



The Royal Orthopaedic Hospital 
NHS Foundation Trust

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Annual Report & Accounts 2016-17

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

Chairman and Chief Executive's introduction

This has been a challenging year across the NHS sector and the pressures experienced elsewhere have also been felt by the Royal Orthopaedic Hospital. The context in which we operate continues to be one of stringent financial control, with a real focus on delivering efficiency, while still offering safe care to our patients. The evolution of the Sustainability and Transformation Plans (STPs) this year has also created an emphasis on system-wide working as a means of addressing the health and social care needs of the population.

Despite this challenging environment, we remain firmly wedded to the Trust's vision to become the first choice in orthopaedic care as set out in our ambitious five year strategic plan. Given the influence of the changing landscape on how we work and offer our services however, the Trust Board has this year revisited and refreshed the strategic plan to provide an additional focus on the real deliverables in the next year or so. We remain determined and proud to oversee this work and ensure that we deliver the world class care our patients expect each day.

The Trust remains an active member of the National Orthopaedic Alliance Vanguard. This, together with the STP, provides a great opportunity for the ROH to strengthen collaboration, support improved outcomes and spread good practice regionally and nationally.

A real highlight during the year was the opening of our dedicated Paediatric and Young People's High Dependency Unit in February 2017, which provides a first rate facility in which to treat our youngest patients who need the most intensive level of support after their surgery.

There have been some changes to the Board and Executive composition and structure over the last year; Richard Phillips and David Gourevitch have joined the team, Richard offering some key skills in partnership working and innovation while David, a practicing surgeon at one of our neighbouring acute trusts, provides a clinical perspective at Board level. We have said goodbye to Tauny Southwood and Frances Kirkham; we wish them well and thank them for their much valued contribution during their six years with the Royal Orthopaedic Hospital. The Council of Governors agreed that the Trust's Chairman and Rod Anthony should be renewed for a further three year period, a decision that will bring stability and continuity to the Board as it moves through further challenging times. There were some changes to the Director team during the year. A new structure, including the departure of Jonathan Lofthouse (Director of Operations) and Anne Cholmondeley (Director of Workforce and Organisational Development) was also agreed. This took effect from April 2017 and involved the introduction of a new streamlined Executive Director group where Garry Marsh was appointed the Director of Patient Services and Phil Begg was appointed as Director of Strategy and Delivery. Alongside this the Transformation Committee was replaced by a new Board committee; the Major Projects & Organisational Development

Committee, a body that will create a much needed focus on, in particular, workforce-related matters such as staff experience and culture change.

We are delighted with some more accolades that the Trust has received during the year. The ROH received national recognition for its work during the year from the British Hip Society and from the British Scoliosis Society and, at an international level, from the Scoliosis Research Society. Our tissue viability nurses achieved success at the Pride of Nursing Awards hosted by the Birmingham Mail, while one of our pharmacy technicians won the adult apprentice of the year award, organised by Walsall College. The research and development team also achieved acclaim at the Clinical Research Network annual event for their work on use of digital technology in research.

There have been a number of additional reasons to celebrate during the year, with an upbeat staff awards ceremony in February, where we recognised our most talented and courageous staff, as well as those who had gone the extra mile in the name of the ROH. We also marked International Nurses' Day in May and laid on a lunchtime celebration as a thank you to our volunteers. The launch of the Knowledge Hub in April was an occasion to celebrate our leading-edge research and innovation. We were pleased to be joined by Professor David Adams, Pro-Vice-Chancellor, Head of College of Medical and Dental Sciences and Dean of Medicine from the University of Birmingham, who delivered the key note speech at this event. This was followed later in the year by the first ever Patient Safety Conference held at the Midlands Arts Centre, which was attended by over 100 leaders from across the Trust.

We have been fortunate to recruit some talented new consultants in spinal and pain services and also in anaesthetics and oncology. Our patient services division has also been joined by a new Associate Medical Director, a much welcomed appointment. We have said goodbyes during the year to some of the great and pioneering consultants, Professors Grimer and Carter, together with Mr Stirling. Their legacy at the ROH will be felt for years to come and we wish them every happiness in their retirements.

The Harrison lectures, launched last year, have continued this year with great success. Most notably, the lecture delivered by Professor Keith Porter on 'Bastion to Birmingham' was very well attended and included a number of students from local schools, who were interested in developing a medical career. In March, the Harrison lecture was delivered by Professor Dame Donna Kinnair, the Director of Nursing, Policy and Practice at the Royal College of Nursing. Donna spent the day at the ROH, meeting a number of nursing colleagues who talked to her about their work in the Trust. It has been another year of transition for our governors, with a number of departures and the start of others to fulfil this incredibly important role. Very sadly, one our longest serving governors, Jean Rookes, died during the year. Jean was a strong patient advocate and was very committed to the ROH. There were a series of governor elections during the year, where we saw Brian Toner and Lindsey Hughes join as public governors and Mel Grainger and Lynda Hindley join the Council as staff governors. Councillor Changese Khan also joined as Birmingham City Council's representative. We said farewell and thank you to Sue Lococo and Ronan Treacy who stood

down as staff governors. The work to foster proactive and positive relationships between the Board and the governors has continued during the year. The Annual General Meeting was held in September which was well attended by a number of our devoted members.

As the Trust embraces and celebrates its Bicentenary this year, we continue to be excited by our ambitions for the longer term: while undoubtedly operating in a very difficult financial and strategic context, we are confident that the ROH can build on its very solid foundations of good care and clinical practice to become an exceptional leader in the delivery of ground-breaking orthopaedics, both nationally and internationally.

We would like to take this opportunity to thank all the incredibly dedicated people: patients, staff, volunteers, governors and the public, who support the ROH in their different ways to make the Trust the great place that it is.



Dame Yve Buckland, **Chairman**



Jo Chambers, **Chief Executive**

A handwritten signature in black ink that reads "Y. H. Buckland." The signature is written in a cursive style.

A handwritten signature in black ink that reads "Jo Chambers". The signature is written in a cursive style.

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PERFORMANCE REPORT

1.0 Overview of Performance

1.1 Purpose of the overview section

The purpose of the overview is to give the user a short summary that provides them with sufficient information to understand the organisation, its purpose, the key risks to the achievement of its objectives and how it has performed during the year

1.2 Purpose and Activities

The Royal Orthopaedic Hospital NHS Foundation Trust is a single specialty orthopaedic hospital which provides both routine elective and specialist treatment. It offers spinal services to the region and soft tissue and bone tumour services to the Midlands, the North of England and Wales.

1.3 Brief History and Statutory Background

The ROH is situated in the south of Birmingham, five miles from Birmingham City Centre and two miles from the University of Birmingham. It became a foundation trust in 2007 and is a tertiary specialist orthopaedic centre treating the local population and people from across the UK and internationally. The Trust specialises in planned treatments of joint replacement, spinal and hand surgery as well as paediatrics. It is nationally recognised as a centre of excellence for the treatment of bone tumours and for having a specialist bone infection unit. The Trust works closely with Birmingham Children's Hospital in particular to care for children with spinal deformities. As the Trust moves into a new financial year it will be celebrating its two hundred year anniversary since its formation on 17th June 1817 when a Committee, chaired by the Earl of Dartmouth, was established to provide a "general institution for the relief of persons labouring under bodily deformity."

The accounts have been prepared under a direction issued by NHSI under the National Health Service Act 2006.

1.4 Planning for the future

The Trust's five year strategy is now three years into the five year cycle and the focus remains broadly unchanged. However, since the five year strategy was written, the health and social care landscape has become significantly more complex, and planning for our patients is now part of a much larger system-wide approach. The work undertaken during the first two years of the strategy laid firm and sure foundations for consolidation and growth; however there is much more work to be done. A refresh of the strategy was approved by the Trust Board in the autumn of 2016 to reflect this changing context and to provide a focus on the real deliverables in the short term, alongside a vision for the longer five year cycle.

The Trust remains focused and committed to seven work streams of:

- Creating a culture of excellence, innovation and service;
- Exceptional patient experience every step of the way;
- Safe and efficient processes;
- Fully engaged patients and staff;
- Information for excellence;
- Developing clinical services;
- ROH: The knowledge leader.

1.5 Key Issues and Risks

The Trust manages its internal risks through the Board Assurance Framework, which highlights major risks to the delivery of the Trust's strategic objectives and organisational goals. The key risks included in the Board Assurance Framework can be summarised as:

- Long-term viability as a Going Concern and deterioration in the Trust's cash reserves;
- The national tariff fails to remunerate work undertaken by the Trust;
- Adequacy of business intelligence to manage the organisation on a day to day basis;
- Organisational leadership of culture change, both from a capability and a capacity perspective;
- Impact on patient experience and the financial position as a result of long waiting times in spinal deformity services;
- Impact of regulatory context on the ability of the organisation to retain a focus on its strategic direction;
- Failure to learn lessons from when things go wrong.

Of these, the most significant risks for the Trust as it moves into 2017/18 are as follows:

- **Failure to deliver financial targets, impacting on financial stability, investment opportunities and regulatory rating and a deterioration in the cash reserves of the organisation** - these risks have become more pertinent this year as the Trust continues to address a deteriorating financial and activity position and its status as a Going Concern has been called into question.
- **Limited Capital funding being available to replace equipment beyond its useful life** - there is a risk that patient care might be compromised by the use of outdated technology and equipment
- **Long waiting times in spinal deformity** – there is a risk of poor patient experience and outcomes should patients needing spinal deformity procedures continue to wait excessively for treatment together with the additional risk of financial adversity should fines continued to be applied by commissioners.

- **Reported position against the 18 weeks Referral to Treatment Time target due to data quality issues** - there is a risk that patient pathways and referrals are open and not followed up, so patients are 'lost' in the system or no initial outpatient appointment is arranged.
- **Deterioration of performance against the 18 weeks Referral to Treatment Time target** - this risk relates to poor patient experience caused by patients waiting an excessive amount of time to be treated following referral as there is potential that patients will have been harmed by waiting an excessive amount of time before treatment and that in addition to poor patient experience there will be adverse clinical outcomes.

1.6 Going Concern Statement

The financial statements, as provided in detail in later sections of the Annual Report, have been prepared on a Going Concern basis. The assumptions within the financial statements have been fully challenged through Audit Committee and Trust Board, and the Directors have a reasonable expectation that the ROH has adequate resources to continue in operational existence for the foreseeable future.

In reaching this conclusion, the Directors have taken into account the Trust's operational plan, the agreement of the majority of service delivery contracts with CCG and NHSE commissioners for 2017/18 and the strength of the Trust's liquidity position which will ensure that cash remains available to cover operating expenses over the current planning period.

Despite the difficult financial environment in which all public services exist, the Directors are confident that the Trust has robust plans in place to ensure its sustainability. For this reason, they continue to adopt the Going Concern basis in preparing the accounts.

International Accounting Standards (IAS 1) requires the directors to assess, as part of the account's preparation process, the Foundation Trust's ability to continue as a Going Concern.

The Trust has introduced enhanced cash management controls during recent months to allow more accurate monitoring of cash levels and allow early warning of any working capital risks. Despite these controls the cash position at the year end, in addition to the deficit expected to be delivered during 2017/18, have resulted in the Trust's financial plans for 2017/18 and 2018/19 including an assumption of cash funding from the Department of Health. This is an assumption which has been fully discussed with NHS Improvement as part of the planning process.

Formal agreement of cash financing under current Department of Health financing arrangements does not take place until the month immediately preceding the requirement for cash, and thus at the time of completing the Going Concern assessment this information is not available, creating a material uncertainty that may cast significant doubt over the entity's ability to continue as a going concern.

Section 4.89 of the Department of Health Group Accounting Manual states 'the anticipated continuation of the provision of a service in the future, as evidenced by inclusion of financial provision for that service in published documents, is normally sufficient evidence of Going Concern'.

This guidance, in addition to the discussions held with NHS Improvement, have allowed the Directors to assess that, on the basis of their enquiries, there is still a reasonable expectation that the Trust will have adequate resources to continue in operational existence for the foreseeable future.

For this reason they continue to adopt the Going Concern basis in preparing the financial statements, and they do not include the adjustments that would result if the Trust was unable to continue as a Going Concern.

In reaching this conclusion, the Directors have also taken into account the Trust's operational plan and the agreement of service delivery contracts with CCG and NHSE commissioners for 2017/18 and 2018/19.

Approved by the Board of Directors on 30 May 2017

**Mr Paul Athey
Designated Accounting Officer
30 May 2017**

2.0 Performance Analysis

2.1 Purpose

The purpose of the 'Performance analysis' is to provide a detailed performance summary of how the Trust measures.

2.2 Performance Framework

The Trust's performance framework operates at a variety of levels. Key indicators are reviewed and challenged within two Board sub-committees; Quality & Safety Committee and Finance & Performance Committee. These committees review a detailed monthly performance report covering their areas of responsibility and undertake a detailed review of performance in these specific areas, which may include deep-dives into specific areas of concern and a review of longer term trends.

The Trust Board reviews the Finance & Performance Report and the Quality & Safety Report, and receives regular reports from the committee Chairs as to the assurance gained at their respective committees.

Local performance scrutiny takes place at divisional performance meetings. These are chaired by the Chief Executive and attended by other Executive Directors and the relevant divisional teams and take place monthly for the two clinical divisions and quarterly for the non-clinical and corporate divisions.

From November 2016, a weekly Recovery Board has been held to monitor performance against the Trust's five key work streams that form the basis of the Trust's recovery plan. These work streams (pre-operative assessment, theatre productivity, discharge planning, agency staffing and cost control) each have detailed action plans and work stream key performance indicators (KPIs) which form part of overall assurance framework.

2.3 Patient Care Performance

The Care Quality Commission undertook a re-inspection in July 2015, specifically to review the position in the Outpatients and the Trust's Critical Care departments, both having been previously rated 'Inadequate' for being responsive and safe respectively. The CQC report was published on 4 December 2015 and reported that, while services had improved in those areas, further improvements were still needed. The Trust's overall rating remains 'Requires Improvement'. The CQC rated both Critical Care and Outpatients as 'Good' for being caring.

During the year, a report from the Royal College of Paediatrics and Child Health (RCPCH) was received in response to a review undertaken in March 2016 given the significant concerns regarding the care of children identified as part of the CQC inspection in July 2015. Further detail is provided in the Annual Governance Statement. The Trust also received an unannounced visit by the CQC in July 2016 to review the actions being put into place to address the shortfalls identified by the RCPCH, particularly those relating to the care of children and young people in the Trust's High Dependency Unit (HDU). It was pleasing that

the CQC acknowledged that material changes had been made to improve the quality of care provided in our HDU.

During the year we have also made good progress in a number of our key quality priorities for 2016/17:

- Reducing the number of avoidable VTE events;
- Reducing the number of cancelled operations on the day that surgery is planned;
- Delivering the commitments outlined in the first year of the dementia strategy;
- Improving patient reported experience of pain;

The Trust has worked hard to improve the experience of our patients, with key successes including:

- Further improvement to the complaints' management process has been delivered during the year, following the identification of some shortfalls previously. The Key Performance Indicator for complaints was set at 90% completion within agreed timescales and this was met monthly for the majority of the year. This is a significant achievement given the shortcomings identified in the handling of complaints reported in previous years.
- The introduction of the Rapid Recovery pathway, which focuses on efficient and supportive discharge to enable patients to get home sooner. Many patients having had a hip replacement have been able to return home the day after surgery, with others being discharged within 48 hours. Feedback from patients has been very positive and more surgeons are coming forward to adopt this intensive recovery process for other specialities.
- The processes for ensuring that the Trust is compliant with the Duty of Candour regulations have been further embedded, thereby ensuring that when a patient experiences moderate or severe harm while in the care of the Trust, that we rapidly acknowledge our shortcomings and involve the patient fully in discussions about what went wrong.
- A new system has been implemented to capture patient feedback as part of the Friends and Family Test. 'I Want Great Care' was introduced in February 2017 and has been rolled out to all inpatient, outpatient and paediatric areas, resulting in an marked increase in the volume of feedback collected.
- Much work has continued to eliminate any cases of avoidable pressure ulcers, with considerable effort having been given to improving training and documentation. This was a key area for improvement in 2016/17 in the Quality Account and continues to be a priority for 2017/18.
- There have been measurable improvements in the number of patients waiting for 30 minutes or more for their appointment. There is still further improvement work under way to reduce the number of patients who wait for longer than 60 minutes, therefore this will be an area of focus for 2017/18.

- Most specialities consistently now record 100% against use of the World Health Organisation (WHO) checklist. Further targeted work is planned next year with those areas where there is evidence of continued non-compliance.

2.4 Operational performance

During 2016/17, the strategic and operational performance of the Trust was delivered through our divisional structure, comprising two clinical divisions (Patient Services and Patient Support Services) and three supporting divisions (Patient Access, Estates & Facilities and Corporate Services). These divisions were responsible for the delivery of safe and effective patient centred care, high quality outcomes and compliance with national and local finance and performance targets.

The Trust treated 13,973 admitted patients and 67,181 outpatients in 2016/17, an underperformance of 4.3% and 3.9% respectively as compared to planned levels of activity.

	Performance against Plan			Performance against 2015-16 Actual	
	Actual Treated 2016-17	Plan to Treat 2016-17	Variance	Actual Treated 2015-16	Variance
Inpatients	6,992	7,296	(304)	7,100	(108)
Day Cases	6,981	7,298*	(317)	7,854*	(873)
Total Admitted Patient Care	13,973	14,594	(621)	14,954	(981)
First Appointment	20,240	19,448	792	19,544	696
Follow Up Appointment	43,999	44,868	(869)	44,689	(690)
Outpatient Procedures	2,942	5,599*	(2,657)	5,020*	(2,078)
Total Outpatients	67,181	69,915	(2,734)	69,253	(2,072)

*A number of day cases were reclassified as outpatient procedures in 2016-17, which explains that variance between the 2015-16 actual activity and the 2016-17 plan in these two activity categories.

Inpatient activity remained reasonably stable in 2016/17, as did first and follow-up outpatient activity. In total, 108 fewer inpatients were treated in 2016/17 compared to the previous year; however this difference is explained by the fact that the Trust took the decision to close Theatres for one week in June as a result of investigations following a spike in infection rates. Whilst this investigation eventually highlighted no major cause for concerns and infection rates reduced to their previously low levels, the impact of this closure was that 142 planned inpatient procedures and 89 planned day case procedures did not take place.

Outpatient procedures reduced quite materially as a result of a redesign in the service model for pain management which, from 2017/18, will result in day case and follow-up outpatient review activity replacing procedures previously undertaken in an outpatient setting.

A significant driver for the underperformance in day case activity was an increase in the complexity of patients treated in 2016/17. The average income received for day case patients increased by 10% from 2015/16 levels, a trend that was also noted to a lesser extent in the complexity of elective inpatients. An increase in the complexity of patients inevitably means that more time and resource is allocated to the management of these conditions, resulting in less capacity available for other patient groups. This issue, along with a general increase in the number of patients being referred to the Royal Orthopaedic Hospital for treatment, has resulted in an increase in the number of patients waiting for surgery at the Trust. The Trust is expected to treat 92% of all patients referred into the hospital within 18 weeks of that referral. At the end of March 2017, this proportion had reduced to 84.79%. Plans are being drawn up with surgical colleagues to increase the capacity in the spring and summer of 2017 to reduce these waiting times down to a more reasonable level.

The management of our highly specialised paediatric spinal deformity patients within national waiting time targets continues to be a major challenge. For a cohort of medically complex children, the Trust is reliant upon a whole health system approach to identify and ring-fence appropriate capacity in terms of specialist staffing and facilities to enable timely treatment of these patients. Where the health system is unable to provide this capacity, the ability of the Trust to deliver treatment within a satisfactory timescale is significantly limited. During 2016/17, a joint project between the Royal Orthopaedic Hospital, Birmingham Children's Hospital and NHS England has been underway to identify additional, long term capacity to bring this service on to a more sustainable footing. This work has helped to stabilise the number of patients waiting over 52 weeks for treatment, which stands at 41 at the end of March 2017. This is an increase of 2 during the whole of 2016/17, compared to an increase of 31 in the last six months of 2015/16. Additional recurrent capacity will become available on the Birmingham Children's Hospital site from January 2018, which should enable an ongoing solution to be reached that will significantly reduce waiting times in this highly complex specialty.

The Trust did not meet its 62 day cancer target in the year ended 31 March 2017. This was as a result of a combination of factors; the trust treats a very small number of cancer patients, and those that are treated tend to have complex pathways and treatments, or are referred to the trust from other hospitals. The small numbers of patients mean that any patient missing the target for any of the above reasons has a significant impact on the percentage achievement. The Trust continues to strive to treat its cancer patients as quickly and effectively as it can, and seeks to improve its performance on this metric.

2.5 Financial Performance

The financial performance of the NHS has continued to be a subject of major debate during 2016/17 and the Trust, in common with many of our counterparts, has faced material challenges in delivering high quality healthcare within a finite financial envelope. The result of these challenges is seen within the Trust's final accounts, which show a deficit of £4.3m. The Trust is monitored on financial performance excluding a number of material non-operating adjustments linked to asset impairments, donated assets and the consolidation of the Trust's charitable funds accounts. The table below shows the overall deficit excluding these items, compared to the equivalent figures in 2015/16:

	2016-17 £'000	2015-16 (Restated) £'000
Final accounts deficit	(£4,383)	(£6,487)
Consolidation of charitable funds	(£153)	(£1,112)
Final accounts deficit – Trust only	(£4,536)	(£7,599)
Capital to revenue adjustment	-	(£2,300)
Impairment to asset valuation	£224	£3,237
Adjustment for Donated Assets	£11	-
Underlying deficit (“Control total basis”)	(£4,301)	(£6,662)

This table highlights that significant improvements have been made to the financial position of the Trust, with the underlying deficit reducing by nearly £2.4m in 2016-17. Whilst this demonstrates the positive steps taken during the year, there is still much to do to return to the Trust to a financially balanced position.

NHS Improvement set the Trust a target of delivering a £3.4m deficit in 2016-17, achievement of which would enable the Trust to access £0.2m of sustainability and transformation funding. As a result of the closure of theatres described in section 2.3 above, this target was adjusted to a £4.35m control total deficit. The Trust therefore over-achieved this revised target by £49,000.

The NHS is constantly under pressure to ensure that services are provided in the most efficient way, and the Trust has taken this challenge seriously, delivering £3.071m of efficiency and cost savings in 2016-17. This includes schemes linked to reductions in agency saving, procurement of drugs and other clinical consumables, renegotiation of contracts, site revaluation and a reduction in expenditure on non-clinical staffing.

A second successive year of material deficits has adversely affected the amount of cash that the Trust holds to deliver its ongoing business on a day-to-day basis and to invest in capital to maintain and improve our buildings, equipment and IT. As such, the Trust anticipates

needing cash support during the early part of 2017-18 and has been involved in detailed planning with our regulators to ensure that the process for accessing this cash is clearly defined. We are also exploring alternative options for the financing of capital projects to ensure that we are still able to progress with key capital developments.

In 2016-17, NHS Improvement introduced the Use of Resources Rating as a replacement for the Financial Sustainability Risk Rating. The Use of Resources Rating measures the Trust against five key financial indicators which include both short-term financial performance and longer term financial resilience.

Across these indicators, the Trust has received an overall Use of Resources Rating of 3 in 2016-17 (1 being the strongest, 4 being the weakest). For further details please see Section 6 of the Accountability Report.

2.6 Knowledge Hub

A key ambition set within the Trust's current five year strategy is to affirm our position as a Knowledge Leader in the field of orthopaedics. Fundamental to the delivery of this vision is the consolidation of the organisation's attributes around research, teaching, outcomes and innovation.

Many benefits and improvements have been seen in these areas over the last year, particularly with the integration and co-location of these important functions into one cohesive new department, the "Knowledge Hub" which was successfully launched on 29 April 2016. There have also been significant changes to the accountability and leadership of these functions with the appointment of Professor Phil Begg as Director of Strategy and Delivery providing board level oversight to the Knowledge Hub management team. A new Head of Research, Audit and Development position has been created to work alongside the Head of Education and Training to provide cohesive management to the Knowledge Hub.

The Trust has demonstrated its ability to continue to deliver its objectives and to increase its research and teaching performance despite these major infrastructure changes. This report summarises some of the highlights of the work undertaken within the Knowledge Hub over the course of the past year.

2.6.1 Training and Development Summary

When it comes to Education and Training, The Royal Orthopaedic Hospital NHS Foundation Trust, is a highly regarded teaching hospital. As a Local Education Provider (LEP) for Health Education England (HEE), the Trust provides specialist orthopaedic teaching and education for a number of local Universities and Higher Education Institutes. Through the annual Learning and Development Agreements (LDA) with HEE, the Trusts educational activity generates £2.2 million in financial income. The income received from the LDA, supports the Trust in mitigating the impact student teaching may have on activity levels, whilst allowing the Trust to provide an exceptional education infrastructure to enable the provision and delivery of the training an education activities and resources.

An aim of the Trusts People Strategy is to “develop our staff to deliver the best in orthopaedic care”, and over the last two years has been engaged with the Talent for Care Agenda. This is a nationally developed framework following the outcomes of the Francis Enquiry and the Cavendish review. The Talent for Care national strategic framework focuses on the primary themes of:

- Get In - opportunities for people to start their career in a support role
- Get On - support people to be the best they can be in the job they do
- Go Further - provide opportunities for career progression, including into registered professions.

The Trust is seeking to develop the Knowledge Hub facilities over the forthcoming years to create an integrated innovative space for research, simulated teaching, orthopaedic medical education and learning activities.

2.6.2 Research, Audit and Development Summary

Conducting high quality research is a critical component of the NHS to actively increase treatment options and improve clinical outcomes for the patients that it serves. For The Royal Orthopaedic Hospital to become the ‘first choice for orthopaedic care’, being at the forefront of research and innovation is an important element and moreover; a key part of our journey which will help us to achieve our mission.

Our ambitions include developing our individual research strands in relation to our

- i) home-grown research portfolio based on local priorities and patient needs,
- ii) academic and basic science type studies in collaboration with local universities and other NHS providers and
- iii) expanding our commercial portfolio which will validate and evaluate new medicines, medical devices and surgical techniques.

For the ROH to become a knowledge leader and thus the first choice for orthopaedic care, our new strategic objectives in relation to our research are based on the following six facets and actions to deliver these:

- 1) Increasing our research activity
- 2) Developing our research facilities
- 3) Developing our research workforce
- 4) Increasing our collaborations
- 5) Increasing our research income
- 6) Enhancing our research reputation.

The Trust Board is committed to delivering effective clinical audit in all of the clinical services of the organisation and sees effective clinical audit as a key component in developing and maintaining high quality patient centred services. Clinical audit is at the heart of good clinical practice and all clinicians need to be actively engaged in the

continuous evaluation and improvement of our services as they work towards the delivery of a better experience for patients, service users and their carers. The Research Audit and Development team are actively engaged with clinicians throughout the Trust and under the direction of the Trust's Medical Director and Clinical Lead for Audit and Outcomes in ensuring that these functions are fully integrated with the care processes of the organisation and in creating a culture that is committed to learning and continuous organisational development.

2.7 Key Highlights from 2016/17

2.7.1 Education and Training

Academic Education

Undergraduate Medical Education:

Working in partnership with the University of Birmingham, each year up to 400 fourth year medical students complete a two week musculoskeletal placement at the ROH. One of the unique teaching opportunities the Trust offers during the medical student placement is Patient Simulated Teaching (SIMS). During 2016, a new Specialist Physiotherapist for Education was appointed. This role has already improved the student experience and, in March 2017, the first ever inter-professional learning event between undergraduate medical students and physiotherapy students was held with positive outcomes.



“Fantastic teaching”
“Fun, vibrant and gave excellent teaching and career advice”
(Student feedback)

University of Birmingham Quality Assurance Visit 2016:

During 2016, the Trust received a Quality Assurance visit from the University of Birmingham to assess the student environment and standards of teaching whilst on placement at the Trust. The panel reported that it was a very positive visit and they were impressed with the commitment and enthusiasm the Trust had to undergraduate medical education and noted:

- Evidence of a strong education culture in the Trust
- Student views were taken seriously and acted upon
- Improvements noted in administration
- Innovative in use of space and resources available



Post Graduate GP trainee placements and teaching:

During their rotational placements from the West Midlands Deanery five GP trainees support the Trust in providing high standards of patient care. During this time the trainees receive weekly musculoskeletal and orthopaedic training and teaching.

“Excellent on site teaching”
(GMC National Trainee Survey 2015)

Birmingham Orthopaedic Teaching Programme (BOTP):

The BOTP, hosted by the Royal Orthopaedic Hospital, is one of the largest and most successful orthopaedic training programmes in the UK and comprises 40 trainees rotating through twelve hospitals across the West Midlands, all of which are committed to training the orthopaedic consultants of the future; the ROH hosts the weekly teaching sessions. Sixteen registrars work on rotation with the Trust developing their skills whilst delivering great patient experience and outcomes.



(Picture: Registrars from the BOTP; October 2016, with Programme Director Mr Khalid Baloch)

In addition to orthopaedic registrars, the Trust also provides placements for sports and exercise medicine, histopathology, radiography and anaesthetic registrars.

3 Green Flags received in the GMC National Trainee Survey 2015 for “access to educational resources”, “regional teaching” and “workload”.

Clinical and Educational Supervision – GMC accreditation:

All the junior doctors on placement in the Trust are required to have medical supervision. To provide this the Trust has accredited 44 clinical and/or educational supervisors. These supervisors were all accredited in July 2016, under the new GMC standards.

Non-medical Education and Training:

The Trust provides educational placements for up to 60 non-medical students at any one time from a range of specialties provided from partner universities including:

- adult and paediatric nursing degree
- physiotherapy
- radiography
- occupational therapists
- operating department practitioners
- pharmacy

In addition the Trust supports elective student placements from other universities, where the student specifically requests to attend the ROH to gain experience from our organization. These students are supported by network of trained professional mentors and this area is overseen by the Trust's Practice Placement Manager.

Training our staff

Management Skills Programme:

The Trust Management Skills Programme was delivered to three cohorts of fifteen delegates in the last twelve months. Delegates on the programme completed department projects, which had a positive impact on either efficiency or performance. Following the course delegates have demonstrated an increase in personal and team performance and some have received individual career promotions.

Investment in Learning:

Over the last two years, our Charitable Funds Committee has supported the Investment in Learning initiative. This initiative is open to all Band 1-4 staff, and higher banded staff in non-clinical roles, who can bid for funding to support them with their professional career development. In the last 12 months, this funding has allowed ten staff to complete "access to higher education courses", which will enable them to go on to university to study for a nursing degree or ODP diploma. It has also funded staff undertaking courses ranging from IT to Pharmacy technicians. The Staff League again demonstrated their support to the Trust by a donation to be allocated to a member of staff to support their professional career development.

Learning Recognition Awards:

The Trust's annual Learning Recognition Event was held in November 2016, where all staff who had undertaken qualifications and personal development courses were invited to celebrate their success together and were awarded certificates from the Chief Executive in recognition of their investment in their personal development for both themselves and the success of the Trust.

Developing our workforce of the future

Work Experience:

In 2016, the Trust launched its revised Work Experience Policy, and in the February 2017 half term, we saw our first work experience scheduled programme take place. We had twenty school age children (14-17) from schools across Birmingham join us for a four day classroom placement where they had the opportunity to meet with different members of staff covering a range of different professions as well as taking part in demonstrations from external companies. The students that attended were interested in pursuing careers in medicine, nursing and radiology but their time here exposed them to other professions that they had not considered and helped them to understand how both clinical and non-clinical roles work together, enabling the hospital to deliver the best in patient care.

Apprenticeships:

The Trust won “Small apprentice employer of the year 2016” and “Overall apprentice employer champion of the year 2016”

In 2016 the Trust was delighted to receive recognition of its achievements in providing apprenticeship career development opportunities to new and existing staff. At the West Midlands Regional Apprenticeship Awards, the Trust received the Small Apprentice Employer award, and to our great surprise, at the end of the night we were awarded the Overall Apprentice Employer Champion for the West Midlands region.

With the new apprenticeship levy requirements coming into effect from 1 April 2017, employers now fund their own apprenticeships via their levy payments, rather than through colleges accessing funding from Government sources. This new approach dramatically changes approaches to apprenticeships, which are now open to anyone, without restrictions, provided their employer agrees to cover the apprenticeship fees via the levy. Apprenticeship standards will be available from Level 1, to a Level 7 Masters equivalent. This creates a greater opportunity for the Trust to promote career development programmes to staff.

Library Services:



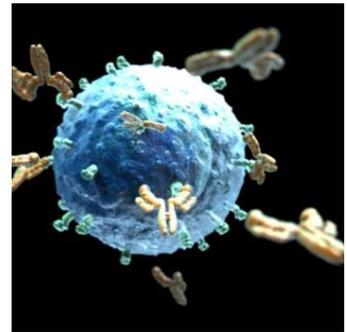
As part of the standards within the Learning and Development Agreement, the Trust is required to provide multi-professional library services and resources. The ROH library holds an extensive specialist orthopaedic journal collection, spanning in excess of 30 years, with more recent content being available to access online. Training and support is available to all staff with literature searching and finding evidence and information to enhance innovation in research and patient care. The library also offers access to an informal study space with computers, printing, scanning and photocopying freely available.

