporting Year	RUH Performance		National Average	National Best	National Worst
			Oct 15 - Sep 16	Jul 15 - Jun 16	Oct 15 - Sep 16		
Summary Hospital Level Mortality Indicator (SHMI)	Value	2016/17	0.99	0.97	1.00	0.69	1.16
	Banding	2016/17	2	2	2	3	1
	% of Patient Deaths with Palliative Care Coding	2016/17	22.2%	23.2%	29.7%	0.4%	56.3%

The Royal United Hospitals Bath NHS Foundation Trust considers that this data is as described for the following reasons:

The data shown is published by NHS Digital using data provided by the Trust.

SHMI is reported as a twelve month rolling position, and the reporting periods shown are the latest available from NHS Digital.

The SHMI value is better the lower it is. The banding level helps to show whether mortality is within 'expected' range based on statistical methodology. There are three bandings applied, with a banding of two indicating that mortality is within expected range. The Trust has a

banding of two, meaning that mortality levels are not significantly higher or lower than expected.

The Royal United Hospitals Bath NHS Foundation Trust intends to take or has taken the following actions to improve this performance, and so the quality of its services, by:

The Trust scoring against this measure is within expected range, and the latest published figures are in line with the previous time period. Because of this no specific improvement actions have been identified, however the Trust is committed to continuing to reduce mortality as measured by both the SHMI and HSMR (Hospital Standardised Mortality Ratio) indicators. The Trust performance against HSMR is detailed in section three of the Quality Accounts.

Our Clinical Outcomes Group, chaired by the Medical Director monitors these indicators on a regular basis, and we use the Dr Foster Intelligence System to monitor mortality and clinical effectiveness.

Helping people to recover from episodes of ill health or following injury

Patient Reported Outcome Measures (PROMS)

Measure		Latest Reporting Year	RUH Performance		National Average	National Best	National Worst
			Apr 16 - Sep 16	Apr 15 - Mar 16	Apr 16 - Sep 15		
PROMS: Patient reported outcome measure	Groin Hernia - EQ VAS	2016/17	*	-3.75	-0.12	3.11	-4.65
	Groin Hernia - EQ-5D Index	2016/17	*	0.03	0.09	0.16	0.02
	Hip Replacement Primary EQ VAS	2016/17	17.29	12.49	13.73	19.51	3.94
	Hip Replacement Primary EQ-5D Index	2016/17	0.45	0.43	0.45	0.52	0.33
	Hip Replacement Primary Oxford Hip	2016/17	23.31	22.35	22.02	25.20	17.84
	Hip Replacement Revision EQ VAS	2016/17	*	*	7.84	*	*
	Hip Replacement Revision EQ-5D Index	2016/17	*	0.23	0.29	*	*
	Hip Replacement Revision Oxford Hip	2016/17	*	11.72	13.14	*	*
	Knee Replacement Primary EQ VAS	2016/17	3.78	7.05	8.08	15.09	0.80
	Knee Replacement Primary EQ-5D Index	2016/17	0.26	0.34	0.34	0.43	0.26
	Knee Replacement Primary Oxford Knee	2016/17	13.18	17.64	16.88	21.35	12.65
	Knee Replacement Revision EQ VAS	2016/17	*	*	5.15	*	*
	Knee Replacement Revision EQ-5D	2016/17	*	*	0.29	*	*
	Knee Replacement Revision Oxford	2016/17	*	*	13.62	*	*
	Varicose Vein Aberdeen Varicose Vein	2016/17	*	*	-8.48	1.33	-14.52
	Varicose Vein EQ VAS	2016/17	*	*	1.37	5.02	-0.79
	Varicose Vein EQ-5D Index	2016/17	*	*	0.10	0.15	0.02

Note 1: * Data are subject to disclosure control before being released. Aggregate data at organisation level are suppressed (shown as *) where counts of HES eligible episodes or pre-operative questionnaires are less than or equal to five.

The Royal United Hospitals Bath NHS Foundation Trust considers that this data is as described for the following reasons:

The data shown is published by NHS Digital using data provided by the Trust and patient responses. The Trust give pre-operative questionnaires to all eligible patients and a follow up post-operative questionnaire is sent to patients by an external company in line with national guidance.

Information is only available for some measures for the Trust against the PROMS measures for the most recent reporting period. This is because a low number of the post-operative questionnaires have been returned to date, due to the time it takes to gather and process responses. Small numbers are not used because it is difficult to make accurate assumptions

about improvements in care, and in some cases information has to be excluded to protect patient confidentiality.

The reporting periods shown are the latest available from NHS Digital.

The Royal United Hospitals Bath NHS Foundation Trust intends to take or has taken the following actions to improve this performance, and so the quality of its services, by:

Historically the Trust scoring against this measure has been within expected range (above national average) for the majority of areas. Because of this, no specific improvement actions have been identified. However, the Trust intends to continue to improve against this measure in 2016/17.

There are three different measures included in PROMS, the EQ VAS, EQ-5D Index and Oxford hip and knee scores. The EQ-5D Index is a combination of five key criteria concerning general health and EQ VAS is the current state of the patients general health marked on a visual analogue scale. The Oxford Hip and Knee scores relate specifically to the patient's condition and therefore are a particular area of focus for the Trust when monitoring PROMS results.

The Trust will continue to review performance against PROMS measures when more recent data becomes available.

Readmissions

Measure		Latest Reporting Year	RUH Performance		National Average*	National Best*	National Worst*
			Apr 16 - Nov 16	Apr 15 - Mar 16	2015/16		
Patient readmitted to a hospital within 28 days of being discharged	0-15 years old	2016/17	10.63%	9.71%	8.84%	1.27%	16.38%
	16 years or over	2016/17	8.53%	7.93%	7.93%	5.47%	10.37%

The Royal United Hospitals Bath NHS Foundation Trust considers that this data is as described for the following reasons:

Published data from NHS Digital for the most recent time periods was not available at the time of reporting, and so in order to provide more up to date information the performance above has been taken from a different source. This data has been taken from Dr Foster Intelligence, a tool used by the Trust to monitor patient outcomes using data submitted by the Trust. National Comparison figures have also been taken from Dr Foster 2015/16 based on non-teaching Acute Hospital Trusts.

Due to the time it takes to publish the data we are only able to include figures from April to November of this year for the latest time period.

The Royal United Hospitals Bath NHS Foundation Trust intends to take or has taken the following actions to improve this performance, and so the quality of its services, by:

Both the readmission rates have seen a small increase in the period April - November 2016 compared to the annual rate seen in 2016/17. Re - admission rates published by Dr Foster are reviewed at our monthly Clinical Outcomes Group meeting that is chaired by our Medical Director. The paediatric service provides open access as a safety net and therefore would expect to have a percentage of children returning to hospital.

Ensuring people have a positive experience of care

Responsiveness to the personal needs of patients

Measure		Latest Reporting Year	RUH Performance		National Average	National Best	National Worst
			2015	2014	2015		
Responsiveness to the Personal needs of Patients	Inpatient Overall score	2015	77.1%	78.5%	77.3%	88.0%	70.6%

The Royal United Hospitals Bath NHS Foundation Trust considers that this data is as described for the following reasons:

The data shown is published by NHS Digital using patient responses to the National Inpatient Survey. The list of patients was provided by the Trust using the methodology and criteria specified for the survey. In order to protect the confidentiality of responses the survey is analysed by an external company, and so this data cannot be calculated internally. Responses for the 2016 National Inpatient Survey have not yet been released; therefore the latest available surveys have been included. These relate to the 2015 and 2014 inpatient surveys.

The overall score uses the results of a selection of questions from the Inpatient Survey looking at a range of elements of hospital care.

The Royal United Hospitals Bath NHS Foundation Trust intends to take or has taken the following actions to improve this performance, and so the quality of its services, by:

There has been minimal change to the overall score since 2014/15 and the Trust's performance is in line with the national average. There are no questions where the Trust scored amongst the worst performing trusts. The Trust scored amongst the best performing trusts for whether patients are bothered by noise at night from hospital staff. The assessments undertaken for the ward accreditation programme use a number of questions that form part of the national survey. Bespoke surveys have also been developed for use by the Matrons using the Trust's e-Quest system. The quarterly surveys will focus on topics such as communication and information, privacy and dignity, facilities (including cleanliness and food) and the involvement of families/carers. Results from these surveys are included in the quarterly Patient Experience report to the Board of Directors**.**

Friends and Family Test

Measure		Royal United Hospital			National	
		2016/17 RUH Total	Have we improved on 2015/16?	2015/16 RUH Total	How do we compare to National?	2016/17 National Total [1]
Inpatients	Percentage of patients that would recommend the RUH to friends and family	97.0%	About the same	97.0%	✅	95.0%
A&E	Percentage of patients that would recommend the RUH to friends and family	97.1%	✅	96.0%	✅	86.1%

1. The latest published data is only available up to January 2017, so 2016/17 national performance is currently April 2016 to January 2017 only.

The Royal United Hospitals Bath NHS Foundation Trust considers that this data is as described for the following reasons:

We are confident that our patients have been given the opportunity to provide feedback via the Friends and Family test, and that the information displayed represents the responses that we have received. Patients are given the opportunity to complete feedback cards, which are then entered onto our patient experience system. Eligible patient numbers are taken from our Patient Administration System. Responses and eligible populations are reported in line with national definitions.

The Royal United Hospitals Bath NHS Foundation Trust intends to take or has taken the following actions to improve this performance, and so the quality of its services, by:

Although performance is good the Friends and Family Test data continues to be reported through Trust Performance and Quality Groups and is on the Trust scorecard to ensure this is monitored. In addition, the additional comments submitted by patients on the questionnaire are logged and analysed to pick up on any issues raised.

Staff survey

Measure	Latest Reporting Year	RUH Performance		National Average*	National Best*	National Worst*
		2016	2015	2016		
Staff who would recommend the trust to their family or friends	2016/17	76%	75%	70%	85%	49%

* Acute Trusts

The Royal United Hospitals Bath NHS Foundation Trust considers that this data is as described for the following reasons:

The data shown is taken from the NHS Staff Survey. The survey is run and analysed by an external company and so this cannot be calculated internally. This is done in line with national guidance. For the past 2 years all staff members were given the opportunity to complete a staff survey to make sure opinions were captured from as many people as possible.

The Royal United Hospitals Bath NHS Foundation Trust intends to take or has taken the following actions to improve this performance, and so the quality of its services, by:

The Trust scored above the national average for acute trusts for this measure, and the proportion of staff who would recommend the Trust for treatment to friends and family has improved since last year. Work on embedding the Trust values has continued over the past twelve months, supporting staff to focus on Everyone Matters; Working Together, and Making a Difference with the Trust.

Treating and caring for people in a safe environment and protecting them from avoidable harm

Venous Thromboembolism (VTE)

Measure	Latest Reporting Year: 2016/17	RUH Performance		National Average	National Best	National Worst
		2016/17	2015/16	2016/17		
Patients admitted to hospital who were risk assessed for venous thromboembolism	Q1	98.32%	96.88%	95.73%	100.00%	80.61%
	Q2	98.73%	97.55%	95.51%	100.00%	72.14%
	Q3	96.72%	98.50%	95.64%	100.00%	76.48%
	Q4		98.11%			

The Royal United Hospitals Bath NHS Foundation Trust considers that this data is as described for the following reasons:

The data shown is published by NHS England using data provided by the Trust. The figures published are consistent with local calculations of the information that has been submitted.

Performance is published as quarterly totals. At the time of reporting only data to the end of quarter three of 2016/17 has been published.

The Royal United Hospitals Bath NHS Foundation Trust intends to take or has taken the following actions to improve this performance, and so the quality of its services, by:

The Trust scoring against this measure is better than national averages.

The Trust is in process of making training on VTE prophylaxis mandatory for all medical and nursing staff. In addition, the Trust is due to improve on current performance with input from Salisbury which is our local VTE exemplar centre.

The haematology department have been successful in obtaining external funding for an anticoagulation pharmacist; part of their role is to improve education and training on anticoagulation.

The Trust is due to move to electronic prescribing later in 2017. The VTE risk assessment and administration of pharmacological and mechanical thromboprophylaxis will be part of electronic prescribing. The advantage of this to the Trust is that reliability of collecting information on VTE risk assessment and prophylaxis will be further improved.

Clostridium difficile (C.difficile)

Measure		Latest Reporting Year	RUH Performance		National Average	National Best	National Worst
			2016/17	2015/16	2015/16		
Rate of C.difficile infection	Rate per 100,000 bed-days for specimens taken from patients aged 2 years and over	Reported	17.6	26.4	14.9	0.0	66.0

The Royal United Hospitals Bath NHS Foundation Trust considers that this data is as described for the following reasons:

The performance shown for the current reporting period (April 2016 to March 2017) has been calculated internally by the Trust using the data submitted nationally, as published data was not available at the time of reporting. During 2016/17 the Trust has reported 40 cases of C.difficile; however 13 of these have since been found to be not attributable to the Trust. Rates for both reported and actual are shown in the table.

Based on national guidance, the Trust reports the incidence of infections to Public Health England on a monthly basis. The infection rate shown for 2016/17 was calculated and published by Public Health England based on the number of cases of C.difficile that the Trust reported. When calculated internally using the final validated figure, our rate per 100,000 bed days for the year 2016/17 was 11.9. This has been calculated in line with national definitions.

The Royal United Hospitals Bath NHS Foundation Trust intends to take or has taken the following actions to improve this performance, and so the quality of its services, by:

Implementing training for the reduction of C.difficile infections in the form of:

- Antimicrobial prescribing e-learning for non-medical prescribers;
- Introduction of a C.difficile workbook for nursing staff and Allied Health Professionals;
- C.difficile champions on all wards who receive specific training that can be cascaded to other staff

NHS Improvement were invited to visit the Trust in February 2017 to support us to further reduce the incidence of C.difficile infection. Their recommendations which will continue to be taken forward include:

- Strengthen antibiotic prescribing and stewardship by tightening policies and increasing capacity of the antimicrobial pharmacist
- Review methodology for hand hygiene audits to produce realistic and timely results
- Improve cleaning of 'nursing' equipment
- Infection Prevention and Control Team need to be used as an expert resource and should not be collecting data for other departments e.g. the side room tool

Incidents

Measure		Latest Reporting Year	RUH Performance Apr16-Sep16	RUH Performance Apr15-Mar16	National Median* Apr16-Sep16	National Best*	National Worst*
Patient Safety incidents and the percentage that resulted in severe harm or death	Number of Patient Safety Incidents	2016/17	3501	7278	4335	13485	1485
	Rate of Patient Safety Incidents (per 1000 bed days)		30.6	32.9	40.0	71.8	21.2
	Number Resulting in severe harm or death		22	16	14	1	98
	% resulting in severe harm or death		0.6%	0.2%	0.3%	0.0%	1.7%

Acute Trusts (non-specialist)

The Royal United Hospitals Bath NHS Foundation Trust considers that this data is as described for the following reasons:

The data shown for 2016/17 and for April – September 2016 is published by the National Reporting and Learning System (NRLS). This uses incident data provided by the Trust based on national definitions, and figures published are consistent with local calculations. National averages, best and worst figures are based on all non-specialist Acute Trusts, with the National averages being calculated internally using the published data. April – September 2016 is the latest published dataset.

The Royal United Hospitals Bath NHS Foundation Trust intends to take or has taken the following actions to improve this performance, and so the quality of its services, by:

The Trust is supporting a culture of incident reporting, to allow for learning to take place within the organisation and the organisation has developed an action plan to focus on increasing the level of reporting. The Trust will continue to use the routine monitoring of data on incident themes and trends, to evidence quality improvement across the Trust.

Commissioning for Quality and Innovation

The Commissioning for Quality and Innovation (CQUIN) is a payment framework which enables Commissioners to reward excellence by linking a proportion of acute healthcare provider's income conditional on demonstrating improvements in quality in specified areas of care. Some improvement goals are nationally defined, with additional goals agreed locally between the Trust and its commissioners.

A clinician, who supports the achievement of quality indicator milestones and targets as well as the financial performance for their scheme, leads each CQUIN quality improvement programme. The following outlines the progress with the 2016/2017 CQUIN quality improvement schemes.

National CQUIN schemes for 2016/17

Staff Health and Wellbeing

A series of initiatives aimed to improve the support available to NHS Staff to help promote their health and wellbeing in order for them to remain healthy and well.

The scheme was split into three parts;

a. Compiling and delivering a plan to introduce more health and wellbeing initiatives for staff by implementing programmes to improve overall staff health, particularly focussing on musculoskeletal health and the provision of mental health initiatives aimed at reducing stress.
b. Ensuring healthy food is available to staff/visitors and that unhealthy food is not being promoted in outlets across the Trust
c. Improving the uptake of the flu vaccination for frontline staff to ensure that 75 per cent were protected by January 2017.