“Loads of space in the library; the resources available were very useful”
(Undergraduate Medical Student July 2016)

2.7.2 Research, Audit and Development Highlights

Ground Breaking Clinical Trials of Advanced Therapies:

ROH is the only UK site selected to participate in an international trial sponsored by major pharmaceutical company Amgen. This phase II trial is exploring the safety and efficacy of a novel monoclonal antibody therapy to treat Giant Cell Tumor of Bone (GCT). GCT is a precancerous bone tumour which, if left untreated, can lead to bone destruction and may spread to other regions of the body. The trial treatment is hoped to prevent bone destruction from the tumour and also to aid the repair of bone which has already been destroyed. This study allows patients at the Trust to access this experimental drug which is hoped will lead to significant advances in the treatment of GCT.



Patients at the Trust have been given the opportunity to participate in a pioneering new trial investigating the use of their own stem cells in regenerating bone tissue.

Patients with avascular necrosis of the hip experience a degeneration of their hip bone, ultimately resulting in the loss of function in their hip and therefore the use of their leg. Current treatment is the replacement of the affected hip joint with an artificial prosthesis. Hip replacement carries with it additional risks related to all major surgical procedure including the risk of post-operative infection and further hip implant replacements at intervals throughout the patient’s life are also normally required.



This new study seeks to discover whether the hip can be made functional again through stem cell regeneration of the hip bone, restoring function without the need for hip replacement. If found to be successful, this novel therapy has the potential to radically change the approach to hip replacement, offering an alternative option to hip replacement surgery and potentially major cost savings to the NHS. For patients this may reduce recovery time and could potentially lead to improved long-term hip function and avoid the need for periodic replacement of hip implants as they wear out.

Due to the nature of the advanced therapies involved, the delivery of this trial is extremely complex. Significant planning and coordination were required by the Trust's multidisciplinary research team in collaboration with the industry sponsor, Bone Therapeutics, in order to ensure the trial's success.

Improving the prediction of treatment outcomes following orthopaedic care:

The Trust delivered exceptional performance against tight deadlines to launch and complete the SNAP-2 study which aims to explore the postoperative risks following inpatient surgery. SNAP-2, a UK-wide observational cohort study funded by the NIHR, Royal College of Anaesthetists and National Institute of Academic Anaesthesia, involved a questionnaire and survey of staff and adult patients involved in/undergoing inpatient surgery within the Trust. The health outcomes of the patients included in the study will be monitored for the next ten years.

The study was processed by our research governance team within exceptionally tight deadlines in order to ensure that recruitment could commence in time for the fixed start date. Within the one-week recruitment window (21 -27 March 2016) ROH recruited 88 patients/staff before the study closure deadline, greatly contributing to the success of the national study.

The Trust recruited above the target for an observational study that will develop functional imaging methods to more accurately predict response to pre-operative chemotherapy within osteosarcoma patients under the age of 25 years. Functional imaging can provide more detailed physiological information compared with other imaging methods. This includes measuring changes in metabolism, blood flow, regional chemical composition and absorption. It is hoped that this additional information will enable the clinical team to more accurately predict response to treatment in this group of patients.

This study was particularly challenging to deliver due to the logistics of intercepting eligible patients and schedule the trial-related MRI imaging procedure in the short timeframe between referral and surgery. The data is yet to be analysed from this study but, if successful, has the potential to improve patient care in the future and could become part of standard practice to assist the diagnosis of malignant tumours in children and young people.

Delivering benefits to patients through trialling new therapies:

Our collaboration with Oxford University in the delivery of two highly successful physiotherapy trials (CORKA and BOOST) has continued to yield very positive experiences for those patients who have had the opportunity to participate. These trials are exploring the benefits of more intensive exercise therapy in older patients with spinal stenosis and following total knee replacement. Patient feedback has been extremely positive, particularly in the patients allocated to the experimental arm (who receive the more intense exercise therapy). Many patients have reported improvements in their symptoms, quality of life and psychological wellbeing. This is felt to be as a result of being more actively engaged in their treatment and receiving more challenging exercise therapy than is routinely offered to older patients.



The trial was also particularly successful in relation to the multidisciplinary approach used to ensure that the two trials continue to recruit faster than expected. This is due to the physiotherapists, research nurses and the Royal Orthopaedic Community Service (ROCS) working together to ensure that patients are provided with the opportunity to participate and are supported throughout their involvement in the trial.

“As a result of participating in the CORKA trial I have had the benefit of receiving more physiotherapy than is normally given to a patient.”

“I am delighted to say that the outcome of my treatment has been life-changing in that I no longer suffer the pain that I had in my knee and can again do things that, prior to the operation, I had given up”
(CORKA trial patient)

There are many benefits of patient participation in clinical trials, with the largest aim being to put the patient at the centre of their care. One example of this is the ITAP trial (intraosseous Transcutaneous Amputation Prosthesis) – a device which offers an alternative, more physiological method for attaching prosthetic limbs to the body, intended to prevent the amputee from having to use a socket to attach the upper or lower limb prosthesis. This implant is not yet widely used across the NHS but patients have said that this trial treatment has helped transform their lives.

This illustrates that participating in clinical trials can provide access and opportunity to medical equipment, treatments and techniques that may not yet have come to market. This in turn means patients are more closely monitored as they are given their own key worker, effectively implementing one-to-one care. Patients have expressed that they derive a lot of satisfaction knowing they have helped in the development of therapies and clinical knowledge which are likely to benefit patients in the future.

New Technology to Enhance Surveillance of Clinical Outcomes

The Audit team are working closely with the Trust's IT department and an external software developer 'Amplitude' to develop a web-based database for the audit and outcome monitoring of ROH patients. This data is essential for evaluating the quality of care provided to our patients and to help to predict outcomes of outpatient and inpatient treatment plans for our patients in the future.

The current process involves collecting this information on paper questionnaires in clinics and wards around the Trust. The data is then transferred into a database for audit and outcomes monitoring purposes. The new system allows patients to enter their own details prior to or upon arrival in the Trust and for the appropriate consultant to add additional clinical information about their treatment. Patients are then able to regularly update the system with their progress following treatment.

This new system is being rolled out initially across the priority areas of spinal and large and small joints services. The benefits of this new system are that the patient will have the option to complete the information in advance from home, prior to attending the Trust, which will potentially streamline clinics and prevent delays for the patient upon arrival.

2.8 Collaborations and partnerships

2.8.1 Education and Training partnerships

Fellowship of the Royal College of Surgeons (FRCS):

The ROH annually organises a three-day FRCS Trauma and Orthopaedic revision course within the Knowledge Hub. This is a highly recognised programme with registrars and fellows from across the country requesting to attend. The course is delivered collaboratively with support from consultants and tutors across the region, from which the consultants gain recognition and skills development whilst being able to share knowledge and develop best practice during the event.

Of the BOTP trainees who attended the FRCS revision course in both January 2016 and January 2017, 100% went on to successfully pass their final FRCS exams.

Aston University Medical School:

The Trust has signed a Memorandum of Understanding with Aston University Medical School to be a partner in the provision of its undergraduate medical degree. The first students are due to commence on the programme in September 2017. These students will attend the ROH in their third year for their orthopaedic placement. This will see an increase of 100 medical students visiting the ROH each year from 2020.

Mindfulness Based Organisational Education (MBOE):

In the autumn of 2016, the Trust embarked on a mindfulness training study, championed by Dr Conny Blunt, Consultant Anaesthetist. It was the first study of a mindfulness programme designed specifically to have an organisational impact. Over two cohorts of training, 100 staff were introduced to and trained in mindfulness techniques by Mark Leonard from Mindfulness Connected. Alongside the training, a research study was undertaken to monitor the organizational impact of the intervention. This was one of the most robust studies of mindfulness training in the field to date and is the first to show that such a programme improves work-related psychometric measures as well as reducing stress and improving trait mindfulness. The Trust experience of mindfulness and its potential impact were shared at the national Mind and Matter Conference in April 2017.

Harrison Lecture Series:

May 2016 saw the inaugural seminar of the Harrison Lecture Series. The programme included:

- Mr Alistair Thompson shared a History of Orthopaedics in Birmingham to an enamoured audience, tracing Birmingham's revolutionary approaches to orthopaedics back to 1817.
- The second seminar in the series was delivered in partnership with the West Midlands CARE team, where Sir Keith Porter enthralled a packed lecture theatre with his seminar "From Bastion to Birmingham", sharing his experiences of developing orthopaedic practice in a military environment and how this can translate into general medicine.
- In March 2017 Director of Nursing, Policy and Practice at the Royal College of Nursing, Dame Professor Donna Kinnair, visited the ROH as part of the Trust bicentenary celebrations. Whilst here she delivered the third Harrison Lecture, sharing her personal experiences of nursing and inspiring our staff with her open and honest approach.

The Harrison Lecture Series continues throughout the year.

2.8.2 Research, Audit and Development Partnerships

Local Collaborations

The Research Delivery Team and The Trust's Oncology Team have established successful models of working together to improve the integration of research into the oncology service. There is now a research presence in oncology multidisciplinary team meetings which has had a positive impact on all the oncology research studies and the 100,000 Genomes project. Communication, awareness and engagement between departments is beginning to flourish. Professor Jeys (Consultant Orthopaedic Surgeon) has promoted the success of this model and this in turn was discussed at the National Cancer Research Institute meeting as to how this aids our recruitment and research performance.

We are working closely with our colleagues at University Hospitals Birmingham NHS Foundation Trust to develop partnerships for the provision of key clinical support services for ROH research studies. This is particularly important to ensure that the Trust is able to participate in clinical trials requiring laboratory and imaging services which are not currently available on site at ROH. Such partnerships allow both Trusts to support one another to provide all of the clinical support services needed to deliver a wider range of interventional studies.

The Trust has a growing partnership with the Institute of Inflammation and Ageing and the MRC-ARUK Centre for Musculoskeletal Ageing Research at the University of Birmingham. Clinicians and academics from both organisations are working closely on the delivery of a portfolio of studies exploring inflammatory and metabolic mechanisms that drive osteoarthritis pathology and the role of skeletal muscle dysfunction and atrophy in chronic disease.

International Collaborations

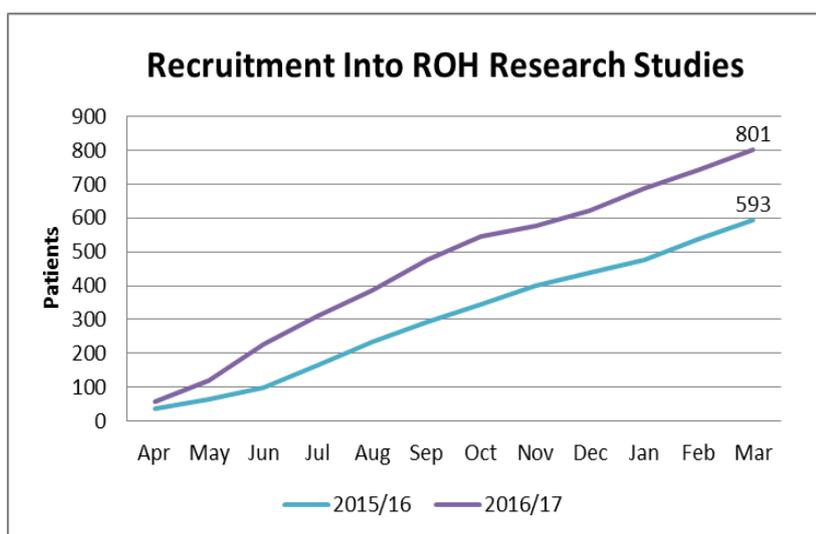
ROH's Spinal Deformity Unit is a member of the Growing Spine Study Group (GSSG) and the Centre for Disruptive Musculoskeletal Investigations (CDMI) and, through these groups, is actively engaged with international collaborations in the development of academically-led research programmes and in setting the agenda for future spinal research. It is hoped that several studies currently under development will come to fruition and be offered to ROH patients over the next few years.

Over the last year we have increased our collaboration with international pharmaceutical and bio-technology companies in delivering research studies and clinical trials evaluating new vaccines, medical devices and treatments for a range of orthopaedic conditions. Our current collaborations include Pfizer, Bone Therapeutics, Piramal, Daiichi Sankyo and Amgen. In doing so we will ensure that our patients have access to, and contribute towards, the development of the latest innovations in orthopaedic care.

2.9 Performance Metrics

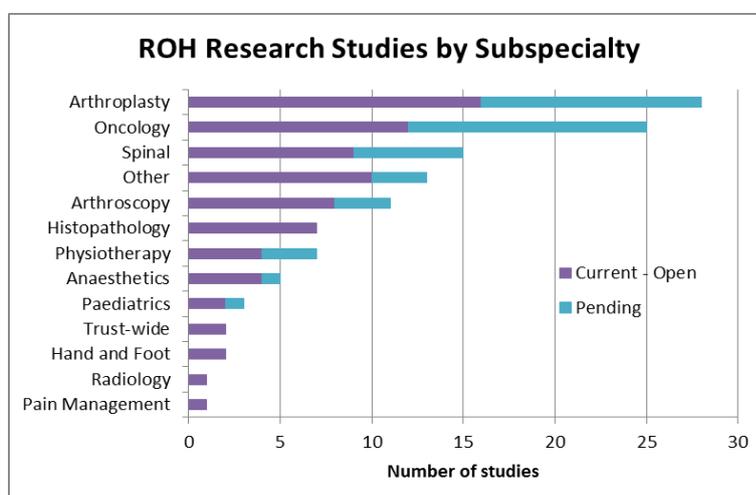
2.9.1 Research Audit and Development

Patient recruitment into research studies has increased considerably compared to the previous year with 36% more patients taking part in research within the Trust compared with 2015/16. The number of patients recruited into studies, which are part of the NIHR research portfolio, also increased by 12% with 617 recruited in 2016/17 compared with 408 in the previous year.



The research and development department has also seen a surge in new studies being set up to be launched within the Trust in the coming year with almost as many pending studies in some clinical subspecialties currently underway.

The most research-active specialties continue to be arthroplasty and oncology followed closely by spinal, which has significantly increased its research activity over the last year. It is also encouraging to see a marked increase in the number of studies underway in areas which were previously identified as opportunities for research growth including paediatrics, radiology and hand and foot.

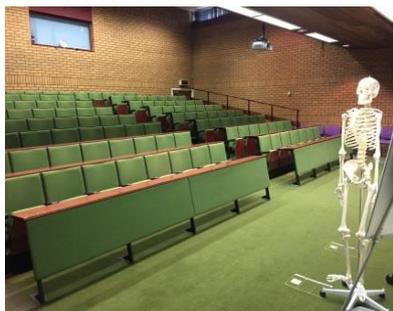


2.10 Knowledge Hub Facilities

Over the last year the Knowledge Hub has continued to create an open and welcoming space, introducing art work and facilities to develop an environment that is conducive to learning and education. The new layout of the foyer invites all staff and students to share this mutual space for providing break-out areas, self-study areas, quiet reflection space and interactive spaces for research, relaxation and revision.



Enhancing the learning environment:



A literature search revealed that artworks have been found to improve learning in educational environments and students were also found to have greater levels of concentration if they had a complete break from study at suitable intervals. We have been fortunate to obtain some large paintings with the aid of a grant from the charity Paintings in Hospitals and staff have provided books, magazines and games for use at break times.

A survey undertaken on behalf of Paintings in Hospitals found that these additions had enhanced the environment and given its users a more positive outlook.

The Hub is also home to the Trust library, the offices of the Research and Education teams, the Harrison Lecture Theatre, and our Seminar Room.



Library Services Survey 2016:

The responses from the 2016 Library Services Survey enabled us to make improvements to the services provided for staff and students:

- The library is now open to all staff, using swipe card access, seven days per week from 8:00 am until 9:30 pm.
- There is now the provision of an online article and literature search request system for all library members via Basedoc at www.basedoc.co.uk
- The journal collection is reviewed annually; an annual journal survey gives staff input into the decision-making around our journal collection renewal process. The Trust subscribes to a separate database of online journal content (Medline) with full text, which significantly expands our multi professional offering.
- The library has laptops for loan which have supported staff undertaking the care certificate programme and apprenticeships.

2.11 Future Direction

2.11.1 Education and Training:

The vision for the Education and Training team is for the Trust to be not only “First choice for Orthopaedic Care”, but to be “First choice for Orthopaedic Education and Training”. Building on its reputation as a reputable local education provider, and utilizing the specialist skills and knowledge within the organization, the Trust is looking to share its expertise through orthopaedic knowledge and education seminars, courses and workshops.

2.11.2 Research Audit and Development

Our long-term vision is to embed research and audit as core functions within all parts of the Trust, ensuring that our patients have access to the latest innovations and are able to contribute to the highest quality research and audit programmes which are designed to benefit our patients. Over the course of the next year there is a lot of work to be done in revisiting the local governance arrangements in preparation for this next step and in overcoming potential logistical barriers to widening our participation in interventional trials of new therapies.

We will be exploring further opportunities to build on our current research capabilities by strengthening our collaborations with local, national and international NHS, academic and industry partners. We will also look to develop our capabilities to deliver locally-initiated studies and interventional trials of new medical products and medical devices and begin to lay the foundations to securing major infrastructure funding awards in the future to further enhance our clinical research facilities.

2.12 The impact of the business on the environment

The Trust recognises its responsibility for carbon emissions associated with the use of energy and burning of fossil fuels. It continues to promote carbon reduction initiatives to encourage a culture of carbon efficiency to ensure improvements can be made to patient services in an environment where our staff colleagues are able to control the use of energy.

The Trust’s aim is to minimise the impact on the organisation, as far as practicably possible, by further developing our energy management measures not only to meet legislative and statutory requirements but also to encourage good use of energy. The Trust monitors energy and its incoming water supplies through intelligent meters.

Investment has been made to ensure that any refurbishment to the hospital estate includes energy efficient devices and fittings. A pilot initiative to install magnetic rings to a couple of the gas supplies serving the hospital has seen a reduction in overall gas usage over the last twelve months. The Trust has also started to make changes to non-clinical waste streams and again this has seen a reduction in the amount of waste going to landfill for the same period.

The Trust is the proud owner of a 'Green Apple Award' as a result of our effort to maintain and develop the semi-wooded environment on our Woodlands site. This continues the tradition maintained by the Cadbury family of keeping tree planting as a vibrant part of our community.

For more than 100 years the Royal Orthopaedic Hospital has been fondly referred to as the Woodlands, due to its location here in the former home of Dame Elizabeth Cadbury. Trees have always been a dominant part of the hospital's landscape, and part of the pride that many staff and patients derive from the hospital.



While we have been on this site for over 100 years, this year is our 200th anniversary. It seems fitting that we marked this by the planting of six new trees by our Chief Executive Jo Chambers, Chairman Yve Buckland and a range of staff, volunteers and Governors.

In the past year, the Trust was highly commended by Network West Midlands for its sustainable travel initiatives for the category 'Most Improved Organisation' for the period 2012/2016.

2.13 Equality and Diversity at ROH

Equality and Diversity for all our staff, patients and communities is incredibly important to the Trust. We make every effort to ensure staff and patients are treated in an inclusive way by encouraging everyone to role model the values, create equal opportunities, treat people fairly and develop good working relationships at ROH.

The Trust works to a number of equality and diversity objectives and interventions underpinned by a core set of Trust values. The senior leaders also support the work to

ensure that patients, staff and other stakeholders have a voice to put forward suggestions, concerns and ideas.

The Trust utilises the Equality Delivery System (EDS2) and this forms the foundation for our ROH Equality and Diversity objectives and action plan.

The EDS2 framework is split into four outcomes:

- Better health outcomes for all
- Improved patient access and experience
- Empowered, engaged and well supported staff
- Inclusive leadership at all levels

Implementation of EDS2 at ROH

This is the third year that ROH has developed annual equality and diversity objectives against the EDS2 criteria. The framework reflects the key outcomes from the previous year, input and feedback from staff, patients and key stakeholders and actions for the coming year.

The report is underpinned by the nine characteristics protected outlined in the Equality Act 2010.

Monitoring and reviewing of the Equality and Diversity Action Plan will be through the delivery of the EDS2 action plan in the following ways:

- Monthly progress updates to Director of Strategy and Delivery
- Quarterly review and update by Equality and Diversity focus group
- Updates to Executive Directors and Trust Board as requested
- Six monthly written and verbal update on progress to the CCG

2.14 Statement on the Modern Slavery Act 2015

The ROH recognises it has a responsibility to take a robust approach to slavery and human trafficking and is absolutely committed to preventing slavery and human trafficking in its activities.

The Trust has comprehensive safeguarding policies that highlight the need to protect vulnerable individuals. The policies are:

- Safeguarding Adults and Families at Risk
- Safeguarding Children, Young People and Families

We also refer to the Birmingham Safeguarding Adults Board and Birmingham Safeguarding Children's Board policies and procedures.

Both safeguard leads attend regular external training sessions to keep up to date with the latest information and support available. The last session attended was delivered by the Birmingham Safeguarding Adult Board.

As part of the Trust Statutory and Mandatory training day (attended once a year), all staff members are required to attend a safeguarding session to give a general awareness on modern slavery. There is also information and guidance on where to go for help if they are concerned about vulnerable individuals that they come into contact with.

2.15 Post year-end events

There have been no important events since the end of the financial year affecting the Foundation Trust that influence the information within this annual report.

2.16 Overseas Operations

There were no branches operated by the ROH outside the UK during the year.

ACCOUNTABILITY REPORT

Section 1:

Directors' Report

1.0 Directors holding office during 2016/17

The following held office throughout the period of this report:



Dame Yve Buckland – Chairman (First Term of Appointment 1 May 2014 to 30 April 2017, extended until 30 April 2020)

Yve Buckland started her professional life as an archivist having completed a history degree and archives training at Leeds and Liverpool Universities. She went on to have a series of managerial roles in local government working for Cheshire and Birmingham Councils before, in the early 1990s, she was appointed by Nottingham City Council as its Deputy Chief Executive and City Secretary, the first female Chief Officer in the Council since its establishment in the 1880s.

By 2000 Yve achieved her first national role when she was appointed by the Government to set up the Health Development Agency, a body which assembled and analysed the evidence-base for tackling key public health problems such as childhood obesity and smoking-related diseases. She was awarded a DBE by the Queen for her work in this area.

Yve became the Chairman of the NHS Institute for Innovation and Improvement and, for ten years between 2005 and 2015, was the Chairman of the Consumer Council for Water. She is a governor of the Kingsley School and is also a member of the independent panel advising ministers on Further Education College restructuring.

At the Council of Governors meeting on 15 March 2017, the Governors re-appointed Yve as Chairman for a further period of three years which will end on 30 April 2020.



Mrs Jo Chambers - Chief Executive Officer

Jo Chambers has over 30 years NHS experience in acute, community and primary care services as Chief Executive and previously as Director of Finance and Performance, with a track record of service improvement and developing teams.

Her previous experience also includes system-wide leadership as a commissioning Chief Executive, planning health services for whole populations and commissioning services from NHS, Local Authority and third sector providers.

Jo is currently the Lead Chief Executive for the Specialist Orthopaedic Alliance in the UK and is leading the development of new models of care through the National Orthopaedic Alliance Vanguard.

Jo is the Co-Chair of the Health Education England West Midlands Leadership Transformation Theme, leading on Chief Executive development for the region and recently spent two years on the Board of the West Midlands Academic Health Science Network Board working on the adoption and spread of innovation and developing the collaboration between NHS, education and industry partners.

Jo is the health provider representative on the West Midlands Combined Authority Public Service Board.



Mr Timothy Pile - Vice Chairman, Senior Independent Director – Non-Executive Director (Term of Appointment: First term of office completed 31 December 2015, extended until 31 December 2018)

Tim Pile is Chair of Cogent Elliott, non-executive director at Marshalls PLC, the CBSO and Past President of the Birmingham Chamber of Commerce. He was previously Chief Executive of Sainsbury's Bank, Non-Executive Director of Cancer Research UK, Trustee of the Library of Birmingham and Governor of Bromsgrove School. Tim has held various management positions at Alliance & Leicester and Lloyds.



Mr Rod Anthony – Non-Executive Director and Chairman of the Audit Committee (Term of Appointment: First Term of Appointment until 31 May 2017, extended until 31 May 2020)

Rod Anthony is a Chartered Accountant and experienced Chief Finance Officer and Managing Director. Currently Chairman of Social and Local CIC (a strategic marketing agency providing support to the public and third sectors), Rod is a director of The Innovations in Healthcare Gateway Limited (supporting the promotion and exchange of good practice ideas for health and care provision around the world) and a director of Sirona Design Ltd (a medical devices development and design business).

Rod also provides consultancy and Board advisory support to a number of public sector, commercial and social enterprise businesses, primarily operating within the field of healthcare innovation and improvement. Formerly CFO and Interim Managing Director at the NHS Institute for Innovation and Improvement, CFO at the Forensic Science Service Ltd and senior executive at GlaxoWellcome Plc (now GlaxoSmithKline Plc). Previously Rod was Vice Chair of Birmingham and Solihull NHS PCT cluster and Deputy Chair at Solihull Care Trust.

At the Council of Governors meeting held on 15 March 2017, the Governors re-appointed Rod as a Non-Executive Director for a further period of three years to end on 31 May 2020.



Mrs Kathryn Sallah – Non-Executive Director (Term of Appointment: First term of Appointment until 31 March 2018)

Kathryn Sallah has been working as an independent management consultant since January 2007. Her portfolio consists of health service reviews and redesign, advice to and development of NHS Boards, policy development and providing professional coaching. Previous clients include the Department of Health, the Welsh Office, primary care trusts, community provider services and acute trusts in England. Kathryn, a qualified nurse and midwife, has over 35 years' experience in healthcare in the UK and abroad. Kathryn's main focus has been on women's health issues and improvement in maternity services and, due to this, has also been the Midwifery Advisor to the Department of Health over several years. Kathryn has developed a keen interest in public health issues, which resulted in her successfully completing a Master's in Public Health at Birmingham University. She has held three Director of Nursing posts: Walsall Manor Hospital, Birmingham Women's Hospital and Birmingham Strategic Health Authority. Her responsibilities at the SHA included lead Director for the reduction of perinatal mortality.

This considerable experience at Board level has given Kathryn great understanding of corporate governance and accountability from both an Executive and Non-Executive Director perspective. Kathryn is currently a Trustee of two Charitable Trusts, which have honed further her non-executive skills. Kathryn chaired the national "Birthplace" research steering committees and was the Project Director for the Mid Staffordshire independent case note review. In 2007 Kathryn was awarded a MBE for services to Health Care in the Queen's Birthday Honours list.



Prof David Gourevitch – Non-Executive Director (Term of appointment: 1 February 2017 until 31 January 2020)

Professor David Gourevitch was appointed as a consultant surgeon in 1992 after completing his surgical training with dual accreditation in thoracic and upper GI/general surgery. Previously, he had worked in Africa (Mzuzu, Malawi, Durban, South Africa and Nqutu, Kwazulu) and written his MD thesis in vascular surgery.

Originally appointed with a particular interest in upper GI re-sectional surgery to Sandwell Hospital, his clinical practice was large and encompassed those of the neighbouring hospitals. In addition, he ran a large paediatric surgical service.

His practice was transferred to University Hospitals Birmingham NHS Foundation Trust (UHB) in 2003 when he was asked to lead the upper GI service at the teaching hospital. He subsequently established the Midland Abdominal and Retroperitoneal/Pelvic Sarcoma Unit (MARSU) in 2007 and, together with the Bone Sarcoma Service based at the ROH, formed the Birmingham Sarcoma Service.

MARSU continues to expand and operates a multispecialty unit with other surgical specialties based at UHB. The unit supports local and national sarcoma trials and contributes to the 100,000 Genome Project. It has also established a sarcoma fellowship and has close links to the sarcoma centres in Paris and Milan with whom the unit exchanges training surgeons.

Professor Gourevitch has held administrative appointments at UHB and national surgical societies, national committees and the Royal College of Surgeons. He is a Non-Executive Director at the ROH. He continues as the older operating sarcoma surgeon at MARSU.



Mr Richard Phillips - Non-Executive Director (Term of Appointment: 1 February 2017 - 31 January 2020)

Richard joined the Association of British Healthcare Industries as Director, Healthcare Policy in June 2015 with over 25 years' experience in the pharmaceutical and medical devices industries.

Richard holds a first degree in Sports Science from Brighton Polytechnic and a Master's in Health Economics Research and Management from Keele University. He served from 2003 until 2013 as a member of the Technology Appraisal Advisory Committee of the National Institute for Health and Care Excellence and also on the Programme Advisory Group of the Healthcare Quality and Information Authority in Ireland.

Richard is a Non-Executive Director of both the West Midlands and South West Peninsula Academic Health Science Networks, serving as Chair of the latter for most of 2015. He also chairs the Programme Board of the Small Business Research Initiative Healthcare. He is a longstanding member of the Institute of Healthcare Management.

During the year, two of the Trust's Non-Executive Directors completed their second term of office (the maximum permissible):



Professor Tauny Southwood – Non Executive Director (Term of Appointment: Second term of office completed 31 January 2017)

Consultant in Paediatrics at Birmingham Children’s Hospital, Head of the Department of Paediatrics at the University of Birmingham and Head of e-learning at the College of Medical & Dental Sciences. Previous roles have included Chair at EULAR Standing Committee on Paediatric Rheumatology, Head of Division of Reproductive & Child Health and Member of Medical School Board, Clinical Director and Director of Research & Development and Member of Executive Board.



HH Frances Kirkham – Non-Executive Director (Term of Appointment: Second term of office completed 10 February 2017)

Senior Circuit Judge, Technology and Construction Court, Birmingham. Founder Committee Member and First Secretary, UK Association of Women Judges. Trustee for A-CET (African Children’s Education Trust). Previous appointments have included partner roles for various solicitor firms, Information Officer for British Non-Ferrous Metals Federation, Publication Writer for Bank of London and South America and Lloyd’s Bank. Various Governor roles include Chair of Governors for Heathfield School for Girls, Board member of Centre for Advanced Litigation at Nottingham Law School, Council member for Chartered Institute of Arbitrators.



Mr Paul Athey – Director of Finance

Paul was appointed Director of Finance in May 2013 after spending four years as the Trust's Deputy Director of Finance. He is a member of the National Payment by Results Technical Working Group and Foundation Trust Technical Issues Group. Paul has fifteen years of NHS experience in a variety of roles in both provider and commissioning organisations. He is a former National Financial Management Trainee.



Mr Andrew Pearson - Medical Director

Andy Pearson is a Consultant Orthopaedic Surgeon and Medical Director for the Royal Orthopaedic Hospital.

He qualified at Charing Cross and Westminster Medical School in London and underwent his higher surgical training in orthopaedic surgery in the West Midlands. On completion of this training he undertook a fellowship in advanced hip surgery at The Nuffield Orthopaedic Centre in Oxford.

He has published papers and chapters in medical literature, taught other surgeons on courses and has presented work nationally and internationally. His research work centres on improving the success of hip replacement surgery for his patients. Mr Pearson has particular interest in the development of new and improved bearing surfaces for hip replacement surgery and in improving patient outcomes in revision hip replacement surgery for infection.

His orthopaedic practice encompasses primary and revision hip replacement surgery as well as hip resurfacing surgery. He receives tertiary referrals from other orthopaedic surgeons both regionally and nationally.



Mr Garry Marsh – Director of Nursing & Clinical Governance and Acting Director of Operations

Garry joined the Trust in February 2015 from United Lincolnshire NHS Trust, where he had been Deputy Chief Nurse for four years. He undertook a period of secondment initially, before being appointed permanently as Director of Nursing & Clinical Governance in September 2015.

Following a review of the executive portfolios in summer 2016, Garry took on the Director of Operations portfolio to strengthen the unity between the clinical and operational components of the Trust.

Beginning his nursing career as a healthcare assistant in an orthopaedic hospital, Garry continued to undertake his nurse training, qualifying in 1997.

Since qualifying he has gained a wide range of experience in a variety of both clinical and operational roles.



Prof Phil Begg - Director of Strategy & Transformation

Phil provides executive leadership at Board level on strategy. His role is to lead on the implementation of the five year strategy and push forward the organisation's transformation agenda. Phil holds research positions at the University of Birmingham and the University of Kentucky, and was formerly the Head of Academic Research/Education at University Hospitals Birmingham. He has a history of management positions, which sit alongside a successful clinical career.

Phil became a voting member of the Board with effect from 1 February 2017.



Mr Jonathan Lofthouse – Director of Operations (until 6 September 2016)

Appointed in 2014, Jonathan oversaw all operational aspects of the Trust, leading three divisions including all clinical services. Jonathan has worked in the NHS for many years, holding a variety of posts at director level, with significant experience in a variety of acute and ambulance trusts.

During the year the following was a non-voting member of the Board:



Ms Anne Cholmondeley - Director of Workforce and Organisational Development (until 31 March 2017)

Anne was appointed to the Trust in September 2009. She was previously Head of HR with eighteen years of experience in HR in the private and public sectors. Anne had three years' experience as Head of HR and Acting HR Director in Foundation Trusts prior to appointment. She has an MA in HR Development and is a Fellow of the Chartered Institute of Personnel and Development.

The Board is supported by:



Mr Simon Grainger-Lloyd - Associate Director of Governance & Company Secretary

Simon was appointed in August 2015, following a number of years as Trust Secretary of a large acute provider trust previously and Board Secretary of the Forensic Science Service. He has a BSc in Biology and has extensive experience of project and programme management, risk management and Board support.

1.1 Directors' interests and independence

The Trust's Register of Directors' interests is open to the public and can be accessed by writing to:

Associate Director of Governance & Company Secretary
The Royal Orthopaedic Hospital NHS Foundation Trust
Bristol Road South
Northfield
Birmingham, B31 2AP

The Board considers all Non-Executive Directors are independent in character and judgment and there are no relationships or circumstances which are likely to affect, or appear to affect, their judgment.

1.2 Balance, completeness and appropriateness of the Board of Directors

The purpose of the Trust's Board is to govern effectively and in doing so build patient, public and stakeholder confidence that their health and healthcare is in safe hands. This fundamental accountability to the public and stakeholders is delivered by building confidence. The Board of Directors is made up of Non-Executive and Executive Directors.

During the year the term of office of two Non-Executives came to an end. A key priority of the Non-Executive Director recruitment process, described in section 1.7 below, was to ensure the balance of the Board of Directors would be appropriate and the Trust, therefore, sought to appoint a Non-Executive Director with a clinical background and a second Non-Executive who had commercial and partnership-working experience.

As at 31 March 2017, the Trust has two Non-Executives on its Board with a clinical background; two Non-Executives with financial expertise: one of whom is a qualified Accountant, and a Non-Executive with a clear commercial focus. The Chairman has a wide range of experience as both a Non-Executive and Board Chairman and was awarded DBE in 2003 for services to Public Health.

Taking the wide range of experience of the Board of Directors as a whole, the balance and completeness of the Board is felt to be appropriate.

1.3 Board of Directors' discharge of obligations

Under law each year the Directors are obliged to prepare financial statements and present these to the Trust's Council of Governors and members at its Annual General Meeting.

The Directors are responsible for the adoption of suitable accounting policies and their consistent use in the financial statements, supported where necessary by reasonable and prudent judgments.

The Directors confirm the above requirements have been complied with in the financial statements. The Directors are also responsible for maintaining adequate accounting records and sufficient internal controls to safeguard the assets of the Trust and to prevent and detect fraud or any other irregularities.

The Directors also confirm the Board has conducted a review of the effectiveness of its system of internal controls as set out in the Annual Governance Statement.

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

1.4 Meetings of the Non-Executive Directors

In accordance with the Foundation Trust Code of Governance during the year, as and when required, the Chairman held meetings with the Non-Executive Directors without the executives being present. In addition the Chairman held regular meetings prior to formal Board meetings with Non-Executive Directors without Executive Directors being present. In both cases, the CEO attended these meetings by invitation.

1.5 Significant Commitments of the Trust Chairman

During the year Dame Yve Buckland, Trust Chairman, had no other significant commitments other than to the Foundation Trust.

1.6 Appointment of Chairman and Non-Executive Directors and process for appointing Non-Executive Directors

During 2016/17 the Non-Executive cadre of the Board comprised five Non-Executive Directors, plus the Chairman.

The Council of Governors has the power to appoint and remove the Chair and Non-Executive Directors of the Trust. Much of the business of appointment or removal is carried out by the Council of Governors' Nominations Committee.

In accordance with the Trust's constitution, Non-Executives and the Trust Chairman are appointed for an initial term of three years, with the possibility of reappointment for a further term once this has expired. The terms of office of two of the Non-Executive Directors (Professor Tauny Southwood and HH Frances Kirkham) were due to conclude in early 2017. Both had completed the maximum permissible term so a process to recruit replacement Non-Executive Directors was organised.

Given the changing national and local context the recruitment process focussed on attracting candidates with a commercial and partnership working skillset and separately candidates with a clinical background.

Given the stringent financial environment, the process was managed in-house using the Chairman, Company Secretary and the Chairman's PA. The saving the Trust achieved by managing the recruitment internally was c.£45k. The response to the recruitment pack was very positive.

Initial longlisting was undertaken in July 2016 by a panel comprising the Chairman, Lead Governor and the Associate Director of Governance/Company Secretary, with further shortlisting undertaken by the Council of Governors' Nominations and Remuneration Committee.

Interviews for the non-clinical post were held in July and for the clinical post in September 2016. The interview panel comprised the Council of Governors' Nominations and Remuneration Committee, plus the Chief Executive and the Associate Director of Governance/Company Secretary.

Having identified candidates to be nominated to the Council of Governors, background checks including those required to meet the Fit and Proper Person's test took place.

At Council of Governors meetings in September 2016 and January 2017, the Council of Governors approved the Nomination and Remuneration Committee's proposals that Richard Phillips be appointed as a non-clinical Non-Executive and Professor David Gourevitch be appointed as a clinical Non-Executive.

The Chairman, Dame Yve Buckland's first term of office was due to conclude on 30 April 2017. In terms of skillset and experience, Yve brings to the Board a good degree of commercial awareness, as well as a solid background in public service and health. Her skill set is of particular value, especially at the present time, given some of the financial and performance challenges that the Trust is facing. She is well networked and has the ability to influence at a regional and national level. At their September 2016 meeting, the Council of Governors heard that the Chairman's appraisal had been very positive and had indicated that she was keen to be reappointed. On this basis, at a meeting of the Council of Governors held on January 2017, Yve Buckland was reappointed for a further term of office to conclude on 30 April 2020, when she will have been in post for the maximum recommended six year period.

The first term of office for Rod Anthony, Chairman of the Trust's Audit Committee was due to conclude on 31 May 2017. Given the nature of the Trust's challenge and the wish of the Chairman to ensure stability at Board level, Rod Anthony indicated he would welcome being reappointed for a second term and, at a meeting of the Council of Governors held on 18 January 2017, Rod was reappointed for a further term until 31 May 2020.

1.7 Removal of the Chair or Non-Executive Director

Removal of the Chair or another Non-Executive Director requires the approval of three-quarters of the members of the Council of Governors.

1.8 Statement of operation of the Board of Directors and Council of Governors

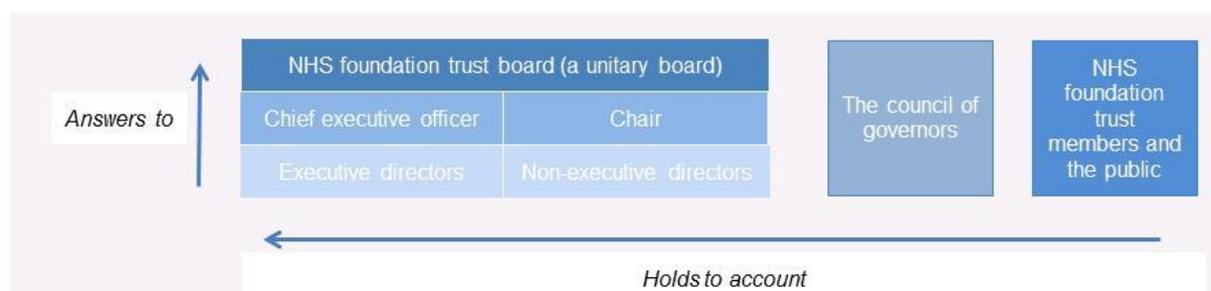
The Board of Directors comprises Executive Directors and Non-Executive Directors. The Executive Directors are employees, led by the Chief Executive Officer and they are responsible for the day-to-day management of the Trust.

The Non-Executive Directors are not employees and bring an independent perspective to Board meetings. They have a particular duty to challenge decisions and proposals made by Executive Directors. The Board is led by the Chairman who is also a Non-Executive Director. There is a Deputy Chair who is also the Senior Independent Director (SID). Tim Pile fulfils this responsibility at the Trust, this position being approved by the Council of Governors, the last time being when Tim's term of office was renewed in December 2015.

The primary role of the Board of Directors is to lead the Trust within the context of its strategy, whilst ensuring successful financial stewardship of the Trust. To achieve this, the Board receives regular reports on all aspects of its business to enable appropriate decisions to be taken.

The Board has a schedule of reserved decisions, which lists out decisions which only the Board can make and a scheme of delegation which details areas of responsibility delegated to committees and individual Directors/Manager.

The Trust's "chain of accountability" – including the position of the Council of Governors - is shown below:



The Chairman of the Board of Directors is also the Chairman of the Council of Governors and she is responsible for ensuring the Board and Council work effectively together.

A key role of the Council of Governors is to oversee the work of the Board and the Board and Council have agreed a statement that defines how each will operate and how any disagreements will be resolved.

The overriding role of the Council of Governors is to hold the Non-Executive Directors, individually and collectively, to account for the performance of the Board of Directors and to represent the interest of the Trust's members and the public. Notwithstanding this the Board of Directors and Council of Governors at the Royal Orthopaedic Hospital view their interaction as primarily one of constructive partnership with both the Board and Council seeking to work effectively together in their respective roles.

The Governors are responsible for appointing and removing the Chairman and the Non-Executive Directors and set their terms of office. The Trust's auditors are appointed by the Governors and the Governors and the Board must, by majority, agree changes to the Constitution.

The Board is collectively responsible for the performance of the Trust. The general duty of the Board of Directors, and each director individually, is to act with a view to promoting the success of the organisation to maximise the benefits for members of the Trust as a whole and the public.

The Board of Directors:

- provides entrepreneurial leadership within a framework of prudent and effective controls, which enables risk to be assessed and managed;
- is responsible for ensuring the Trust complies with its licence, Constitution, mandatory guidance issued by NHSI, relevant statutory requirements and contractual obligations;
- sets the Trust's strategic aims, at least annually, taking into consideration the views of the Council of Governors, ensuring the necessary financial and human resources are in place for the Trust to meet its priorities and objectives and, then, periodically reviewing progress and management performance;
- is responsible for ensuring the quality and safety of healthcare services, education, training and research delivered by the Trust and applying the principles and standards of clinical governance set out by the Department of Health (DH), NHS England, the Care Quality Commission (CQC) and other relevant NHS bodies;
- ensures the Trust functions effectively, efficiently and economically;
- sets the Trust's vision, values and standards of conduct and ensures that its obligations to its members are understood, clearly communicated and met.

Informal and frequent communication between the Governors and the Directors is an essential feature of a positive and constructive relationship which benefits the Trust and the services it provides. The Senior Independent Director and Chairman encourage informal communication on behalf of the Board of Directors. This includes discussions between individual Governors and the Chairman, the Chief Executive or a Director, through the office of the Chief Executive or any other person appointed to perform the duties of the Chief Executive to the Board.

Communications initiated by the Council of Governors, and intended for the Board of Directors, are conducted as follows:

- Specific requests by the Council of Governors are made through the Chairman to the Board of Directors;
- Any Governor has the right to raise specific issues at a duly constituted meeting of the Council of Governors through the Chairman. In the event of disagreement, two-thirds of the Governors present must approve the request. The Chairman will raise the matter with the Board of Directors and provide the response to the Council of Governors;
- Joint informal meetings take place between the Council of Governors and the Board of Directors as and when necessary.

1.9 Working with Governors and Members

The Royal Orthopaedic Hospital is a membership organisation with a membership which consists of two constituencies of staff members and two constituencies of the general public. Members in each constituency vote to elect governors and can also stand for election themselves.

The Trust is locally accountable and it is the Council of Governors who collectively bind the Trust to its patients, service users, staff and stakeholders. The Council of Governors consists of elected members and appointed individuals who represent both members and other stakeholder organisations and the Governors act as a link between patients, the public and the Board of Directors.

Members of the Board and, in particular, the Non-Executive Directors, develop an understanding of the views of Governors and Members about the Trust through a number of ways including:

- Attendance at Council of Governors meetings by the Non-Executive Directors, the CEO and executive team colleagues who brief the Governors on the Trust's strategy and current developments and answer questions to ascertain their views.
- At meetings, Non-Executive Directors report on their role on the Board and their Committee responsibilities. At meetings a question and answer session is held. Non-Executive Directors also account to the Governors for key Board decisions.
- Governors are invited to attend public Board meetings and attend some of the key committees and the Trust's working groups as observers and report back on the work of those groups.

1.10 Evaluation of Board

Each Board Committee prepares an annual work plan and evaluates its performance against this by way of an annual report which is presented to the Trust Board. In addition, each Board and Committee agenda includes an item for some reflection on the effectiveness of the meeting. During 2016/17 there was a continued drive for improvement and refinement in the operation of the Board committees, with an emphasis on strengthened upward reporting on matters of positive assurance or concerns requiring Board attention.

The Board within the year held two workshops where there were some reflective discussions on how the Board was operating. This resulted in some suggested improvements which will be formalised into a Board Development Plan in 2017/18 and will form part of the set of Board priorities for the coming year. A set of Board 'rules' was developed and adopted within the year, against which an assessment is made at the end of each Board meeting.

Executive Directors are set objectives which are evaluated by the Chief Executive. The Chief Executive's own performance is evaluated by the Chairman. The Non-Executive Directors' objectives are set by the Chairman; their evaluation is carried out by the Chairman, informed by feedback from a 360 degree appraisal exercise. The results are shared with the Council of Governors. The Chairman's appraisal is carried out by the Senior Independent Director, facilitated by the Associate Director of Governance & Company Secretary, with input from the Lead Governor. The results are shared with the Council of Governors.

Each Board Committee prepares an annual work plan and evaluates its performance against this. In addition, there is always an agenda item for each Committee to discuss meeting effectiveness. During 2016/17 there was a continued drive for improvement and refinement in the operation of the Board committees.

1.11 Board and Committee Membership

The Board continually reviews the structure of its Board Committees with a view to improving upward reporting and the escalation of issues.

Trust Board

The Royal Orthopaedic Hospital Trust Board is a unitary board which means that within the Board of Directors the Non-Executive directors and the Executive Directors share the same liability. All directors, Executive and Non-Executive, have responsibility to constructively challenge the decisions of the Board and help develop proposals on priorities, risk mitigation, values, standards and strategy. The Non-Executive Directors have a particular duty to ensure appropriate challenge is made and have to satisfy themselves as to the integrity of financial, clinical and other information, and that financial and clinical quality controls and systems of risk management and governance are robust and implemented.

A key strength of the unitary board is the opportunity to exchange views between Executive and Non-Executive Directors, drawing on and pooling their experience and capabilities with all Board members sharing corporate responsibility for formulating strategy, ensuring accountability and shaping culture.

Board meetings are held on a regular basis and the Chair of the Board is the Trust Chairman. There were nine Board meetings, one Workshop and one Board Development Session during the year.

Although the Board exercises all the powers of the Trust some powers may be delegated to a Committee of Directors or to an Executive Director.

DIRECTOR	MEETING DATE									TOTAL
	06/04/16	04/05/16	01/06/16	06/07/16	07/09/16	05/10/16	02/11/16	11/01/17	01/03/17	
Yve Buckland (Ch)	✓	✓	✓	✓	✓	✓	✓	✓	✓	9/9
Tim Pile	A	✓	✓	✓	✓	✓	✓	✓	✓	8/9
Rod Anthony	✓	✓	✓	✓	✓	✓	✓	✓	✓	9/9
Kathryn Sallah	✓	✓	A	✓	✓	✓	✓	✓	✓	8/9
Richard Phillips #1						✓	A	✓	✓	3/4
David Gourevitch #2										
Frances Kirkham #3	✓	✓	✓	✓	A	✓	✓	A		6/8
Tauny Southwood #4	✓	✓	✓	✓	A	✓	✓	✓		7/8
Jo Chambers	✓	✓	✓	✓	✓	✓	✓	✓	✓	9/9
Paul Athey	✓	✓	✓	✓	✓	✓	✓	✓	✓	9/9
Andy Pearson	✓	✓	A	A	✓	✓	✓	✓	✓	7/9
Phil Begg #5	A	✓	✓	✓	A	✓	✓	✓	✓	7/9
Garry Marsh	✓	✓	✓	✓	✓	✓	✓	✓	✓	9/9
Jonathan Lofthouse #6	✓	✓	✓	A						3/4
Non-voting Director attended as follows:										
Anne Cholmondeley	✓	✓	✓	✓	✓	✓	✓	✓	A	8/9

KEY:

✓	Attended	A	Apologies tendered
	Not in post or not required to attend	#4	Second term of office completed on 31 January 2017
#1	Associate Non-Executive Director from October 2017, appointed voting Non-Executive wef 1 February 2017	#5	Non-voting Director April - January 2017. Voting Director wef 1 February 2017
#2	Associate Non-Executive Director from October 2017, appointed voting Non-Executive wef 1 February 2017	#6	Left the Trust wef 6 September 2017
#3	Second term of office completed on 10 February 2017		

Board Committees

During 2016/17 the Board had the following committees:

Audit Committee

The Audit Committee is chaired by a Non-Executive of the Trust, Rod Anthony, who is a finance professional. During 2016/17 the Committee met five times. The Director of Finance & Performance is the lead executive for the Committee. The Audit Committee ensures the provision and maintenance of an effective system of financial risk identification and associated controls, reporting and governance. It maintains an oversight of the Trust's general risk management structures, processes and responsibilities, including the production and issue of any risk and control-related disclosure statements. It reviews the adequacy of underlying assurance processes that indicate the degree of achievement of corporate objectives and the effectiveness of the management of principal risks.

The Committee provides assurance to the Board that the controls and systems in place are robust, reliable and fit for purpose.

DIRECTOR	MEETING DATE					TOTAL
	19/04/16	24/05/16	07/10/16	09/12/16	03/03/17	
Rod Anthony (Ch)	✓	✓	✓	✓	✓	5/5
Tim Pile	✓	✓	A	✓	✓	4/5
Kathryn Sallah	A	✓	✓	✓	✓	4/5
Paul Athey	✓	✓	✓	✓	✓	5/5
Although not formal members the following Non-Executive Directors and Directors attended as follows:						
Yve Buckland		✓			✓	
Jo Chambers		✓			✓	
Garry Marsh					✓	

KEY:

✓	Attended	A	Apologies tendered
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- During 2016/17, in line with its approved internal audit plan, the Trust commissioned a number of internal audit reviews. The internal auditors issued seven positive assurance reports (one substantial and six reasonable assurance opinion), one no assurance and five partial assurance opinion reports:

Theatre Stock	No Assurance
Cost Improvement Programme (CIP)	Partial Assurance
Controlled Drugs	Reasonable Assurance
Pharmacy Stock	Reasonable Assurance
Duty of Candour	Reasonable Assurance
Serious Incidents	Partial Assurance
Medical Staff Revalidation and Appraisal Process	Reasonable Assurance
Patient Consent	Partial Assurance
Creditors	Substantial Assurance
Payroll - Local processes: <ul style="list-style-type: none"> • Payroll Processing • Right to Work in the UK Checks 	Split Opinion: <ul style="list-style-type: none"> Reasonable assurance Partial Assurance
Review of Annual, Study, professional and Special Leave	Reasonable Assurance
Estates - Fire Safety and Water Management	Partial Assurance

- In addition the Trust commissioned an advisory piece of work on the End to End Patient Pathway - 18 Week Referral to Treatment (RTT) This review identified 57 actions for the Trust to address and made suggestions and actions on how the Trust could maximise efficiency and performance.

During 2016/17 the Audit Committee sought assurances and reviewed performance across a range of areas, primarily:

- Reviewing evidence of the effective operation of internal controls and risk management processes;
- Ensuring an effective internal audit function that provides appropriate independent assurance to the Audit Committee, Chief Executive and Board;
- Receiving reports on counter-fraud work within the Trust;
- Considering the nature and scope of the external audit, reviewing all external audit reports and ensuring coordination, as appropriate, with other external audit functions in the local health economy;
- Reviewing audit and management reports, and monitoring progress with the implementation of improvement actions across the Trust;
- Reviewing the standing orders, standing financial instructions and standards of business conduct for the organisation;
- Receiving reports from executive managers across the Trust on areas of assurance and risk management of interest to the Committee.

In addition, the Committee:

- Considers and makes recommendations to the Council of Governors in relation to the appointment, re-appointment and removal of the Trust's External Auditor and oversees the relationship with the External Auditor;
- Monitors the integrity of the financial statements of the Trust, reviewing significant financial reporting issues and judgments which they contain.

The Audit Committee provides an annual report of its work to the Trust Board meeting and an assurance report is provided by the Chair of the Audit Committee to the following Trust Board meeting. The Committee has an annual work plan that ensures it embraces the necessary range of activities, including those relating to internal and external audit activities.

Where work which is not of an audit nature is undertaken by auditors, this is separately commissioned against a clear brief and is undertaken by someone not engaged in independently auditing the Trust. Where possible, this is scheduled into the work plan and is included in the information presented to the Council of Governors. This work plan is made available to the Council of Governors and the Chairman of the Audit Committee is available to update the Council on any matters of interest.

Discharge of Responsibilities

During 2016/17 the Audit Committee reported assurance to the Trust Board with a particular focus on:

- Ensuring the financial statements for the year ended 31st March 2017 reflected a true and fair position that there were no significant issues within the External Auditors' report that needed to be reported to the Trust Board;
- Ensuring the Annual Governance Statement reflected the Committee's knowledge of the Trust and no further disclosures were required. The Committee considered in detail the Head of Internal Audit Opinion on the 2016/17 financial year and other sources of assurance;
- Following-up on audit work completed in 2015/16, the Committee continued to receive regular reports from executive managers;
- During the year the Committee continued to strengthen a supportive working relationship with the Quality & Safety Committee (QSC). The Chair of Quality & Safety Committee is a member of the Audit Committee which has strengthened and enhanced the link between Audit Committee and the work of the Quality & Safety Committee and its sub-committees;
- The Audit Committee reviews arrangements that allow staff of the 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;

- The Committee monitored closely matters of compliance with specific clinical policies and procedures, as noted in the Annual Governance Statement and worked with the Quality & Safety Committee to strengthen controls and compliance in this area;
- The term of office for the external auditors was not due to conclude during the financial year;
- The Trust's internal audit function is provided by RSM and the Trust works closely with a Partner and Senior Manager to ensure independent, objective assurance is provided on our systems of internal controls and evaluation of improvements on the effectiveness of our risk management, control and governance processes. The Audit Committee agrees an annual internal audit plan that has been developed in line with the Trust's key strategic risks and objectives and the Committee monitors delivery against this plan at each meeting.

Quality & Safety Committee

The Quality & Safety Committee has designated responsibility for oversight of clinical risk management and is chaired by Kathryn Sallah, a Non-Executive Director of the Trust with a clinical background. The Director of Operations, Nursing and Clinical Governance is the lead Executive. The Trust's lead Clinical Commissioning Group and a member of the Council of Governors have a standing invitation to attend meetings and, although not a member, the Chairman attends meetings. The Quality & Safety Committee meets mainly monthly and regularly reviews clinical risks through consideration of the Corporate Risk Register, which also includes risks of a clinical nature of sufficient severity and/or impact as to warrant inclusion on the Board Assurance Framework.

The Quality & Safety Committee provides upward assurance to the Board on the activities undertaken by its subgroups covering particular aspects of quality, for example drugs and therapeutics, safeguarding and infection control. Much work has been undertaken during the year to strengthen the quality and content of the upward reports from the subgroups into the Quality & Safety Committee and a prescribed format has been embedded during the year which subgroup chairs use when they attend by rotation to present to the Committee.

DIRECTOR	MEETING DATE									TOTAL
	27/04/16	25/05/16	28/06/16	28/09/16	26/10/16	30/11/16	25/01/17	22/02/17	29/03/17	
Kathryn Sallah (Ch)	✓	✓	✓	✓	✓	✓	✓	✓	✓	9/9
Frances Kirkham #1	✓	✓	✓	✓	✓	✓	A			6/7
Tauny Southwood#2	A	A	✓	✓	✓	✓	A			4/9
David Gourevitch#3				✓	✓	✓	✓	✓	A	5/6
Jo Chambers	✓	✓	A	✓	✓	A	✓	✓	✓	7/9
Andrew Pearson	✓	A	✓	✓	✓	A	✓	✓	✓	7/9
Garry Marsh	✓	✓	A	✓	✓	✓	✓	✓	✓	8/9
Jonathan Lofthouse#4	✓	✓	✓							3/3
Although not a formal member the Chairman attended as follows:										
Yve Buckland				✓	✓		✓		✓	

KEY:

✓	Attended	A	Apologies tendered
	Not in post	#3	Associate Non-Executive Director from October, voting Non-Executive Director wef 1 February 2017
#1	Term of office completed 10 February 2017	#4	Left Trust 6 September 2017
#2	Term of office completed 31 January 2017		

Finance and Performance Committee

The Finance and Performance Committee was established in February 2016. The in-year focus of the Committee has been on activity and financial recovery given a deteriorating position on both. The focus of the Committee has been held by the development of a revised corporate performance report. The Committee is chaired by Tim Pile, the Vice Chair, and the Director of Finance and Performance is the lead Executive for this committee. The Committee meets monthly (apart from August) and regularly reviews finance and performance-related risks through consideration of an extract of the Corporate Risk Register, which also includes risks of a sufficient severity and/or impact as to warrant inclusion on the Board Assurance Framework.

DIRECTOR	MEETING DATE											TOTAL
	21/04/16	14/06/16	20/07/16	19/09/17	18/10/16	21/11/16 *	2/12/16	20/12/16	17/01/17	28/02/17	28/03/17	
Yve Buckland #1	✓	✓	✓	✓	A	✓	A	✓	✓	✓	✓	9/11
Tim Pile #2	✓	A	✓	✓	✓	✓	✓	✓	✓	✓	✓	10/11
Rod Anthony	✓	✓	A	✓	✓	✓	✓	✓	✓	A		9/11
Jo Chambers	✓	✓	✓	✓	✓	A	A	✓	✓	✓	✓	9/11
Paul Athey	✓	✓	✓	✓	✓	✓	✓	✓	A	✓	✓	10/11
Garry Marsh	✓	A	✓	✓	✓	✓	✓	A	✓	✓	✓	9/11
Richard Phillips#3						✓						1
Kathryn Sallah						✓						1
Jonathan Lofthouse	✓	✓										2/2
In Attendance												
Anne Cholmondeley#4		✓	✓	✓	✓	✓		✓	✓	✓		8
Andrew Pearson#4		✓	✓	✓	✓				✓	✓	✓	7
Phil Begg#4			✓									1
KEY:												
✓	Attended				A	Apologies tendered						
	Not in post				#2	Chair July 2016 onwards						
*	Extraordinary meeting				#5	Associate member but full member of the Committee wef April 2017						
#1	Chair April - June 2016				#4	Attends as required						

Transformation Committee (until January 2017)

The Transformation Committee was chaired by Tim Pile, Vice Chair and Senior Independent Director of the Trust and originally met around six times a year. The Director of Strategy and Transformation was the lead Executive. It maintained oversight of the key risks to delivery of the Trust's Transformation Programme. It regularly reviewed and tracked the progress of key deliverables within the Trust's Strategic Plan via routine monitoring reports from seven work streams. The Committee reviewed the impact of delays and underperformance in individual initiatives on the wider programme to ensure that risks were mitigated, interdependencies were managed and helped identify solutions where appropriate.

DIRECTOR	MEETING DATE			TOTAL
	17/05/16	19/07/16	18/10/17	
Tim Pile (Ch)	✓	✓	✓	3/3
Yve Buckland	✓	✓	✓	3/3
Rod Anthony	✓	✓	✓	3/3
Jo Chambers	✓	✓	✓	3/3
Paul Athey	✓	✓	✓	3/3
Garry Marsh	✓	✓	✓	3/3
Anne Cholmondeley	✓	✓	✓	3/3
Andy Pearson	A	✓	✓	3/3
Phil Begg	✓	✓	✓	3/3
Jonathan Lofthouse	✓	✓		2/2

KEY:

✓	Attended	A	Apologies tendered
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The Trust considered its Board Committee structure in the year in order to ensure risk is appropriately discussed and managed within the organisation and includes fully all disciplines. As a result of this review, and to reflect that transformation work is part of the day to day operational management, it was decided to disestablish the Transformation Committee and instead form a new committee focused on Major Projects and Organisational Development.

Major Projects and Organisational Development Committee [from January 2017]

The Major Projects and Organisational Development Committee is chaired by Richard Phillips, Non-Executive Director, with the Director of Strategy and Delivery as lead Executive. Although established by the Board during the year, the Committee did not meet in 2016/17, with the first meeting scheduled for first quarter of 2017/18. The Committee will meet quarterly. The Executive Director of Strategy and Delivery is the lead Executive for the Committee. The focus for the Committee is to provide the Board with assurance concerning the arrangements and progress with delivery of major projects and key initiatives in support of the Trust's strategic plan. In the immediate future, the Committee will focus on major IT initiatives, staff and clinical engagement and on leadership development. As with the Quality and Safety Committee, the Committee will regularly review workforce and project-related risks through consideration of an extract of the Corporate Risk Register, which also includes risks of a sufficient severity and/or impact as to warrant inclusion on the Board Assurance Framework.

Charitable Funds Committee

The Trust Board is the corporate trustee for the charitable funds of the Trust. Charitable funds are examined separately from exchequer funds and the Trustees discharge their responsibilities independently from the Foundation Trust itself. The Committee usually meets four times per year. Membership comprises all voting members of the Trust Board, a governor representative, a patient representative and a patient facing staff member.

During the year, the Committee was keen to raise the profile of Fund Raising in the Trust and now has a draft Fund Raising policy and is committed to recruiting a fund raiser with the intention being that during 2017/18 there will be a particular focus on fund raising.

DIRECTOR	MEETING DATE			TOTAL
	27/05/16	30/09/16	03/03/17	
Frances Kirkham (Ch)	✓	✓		2/3
Yve Buckland	A	A	✓	1/3
Rod Anthony	✓	A	A	1/3
Kathryn Sallah	A	✓	A	1/3
Tim Pile	✓	A	A	1/3
Tauny Southwood	A	A		0/2
Jo Chambers	✓	A	A	1/3
Paul Athey	✓	A	✓	2/3
Garry Marsh	✓	A	A	1/3
Jonathan Lofthouse	A		A	0/2
Andy Pearson	A	A	A	0/3

KEY:

✓	Attended	A	Apologies tendered
Note: February 2016 meeting was cancelled			

The year saw a number of fundraising activities; High Dependency Unit Matron Talitha Carding and Jenny Ledwidge, HDU staff nurse, attended the Trust Board meeting in February to tell the Board about fundraising activities Jenny had organised during the year which raised in excess of £2,000 for the new children's HDU to ensure that the environment is genuinely child-friendly.

Team ROH took to the streets of Birmingham in October 2016 to run 13.1 miles to raise money. Although a gruelling slog, they all crossed the finish line and raised over £1,000.



Nominations Committee (Executive Directors)

The Nominations Committee is chaired by the Trust Chairman and comprises all the Non-Executive Directors. The CEO is a member but, in the case of matters relating to the CEO themselves, the CEO must withdraw from the Committee. The Committee assures appropriate remuneration and terms of service for the Chief Executive and other members of the Executive Team. It meets as required to consider any matters relating to the continuation in office of any Executive Director, including the supervision or termination of service of an individual or an employee of the Trust.

The Committee reviews the structure, size and composition of the Board (including skills, knowledge and experience) required of the Board and makes recommendations to the Board or Council of Governors where appropriate with regard to any changes. It also gives full consideration to succession planning. The Committee identifies and nominates suitable candidates to fill Executive Director vacancies. The Committee liaises closely with the Council of Governors' Nominations and Remuneration Committee.

Attendance:

MEMBERS	06/04/16	13/07/16	07/09/16
Yve Buckland (Chair)	✓	✓	✓
Tim Pile	A	✓	✓
Kathryn Sallah	✓	✓	✓
Rod Anthony	✓	A	✓
Tauny Southwood	✓	A	A
Frances Kirkham	✓	A	A
Jo Chambers	✓	✓	✓

KEY:

✓	Attended	A	Apologies tendered
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Remuneration Committee

The Remuneration Committee has delegated responsibility for setting the remuneration for all Executive Directors, including pension rights and any compensation payments. The Committee also recommends and monitors the level and structure of remuneration for senior management. The Committee provides the Board with advice concerning the terms and conditions of employment, including the remuneration packages for the Chief Executive Officer and the Executive Directors. The Committee also seeks assurance on the robustness of the plans for the delivery of Trust's reward and recognition strategy for the Chief Executive Officer and Executive Directors.

During the year, one meeting of the Remuneration Committee was held which was chaired by the Chairman with all the other Non-Executive Directors as members. The Chief Executive Officer was present at that meeting. The Director of Workforce and Organisational Development attended this meeting by invitation to provide advice to the Committee in considering their responsibilities and decisions but had no conflicts of interest in relation to this role as her own terms and conditions of employment were governed by Agenda for Change and were therefore outside the remit of the remuneration committee.

Attendance:

MEMBERS	13/12/16
Yve Buckland	✓
Tim Pile	A
Kathryn Sallah	✓
Rod Anthony	✓
Tauny Southwood	✓
Frances Kirkham	✓
Jo Chambers	✓
Anne Cholmondeley*	✓

KEY:

✓	Attended	A	Apologies tendered
*	Attended by invitation		

1.12 Cost allocation and charging guidance

The Trust has complied with the cost allocation and charging guidance, (Chapter 6 of HM Treasury Managing Public Money).

1.13 Political Donations

There were no political donations during the financial year.

1.14 Better Payment Practice

The Trust paid 92.14% of non-NHS invoices within 30 days against the target of 95%. Of the remaining balance, 6.02% of invoices were paid late and 1.83% were paid late due to a dispute on the invoice. The Trust did not incur any late payment penalties during 2015/16 under the Late Payment of Commercial Debts (Interest) Act 1998.

1.15 How the Foundation Trust has had regard to NHS Improvement's quality governance framework in arriving at its overall evaluation of the organisation's performance, internal control and board assurance framework and a summary of action plans to improve the governance of quality.

Quality governance and quality are discussed in more detail in the Annual Governance Statement (Section 8) and Quality Report; this section gives a brief overview of the arrangements in place to govern service quality.

The Board receives assurance on quality governance through the Board Assurance Framework, performance against a wide range of indicators in the monthly Finance and Performance Overview and through assurance provided by the Quality and Safety Committee, which considers in detail a comprehensive report on Quality and Patient Safety.

The Quality and Safety Committee provides upward assurance to the Board on the activities undertaken by its subgroups covering particular aspects of quality. Much work has been undertaken during the year to strengthen the reporting lines and quality of information provided to the Quality and Safety Committee.