The Trust established a Health and Wellbeing Board to support this CQUIN. During the year the group promoted and hosted a range of wellbeing initiatives including the Race2Rio campaign, Health and Wellbeing taster days, the expansion of the staff physiotherapy service and the launch of additional mental health courses.

The promotion of high sugar, fat and salt foods has been banned across the Trust with an emphasis on encouraging staff, visitors and patients to make healthy choices instead.

The Trust had a very successful flu campaign this year, increasing the percentage of clinical front line staff who received the vaccine by nearly 40% from 2015/16, the largest increase for the Trusts in the South West. Our campaign team were recognised at the regional Flu Fighters campaign workshop as having run an exemplary and well communicated campaign across the season.

Antimicrobial resistance

A national scheme aimed at combating the rise of antimicrobial resistance by reducing the overuse and inappropriate prescription of antimicrobials. The CQUIN sought to incentivise the Trust to reduce its overall antibiotic consumption by one percent and ensure that once prescribed IV antibiotics are reviewed within three days of commencement.

The scheme has achieved full compliance with all milestones.

Sepsis

The sepsis safety programme has been an ongoing priority in the Trust since 2014, commencing as a local CQUIN this work has been built upon by two national CQUINS in 15/16 and 16/17. (see page xx for further details). The project focuses on the rapid detection, via screening, and treatment of patients with Sepsis in the Emergency Department and inpatient settings. As a result of this work we are now identifying patients earlier and administering antibiotics faster. Over 1000 staff members have been trained in the new NICE guidance and NEWS and are empowered to act quickly when patients deteriorate.

The Trust's Sepsis training has been nationally recognised as an example of best practice, with the programme becoming a finalist for the Patient safety award 2016 and quoted in 'Getting it Right' - a recent Health Education England (HEE) update on Sepsis education and training in England.

Stillbirth

The first locally agreed CQUIN aimed to reduce the stillbirth rate across the Trust through a range of improved practices based on the *Saving Babies' Lives* care bundle published by NHSE. These included:

a. **Reducing smoking in pregnancy** by rolling out smoking cessation training to all maternity clinical staff and implementing a process for following up referrals to stop-smoking services in Bath and north east Somerset and Wiltshire
b. **Reviewing risk assessment and surveillance for fetal growth restriction** by undertaking a quality improvement project to compile and adopt an evidence-based guideline on identifying and managing pregnancies with fetal growth restriction and learning from cases where Small for Gestational Age (SGA) babies were missed
c. **Improving fetal monitoring during labour** by ensuring that the fresh eyes review system for cardiotocograph (CTG) interpretation is used according to protocol.

We have made progress in taking forward each of these initiatives in line with our plans, which are bringing benefits to mothers and babies.

Frailty

The second locally agreed CQUIN was intended to promote a system of timely and supported discharge packages for frail patients from two wards. This was achieved across a number of metrics including:

    a. Increasing the number of patients aged 75 and above with a frailty syndrome that were screened for frailty;

    b. Improving the number of patients aged 75 and over referred to the Discharge Assessment Team and/or admitted to a ward that had a Comprehensive Geriatric Assessment (CGA) completed, with a summary of the results included in the discharge summary.

    c. The introduction and roll out of the discharge passport with feedback gathered from patients and carers.

The scheme is anticipated to achieve full compliance with all milestones, demonstrating the Trust's continued focus on frailty.

Transfers out of Critical Care

A scheme agreed with NHS England to improve the transfer process out of the Critical Care unit to the other wards. The CQUIN aims to support the Trust to meet the national standard that all discharges should be made within four hours of a clinical decision to discharge being taken within daytime hours. The project required monthly thematic review of the delays in transfers from the unit, resulting in the creation of an action plan to increase the number of transfers within four hours and reduce those delayed by over 24 hours.

The site team and critical care unit have worked closely together to embed and improve pathways and practices to avoid unnecessary delays and streamline communications across the Trust.

Nationally Standardised Dose Banding Adult Intravenous SACT

The second NHS England scheme sought to standardise doses of prescribed chemotherapy to reduce variation in prescribing as part of the national medicines optimisation agenda. The CQUIN required the clinical teams to support the principle of dose banding and then increase the percentage of dose banded prescriptions administered for 17 drugs.

The scheme has achieved full compliance with all milestones across the year, far exceeding its quarter four target of 60% by achieving 92% of drugs dispensed being dose banded.

Achievements

The Trust has had a very successful year with regard to CQUIN schemes, both in terms of financial achievement and clinical quality improvements. In terms of financial achievement the Trust will receive 92% of a possible £5.5 million available CQUIN funding with three scheme achieving 100% of their milestones overall.

Duty of Candour

In November 2014, it became a legal requirement for all NHS Trusts to implement the Duty of Candour. This was an important step towards ensuring an open, honest and transparent culture.

The intention of this regulation is to ensure that providers are open and transparent with people who use services and other 'relevant persons' (people acting lawfully on their behalf) in relation to care and treatment. It sets out specific requirements that providers must follow when things go wrong with care and treatment, including informing people about the incident, providing reasonable support, providing truthful information and an apology when things go wrong. It is important that lessons are learned and improvements made when things go wrong and that the culture of the organisation encourages openness and transparency. The Care Quality Commission (CQC) inspection will check that the Trust has robust systems in place to meet the duty of candour regulation.

To ensure compliance with the Duty of Candour, the Trust has produced a Duty of Candour policy to guide staff. Training sessions have been delivered to different forums within each division to ensure that every staff group has had access to guidance and assistance.

Duty of Candour has also been incorporated into the Trust's incident reporting system. Moderate, Severe and Catastrophic patient safety incidents automatically trigger Duty of Candour 'fields' which have to be completed by the incident reporter and informs other staff what actions they need to take. Failing to complete the actions in a timely manner will result in reminder emails being populated. At the end of 2016, the Trust saw compliance rates with each element of the Duty of Candour process increase.

Every month10 incidents deemed to have triggered Duty of Candour are randomly selected and assessed against the requirements of the regulation to ensure the correct procedure has been followed.

On a quarterly basis, a review of those incidents for which the reporter has indicated that Duty of Candour is not applicable, is performed. If it is discovered that Duty of Candour should have been implemented, the Duty of Candour action chain is initiated and the reporter of the incident contacted to explain why the previous decision has been overturned.

Care Quality Commission (CQC)

The Care Quality Commission (CQC) undertook a planned inspection of the Trust between 15 and 18 March 2016. An unannounced visit was also undertaken on 29 March 2016. The CQC published the inspection report on the 10th August 2016. The ratings achieved are based on information obtained through the provider information requests, the on-site inspection, local feedback and concerns and national and local data.

The Provider Report identifies many areas of good and outstanding practice including end of life care and the kindness and compassion of staff which led the CQC to give an 'outstanding' rating for the caring domain for the Trust.

Three of the eight core services were identified as 'requires improvement'. These were Urgent and Emergency Services, Medical Care and Critical Care. An improvement plan was returned to the CQC detailing the actions to be taken to address the compliance actions from the report. These actions are now complete and detailed below.

The CQC rated the Trust overall as 'requires improvement'. The ratings for each of the core services and the CQC domains are shown over:

Royal United Hospital Bath

	Safe	Effective	Caring	Responsive	Well-led		Overall
Urgent and emergency services	Requires improvement	Good	Good	Requires improvement	Good		Requires improvement
Maternity (community services)	Good	Requires improvement	Good	Good	Good		Good
Medical care	Good	Requires improvement	Good	Requires improvement	Good		Requires improvement
Surgery	Good	Good	Good	Requires improvement	Good		Good
Critical care	Requires improvement	Good	Good	Requires improvement	Requires improvement		Requires improvement
Maternity and gynaecology	Requires improvement	Good	Good	Good	Good		Good
Services for children and young people	Good	Good	☆ Outstanding	Good	Good		Good
End of life care	Good	Good	☆ Outstanding	☆ Outstanding	Good		☆ Outstanding
Outpatients and diagnostic imaging	Good	Not rated	Good	Requires improvement	Good		Good
Overall	Requires improvement	Good	☆ Outstanding	Requires improvement	Good		Requires improvement

Royal National Hospital for Rheumatic Diseases

	Safe	Effective	Caring	Responsive	Well-led		Overall
Medical care	Requires improvement	Good	Good	Requires improvement	Requires improvement		Requires improvement
Outpatients and diagnostic imaging	Good	Not rated	Good	Good	Good		Good
Overall	Requires improvement	Good	Good	Requires improvement	Requires improvement		Requires improvement

Royal United Hospitals Bath NHS Foundation Trust: Provider Level

	Safe	Effective	Caring	Responsive	Well-led		Overall
Overall	Requires improvement	Good	☆ Outstanding	Requires improvement	Good		Requires improvement

Urgent and Emergency Services

Requiring improvement	Improvements made
Reporting on triage of self-presenting patients	Reporting on the time a patient who presented themselves to the Emergency Department was triaged has been added to the daily validation report and is monitored. Training continues in the use of the Manchester Triage tool.
Record keeping including pain assessments and early warning score	Nursing documentation has been reviewed and a nursing safety checklist introduced. The standard of record keeping is audited and monitored weekly.
Nurse staffing levels	Staffing levels, including the skill mix, have been reviewed. Proactive recruitment to vacancies continues.
Ensure all staff are up to date with mandatory training	The electronic staff record was amended to reflect correct staff groups in the training reports. Mandatory training compliance is reviewed monthly by the Clinical Lead and Matron.

Medical Care

Requiring improvement	Improvements made
Care records and documentation including risk assessments, care plans and monitoring records	Weekly audits are undertaken on completion of assessments and care plans. Documentation is also reviewed at daily patient safety briefings.
Ensure appropriate medical care is provided to patients transferred to the RNHRD	A Standard Operating Procedure has been agreed for Consultant cover for medical patients staying at the RNHRD. Audits are undertaken reviewing the transfer of patients according to these criteria.
Ensure staff are aware of the major incident protocol	Major incident training is now provided on staff induction.

Critical Care

Requiring improvement	Improvements made
Delayed discharges to wards and discharges at night	Working with the site team the Unit has worked to ensure compliance with the policy about the times a patient can be transferred out to a ward. Their approach has achieved a sustained reduction in out of hours (OOH) discharges. To strengthen governance in this area, the admission and discharge policy has been reviewed and a separate staffing policy is being written. A "transfer of care" toolkit has been implemented, which has provided assurance around a full formal ward handover with accountability handover.
Review of equipment to ensure all maintenance and servicing is up to date	Critical Care has a current spreadsheet of all equipment confirming the location, age and state of repair of the equipment. Critical Care continues to use its designated area so that staff are aware of what to do when a piece of machinery needs repairing to prevent it from being re-used by any other clinician. Stock controls have been strengthened to ensure that supplies of essential stock are maintained.
Employment of Critical Care Matron and nursing levels	A matron has been appointed for Critical Care and commenced in post in August 2016. The Unit ensures there is sufficient staff to ensure the unit can receive patients at all times. The unit is actively recruiting nurses and has introduced opportunities for staff to work between ED and Critical Care as well as PACU (Recovery) and Critical Care.
Storage and checking of medicines	A new fridge with Digi Lock has been installed and all drug cupboards have been changed to Digi Locks to facilitate ease of access for all staff, whilst ensuring the security of medicines.
Cleanliness	The Unit's relationship and reporting process between hotel services and the Unit has been strengthened, with additional cleaning staff now present in the Unit during the afternoon. Weekly cleaning audits, involving nursing and domestic staff take place.

Requiring improvement	Improvements made
Incident Reporting	Work has focused on encouraging incident reporting through Datix. This has seen a rise each month in incident reporting from initial only 15 reports a month to now >50 reports a month, demonstrating good progression of cultural change.

All the senior nursing team receive triggers of incidents when they occur which again is informative but also responsive to enable learning. The Staff Engagement Communication (SEC) Report which is now embedded into every nursing handover offers a further opportunity to communicate but also flag incidents/risks in a timely fashion.

Governance meetings are now established and provide an opportunity for the governance leads and multidisciplinary teams to review, reflect and learn from incidents and embed a culture of proactivity and continuous improvement. |
| Ensure policies, guidance and protocols are up to date | All existing Standard Operating Procedures, policies and procedures are stored on a central database.

Policies, procedures, and changes in practice are now reviewed through the newly established governance structure. |

NHS staff survey results

2239 staff at Royal United Hospitals Bath NHS Foundation Trust took part in this survey in 2016. This is a response rate of 46 per cent which is above average for acute trusts in England.

This year, NHS England has requested that we include our most recent staff survey results for the following questions:

KF21 (percentage of staff believing that the organisation provides equal opportunities for career progression or promotion)

KEY FINDING 21. Percentage of staff believing that the organisation provides equal opportunities for career progression or promotion

(the higher the score the better) — Percentage score

	Percentage score
Trust score 2016	89% ▼
Trust score 2015	91%
National 2016 average for acute trusts	87% ▲
Best 2016 score for acute trusts	95%
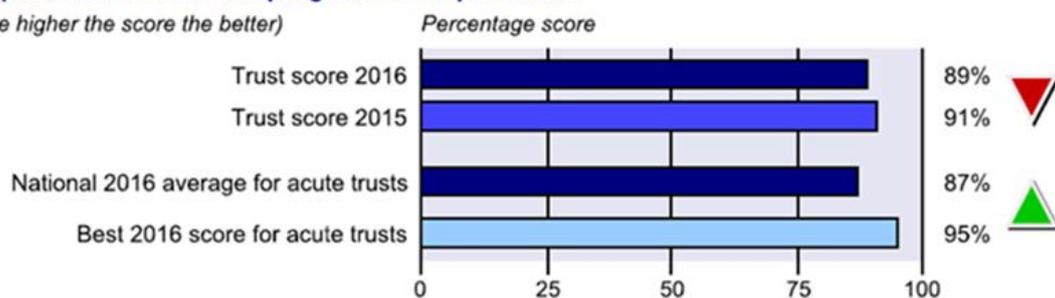
Although the Trust has seen a deterioration in its position since last year, the Trust is positioned in the top (best) 20 per cent of acute trusts for this measure.

KF26 (percentage of staff experiencing harassment, bullying or abuse from staff in last 12 months) for the Workforce Race Equality Standard.

KEY FINDING 26. Percentage of staff experiencing harassment, bullying or abuse from staff in last 12 months

(the lower the score the better) — Percentage score

	Percentage score
Trust score 2016	23% —
Trust score 2015	24%
National 2016 average for acute trusts	25% ▲
Best 2016 score for acute trusts	16%
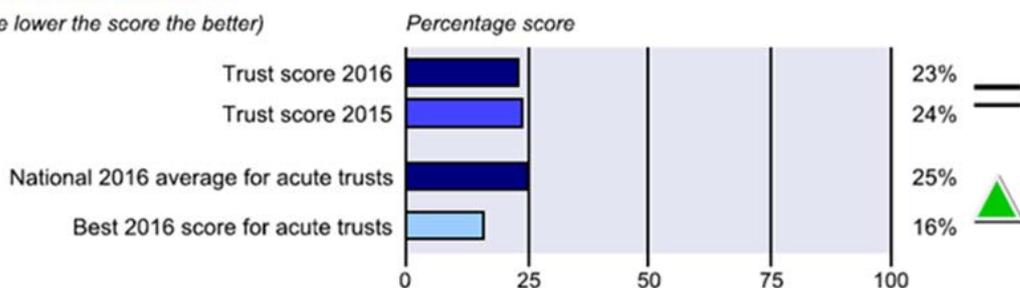
The Trust score is better than the average score for acute trusts on the measure and has seen a small improvement, although it is not statistically significant.

Statements from Stakeholders

Healthwatch Wiltshire Response to The Royal United Hospital NHS Foundation Trust's Quality Account 2016/17

Healthwatch Wiltshire welcomes the opportunity to comment on The Royal United Hospital NHS Foundation Trust's quality account for 2016/17. Healthwatch Wiltshire exists to promote the voice of patients and the wider public with respect to health and social care services. Over the past year we have continued to work with the Trust to ensure that patients and the wider community are appropriately involved in providing feedback and that this feedback is taken seriously.

We are happy to see that the Trust has engaged with a variety of people including services users and unpaid carer in the development of their priorities for the coming year.

The discharge planning process was prioritised by the Trust last year and continues to be a priority for 2017/18. We welcome this as our own work has shown that often, this process does not always work well for patients and their relatives. In particular, we are glad to see that work has been done to improve delays in discharge as a result of waits for take home medications. This is something that has been raised to us by patients and their relatives and is a cause of frustration. We are also pleased to see that the integrated discharge service is working well and that the health and social care teams responsible for patients who require ongoing care post discharge, are now co-located at one location within the Trust with the aim of providing a 'seamless' service for patients

It is concerning to see that some targets for pressure ulcers and falls were not met this year. However, we see that measures to improve performance in these areas are in place and we would therefore hope to see improvements in the coming year.