Work is ongoing to develop enhanced approaches to data reporting through the evolution of the Finance and Performance Overview and Quality and Patient Safety report to enable greater and more informed scrutiny.

There is a process of escalation of risk related to quality throughout the Trust; much work has been undertaken during the year to strengthen existing risk registers, with further work planned during 2017/18, particularly around better use of the electronic risk management solution and to deliver training on risk management more systematically.

Board members carry out informal walkabouts in which they gain first-hand experience regarding the quality of care and the views of patients and staff and others. A formal programme of Quality Assurance walkabouts is in place.

Assurance is obtained routinely on compliance with CQC registration requirements through Directors and Senior Managers of the Trust having specific responsibilities in respect of CQC standards and more generally in maintaining internal control systems to support those standards.

The Trust was re-inspected by the CQC in July 2015, following the initial inspection in June 2014. In response to the report from the visit released in December 2015, the Trust produced an action plan which addressed the recommendations raised. Progress with delivery of the action plan is monitored by the Quality and Safety Committee and Trust Board as part of their routine cycle of business. The progress with the delivery of the Royal College of Paediatrics and Child Health (RCPCH) action plan, developed in response to an inspection of the Trust's Paediatric services in March 2016, as mandated by the CQC, is monitored at an operational level by the Children's Board, one of the subgroups reporting upwardly into Quality and Safety Committee and it is also considered by the Board in private session.

When the Single Oversight Framework was launched in the Autumn 2016, the Trust was placed in Segment 2, this being the second of four segments. This signals one or more concern against the five domains NHS Improvement use to direct their judgement, these being quality and finance. The Trust retained this rating following the assessment at the end of Quarter 3, however as a result of regulatory scrutiny and challenge over the Trust's management of its 18 weeks waiting list, which is discussed in more detail in Section 8 of this report, together with the challenges over the Trust's long term sustainability, NHS Improvement has signalled that it is their intention to move the Trust into Segment 3. This process which will trigger greater support to assist the Trust with the challenges it faces and a greater degree of oversight by our regulators. In addition, a letter has been received from NHS Improvement, outlining where it

feels the Trust is in breach of its licence, these being mainly in respect of Condition FT4, NHS Foundation Trust governance arrangements. The letter also includes a set of legal undertakings that the Trust is required to address to remedy the operational issues identified, repair weaknesses in its governance framework and develop a strategy outlining the options for future sustainability of the Trust.

1.16 Patient Care

Further information concerning patient care activities can be found in more detail within the Quality Report section.

The Trust has demonstrated significant progress in delivering its Quality Priorities for 2016/17, which included success in reducing the number of avoidable Venous Thromboembolism (VTE) incidents, reducing the number of operations cancelled on the day of surgery, delivering the commitments we made in the Dementia Strategy and improvements in the way pain is managed. Those priorities not achieved in 2016/17 have been taken forward to 2017/18 as part of our continued commitment to excellent patient care.

The Trust continues to work hard to sustain these improvements and we are committed to continue our improvement journey for the coming year. To this end, the Trust has identified eight improvement priorities for 2016/17, progress against which will be monitored using a range of surveys and audits to determine, in a number of cases, improvement against a benchmarked position. Oversight of the performance will be provided overall by the Quality and Safety Committee where a regular progress report will be presented.

The Trust will continue to monitor delivery of the actions to address the recommendations provided in the CQC's inspection report received in December 2015, using the Quality and Safety Committee as the primary Board level oversight body. Good progress has been made against the delivery of the actions both within the CQC action plan and within the associated Royal College of Paediatrics and Child Health (RCPCH) action plan. Whilst there has been slippage in delivery of a Learning Disability Strategy, the Trust has now recruited a learning disability nurse who will progress this action. Arrangements for additional paediatrician cover remain an ongoing challenge for the Trust. Further detail can be found in the Annual Governance Statement.

Commissioning for Quality and Innovation (CQUIN) is a payment framework which allows commissioners to agree payments to NHS Trusts based on delivery of improvement work. Through discussions with our commissioners (Birmingham CrossCity Clinical Commissioning Group, BCCCG) and NHS England, the Trust agreed a number of improvement goals which reflect areas of improvement identified by the Trust. A proportion of the Royal Orthopaedic Hospital's income was conditional on achieving the quality improvement and innovation goals described within the CQUIN. During 2016/17 the total amount of income conditional upon achieving CQUIN goals was £1.560 million. The payment made was £1.223 million which

represents 78.4% of the total value of the 2016/17 CQUIN scheme. Further detail can be found in the Quality Report.

During the year the Communications team engaged with a diverse group of patients across the organisation. The feedback we receive continues to inform our approach to patient information. We are testing a single handbook approach with patients in our Rapid Recovery scheme which is aligning to the aims of this scheme, namely an effective and integrated approach. We also plan to develop a new set of information for our children and young people's services. This plan is informed by West Midlands Quality Review action plan which is due to be completed and reviewed in June 2017. This will involve collating new content and redesigning over 40 leaflets to ensure consistency in visual style, age appropriate language and approach, as well as improved accessibility. These will continue to develop and are due to be ordered and in use by July 2017.

The issues of timeliness of response and adherence to the complaints' procedure described in the previous report were managed and successfully resolved. The complaints' procedure was reviewed in full and additional checking procedures were implemented to ensure that there is no possibility of a recurrence of the same issues. The Key Performance Indicator for complaints was agreed at 90% completion within agreed timescales and this was met monthly for the majority of the year. Exception Reports were provided to Commissioners on two occasions where this was not met and these were accepted. There have been no issues highlighted with the management of complaints or complaints about the service during the year.

1.17 Stakeholder Relations

During the previous year, the Trust was selected to be represented in one of the new Vanguard models of care, jointly with the Royal National Orthopaedic Hospital Trust and Robert Jones & Agnes Hunt Orthopaedic Foundation Trust, to form the National Orthopaedic Alliance (NOA) Vanguard. These models are designed to lead on the development of new care structures and will provide an opportunity for the Royal Orthopaedic Hospital to strengthen collaboration, support improved outcomes and spread good practice. For patients it has the potential to help deliver higher quality care more consistently across the country. Work on writing the NOA quality standards has commenced and these are due to be launched during the current year. The NOA Vanguard is also exploring opportunities to replicate its membership model across other specialties and have so far had interest from providers in the areas of ophthalmology, urology and cardiothoracic surgery.

The Trust has participated in the development of the Birmingham and Solihull Sustainability and Transformation Plan and ensuring that the orthopaedics offerings were sufficiently well represented within the plan.

The Trust has an active Patient and Carers' Forum in place, which has met regularly during 2016/17 and has reported on its work to the Council of Governors.

The focus of public and patient activity this year has been on creating regular and one-off opportunities for engagement directly with the Trust but we are continuing to look at offering more opportunities for engagement so that Trust members in particular can become involved with, as well as maintaining existing opportunities on site. There are plans during 2017/18 to develop a governor and membership strategy that aims to address some areas of under-representation in our current membership and achieve an overall growth in membership, alongside developing a structured programme of engagement across all constituencies.

1.18 Material inconsistencies (if any) between:

There are no material inconsistencies between:

- the annual governance statement;
- annual and quarterly Board statements required by the Risk Assessment Framework, the Corporate Governance Statement submitted with the annual plan; the Quality Report, and Annual Report;
- reports arising from Care Quality Commission planned and responsive reviews of the NHS Foundation Trust and any consequent action plans developed by the NHS Foundation Trust.

1.19 Statement as to Disclosure to Auditors

For each individual who is a Director at the time that the report is approved:

- so far as the Director is aware, there is no relevant audit information of which the NHS Foundation Trust's auditor is unaware; 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 NHS Foundation Trust's auditor is aware of that information.

A Director is regarded as having taken all the steps that they ought to have taken as a Director in order to do things mentioned above, and:

- made such enquiries of his/her fellow directors and of the company's auditors for that purpose; and
- taken such other steps (if any) for that purpose, as are required by his/her duty as a Director of the company to exercise reasonable care, skill and diligence.

1.20 Income Disclosures

The Health and Social Care Act 2012 requires that the income from the provision of goods and services for the purposes of the health service in England must be greater than its income from the provision of goods and services for any other purposes. In 2016-17, the Royal Orthopaedic Hospital's income from the provision of goods and services for other purposes, derived from non-HM Government bodies, was 2.49% (£1,976k); therefore the Trust has complied with the Act in this regard. The Trust does not anticipate this proportion changing within the foreseeable future.

Any financial profit from the treatment of private patients is reinvested into improving care for NHS patients.

Section 2:

Remuneration Report

1.0 Annual statement on Remuneration

During the year the Remuneration Committee met on one occasion and made decisions concerning executive pay in relation to determining whether or not to agree an annual uplift of salary for Executive Directors. The Committee had due regard to the national pay awards made to other staff groups and at the December 2016 meeting took the decision to award an annual uplift of salary to Executive Directors in line with this of 1%.

In line with a commitment made to our regulators to reduce the overhead costs associated with our management structure, the Remuneration Committee made decisions in relation to a revised director structure to reduce the number of Executive Director posts to take effect from 1 April 2017 and the associated cost of this. The new role of Director of Patient Services merges Operations, Nursing and Governance and the role of Director of Strategy and Delivery subsumes the responsibilities for Workforce, Organisational Development, Strategy, Estates and Facilities.

2.0 Senior managers' remuneration policy

2.1 Future policy table: Executive Directors

	Salary and fees	Taxable Benefits	Annual Performance-related bonuses	Long-term Performance-related bonuses	Pension-related benefits	Other Remuneration
Description	Basic pay for Executive role	Expenses incurred in the course of their duties such as public transport, mileage and subsistence as determined by Trust policy	Not Applicable	Not Applicable	NHS Pension Scheme membership	Basic pay for consultant role (Medical Director only)
How that component supports the short and long-term strategic objectives of the foundation trust	To ensure the Trust is well-led and all short and long term objectives are met, the salary for senior managers must be competitive in order to recruit and retain talented individuals	To ensure senior managers are appropriately compensated for those journeys they have undertaken on behalf of the Trust. The policy for senior managers is the same as that applying to other staff.	Not Applicable	Not Applicable	This enables the Trust to recruit sufficient talent at Executive Director level and accords with custom and practice in the rest of the NHS.	This is essential to ensure a medically qualified person can occupy the role of Medical Director
An explanation of how that component operates	Executive Director Salaries are determined by the Remuneration Committee of the Trust Board, informed by benchmark salary derived from established national NHS pay surveys. Executive directors are appointed on a permanent basis under a contract of service at an agreed salary	Trust Expenses Policy applies to Senior Managers. Taxable benefits incurred fell within the scope of this policy. Levels of benefits reflect national terms and conditions for other staff groups to ensure consistency	Not Applicable	Not Applicable	This is determined in accordance with NHS Pension Scheme Benefits. No additional payments are made	As determined by national terms and condition of employment

	Salary and fees	Taxable Benefits	Annual Performance-related bonuses	Long-term Performance-related bonuses	Pension-related benefits	Other Remuneration
The maximum that could be paid in respect of that component	Fixed salary determined by Remuneration Committee	Not Applicable	Not Applicable	Not Applicable	As determined by NHS Pension Scheme Entitlements	As determined by national terms and condition of employment
Where applicable, a description of the framework used to assess performance	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Provisions for the recovery of sums paid to directors exist where overpayments have been made in error or annual leave taken in excess of entitlement.

Accompanying notes

There were no new components of the remuneration package.

There were no changes made to existing components of the remuneration package other than the pay award referred to above.

The policy on remuneration for other employees is to utilise national terms and conditions of employment, with local policies relating to pay progression.

The approach for senior managers is currently as determined above.

2.2 Future policy table: Non-Executive Directors

	Fee payable	Any additional fees payable for any other duties to the foundation trust	Such other items that are considered to be remuneration in nature
Description	Fee for the Chair , Committee Chairs and other Non-Executive Directors	Not applicable	Expenses incurred in the course of their duties such as public transport, mileage and subsistence as determined by Trust policy.
How that component supports the short and long-term strategic objectives of the foundation trust;	To ensure the Trust is well-led and all short and long term needs met, the fee for Non-Executive Directors must be competitive in order to recruit and retain talented individuals	Not applicable	To ensure Non-Executive Directors are appropriately compensated for those journeys they have undertaken on behalf of the Trust. The policy for Non-Executive Director expenses is the same as that applying to other staff
An explanation of how that component operates	The Chair and Non-Executive members are entitled to be remunerated by the Trust for so long as they continue to hold office as Chair or Non-Executive member. They are entitled to receive remuneration only in relation to the period for which they hold office. There is no entitlement to compensation for loss of office. The level of remuneration is determined by the Governors with due regard to the remuneration paid in other Foundation Trusts	Not applicable	Mileage and subsistence allowances for Non-Executive Directors are set by the Council of Governors.

	Fee payable	Any additional fees payable for any other duties to the foundation trust	Such other items that are considered to be remuneration in nature
The maximum that could be paid in respect of that component	The rate of remuneration payable to the Chairman of the Trust is £35,000 pa for up to two days a week. The Chair of the Audit Committee and the Senior Independent Director are remunerated at a rate of £14,000 pa. The current rate of remuneration payable to other Non-Executives is £11,000 pa for approximately three days a month.	Not applicable	Not applicable
Where applicable, a description of the framework used to assess performance	Performance of Non-Executive Directors is assessed by the Chairman annually, and for the Chairman, by the Lead Governor and Senior Independent Director	Not applicable	Not applicable

2.3 Service contracts obligations

There were no obligations on the Trust which:

- were contained in all senior managers' service contracts or;
- were contained in the service contracts of any one or more existing senior managers (not including any obligations in the preceding disclosure); and/or
- the Trust proposes would be contained in senior managers' service contracts to be entered into

and which could give rise to, or impact on, remuneration payments or payments for loss of office but which are not disclosed elsewhere in the remuneration report.

2.4 Policy on payment for loss of office

Where possible, all Executive Directors are employed on permanent contracts of employment with a six month notice period. Where the Trust has a requirement to use off-payroll or seconded Executive Directors and Non-Executive Directors, they are usually employed for a fixed-term basis and the Trust acts to ensure a permanently employed appropriate replacement is identified as soon as possible

No Executive Directors have provision for other payments over and above their contractual notice period or other statutory entitlements, to be made on termination of employment.

During the year there have been no payments made to senior managers for loss of office.

2.5 Exit packages

As part of a desire to reduce corporate costs, a Mutually Agreed Resignation Scheme (a scheme where individuals apply to leave the organisation in return for a payment) was offered in late 2016. The terms of the scheme are NHS-wide.

As a result of the scheme, the Director of Workforce and Organisational Development left the Trust on 31 March 2017. One senior manager below Board level and one other member of staff also left on this basis.

2.6 Statement of consideration of employment conditions elsewhere in the Foundation Trust

The pay and conditions of employees were taken into account when setting the remuneration approach for senior managers by ensuring consistency in determination of non-pay taxable benefits to ensure no favourable treatment for Executive Directors.

The staff governors contribute to the determination of non-executive pay, alongside other governors, however they have no further responsibility to consult more widely to ensure

their views reflect those of the wider staff and community and do not have any involvement in the determination of executives' remuneration.

In determining pay for Executive Directors, the remuneration levels for other NHS Trusts are reviewed, utilising published and recognised remuneration reports.

The Trust has in place, in addition to the professional indemnity cover provided under the Trust's arrangements with the NHS Litigation Authority, an additional directors & officers liability policy.

2.7 Senior managers paid in excess of £142,500

One director whose remuneration exceeded £142,500 was in post prior to 1 April 2017 (2015/16 two directors). The remuneration for this post holder was assessed and benchmarked against comparable Trusts, utilising published independent market salary information and was considered appropriate.

3.0 Annual Report on Remuneration

3.1 Service contracts

Name and title	Date of service contract	Unexpired term	Notice period
Dame Yve Buckland Chairman	1 May 2014	Until 30 April 2017	Note 1
Mr Timothy Pile Non-Executive Director and Vice Chairman	1 January 2016	Until 31 Dec 2018	Note 1
Mrs Jo Chambers Chief Executive Officer	1 December 2013	Not applicable	6 months
Mr Paul Athey Director of Finance	1 June 2013	Not applicable	6 months
Mr Andrew Pearson Medical Director	11 March 2013	Not applicable	6 months
Mr Jonathan Lofthouse Director of Operations	20 October 2014 - 6 September 2016	Not applicable	6 months
Mr Garry Marsh Director of Operations, Nursing & Clinical Governance	1 September 2015	Not applicable	6 months
Prof Philip Begg#2 Director of Strategy & Transformation	1 November 2014	Not applicable	6 months
Ms Anne Cholmondeley#3 Director of Workforce & OD	7 September 2009 - 31 March 2017	Not applicable	6 months
HH Frances Kirkham Non-Executive Director	11 February 2014	Until 10 February 2017	Note 1
Professor Taunton Southwood Non-Executive Director	1 February 2014	Until 31 January 2017	Note 1
Mr Rod Anthony Non-Executive Director	1 June 2014	Until 31 May 2017	Note 1
Mrs Kathryn Sallah Non-Executive Director	1 April 2015	Until 31 March 2018	Note 1
Mr Richard Phillips Non-Executive Director	1 February 2017	Until 31 January 2020	Note 1
Prof David Gourevitch Non-Executive Director	1 February 2017	Until 31 January 2020	Note 1

Notes:

#1 Non-Executive Directors may resign from office by giving one month's notice in writing

#2 Non-voting Director but became a Voting Director on 1 October 2016, following approval by the Nominations Committee

#3 Non-voting Director

3.2 Remuneration Committee

The Directors' Report (within the Accountability Report) provides the following details in respect of the Remuneration Committee:

- Details of the membership of the Remuneration Committee. This means the names of the Chair and members of the Remuneration Committee should be disclosed (Code of Governance A.1.2).
- The number of meetings and individuals' attendance at each should also be disclosed (Code of Governance A.1.2).

Anne Cholmondeley, Director of Workforce and Organisational Development, provided advice to the Committee in considering their responsibilities and decisions. She had no conflicts of interest in relation to this role because her own terms and conditions of employment were governed by Agenda for Change and was therefore outside the remit of the Remuneration Committee.

3.3 Disclosures required by Health and Social Care Act

The Trust believes that all relevant disclosures are detailed elsewhere in the report.

**4.0 Remuneration subject to audit (*This element of the annual report has been audited)
2016-17**

Name and Title	2016-17 (12 months to 31 March 2017)					
	Salary and fees (bands of £5,000) £000	Taxable Benefits Rounded to the nearest £100	Annual Performance - related bonuses (bands of £5,000) £000	Long-term performance- related bonuses (bands of £5,000) £000	Pension -related benefits (bands of £2,500) £000	Other Remuneration (bands of £5,000) £000
Dame Y Buckland – Chairman	35-40	0	0	0	0	0
Mrs J Chambers – Chief Executive Officer	150-155	200	0	0	40-42.5	0
Mr T Pile – Non-Executive Director, Vice Chairman	10-15	0	0	0	0	0
Mr P Athey – Director of Finance	100-105	0	0	0	0	0
Mr A Pearson – Medical Director Note 2	140-145	0	0	0	45.0-47.5	0
Mr J Lofthouse – Director of Operations (left 06.09.16)	45-50	0	0	0	Note 1	0
Mr G Marsh – Director of Operations, Nursing & Clinical Governance	95-100	0	0	0	7.5-10	0
Prof P Begg – Director of Strategy	90-95	100	0	0	0	0
HH F Kirkham – Non-Executive Director (term ended 10.02.17)	5-10	0	0	0	0	0

Name and Title	2016-17 (12 months to 31 March 2017)					
	Salary and fees	Taxable Benefits	Annual Performance -related bonuses	Long-term performance-related bonuses	Pension -related benefits	Other Remuneration
	(bands of £5,000) £000	Rounded to the nearest £100	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £2,500) £000	(bands of £5,000) £000
Mr T Southwood – Non-Executive Director (term ended 31.1. 17)	5-10	0	0	0	0	0
Mr R Anthony – Non-Executive Director and Audit Committee Chair	10-15	0	0	0	0	0
Mrs K Sallah – Non-Executive Director and Quality & Safety Committee Chair	10-15	0	0	0	0	0
Mr R Phillips – Non-Executive Director (Commenced 1 st February 2017)	0-5	0	0	0	0	0
Prof D Gourevitch – Non-Executive Director (Commenced 1 st February 2017)	0-5	0	0	0	0	0

*This element of the annual report has been audited.

Notes

1. Pension-related benefits is calculated by taking 20 times multiples of Director's annual rate of pension, plus their lump sum entitlement, and subtracting the equivalent figures for the previous year. The Directors indicated joined or left the Trust in either the current or prior year. As a result, the calculation would give a misleading result to the readers of the financial statements, and it has therefore been omitted from the financial statements for the current year.
2. Included within the Medical Director's salary and fees is his remuneration in relation to his clinical role, £141,000

2015-16

Name and Title	2015-16 (12 months to 31 st March 2016)					
	Salary and fees	Taxable Benefits	Annual Performance - related bonuses	Long-term performance- related bonuses	Pension -related benefits	Other Remuneration
	(bands of £5,000) £000	Rounded to the nearest £100	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £2,500) £000	(bands of £5,000) £000
Dame Y Buckland – Chairman	30-35	0	0	0	0	0
Mrs J Chambers – Chief Executive Officer	150-155	200	0	0	39.5-42.0	0
Mr T Pile – Non-Executive Director, Vice Chairman	15-20	0	0	0	0	0
Mr P Athey – Director of Finance	95-100	0	0	0	0	0
Mr A Pearson – Medical Director	20-25	0	0	0	127.5-130	115-120
Mr J Lofthouse – Director of Operations	110-115	0	0	0	0	0
Mr G Marsh – Director of Nursing and Clinical Governance	55-60	0	0	0	Note 1	0
Prof P Begg – Director of Strategy and Transformation	90-95	0	0	0	0	0
HH F Kirkham – Non-Executive Director	10-15	0	0	0	0	0

	Salary and fees (bands of £5,000) £000	Taxable Benefits Rounded to the nearest £100	Annual Performance -related bonuses (bands of £5,000) £000	Long-term performance- related bonuses (bands of £5,000) £000	Pension -related benefits (bands of £2,500) £000	Other Remuneration (bands of £5,000) £000
Mr T Southwood – Non-Executive Director	10-15	0	0	0	0	0
Mr R Anthony – Non-Executive Director and Audit Committee Chair	10-15	0	0	0	0	0
Mrs K Sallah – Non-Executive Director and Quality & Safety Committee Chair	10-15	0	0	0	0	0

*This element of the annual report has been audited.

Note

1. Pension-related benefits is calculated by taking 20 times multiples of Director's annual rate of pension, plus their lump sum entitlement, and subtracting the equivalent figures for the previous year. The Directors indicated joined or left the Trust in either the current or prior year. As a result, the calculation would give a misleading result to the readers of the financial statements, and it has therefore been omitted from the financial statements for the current year.

4.1 Fair Pay Multiple

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

The banded remuneration of the highest-paid director in the financial year 2016/17 was £155-160k (2015/16: £150-155k). This was 5.4 times (2015/16: 5.11 times) the median remuneration of the workforce, which was £29k (2015/16: £31k). The highest-paid director salary does not necessarily match the tables above, as all salaries are required to be annualised before inclusion in the ratio calculation.

In 2016/17, one employee (2015/16: sixteen) received remuneration in excess of the highest-paid director. Annualised remuneration ranged from £1k to £154k (2015/16: £2k to £186k), with individuals at the lower end of the salary range, including apprentices used by the Trust and individuals performing bank work on an ad-hoc basis.

The multiple has increased this year due to an increase in the median remuneration of the workforce included in the calculation. This number has increased largely as a result of agency staff costs within the year calculation. 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.

**5.0 Salary and Pension Entitlements of Senior Managers
Pension Benefits* 2016-17**

Name and title	Real increase/ (decrease) in pension and related lump sum at age 60 (bands of £2500) £000	Total accrued pension and related lump sum at age 60 at 31 March 2017 (bands of £5000) £000	Cash Equivalent Transfer Value at 31 March 2017 £000	Cash Equivalent Transfer Value at 31 March 2016 £000	Real Increase/ (decrease) in Cash Equivalent Transfer Value £000	Employer's Contribution to Stakeholder Pension To nearest £100
Mrs J Chambers – Chief Executive Officer	5-7.5	215-220	1,074	1,006	66	0
Mr G Marsh – Director of Operations, Nursing & Clinical Governance	0-2.5	90-95	363	330	32	0
Mr A Pearson – Medical Director	7.5-10	180-185	921	830	89	0
Mr J Lofthouse – Director of Operations from (20 October 2014 to 6 th September 2016) Note 1	(0-2.5)	0-2.5	8	7	1	0
Mr P Athey – Director of Finance and Performance	0	75-80	247	240	7	0
Prof P Begg – Director of Strategy and Delivery	(0-2.5)	45-50	376	377	(5)	0

*This element of the annual report has been audited

Note

The figures shown for Mr J Lofthouse are in relation to contributions made into the NHS England Pension scheme only. Mr Lofthouse has previously made contributions into the NHS Scotland pension scheme and these contributions had not been transferred as at the year end.

Pension Benefits* 2015-16

Name and title	Real increase/ (decrease) in pension and related lump sum at age 60 (bands of £2500) £000	Total accrued pension and related lump sum at age 60 at 31 March 2017 (bands of £5000) £000	Cash Equivalent Transfer Value at 31 March 2017 £000	Cash Equivalent Transfer Value at 31 March 2016 £000	Real Increase/ (decrease) in Cash Equivalent Transfer Value £000	Employer's Contribution to Stakeholder Pension To nearest £100
Mrs J Chambers – Chief Executive Officer	5.0-7.5	40-45	1.006	950	43	0
Mr G Marsh – Director of Nursing and Clinical Governance Note 1	0-2.5	0	0	0	0	0
Mr A Pearson – Medical Director	12.5-15	360-365	830	459	364	0
Mr J Lofthouse – Director of Operations from 20 October 2014) Note 2	0-2.5	0-5	7	7	0	0
Mr P Athey – Director of Finance (from 1 June 2013)	(2.0-2.5)	(0-5)	240	238	(1)	0

*This element of the annual report has been audited

Note

1. At the time of completion of the 2015/16 financial statements Mr G Marsh was on secondment with the Trust in the role of Interim Director of Nursing & Governance. Therefore it was not possible to calculate Mr Marsh's pension benefits.
2. The figures shown for Mr J Lofthouse are in relation to contributions made into the NHS England Pension scheme only. Mr Lofthouse has previously made contributions into the NHS Scotland pension scheme and these contributions had not been transferred as at the 2015/16 year end

5.1 Total Pension Entitlement

As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies.

The CETV figures, and from 2007-08 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS Pension Scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

The Real Increases in CETV reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee and uses common market valuation factors for the start and end of the period.

6.0 Directors and Governors in office and expense claims

This information is subject to audit

The total number of Directors and Governors in office in the financial year, and their expense claims, has been shown below:

	2016-17	2015-16
Number of Directors in office	14	13
Number of Directors with expense claims	6	6
Financial value of expense claims made by Directors (£00)	8.50	15.61
Number of Governors in office	14	16
Number of Governors with expense claims	1	
Financial value of expense claims made by Governors (£00)	3.45	4.61

* *During the year a stakeholder governor from both University of Birmingham and Birmingham City University was not in post*

Mr Paul Athey
Designated Accounting Officer
30 May 2017

Section 3:

1.0 Staff Report

1.1 Analysis of Average Staff Numbers

During the course of the year, the Trust employed an average number of 1010 staff per month (heads) and **878.64** (whole time equivalent), which represents an increase of an average of 22 more people per month than last year. The recruitment position has improved in theatres since last year but has remained a challenge in an area of national shortage. Recruiting dual qualified nurses in paediatrics/ HDU has also proved difficult but, in general, the numbers of staff employed have been very much in line with our expectations. In year, we have welcomed new consultant colleagues in anaesthesia, spinal, radiology, and pathology both to enhance services available for patients and to replace long-standing consultants who retired during 2016/17.

1.2 Employee expenses and numbers – Trust only

	2016/17			2015/16		
	Total	Permanently		Total	Permanently	
		Employed	Agency		Employed	Agency
	£000	£000	£000	£000	£000	£000
Salaries and wages	35,622	35,622	0	36,137	35,328	809
Social security Costs	3,567	3,567	0	2,894	2,894	0
Employers contributions to NHS Pensions	3,789	3,789	0	3,673	3,673	0
Agency and contract staff	4,355	0	4,355	5,715	0	5,715
TOTAL EMPLOYEE EXPENSES	47,333	42,978	4,355	48,419	41,895	6,524

1.3 Employee expenses

The total Employer Pension contribution payable for the period to 31 March 2017 is £3,788,908 (31 March 2016: £3,673,081).

1.4 Average number of persons employed

	2016/17			2015/16		
	Total	Permanently		Total	Permanently	
		Employed	Agency		Employed	Agency
	Number	Number	Number	Number	Number	Number
Medical and dental	124	105	19	96	93	3
Administration and estates	260	258	2	242	223	19
Healthcare assistants and other support staff	255	248	7	160	98	62
Nursing, midwifery and health visiting staff	254	230	24	310	254	56
Nursing, midwifery and health visiting learners	1	1	0	1	1	0
Scientific, therapeutic and technical staff	142	135	7	228	217	11
Other	0	0	0	0	0	0
TOTAL PERSONS EMPLOYED	1,036	977	59	1,037	886	151

Note: the information above relates to Trust employees only as the associated charity which has been consolidated into these accounts does not employ any staff.

1.5 Breakdown of staff by type of employment contract

Average number of Staff in Post (1 April 2016-31 March 2017) Staff Group	Fixed Term Temp	Locum	Permanent
Additional Prof Scientific and Technical	4.20	0	31.84
Additional Clinical Services	8.88	0	124.55
Administrative and Clerical	31.61	0	227.25
Allied Health Professionals	0.79	0	53.91
Estates and Ancillary	3.87	0	70.89
Healthcare Scientists	0	0	6.35
Medical and Dental	34.85	0.5	65.01
Nursing and Midwifery Registered	12.14	0	203.04
Students	0	0	1
Grand Total	96.35	0.5	783.84

In addition, the Trust had access to the following bank workers:

Staff Group	Bank and substantive	Bank Only
Additional Prof Scientific and Technical	25	11
Additional Clinical Services	146	90
Administrative and Clerical	178	85
Allied Health Professionals	35	13
Estates and Ancillary	26	50
Medical and Dental	6	36
Nursing and Midwifery Registered	217	38
Grand Total	633	323

In this table, the “bank only” column refers to people who are available to the Trust on an ad-hoc basis, while the “bank and substantive” column reflects the fact that many of our existing staff are available for additional hours via a separate registration agreement, in addition to their existing contracts of employment.

In addition, the Trust employed other agency staff during the year who were not on the payroll. These are covered in the section relating to 'off payroll disclosures' later in the report.

1.6 Breakdown of staff at year end by gender

In terms of gender composition, the Trust's substantive workforce as at 31 March 2017 was:

	Male	Female	Total
Directors	6	5	11
Senior Managers	9	20	29
Employees	296	717	1,013

1.7 Sickness Absence

At the end of March 2017, the Trust's average figure for the year was 4.32% (versus 4.23% in March 2016). The Trust would like to see further progress in this area in the next year and has begun the 2017 calendar year well, with progress made in reducing long term absence in particular.

1.8 Policies and Actions applied during the financial year

1.8.1 Policies applied during the financial year for giving full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities

The Trust has a Recruitment and Selection Policy and an approach which ensures fairness and equity for all people with protected characteristics, including people with a disability. Reasonable adjustments are always made for those with a disability who are shortlisted for interview to enable them to perform their best during the selection process.

1.8.2 Policies applied during the financial year for continuing the employment of, and for arranging appropriate training for, employees who have become disabled persons during the period.

The Sickness Absence Policy, agreed with the Trust's trade unions, is also instrumental in ensuring staff with disabilities, or staff who become disabled during the course of their employment, are fairly treated and supported. Equally, the Capability Policy allows the Trust to retain staff and to enable them to perform their best in work, in line with clear expected standards.

1.8.3 Policies applied during the financial year for the training, career development and promotion of disabled employees

The Trust has developed a range of training and education policies, and has undertaken research around the Equality Delivery System which will ensure equality of access to learning opportunities for all staff, irrespective of their background or disability. The Trust

has launched a new Inclusion Policy which sets out The Royal Orthopaedic Hospital's commitment to tackle discrimination, promote human rights, equality and diversity and develop fully inclusive practices for service users, patients, staff and carers in all areas of employment practice and service delivery.

The Trust continues its Investment in Learning programme which is focused on supporting the development of staff in pay bands 1-4 who had historically received less training and career development when compared to other staff groups.

1.8.4 Actions taken in the financial year to provide employees systematically with information on matters of concern to them as employees

The Trust has a variety of robust communication channels in order to provide employees with relevant information in a timely manner. These include a weekly briefing, a weekly email update from the CEO, a monthly team brief, a bi-monthly journal and staff intranet. The Trust also holds formal consultative forums held with trade union representatives.

1.8.5 Actions taken in the financial year to 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 and to encourage the involvement of employees in the Trust's performance

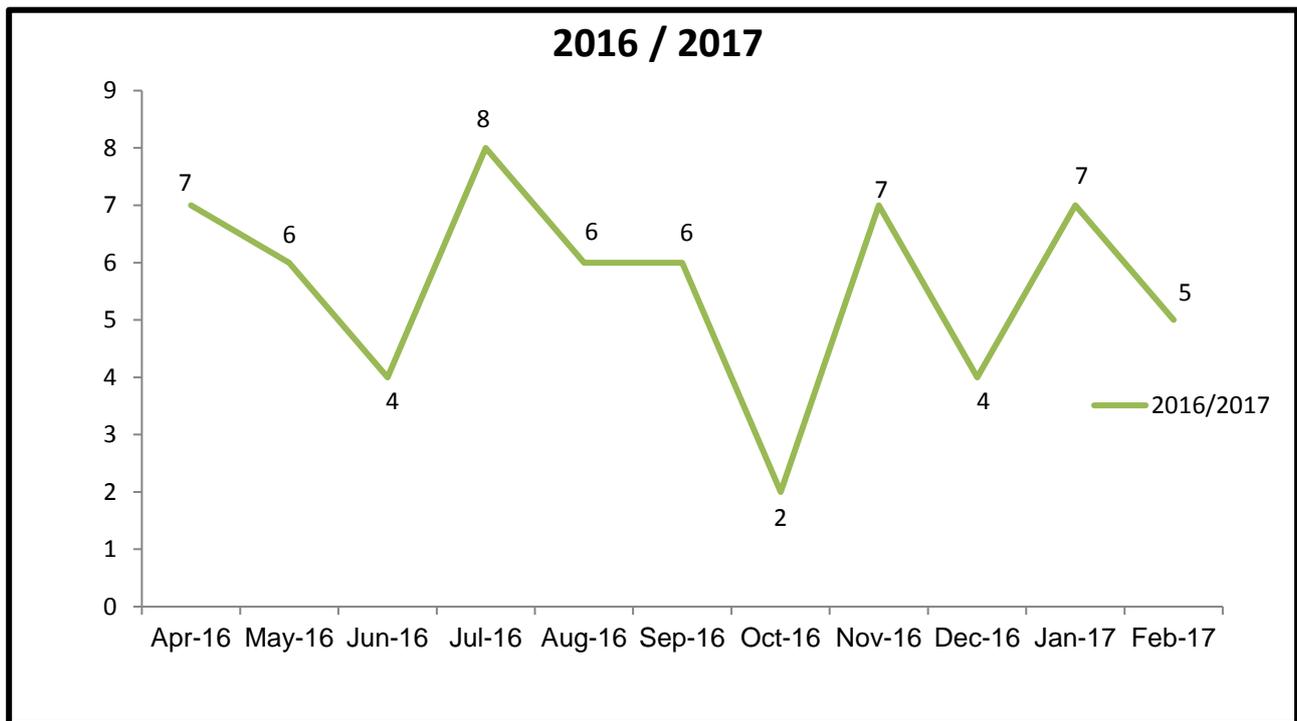
The monthly Team Brief regularly contains detail around the Trust's financial performance which is cascaded throughout the Trust by managers and also available on the intranet

1.9 Occupational Health and Health and Safety Performance

The Trust has continued its Occupational Health Service to staff via the services of the Heart of England NHS Foundation Trust's Occupational Health Department. This has the benefit of offering off-site treatment as necessary but also with on-site support, including the provision of influenza vaccinations. Additionally, the Trust has continued with its independent counselling service, which continues to be well received by the staff who use the service.

The table below shows the number of accidents per month sustained by staff, visitors and contractors on Trust premises. The reporting culture remains positive, which is encouraging. The majority of incidents were 'low harm'. On the whole, managers demonstrate their duty of care by reviewing incidents, evaluating existing control measures and, where appropriate, implementing new controls to mitigate future risk. In the period April 2016 to February 2017 62 accidents were reported, equating to an average 5.63 accidents per month, compared to 5.18 the previous period (April 2015 to February 2016).

Average Number of Accidents per/month 2016/17:



1.9.1 Accidents by Category (1 April 2016 - 28 February 2017)

Accident Category	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17
Manual Handling Injuries	1	3	0	0	0	0	1	0	0	2	3
Burns / Scalds	0	0	0	0	1	0	0	0	1	2	0
Contact with hazardous substances (COSHH)	0	0	0	0	0	1	0	0	0	1	1
Road traffic accident / incident	0	0	0	2	0	0	0	0	0	0	0
Sharps injuries	3	1	1	0	4	2	1	2	2	1	1
Slips, trips and falls (staff, visitors & contractors)	2	2	2	3	1	1	0	1	0	1	0
Impact Injury (with static or moving object)	1	0	1	3	0	2	0	4	1	0	0
Total figure for each month	=7	=6	=4	=8	=6	=6	=2	=7	=4	=7	=5

1.9.2 Physical assaults sustained by staff

NHS PROTECT defines physical assault as '*the application of force with the intent to cause physical harm or discomfort*'. During 2016/17 no intentional physical assaults were reported.

1.10 Information on policies with respect to countering fraud and corruption

The Trust has a Counter Fraud Policy which sets the framework for fraud and corruption prevention and action. The Local Counter Fraud Specialist remains active in the Trust in policy development, staff education and provision of reactive support.

1.11 Off-payroll 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	0
Of which...	
No. that have existed for less than one year at time of reporting	0
No. that have existed for between one and two years at time of reporting	0
No. that have existed for between two and three years at time of reporting	0
No. that have existed for between three and four years at time of reporting	0
No. that have existed for between four and five years at time of reporting	0

All existing off-payroll engagements, outlined above, have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, assurance has been sought.

1.12 Off-payroll engagements as of 31 March 2016, for more than £220 per day and that last for longer than six months

No. of existing engagements as of 31 March 2016	1
Of which...	
No. that have existed for less than one year at time of reporting	1
No. that have existed for between one and two years at time of reporting	0
No. that have existed for between two and three years at time of reporting	0
No. that have existed for between three and four years at time of reporting	0
No. that have existed for between four and five years at time of reporting	0

All existing off-payroll engagements, outlined above, have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, assurance has been sought.

1.13 New off-payroll engagements, or those that reached six months in duration, between 1 April 2016 and 31 March 2017, for more than £220 per day and that last for longer than six months

No. of new engagements, or those that reached six months in duration, between 1 April 2015 and 31 March 2016,	0
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	0
Of which...	
No. for whom assurance has been received	0
No. for whom assurance has not been received	0
No. that have been terminated as a result of assurance not being received	0

Those individuals where contractual clauses were not included in their contracts were instead requested to complete the off-payroll engagements assurance statement provided by HMRC in their guidance on IR35 arrangements. The Trust continues to review its procedures with regard to the use of off-payroll contractors to reflect the evolution in guidance as it is received from HMRC.

1.14 New off-payroll engagements, or those that reached six months in duration, between 1 April 2015 and 31 March 2016, for more than £220 per day and that last for longer than six months

No. of new engagements, or those that reached six months in duration, between 1 April 2015 and 31 March 2016,	0
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	0
Of which...	
No. for whom assurance has been received	0
No. for whom assurance has not been received	0
No. that have been terminated as a result of assurance not being received	0

Those individuals where contractual clauses were not included in their contracts were instead requested to complete the off-payroll engagements assurance statement provided by HMRC in their guidance on IR35 arrangements. The Trust continues to review its procedures with regards to the use of off-payroll contractors to reflect the evolution in guidance as it is received from HMRC.

1.15 Off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2016 and 31 March 2017

No. of off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during the financial year.	0
No. of individuals that have been deemed “Board members and/or senior officials with significant financial responsibility” during the financial year. This figure should include both off-payroll and on-payroll engagements.	14

1.16 Off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2015 and 31 March 2016

No. of off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during the financial year.	0
No. of individuals that have been deemed “Board members and/or senior officials with significant financial responsibility” during the financial year. This figure should include both off-payroll and on-payroll engagements.	13

1.17 Off-payroll engagements: Trust policy

The Trust is required as part of this report to disclose its policy in relation to the engagement of individuals via off-payroll arrangements. At present the Trust does not have a specific policy in relation to the circumstances in which off-payroll engagements would be utilised. However, these would always be procured via the Trust’s normal procurement procedures with value for money being considered.

The Trust does have a policy in relation to the management of these arrangements once these are in place. The Trust monitors engagements which are more than £220 per day and are expected to last at least six months. Individuals who fall into this category are required to provide assurance to the Trust that the income they receive is properly accounted for in relation to tax. Contracts for these individuals include a clause which states that this information must be provided when requested by the Trust; failure to do so could result in the contract being terminated. Where information is not provided the Trust notifies HMRC.

To date no contracts have been ended or notified to HMRC due to the failure to provide the required assurance to the Trust.

1.18 Exit packages

Exit package cost band (including any special payment element)	2016/17			2015/16		
	Number of compulsory redundancies Number	Number of other departures agreed Number	Total number of exit packages by cost band Number	Number of compulsory redundancies Number	Number of other departures agreed Number	Total number of exit packages by cost band Number
<£10,000	0	0	0	0	0	0
£10,001 - £25,000	0	2	2	0	0	0
£25,001 - 50,000	0	0	0	0	0	0
£50,001 - £100,000	0	1	1	0	0	0
£100,001 - £150,000	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0
>£200,001	0	0	0	0	0	0
Total number of exit packages by type	0	3	3	0	0	0
Total resource expense (£000s)	0	112	112	0	0	0

This note relates to the Trust only as the Charity does not have any employees.

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Scheme except for three employees who left the Trust via the Mutually Agreed Resignation Scheme (2015-16, nil). This disclosure reports the number and value of exit packages taken by staff leaving in the year and the expense associated with these departures may have been recognised in part or full in a previous period.

1.19 Retirements due to ill health

During the year to 31 March 2017 there were no early retirements from the Trust agreed on the grounds of ill-health, (31 March 2016, nil)

2.0 Staff Survey Results

2.1 Commentary

The Trust participates in the National Staff Survey (NSS) each year, and in the quarterly Staff Friends and Family test.

A decision was made in 2015 to move from a sample approach to a full census and therefore all staff members are now invited to complete both surveys once a year.

The results from the different surveys are regularly analysed. The information is then shared with staff across the Trust. This is disseminated in a number of ways including a monthly Team Briefing to all line managers who then cascade to all staff members, via intranet bulletins and emails. Key staff members in the Trust are also asked to review the results in order to integrate any actions into their area of work. These areas include Divisional managers, Staff side, Communications, Learning and Development, Contact officers, Human Resources, Leadership Development and Patient support.

The results of the 2016 survey show that, whilst some staff report a very positive experience and in particular welcome the positive changes being made to improve patient experience, not all staff have yet seen evidence of improvement and we therefore aim to accelerate our efforts in addressing the underlying causes of lower engagement.

2.2 Expenditure on consultancy

The Trust spent £273,000 on consultancy costs during 2016/17. This related to a number of projects including operational, IT and estates reviews.

2.3 Summary of Performance

Summary performance- NHS Staff Survey

Details of the key findings from the latest NHS Staff Survey

	Trust	National Average Indicator	Improvement/ deterioration from 2015
Top five ranking scores			
KF 29: Percentage of staff reporting errors, near misses or incidents witnessed in the last month	95%	92%	5%
KF : Percentage of staff satisfied with the opportunities for flexible working patterns	57%	53%	1%
KF 27: Percentage of staff/colleagues reporting most recent experience	49%	47%	5%
KF 18: Percentage of staff attending work in the last three months despite feeling unwell because they felt pressure from their manager, colleague or themselves (*lower the score the better)	49%	57%	54%
KF 20: Percentage of staff experiencing discrimination at work in the last twelve months (lower the score the better)	8%	9%	11%
Bottom five ranking scores			
KF 24: Percentage of staff/colleagues reporting most recent experience of violence	52%	67%	57%
KF 6: Percentage of staff reporting good communication between senior management and staff	24%	40%	30%
KF 1: Staff recommendation of the organization as a place to work or receive treatment	3.74	4.12	-1
KF 32: Effective use of patient/service user feedback	3.57	3.81	-1
KF 30: Fairness and effectiveness of procedures for reporting errors, near misses and incidents	3.65	3.79	-0.04
Overall engagement score	3.80	3.98	-0.03

Notes:

Our comparator group is 'acute specialist Trusts'

Results are calculated as a score (rated out of 5) or a percentage

2.4 Future priorities

From the analysis work, three priorities for action have been identified:

- Managing performance well
- Engaging well with all staff
- Enabling staff to do the best they can for the patient

As a Trust we are certainly not starting from a low position with these areas and have very good examples of best practice across the Trust. However at an organisational and department level, the Trust is clear that these three priorities will help to deliver the best possible care to patients.

We will also continue to focus on one of our key priorities from last year relating to 'raising concerns'. The Trust has recently appointed a Freedom to Speak up Guardian whose main aim is to support colleagues to speak out safely about patient safety.

We recognise that staff survey results are a vital area of work for the Trust and will continue to make improvements to regain the confidence of our staff that we are listening to their views, thoughts and concerns and taking action.

2.5 Plans and mechanisms to monitor performance

- We will ensure all departments focus on actions to support an improvement in staff engagement.
- The Communications, Engagement, Leadership Development and Equality and Diversity programmes will be updated to support the three priorities identified
- We will fully develop the national 'Freedom to Speak Up' Guardian role to support staff in speaking out safely.
- We will ensure that all staff have the appropriate time and access to complete the staff survey to ensure everyone has the opportunity to have their say.
- We will ensure that all departments have clear actions to address some of the issue noted in the survey results. These actions will be reviewed regularly for progress.
- The Executive Team will be updated on a quarterly basis on work completed and improvements made.
- We will communicate to all staff on the progress with the actions and continue to run focus groups to capture ideas and feedback.

Section 4:

1.0 The work of the Council of Governors 2016/17

Structure and Members

As a Foundation Trust, the Royal Orthopaedic Hospital has a Council of Governors which helps ensure its key stakeholders - patients, members of the public, staff and partner organisations - all have a say in shaping our local health services. Our Governors act as a direct link between the Trust, local communities and staff and engage with our members to gather feedback and views to ensure their voice is heard.

The Governors play an important role in making the Royal Orthopaedic Hospital publicly accountable for the services it provides and bring valuable perspectives and contributions to our activities. In addition they help set the strategic direction of the Trust.

Key aspects of the Governors' role include:

- Appointing (or removing) the Trust's Chairman and Non-Executive Directors
- Approving the appointment of the Trust's Chief Executive
- Appointing the Trust's external auditors
- Agreeing salaries of Non-Executive Directors and the Chairman
- Receiving the annual report and accounts
- Advising the Board and representing members' views about the strategic direction
- Helping the Trust to recruit members
- Contributing thoughts, views and opinions at Council of Governors meetings
- Holding the Non-Executive Directors to account for the performance of the Trust Board.

At the Royal Orthopaedic Hospital, The Council of Governors comprises eighteen members, nine of which are elected to represent public constituencies, four members are elected as staff representatives, and five members are appointed from key local stakeholders and partners.¹

Governors are elected or appointed by constituency members to represent their interests. In accordance with the Constitution, all the Trust's Public and Staff Governors are elected through a formal election process and appointed Governors are nominated by their respective organisations.

Alan Last is the Royal Orthopaedic Hospital's Lead Governor (but during the year had no cause to exercise this role in regard to dialogue with NHSI regarding the performance of the Non-Executive

¹ During 2015/16 two stakeholders did not provide a nominated governor.

Directors).

1.1 Doing its job – as a whole Council

During the year, the Council of Governors continued to work with the Board to develop the Trust's strategy.

1.2 Governor Representation on Trust Committees/Groups

The Council nominates members to attend Trust advisory groups and committees as observers. They are then able to report back directly to the Council on work being carried out by the Trust.

During the year, members of the Council attended as observers at the following groups:

- Quality and Safety Committee
- Charitable Funds Committee
- Privacy and Dignity Group
- Estates Group
- PLACE assessment Group
- Patient and Carers' Forum

In this way the Council actively engages in the work of the Trust, assesses the work of the Board and observes the work of the Chairman in a context other than as Chairman of the Council of Governors.

1.3 Council of Governors Nominations and Remuneration Committee

During the year the Committee played an important role in the appointment of two new Non-Executive Directors. Longlisting was undertaken by a panel which included the Lead Governor. The Council of Governors' Nominations & Remuneration Committee shortlisted suitable candidates and were members of the panel for the Non-Executive Director interviews. Section 1.6 of the Accountability Report provides further details of Governor involvement in this recruitment process.

The Director of Workforce and Organisation Development and the Associate Director of Governance & Company Secretary provide support to the Nominations and Remuneration Committee and working with this Committee, Governors decide the remuneration, allowances and other terms and conditions for the Chair and Non-Executive Directors.

During the year the terms of office of Yve Buckland and Rod Anthony were due to end. Following a meeting of the Nominations and Remuneration Committee on 23 February 2017, a recommendation was made the Council of Governors at its March meeting to extend the terms of office of the Chairman, Dame Yve Buckland, and the Chair of the Audit Committee, Rod Anthony, by a further three years.

At the same meeting, on the recommendation of the Nominations and Remuneration Committee, in line with all other staff groups, a 1% cost of living pay uplift for Chairman and Non-Executive Directors was approved, with a view to revisiting salaries next year to ensure that they remain competitive and comparable to peers.

1.4 Contacting the Governors

The Governors can be contacted through the Associate Director of Governance & Company Secretary, the Royal Orthopaedic Hospital NHS Foundation Trust, Bristol Road South, Northfield, Birmingham, B31 2AP.

2.0 Governor Constituencies

Members of the public who are members of the Trust are automatically placed into a constituency based on their postcode. Members are able to put themselves forward to become a Governor or vote for a Governor in their registered constituency.

Staff membership is open to those with a permanent or twelve month fixed term employment contract with the Trust. Staff members are able stand as a Governor or vote for a Governor in their registered class. At the Royal Orthopaedic Hospital there are two classes of staff governor; clinical and non-clinical.

2.1 Public Members

At the Royal Orthopaedic Hospital, public members of the Trust are drawn from two identified constituencies across England and Wales.

During 2016/17 the Trust had two public constituencies within its public membership:

- Birmingham and Solihull (five seats)
- Rest of England & Wales (four seats)

Eligibility for membership is restricted to those living within the relevant boundary and over sixteen years of age. All election boundaries for public members (including patients) are coterminous with local authority boundaries.

2.2 Staff Members

The Trust has two constituencies within its staff membership:

- Clinical (two seats)
- Non-clinical (two seats)

2.3 Appointed Governors

The Trust's Appointed Governors, represent local stakeholder organisations. They provide key insight into the health needs of the communities the Trust serves and put forward the views of their organisations at Council of Governors' meetings. The following organisations make nominations to the Council of Governors:

- Birmingham City Council
- Bournville Village Trust
- Member of Parliament

During 2016-17 there was no nominee on the Council of Governors from either Birmingham City University or the University of Birmingham.

2.4 Governor Elections 2016/2017

During the year, the Trust conducted Governor Elections to fill seats that had become vacant and used two different external companies, UK Engage and The Electoral Reform Society, to oversee the election process with both sets of elections being conducted using the single transferable electoral system

At the start of the process an invitation letter, from the Chairman, was sent to all relevant members (where a Governor seat was open for election) to inform them that the election process was starting. The invitation letter included the contact details of the external company facilitating the election process. Ballot papers were then sent to members who in turn voted for the candidate(s) that they wished to be elected to our Council of Governors.

2.4.1 Result: Birmingham and Solihull

A Governor election was called between 18 April and 12 May 2016 to fill **one** vacancy in the Public Constituency for Birmingham & Solihull:

Electorate	3,566
Total number of votes cast	633
Turnout	17.75%
Invalid votes cast	19
Total valid votes	614

The election was run by an external provider, UK Engage. Jean Rookes was the successful candidate. Jean was re-elected for a second term of office which commenced on 13 May 2016 and was due to run until 12 May 2019.

The Council of Governors was saddened to learn that Jean had passed away in December 2016. Jean was always passionate and forthright on behalf of both patients and staff at the Royal Orthopaedic Hospital and was a wonderful Governor, always willing to give her time and commitment and never afraid to ask questions or hold people to account.

After Jean's death, advice was sought from UK Engage, the external company that facilitated the election, who clarified it would be possible to take the candidate who had secured the next most votes in the election of Members of Council for the constituency. On this basis, the Council approached

Lindsey Hughes who had received the second highest number of votes. On 21 February 2017, Lindsey became the new Governor for the Birmingham & Solihull constituency. Lindsey's term of office will run until 12 May 2019.

2.4.2 Result: Rest of England and Wales.

Concurrently with the above election, an election ran from 18 April to 12 May 2016 to fill **two** seats for the Rest of England and Wales:

Electorate	1,811
Total number of votes cast	325
Turnout	17.95%
Invalid votes cast	1
Total valid votes	324

This election was also overseen by UK Engage and the following were elected (in order of election):

Rob Talboys was re-elected for a third term of office to run until 12 May 2019

Brian Toner was elected for a first term of office to run until 12 May 2019.

2.4.3 Staff Elections and Results

In August 2016 an election, overseen by the Electoral Reform Society, took place for both constituencies within the Trust's staff membership.

- Staff clinical One seat

This election was uncontested and Mel Grainger was elected Clinical Governor with a term of office until 19 August 2019.

- Staff non-clinical One seat

Electorate	3
Total number of votes	7
Turnout	2
Invalid votes cast	0
Total valid votes	7

This election was contested with Lyn Hindley being elected as non-clinical staff governor. Lyn's first term of office will end on 19 August 2017.

2.4.4 Elections during 2017/2018

A planned election will be undertaken in November 2017 when the term of office for Governors in the following will be complete:

Birmingham and Solihull	2 seats
Rest of England and Wales	1 seat

2.5 Governor Profiles

Profiles for each governor, together with their term of office, who served on the Council of Governors during the period 1 April 2016 - 31 March 2017 are provided below:

Birmingham and Solihull (five seats):

- **Jean Rookes** - Jean was particularly interested in encouraging patient and public involvement, assessing clinical environments and in patient privacy and dignity and conducting patient surveys. Jean was re-elected for a second term of office which should have run until May 2019. Sadly Jean passed away in December 2016.
- **Marion Betteridge** - Marion was re-elected in 2015. Marion has lived in Northfield for the last fifty years and has been a volunteer at the Royal Orthopaedic Hospital for a number of years doing a range of jobs to assist patients. Marion wanted to give something back which is why she became a Governor. She is proud to help the hospital continue to provide its excellent care and treatment. Marion's second term of office will end 31 July 2018.
- **Sue Arnott** - Sue has been a patient at the Hospital for 30 years and has received many joint replacements and much physiotherapy at the Hospital. Sue has a clear understanding of the need for balancing budgets with improvement to services within the cost constraints imposed on all health-related services and is acutely aware of the importance of research to enable patients to benefit from advancements in treatment and care. Sue represents the Council of Governors on the Trust's Quality and Safety Committee. Sue's first term of office will end on 9 December 2017.
- **Anthony Thomas** - As a past and future patient Tony wants to give something back. Apart from being a Governor, Tony is a member of the Patient and Carers Forum, and has been involved in the annual PLACE inspections and the Falls Working Group to try to avoid patients suffering injury whilst in hospital. Tony's first term of office runs until 9 November 2017.
- **Petro Nicolaides** - Petro has been a patient with ongoing treatment since January 2010. He is extremely grateful to the hospital for all it has done and continues to do for him. Petro put himself forward to make a contribution back to the hospital. Petro runs a small Financial and Business Consultancy Practice locally and serves as a School Governor in a local secondary school. Petro was elected to the Council of Governors for three years until 31 July 2018.
- **Lindsey Hughes** - Having spent over 38 years in the NHS, including several as a Head of Nursing and Clinical Governance Lead, Lindsey became a volunteer at the Royal Orthopaedic Hospital. Lindsey is passionate about the best care for patients and wishes to ensure high standards of care are maintained. Lindsey has participated in two PLACE assessments and enjoys obtaining feedback from patients on their care. Lindsey is an experienced risk assessor and problem solver; constructive and tenacious. This is Lindsey's first term of office which will end on 12 May 2019.

Rest of England and Wales (four seats)

- **Alan Last** - Alan is the Royal Orthopaedic Hospital's Lead governor. Alan worked for 40 years in the NHS, 28 of which were spent working in Birmingham hospitals. He understands the NHS' good points and failings and firmly believes in its core values and feels the people who use its services must be fully represented in decision making at every level. He believes the Hospital is a precious and successful resource and represents the views of patients and the public by being available to listen to views and bring them to the attention of senior managers. This is Alan's third term of office which will end on 9 November 2017
- **Robert Talboys** - Rob became a patient of the Hospital in 1996. Without the care and dedication of all the staff life would be very different for him today, which is why he tries to do his best to repay what has been done and continues to be done for him. In May 2016, Rob was successfully elected to a third term of office which will end on 12 May 2019.
- **Carol Cullimore** - Carol was elected as a Governor in July 2015 and her first term of office will come to an end on 31 July 2018. Carol retired from nursing after 45 years and has also been a patient of the Hospital for over 20 years. She brings her expertise as both a nurse and as a patient to the role of Governor and recognises the challenges faced by the Trust and to give something back to help make a difference.
- **Brian Toner** - Brian considers the Trust's paramount goal is to deliver high quality health care, whilst responding to today's economic demand. Having twice been a patient at the Hospital, he had been hugely impressed by the professionalism of the staff and care he received and was happy to become a member and later a Governor, and give something back. Brian believes that quality services are delivered by committed staff, supported by a strong governance foundation, including feedback from service users. Equally, strategic direction needs to be developed through genuine stakeholder engagement and his experience as a patient, his health service background, work with charities and his involvement with the Care Quality Commission will enable him to make a positive contribution as a Governor to the Trust's success and ongoing development. Brian's term of office will end on 12 May 2019.

- **Stella Noon (term of office ended 19 April 2016)** - Stella's third term of office as a Governor ended on 19 April 2016. She was elected as a governor when the Hospital first became a Foundation Trust and has a long association with the Hospital as a student, member of staff and three times as a patient. Stella is still very actively involved in the life and work of the Trust.

Clinical Staff Representatives (two seats)

- **Karen Hughes** - (re-elected for second term which ends 31 July 2018). Karen has been a registered nurse since 1989 and has a background in surgical nursing. Karen has worked at the Hospital as clinical nurse tutor since 2010. She is undertaking a Master's Degree in Advanced Healthcare Practice. Karen is passionate about high quality standards of care and the good stewardship of valuable NHS resources.
- **Mel Grainger** - Mel was elected as Clinical Staff Governor on 19 August 2016. He is a full-time spinal surgeon at the Royal Orthopaedic Hospital and was appointed in 2004. He graduated from the University of Manchester in 1992 and after initial post graduate experience in the North West, carried out his basic orthopaedic and spinal training in the West Midlands which was consolidated by the combined Orthopaedic/Neurosurgical Liverpool Spinal Fellowship in 2003. His practice encompasses a comprehensive range of spinal conditions covering all levels of the spine including surgery for spinal cord and nerve root compression, other degenerative conditions including degenerative malalignment, spinal trauma and infections. Mel is experienced in all surgical approaches to the spine and instrumentation techniques. He has an interest in reconstructive surgery of the spine and is a nationally recognised expert in surgery for tumours of the spinal column, in particular en-bloc resections for primary bone tumours. He undertakes a limited amount of intradural and paediatric deformity surgery. Mel is the Clinical Service Lead for the Hospital's Spinal Unit in addition to mentoring practitioners undertaking spinal triage services. He reviews articles for the European Spine Journal and has lectured and taught both nationally and internationally. He advises local teams on the management of spinal conditions in professional sportsmen. Mel's term of office will end on 18 August 2019.
- **Ronan Treacy (Term of office expired 17 July 2016)** - Ronan is a Consultant Orthopaedic Surgeon and for the past 20 years he has been involved in the renaissance of hip resurfacing. He ran the revision hip service for almost ten years and amassed a wealth of experience. For the past decade, in addition to a busy clinical practice, he has taught, lectured and operated globally. He has the largest international experience of MoM hip resurfacing and continues to publish widely. In 2008, he was recognised by the Lord Mayor of Birmingham for his outstanding contribution to orthopaedics in the city. In 2010, Ronan was awarded an Honorary Doctorate by the University of Birmingham.

Non-Clinical Staff Representative (two seats)

- **Alexandra Gilder** - Alex has worked as the Deputy Director of Finance at the Hospital since January 2014, having previously worked at a large accountancy firm as an NHS audit and advisory specialist. Before pursuing a career in finance, Alex gained her degree in Microbiology and Virology, and worked as a Healthcare Assistant in a residential care home. She is very interested in the improvement of patient care and patient experience whilst also understanding the financial pressures that exist within the NHS. Alex is very proud to work for the Hospital and the NHS and wants to help it further improve. Alex was elected for three years until 31 July 2018.
- **Lyn Hindley (Term of office ends 18 August 2019)** - Lyn was elected as a Non-clinical staff governor on 19 August 2016. Lyn has worked at the Hospital for nearly ten years, initially in HR. For the past six years she has worked as an administrator for IPC and BIU. Lyn has built strong relationships through the Trust from housekeepers through to Consultants and also with patients. She is a keen believer in teamwork, working in an efficient thoughtful manner and having respect for each other.
- **Susan Lococo (Term of office ended 17 July 2016)** - Sue works as MDT Co-ordinator & National Ewing's MDT Co-ordinator. She believes the Hospital is a unique hospital which helps a wide spectrum of patients and particularly enjoys multi-disciplinary team meetings and making sure patients have a good treatment plan and a positive medical outcome.

Partner Nominees: 31 March 2016 to April 2017

- **Bournville Village Trust** - Paul Sabapathy CBE has been a nominated Governor for the past seven years and is a Trustee of Bournville Village Trust who own the freehold of Hospital as the Cadbury family donated the building and land to the people of Birmingham for health purposes. Paul is former Lord Lieutenant of the West Midlands and was the first non-white person to hold this prestigious position. As a former Chief Executive and Chairman in the NHS, Paul is passionate about the provision of joined up, patient centred high quality health and social care, by well led, highly skilled and well-motivated staff at the Hospital. He is a great believer in hospitals which focus on specialities as this enables greater specialisation and focus at the Hospital without the distraction of competing specialities and priorities for limited available resources. He believes this specialisation has greater benefit for patients' experience and outcome.
- **Birmingham City Council** - Changese Khan is a Councillor on Birmingham City Council for the Selly Oak Ward. On the Council he is a member of the Corporate Resources and Governance Overview and Scrutiny Committee. He is a Trustee of the West Midlands Pension Fund, which is one of the UK's largest pension funds and an experienced solicitor and Director of a solicitors practice, having extensive experience dealing with private, corporate and third sector clients.
- **Member of Parliament** - Richard Burden is the MP for Birmingham Northfield and has represented the area since 1992. Having lived in Birmingham for most of his adult life, he is proud to have represented the city and constituents in Parliament for many years. One of the central themes of his work has always been to argue for the voice of local people to be heard in the corridors of power.
- **Birmingham City University and the University of Birmingham** - During the year there was no nominee from either Birmingham City University or the University of Birmingham

2.6 Attendance by Governors at Council of Governor Meetings 2016/17

During the period 1 April 2016 to 31 March 2017 the Council of Governors formally met on five occasions. This included the Annual Members' Meeting and twice for an informal briefing. A record of the number of attendances by each Governor at these meetings is included in the table below:

GOVERNOR	MEETING DATE				TOTAL
	11/05/16	14/09/16	18/01/17	15/03/17	
Yve Buckland (Ch)	✓	✓	✓	✓	4/4
Alan Last	✓	✓	✓	✓	4/4
Robert Talboys	A	A	A	✓	1/4
Sue Arnott	A	✓	A	✓	2/4
Marion Betteridge	✓	✓	✓	✓	4/4
Jean Rookes ^{#1}	A	✓	✓		2/3
Anthony Thomas	✓	✓	✓	A	3/4
Brian Toner		✓	✓	✓	3/3
Lyn Hindley ^{#2}		✓	✓	A	3/3
Mel Grainger ^{#2}		A	✓	A	1/3
Karen Hughes	✓	✓	✓	✓	4/4
Paul Sabapathy	✓	✓	A	✓	3/4
Carol Cullimore	✓	A	✓	✓	3/4
Petro Nicolaidis	✓	A	✓	✓	3/4
Lindsey Hughes ^{#3}				✓	1/1
Alex Gilder	✓	A	✓	A	2/4
Changese Khan		A	✓		2/4
Ronan Treacy ^{#1}	✓				1/1
Susan Lococo ^{#1}	A				0/1
Richard Burden	✓	A	A	A	1/4

KEY:

✓	Attended	A	Apologies tendered
	Not in post or not required to attend		
#1	Ceased membership of Council of Governors during the year		
#2	Elected to Council of Governors in August 2016		
#3	Replaced Jean Rookes as public governor		

A record of attendance by Executive Directors at Council of Governor Meetings during 2015/16 is provided in the table below:

NED/DIRECTOR	MEETING DATE			
	11/0 5/16	14/0 9/16	18/0 1/17	15/0 3/17
Jo Chambers	✓	✓		
Tim Pile	✓	✓	✓	
Tauny Southwood	✓			
Kathryn Sallah		✓	✓	✓
Rod Anthony	✓	✓		
Frances Kirkham				
Paul Athey	✓		✓	
Phil Begg		✓		
Andy Pearson				
Garry Marsh			✓	✓
Anne Cholmondeley				

KEY:

✓	Attended	A	Apologies tendered
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The Annual Members' Meeting was held on 14 September 2016, at which c.50 members (including governors) attended.

2.7 Quarterly Council of Governor Meetings

Council of Governor meetings are held quarterly and during the year. Topics covered at meetings included:

- A review of the draft version of the Annual Report (including Quality Account) and Accounts 2015/16.
- Quality and Safety Walkabouts - Walkabouts had taken place and patients had appeared happy to talk when approached.