The Trust has failed to meet targets for four-hour waits in A&E. However, we see that an improvement programme is in place and therefore, hope to see improvements in the coming year. We do however; acknowledge the pressures and challenges faced by the Trust in the area of emergency care. A measure of patient experience (other than the Friends and Family Test: FFT) would be a useful way of gauging the impact of long waits on patient experience and Healthwatch Wiltshire would be happy to advise the Trust on this.

Response rates for the friends and family test have improved slightly in all areas other than maternity (birth) which has decreased from 25.8% to 18.9%. We would like to see improvements in these rates and in particular, in maternity. We are pleased to see the introduction of quarterly surveys which will focus on topics such as communication and information, privacy and dignity, facilities (including cleanliness and food) and the involvement of families/carers. We know from our own work that involving patients and unpaid carers in discharge planning could be improved. It is good to see that since 2016 more staff are recommending the trust as a place to work and we acknowledge the trusts commitment to improving quality by improving the skills and knowledge of staff in this area.

We welcome the work that the Trust has done on end of life care and would like to thank them for their input and advice on the end of life information pages that we created in partnership with Wiltshire Council for the Your Care Your Support Wiltshire health and care information website.

Finally, we are pleased to see that actions outlined in the improvement plan submitted to The Care Quality Commission following their 'Requires improvement' rating, have now been completed.

Healthwatch Wiltshire looks forward to working with the Trust over the coming year to ensure that the experiences of patients, their families and unpaid carers are heard and taken seriously.

Quality Account Response Form for 2016-17:

Royal United Hospital Bath

Bath & North East Somerset Council
Health & Wellbeing Select Committee

We believe that the RUH's priorities should and do match those of the needs of the local community and are encouraged to learn of further aspirations for 2017/18, which have been partly influenced by organisational learning and patient and staff feedback.

The report acknowledges the continued high demand placed on the emergency department, which are partly due to increased patient numbers and an ageing population.

We welcome the initiatives that the RUH have put in place following the CQC report and the three core service areas that Require Improvement Including; Urgent & Emergency Services, Medical Care & Critical Care.

Overall Members feel that the CQC report undertaken in March 2016 was positive and will continue to support the RUH in its actions for improvement.

The committee notes the use of Public engagement such as Outpatient steering groups, the 15 Step challenge, and The Patient Portal workshop, Forums and the Friends and Family Test.

Members appreciate that the Trust has shared information and kept stakeholders informed.

Members also welcome the number of actions that the Trust intends to take to improve the quality of healthcare provided, following a series of Audits undertaken during the reporting period of 2016-17.

Health & Wellbeing Select Committee

Councillor Francine Haeberling (Chair)

Donna Vercoe (scrutiny@bathnes.gov.uk)

Bath and North East Somerset Clinical Commissioning Group Response to The Royal United Hospital NHS Foundation Trust's Quality Account 2016/17

NHS
Bath and North East Somerset
Clinical Commissioning Group

17th May 2017

By email:

Helen Mullinger
Board of Directors' Secretary
Royal United Hospitals Bath NHS Foundation Trust

Dear Helen

Quality Accounts 2016/17 for the Royal United Hospitals Bath NHS Foundation Trust (RUH)

NHS Bath and North East Somerset Clinical Commissioning Group (BaNES CCG) is pleased to have had the opportunity to review the Quality Accounts 2016/17 for the Royal United Hospitals Bath NHS Foundation Trust (RUH).

Building on strengths from previous years and in a joint vision to maintain and continually improve the quality of services, the RUH, encompassing RNHRD, has worked collaboratively with commissioners to sustain and progress a comprehensive quality improvement framework that includes nationally mandated quality indicators alongside locally agreed quality improvement targets.

There are robust arrangements in place with the RUH to agree, monitor and review the quality of services, covering the key domains of safety, effectiveness and experience of care. In preparing this statement, key intelligence regarding quality, safety and patient experience has been reviewed to test the accuracy of the information reported in the account. It is the CCG's view, as far as it is possible to ascertain, that the account accurately reflects the achievements made by the RUH in 2016/2017.

It is important to acknowledge that, the RUH as with many other acute Trusts in England and Wales, have experienced on-going challenges again this year with pressures on the urgent and emergency care system. The RUH has taken positive steps to ensure that patient safety and experience of care is maintained, has been transparent with the CCG about the challenges faced and the CCG acknowledges the important contribution of all Trust staff in achieving this.

The National NHS Contract and Commissioning for Quality and Innovation (CQUIN) Scheme provides us with additional processes and evidence that quality improvements are made. The RUH signed up to a number of national and locally agreed improvement schemes in 2016-2017 and made excellent overall progress with each of the schemes.

Clinical Chair: Dr Ian Orpen | Chief Officer: Tracey Cox
St Martin's Hospital, Clara Cross Lane, Bath BA2 5RP | Tel: 01225 831800 | Fax: 01225 840407 | www.banesccg.nhs.uk

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It is pleasing to note the progress made implementing the chosen quality priorities for 2016-2017 which were endorsed and supported by the CCG. The CCG can confirm that there has been significant development in introducing and sustaining the use of the National Early Warning Score (NEWS) to support the recognition of deteriorating patients and that this has been linked to the training on diagnosis of Acute Kidney Injury (AKI).

The CCG acknowledges the work the trust has undertaken to improve discharge planning in order to improve the experience of patients and carers at discharge. The CCG also recognises the role the trust plays in meeting the care needs of those patients approaching end of life. This was highly praised by the Care Quality Commission (CQC) in 2016 who rated the Trust's End of Life Care as 'Outstanding'.

The CCG is particularly pleased to learn that the Trust values **Everyone Matters, Working Together, Making a Difference** are embedded across the Trust with the impact on staff being seen in the results of the annual staff survey. Since 2016 more staff are reporting that they would recommend the Trust as a place to work and it is encouraging to learn of the future approaches in place in order to support staff spread quality improvement capability across the organisation.

Acknowledging that there remain opportunities to further embed the changes, the CCG endorses the priorities proposed for 2017-2018 which include Discharge Planning, Frailty, Jaundice Management in Neonates and Sepsis Management. It would ask the trust however to consider the inclusion of the actions arising from the report 'Learning from Deaths for Trusts' and the National Quality Board (NQB) guidance. This will support the requirement to collect and publish on a quarterly basis specified information on deaths. The CCG acknowledges the actions taken in 2016-2017 to achieve a reduction in health acquired infections but is pleased to see that in the coming year the trust will continue to take forward the improvement actions identified from the review of *Clostridium difficile* infections undertaken by NHS Improvement earlier in the year following the invite from the trust. The CCG looks forward to working closely with the Trust on these priorities where able to do so.

In conclusion, the RUH has made good progress over the last year with evidence of improvements in key quality and safety measures. The CCG recognises the RUH's commitment to working closely with commissioners and the public to ensure the on-going safe delivery of safe, high quality services and we look forward to continuing this positive collaborative relationship in the forthcoming year.

Yours sincerely

Tracey Cox
Chief Officer, B&NES CCG

Clinical Chair: Dr Ian Orpen | **Chief Officer:** Tracey Cox
St Martin's Hospital, Clara Cross Lane, Bath BA2 5RP | **Tel:** 01225 831800 | **Fax:** 01225 840407 | **www.banesccg.nhs.uk**

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Healthwatch Bath and North East Somerset Response to The Royal United Hospital NHS Foundation Trust's Quality Account 2016/17

Healthwatch Bath & North East Somerset
The Care Forum, The Vassall Centre, Gill Avenue,
Bristol BS16 2QQ
Tel: 01225 232 401
Email: info@healthwatchbathnes.co.uk
Web: www.healthwatchbathnes.co.uk

Healthwatch Bath and North East Somerset (B&NES) response to the Royal United Hospitals Bath NHS Foundation Trust Quality Account 2016 - 17

Healthwatch B&NES thanks the Trust for sharing its Quality Account 2016 – 17 for comment.

Improving patients' and carers' experiences of discharge is an area that Healthwatch B&NES is very interested in following the national Healthwatch England enquiry in 2014. Healthwatch B&NES commends the work that the Trust has done around discharge, particularly the introduction of TTA medication packs and an electronic system to prioritise pharmacists' work.

Healthwatch B&NES applauds the work that the Trust has done with the Enhanced Discharge Service and end of life care.

Healthwatch B&NES is pleased to see improved communication with patients and carers in outpatient departments. We look forward to seeing continued improvement in these areas over the coming year.

Healthwatch B&NES commends the ongoing improvements regarding Clostridium difficile, and also the reduction in MRSA figures compared to 2015 - 16. Healthwatch B&NES hopes to see a continued reduction over the next 12 months.

It is apparent that there is a robust procedure in place for assessing falls and learning from incidents when they occur. It is also reassuring to see that staff are actively engaging in reducing the number of falls and the positive impact that this is having.

With regard to pressure ulcers, Healthwatch B&NES would encourage continued vigilance in this area, particularly in relation to identifying the trends that contributed to the challenging months. Healthwatch B&NES would be grateful to understand what the Trust feels contributed to the challenging months? Was it linked to the volume of patients, the number of frail patients that were admitted, or were there other concerns, for example, staffing levels?

Healthwatch B&NES commends the approach to monitor and control sepsis within the Trust – this is excellent work.

With regards to the cancer access targets, this is something that Healthwatch B&NES followed with interest last year. From the commentary that you provided during 2016 we know that staffing levels impacted on the achievement of targets during quarter two, however it was understood that the vacancies had been recruited to during the autumn. Healthwatch B&NES would be interested to know what impacted on achievement of targets during quarter four and whether this will continue to be a challenge during 2017 - 18?

Healthwatch B&NES notes that the Hospital Standardised Mortality Ratio (HSMR) weekend care target was not achieved this year based on data from April – December 2016. The commentary explains that this is being monitored, however the six-month figure is already markedly higher than the two previous years' annual totals. Healthwatch B&NES would be keen to understand why this may be and what action is being considered to address it?

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Referral to Treatment (RTT) figures show a small but continued decline in incomplete pathways. Healthwatch B&NES notes with concern the increase in cancer referrals and wonders if this is due to improved rates of identification and diagnosis? Healthwatch B&NES recognises that there is a plan in place to try and address RTT figures, and that this has already seen some success in several departments. Healthwatch B&NES would be grateful to know what the resulting impact of these improvements has been on patient waiting times?

Friends and Family Test results was something that Healthwatch B&NES noted last year and followed with interest. We are pleased to see an increase in uptake across Accident and Emergency and inpatient wards this year and encourages the Trust to continue its good work.

Healthwatch B&NES recognises the challenges that the Emergency Department faces, and complements the work that was undertaken during quarter four regarding quality. It is apparent that there has been a decrease year on year in both access targets (Urgent Care Centre and Accident and Emergency), Healthwatch B&NES is interested to know if and how patient numbers have changed during this time period and whether this is indicative of the challenge that is being faced?

On page 40 the Trust discusses patient safety incidents data – are the national worst and best figures listed the correct way round?

Healthwatch B&NES notes an increase in the number of incidents resulting in harm/ death compared to 2015 - 16. We know that the Trust supports a culture of incident reporting so would question if this increase is due to a rise in reporting or a rise in incidents?

Healthwatch B&NES was interested to read about the range of staff health and wellbeing initiatives being developed and implemented, particularly the increase in flu vaccinations. This is to be commended.

Healthwatch B&NES is pleased to see the work that has been done across the Trust to support improvement in quality and safety of care in response to the Care Quality Commission report from 2016.

Staff survey - Healthwatch B&NES notes that, although within the national average, there are still a considerable number of staff reporting bullying, harassment and abuse across the Trust. Healthwatch B&NES is keen to understand what happens for staff who identify that this is happening, and what the impact of any support or intervention is on their wellbeing?

Healthwatch B&NES also had a number of questions related to the improvement priorities from 2016 – 17. These have been listed separately below rather than incorporated into the main body of the response. Healthwatch B&NES would welcome any further information that the Trust can provide on these matters:

Improvement priority one: To continue to reduce the occurrence of Acute Kidney Injury (AKI)
- Does the Trust have a target for the AKI reduction? If so, how is the Trust performing against it?
- The Trust says that communication to GPs regarding patients who have an AKI during admission has improved by 30% - what does this equate to in real terms?
- What happens once a GP receives an AKI alert? Does the patient receive treatment in the community or are they admitted to hospital?
- Would it be possible for Healthwatch B&NES to have sight of the patient leaflet?

Improvement priority two: Improve the outcomes for stroke patients
- Is the Trust able to explain why the second hyper-acute bay has not happened?
- How has the prioritisation of hyper-acute stroke within four hours gone? What is the Trust's performance on this target?
- When is the Trust expecting to hear an outcome on the specialist commissioning review?

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Statement from Wiltshire Clinical Commissioning Group on Royal United Hospitals NHS Foundation Trust 2016-17 Quality Account

NHS Wiltshire Clinical Commissioning Group (CCG) has reviewed the Royal United Hospitals NHS Foundation Trusts' (RUH) 2016-17 Quality Account. In doing so, the CCG reviewed the Account against the key intelligence indicators and the assurances sought and given in the monthly Clinical Outcomes and Quality Assurance Meetings attended by RUH and Commissioners. This evidence is triangulated with information and is further informed through Quality Assurance visits to RUH, which encompass clinician to clinician feedback and reviews. Wiltshire CCG endorses the Trusts' identified quality priorities for 2017-18.

It is the view of Wiltshire CCG that the Quality Account reflects the Trusts' ongoing commitment to quality improvement and addressing key issues in a focused and proactive way. The Account summarises the achievements against the 2016-17 Trust quality priorities throughout the year and identifies the 2017-18 priorities. The Trust priorities for 2016-17 have demonstrated continued improvement in the identification and treatment of Acute Kidney Injury, which was supported by a second year of CQUIN funding in 2016-17; and the ongoing drive to continuously improve patient and carer experience as described in the Account. The CCG commends the Trust in achieving a CQC rating of 'Outstanding' for End of Life services in 2016, and monitors the Trusts' action plan in response to the inspection outcome.

The Trust has reported a high number of cases of *C.difficile* in 2016-17 which has exceeded their trajectory. However following a review of cases a proportion of these were found to be 'not attributable to the Trust.' The CCG welcomes the continued focus on the monitoring and reducing the risk factors of *C.difficle* including strengthening antibiotic prescribing and stewardship. The CCG is committed to working with the Trust to reduce rates of Gram Negative Blood Stream Infections. Building on the 2016-17 Sepsis workstream, which was supported through CQUIN funding, the CCG anticipates that further improvement will be made through the embedding of early identification and treatment of Sepsis. This will continue as national CQUIN scheme in 2017-18.

The CCG endorsed the Trusts' values which it launched in 2016-17 (Everyone Matters, Working together and Making a Difference) and commends the Trust for the subsequent achievement in improved staff survey results and positive patient and carer feedback. The Trust commitment to introduce a standardised quality improvement methodology has been demonstrated through the Outpatient 15 Steps Challenge. The CCG participated in this event and notes the improvements made as a result of this extensive review.

Wiltshire CCG acknowledges that the Trust has experienced increasing demand on the Emergency Department (ED) which has resulted in not consistently achieving the 4 hour target. In response, the Trust is developing plans to ensure that the quality, safety and experience of patients in ED is maintained during 2017-18.

The CCG recognises the Trusts' work to improve Stroke service performance and supports their commitment to improve the pace of progress. In 2017-18 and beyond, the CCG pledges to work in collaboration with the Trust and other healthcare partners across the region to progress the vision for a safe, high performing and consistent stroke service for Wiltshire patients.

The Trust has identified priorities for 2017-18 which align with national and local system-wide key areas of focus. Building on the accomplishments of 2016-17, the CCG anticipates that further achievements can be made in care for Frail Elderly patients following the 2016-17 CQUIN which supported the Trust's own review and improvement program.

Wiltshire CCG is committed to ensuring collaborative working with the Royal United Hospitals NHS Trust to achieve continuous improvement for patients in both their experience of care and outcomes.

Yours sincerely

Tracey Cox
Interim Accountable Officer, Wiltshire CCG

Statement of directors' responsibilities in respect of the Quality Report

The directors are required, under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations to prepare Quality Accounts for each financial year.

NHS Improvement has issued guidance to NHS Foundation Trust boards on the form and content of annual quality reports (which incorporates the above legal requirements) and on the arrangements that NHS foundation Trust boards should put in place to support the data quality for the preparation of the quality report.