- Updates on four sets of governor elections held during the year. The January meeting was informed that, following the sad death of our Governor, Jean Rookes, the previous governor election results would be revisited to identify a new public governor.
- Non-Executive Director Appraisals - the Chairman provided feedback to the September meeting on the Non-Executive Director appraisal process and outcome.
- Non-Executive Recruitment - The September meeting approved the appointment of Richard Phillips as Non-Executive Director to replace Frances Kirkham who completed her term of office during the year. The January meeting approved the appointment of Prof David Gourevitch as clinical Non-Executive to replace Prof Tauny Southwood whose term of office concluded 31 January 2017.
- Sustainability and Transformation Plan (STP) - At the September meeting, the Chief Executive Officer guided the Governors through key features and development of the STP. Following on from the Governor Briefing Session on 13 December 2016, the Chairman updated the January meeting on progress with the STP explaining a Memorandum of Understanding had been developed setting out collaborative arrangements together with future leadership of the STP. A further update on progress with the STP was also provided to the March meeting.
- Patient and Carers' Forum - Stella Noon, Chair of the forum attended the January meeting to provide an update. In particular it was noted good progress had been made on the Patient Handbook including an updated map.

Directors of the Trust attended meetings to provide updates as follows:

- The Chief Executive Officer attended the Council of Governors on three occasions during the year to provide updates on key areas.
- The Director of Strategy and Transformation attended the September meeting to update the Governors on the strategy refresh which provided a rolling five year view of the original strategy which had been formulated the previous year.
- The Director of Operations, Nursing & Clinical Governance attended the January meeting to report on changes to the operations structure to strengthen the operational and nursing teams.

As the overriding role of the Council of Governors is to hold the Non-Executive Directors, individually and collectively, to account for the performance of the Board of Directors, Non-Executive Directors of the Trust regularly attended meetings and provided updates to the Council of Governors on the following areas during the year:

- Staff survey results and action plan - At the May meeting, Tauny Southwood (Non-Executive Director) delivered a presentation on the results of the staff survey results and associated action plan. Overall, there had been little change in the responses over a six year period and it was noted that the Board was more focussed on staff strategy and morale.
- Finance and Performance Committee - Tim Pile, Chairman of the Finance and Performance Committee attended the Council of Governors on three occasions during the year to ensure the Council of Governors was kept up to date on the evolving work of that Committee. During the year the Council of Governors learned how the Trust was addressing inefficiencies through the development of a recovery plan and how actions were being taken to address both the activity and financial position. At the January meeting, in particular, there was strong challenge from the

Governors around assurances previously provided that there were adequate systems and processes in place to achieve the required 'step up' in activity. The Governors clearly understood the importance of the Royal Orthopaedic Hospital being well run and able to deliver high quality outcomes into the regional health economy to ensure the Trust's position as part of the Birmingham and Solihull STP.

- Quality and Safety Committee (QSC) - The Council of Governors is represented at QSC by Sue Arnott. Kathryn Sallah, Chair of the Quality and Safety Committee, attended the Council of Governors on three occasions during the year to guide the Council through discussions at QSC meetings.
- Appraisal of the Chairman - Tim Pile attended the September meeting to provide a summary assessment of the Chairman's appraisal. The Council agreed the Chairman was highly effective.

In addition to regular meetings of the Council of Governors, a briefing meeting was held on Tuesday 13 December 2016. This session provided background to the pressure on the Trust's budget for the financial year (2016/17), pressures on the budget from 2017 as a result of potential new tariff arrangements for 2017 and the outcome of the submission of the Birmingham and Solihull STP.

2.8 Governor Training

The Trust continually reviews delivery of Governor training and continues to develop in-house Trust-specific training. During the year use was made of our Governors' expertise to deliver training sessions to the Council of Governors.

At the January 2017 meeting, Alex Gilder provided an overview of NHS finances and the plan for the Trust for the year.

Brian Toner, who has a background in CQC inspection, elected as Governor during the year, provided a training session on CQC regulation to the March meeting. Of particular note was that to achieve 'Good' and 'Outstanding' there needed to be good staff engagement and ownership of the vision and strategy of the organisation, regardless of the systems, policies and processes that were in place.

Governors provided feedback on the sessions and confirmed the training had been well received.

2.9 The Council of Governors' Register of Interests

The Register is available for inspection on application to the Trust's Associate Director of Governance & Company Secretary, The Royal Orthopaedic Hospital NHS Foundation Trust, Bristol Road South, Northfield, Birmingham, B31 2AP.

No member declared a material conflict of interest during the year and all interests were registered and available for inspection.

Members of Council receive no remuneration, but they are entitled to claim expenses at an agreed rate.

3.0 Engaging Our Membership

During 2016, a number of engagement activities were undertaken with the Members:

- May 2016 – follow-up engagement around the new Royal Orthopaedic Hospital website following its relaunch in December 2015, using feedback from Members, patients and staff.
- September 2016 – written invitation to the Annual Members Meeting, along with the Annual Report Summary document.
- September 2016 – Annual Members Meeting held at the Hospital, led by the Chairman, Dame Yve Buckland.
- October 2016 – members were invited to contribute online to the survey about the redevelopment of the Paediatric High Dependency Unit.
- December 2016 – email newsletter to all Members to provide key updates and ask for feedback on membership and what it means to them.

During the year a number of other new initiatives were launched:

- a new Children’s Forum for young people. This provides an online portal for access by children and young people where specific questions can be raised and includes a section where children and young people can sign up for events and share experiences. Access to the link to the webpage could be found on Trust website under Ward 11
- involving young people on the interview panels for nursing posts
- welcoming primary school age children to the Hospital. During the year, a number of primary school children visited the Trust to participate in the selection process for a new paediatric matron.
- in November 2016 a number of members undertook an exercise to assess the effectiveness of the new Hospital map.

An e-newsletter was sent to more than 1,000 members (those with an email address) and feedback was invited. Members told us that they were interested in the following activities:

- Regular news updates on Trust activities – this was by far the most popular response
- Opportunity to feed into developments
- Annual report summary document
- Invitation to lectures such as the Harrison series
- Involvement in fundraising

Comments from members included:

“I have been a patient at this hospital for 69 years and am so grateful for everything that has been done for me over the years. I like to hear all of the achievements and successes that the hospital achieves.”

“I think it’s a good time to get involved in the patients’ forum and to share views with other members.”

“I would like to get more involved.”

“It would be interesting to meet the Governors and hear what issues they see from close interaction with ROH, how they acquire and represent the views of both the public and the membership and how they hold the Board to account.”

“ROH is local to me and I have recently used its services. I am therefore motivated to help it improve its services to patients and carers.”

In order to support the Hospital, the Trust needs to continue to recruit a broad range of members from a variety of backgrounds, including hard-to-reach areas. This can be achieved by having an advertisement to become a Member on the electronic screens in outpatients, a social media campaign via Facebook and Twitter and presence at Hospital events to encourage those attending to sign up as members.

3.1 Engaging Our Membership and Strategy

During the year the Trust continued to create regular and one-off opportunities for members to engage directly with the Trust.

Members continue to:

- Be involved in the Simulated Patient Programme
- Help conduct Patient Surveys
- Become 'mystery shoppers'
- Assist with outcomes data collection
- Support new projects for improving service quality
- Be involved with the Research and Development Department in delivering trials and collecting information.
- Assist with the production of patient information via the Patient and Carers' Forum to ensure documents are written in plain English.
- Engage in volunteer opportunities specifically designed to support diversity within membership such as the Young Volunteer Programme for members under the age of 25 and the Access to Nursing Volunteer Scheme for members from diverse social backgrounds.

The Trust has a part-time membership officer and during the year they will work with the Company Secretary to develop the Trust's membership strategy to ensure that we are engaging effectively with our members.

Any member may contact the Trust's Associate Director of Governance & Company Secretary at the Royal Orthopaedic Hospital NHS Foundation Trust, Bristol Road South, Birmingham B31 2AP. Tel: 0121 685 4000.

3.2 Volunteers

Some members the Trust are also volunteers and they play an important role at the Royal Orthopaedic Hospital.

Our volunteers are part of a dedicated team of over 120 people who support our staff and enhance patient experience through a variety of roles.

Our volunteers demonstrate and promote the Trust's values. Our Friends and Family surveys regularly quote how much patients value having volunteers around the hospital, a recent Friends and Family survey comment was that the volunteers were "swift and professional and a personal touch was good".

Their commitment of time, skills and experience is greatly valued and appreciated by all.

There are a variety of roles that the volunteers carry out from ward visiting, gardening and administration to welcoming visitors to our Outpatient Department.

We are always looking for volunteers to join our friendly team, if you are interested in becoming a volunteer please contact Gail Booth on 0121 685 4226.

3.3 Membership size and movements

Public constituency	2016 - 17	2017-18 (estimated)
At year start (April 1)	5,516	6,000
New members	28	500
Members leaving	310	200
At year end (March 31)	5,234	6,500
Staff constituency		
At year start (April 1)	993	1025
New members	187	193*
Members leaving	161	187**
At year end (31 March)	1036	1042***

* Leavers on flat turnover rate of 15.99%

** New starters increase of 18.8%

*** Increase in headcount at year end is 7 revalidators and 10 theatre staff

3.4 Analysis of current membership

During the year the Trust's membership database was cleansed and updated which resulted in a reduction in the numbers of members. As in previous years the Trust will continue to focus on varied opportunities for engagement with existing members.

Public constituency	Number of members	Eligible membership
Age (years):		
0-16	5	313,852
17-21	48	100,969
22+	4,871	913,161
Not stated	279	
Ethnicity		
White	3,602	805,880
Mixed	109	52,009
Asian or Asian British	397	299,201
Black or Black British	259	99,599
Other	74	23,030
Not Stated/Do not wish to state	762	

Public constituency	Number of members	Eligible membership
Socio-economic Category		
AB	1,302	74,277
C1	1,474	112,334
C2	1,111	69,459
DE	1,249	121,879
Gender		
Male	1,997	655,171
Female	3,146	672,811
Unspecified	60	

Section 5:

1.0 Code of Governance and FT Reporting Manual Disclosure requirements

1.1 Disclosure of Corporate Governance Arrangements

The Royal Orthopaedic Hospital 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, last updated July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.

1.2 Statutory Requirements

The Code of Governance contains a number of statutory requirements, with which the Trust is compliant and do not require disclosure statements in the Annual report.

1.3 Provisions Requiring a Supporting Explanation

The Code of Governance contains a number of provisions that require the Trust to give a supporting explanation as to whether the Trust is compliant or not. The relevant disclosure statements are detailed below.

Code of Governance reference	Summary of requirement	Reference in Annual Report/ Response
A.1.1	The schedule of matters reserved for the Board of Directors should include a clear statement detailing the roles and responsibilities of the Council of Governors. This statement should also describe how any disagreements between the Council of Governors and the Board of Directors will be resolved. The annual report should include this schedule of matters or a summary statement of how the Board of Directors and the Council of Governors operate, including a summary of the types of decisions to be taken by each of the boards and which are delegated to the executive management of the Board of Directors.	Detail included in the Accountability Report (Section 1: Directors Report)
A.1.2	The annual report should identify the Chairperson, the deputy Chairperson (where there is one), the Chief Executive, the senior independent director and the Chairperson and members of the Nominations, Audit and Remuneration Committees. It should also set out	Detail included in the Accountability Report (Section 1: 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,	Detail included in the Accountability Report (Section 4: Council of

	whether they were elected or appointed, and the duration of their appointments. The annual report should also identify the nominated Lead Governor.	Governors Report)
n/a	The annual report should include a statement about the number of meetings of the Council of Governors and individual attendance by governors and directors.	Detail included in the Accountability Report (Section 4: Council of Governors Report)
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.	Detail included in the Accountability Report (Section 1: 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.	Detail included in the Accountability Report (Section 1: Directors Report)
n/a	The annual report should include a brief description of the length of appointments of the Non-Executive Directors, and how they may be terminated.	Detail included in the Accountability Report (Section 1: 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.	Detail included in the Accountability Report (Section 1: Directors Report)
n/a	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.	Detail included in the Accountability Report (Section 1: 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.	Accountability Report (Section 1: 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.	Accountability Report (Section 4: Council of Governors Report)

n/a	<p>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.</p> <p>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 & Social Care Act 2012.</p> <p>* 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).</p> <p>** As inserted by section 151 (6) of the Health and Social Care Act 2012</p>	This power was not exercised during 2016/2017
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.	Accountability Report (Section 1: 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.	Not applicable
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).	Accountability Report (Section 1: Directors Report and Section 7: 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.	Accountability Report (Section 7: 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.	Accountability Report (Section 1: Directors Report and Section 7: Annual Governance Statement)

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.	Not applicable
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.	Accountability Report (Section 1: Directors Report)
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.	No Executive Directors were released to serve elsewhere.
E.1.5	The Board of Directors should state in the annual report the steps they have taken to ensure that the members of the Board, and in particular the Non-Executive Directors, develop an understanding of the views of Governors and members about the NHS Foundation Trust, for example through attendance at meetings of the Council of Governors, direct face-to-face contact, surveys of members' opinions and consultations.	Accountability Report (Section 1: Directors Report and Section 4: Council of Governors Report)
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.	Accountability Report (Section 4: Council of Governors Report)
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.	Accountability Report (Section 4: Council of Governors Report)

n/a	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.	Accountability Report (Section 4: Council of Governors Report)
n/a	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.	Alternative disclosure Accountability Report (Section 1: Directors Report)

2.0 Comply or explain requirements

The Trust believes it complies with all of the requirements of the Code of Governance in the “comply or explain” category except as detailed below:

Code of Governance reference	Summary of requirement	Explanation in where the trust has departed from the Code of Governance, explaining the reasons for the departure and how the alternative arrangements continue to reflect the main principles of the Code of Governance
B.2.1	The Nominations Committee or Committees, with external advice as appropriate, are responsible for the identification and nomination of Executives and Non-Executive Directors.	<p>The Trust Board has a Nominations Committee which is for Executive Directors only,</p> <p>For Non-Executive Director appointments the Council of Governors’ Nominations and Remuneration Committee plays the equivalent role; this arrangement avoids the need for Governors to be members of two committees.</p> <p>Both Committees ensure there is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board and that Directors of the Trust meet the “fit and proper” test requirements.</p> <p>The Trust Chairman chairs both Council of Governors and Board Committees, and ensures the requirements of a unitary Board are met.</p>
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.	<ul style="list-style-type: none"> • Largely compliant but some work in progress: • The Chair includes a reflective element to the discussions at each meeting of the Council of Governors. • Within the year there have been some specific sessions organised for the Council of Governors to provide them with training and education in some key, relevant areas, including finance and the regulatory framework in which the organisation operates. Further networking and training opportunities are being explored for Council members. • As part of the development of the governor and membership engagement plan a communications strategy, aimed at the public, describing how Council members have discharged their responsibilities will be developed.

Eg.2 e c t i o n	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.	Largely compliant but some work in progress: <ul style="list-style-type: none"> • The Council of Governors included nine public governors, across two constituencies: Birmingham & Solihull and the rest of England, whose responsibility it is to represent the views of the population and local community served by the Trust. • There has been a review of the overlap and interface between the Council and the Patients & Carers Forum and arrangements have been simplified; the Chair of the Patient and Carers Forum joins the Council of Governors on a regular basis to report on the work of the group.
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6:

Regulatory Ratings Report

1.0 Single Oversight Framework

In 2016/17, NHS Improvement introduced the Use of Resources Rating as a replacement for the Financial Sustainability Risk Rating. The Use of Resources Rating measures the Trust against five key financial indicators which include both short term financial performance and longer term financial resilience. A score of 1 is the highest score than can be received, whilst a score of 4 is the lowest.

The financial challenges faced by the Trust in 2016/17, as evidenced by the year end deficit, are clearly shown in the metrics measured as part of the Use of Resources Rating. A breakdown of these metrics is shown in the table below:

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Capital Service Cover		4	4	4
Liquidity		2	3	4
I&E Margin		4	4	4
I&E Variance from plan		4	4	3
Agency Expenditure		2	2	2
Use of Resources Rating		3	3	3
Governance Rating	Green	Segment 2	Segment 2	TBC

**In Quarter 1, the Trust received a FSRR of 2. Under the FSRR scoring mechanism, 1 was the lowest score that could be received and 4 was the highest score)*

Paul Athey

Designated Accounting Officer

30 May 2017

Section 7:

Statement of the Chief Executive's responsibilities as the Accounting Officer of The Royal Orthopaedic Hospital 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 Monitor.

Under the NHS Act 2006, Monitor has directed The Royal Orthopaedic Hospital NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of The Royal Orthopaedic Hospital NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

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

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

Paul Athey

Designated Accounting Officer

30 May 2017

Section 8:

Annual Governance Statement

ANNUAL GOVERNANCE STATEMENT 2016/17

1.0 Scope of responsibility

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

2.0 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 Orthopaedic Hospital 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 Orthopaedic Hospital NHS Foundation Trust for the year ended 31 March 2017 and up to the date of approval of the annual report and accounts.

3.0 Capacity to handle risk

3.1 How leadership is given to the risk management process

The Chief Executive Officer has overall responsibility for having an effective risk management system in place within the Trust and for meeting all statutory requirements.

At an operational level, the Associate Director of Governance & Company Secretary, oversees the risk management framework within the Trust.

The Trust considered its Board Committee structure in the year, in order to ensure risk is appropriately discussed and managed within the organisation and includes fully all disciplines. As a result of this review, and to reflect that transformation work is part of the day to day operational management, it was decided to disestablish the Transformation Committee and instead form a new committee focused on Major Projects and Organisational Development.

The Trust Board therefore now has four primary committees to oversee risk management: the Quality and Safety Committee, the Finance and Performance Committee, the Audit Committee and the Major Projects and Organisational Development (OD) Committee. Figure 1 sets out the reporting Board & Committee framework within the Trust.

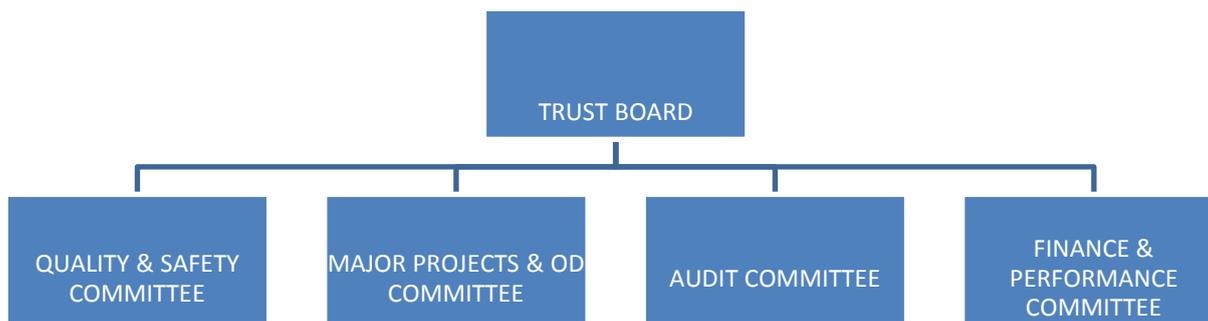


Figure 1: Trust Board & Committee structure

Quality and Safety Committee: The Quality and Safety Committee has designated responsibility for oversight of clinical risk management and is chaired by a Non-Executive Director of the Trust. The Executive Director of Patient Services is the lead executive for this Committee. The Trust’s lead Clinical Commissioning Group has a standing invitation to attend the meetings. The Quality and Safety Committee meets monthly and regularly reviews clinical risks through consideration of an extract of the Corporate Risk Register, which also includes risks of a clinical nature that are of sufficient severity and/or impact as to warrant inclusion on the Board Assurance Framework. The Committee’s cycle of routine business also requires a set of subcommittees and groups with a clinical focus to report to the Committee on their work and to highlight any risks within their remit which may not otherwise be included on the formal risk registers. This process includes the evaluation of mitigating actions that have taken place to understand and assess the outcomes of these actions.

Finance and Performance Committee: The Finance and Performance Committee was established in February 2016. The in-year focus of the Committee has been on activity and financial recovery given a deteriorating position on both. The focus of the Committee has been helped by the development of a revised corporate performance report into a finance and performance overview. The Committee is chaired by the Vice Chair and the Executive Director of Finance and Performance is the lead executive for this committee. As with the Quality and Safety Committee, the Committee meets monthly and regularly reviews finance and performance-related risks through consideration of an extract of the Corporate Risk Register, which also includes risks of a sufficient severity and/or impact as to warrant inclusion on the Board Assurance Framework.

Audit Committee: The Audit Committee is chaired by a Non-Executive of the Trust, and meets at least five times a year. The Executive Director of Finance and Performance is the lead executive for the Committee. The Audit Committee ensures the provision and maintenance of an effective system of financial risk identification and associated controls, reporting and governance. It maintains an oversight of the foundation trust’s general risk management structures, processes and responsibilities, including the production and issue of any risk and control related disclosure statements. It reviews the adequacy of underlying assurance processes that indicate the degree of achievement of corporate objectives and the effectiveness of the management of principal risks.

Transformation Committee [until January 2017]: The Transformation Committee was chaired by a Non-Executive of the Trust and met around six times a year. The Executive Director of Strategy and Transformation (a role which no longer exists) was the lead executive for the Committee. It maintained oversight of the key risks to delivery of the Trust's Transformation Programme. It regularly reviewed and tracked the progress of key deliverables within the Trust's Strategic Plan via routine monitoring reports from seven work streams. The Committee reviewed the impact of delays and underperformance in individual initiatives on the wider programme to ensure that risks are mitigated, interdependencies are managed and to help identify solutions where appropriate.

Major Projects & Organisational Development Committee [from January 2017]: The Major Projects and Organisational Development Committee is chaired by a Non-Executive. Although established by the Board during the year, the Committee did not meet in 2016/17, with the first meeting scheduled for first quarter of 2017/18. The Committee will meet quarterly. The Executive Director of Strategy and Delivery is the lead executive for the Committee. The focus for the Committee is to provide the Board with assurance concerning the arrangements and progress with delivery of major projects and key initiatives in support of the Trust's strategic plan. In the immediate future, the Committee will focus on major IT initiatives, staff and clinical engagement and on leadership development. As with the Quality and Safety Committee, the Committee will regularly review workforce and project-related risks through consideration of an extract of the Corporate Risk Register, which also includes risks of a sufficient severity and/or impact as to warrant inclusion on the Board Assurance Framework.

All committees report back to the Board as part of its formal agenda through the use of an assurance report that presents matters agreed at committee meetings that require escalation or are of concern, together with any key action that has been taken.

The Chief Executive chairs a weekly business meeting of the **Executive Team** which comprises the Executive Directors, the Associate Director of Governance/Company Secretary and the Business Manager to the Chief Executive. The agenda for the Executive Team covers operational delivery, clinical governance, risk management and policy approval as standard items, together with a range of ad-hoc matters which require decision or discussion by the entire Executive Team. The Executive Team business meeting provides a forum for the Chief Executive to hold colleagues to account and offers assurance to the Board and its Committees on the day to day management and decision-making in the organisation when needed, including via a report back to the Board on the matters discussed by the Executive Team in the Chief Executive's update at the public sessions of the Trust Board meetings.

The Trust has an electronic risk register system that facilitates both local and corporate risk registers and the Board Assurance Framework.

3.2 How staff are trained or equipped to manage risk in a way appropriate to their authority and duties

The education and training of all staff on the principles of risk management is an essential element of the Trust's Risk Management policy. Risk management update training is provided to new staff as part of the induction programme to the organisation and all existing staff receive annual updates on key elements as per the mandatory training programme identified through the Trust Training Needs Analysis. Following the launch of the new Risk Management policy in June 2016, the key elements of the policy were disseminated. The Corporate Governance Officer also attends key operational management meetings to present the risk register and offers support to those wishing to raise a risk or strengthen their knowledge of risk management.

3.3 Ways in which the Trust seeks to learn from good practice

The Trust seeks to learn from good practice in governance and the management of risk through a number of means including partnering with other organisations, external reviews by experts and internal activities such as Trust-wide learning events for staff.

4.0 The risk and control framework

4.1 The key elements of the risk management framework

To ensure a consistent approach to risk the Trust has used during the year a systematic approach to risk management. The prioritisation of risks is identified through the use of a risk assessment matrix which enables the Trust to assess the level of risk based upon the measurement of likelihood and consequence of occurrence.

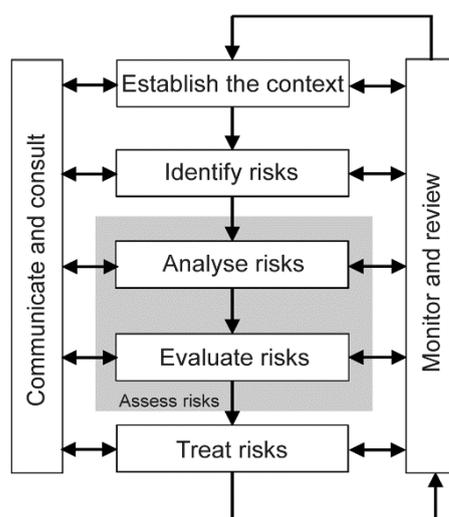


Figure 2: Risk management process

The risk management framework includes:

- Identification of hazards and risks and their communication to all stakeholders
- Risk analysis and control including prevention and reduction of loss
- Developing and maintaining a risk register
- Managing, reporting and recording of near miss and incidents
- Investigation of serious incidents and root cause analysis
- Complaints and claims management
- Education of staff on safety awareness including feedback from incidents, complaints and claims
- Ensuring compliance with law and professional or other relevant standards

During the year there has been concerted effort to improve the Trust's risk management processes, through the development of a revised Risk Management policy. This was approved by the Board in June 2016. The policy provides clearer guidance on how to escalate and de-escalate risks from ward and department level, up through to divisions and should the combination of severity and likelihood be sufficiently high, up to the Corporate Risk Register and Board Assurance Framework. The policy also provides a refreshed format for risk registers and guidance to enable staff to describe risks in a consistent and robust way.

4.2 How risk appetites are determined

The Trust recognises that eliminating all risk is not possible and that systems of control must not be so rigid that they stifle innovation, creativity and the imaginative use of resources. In this context the Board of Directors interpret "acceptable" levels of risk as follows:-

An acceptable risk is one which has been accepted after proper evaluation (risk assessment) and is one where effective and appropriate controls have been implemented. The acceptance of a risk should represent an informed decision to accept the likelihood of that risk. It must be:-

- Identified and entered on the Risk Register
- Quantified (impact and likelihood)
- Reviewed and have been deemed acceptable by the relevant committee
- Controlled and kept under review

As a general principle the Trust will seek to eliminate or control risks which have the potential to:

- Harm patients, staff, volunteers, visitors, contractors and other stakeholders
- Harm the reputation of the organisation
- Have severe financial consequences which would prevent the Trust from carrying out its functions

Further work is planned during 2017/18 to review the Board's risk appetite given the significant changing external context in which the Trust is operating at present.

4.3 The key elements of the quality governance arrangements, including how the quality of performance information is assessed and how assurance is obtained routinely on compliance with CQC registration requirements

The Board receives assurance on the quality of care through the Board Assurance Framework, performance monitoring against a wide range of indicators in the monthly Finance and Performance Overview and through assurance provided by the Quality and Safety Committee, which considers in detail a monthly report on Quality and Patient Safety.

The Quality and Safety Committee provides upward assurance to the Board on the activities undertaken by its subgroups covering particular aspects of quality, for example drugs and therapeutics, safeguarding and infection control. Much work has been undertaken during the year to strengthen the quality and content of the upward reports from the subgroups into the Quality and Safety Committee and a prescribed format has been embedded during the year which subgroup chairs use when they attend by rotation to present to the Committee.

Quality information is also scrutinised by the Clinical Quality Group, one of the bodies upwardly reporting into Quality and Safety Committee, this being chaired by the Deputy Director of Nursing & Clinical Governance.

The clinical outcomes data is reviewed by the Clinical Audit and Effectiveness Committee, a further subgroup of the Quality and Safety Committee with a remit that is complementary to the agenda of the Clinical Quality Group.

Work is ongoing to develop enhanced approaches to data reporting through the ongoing evolution of the Finance and Performance Overview and Quality and Patient Safety report to enable greater and more informed scrutiny.

There is a process of escalation of risk related to quality throughout the Trust; much work has been undertaken during the year to strengthen existing risk registers, with further work planned during 2017/18 particularly around better use of the electronic risk management solution and to deliver training on risk management more systematically.

Board members carry out informal walkabouts in which they gain first-hand experience regarding the quality of care and the views of patients, staff and others. A formal programme of quality assurance walkabouts is also in place, led by the Governance Team which involves Non-Executives, Executive Directors, patient representatives and members of the Council of Governors, together with operational managers. The Chief Executive holds monthly briefings with senior managers for dissemination of key messages to teams and to receive feedback from the organisation.

Assurance is obtained routinely on compliance with CQC registration requirements through Directors and Senior Managers of the Trust, having specific responsibilities in respect of CQC standards and more generally in maintaining internal control systems to support those standards.

The Trust was re-inspected by the CQC in July 2015, following the initial inspection in June 2014. In response to the report from the visit released in December 2015, the Trust produced an action plan which addressed the recommendations raised. Progress with delivery of the action plan is monitored by the Quality and Safety Committee and Trust Board as part of their routine cycle of business. The progress with the delivery of the Royal College of Paediatrics and Child Health (RCPCH) action plan, developed in response to an inspection of the Trust's Paediatric services in March 2016 as mandated by the CQC, is

monitored at an operational level by the Children's Board, one of the subgroups reporting upwardly into Quality and Safety Committee and it is also considered by the Board in private session.

4.4 How risks to data security are being managed and controlled

An IT Security role is in place within the Trust, which is responsible for managing the technical/cyber security aspect of data. The Information Governance Manager supports the awareness and communications part of this work. Data Security is monitored via the Information Governance (IG) Group, whose membership includes the Executive Director of Finance and Performance in his capacity as Senior Information Risk Owner (SIRO) at Board level. This group maintains a Risk Register and an action list which addresses issues which are reviewed and actioned quarterly. Lessons learned are fed into Information Governance training.

The IG toolkit is used as one of the controls for implementing data security and it is monitored by the IG Group. In addition, the IT Manager/IT Security Manager has a rolling action plan for improving technical security which is monitored by the Chief Information Officer and the IM&T Programme Board which again, the SIRO attends.

Encrypted data sticks are being phased out to protect the network and a new network infrastructure implementation has built in data security control as part of its design. All portable devices are protected by encryption and Trust owned tablets/smartphones are monitored via Mobile Device Management (MDM) software. No personal devices can operate on the Trust network.

Information flows containing personal/sensitive data in and out of the Trust have been identified, reviewed and risk assessed, and transfer methods changed where required. The Trust is moving away from faxing where possible and encouraging secure email.

Information assets (IT systems and paper records) have been risk assessed to ensure that data is held securely with appropriate access controls in place.

All staff receive annual Information Governance training via mandatory training to ensure up to date knowledge about the importance of the confidentiality and security of information.

An audit/walkabout programme is in place to observe and check data security practices on the front line.

4.5 Description of the organisation's major risks, including significant clinical risks, separately identifying in-year and future risks, how they are/will be managed and mitigated and how outcomes are/will be assessed

The following is an extract from the Trust's Board Assurance Framework, which details the strategic risks with the highest pre-mitigation and controlled residual risk scores and therefore represent the area where the Trust Board has been focussing its attention in 2016/17.