In preparing the Quality Report, directors are required to take steps to satisfy themselves that:

- The content of the Quality Report meets the requirements set out in the NHS Foundation Trust Annual Reporting Manual 2015/16 and supporting guidance;

- The content of the Quality Report is not inconsistent with internal and external sources of information including:

- Board minutes and papers for the period 1 April 2016 to 31 March 2017

- Papers relating to Quality reported to the board over the period 1 April 2016 to 31 March 2017

- Feedback from Bath and North East Somerset Clinical Commissioning Group dated 17 May 2017

- Feedback from Wiltshire Clinical Commissioning Group dated 19 May 2017

- Feedback from Governors dated February 2017

- Feedback from local Healthwatch organisations dated May 2017

- Feedback from Bath and North East Somerset Council Health Select Committee dated May 2017

- The Trust's complaints report, due to be published under regulation 18 of the Local authority Social Services and NHS Complaints Regulations 2009, dated July 2017

- The latest National Patient Surveys dated June 2016

- The latest National Staff Survey dated March 2017

- The Head of Internal Audit's Annual Opinion over the Trust's control environment dated 23 May 2017

- CQC Inspection Report dated August 2016

The Quality Report presents a balanced picture of the NHS Foundation Trust's performance over the period covered:

- The performance information reported in the Quality Report is reliable and accurate;

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

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

- The Quality Report has been prepared in accordance with NHS Improvement's annual reporting manual (which incorporates the Quality Accounts regulations) as well as the standards to support data quality for the preparation of the Quality Report.

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

By order of the Board

26 May 2017…………………………. Chairman

26 May 2017……………………….Chief Executive

Independent auditor's report to the Council of Governors of Royal United Hospital Bath NHS Foundation Trust on the quality report

We have been engaged by the Council of Governors of Royal United Hospital Bath NHS Foundation Trust to perform an independent assurance engagement in respect of Royal United Hospital Bath NHS Foundation Trust's quality report for the year ended 31 March 2017 (the 'Quality Report') and certain performance indicators contained therein.

This report, including the conclusion, has been prepared solely for the Council of Governors of Royal United Hospital Bath NHS Foundation Trust as a body, to assist the Council of Governors in reporting Royal United Hospital Bath NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2017, to enable the Council of Governors to demonstrate that they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicators. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors as a body and Royal United Hospital Bath NHS Foundation Trust for our work or this report, except where terms are expressly agreed and with our prior consent in writing.

Scope and subject matter

The indicators for the year ended 31 March 2017 subject to limited assurance consist of the national priority indicators as mandated by NHS Improvement:

- percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period; and

- percentage of patients with a total time in A&E of four hours or less from arrival to admission, transfer or discharge.

We refer to these national priority indicators collectively as the 'indicators'.

Respective responsibilities of the directors and auditors

The directors are responsible for the content and the preparation of the quality report in accordance with the criteria set out in the 'NHS foundation trust annual reporting manual' and supporting guidance issued by NHS Improvement.

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

- the quality report is not prepared in all material respects in line with the criteria set out in the 'NHS foundation trust annual reporting manual' and supporting guidance;
- the quality report is not consistent in all material respects with the sources specified below:
  - board minutes for the period 1 April 2016 to 31 March 2017;
  - papers relating to quality reported to the board over the period 1 April 2016 to 31 March 2017;
  - feedback from Bath and North East Somerset Clinical Commissioning Group dated 17 May 2017;
  - feedback from Wiltshire Clinical Commissioning Group dated 19 May 2017;
  - feedback from the governors dated February 2017;
  - feedback from local Healthwatch organisations, dated May 2017;
  - feedback from the Bath and North East Somerset Council Health Select Committee, dated May 2017;

- o the Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated July 2017;
  - o the latest National Patient Surveys dated June 2016;
  - o the latest National Staff Survey dated March 2017;
  - o Care Quality Commission Inspection Report, dated August 2016;
  - o the Head of Internal Audit's annual opinion over the Trust's control environment dated 23 May 2017; and
  - o any other information included in our review.
- the indicators in the quality report identified as having been the subject of limited assurance in the quality report are not reasonably stated in all material respects in accordance with the 'NHS foundation trust annual reporting manual' and supporting guidance, and the six dimensions of data quality set out in the 'Detailed guidance for external assurance on quality reports'.

We read the quality report and consider whether it addresses the content requirements of the 'NHS foundation trust annual reporting manual' and supporting guidance, and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the quality report and consider whether it is materially inconsistent with the documents listed above and specified in the detailed guidance for external assurance on Quality Reports (collectively the 'documents').

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

We are in compliance with the applicable independence and competency requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics. Our team comprised assurance practitioners and relevant subject matter experts.

Assurance work performed

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('ISAE 3000'). Our limited assurance procedures included:

- Evaluating the design and implementation of the key processes and controls for managing and reporting the indicators;

- Making enquiries of management;

- Testing key management controls;

- Limited testing, on a selective basis, of the data used to calculate the indicator back to supporting documentation;

- Comparing the content requirements of the 'NHS foundation trust annual reporting manual' and supporting guidance to the categories reported in the quality report; and

- Reading the documents.

A limited assurance engagement is smaller in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient

appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

Limitations

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

The absence of a significant body of established practice on which to draw allows for the selection of different, but acceptable measurement techniques which can result in materially different measurements and can affect comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision of these criteria, may change over time. It is important to read the quality report in the context of the criteria set out in the 'NHS foundation trust annual reporting manual' and supporting guidance.

The scope of our assurance work has not included testing of indicators other than the two selected mandated indicators, or consideration of quality governance.

Conclusion

Based on the results of our procedures, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2017:

- the quality report is not prepared in all material respects in line with the criteria set out in the 'NHS foundation trust annual reporting manual' and supporting guidance;

- the quality report is not consistent in all material respects with the sources specified in 2.1 of the NHS Improvement 2016/17 Detailed guidance for external assurance on quality reports for foundation trusts; and

- the indicators in the quality report subject to limited assurance have not been reasonably stated in all material respects in accordance with the 'NHS foundation trust annual reporting manual' and supporting guidance.

Deloitte LLP
Chartered Accountants
Birmingham
United Kingdom
26th May 2017

Royal United Hospitals Bath NHS Foundation Trust

Annual Accounts for the year ended 31 March 2017

Foreword to the accounts

Royal United Hospitals Bath NHS Foundation Trust

These accounts, for the year ended 31 March 2017, have been prepared by Royal United Hospitals Bath NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

Signed ....
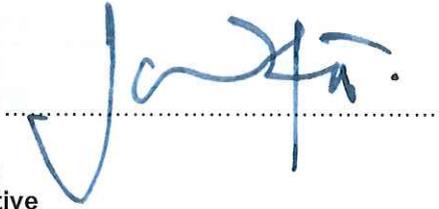
James Scott
Chief Executive
Date   26 May 2017

Consolidated Statement of Comprehensive Income

		Group	
		2016/17	**2015/16**
	Note	**£000**	**£000**
Operating income from patient care activities	3	285,337	270,473
Other operating income	4	36,182	22,463
Total operating income from continuing operations		**321,519**	**292,936**
Operating expenses	5, 7	(312,769)	(310,455)
Operating surplus/(deficit) from continuing operations		**8,750**	**(17,519)**
Finance income	10	88	179
Finance expenses	11	(115)	(244)
PDC dividends payable		(4,778)	(5,042)
Net finance costs		**(4,805)**	**(5,107)**
Gains/ (losses) on disposal of non-current assets	12	311	(60)
Surplus/(deficit) for the year		**4,372**	**(22,686)**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	6	(3,287)	(5,101)
Revaluations	19	1,431	7,280
May be reclassified to income and expenditure when certain conditions are met:			
Fair value gains/(losses) on available-for-sale financial investments	20	507	(192)
Total comprehensive income/(expense) for the period		**3,023**	**(20,699)**
Surplus / (deficit) for the period attributable to:			
the Foundation Trust		4,372	(22,686)
Total comprehensive income / (expense) for the period attributable to:			
the Foundation Trust		3,023	(20,699)

Statements of Financial Position

	Note	Group 31 March 2017 £000	Group 31 March 2016 £000	Trust 31 March 2017 £000	Trust 31 March 2016 £000
Non-current assets					
Intangible assets	14, 15	4,994	1,634	4,994	1,634
Property, plant and equipment	16, 17	163,849	170,723	163,849	170,723
Other investments	20	7,028	6,405	-	-
Trade and other receivables	24	1,200	1,254	1,200	1,254
Total non-current assets		177,071	180,016	170,043	173,611
Current assets					
Inventories	23	3,666	4,481	3,666	4,481
Trade and other receivables	24	22,973	17,653	23,214	18,813
Non-current assets held for sale	25	3,575	398	3,575	398
Cash and cash equivalents	26	18,344	14,173	16,625	12,177
Total current assets		48,558	36,705	47,080	35,869
Current liabilities					
Trade and other payables	27	(21,861)	(22,495)	(21,861)	(22,489)
Other liabilities	28	(5,079)	(1,648)	(5,079)	(1,648)
Borrowings	29	(2,968)	(2,824)	(2,968)	(2,824)
Provisions	31	(869)	(1,468)	(869)	(1,468)
Total current liabilities		(30,777)	(28,435)	(30,777)	(28,429)
Total assets less current liabilities		194,852	188,286	186,346	181,051
Non-current liabilities					
Borrowings	29	(18,281)	(16,235)	(18,281)	(16,235)
Provisions	31	(813)	(1,030)	(813)	(1,030)
Total non-current liabilities		(19,094)	(17,265)	(19,094)	(17,265)
Total assets employed		175,758	171,021	167,252	163,786
Financed by					
Public dividend capital		152,084	150,370	152,084	150,370
Revaluation reserve		41,098	44,287	41,098	44,287
Income and expenditure reserve		(25,930)	(30,871)	(25,930)	(30,871)
NHS Charitable fund reserves	21	8,506	7,235	-	-
Total taxpayers' and others' equity		175,758	171,021	167,252	163,786

The notes on pages 1 to 38 form part of these accounts.

James Scott
Chief Executive
Date
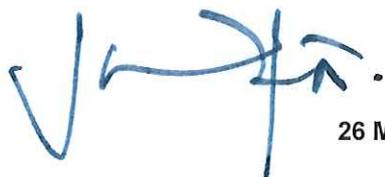
26 May 2017

Statement of Changes in Equity for the year ended 31 March 2017

Group	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	NHS charitable funds reserves £000	Total £000
Taxpayers' and others' equity at 1 April 2016 - brought forward	**150,370**	**44,287**	**(30,871)**	**7,235**	**171,021**
Surplus/(deficit) for the year	-	-	3,259	1,113	**4,372**
Other transfers between reserves	-	(1,255)	1,255	-	**-**
Impairments	-	(3,287)	-	-	**(3,287)**
Revaluations	-	1,431	-	-	**1,431**
Transfer to retained earnings on disposal of assets	-	(78)	78	-	**-**
Fair value gains on available-for-sale financial investments	-	-	-	507	**507**
Public dividend capital received	1,714	-	-	-	**1,714**
Public dividend capital repaid	-	-	-	-	**-**
Public dividend capital written off	-	-	-	-	**-**
Other reserve movements	-	-	349	(349)	**-**
Taxpayers' and others' equity at 31 March 2017	**152,084**	**41,098**	**(25,930)**	**8,506**	**175,758**

Statement of Changes in Equity for the year ended 31 March 2016

Group	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	NHS charitable funds reserves £000	Total £000
Taxpayers' and others' equity at 1 April 2015 - brought forward	**148,855**	**46,979**	**(13,296)**	**7,321**	**189,859**
Surplus/(deficit) for the year	-	-	(23,958)	1,272	**(22,686)**
Other transfers between reserves	-	(4,871)	4,871	-	**-**
Impairments	-	(5,101)	-	-	**(5,101)**
Revaluations	-	7,280	-	-	**7,280**
Fair value losses on available-for-sale financial investments	-	-	-	(192)	**(192)**
Public dividend capital received	2,861	-	-	-	**2,861**
Public dividend capital repaid	(1,000)	-	-	-	**(1,000)**
Public dividend capital written off	(346)	-	346	-	**-**
Other reserve movements	-	-	1,166	(1,166)	**-**
Taxpayers' and others' equity at 31 March 2016	**150,370**	**44,287**	**(30,871)**	**7,235**	**171,021**

Statement of Changes in Equity for the year ended 31 March 2017

Trust	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2016 - brought forward	**150,370**	**44,287**	**(30,871)**	**163,786**
Surplus for the year	-	-	3,608	**3,608**
Other transfers between reserves	-	(1,255)	1,255	**-**
Impairments	-	(3,287)	-	**(3,287)**
Revaluations	-	1,431	-	**1,431**
Transfer to retained earnings on disposal of assets	-	(78)	78	**-**
Public dividend capital received	1,714	-	-	**1,714**
Taxpayers' and others' equity at 31 March 2017	**152,084**	**41,098**	**(25,930)**	**167,252**

Statement of Changes in Equity for the year ended 31 March 2016

Trust	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2015 - brought forward	**148,855**	**46,979**	**(13,296)**	**182,538**
Deficit for the year	-	-	(22,792)	**(22,792)**
Other transfers between reserves	-	(4,871)	4,871	**-**
Impairments	-	(5,101)	-	**(5,101)**
Revaluations	-	7,280	-	**7,280**
Public dividend capital received	2,861	-	-	**2,861**
Public dividend capital repaid	(1,000)	-	-	**(1,000)**
Public dividend capital written off	(346)	-	346	**-**
Taxpayers' and others' equity at 31 March 2016	**150,370**	**44,287**	**(30,871)**	**163,786**

Information on reserves

NHS charitable funds reserves
This balance represents the ring-fenced funds held by the NHS charitable funds consolidated within these accounts. These reserves are classified as restricted or unrestricted.

Public dividend capital
Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS trust. Additional PDC may also be issued to NHS foundation trusts by the Department of Health. A charge, reflecting the cost of capital utilised by the NHS foundation trust, is payable to the Department of Health as the public dividend capital dividend.

Revaluation reserve
Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating income. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

Income and expenditure reserve
The balance of this reserve is the accumulated surpluses and deficits of the NHS foundation trust.

Statement of Cash Flows

	Note	Group 2016/17 £000	Group 2015/16 £000	Trust 2016/17 £000	Trust 2015/16 £000
Cash flows from operating activities					
Operating surplus/(deficit)		8,750	(17,519)	8,014	(17,496)
Non-cash income and expense:					
Depreciation and amortisation	5.1	7,707	9,503	7,707	9,503
Net impairments and reversals of impairments	6	8,933	23,552	8,933	23,552
Income recognised in respect of capital donations	4	(1,316)	(27)	(1,665)	(27)
(Increase)/decrease in receivables and other assets		(5,624)	676	(5,666)	(257)
Decrease in inventories		815	393	815	393
Increase in payables and other liabilities		3,864	46	4,174	47
Increase/(decrease) in provisions		(825)	115	(825)	115
NHS charitable funds - net movements in working capital, non-cash transactions and non-operating cash flows		(913)	(36)	-	-
Other movements in operating cash flows		-	-	-	(54)
Net cash generated from operating activities		**21,391**	**16,703**	**21,487**	**15,776**
Cash flows from investing activities					
Interest received		36	51	36	51
Purchase of intangible assets		(1,739)	(822)	(1,739)	(822)
Purchase of property, plant, equipment and investment property		(18,028)	(17,110)	(18,028)	(17,110)
Sales of property, plant, equipment and investment property		858	-	858	-
Receipt of cash donations to purchase capital assets		1,316	27	1,665	27
Cash from acquisitions/disposals of subsidiaries		1,177	-	1,177	-
Net cash used in investing activities		**(16,380)**	**(17,854)**	**(16,031)**	**(17,854)**
Cash flows from financing activities					
Public dividend capital received		1,714	2,861	1,714	2,861
Public dividend capital repaid		-	(1,000)	-	(1,000)
Loans received from the Department of Health		5,205	9,743	5,205	9,743
Loans repaid to the Department of Health		(2,959)	(990)	(2,959)	(990)
Capital element of finance lease rental payments		(57)	(87)	(57)	(87)
Interest paid on finance lease liabilities		(3)	(6)	(3)	(6)
Other interest paid		(319)	(164)	(487)	(164)
PDC dividend paid		(4,421)	(5,712)	(4,421)	(5,712)
Net cash generated from/(used in) financing activities		**(840)**	**4,645**	**(1,008)**	**4,645**
Increase/(decrease) in cash and cash equivalents		**4,171**	**3,494**	**4,448**	**2,567**
Cash and cash equivalents at 1 April		**14,173**	**10,679**	**12,177**	**9,610**
Cash and cash equivalents at 31 March	26	**18,344**	**14,173**	**16,625**	**12,177**

Notes to the Accounts

Note 1 Accounting policies and other information

Basis of preparation

NHS Improvement (NHSI), in exercising the statutory functions conferred on Monitor, is responsible for issuing an accounts direction to NHS foundation trusts under the NHS Act 2006. NHSI has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the Department of Health Group Accounting Manual (DH GAM) which shall be agreed with the Secretary of State. Consequently, the following financial statements have been prepared in accordance with the DH GAM 2016/17 issued by the Department of Health. The accounting policies contained in that manual follow IFRS and HM Treasury's FReM to the extent that they are meaningful and appropriate to NHS foundation trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of non-current assets and, where material, current asset investments and inventories, and certain financial assets and liabilities, to fair value as determined by the relevant accounting standards, and subject to the interpretations and adaptations of those standards made in the FReM.

Going concern

These accounts have been prepared on a going concern basis.

The Trust continues to operate in a climate of financial uncertainty within the NHS in England. Whilst there are known risks including the substantial capital programme over the coming 5 years, the continuing operational pressures, and financial challenges being faced by all organisations across the local health community there is sufficient evidence to support the strong likelihood the Trust will continue operating for at least 12 months from the date of signing the accounts.

The key evidence in support of this is the balanced financial plan for 2017/18 which has been approved by the Trust Board of Directors and submitted to NHSI for review.

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

Note 1.1 Consolidation

RUH Charitable Fund

The NHS foundation trust is the corporate trustee to RUH charitable fund with 100% ownership. The foundation trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the foundation trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the fund.

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

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

The key accounting policy for the RUH Charitable Funds is in relation to it's investments. The Corporate Trustee have established a policy under which the funds are invested, ensuring that the money is not exposed to undue risk but provides returns sufficient to counter the effects of inflation. All investments are held at market value on the SoFP categorised at level 1 of the fair value hierarchy.

Joint Ventures

The Trust has one third controlling interest in Wiltshire Health and Care LLP, in partnership with Salisbury NHS Foundation Trust and Great Western Hospitals NHS Foundation Trust.

The LLP has a separate Board but strategic control of the organisation remains with the partners as detailed in the Members Agreement signed by the three NHS Foundation Trusts.

The financial risks of the LLP to the Members are limited to nil as per the signed members agreement with any surpluses accounted for in the Foundation Trust's accounts using the equity method. In the year ended 31 March 2017 the LLP reported a breakeven position resulting in no investment gain for the Foundation Trust.

Note 1.2 Income

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

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

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

Note 1.3 Expenditure on employee benefits

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

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

Employer's pension cost contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the Trust commits itself to the retirement, regardless of the method of payment.

Note 1.4 Expenditure on other goods and services
Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

Note 1.5 Property, plant and equipment

Recognition
Property, plant and equipment is capitalised where:

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

Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost are capitalised.

Measurement
Valuation
All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.
All assets are measured subsequently at valuation. Land and buildings used for the Trust's services or for administrative purposes are stated in the statement of financial position at their re-valued amounts, being the fair value at the date of revaluation less any impairment. In 2015/16 the Trust undertook a revaluation of it's land which was followed, in 2016/17, by a full valuation of the Trust's building and dwellings. Under IFRS 13, the basis for valuing land is the depreciated replacement cost method (DRC), the guidance states that although the ultimate objective of the methodology is to produce a valuation of the actual property in its actual location, the initial stage of estimating the gross replacement cost has to reflect the cost of a site suitable for a modern equivalent facility.

Often this will be a site of a similar size and in a similar location to the actual site. However, if the actual site is clearly one that a prudent buyer would no longer consider appropriate because it would be commercially wasteful or would be an inappropriate use of resources, the modern equivalent site is assumed to have the appropriate characteristics. The fundamental principle is that the hypothetical buyer would purchase the least expensive site that would be suitable and appropriate for its proposed operations. In addition other factors need to be considered in addition to establishing the location of the modern equivalent site. The modern equivalent asset may not require a site as extensive as the actual site. In this respect land is no different to any other asset. If a smaller area is now sufficient to provide the same service, the modern equivalent site and buildings will be based on the reduced area required, even if the actual site and floor area are larger.

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

Plant and equipment of significant purchase value or useful life are to be assessed for fair value annually. Any of these assets that are thought to be held on the register deemed to be an amount that significantly differs from fair value will undergo a revaluation exercise. All other fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

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

Note 1.5 Property, plant and equipment (continued)

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Depreciation

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

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

Revaluation gains and losses

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

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

Impairments

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

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

De-recognition

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met:

• the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
• the sale must be highly probable ie:

  - management are committed to a plan to sell the asset;
  - an active programme has begun to find a buyer and complete the sale;
  - the asset is being actively marketed at a reasonable price;
  - the sale is expected to be completed within 12 months of the date of classification as 'held for sale'; and
  - the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant
    changes made to it.

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

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

Note 1.5 Property, plant and equipment (continued)

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

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

Useful Economic lives of property, plant and equipment
Useful economic lives reflect the total life of an asset and not the remaining life of an asset. The range of useful economic lives are shown in the table below:

| | Min life | Max life |
	Years	Years
Land	80	80
Buildings, excluding dwellings	1	88
Dwellings	4	56
Plant & machinery	2	25
Transport equipment	5	7
Information technology	2	5
Furniture & fittings	2	16

Finance-leased assets (including land) are depreciated over the shorter of the useful economic life or the lease term, unless the FT expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

Note 1.6 Intangible assets

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

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

Expenditure on research is not capitalised.

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

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

Note 1.6 Intangible assets (continued)

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

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

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

Intangible assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

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

Useful economic life of intangible assets
Useful economic lives reflect the total life of an asset and not the remaining life of an asset. The range of useful economic lives are shown in the table below:

	Min life	Max life
	Years	Years
Intangible assets - purchased		
Software	2	5
Licences & trademarks	5	10

Note 1.7 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method.

Note 1.8 Financial instruments and financial liabilities

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

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

De-recognition
All financial assets are de-recognised when the rights to receive cash flows from the assets have expired or the Trust has transferred substantially all of the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Classification and measurement
Financial assets are categorised as fair value through income and expenditure and loans and receivables.

Financial assets and financial liabilities at fair value through income and expenditure
Financial assets and financial liabilities at fair value through income and expenditure are financial assets or financial liabilities held for trading. A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets.

The Trust's loans and receivables comprise:

• Cash and cash equivalents;
• NHS receivables;
• Non-NHS receivables;
• VAT receivables;
• Accrued income;
• Other receivables from related parties; and
• Other receivables.

Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Comprehensive Income.

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

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

For each receivable at the 31st March 2017, an assessment is made based on historic debt collection performance and the nature of the debt, to determine the risk of non-payment. Those with high risk are provided for as a bad debt provision

Note 1.9 Leases

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

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

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

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

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

Note 1.10 Provisions

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

Clinical negligence costs
The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the NHS Foundation Trust pays an annual contribution to the NHSLA, which, in return, settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS Foundation Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the NHS Foundation Trust is disclosed at note 31.2 but is not recognised in the NHS Foundation Trust's accounts.

Note 1.11 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 32 where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are disclosed in note 32, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

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

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

Note 1.12 Public dividend capital

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

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

Note 1.13 Value added tax

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

Note 1.14 Third party assets

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

Note 1.15 Losses and special payments

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

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

Note 1.16 Early adoption of standards, amendments and interpretations
No new accounting standards or revisions to existing standards have been early adopted in 2016/17.

Note 1.17 Standards, amendments and interpretations in issue but not yet effective or adopted

The DH GAM does not require the following Standards and Interpretations to be applied in 2016/17. These standards are still subject to HM Treasury FReM adoption, with IFRS 9 and IFRS 15 being for implementation in 2018/19, and the government implementation date for IFRS 16 still subject to HM Treasury consideration.

IFRS 9 Financial Instruments – Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted

IFRS 15 Revenue from Contracts with Customers – Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted.

IFRS 16 Leases – Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM: early adoption is not therefore permitted.

IFRIC 22 Foreign Currency Transactions and Advance Consideration – Application required for accounting periods beginning on or after 1 January 2018.

The accounting standards listed above will not have a material impact on the financial performance or reported position of the Trust when they are adopted.

Note 1.18 Critical accounting estimates and judgements

Critical judgements in applying Royal United Hospitals NHS Foundation Trust's accounting policies
Management has exercised the following critical judgements in applying the Royal United Hospital NHS Foundation Trust's accounting policies for the year ended 31 March 2017:

VAT on Professional costs
That VAT on professional costs included in the professional valuations on property assets based on Market Equivalent Valuations are recoverable on a modern equivalent build.

Classification of Leases
Under IAS 17 a finance lease is one that transfers to the lessee 'substantially all the risks and rewards incidental to ownership of an asset'. This requires the consideration of a number of factors for each lease. The Trust considers that where the net present value of lease payments amounts is up to 90% of the fair value of the asset there is a strong presumption that a lease is a finance lease unless there is other evidence to the contrary. The impact of the classification of leases as finance leases is disclosed in Note 30.1 (Finance lease obligations).

Impairment of Assets
At the date of each SoFP, the Trust checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually. The impact of impairments is discussed in Note 19 (Revaluations of property, plant and equipment)

Critical accounting estimates in applying Royal United Hospitals NHS Foundation Trust's accounting policies
Management has exercised the following critical judgements in applying the Royal United Hospital NHS Foundation Trust's accounting policies for the year ended 31 March 2017:

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

Provisions
The Trust regularly monitors the position regarding provisions, including legal claims and restructuring, to ensure that it accurately reflects at the date of each SoFP the current position in providing for potential future costs from past events, including board resolutions. Provisions are disclosed in Note 31.1.

Note 2 Operating Segments

The Trust Board is the Chief Operating Decision Maker and considers the Trust's healthcare services, along with all the supporting services as one segment due to them having similar economic characteristics.

The RUH Charitable Funds is managed and operates separately from the main services provided by the Trust, and as such is considered a separate segment. Income for the RUH Charitable funds is made up of donations mainly from individuals and local organisations, the activities of the charity are focussed to improve the environment in the hospital for staff and patients and support innovative developments not funded by NHS money.

On 1 April 2016, West of England Academic Health and Science Network (WEAHSN) was hosted by the Trust having previously been a customer of some of the RUH corporate services. The activities of the WEAHSN are to support to development and implementation of innovations in the healthcare sector working closely with many other partners across the region and nationally to make changes to the way healthcare services are delivered. These business activities are very different to the core services provided by the Trust and so WEAHSN is a defined separate segment of the organisation.

	2016/17					
	Trust £'000	RUH Charitable Funds £'000	WEAHSN £'000	Total £'000	Inter Company Transactions £'000	Group Total £'000
NHS Income	287,437	3	3,555	290,995	(3)	290,992
Other Income	25,951	2,688	578	29,217	(665)	28,552
Staff Costs	(188,851)	(401)	(1,648)	(190,900)	3	(190,897)
Other Operating Costs	(118,487)	(1,018)	(2,366)	(121,871)	-	(121,871)
Net Operating (deficit)/surplus	6,050	1,272	119	7,441	(665)	6,776

	2015/16					
	Trust £'000	RUH Charitable Funds £'000	WEAHSN* £'000	Total £'000	Inter Company Transactions £'000	Group Total £'000
NHS Income	268,348	-	-	268,348	-	268,348
Other Income	23,506	2,333	-	25,839	(1,251)	24,588
Staff Costs	(179,894)	(456)	-	(180,350)	85	(180,265)
Other Operating Costs	(128,227)	(1,963)	-	(130,190)	-	(130,190)
Net Operating deficit	(16,267)	(86)	-	(16,353)	(1,166)	(17,519)

*WEAHSN was a separate entity in 2015-16 and therefore did not form part of the reported Group in that year.

The net deficits/surpluses are based on operating revenue and expenditure, therefore exclude depreciation, amortisation, PDC dividend payments, and other financing interest.

There are no fixed assets 'owned' by the Charitable Fund or WEAHSN segments, the other assets and liabilities of the group are not reported by segment, only as part of the whole organisation to Management Board and the Board of Directors.

Neither the RUH Charitable Funds or WEAHSN have interests in any joint ventures subsidiaries and are not direct owners of any non-current assets owned or purchased by the Trust during the year.

Note 3 Operating income from patient care activities

Note 3.1 Income from patient care activities (by nature)

	Group	
	2016/17	2015/16
	£000	£000
Acute services		
Elective income	39,552	40,018
Non-elective income	99,546	96,885
Outpatient income	76,167	71,525
A & E income	9,941	9,332
Other NHS clinical income	50,183	44,931
Additional income for delivery of healthcare services*	-	1,000
Private patient income	881	809
Other clinical income	9,067	5,973
Total income from activities	**285,337**	**270,473**

Note 3.2 Income from patient care activities (by source)

	Group	
Income from patient care activities received from:	2016/17	2015/16
	£000	£000
CCGs and NHS England	277,268	262,035
Local authorities	1,205	1,114
Department of Health	-	-
Other NHS foundation trusts	1,407	1,494
NHS trusts	507	561
NHS other	337	276
Non-NHS: private patients	881	809
Non-NHS: overseas patients (chargeable to patient)	111	118
NHS injury scheme (was RTA)	584	454
Non NHS: other	3,037	2,612
Additional income for delivery of healthcare services*	-	1,000
Total income from activities	**285,337**	**270,473**
Of which:		
Related to continuing operations	285,337	270,473

*The £1m reported as "additional income for delivery of healthcare services" relates to funds received from the Department of Health to support the provision of healthcare services in 2015/16 as part of the national capital to revenue transfer.

Note 3.3 Overseas visitors (relating to patients charged directly by the Foundation Trust)

	Group	
	2016/17	2015/16
	£000	£000
Income recognised this year	111	118
Cash payments received in-year	62	4
Amounts added to provision for impairment of receivables	70	81
Amounts written off in-year	-	-

Note 4 Other operating income

	Group	
	2016/17	2015/16
	£000	£000
Research and development	669	640
Education and training	13,225	12,832
Receipt of capital grants and donations	1,316	27
Charitable and other contributions to expenditure	43	84
Non-patient care services to other bodies	1,649	1,142
Sustainability and Transformation Fund income	10,153	-
Rental revenue from operating leases	516	452
Income in respect of staff costs where accounted on gross basis	1,750	1,453
Incoming resources received by NHS charitable funds	2,016	2,119
Other income	4,845	3,714
Total other operating income	**36,182**	**22,463**
Of which:		
Related to continuing operations	36,182	22,463

Other income includes £1.6m car parking income (2015/16: £1.5m), and £1.9m catering income (2015/16: £1.7m).

Note 4.1 Income from activities arising from commissioner requested services

Under the terms of its provider license, the Trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider license and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	Group	
	2016/17	2015/16
	£000	£000
Income from services designated (or grandfathered) as commissioner requested services	275,389	262,691
Income from services not designated as commissioner requested services	46,130	30,245
Total	**321,519**	**292,936**

Note 4.2 Profits and losses on disposal of property, plant and equipment

The sale of an office buidling in the centre of Bath (Trim Street) took place in 2016/17, the sale of which was completed on 17 February 2017.

The net book value of the asset sold was £427k, and proceeds of the sale totalled £856k (net of fees), this resulted in a profit of £429k.

The building was vacated shortly after the Trust acquired the RNHRD NHS Foundation Trust in February 2015, with staff previously occupying it moving to other buildings in the centre of Bath or to the main RUH site. Therefore, the disposal of this asset has no impact on the delivery of any services provided by the Trust.

Note 5.1 Operating expenses

	Group	
	2016/17	**2015/16**
	£000	**£000**
Services from NHS foundation trusts	81	293
Services from NHS trusts	111	10
Services from CCGs and NHS England	(23)	36
Services from other NHS bodies	275	-
Purchase of healthcare from non NHS bodies	1,378	1,684
Employee expenses - executive directors	1,222	1,298
Remuneration of non-executive directors	150	130
Employee expenses - staff	187,474	176,856
Supplies and services - clinical	29,607	27,282
Supplies and services - general	5,441	5,471
Establishment	2,739	2,618
Research and development	2,322	1,839
Transport	994	795
Premises	9,400	8,997
Increase/(decrease) in provision for impairment of receivables	231	(18)
Increase/(decrease) in other provisions	-	-
Change in provisions discount rate(s)	-	-
Inventories written down	43	92
Drug costs	44,406	42,120
Rentals under operating leases	65	68
Depreciation on property, plant and equipment	7,051	9,121
Amortisation on intangible assets	656	382
Net impairments	8,933	23,552
Audit fees payable to the external auditor		
audit services- statutory audit	80	57
other auditor remuneration (external auditor only)	-	12
Clinical negligence	5,308	4,533
Legal fees	243	188
Consultancy costs	960	584
Internal audit costs	68	59
Training, courses and conferences	1,471	967
Patient travel	35	46
Car parking & security	-	-
Redundancy	14	291
Early retirements	-	-
Hospitality	230	128
Insurance	234	244
Losses, ex gratia & special payments	209	7
Other resources expended by NHS charitable funds	665	515
Other	696	198
Total	**312,769**	**310,455**
Of which:		
Related to continuing operations	312,769	310,455

Note 5.2 Other auditor remuneration

	Group	
	2016/17	2015/16
	£000	£000
Other auditor remuneration paid to the external auditor:		
Audit-related assurance services	-	12
Total	**-**	**12**

Note 5.3 Limitation on auditors liability

The limitation on auditors' liability for external audit work is £1m (2015/16: £2m).