RISK	CONSEQUENCE	IN YEAR/ FUTURE	HOW THEY ARE/WILL BE MANAGED AND MITIGATED AND HOW OUTCOMES ARE/WILL BE ASSESSED
FINANCE			
Failure to deliver financial targets, impacting on financial stability, investment opportunities and regulatory rating	The Trust's status as a Going Concern is called into question	IY/F	<p>Mitigation/Controls:</p> <ul style="list-style-type: none"> Financial and activity recovery plan Oversight by Finance and Performance Committee and at an Executive level, Recovery Board Check and challenge of financial performance and cost improvement at all levels of the Trust <p>Outcome Assessment:</p> <ul style="list-style-type: none"> Achievement of the required control total Delivery of the Trust's Cost Improvement Programme Regulatory rating (Segment 2) remains unchanged
Deterioration in the cash reserves of the organisation	The Trust's status as a Going Concern is called into question	IY/F	<p>Mitigation/Controls:</p> <ul style="list-style-type: none"> Monthly scrutiny of cash balances and Use of Resources rating (which includes liquidity) through the finance overview Oversight by Finance and Performance Committee Re-phasing of the capital plan Reduced reliance on the use of agency and locum staff Alternative sources of funding for some projects such as the IT infrastructure upgrade Application to regulators for cash support <p>Outcome Assessment:</p> <ul style="list-style-type: none"> Stability of the Trust's cash reserves position Cash loan accessed from regulators and reported through to Finance and Performance Committee
Limited capital funding available to replace equipment that is beyond its useful life	Patient care may be compromised by use of outdated technology and equipment	IY/F	<p>Mitigation/Controls:</p> <ul style="list-style-type: none"> Reprioritisation of the capital plan Theatre maintenance schedule is in place <p>Outcome Assessment:</p> <ul style="list-style-type: none"> Few or no equipment failures Robust delivery of the theatre maintenance plan Few or no incidents reported to be related to equipment failure

RISK	CONSEQUENCE	IN YEAR/ FUTURE	HOW THEY ARE/WILL BE MANAGED AND MITIGATED AND HOW OUTCOMES ARE/WILL BE ASSESSED
OPERATIONAL PERFORMANCE			
Long waiting times for spinal deformity treatment	Financial adversity should fines continue to be applied by commissioners; poor patient experience/outcomes and a risk of harm	IY/F	<p>Mitigation/Controls:</p> <ul style="list-style-type: none"> • Sourcing additional capacity from external sources • Revised commissioning arrangements and CQUIN penalty regime <p>Outcome Assessment:</p> <ul style="list-style-type: none"> • Reduction in the waiting list for spinal deformity cases
Reported position against the 18 weeks Referral to Treatment Time target is inaccurate due to data quality issues	Patient pathways and referrals open and not followed up, so patients are 'lost' in the system or no initial outpatient appointment is arranged	IY/F	<p>Mitigation/Controls:</p> <ul style="list-style-type: none"> • Updated patient access policy • Validation programme in place to cleanse data • Request for support from regulators to assist with diagnostic element of the recovery plan <p>Outcome Assessment:</p> <ul style="list-style-type: none"> • Increasing number of patient pathways and referrals validated • Reduced regulatory scrutiny and intervention • Retained regulatory rating
Deterioration of performance against the 18 weeks Referral to Treatment Time target	<p>Poor patient experience by patients waiting excessive amount of time to be treated following referral, including those spinal deformity patients having waited in excess of 52 weeks</p> <p>Potential that patients have been harmed by waiting excessive amount of time before treatment</p>	IY/F	<p>Mitigation/Controls:</p> <ul style="list-style-type: none"> • Weekly Patient Tracking List meeting • Weekly monitoring of 18 weeks RTT position and backlog by the Executive Team • Plans to pool waiting lists to reduce variations between consultants <p>Outcome Assessment:</p> <ul style="list-style-type: none"> • Few patient complaints regarding long waiting times • More equitable waiting lists for similar procedures • Improvement in the Trust's performance against the 18 weeks Referral to Treatment time target

PATIENT SAFETY			
<p>Patients are harmed as a result of waiting excessively for treatment</p>	<p>Poor patient experience and adverse clinical outcomes</p>	<p>IY/F</p>	<p>Mitigation/Controls:</p> <ul style="list-style-type: none"> • Weekly monitoring of 18 weeks RTT position, backlog and 52 week waits by the Executive Team • Harm review process established <p>Outcome assessment:</p> <ul style="list-style-type: none"> • Good patient outcomes • Few patients identified as suffered harm as a result of waiting excessively for treatment • Harm review panel meets regularly

4.6 The principal risks to compliance with the NHS Foundation Trust condition FT4 (FT governance)

In relation to the above risks and actions identified to mitigate those risks these can be summarised as follows:

AREA	PRINCIPAL RISKS	ACTIONS IDENTIFIED TO MITIGATE THESE RISKS
	<p>There was a need to further strengthen the relationships between Trust Board, Board Committees and management groups.</p>	<p>The terms of reference for all Board Committees have been reviewed in year. Upward assurance reports from the Board committees are received at each public meeting of the Trust Board. Membership of the committees has been revised to ensure adequate representation by Board members on the various committees. The Finance and Performance Committee became embedded during the year. The Transformation Committee was disestablished during the year and replaced by a Major Projects and Organisational Development Committee to provide better focus on culture change, organisational development and to allow the Board to have sight of the major initiatives that would impact on the Trust.</p>
	<p>The purpose and levels of authority of each of the groups or committees reporting to Quality and Safety Committee were not always clearly specified or well understood and, in particular, there was a risk that serious concerns might be identified but not escalated appropriately</p>	<p>The suite of Trust-wide clinical governance committees reporting upwards into Quality and Safety Committee has widened. These reports include matters for escalation and key risks identified.</p> <p>The Clinical Quality Committee was refreshed during the year to provide enhanced scrutiny of the work of some of the committees not reporting directly into the Quality and Safety Committee.</p>

AREA	PRINCIPAL RISKS	ACTIONS IDENTIFIED TO MITIGATE THESE RISKS
	<p>There was no clear clinical audit process across the Trust and no testing of clinical audit processes by the Audit Committee</p>	<p>A clinical audit programme has been created and is delivered under the remit of the Head of Knowledge Management.</p> <p>The Clinical Audit and Effectiveness Committee, chaired by the Medical Director, continues to meet with a remit to monitor the delivery of the audit programme</p>
	<p>The Trust was not reporting systematically its incidents into the National Reporting and Learning System</p>	<p>A new standard operating procedure has been developed setting out the process for uploading of incidents onto the National Reporting and Learning System and the system is now updated routinely</p>
	<p>Policies were out of date</p>	<p>The Policy for the Development, Approval and Management of policies has become embedded during the year, which simplifies the template for policies and streamlines the processes for policy approval</p> <p>The Clinical Quality Committee takes responsibility for reviewing clinical policies prior to consideration by the Executive Team, which, following the disestablishment of the Trust Management Committee, is now the sole forum for gaining approval of new and substantially revised policies</p> <p>The new Corporate Governance Officer takes operational leadership of policy governance, approaching the authors of policies beyond their review date and agreeing a plan to review these as a priority; a mechanism for automatically reminding staff of policies due to expire imminently is being developed</p> <p>Achieving a position where there are no policies in existence which are beyond their review date is a Quality Indicator within the Quality Account for 2017/18</p>

AREA	PRINCIPAL RISKS	ACTIONS IDENTIFIED TO MITIGATE THESE RISKS
	There was no systematic assessment of NICE guidance published for relevance to the Trust	A full review of the backlog of NICE guidance published has occurred in year, such that there is no outstanding guidance to review. The Clinical Audit and Effectiveness Committee includes consideration of NICE guidance within its routine matters of business
	The Trust was not responding in a timely way to claims received	Litigation is handled centrally by a Corporate Governance Officer who has refreshed the process and addressed a backlog of potential claims
The degree and rigour of oversight the Board has over the Trust's performance	There was not adequate detailed Board oversight of financial and operational performance and risks	A Finance and Performance Committee continued to be embedded, which has provided oversight of financial and activity recovery, in addition to more routine oversight of performance against operational performance, such as that against 18 weeks Referral to Treatment Time target

4.7 How the Trust is able to assure itself of the validity of its Corporate Governance Statement

The role of the Quality and Safety Committee, Finance and Performance Committee, the Audit Committee, and the Major Projects and Organisational Development Committee in providing assurance regarding Corporate Governance has been described earlier in this Statement.

Prior to the submission of the annual Corporate Governance Statement to NHS Improvement a Board paper is created with input from the whole of the Executive Team summarising evidence for the validity of each element of the Corporate Governance Statement which is available for Board members to interrogate if needed.

4.8 How risk management is embedded in the activity of the Trust

The Trust's risk management processes are embedded within all aspects of service planning, delivery and redesign as a means of prioritising and decision making. These key elements, processes and priorities for the management of risk are required to be applied locally to all wards, areas, departments and operational management/ service units.

With the recruitment of a Corporate Governance Officer during the year, there has been dedicated support given to improving the quality of risk registers across the organisation, most notably at division level, but also at Trust-wide committee level.

Divisions receive localised risk register reports which are discussed as part of monthly Divisional Governance Board meetings.

The Operational Management Board, the successor body to the Trust Management Committee, which is chaired by the Executive Director of Patient Services (formerly Director of Operations, Nursing and Clinical Governance) is attended by Divisional General Managers and other key senior operational and nursing leaders, considers a monthly Corporate Risk Register report which shows progress with delivery of key mitigating actions to address the organisation's key risks.

The Board Assurance Framework (BAF) provides a framework for reporting key information to the Board. It identifies which of the Trust's objectives are at risk because of inadequacies in the operation of controls and, at the same time, it provides structured assurances about where risks are being managed effectively and objectives are being delivered. The BAF draws together the key corporate risks from the Corporate Risk Register and strategic risks identified by the Board itself, and is considered by the Trust Board and Audit Committees during the year to ensure a bottom up and top down approach to capturing key corporate risks. Each reported risk has a lead executive, a set of mitigating actions currently in place and an indication of further actions planned to reduce the severity and/or likelihood of the risk.

As an example of risk management activity below the level of the BAF and potentially feeding into it, reporting of potential risk situations, adverse incidents, 'near-misses', accidents and concerns is a vital part of managing and controlling risks. The Trust has a unified system for the reporting of both clinical and non-clinical incidents. This is an electronic system called 'Ulysses'. This system enables members of staff to report incidents in a timely fashion and allows managers and other relevant individuals to receive real time notification of incidents. This system also allows managers to complete an electronic management review of incidents. All managers are expected to encourage an incident reporting culture and support their staff in utilising the incident reporting system. Ulysses is currently being updated to develop detailed reports in order to provide Divisions and wards with better information on risk. To support the strengthened process of incident reporting, the Serious Incident policy has been refreshed. This will standardise the process and ensure effective and accurate reporting of incidents. Incidents are reviewed on a daily basis by the Governance Team to ensure timely escalation of any patient safety queries that may arise as well as to quality check the data inputted.

Information on all incidents requiring an investigation and any clinical negligence claims is shared with key staff and through the Divisional Management routes.

The Executive considers a weekly report on serious incidents, including those that are new and those which have been returned from the Clinical Commissioning Group for the Trust to strengthen the action plan created to prevent a recurrence of the incident. The Quality and Safety Committee reviews incidents monthly as part of the routine Quality and Patient Safety report. Through the Clinical Quality Review forum, the clinical performance and risk information is shared with lead commissioners and scrutinised as part of the contract review process.

4.9 How public stakeholders are involved in managing risks which impact on them.

The Trust is committed to involving stakeholders as appropriate in all areas of the Trust's risk management activities. This includes informing and consulting on the management of any significant risks. Key stakeholders include the Trust's Council of Governors, NHS Improvement, CQC, NHS England, Commissioners, Subcontractors, Voluntary Groups, Patient Groups, Patient and Carers' Forum, patients and the local community.

4.10 The Trust is fully compliant with the registration requirements of the Care Quality Commission.

The Trust has not been placed under any special measures or conditions.

Following the publication of the re-inspection of the Trust in July 2015, the CQC inspection report was released in December 2015 and specified the compliance actions the Trust must take relating to regulated activities.

The Trust received a range of actions from the CQC that were described under the headings of Requirement Notices, Must Do and Should Do.

Good progress had been made against the delivery of the actions within the CQC action plan. Whilst there has been slippage in delivery of a Learning Disability Strategy, the Trust has employed a Learning Disability nurse who joined the organisation in April 2017 and will take responsibility for developing the strategy. The recruitment of paediatric nurses remains an ongoing challenge for the Trust. However, a number of individuals have been offered posts following an open day hosted by the Trust; these individuals are due to commence work during the early part of 2017/18.

During the year, the report from the Royal College of Paediatrics and Child Health (RCPCH) was received, in response to a review undertaken in March 2016 given the significant concerns regarding the care of children identified as part of the CQC inspection in July 2015. The report received in June 2016 described a number of recommendations relating to non-compliance with national professional guidance, including the need to address the level of cover provided by a Paediatric consultant and the governance processes relating to activity involving children and young people. The Trust received an unannounced inspection by the CQC in July 2016 to review the actions being put into place to address the concerns outlined in the RCPCH report. The review was a focused inspection of the paediatric care in the High Dependency Unit (HDU) only and did not result in a regulatory rating given that this was a focussed inspection. Overall, the CQC found some improvements in the safety of paediatric care provision and within the leadership of the service since the inspection in 2015. However, there continued to be a lack of strategy, policies and procedures and robust governance processes for the care of children. The recommendations from the inspection advised that the Trust should act upon the recommendations of the RCPCH to develop and implement policies in a timely manner and to implement a fit for purpose Paediatric Early Warning System (PEWS) chart immediately to detect the deteriorating child.

In response to the recommendations set out by the CQC following the inspection of HDU, the Trust has implemented both a HDU Improvement Board and a Children's Board. Both Boards provide added oversight of the plans to improve the care of children and young people in the Trust and to address the issues specifically relating to the Trust's HDU. Both Boards report through the usual channels to the Quality and Safety Committee of the Trust Board and report progress on the delivery of the action plan arising from the CQC inspection of HDU. The Children's Board has been particularly focussed on reviewing Trust-wide policies and developing those that require a separate Paediatric focus.

The Service Level Agreement with BWC for Paediatric consultant cover is in place, however the arrangement of Paediatric consultant cover to the level required by the RCPCH at the Royal Orthopaedic Hospital remains pending.

4.11 NHS Pension Scheme

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

4.12 Equality and Diversity

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

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.

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

The Trust robustly reviews performance throughout the organisation to ensure that resources are used economically, efficiently and effectively. There is a robust budget setting and financial management control system which includes activity related budgets, monthly budget manager meetings, Divisional performance meetings and regular reports to the Trust Board. The budgetary control system is complemented by a clear scheme of delegation and financial approval limits. This process enables regular review of financial performance by highlighting areas of concern via variance analysis.

The Trust is structured into four principal Divisions, a model which has been embedded during the year. Figure 3 below presents this structure:

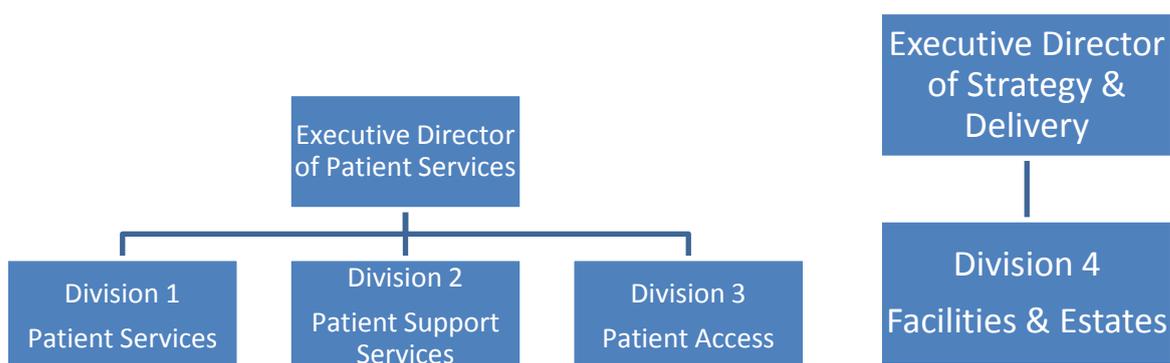


Figure 3: Operational management structure

This arrangement provides a robust structure of accountability for the key elements of the Trust’s business. Each Division meets monthly for a Management Board, the agenda for which is divided into a section to

review performance and operations, with the second part primarily concerned with clinical governance and risk and is supported by members of the Trust's clinical governance team. Each Division is subject to formal reviews with Executive Directors; Divisions 1 and 2 being monthly, with Divisions 3 and 4 being on a quarterly basis. These reviews combine outcomes with efficiency, effectiveness, use of resources, quality and governance to ensure a holistic view of performance is taken.

The Trust has developed, within its Finance Overview, a set of infographics which monitor both national and local targets together with efficiency indicators which are reported on a monthly basis. This is considered and challenged on a monthly basis by the Finance and Performance Committee and also by the Trust Board when it meets in public.

A component of the Trust's financial planning is the implementation and delivery of a Cost Improvement Programme (CIP). Financial delivery against the Trust's CIP is monitored on a divisional basis through the Divisional Management Boards and the formal executive divisional reviews, with Trust-wide performance monitored and challenged monthly as part of the Finance Overview to the Finance and Performance Committee. The quality impact of the schemes is reviewed through Quality and Safety Committee.

The Trust regularly benchmarks its reference costs with national tariffs to highlight the areas of potential inefficiency and compares its use of resources with other specialist orthopaedic centres. As a member of the National Orthopaedic Alliance vanguard, there is an opportunity to review and benchmark services across a number of partner providers.

The Trust benefits from the data produced by the Patient Level Information and Costing System, which has enabled the Trust to increase the understanding of where efficiencies can be targeted and has focused discussions with the Department of Health around issues with the national Payment by Results tariff system. Information from the Patient Level Information and Costing System is being used to develop Service Line Reporting. In addition, the Trust has been working as a costing roadmap partner with NHS Improvement to help influence and develop the future accuracy of orthopaedic costing.

The Board receives regular updates from its Audit Committee on the reviews carried out by both Internal Audit and External Audit. They receive and consider the Internal Auditor's opinion and the Annual Management Letter by the External Auditor which comments on the economy, efficiency and effectiveness of the use of resources. The Audit Committee considers the recommendations from all audits carried out and oversees, by appropriate monitoring of actions taken by responsible officers, any required corrective action needed. The Audit Committee receives regular technical updates from the Trust's external auditor, a number of which have related to a changing external context and the drive for greater efficiency and transformational practice. The Director's report provides further information regarding the Committee structure, attendance records and coverage of each of the Committees' work.

The Finance and Performance Committee has taken consideration of the review undertaken by Lord Carter of Coles; 'Operational productivity and performance in English NHS acute hospitals: Unwarranted variations', and looks forward to the future publication expected in 2017/18 regarding its application to specialist organisations such as the Royal Orthopaedic Hospital.

The Council of Governors review and challenge planned and actual corporate performance throughout the year as part of the regular presentations by the Non-Executive Directors and consideration of the Quality and Patient Safety report and Finance Overview.

In 2016/17, NHS Improvement's measure of financial performance and sustainability changed from the Financial Sustainability Risk Rating (FSRR) to the Use of Resources (UOR) rating. The Trust achieved a full year FSRR of 3 for 2016/17 (1 being the highest rating, 4 being the lowest). This was reflective of control of agency spend sufficiently to achieve a rating of 2, ratings of 3 for I&E variance from plan, and 4 for liquidity, I&E margin and capital service cover. The ratings of 4 are all driven through the Trust's deficit being higher than planned, largely as a result of the June theatre closure mentioned within this Annual Report.

When the Single Oversight Framework was launched in the Autumn 2016, the Trust was placed in Segment 2, this being the second of four segments. This signals one or more concern against the five domains NHS Improvement use to direct their judgement, these being quality and finance. The Trust retained this rating following the assessment at the end of Quarter 3, however as a result of regulatory scrutiny and challenge over the Trust's management of its 18 weeks waiting list, which is discussed in more detail in Section 8 of this report, together with the challenges over the Trust's long term sustainability, NHS Improvement has signalled that it is their intention to move the Trust into Segment 3. This process which will trigger greater support to assist the Trust with the challenges it faces and a greater degree of oversight by our regulators. In addition, a letter has been received from NHS Improvement, outlining where it feels the Trust is in breach of its licence, these being mainly in respect of Condition FT4, NHS Foundation Trust governance arrangements. The letter also includes a set of legal undertakings that the Trust is required to address to remedy the operational issues identified, repair weaknesses in its governance framework and develop a strategy outlining the options for future sustainability of the Trust.

There has been a mixed performance during 2016/17, reflecting a number of areas of challenge which the Trust is addressing, namely cancer reporting and tracking, as well as delivering the commitment to treat our patients within 18 weeks of referral (18 weeks RTT) across all specialities.

6.0 Information Governance

During the year the Trust reported ten serious incidents relating to Information Governance but none of these incidents met the criteria for reporting to the Information Commissioner. The majority of serious incidents related to information that was disclosed to individuals in error, such as patients or their GPs receiving another patient's letter or appointment. The Trust's Information Governance Manager investigates all incidents, and learning from these is shared at the IG Group and with the individuals involved, and cascaded to staff via training and awareness. Where required, letters of apology and explanation are sent to affected patients.

7.0 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 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 Executive Director of Patient Services has executive responsibility for the completion of the Annual Quality Report and Account. This process involves significant input from a range of stakeholders including staff, patients and the Council of Governors. The views of our commissioners and the Birmingham Healthwatch are directly incorporated into the Annual Quality Report and Account and offer a balanced view of the Trust's performance.

Performance against the metrics included within the Annual Quality Report and Account are regularly reported to the Trust Board within the monthly Finance and Performance overview and Quality and Patient Safety report.

Consultation on the quality indicators for 2017/18 took place with the Quality and Safety Committee, the Trust Board and the Council of Governors prior to the completion of the Annual Quality Report and Account.

The Trust has a large number of policies and plans which are in place to ensure the quality of care provided. These include the policy on the 'Development, Approval and Management of Policies', which ensures consistency of approach when developing, monitoring and auditing policies and which was reviewed and refreshed during the year. Much work has continued during 2016/17 to ensure that the collection of policies having passed their review date were updated, both for clinical and non-clinical policies. This also forms a key quality indicator for 2017/18 within the Quality Account.

The Trust also has a number of methods of both collecting and reporting quality data. Collection systems are at both a local level and Trust level, and monitoring is performed through a number of key committees within the Trust. Examples include the quality metrics which are included monthly within the Trust's Finance and Performance Overview and the Quality and Patient Safety Report; these reports are received and reviewed by Finance and Performance Committee, Quality and Safety Committee and the Trust Board, in addition to being shared with the Trust's partner commissioners. Other examples of outcome specific data that are reviewed and shared include Patient Reported Outcome Measures (PROMs) and NJR (National Joint Registry), which is reported principally to the Quality and Safety Committee, the Clinical Quality Group and the Clinical Audit and Effectiveness Committee.

Professional leads provide some of the data for the Quality and Patient Safety report; these are experts in their quality fields. This is done in conjunction with the informatics team.

In response to Board and regulator concern over the Trust's performance against the activity trajectory set out in the annual operating plan and the associated deterioration in the financial position, a number of additional controls and actions were put into place during the second half of the year to provide additional scrutiny over the information being monitored by the Trust in relation to this, which are summarised as follows:

- Creation of a recovery plan – a plan to reach a revised control total set by NHS Improvement, underpinned by a set of work streams, aimed at improving the efficiency of pre-operative assessment processes, theatre productivity and list planning, discharge planning, addressing agency spend and cost control
- Creation of a Recovery Board – an Executive-level Board that meets on a weekly basis to consider progress with the delivery of the recovery plan

➤ Continued Board oversight of the position through the embedding of the Finance and Performance Committee

During the year an advisory review of the end to end patient pathway 18 weeks referral to treatment was undertaken by the Trust's Internal Audit function. As part of the review, data quality was assessed, along with the accuracy of reporting. This indicated that there was further work to do to gain additional assurance around the data quality of the 18 weeks Referral to Treatment Time target information, a matter which was given additional focus by the commencement of a new Divisional General Manager to oversee the Patient Access area. This further review highlighted that there were concerns around the accuracy of reporting and the robustness of the patient tracking mechanisms. It became clear that the mechanisms for monitoring patient tracking and the referral to treatment pathways were out of line with latest guidance elsewhere in the NHS. Work commenced and is continuing to validate the 100,000 referrals which were identified to be open on the patient tracking system. Additional resources were brought in to expedite the validation and the situation was reported to NHS Improvement who provided assistance from their Intensive Support Team to support the diagnostic to understand the magnitude of the issue. Further detail of the remedial action undertaken, the work to identify where patients may have been harmed by waiting excessively and the additional regulatory scrutiny, is contained in the next section of this report under weaknesses of internal control. The situation is also reflected in Section 4.5, where the key principal risks to the organisation are described.

8.0 Review of effectiveness

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

I can place reliance on the Head of Internal Audit Opinion for 2016/17, which states that *'the organisation has an adequate and effective framework for risk management, governance and internal control. However our work has identified further enhancements to the framework of risk management, governance and internal control to ensure it remains adequate and effective'*. The opinion notes that out of the assurance reports issued, one report provided substantial assurance; six reasonable assurance; five partial assurance; and one no assurance. Those that provided partial assurance relate to some specific internal control compliance weaknesses in some clinical and corporate areas which are being addressed through actions already in progress, the majority of which are described within this Statement. The report providing no assurance related to theatre stock management, given the challenges reported in relation to stock at the end of 2015/16. The Audit Committee in December 2016 received a comprehensive presentation from the Deputy Director of Finance and the Divisional General Manager for Division 2 (Patient Support) which provided a detailed outline on the progress made since the audit on the actions identified to address the weaknesses.

The action log for the Audit Committee has also timetabled a further update on the implementation of the automated stock management system from the Executive Director of Patient Services for September 2017.

The effectiveness of our systems has also been considered during 2016/17 through a range of external reviews including an unannounced CQC visit and visits by our commissioning partners.

Other steps taken during 2016/17 to maintain and improve the Trust's systems of internal control include:

- The Audit Committee receiving regular reports on reviews undertaken by the Internal and External Auditors, and follow up of any recommendations to ensure that the management team are implementing the agreed improvements to internal control processes within the agreed timeframe or that there are reasonable explanations for variances.
- The Board Committee structure has been reviewed during the year to provide better oversight of major projects and organisational development.
- An audit of the clinical governance committees has been undertaken, the findings of which have been reported to the Quality and Safety Committee. The audit identified further improvement of the effectiveness of the committees is needed, such that they operate in a consistent way, use standard templates and consider risk registers more robustly. An action plan to strengthen these arrangements is currently being developed and will be delivered during Quarter 1 of 2017/18.
- The terms of reference for all Board Committees have been reviewed and refreshed during the year
- The annual work plan for the Board and its committees have been revised and made more comprehensive.
- A refreshed series of quality assurance walkabouts has been established by the Governance Team; these are due to commence during April 2017.
- Clinical Audit sessions continue to share good practice, learn from experience and improve local clinical governance processes, ensuring there is protected time for teams to come together on a regular basis to review the quality of care provided. There are further plans to strengthen these sharing and learning processes in 2017/18 through the adoption of standardised agendas and reporting mechanisms.
- A revised operational management structure has been introduced, supported by a strong governance framework to ensure that there are clear lines of accountability and risk management and clinical governance discussions are given significant focus
- The Executive Management Team has been refashioned to streamline responsibilities under the Chief Executive, supported by four Executive Directors: the Executive Medical Director; Executive Director of Patient Services; Executive Director of Finance and Performance; and the Executive Director of Strategy and Delivery.
- During the year, the terms of office of two of the Trust's Non-Executive Directors concluded and two replacement Non-Executives were appointed. The opportunity was taken to secure an individual with partnership and innovation experience, in addition to an individual with relevant clinical experience.

During the year the following areas of weakness in internal control have been highlighted:

- The Trust identified that there were data quality issues associated with the reporting of its performance against the 18 week referral to treatment time target and management of patients on the 18 week pathway. This was uncovered during work undertaken to develop a more robust patient tracking list where it had also been identified that the Trust's practices to manage the 18 week pathway were out of date and not in line with national guidance. In response, the Trust commenced a validation programme, prioritised

by groups of patients where harm as a result of waiting for an excessively long time to be assessed or treated was possible. Alongside this, the business rules for the management of the 18 weeks referrals and pathway were updated and a training programme for the patient access team was implemented. The Trust's access policy was also updated. NHS Improvement was informed of the position and help with the diagnostic phase of the work, to understand the magnitude of the issue, was offered in the form of the Intensive Support Team. A coordinated stakeholder oversight meeting was held in March 2017, where the issue was discussed, together with the Trust's planned action to rectify the position. An integrated action plan is being developed in response which will be delivered through 2017/18.

- Issues with the management of the cancer pathway have been identified in-year, with the latest guidance for the management of oncology patients having not been implemented. Work has commenced to validate the open oncology pathway and develop a more robust patient tracking system for this group of patients. Actions to address this issue are currently being developed and will be delivered during 2017/18.
- Three Never Events occurred in the summer of 2016. In response, an external review was commissioned, initially by an independent consultant surgeon experienced in patient safety and another in early 2017 specifically focused on Quality Improvement; this being undertaken by an Associate Director from NHS England. Both reports provided some elements of learning, with the latter providing eleven recommendations for quality improvement. An action plan is being developed in response to these recommendations which will be delivered during 2017/18 and will be monitored by the Quality and Safety Committee.
- Action needed to be undertaken to rectify a void in the reporting of incidents to the National Reporting and Learning System (NRLS). Routine reporting is now undertaken as a key responsibility of the governance team.
- During April 2016, our Infection Prevention team noted a subtle rise in surgical site infections, which while small, was higher than expected. On investigation there could be found no common cause for this rise. As a precautionary measure over the weekend in June 2016, the Trust undertook an additional deep clean of all of the ten operating theatres. During this deep clean, a potential issue with the air filtration system was discovered. The Trust undertook a specialist cleaning process of the entire air filtration system and theatres. All theatres were closed whilst this process took place, and reopened the following week. Due to the closure of theatres, 187 patient procedures did not take place. The impact of this closure amounted to c.£1m, which impacted on the Trust's ability to meet its initial control total set by NHS Improvement.

9.0 Conclusion

Whilst acknowledging the issues identified, I am assured by the advice I have received about the effective operation of controls across the Trust during the year as confirmed by internal audit, managers, committees of the Board, the Quality Account and external audit opinion, and on balance I am able to take sufficient assurance that overall the Trust has a sound system of internal control.

The Trust is committed over 2017/18 to the continued development of our governance and control system building on the progress and learning undertaken in 2016/17.

Paul Athey

Designated Accounting Officer

Date: 30 May 2017



The Royal Orthopaedic Hospital
NHS Foundation Trust



THE ROYAL ORTHOPAEDIC HOSPITAL NHS FOUNDATION TRUST QUALITY ACCOUNT 2017/18

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PART ONE

1.1 STATEMENT FROM THE CEO



We are firmly committed to the delivery of high quality services which are both safe and effective. The Quality Accounts 2016/17 is evidence of this. Our goal is to become ‘first choice for orthopaedic care’ and the past year has seen us take steps towards realizing this goal.

During 2016/17 we have seen real progress against our CQC action plan. A further unannounced inspection took place in July 2016 and it was acknowledged that material changes had been made to improve the quality of care provided in our Paediatric HDU.

Last year we also invited the Royal College of Paediatrics & Child Health to carry out a review of our Paediatric service provision, and in response to their report, we have increased our paediatric staffing levels, introduced a dedicated Children’s Board and improved the processes by which we care for some of our most vulnerable patients.

We have made significant progress in delivering our Quality Priorities for 2016/17, which included achieving consistent compliance with WHO Surgical checklist, developing a robust programme of Quality Assurance visits, improving our compliance with NJR standards of consent and reporting and reducing the length of time patients are starved before surgery. Those priorities not achieved in 2016/17 have been taken forward to 2017/18 as part of our continued commitment to excellent patient care.

We recognise that quality must underpin every improvement that we make. We have identified 9 improvement priorities for 2017/18 which are detailed below:

- Reduce number of incidences of consent on day
- Medical ward rounds to be supported by the wider MDT
- Reduce the number of avoidable pressure ulcers
- Learning from deaths – implement and embed a culture of learning from deaths to include involving families in serious incident investigations
- Ensure that learning identified from serious incidents and complaints are embedded in practice
- Ensure that all clinical and corporate policies are in date and have an appropriate audit plan
- Reduction in waiting times in OPD clinics
- Reduction in cancellation on day of surgery (Board of Governors)
- Reduction in PALS complaints by 20% by introducing ‘time to talk’ across all clinical areas

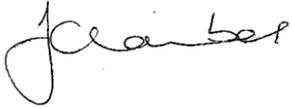
Sustaining improvement relies on our ability to listen to the people who use our services. The introduction of the ‘I Want Great Care’ system which helps us fulfil our statutory duty to deliver the Friends and Family Test, has proved an excellent tool to capture actionable feedback. Patient experience at the Royal Orthopaedic Hospital is consistently positive. We are committed to listening to our patients in order to provide the best experience possible.

2016/17 has also seen us focus on the development of the National Orthopaedic Alliance (NOA), a new care model which aims to improve the quality of orthopaedic care in England. This is particularly important work for the future and has the potential to transform how orthopaedic care is delivered. For 2017/18, our plans and priorities are centered on recruiting new members, replicating our model across other specialties and launching and promoting the NOA quality standards.

As for every other Foundation Trust, the environment in which we operate continues to be challenging. We are focused on ensuring that the services we offer are of a high quality and sustainable so that we can meet demand and continue to improve. The Trust will continue to work with other organisations and

commissioners to develop new models of care delivery and ensure we provide high quality care.

The Trust has a number of different processes in place for the collection and interpretation of data and not all of these are subject to external audit and review. With this caveat, I confirm to the best of my knowledge that the information contained in this report is accurate.

A handwritten signature in black ink, appearing to read 'Jo Chambers', with a stylized, cursive script.

Jo Chambers
Chief Executive Officer
The Royal Orthopaedic Hospital

30 May 2017

1.2 ABOUT THE TRUST

The Royal Orthopaedic Hospital NHS Foundation Trust is a single specialty orthopaedic hospital offering both elective and specialist services to the people of the Midlands, North of England and Wales. It has the ambition to be “First Choice for Orthopaedic Care’ for these communities by ensuring delivery of world class outcomes and excellent patient experience.

The Trust works closely with local partners including Birmingham Children’s Hospital and University Hospitals Birmingham and in doing so ensures that best orthopaedic practice is shared across the local health community. Our patients benefit from a team of highly specialist surgeons, many of whom are nationally and internationally recognised for their expertise. Our links with other local hospitals ensures that we can draw on their expertise if our patients require it.

We are proud of our commitment to teaching; learning and innovation here at ROH and during 2015/16 have developed our local “Knowledge Hub” to drive this important agenda forward. The Knowledge Hub brings together three key components: research and development, education and learning and audit and outcomes in order to enable greater partnership working and drive innovation and quality improvement at every level across the Trust.

The Trust strategic intentions were outlined in the Trust Five Year Strategic Plan (2014-2019) and are detailed below:

1. Delivering exceptional patient experience and world class outcomes.
2. Developing services to meet changing needs, through partnership where appropriate.
3. At the cutting edge of knowledge, education, research and innovation.
4. With safe, efficient processes that are patient centered.
5. Delivered by highly motivated, skilled and inspiring colleagues.