Note 6 Impairment of assets

	Group	
	2016/17	2015/16
	£000	£000
Net impairments charged to operating surplus / (deficit) resulting from:		
Abandonment of assets in course of construction	-	65
Changes in market price	8,933	23,487
Total net impairments charged to operating surplus / (deficit)	**8,933**	**23,552**
Impairments charged to the revaluation reserve	3,287	5,101
Total net impairments	**12,220**	**28,653**

The IT asset created for building and implementation of the Electronic Patient Record system were impaired to reflect the correct market value following implementation of the new software thus bringing the asset into use. The resulting impairment was £1.3m

£1.6m impairment was the result of the final valuation of the new Pharmacy building following completion at the beginning of 2017. The building was valued in line with Trust policy by an independent valuer Boshier & Co. as at 31 March 2017.

£0.6m impairment related to the new car park, again this was valued in line with Trust policy and by an independent valuer

Each of the assets impaired were new assets so held no revaluation reserve, as a result the full impairment value was charged to the SoCI.

Note 7 Employee benefits

	Group	
	2016/17	2015/16
	Total	Total
	£000	£000
Salaries and wages	**153,465**	145,517
Social security costs	**15,156**	11,625
Employer's contributions to NHS pensions	**18,359**	17,743
Termination benefits	**14**	291
Temporary staff (including agency)	**4,450**	5,665
NHS charitable funds staff	**401**	456
Total gross staff costs	**191,845**	**181,297**
Recoveries in respect of seconded staff	**-**	-
Total staff costs	**191,845**	**181,297**
Of which		
Costs capitalised as part of assets	948	1,032

Note 7.1 Retirements due to ill-health

During 2016/17 there were 8 early retirements from the trust agreed on the grounds of ill-health (5 in the year ended 31 March 2016). The estimated additional pension liabilities of these ill-health retirements is £391k (£308k in 2015/16).

The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

Note 8 Pension costs

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

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

a) Accounting valuation
A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2017, is based on valuation data as 31 March 2016, updated to 31 March 2017 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation
The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers.
The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

Note 9 Operating leases

Note 9.1 Royal United Hospitals Bath NHS Foundation Trust as a lessor

This note discloses income generated in operating lease agreements where Royal United Hospitals Bath NHS Foundation Trust is the lessor.

The rent received relates to payment made by residents of the Trust's dwellings on the main hospital site. Rent is charged on a rolling monthly basis. The payments are due monthly and are paid in the current month.

	Group	
	2016/17	2015/16
	£000	£000
Operating lease revenue		
Contingent rent	516	452
Total	**516**	**452**
	31 March 2017	**31 March 2016**
	£000	**£000**
Future minimum lease receipts due:		
- not later than one year;	516	452
- later than one year and not later than five years;	-	-
- later than five years.	-	-
Total	**516**	**452**

Note 9.2 Royal United Hospitals Bath NHS Foundation Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Royal United Hospitals Bath NHS Foundation Trust FT is the lessee.

	Group	
	2016/17	2015/16
	£000	£000
Operating lease expense		
Minimum lease payments	65	68
Total	**65**	**68**
	31 March 2017	**31 March 2016**
	£000	**£000**
Future minimum lease payments due:		
- not later than one year;	65	68
- later than one year and not later than five years;	-	-
- later than five years.	-	-
Total	**65**	**68**

Note 10 Finance income

Finance income represents interest received on assets and investments in the period.

	Group	
	2016/17	2015/16
	£000	£000
Interest on bank accounts	36	51
Investment income on NHS charitable funds financial assets	52	128
Total	**88**	**179**

Note 11.1 Finance expenditure

Finance expenditure represents interest and other charges involved in the borrowing of money.

	Group	
	2016/17	2015/16
	£000	£000
Interest expense:		
Loans from the Department of Health	103	226
Finance leases	3	7
Interest on late payment of commercial debt	-	-
Unwinding of discount	9	11
Total interest expense	**115**	**244**
Other finance costs	-	-
Total	**115**	**244**

Note 11.2 The late payment of commercial debts (interest) Act 1998

	Group	
	2016/17	2015/16
	£000	£000
Amounts included within interest payable arising from claims made under this legislation	1	1
Compensation paid to cover debt recovery costs under this legislation	-	-

Note 12 Gains/(losses) on disposal/derecognition of non-current assets

	Group	
	2016/17	2015/16
	£000	£000
Profit on disposal of non-current assets	429	-
Loss on disposal of non-current assets	(118)	(60)
Gains/(losses) on disposal of non-current assets by NHS charitable funds	-	-
Net profit/(loss) on disposal of non-current assets	**311**	**(60)**

As detailed in note 4.2, the most significant disposal in 2016/17 was the disposal of a building, Trim Street, with net book value of £428k resulting in a profit of £429k.

Note 13 Foundation Trust income statement and statement of comprehensive income

In accordance with Section 408 of the Companies Act 2006, the trust is exempt from the requirement to present its own income statement and statement of comprehensive income. The trust's surplus for the period was £3.465 million (2015/16: £22.792 million (deficit)). The trust's total comprehensive income for the period was £1.609 million (2015/16: £22.612 million(expense)).

Note 14.1 Intangible assets - 2016/17

Group	Software licences	Intangible Assets Under Construction	Licences & trademarks	Total
	£000	£000	£000	£000
Valuation/gross cost at 1 April 2016 - brought forward	**1,460**	**-**	**1,809**	**3,269**
Additions	94	550	1,095	**1,739**
Impairments	-	(1,336)	-	**(1,336)**
Reclassifications	-	2,134	1,482	**3,616**
Disposals / derecognition	(76)	-	(160)	**(236)**
Valuation/gross cost at 31 March 2017	**1,478**	**1,348**	**4,226**	**7,052**
Amortisation at 1 April 2016 - brought forward	**997**		**638**	**1,635**
Provided during the year	188		468	**656**
Disposals / derecognition	(76)		(157)	**(233)**
Amortisation at 31 March 2017	**1,109**	**-**	**949**	**2,058**
Net book value at 31 March 2017	**369**	**1,348**	**3,277**	**4,994**
Net book value at 1 April 2016	**463**	**-**	**1,171**	**1,634**

Note 14.2 Intangible assets - 2015/16

Group	Software licences	Intangible Assets Under Construction	Licences & trademarks	Total
	£000	£000	£000	£000
Valuation/gross cost at 1 April 2015 - as previously stated	**1,590**		**1,089**	**2,679**
Additions	102		720	**822**
Disposals / derecognition	(232)		-	**(232)**
Valuation/gross cost at 31 March 2016	**1,460**	**-**	**1,809**	**3,269**
Amortisation at 1 April 2015 - as previously stated	**1,060**		**425**	**1,485**
Provided during the year	169		213	**382**
Disposals / derecognition	(232)		-	**(232)**
Amortisation at 31 March 2016	**997**	**-**	**638**	**1,635**
Net book value at 31 March 2016	**463**	**-**	**1,171**	**1,634**
Net book value at 1 April 2015	**530**	**-**	**664**	**1,194**

Note 15.1 Intangible assets - 2016/17

Trust	Software licences £000	Intangible Assets Under Construction £000	Licences & trademarks £000	Total £000
Valuation/gross cost at 1 April 2016 - brought forward	1,460	-	1,809	3,269
Additions	94	550	1,095	1,739
Impairments		(1,336)		(1,336)
Reclassifications	-	2,134	1,482	3,616
Disposals / derecognition	(76)	-	(160)	(236)
Valuation/gross cost at 31 March 2017	1,478	1,348	4,226	7,052
Amortisation at 1 April 2016 - brought forward	997		638	1,635
Provided during the year	188		468	656
Disposals / derecognition	(76)		(157)	(233)
Amortisation at 31 March 2017	1,109	-	949	2,058
Net book value at 31 March 2017	369	1,348	3,277	4,994
Net book value at 1 April 2016	463	-	1,171	1,634

Note 15.2 Intangible assets - 2015/16

Trust	Software licences £000	Intangible Assets Under Construction £000	Licences & trademarks £000	Total £000
Valuation/gross cost at 1 April 2015 - as previously stated	1,590		1,089	2,679
Additions	102		720	822
Disposals / derecognition	(232)		-	(232)
Valuation/gross cost at 31 March 2016	1,460	-	1,809	3,269
Amortisation at 1 April 2015 - as previously stated	1,060		425	1,485
Provided during the year	169		213	382
Disposals / derecognition	(232)		-	(232)
Amortisation at 31 March 2016	997	-	638	1,635
Net book value at 31 March 2016	463	-	1,171	1,634
Net book value at 1 April 2015	530	-	664	1,194

Note 16.1 Property, plant and equipment - 2016/17

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2016 - brought forward	9,888	137,108	3,168	11,647	46,424	77	7,594	673	216,579
Additions	-	4,243	119	7,337	3,989	-	1,123	156	**16,967**
Impairments	-	(26,966)	-	-	-	-	-	-	**(26,966)**
Reversals of impairments	224	(153)	1,490	-	-	-	-	-	**1,561**
Reclassifications	-	10,462	-	(15,439)	1,361	-	-	-	**(3,616)**
Revaluations	-	1,212	136	-	-	-	-	-	**1,348**
Transfers to/ from assets held for sale	(140)	(3,620)	-	-	-	-	-	-	**(3,760)**
Disposals / derecognition	-	-	-	-	(2,342)	(34)	(894)	(31)	**(3,301)**
Valuation/gross cost at 31 March 2017	9,972	122,286	4,913	3,545	49,432	43	7,823	798	198,812
Accumulated depreciation at 1 April 2016 - brought forward	-	14,431	206	-	27,206	75	3,698	240	45,856
Provided during the year	-	2,470	85	-	3,191	2	1,234	69	**7,051**
Impairments	-	(9,066)	-	-	-	-	-	-	**(9,066)**
Reversals of impairments	-	(5,250)	(205)	-	-	-	-	-	**(5,455)**
Revaluations	-	(85)	2	-	-	-	-	-	**(83)**
Transfers to/ from assets held for sale	-	(155)	-	-	-	-	-	-	**(155)**
Disposals/ derecognition	-	-	-	-	(2,236)	(34)	(885)	(30)	**(3,185)**
Accumulated depreciation at 31 March 2017	-	2,345	88	-	28,161	43	4,047	279	34,963
Net book value at 31 March 2017	9,972	119,941	4,825	3,545	21,271	-	3,776	519	163,849
Net book value at 1 April 2016	9,888	122,677	2,962	11,647	19,218	2	3,896	433	170,723

Note 16.2 Property, plant and equipment - 2015/16

Group	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2015 - as previously stated	37,866	126,897	2,906	2,392	44,643	77	6,324	575	**221,680**
Additions - purchased/ leased/ grants/ donations	-	3,936	66	9,320	3,325	-	2,151	98	**18,896**
Impairments	(27,966)	(1,322)	-	(65)	-	-	-	-	**(29,353)**
Revaluations	-	7,983	196	-	-	-	-	-	**8,179**
Transfers to/ from assets held for sale	(12)	(386)	-	-	-	-	-	-	**(398)**
Disposals / derecognition	-	-	-	-	(1,544)	-	(881)	-	**(2,425)**
Valuation/gross cost at 31 March 2016	**9,888**	**137,108**	**3,168**	**11,647**	**46,424**	**77**	**7,594**	**673**	**216,579**
Accumulated depreciation at 1 April 2015 - as previously stated	-	9,300	95	-	25,686	70	3,553	185	38,889
Provided during the year	-	4,945	98	-	3,003	5	1,015	55	**9,121**
Impairments	-	(700)	-	-	-	-	-	-	**(700)**
Revaluations	-	886	13	-	-	-	-	-	**899**
Disposals / derecognition	-	-	-	-	(1,483)	-	(870)	-	**(2,353)**
Accumulated depreciation at 31 March 2016	**-**	**5,131**	**111**	**-**	**1,520**	**5**	**145**	**55**	**6,967**
Net book value at 31 March 2016	**9,888**	**131,977**	**3,057**	**11,647**	**44,904**	**72**	**7,449**	**618**	**209,612**
Net book value at 1 April 2015	**37,866**	**117,597**	**2,811**	**2,392**	**18,957**	**7**	**2,771**	**390**	**182,791**

Note 16.3 Property, plant and equipment financing - 2016/17

Group	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2017									
Owned	9,972	116,122	4,825	2,414	17,876	-	3,776	439	**155,424**
Finance leased	-	-	-	-	20	-	-	-	**20**
Donated	-	3,819	-	1,131	3,375	-	-	80	**8,405**
Net book value total at 31 March 2017	**9,972**	**119,941**	**4,825**	**3,545**	**21,271**	**-**	**3,776**	**519**	**163,849**

Note 16.4 Property, plant and equipment financing - 2015/16

Group	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2016									
Owned	9,888	117,300	2,962	10,016	17,277	2	3,896	345	**161,686**
Finance leased	-	-	-	-	41	-	-	-	**41**
Donated	-	5,377	-	1,631	1,900	-	-	88	**8,996**
Net book value total at 31 March 2016	**9,888**	**122,677**	**2,962**	**11,647**	**19,218**	**2**	**3,896**	**433**	**170,723**

Note 17.1 Property, plant and equipment - 2016/17

Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2016 - brought forward	9,888	137,108	3,168	11,647	46,424	77	7,594	673	216,579
Additions	-	4,243	119	7,337	3,989	-	1,123	156	16,967
Impairments	-	(26,966)	-	-	-	-	-	-	(26,966)
Reversals of impairments	224	(153)	1,490	-	-	-	-	-	1,561
Reclassifications	-	10,462	-	(15,439)	1,361	-	-	-	(3,616)
Revaluations	-	1,212	136	-	-	-	-	-	1,348
Transfers to/ from assets held for sale	(140)	(3,620)	-	-	-	-	-	-	(3,760)
Disposals / derecognition	-	-	-	-	(2,342)	(34)	(894)	(31)	(3,301)
Valuation/gross cost at 31 March 2017	**9,972**	**122,286**	**4,913**	**3,545**	**49,432**	**43**	**7,823**	**798**	**198,812**
Accumulated depreciation at 1 April 2016 - brought forward	-	14,431	206	-	27,206	75	3,698	240	45,856
Provided during the year	-	2,470	85	-	3,191	2	1,234	69	7,051
Impairments	-	(9,066)	-	-	-	-	-	-	(9,066)
Reversals of impairments	-	(5,250)	(205)	-	-	-	-	-	(5,455)
Revaluations	-	(85)	2	-	-	-	-	-	(83)
Transfers to/ from assets held for sale	-	(155)	-	-	-	-	-	-	(155)
Disposals/ derecognition	-	-	-	-	(2,236)	(34)	(885)	(30)	(3,185)
Accumulated depreciation at 31 March 2017	**-**	**2,345**	**88**	**-**	**28,161**	**43**	**4,047**	**279**	**34,963**
Net book value at 31 March 2017	**9,972**	**119,941**	**4,825**	**3,545**	**21,271**	**-**	**3,776**	**519**	**163,849**
Net book value at 1 April 2016	**9,888**	**122,677**	**2,962**	**11,647**	**19,218**	**2**	**3,896**	**433**	**170,723**

Note 17.2 Property, plant and equipment - 2015/16

Trust	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2015 - as previously stated	37,866	126,897	2,906	2,392	44,643	77	6,324	575	221,680
Additions - purchased/ leased/ grants/ donations	-	3,936	66	9,320	3,325	-	2,151	98	18,896
Impairments	(27,966)	(1,322)	-	(65)	-	-	-	-	(29,353)
Revaluations	-	7,983	196	-	-	-	-	-	8,179
Transfers to/ from assets held for sale	(12)	(386)	-	-	-	-	-	-	(398)
Disposals / derecognition	-	-	-	-	(1,544)	-	(881)	-	(2,425)
Valuation/gross cost at 31 March 2016	9,888	137,108	3,168	11,647	46,424	77	7,594	673	216,579
Accumulated depreciation at 1 April 2015 - as previously stated	-	9,300	95	-	25,686	70	3,553	185	38,889
Provided during the year	-	4,945	98	-	3,003	5	1,015	55	9,121
Impairments	-	(700)	-	-	-	-	-	-	(700)
Revaluations	-	886	13	-	-	-	-	-	899
Disposals / derecognition	-	-	-	-	(1,483)	-	(870)	-	(2,353)
Accumulated depreciation at 31 March 2016	-	14,431	206	-	27,206	75	3,698	240	45,856
Net book value at 31 March 2016	9,888	122,677	2,962	11,647	19,218	2	3,896	433	170,723
Net book value at 1 April 2015	37,866	117,597	2,811	2,392	18,957	7	2,771	390	182,791

Note 17.3 Property, plant and equipment financing - 2016/17

Trust	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2017									
Owned	9,972	116,122	4,825	2,414	17,876	-	3,776	439	**155,424**
Finance leased	-	-	-	-	20	-	-	-	**20**
Donated	-	3,819	-	1,131	3,375	-	-	80	**8,405**
Net book value total at 31 March 2017	**9,972**	**119,941**	**4,825**	**3,545**	**21,271**	**-**	**3,776**	**519**	**163,849**

Note 17.4 Property, plant and equipment financing - 2015/16

Trust	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2016									
Owned	9,888	117,300	2,962	10,016	17,277	2	3,896	345	**161,686**
Finance leased	-	-	-	-	41	-	-	-	**41**
Donated	-	5,377	-	1,631	1,900	-	-	88	**8,996**
Net book value total at 31 March 2016	**9,888**	**122,677**	**2,962**	**11,647**	**19,218**	**2**	**3,896**	**433**	**170,723**

Note 18 Donations of property, plant and equipment

During the year to 31 March 2017 the Trust received donations from which assets were purchased to the value of £1.6m, the majority of these donations were made as follows:
£1.3m: Bath Cancer Unit Support Group to purchase the PET CT installed this year; and
£0.3m: Royal United Hospitals Bath Charitable Fund, of which £0.1m was to fund project costs related to the RUH Development.

These charities are registered with the Charity Commission in England and Wales, further details are available on www.ruh.nhs.uk and www.bcusg.org

Note 19 Revaluations of property, plant and equipment

In accordance with the requirements of the Department of Health, the Trust's buidlings an dwellings were valued at 1 April 2016. The valuation was carried out by Cushman & Wakefield, formerly DTZ Ltd, an independent valuer, in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual being consistent with the agreed requirements of the Department of Health and HM Treasury. This valuation resulted in an impairment of £10.2m, of which £3.9m was charged to the revaluation reserve, and the balance of £6.3 charged to the SOCI. The detail of the impact of this exercise is detailed in note 16.1.

Under IFRS 13, the basis for valuing land and buildings is the depreciated replacement cost method (DRC), the guidance states that although the ultimate objective of the methodology is to produce a valuation of the actual property in its actual location, the initial stage of estimating the gross replacement cost has to reflect the cost of a site suitable for a modern equivalent facility. The valuation of the Trust's property was carried out on the basis of modern equivanlent asset replacement on an "alternative" single site.

Often this will be a site of a similar size and in a similar location to the actual site. However, if the actual site is clearly one that a prudent buyer would no longer consider appropriate because it would be commercially wasteful or would be an inappropriate use of resources, the modern equivalent site is assumed to have the appropriate characteristics. The fundamental principle is that the hypothetical buyer would purchase the least expensive site that would be suitable and appropriate for its proposed operations. In addition other factors need to be considered in addition to establishing the location of the modern equivalent site. The modern equivalent asset may not require a site as extensive as the actual site. In this respect land is no different to any other asset. If a smaller area is now sufficient to provide the same service, the modern equivalent site will be based on the reduced area required, even if the actual site is larger.

As per the requirements of the Department of Health and in line with the Trust's policy, a full valuation of the Trust's property is undertaken at least every 5 years, with a table top review every 3 years. If there are significant events in year that may impact on the value of the Trust's property an assessment will be undertaken by an independent valuer to calculate the effect. Following the political events during 2016/17 and the resulting impact on the UK economy Cushman Wakefield anticpated a 2.85% uplift in the value of the specialist property assets held by the Trust as at 31 March 2017. This uplift was applied to the assets resulting in an upward revaluation of £3.1m, of which £0.9m was credited to the SOCI as a reversal of previous impairments, with the balance of £2.2m credited straight to the revaluation reserve.
Impairments are first offset against existing revaluation reserves where the impairment relates to changes in market price with the balance chargeable to the Statement of Comprehensive Income. Where impairments arise from other factors, all the impairment is charged to the Statement of Comprehensive Income, irrespective of revaluation reserve balances held. A transfer within reserves from the revaluation reserve balances up to the level of the impairment is actioned where applicable.

Impairments made on the valuation of completed projects included the following: North Car Park (£0.6m); Pharmacy (£1.6m); Electronic Patient Records (£1.3m)

Note 20 Other investments

	Group	
	2016/17	2015/16
	£000	£000
Carrying value at 1 April	**6,405**	**6,516**
Acquisitions in year	-	81
Movement in fair value	623	(192)
Carrying value at 31 March	**7,028**	**6,405**

All investments held by the group are those of the RUH Charitable Funds which is registered in the UK with the Charity Commission.

Note 21 Analysis of charitable fund reserves

The Royal United Hospital Charitable fund has been consolidated within this set of accounts

	31 March 2017	31 March 2016
	£000	£000
Unrestricted funds:		
Unrestricted income funds	1,916	1,036
Restricted funds:		
Restricted income funds	6,590	6,199
	8,506	**7,235**

Unrestricted income funds are accumulated income funds that are expendable at the discretion of the trustees in furtherance of the charity's objects. Unrestricted funds may be earmarked or designated for specific future purposes which reduces the amount that is readily available to the charity.

Restricted funds may be accumulated income funds which are expendable at the trustee's discretion only in furtherance of the specified conditions of the donor and the objects of the charity. They may also be capital funds (e.g. endowments) where the assets are required to be invested, or retained for use rather than expended.

Note 22 Disclosure of interests in other entities

The Trust has one third controlling interest in Wiltshire Health and Care LLP, in partnership with Salisbury NHS Foundation Trust and Great Western Hospitals NHS Foundation Trust.

Wiltshire Health and Care LLP from July 2016, became responsible for the delivery of adult community healthcare across Wiltshire for at least the next 5 years. The LLP has a separate Board but strategic control of the organisation remains with the partners as detailed in the Members Agreement signed by the three NHS Foundation Trusts.

Wiltshire Health and Care LLP has a full year annual turnover of over £40 million. The clinical services provided to Wiltshire are procured mainly from Great Western Hospitals NHS Foundation Trust, with other small service provision, both clinical and corporate, received from Salisbury NHS Foundation Trust and the Royal United Hospitals Bath NHS Foundation Trust on a contract basis.

The financial risks of the LLP to the Members are limited to nil as per the signed members agreement, the surpluses are accounted for in the Trust's accounts using the equity method, however the LLP reports a breakeven position as at the 31st March 2017 therefore there is no investment gain to recognise.

Note 23 Inventories

	Group		Trust	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	£000	£000	£000	£000
Drugs	1,126	1,900	1,126	1,900
Consumables	2,443	2,484	2,443	2,484
Energy	59	67	59	67
Other	38	30	38	30
Total inventories	**3,666**	**4,481**	**3,666**	**4,481**

Inventories recognised in expenses for the year were £47,822k (2015/16: £53,071k). Write-down of inventories recognised as expenses for the year were £43k (2015/16: £92k).

Note 24.1 Trade receivables and other receivables

	Group		Trust	
	2017	2016	2017	2016
	£000	£000	£000	£000
Current				
Trade receivables due from NHS bodies	8,663	8,976	8,663	8,976
Receivables due from NHS charities	-	-	241	1,161
Other receivables due from related parties	2,401	2,235	2,401	2,235
Provision for impaired receivables	(629)	(579)	(629)	(579)
Deposits and advances	-	7	-	7
Prepayments (non-PFI)	2,823	2,465	2,823	2,465
Accrued income	8,845	3,308	8,845	3,308
PDC dividend receivable	154	511	154	511
VAT receivable	696	681	696	681
Other receivables	20	48	20	48
Trade and other receivables held by NHS charitable fund	-	1	-	-
Total current trade and other receivables	**22,973**	**17,653**	**23,214**	**18,813**
Non-current				
Provision for impaired receivables	(280)	(258)	(280)	(258)
Accrued income	1,480	1,512	1,480	1,512
Total non-current trade and other receivables	**1,200**	**1,254**	**1,200**	**1,254**

Note 24.2 Provision for impairment of receivables

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
At 1 April as previously stated	**837**	**1,051**	**837**	**1,051**
Increase in provision	467	456	231	456
Amounts utilised	(159)	(196)	(159)	(196)
Unused amounts reversed	(236)	(474)	-	(474)
At 31 March	**909**	**837**	**909**	**837**

Note 24.3 Ageing of financial assets

Group	31 March 2017		31 March 2016	
	Trade and other receivables	**Investments & Other financial assets**	**Trade and other receivables**	**Investments & Other financial assets**
Ageing of impaired financial assets	**£000**	**£000**	**£000**	**£000**
0 - 30 days	3	-	33	-
30-60 Days	4	-	43	-
60-90 days	17	-	164	-
90- 180 days	121	-	111	-
Over 180 days	425	-	486	-
Total	**570**	**-**	**837**	**-**
Ageing of non-impaired financial assets past their due date				
0 - 30 days	3,419	-	2,393	-
30-60 Days	1,930	-	568	-
60-90 days	374	-	846	-
90- 180 days	556	-	745	-
Over 180 days	651	-	579	-
Total	**6,930**	**-**	**5,131**	**-**

Trust	31 March 2017		31 March 2016	
	Trade and other receivables	**Investments & Other financial assets**	**Trade and other receivables**	**Investments & Other financial assets**
Ageing of impaired financial assets	**£000**	**£000**	**£000**	**£000**
0 - 30 days	3	-	33	-
30-60 Days	4	-	43	-
60-90 days	17	-	164	-
90- 180 days	121	-	111	-
Over 180 days	425	-	486	-
Total	**570**	**-**	**837**	**-**
Ageing of non-impaired financial assets past their due date				
0 - 30 days	3,419	-	2,393	-
30-60 Days	1,930	-	568	-
60-90 days	374	-	846	-
90- 180 days	556	-	745	-
Over 180 days	651	-	579	-
Total	**6,930**	**-**	**5,131**	**-**

Any receivable that is not due and has not been impaired are with customers with a good credit history with the Trust and full payment is anticipated.

This analysis has been revised to meet the requirements of IFRS 7 paragraph 37 (2013 version). The analysis is of all financial assets past due or impaired which should include investments and other financial assets. The analysis will also not include all receivables. Those that do not meet the definition of a financial asset (such as prepayments and debts arising under statute rather than contract e.g. ICR) are excluded.

Note 25 Non-current assets for sale and assets in disposal groups

Group	Most recently held as:		
	2016/17		2015/16
	Property, plant & equipment	Total	Total
	£000	£000	£000
NBV of non-current assets for sale and assets in disposal groups at 1 April	398	398	-
Plus assets classified as available for sale in the year	3,605	3,605	398
Less assets sold in year	(428)	(428)	-
NBV of non-current assets for sale and assets in disposal groups at 31 March	3,575	3,575	398

Trust	Most recently held as:		
	2016/17		2015/16
	Property, plant & equipment	Total	Total
	£000	£000	£000
NBV of non-current assets for sale and assets in disposal groups at 1 April	398	398	-
Plus assets classified as available for sale in the year	3,605	3,605	398
Less assets sold in year	(428)	(428)	-
NBV of non-current assets for sale and assets in disposal groups at 31 March	3,575	3,575	398

On 24 March 2016 the Board of Directors approved the sale of the Mineral Hospital and the assets were reclassified from land and building to assets held for sale. The assets have been held at carrying value as this is lower than fair value (market value) less costs of sale. The net book value of these assets are £3,575 and have been made available to purchase on the open market.

Trim street, an asset held for sale at 31 March 2016, was sold during 2016/17. Details of the disposal can be found in notes 4.2 and 16.1.

Note 26.1 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
At 1 April	**14,173**	**10,679**	**12,177**	**9,610**
Net change in year	4,171	3,494	4,448	2,567
At 31 March	**18,344**	**14,173**	**16,625**	**12,177**
Broken down into:				
Cash at commercial banks and in hand	8	18	8	18
Cash with the Government Banking Service	18,336	14,155	16,617	12,159
Total cash and cash equivalents as in SoFP	**18,344**	**14,173**	**16,625**	**12,177**
Total cash and cash equivalents as in SoCF	**18,344**	**14,173**	**16,625**	**12,177**

Note 26.2 Third party assets held by the NHS Foundation Trust

Royal United Hospitals Bath NHS Foundation Trust does not hold cash and cash equivalents which relate to monies held by the the foundation trust on behalf of patients or other parties.

Note 27 Trade and other payables

	Group		Trust	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	£000	£000	£000	£000
Current				
NHS trade payables	474	459	474	459
Amounts due to other related parties	123	160	123	160
Other trade payables	4,363	4,270	4,363	4,270
Capital payables	1,880	2,941	1,880	2,941
Social security costs	-	-	-	-
VAT payable	100	139	100	139
Other taxes payable	3,824	3,372	3,824	3,372
Other payables	2,706	2,552	2,706	2,552
Accruals	8,391	8,596	8,391	8,596
Trade and other payables held by NHS charitable funds	-	6	-	-
Total current trade and other payables	**21,861**	**22,495**	**21,861**	**22,489**

Note 28 Other liabilities

	Group		Trust	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	£000	£000	£000	£000
Current				
Deferred goods and services income	5,079	1,648	5,079	1,648
Total other current liabilities	**5,079**	**1,648**	**5,079**	**1,648**

Note 29 Borrowings

	Group		Trust	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	£000	£000	£000	£000
Current				
Loans from the Department of Health	2,958	2,767	2,958	2,767
Obligations under finance leases	10	57	10	57
Total current borrowings	**2,968**	**2,824**	**2,968**	**2,824**
Non-current				
Loans from the Department of Health	18,267	16,211	18,267	16,211
Obligations under finance leases	14	24	14	24
Total non-current borrowings	**18,281**	**16,235**	**18,281**	**16,235**

Note 30 Finance leases

Note 30 Royal United Hospitals Bath NHS Foundation Trust as a lessee

Obligations under finance leases where Royal United Hospitals Bath NHS Foundation Trust is the lessee.

	Group		Trust	
	2017	2016	2017	2016
	£000	£000	£000	£000
Gross lease liabilities	**26**	**81**	**26**	**81**
of which liabilities are due:				
- not later than one year;	12	57	12	57
- later than one year and not later than five years;	14	24	14	24
Finance charges allocated to future periods	(2)	-	(2)	-
Net lease liabilities	**24**	**81**	**24**	**81**
of which payable:				
- not later than one year;	10	57	10	57
- later than one year and not later than five years;	14	24	14	24

Note 31.1 Provisions for liabilities and charges analysis

Group*	Pensions - early departure costs £000	Other legal claims £000	Equal pay (including Agenda for Change) £000	Redundancy £000	Other £000	Total £000
At 1 April 2016	**911**	**33**	**811**	**52**	**691**	**2,498**
Change in the discount rate	-	-	-	-	-	**-**
Arising during the year	70	68	-	-	238	**376**
Utilised during the year	(77)	(12)	-	(28)	(378)	**(495)**
Reversed unused	(25)	(28)	(415)	(24)	(214)	**(706)**
Unwinding of discount	9	-	-	-	-	**9**
At 31 March 2017	**888**	**61**	**396**	**-**	**337**	**1,682**
Expected timing of cash flows:						
- not later than one year;	75	61	396	-	337	**869**
- later than one year and not later than five years;	812	-	-	-	-	**812**
- later than five years.	1	-	-	-	-	**1**
Total	**888**	**61**	**396**	**-**	**337**	**1,682**

*The Charitable Funds do not have any provisions, therefore the provision for the Group are those of the Trust.

Pensions - early departure costs
Early retirement costs and injury benefit payments for staff other than directors, based on the information provided by NHS Pensions. It is certain that the amounts and timings of the cash flows are accurate for the life of the claimant.

Other Legal Claims
Litigation claims against the Trust that are being handled by NHS Litigation Authority. The provision is based on the information provided by NHS Litigation Authority.

Agenda for Change
Provision for the amounts due to non medical staff for missed increment payments at the top and bottom of the band. The amounts are based on the individuals in question and so an accurate estimate of amounts owed. The timing is reliant on the staff claiming the funds.

Redundancy
A provision for the planned redundancies following the acquisition of the RNHRD. These are calculated amounts and are for people identified for redundancy therefore the cash flows are likely in the next 12 months.

Other
A range of provisions for various pay disputes and negotiations across the Trust including doctors pay banding, underpayments and on-call payments. These amounts are estimates based on known salaries and the likelihood of back pay. It is very likely that these will be resolved in the coming year.

Note 31.2 Clinical negligence liabilities

At 31 March 2017, £75,224k was included in provisions of the NHSLA in respect of clinical negligence liabilities of Royal United Hospitals Bath NHS Foundation Trust (31 March 2016: £43,907k).

Note 32 Contingent assets and liabilities

	Group		Trust	
	31 March 2017	**31 March 2016**	**31 March 2017**	**31 March 2016**
	£000	**£000**	**£000**	**£000**
Value of contingent liabilities				
NHS Litigation Authority legal claims	-	(31)	-	(31)
Gross value of contingent liabilities	**-**	**(31)**	**-**	**(31)**
Amounts recoverable against liabilities	-	-	-	-
Net value of contingent liabilities	**-**	**(31)**	**-**	**(31)**
Net value of contingent assets				

Note 33 Contractual capital commitments

	Group		Trust	
	31 March 2017	**31 March 2016**	**31 March 2017**	**31 March 2016**
	£000	**£000**	**£000**	**£000**
Property, plant and equipment	4,318	6,671	4,318	6,671
Intangible assets	2,563	69	2,563	69
Total	**6,881**	**6,740**	**6,881**	**6,740**

Note 32 Defined benefit pension schemes

NHS Pension Scheme

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

Employers pension cost contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the Trust commits itself to the retirement regardless of the method of payments.

Note 33 Financial instruments

Note 33.1 Financial risk management

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

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

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

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

Credit risk
Because the majority of the Foundation Trust's revenue comes from contracts with other public sector bodies, the Foundation Trust has low exposure to credit risk. The maximum exposures as at 31 March 2017 are in receivables from customers, as disclosed in the trade and other receivables note."

Liquidity risk
The Foundation Trust's operating costs are incurred under contracts with Clinical Commissioning Groups, which are financed from resources voted annually by Parliament . The Foundation Trust funds its capital expenditure from funds internally generated and loans from the Department of Health. The Foundation Trust is not, therefore, exposed to significant liquidity risks.

Note 33.2 Financial assets

Group	Loans and receivables £000	Assets at fair value through the I&E £000	Total £000	Loans and receivables £000	Assets at fair value through the I&E £000	Total £000
	2017			**2016**		
Assets as per SoFP as at 31 March						
Trade and other receivables excluding non financial assets	21,746	-	**21,746**	18,906	-	**18,906**
Cash and cash equivalents at bank and in hand	16,625	-	**16,625**	12,177	-	**12,177**
Financial assets held in NHS charitable funds	1,719	7,028	**8,747**	1,996	6,405	**8,401**
Total at 31 March	**40,090**	**7,028**	**47,118**	**33,079**	**6,405**	**39,484**

Trust	Loans and receivables £000	Total £000	Loans and receivables £000	Total £000
	2017		**2016**	
Assets as per SoFP as at 31 March				
Trade and other receivables excluding non financial assets	21,746	**21,746**	18,906	**18,906**
Cash and cash equivalents at bank and in hand	16,625	**16,625**	12,177	**12,177**
Total at 31 March	**38,371**	**38,371**	**31,083**	**31,083**

All financial assets have been assessed for credit worthiness and other than those provided for have been deemed low credit risk and anticipate recouping in full

Note 33.3 Financial liabilities

Group	Other financial liabilities £000	Total £000	Other financial liabilities £000	Total £000
	2017		**2016**	
Liabilities as per SoFP as at 31 March				
Borrowings excluding finance lease and PFI liabilities	21,225	**21,225**	18,978	**18,978**
Obligations under finance leases	24	**24**	81	**81**
Trade and other payables excluding non financial liabilities	21,861	**21,861**	22,495	**22,495**
Financial liabilities held in NHS charitable funds	-	**-**	-	**-**
Total at 31 March	**43,110**	**43,110**	**41,554**	**41,554**

Note 33.3 Financial liabilities (continued)

Trust	2017 Other financial liabilities £000	Total £000	2016 Other financial liabilities £000	Total £000
Liabilities as per SoFP as at 31 March				
Borrowings excluding finance lease and PFI liabilities	21,225	**21,225**	18,978	**18,978**
Obligations under finance leases	24	**24**	81	**81**
Trade and other payables excluding non financial liabilities	21,861	**21,861**	22,495	**22,495**
Total at 31 March 2017	**43,110**	**43,110**	**41,554**	**41,554**

Note 33.4 Maturity of financial liabilities

	Group 31 March 2017 £000	Group 31 March 2016 £000	Trust 31 March 2017 £000	Trust 31 March 2016 £000
In one year or less	27,899	25,319	27,899	25,319
In more than one year but not more than two years	2,768	2,768	2,768	2,768
In more than two years but not more than five years	8,409	8,400	8,409	8,400
In more than five years	4,034	5,067	4,034	5,067
Total	**43,110**	**41,554**	**43,110**	**41,554**

Note 33.5 Fair values of financial assets and liabilities at 31 March 2017

Financial Assets which are carried at cost are not considered to be significantly different to fair value.

Financial Liabilities are carried at cost which is not considered to be significantly different to fair value.

Note 34 Losses and special payments

Group and Trust	2016/17 Total number of cases Number	Total value of cases £000	2015/16 Total number of cases Number	Total value of cases £000
Total losses	-	-	-	-
Special payments				
Ex-gratia payments	30	209	29	8
Total special payments	**30**	**209**	**29**	**8**
Total losses and special payments	**30**	**209**	**29**	**8**

Note 35 Related parties

During the year none of the Department of Health Ministers, Royal United Hospitals Bath NHS Foundation Trust board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with Royal United Hospitals Bath NHS Foundation Trust.

The Department of Health is regarded as a related party. During the 12 month period to 31 March 2017, the Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are:

CCGs	Income 12 months to 31st March 2017 £000	Expenditure 12 months to 31st March 2017 £000	Receivables at the 31st March 2017 £000	Payables at the 31st March 2017 £000
NHS Wiltshire CCG	92,077	42	1,257	648
NHS Bath and North East Somerset CCG	79,660	76	1,524	365
NHS Somerset CCG	30,096	-	266	269
NHS South Gloucestershire CCG	8,033	-	101	34
NHS Bristol CCG	2,043	70	75	18
NHS Gloucestershire CCG	894	4	-	9
NHS North Somerset CCG	762	-	1	27

NHS England Organisations	Income 12 months to 31st March 2017 £000	Expenditure 12 months to 31st March 2017 £000	Receivables at the 31st March 2017 £000	Payables at the 31st March 2017 £000
NHS England - Core (including sustainability & transformation fund)	7,610	-	2,401	-
NHS England South West Local Office	4,875	-	29	-
NHS England - South West Commissioning Hub	48,422	-	4,798	-
NHS England South Central Local Office	5,187	-	4	68
NHS England - Wessex Specialised Commissioning Hub	3,438	-	-	-

NHS Trusts and Foundation Trusts	Income 12 months to 31st March 2017 £000	Expenditure 12 months to 31st March 2017 £000	Receivables at the 31st March 2017 £000	Payables at the 31st March 2017 £000
University Hospitals Bristol NHS Foundation Trust	1,036	1,095	318	349
Great Western Hospitals NHS Foundation Trust	814	2,201	410	562
North Bristol NHS Trust	638	875	336	357
Salisbury NHS Foundation Trust	431	92	155	59
Avon and Wiltshire Mental Health Partnership NHS Trust	319	77	81	3
Somerset Partnership NHS Foundation Trust	190	380	5	-
Yeovil District hospital NHS Foundation Trust	45	-	30	-
Gloucestershire Hospitals NHS Foundation Trust	80	1,767	69	157

Other Agencies	Income 12 months to 31st March 2017 £000	Expenditure 12 months to 31st March 2017 £000	Receivables at the 31st March 2017 £000	Payables at the 31st March 2017 £000
Health Education England	11,065	-	188	39
Department Of Health (excluding PDC)	516	5	-	-
Bath and North East Somerset Council	697	36	140	-
Wiltshire Unitary Authority	430	11	10	-
Welsh Assembly Government (incl all other Welsh Health Bodies)	304	-	408	-
Public Health England	3	2,033	90	1,856
NHS Litigation Authority	-	5,519	-	-
NHS Blood and Transplant (excluding Bio products Laboratory)	8	1,182	-	8

In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with Her Majesty's Revenue and Customs in relation to Value Added Tax,

The Trust has also received revenue and capital payments from the Royal United Hospital Bath NHS Trust Charitable Funds, for which the Trust Board acts as Corporate Trustee. The audited accounts of the Charitable Funds are available at www.ruh.nhs.uk.

Director of Finance and Deputy Chief Executive Sarah Truelove is married to the Director of Finance of Avon and Wiltshire Mental Health Partnership NHS Trust.

The Trust is an equal partner in Wiltshire Health and Care LLP, the Trust received payment of £23k in respect to the provision of Financial Services to the partnership.

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS AND BOARD OF DIRECTORS OF ROYAL UNITED HOSPITALS BATH NHS FOUNDATION TRUST

Opinion on financial statements of Royal United Hospitals Bath NHS Foundation Trust

In our opinion the financial statements:
- **give a true and fair view of the state of the Group and Trust's affairs as at 31 March 2017 and of the Group and Trust's income and expenditure for the year then ended;**
- **have been properly prepared in accordance with the accounting policies directed by NHS Improvement – Independent Regulator of NHS Foundation Trusts; and**
- **have been prepared in accordance with the requirements of the National Health Service Act 2006.**

The financial statements that we have audited comprise:
- the Consolidated Statement of Comprehensive Income;
- the Group and Trust Statements of Financial Position;
- the Group and Trust Statements of Changes in Equity;
- the Group and Trust Statements of Cash Flows; and
- the related notes 1 to 37.

The financial reporting framework that has been applied in their preparation is applicable law and the accounting policies directed by NHS Improvement – Independent Regulator of NHS Foundation Trusts.

Certificate

We certify that we have completed the audit of the accounts in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

Summary of our audit approach

Key risks	The key risks that we identified in the current year were: • Recognition of NHS clinical revenue; and • Accounting for property valuations.
Materiality	The materiality that we used in the current year was £6.4m which was determined on the basis of 2% of revenue.
Scoping	The focus of our audit work was on the Trust, with work performed at the Trust's head offices in Bath directly by the audit engagement team, led by the audit partner.
Significant changes in our approach	There has been no significant change in our approach.

Going concern

We have reviewed the Accounting Officer's statement contained within the Annual Report that the Group is a going concern.

We confirm that:
- **we have concluded that the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and**
- **we have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.**

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Independence

We are required to comply with the Code of Audit Practice and Financial Reporting Council's Ethical Standards for Auditors, and confirm that we are independent of the group and we have fulfilled our other ethical responsibilities in accordance with those standards.

We confirm that we are independent of the group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

Recognition of NHS clinical revenue

Risk description

There are significant judgements in recognition of revenue from care of NHS service users and in provisioning for disputes with commissioners due to:

- the complexity of the Payment by Results regime, in particular in determining the level of over-performance revenue to recognise; and

- the judgemental nature of provisions for disputes, including in respect of outstanding over-performance income for quarters 3 and 4.

Details of the Group's income, including £275.4m of Commissioner Requested Services are shown in note 3 and 4 to the financial statements. NHS debtors of £8.7m are shown in note 23.1 to the financial statements.

In addition, details of the income accounting policy are shown in note 1.2.

The Group earns revenue from a wide range of commissioners, increasing the complexity of agreeing a final year-end position.

How the scope of our audit responded to the risk	We evaluated the design and implementation of controls over recognition of Payment by Results income.
	We performed detailed substantive testing on a sample basis of the recoverability of over-performance income and adequacy of provision for underperformance and disputes through the year, and evaluated the results of the agreement of balances exercise.
	We challenged key judgements around specific areas of dispute and actual or potential challenge from commissioners and the rationale for the accounting treatments adopted. In doing so, we considered the historical accuracy of provisions for disputes and reviewed correspondence with commissioners.
Key observations	Based on the audit evidence obtained, we conclude that NHS revenue is appropriately recognised.

Accounting for property valuations

Risk description	The Group holds property assets within Property, Plant and Equipment at a modern equivalent use valuation of £129.9m as per note 16.1. The valuations are by nature significant estimates which are based on specialist and management assumptions (including the floor areas for a Modern Equivalent Asset, the basis for calculating build costs, the level of allowances for professional fees and contingency, and the remaining life of the assets) and which can be subject to material changes in value.
	In addition, critical accounting estimates and judgements in relation to the impairment of assets has been detailed within note 1.18. The accounting policy in relation to revaluations and impairments is detailed within note 1.5.
	The Trust commissioned a full revaluation as at 1 April 2017 resulting in an impairment of £10.2m and an interim revaluation exercise as at 31 March 2017 resulting in an upward revaluation of £3m. In addition, a specific impairment review has been carried relating to building projects that have been completed during the year resulting in an impairment of £2.3m.
	Capital additions for the year were £17.5m. Determining whether expenditure should be capitalised can involve judgement when applying IAS 16.
How the scope of our audit responded to the risk	We evaluated the design and implementation of controls over property valuations, and tested the accuracy and completeness of data provided by the Group to the valuer.
	The assumptions applied within the 1 April 2016 valuation were challenged by a Deloitte valuation specialist. This focused on the valuation basis applied and the assumptions adopted by the valuer.
	We have reviewed the disclosures in notes 1.5 and 1.18 and evaluated whether these provide sufficient explanation of the basis of the valuation and the judgements made in preparing the valuation.
	We assessed whether the valuation and the accounting treatment of the impairment were compliant with the relevant accounting standards, and in particular whether impairments should be recognised in Operating Surplus or in Other Comprehensive Income
	We tested spending on both capital additions and revenue and maintenance on a focused sample basis to confirm that it complies with the relevant accounting

|	requirements, and that the depreciation rates adopted are appropriate.
Key observations	Based on the audit evidence obtained, we conclude that the valuation of the Trust's estate is appropriate. We did not identify any issues with the capital additions recognised.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality	£6.4m with a clearly trivial threshold of £0.250m.
Basis for determining materiality	2% of revenue
Rationale for the benchmark applied	Revenue was chosen as a benchmark as the Trust is a non-profit organisation, and revenue is a key measure of financial performance for users of the financial statements.

Revenue £321.5m

- Revenue
- Group materiality

Group materiality £6.4m

Component materiality range £0.2m to £6.37m
Audit Committee reporting threshold £0.25m
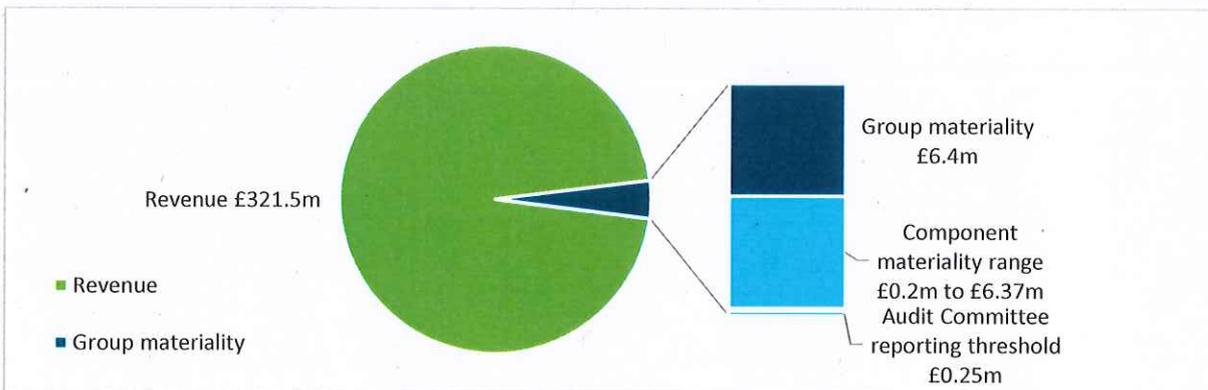
We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £250,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement at the Group level.

The focus of our audit work was on the Trust, with work performed at the Trust's head offices in Bath directly by the audit engagement team, led by the audit partner.

We performed specified audit procedures the Trust's subsidiary, RUH Charitable Fund, where the extent of our testing was based on our assessment of the risks of material misstatement and the materiality of the subsidiary to the Group.

Our audit covered all of the entities within the Group, which account for 100% of the Group's net assets, revenue and surplus.

Our audit work was executed at levels of materiality applicable to each individual entity which were lower than group materiality. The range of materiality used was £0.2m to £6.37m.

At the Group level we also tested the consolidation process.

Opinion on other matters prescribed by the National Health Service Act 2006

In our opinion:
- the parts of the Directors' Remuneration Report and Staff Report to be audited have been properly prepared in accordance with the National Health Service Act 2006; and
- the information given in the Performance Report and the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Annual Governance Statement, use of resources, and compilation of financial statements
Under the Code of Audit Practice, we are required to report to you if, in our opinion:
- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual, is misleading, or is inconsistent with information of which we are aware from our audit;
- the NHS foundation trust has not made proper arrangements for securing economy, efficiency and effectiveness in its use of resources; or
- proper practices have not been observed in the compilation of the financial statements.

We are not required to consider, nor have we considered, whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in respect of these matters.

Reports in the public interest or to the regulator
Under the Code of Audit Practice, we are also required to report to you if:
- any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit; or
- any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006 because we have reason to believe that the Trust, or a director or 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.

We have nothing to report in respect of these matters.

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

**We confirm that we have not identified any such inconsistencies or misleading statements.**

Respective responsibilities of Accounting Officer and auditor

As explained more fully in the Accounting Officer's Responsibilities Statement, the Accounting Officer is 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, the Code of Audit Practice and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team.

This report is made solely to the Council of Governors and Board of Directors ("the Boards") of Royal United Hospitals Bath NHS Foundation Trust, as a body, in accordance with paragraph 4 of Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Boards those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Boards as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report 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.
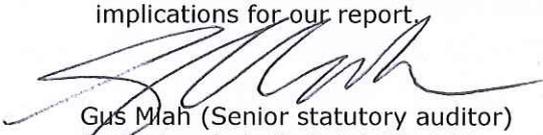
Gus Miah (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, United Kingdom
26 May 2017