A detailed delivery plan has been developed shown in Table 1 opposite:

TABLE 1: STRATEGIC PLAN

OUR VISION: ‘TO BE FIRST CHOICE FOR ORTHOPEADIC CARE’

OUR VALUES: the aim of the Trust’s values is to create a culture of excellent patient care by ensuring that we all:

- Respect and listen to everyone
- Have compassion for all
- Work together and deliver excellence
- Have pride in and contribute fully to patient care
- Work together and deliver excellence
- Have pride in and contribute fully to patient care
- Learn innovate and improve to continually develop orthopaedic care.

STRATEGIC TRANSFORMATIONAL INITIATIVES

1. CREATING A CULTURE OF EXCELLENCE, INNOVATION AND SERVICE: Agreed clinical culture and associated behaviours; organisational development to support change; clinical leadership development; clinical outcomes strategy; strong partnerships (clinical, local, business and international); innovation pipeline

2. EXCEPTIONAL PATIENT EXPERIENCE, EVERY STEP OF THE WAY: setting standards and expectations; new outcome collection measures; patient access review programme; access to diagnostic service review; patient support and information

3. SAFE AND EFFICIENT PROCESSES

- 7 day working
- Productive theatres
- Electronic prescribing
- RTT- 18 weeks
- Standards and protocols i.e. care of the deteriorating patient and emergency admissions.
- Enhanced recovery
- Expert and guidance (to GPs)
- Standardised clinical practice

4. FULLY ENGAGED PATIENTS AND STAFF

- New communications and engagement strategy
- New communications skills website, intranet and use of social media
- Staff, patient and GP engagement
- Branding
- Communications effectiveness measures

5. DEVELOPING CLINICAL SERVICES

- General surgery expansion including revisions
- Paediatric surgery
- Oncology
- MSK Wellbeing, advice, diagnostics
- Bone Infection Unit and services
- Clinical partnerships and orthopaedic network

6. INFORMATION FOR EXCELLENCE

- Electronic patient record development
- Outcome measurement and comparison
- Clinical decision support
- Audit and monitoring
- IT infrastructure improvement
- Mobile devices
- Patient administration

7. ROH THE KNOWLEDGE LEADER

- Integrated audit, teaching research and development evaluation
- Innovation strategy
- Academic strategy
- International Partnerships

Support by **Trust Enabling Strategies**: Quality and Safety, Clinical Outcomes Strategy, Communication and Engagement, Organisational Development, Research, Evaluation and Innovation, Estates, People, IM&T, Finance, Programme and Change Management, Governance, Business Continuity Planning

Underpinned by **Strong Risk Management**. Key risks (with migration): Changed commissioner intentions (work closely with them); Failure to deliver cost and activity assumptions (excellent planning and execution); Resistance to change and change capability (invest and develop); Major incident (business continuity planning)

Each of the 7 strategic work streams has an executive sponsor (SRO – senior responsible officer) and each project has a nominated project lead who reports by exception on a monthly basis. SROs attend the bi-monthly Transformation Committee which is a formal committee of the board. The Transformation Committee is chaired by the Trust’s Deputy Chairman and the membership of the committee includes the Chairman and Chief Executive.

SROs present a work stream update to the committee to highlight progress, risks and planned actions. At each committee, a different project is scrutinised and challenged to ensure the delivery of the project benefits are still on track. If there have been any new strategic initiatives which impact on a project, they are debated and agreed at the committee.

The Trust strategy will be delivered through the hard work and commitment of our colleagues and underpinned by the Trust values which guide us in delivering high standards of patient care and experience and help us understand the importance of developing relationships with and supporting each other.

TABLE 2: TRUST VALUES

Value	We expect to see these behaviours
<p>Respect Respect and listen to everyone</p>	<ul style="list-style-type: none"> • Courtesy at all times • Listen without interrupting, sensitive to others views, show patience • Acknowledge and empathise with others, irrespective of their needs, views and beliefs • Politeness in person, by email and on telephone • Greet each patient with ‘hello my name is..’ and where care is to be provided, explain this clearly before commencing delivery of care • Recognise the right of each individual to be treated with dignity at all times • Value the contribution of all colleagues, irrespective of their role • Thank colleagues for their contribution • Maintain strong personal discipline with meetings, respects time as a resource for self and others
<p>Compassion Have compassion for all</p>	<ul style="list-style-type: none"> • Focus on the needs of others • Demonstrate care and concern for the physical comfort and mental wellbeing of patients and colleagues • Accept that others will have different priorities, needs and values, and seek to understand them • Develop and deliver working practices and plans which are centered on patient needs • Make time for patients and colleagues when they need it • Demonstrate kindness and humanity while respecting rules, guidelines and frameworks • Deliver difficult messages with warmth, concern and empathy
<p>Excellence Work together and deliver excellence</p>	<ul style="list-style-type: none"> • Establish clear standards, reporting lines, accountability/objectives • Collaborate with colleagues, patients and other care providers to plan and deliver high quality care for patients • Set and maintain consistent high standards for own work, accept responsibility and critically review own performance • Deliver improvement and fulfil promises made to others • Seek to maximise own contribution to the team and build team relationships • Actively seek to understand other areas of work. Seek feedback from other teams, use to resolve problems & improve collaborative working • Actively participate in Trust-wide events to build shared understanding • Undertake effective handover at change of shift / annual leave / other absence to ensure continuity of care/service

<p>Pride Have pride in and contribute fully to patient care</p>	<ul style="list-style-type: none"> • Show pride in own work and strive to deliver the best within available resources • Utilise all knowledge, skills and experience for the benefit of patients and the Trust • Take responsibility for own work • Overcome obstacles and adopt a 'can do' approach • Set and maintain high standards of personal conduct for self and colleagues • Take responsibility for independent audit or self – audit of work • Celebrate and share successes of Trust, own team and other teams • Acknowledge shortfalls in standards/performance and take steps to correct them
<p>Openness Be open honest and challenge ourselves to deliver the best</p>	<ul style="list-style-type: none"> • Recognise and acknowledge when things don't go to plan, truthful and transparent with patients and colleagues when explaining what happened. • Support colleagues and promote learning & improvement by seeking and giving balanced, honest and timely feedback • Communicate in a way that is clear and concise • Courageous in challenging unsafe practice and inappropriate behaviour • Raise concerns appropriately when things are not right • Understand and fulfil the 'Duty of Candour'
<p>Innovation Learn innovate and improve to continually develop orthopaedic care</p>	<ul style="list-style-type: none"> • Embrace new ideas and challenges self and others to adopt new ways of working/ alternative approaches • Network with others within and outside ROH to maintain good practice • Lead on developing and effectively sharing good practice • Seek new and better ways of caring for patients for today and for the future • Demonstrate active ownership of ongoing learning and development for self, both mandatory and optional • Learn from own and others experience • Seek to learn from incidents/shortfalls in standards/performance • Maintain knowledge of NHS structures and strategies outside ROH, ensure innovations fit the wider environment • Prefers 'support and challenge' management style

1.3 ABOUT THE QUALITY ACCOUNT 2017/18

1.3.1 WHAT IS A QUALITY ACCOUNT?

A Quality Account is a report about the quality of services by an NHS provider and each year all NHS providers are required to publish a Quality Account. The report is an important way for local services to publish information on the quality of care it provides and to demonstrate improvements and developments in its services. The report enables local communities and stakeholders to review the progress that the Trust is making in delivering its quality priorities and to hold the provider to account.

ROH is committed to continuously improve the services it provides to patients and their families. Within the Quality account we aim to make the following information available to stakeholders, patients and the public.

- Our quality priorities for the year 2017/18
- Our progress against delivery of the quality priorities we outlined in 2016/17
- How we have performed against national quality indicators for patient safety, patient experience and clinical effectiveness
- How we have performed against local quality measures as agreed with our commissioners
- How we will ensure that ROH maintains continuous quality improvement

1.3.2 WHO HAS BEEN INVOLVED IN PRODUCING THE QUALITY ACCOUNT?

The Quality Account has been developed by the Trust with input and the help of a range of stakeholders including:

- Consultation with staff through the Trust Intranet site, seeking views on the proposed priorities
- Presentation of the Quality Account and priorities at the Trust Patient and Carers Forum and Trust wide Clinical Quality Group
- Discussion of Quality Account priorities through the local Contract Quality Review Group
- Sharing of Quality Priorities and draft Quality Account with local Healthwatch
- Sharing of Quality Priorities and draft Quality Account with lead commissioner BCC CCG

PART TWO

PRIORITIES FOR IMPROVEMENT 2017/18 AND STATEMENT OF ASSURANCE FROM THE BOARD

2.1 QUALITY PRIORITIES

The quality priorities set by the Trust for 2017/18 focus on some key areas of improvement which have been informed by discussion with staff, patients and the public. During 2016/17 the Trust identified a total of 8 improvement priorities. Table 3 below shows a summary of achievement against those priorities. Greater detail about each of these priorities is provided in Section 3 of this report.

TABLE 3: ACHIEVEMENT OF QUALITY PRIORITIES 2016/17

Reduce number of incidences of consent on day
Reduce the number of avoidable pressure ulcers
Reduce the number of avoidable VTE events
Ensure that learning identified from serious incidents and complaints are embedded in practice
Reduction in waiting times in clinic
Reduction in cancellation on day of surgery (Governors Priority)
Deliver the commitments outlined in the first year of the Dementia Strategy-
Improve patient reported experience of pain

The Trust has made good progress on 3 of the priorities outlined above and considers this sufficient to conclude that the priorities have been achieved. Whilst there has been some progress made against the other four priorities it was felt that further progress could be made during 17/18.

Table 4 below summarises the areas of focus for 2017/18 and their alignment to the 3 domains of quality.

TABLE 4: QUALITY PRIORITIES 2017/18

Quality Priorities 2017/18	Clinical	Patient safety	Patient experience	2015/16	2016/17	2017/18
Reduce number of incidences of consent on day	✓	✓	✓		✓	✓
Medical wards rounds to be supported by the wider MDT	✓	✓				✓
Reduce the number of avoidable pressure ulcers		✓	✓		✓	✓
Learning from deaths – implement, embed a culture of learning from deaths to include involving families in SI investigations	✓	✓				✓
Ensure that learning identified from serious incidents and complaints are embedded in practice	✓	✓		✓	✓	✓
Ensure that all clinical and corporate policies are in date and have an appropriate audit plan	✓	✓	✓			✓
Reduction in waiting times in OPD clinic	✓		✓		✓	✓
Reduction in cancellation on day of surgery (Board of Governors)	✓		✓		✓	✓
Reduction in PALS complaints by 20% by introducing 'time to talk' across all clinical areas			✓			✓

Priority 1: Reduce number of incidences of consent on day

Why?

The consent process has two stages: the first being the provision of information, discussion of options and initial (oral) decision, and the second being confirmation that the patient still wants to go ahead. The consent form should be used as a means of documenting the information stage(s), as well as the confirmation stage. Good practice guidance recommends that patients receiving elective treatment or investigations for which written consent is appropriate should be familiar with the contents of their consent form before they arrive for the actual procedure, and should have received a copy of the page documenting the decision-making process

How we will monitor this?

During June 2016 we undertook an audit of compliance and found that some the of patients who had been admitted through the Admissions and Day Case Unit were consented for the first time on the day of surgery. This finding was shared with the wider organisation.

As a result, the Consent Policy has been rewritten and was launched in Quarter 4 2016/17 with a workshop at a Clinical Audit meeting in February 2017. This prescribes a two stage consent process, with initial consent obtained at the outpatient appointment and a final consent obtained on the date of surgery. A re-audit is planned for Quarter 1 2017/18.

Priority 2: Medical wards rounds to be supported by the wider MDT

Why?

Ward rounds play a crucial part in reviewing and planning a patient's care. They are an opportunity to inform and involve patients, and for joint learning for healthcare staff. This priority calls for the multidisciplinary team – doctors, nurses, pharmacists, therapists and allied health professionals – to be given dedicated time to participate, with clarity about individual roles and responsibilities during and after ward rounds.

How will we monitor this?

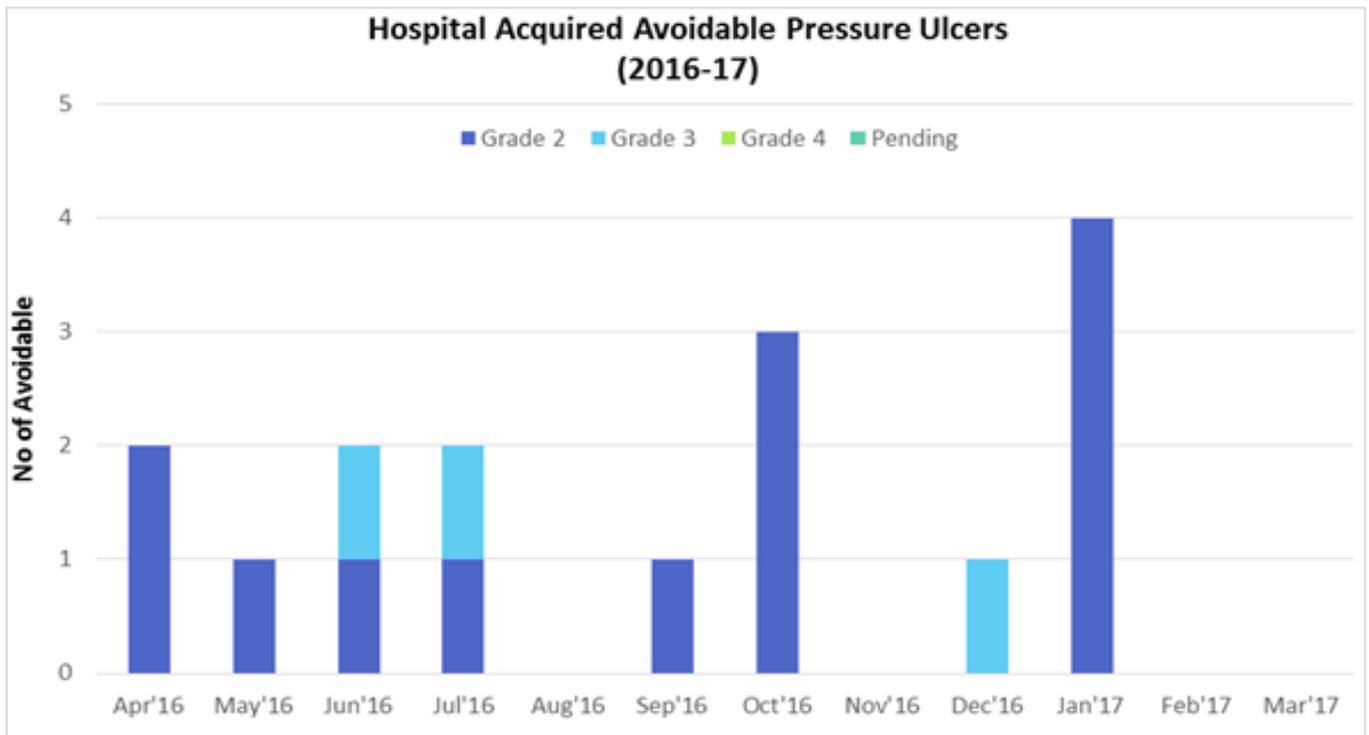
As a multidisciplinary group, we will review all current ward round practices to streamline and coordinate an MDT approach, embedding these principles into the Ward routine and individual's job plans.

Priority 3: Reduce the number of avoidable pressure ulcers

Why?

Pressure ulcers, which are often preventable, have a significant impact on patients and their families and may lead to long periods of treatment either on the hospital or community. They cause unnecessary pain and distress for the patients involved. The Trust failed to meet its target against zero hospital acquired grade 3 pressure sores for 16/17; there were none in August, November, February or March. There were no avoidable Grade 4 pressure ulcers during the year.

TABLE: 5 HOSPITAL ACQUIRED AVOIDABLE PRESSURE ULCERS



How will we monitor this?

A detailed action plan has been developed further for 17/18 to respond to this priority which is overseen by the Trust Clinical Quality Group. Measuring will take place through monthly audit in each clinical area and review of Safety Thermometer data. The results will be reported and monitored through the monthly Quality Report received by the Trust Board.

Priority 4: Learning from deaths – implement, embed a culture of learning from deaths to include involving families in all Serious Incident I investigations

Why?

NHSI have published guidance on Learning from Deaths (2017) the aim of the guidance is that each organisation has in place a standardised governance framework. The guidance concludes that reviews and investigations into deaths which problems in care may have contributed to learning should occur to prevent reoccurrence. In addition the guidance promotes the inclusion of families during any reviews or investigations. The Trust has already in part achieved this standard, all deaths are reported externally and a case review conducted. As an elective referral center the ethos of the Trust is that deaths are classified as unexpected in the first instance until a formal review is carried out. However, further work is required in developing a Trust policy and approach in achieving this standard.

How will we monitor this?

This standard will be monitored through Clinical Audit and Effectiveness Committee and an upward report to the Quality and Safety committee. The guidance states that a quarterly report should be tabled and presented at the Trust Public Board due to commence in Q2.

Priority 5: Increase the evidence of learning identified from serious incidents and complaints are embedded in practice

Why?

ROH is committed to becoming the safest provider of Orthopaedic services in the UK. In order to do this effectively it is imperative that we learn from incidents where harm has occurred to patients. This learning is essential if we are to improve our care processes and the safety of the care we give to patients

How will we monitor this?

We will benchmark the number of serious incidents in comparable peer Trusts and aim to reduce the number of Serious incidences that occur at ROH to below this number by March 2018.

We will continue to embed our 'action tracker' against every recommendation made following a Serious incident report and ensure that this is shared widely across the Trust through both corporate and Divisional Structures.

Priority6: Ensure that all clinical and corporate policies are in date and have an appropriate audit plan

Why?

In accordance with the Trust's Policy for the Development, Approval and Management of Trustwide Policies, all Trustwide Policies are due for review every 3 years, unless otherwise indicated as being required earlier within the body of the policy. It is important that Trustwide polices are reviewed regularly and kept up to date, to ensure that both clinical and corporate practices across the Trust adhere to current statutory requirements, as well as national and NHS guidelines.

Early review may be required in response to or following any event which highlights the need to review urgently a particular policy or following new legislation, NHS guidance or changes in clinical practice.

How will we monitor this?

In regards to assurance, the Corporate Governance Team will provide a reminder to Policy Authors six months prior to a policy's scheduled review date and a quarterly report will be submitted to the Trust's Quality and Safety Committee, noting policies that are due for review.

Priority7: Reduction in waiting times in all OPD clinics to less than 60 minutes.

Why?

Patients tell us via the local Friends and Family test that they are sometimes frustrated by the length of time they have to wait when attending for clinic appointments, there has been a steady improvement in many areas however, we continue to see long waits primarily within oncology. Clinic templates have been developed to help reduce our patients waiting time within our outpatients. Further work is required to reduce waiting times to less than 60 minutes across all areas

How will we monitor this?

We will continue to monitor performance against our Standard Operating Procedure (SOP) for clinic waits across all clinics and services within Out Patients Department (OPD).

We will ensure that the electronic monitoring system, 'In Touch', enables production of weekly 'waiting times reports' and share this information across our services.

The Division 1 Governance Board will take responsibility for monitoring waiting times and for developing action plans to respond to 'off track' reports. A monthly upward progress report will be provided to the Clinical Quality Group (CQG).

Priority8: Reduction in cancellation on day of surgery (Board of Governors)

Why?

Cancellation on the day of surgery is both distressing for patients and their families and wasteful of NHS resources. Better planning and organisation of theatre lists and capacity will continue to reduce the number of on the day cancellations for non-clinical reasons through 2016/17. During 16/17 we have seen a decline in cancelled operations due operational issues. However, we recognise that we can improve and reduce on the day cancellations further during 17/18 by enhancing our pre-operative assessment phase of care.

How will we monitor this?

This is already an NHS wide quality standard and is reported internally and externally on a monthly basis. The national requirement is to treat those patients cancelled on the day of surgery within 28 days.

TABLE 6: ON THE DAY CANCELLATIONS 2016/17

Month	Operations cancelled on the day by hospital
Apr-16	19
May-16	10
Jun-16	51
Jul-16	24
Aug-16	22
Sep-16	20
Oct-16	29
Nov-16	28
Dec-16	13
Jan-17	20
Feb-17	10
Mar-17	16
Total	262

(Data taken from QMCO)

The number of on the day cancellations at ROH has seen a reduction during 2016/2017.

From November 2016 onwards, a detailed daily record has been kept by the Senior of the Day in theatres of the reasons for on the day cancellations. Initial analysis of cancellations in November and December 2016 revealed that the majority were due to the patient being medically unfit. Since then, and led by one of the Consultant Anaesthetists working in the Pre-Operative Assessment Centre (POAC), there is now a running permanent audit of cancellations attributed to the patient being medically unfit. This has led to changes in the booking form design, the nature of questions posed at the phone call made to patients 72 hours before surgery, and also to the POAC process itself.

The audit tool continues to evolve, as well as further changes to theatre listing protocols, for example, aiming to ensure that lists are finalised 6 weeks prior to date of surgery to enable patients to have sufficient forward notice to make sufficient domestic arrangements to enable them to attend for their surgery on the planned date. As shown on the chart below, the number of cancellations on the day initiated by the patient now outweighs the number initiated by the hospital - we continue to work hard to understand the underlying reasons and to reduce this waste of resources.

Priority 9: Reduction in PALS complaints by 20% by introducing 'time to talk' across all clinical areas

Why?

This year has seen a 75% increase in PALS contacts. A contributing factor to this is the Trust's decision to actively publicise PALS as a point of contact on all correspondence. Many of the reasons for contacting patients and carers contacting the PALS department relates to communication and access to treatment. The Trust plan to introduce a scheme called 'time to talk' at ward level the aim of this is to deal with concerns/issues in real time. The aim is to resolve patients or carers concerns at the time and improve general communication by having protected time to talk.

How will we monitor this?

This will be monitored monthly through the PALS department and an upward report sent to the Clinical Quality Group to monitor compliance.

2.2 STATEMENT OF ASSURANCE FROM THE TRUST BOARD

2.2.1 PROVISION OF SERVICES BY THE TRUST

During 2016/17, The Royal Orthopaedic Hospital NHS Foundation Trust provided 14 NHS services. The Trust has reviewed all the data available to them on the quality of care in 14 of these NHS services.

The 14 services provided by the Trust are listed below.

- Anaesthesia
- Bone infection Unit
- Functional Restoration
- Imaging
- Large Joints
- Small Joints
- Spinal surgery
- Paediatric Orthopaedics
- Pain Management
- Orthopaedic cancer
- Orthotics
- Podiatry
- ROCs
- Therapy Services

2.2.2 PERCENTAGE OF INCOME GENERATED BY TRUST SERVICES

The income generated by the relevant Health services reviewed in 2016/17 represents 92.87% of the total income generated from the provision of relevant services by The Royal Orthopaedic NHS Foundation Trust for the reporting period 2016/17. This is defined as the total income from activities (excluding private patients) as a proportion of the Trust's total operating income.

2.2.3 PARTICIPATION IN CLINICAL AUDIT

During April 2016 – March 2017, six national clinical audits and one national confidential enquiry covered relevant health services that The Royal Orthopaedic Hospital provides.

During that period The Royal Orthopaedic Hospital NHS Foundation Trust participated in all six national clinical audits (100%) and one national confidential enquiry (100%) of the national clinical audits and confidential enquiries of which it was eligible to participate in. Listed below these are:

1. Elective Surgery (National PROMS Programme Elective Surgery (National PROMS Programme))
2. Emergency use of oxygen
3. Medical and Surgical Clinical Outcome Review Programme, National Confidential Enquiry into Patient Outcome and Death (NCEPOD)
4. National Cardiac Arrest Audit (NCAA)
5. National Comparative Audit of Blood Transfusion Programme
6. National Joint Registry (NJR)
7. ICNARC

The national clinical audits and national confidential enquiries that The Royal Orthopaedic Hospital NHS Foundation Trust participated in, and for which data collection was completed during April 2016 – March 2017, 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.

TABLE 7: PARTICIPATION IN CLINICAL AUDIT

Audit	Participation	% Cases Submitted
PROMS	Yes	100% (2016/17)
Emergency use of oxygen	Yes	Awaiting confirmation of Outcome
Medical and Surgical Clinical Outcome Review Programme, National Confidential Enquiry into Patient Outcome and Death	Yes	Sepsis published Nov 2015 by NCEPOD. Report available at www.ncepod.org.uk/2015sepsis_org.html
National Cardiac Arrest Audit (NCAA)	Yes	All required cases submitted (100%)
National Comparative Audit of Blood Trans- fusion Programme	Yes	Minimum number of cases required was submitted- full data
National Joint Registry (NJR)		96.2% (Apr 2016 – Feb 2017)
ICNARC	Yes	Q3 and Q4

The reports of seven national clinical audits that were reviewed by the provider in 2016/17, and The Royal Orthopaedic Hospital NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided:

- The level of compliance with the NJR and PROMS continues to attain high levels throughout the year. NJR data is being reported monthly to the Trust’s Clinical Audit and Effectiveness Committee.
- PROMS data has been reviewed at Clinical Audit and Effectiveness Committee and has provided assurances regarding the quality of outcomes in hip and knee replacement.
- PROMS reports have shown that for 2016/17 the Trust is above the national average in all hip primary and revision arthroplasty. With reference to knees, the figures show that during the period, although the Trust has improved its position for primary knee arthroplasty we do continue to be slightly below the national average for EQ5D.
- The NJR process has undergone a full review and there have been many changes to the way consent is collected and compliance is monitored, which will help increase the compliance figures.
- The Trust has improved the processes around collecting national audit data by using innovative IT solutions to increase efficiency.

TABLE 8: LOCAL AUDIT OUTCOMES

Audit	Committee Reviewed/ Monitored	Description of Actions Taken
SSI Surveillance	Quality & Safety Committee	In 2016, a total of 41 Surgical Site Infections for Primary Hip and Knee replacements were reported. 2015 saw the lowest rates of infections in Primary Hip and Knee Replacements at 30 days since surveillance began in 2009. In 2016, the rate of Surgical Site Infections for Primary Knee replacements remained relatively steady at 1.8%, compared to 1.7% reported in 2015. The rate of Surgical Site Infections for Primary Hip Replacements was 2.3%, which was up significantly from 2015 where the rate was 0.9%. This is due to a cluster of infections identified, primarily in Hip Replacement surgery and which led to a closedown of theatre for a period of 5 days to carry out a deep-clean.
Oxygen prescription audit	Anaesthetics Department – presented by Dr Siddaiah	Background: Emergency oxygen audit – BTS: emergency oxygen guidelines. – Recommendations: new audit tool, teaching medical & nursing staff – ROH Guidelines produced.
Venous Thrombo-Embolism (VTE) Audit	VTE Committee – presented by Dr Siddaiah	Background – NICE Guidelines. VTE documentation on the prescription chart. Understanding of relevant issues regarding indications & contraindications. Recommendations - Documentation of VTE risk factors, prescription of Sequential Compression Devices, relation to Central Neuraxial Block & 24 hours VTE reassessment needs improvement. This will be re-audited after a year.
Functional Outcomes and local recurrence rates following surgery for Giant Cell Tumour of Distal Radius	Oncology Directorate MDT – presented by Mr Richard Knight, Specialist Registrar	Background: Retrospective case series – all GCT of the distal radius treated at the ROH Bone Tumour Unit between 1988-2013 treatment received & outcome including recurrence & functional status. Post-operative complications, functional limitations or recurrence identified, up to date Toronto Extremity Salvage Score (TESS) score obtained & new problems/recurrences occurring since discharge recorded. Findings: Curettage + PMMA of GCT of the distal radius reduces the risk of recurrence vs. curettage in C2 tumours. Higher recurrence rates seen in C3 tumours with intralesional curettage + PMMA vs. en bloc excision. No difference in pain/functional outcomes. Recommendations: No longer advocate simple curettage of a distal radius C2 tumour. Advocate en-bloc excision in C3 tumours. Discussions need to be had with patient. C1 = Curettage. C2 = Curettage + PMMA + EPR. C3 = EPR.

<p>Audit of National Joint Registry consent</p>	<p>Arthroplasty Directorate – Large Joints. Presented by Mr George Cooper, Specialist Registrar.</p>	<p>Background: HQIP consent target should be a minimum of 95% “Yes” and best practice tariff for primary hip/knee replacements is conditional to minimum NJR compliance of 75% and <25% “not known” recorded.</p> <p>Recommendations:</p> <ol style="list-style-type: none"> 1. The green NJR consent form could be filed in a specific area of patient notes so it is not overlooked by health professionals. 2. Data collection at point of entry – theatre staff could input data online, reducing the number of steps & likelihood of human error. 3. Theatre staff to be reminded of formal process & confirmation added to the theatre proforma for arthroplasty procedures to avoid incomplete forms being held in the “Edit Stack”. 4. A senior member of staff (consultant or registrar) should be identified to take on the responsibility of ensuring the H1/K1 forms are correctly & adequately completed. 5. The Audit Department could maintain an internal deadline to highlight patients on the “Edit Stack” in March 2016. 6. Re-audit in 12 months to assess the benefit of these recommendations.
<p>An Audit of the Outcome of Proximal Femoral Osteotomies in Adolescents & Young Adults</p>	<p>Young Adult Hip Service – presented at Audit Meeting on 24/5/16 by Mr H. Mourkus, Fellow.</p>	<p>Background Proximal femoral osteotomy a recognised technique for treating anatomical abnormalities of the proximal femur or femoral head</p> <ul style="list-style-type: none"> • Congenital: Retroversion (torsion), Anteversion (torsion), Varus, Valgus. • Acquired - Post SUFE, Post Perthes, Neuromuscular <p>Mr McBryde had concerns that there were a number of patients who had required re-operation</p> <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Avoid Full weight bearing before at least 8/52 in selected cases 2. Routine use of Exogen (at least) in select patient groups : <ul style="list-style-type: none"> – BMI <25 and > 35 – Blade Plate – Previous Delayed / Non-union 3. Have an accelerated access to Exogen to start immediately if no good callus 3 months post op. 4. No metalwork to be removed before 55 weeks

<p>Safety Thermometer</p>	<p>Quality & Safety Committee</p>	<p>Our compliance has been above 95% for eleven months of the year [2017/18].</p> <p>The Trust has achieved 100% for two months of the year: November 2016 and March 2017.</p> <p>We have again managed to avoid new UTI & catheter harms for the full year. Our lowest compliance of the year was in September 2016 (93.62%) which was partly due to two old pressure ulcers, thus out of our control but also two further pressure ulcers of which one was attributable to ROH and one was not. There were also 3 falls with harms in this month.</p> <p>The Trust has continued with data collection as set out in the SOP in February 2016 and a 'snap shot' view at 2pm on audit day each month is completed.</p> <p>National collection tools with descriptors continue to be used. The Trust started collecting the CYPST (children and young person's safety thermometer) data in April 2016, which again is a national tool and is used on ward 11 and children in HDU to better capture the findings for this patient group.</p> <p>Results for both sets of data collected are reported in the Trust's monthly quality report and are presented at Clinical Quality Group and the Quality and Safety Committee.</p>
<p>Infection Control indicators</p>	<p>Quality & Safety Committee</p>	<p>Mandatory Surveillance of Healthcare Associated Infections (HCAI)</p> <p>The Infection Prevention and Control Team (IPCT) at the ROHFT are required to report on a number of different Healthcare Associated Infections (HCAI) through a number of mandatory surveillance schemes which include monitoring of Methicillin-Resistant Staphylococcus Aureus (MRSA) and Methicillin-Sensitive Staphylococcus Aureus (MSSA) bacteraemias as well as Clostridium Difficile, E.coli and Glycopeptide-Resistant Enterococcus (GRE).</p> <p>MRSA: There have been no MRSA bacteraemias at ROHFT since May 2008. This is against a national picture of a continual year on year reduction of MRSA bacteraemia cases across England.</p> <p>MSSA: There were no MSSA bacteraemias reported at ROHFT during 2016-17.</p>

<p>Falls risk assessment Quality Indicators</p>	<p>Clinical Quality Group</p>	<p>Falls Risk Assessment & Care Planning – Quality indicator requirements</p> <p>Qu1. Has the falls assessment been completed within 6 hours of admission? 91% compliance required each month by ward</p> <p>Qu2. If the patient is identified as high risk fall, is a care plan in place? 91% compliance required each month by ward</p> <p>Table of compliance per Quarter</p> <table border="1" data-bbox="796 613 1468 725"> <thead> <tr> <th></th> <th>Q1</th> <th>Q2</th> <th>Q3</th> <th>Q4</th> </tr> </thead> <tbody> <tr> <td>Qu1</td> <td>98%</td> <td>100%</td> <td>98%</td> <td>100%</td> </tr> <tr> <td>Qu2</td> <td>93%</td> <td>92%</td> <td>97%</td> <td>97%</td> </tr> </tbody> </table>		Q1	Q2	Q3	Q4	Qu1	98%	100%	98%	100%	Qu2	93%	92%	97%	97%
	Q1	Q2	Q3	Q4													
Qu1	98%	100%	98%	100%													
Qu2	93%	92%	97%	97%													
<p>Gap Analysis for VTE prevention</p>	<p>VTE Advisory Group</p>	<p>Recommendations following audit: Apply ERP, with shorter starvation times to encourage early mobilisation</p> <p>VTE committee to clarify appropriate duration of AEDs</p> <p>Improve assessment of patients at admission & 24 hours for VTE risk.</p> <p>All TKR and THRs should be consented for the risk of a VTE including the risk of death</p>															

In addition to the national audits, 10 local clinical audits were reviewed by the provider in 2016/17 and The Royal Orthopaedic Hospital NHS Foundation Trust intends to take the following actions as detailed in Table 8 above.

2.2.4 PARTICIPATION IN CLINICAL RESEARCH

Underpinning the Trust's strategic vision to become a knowledge leader in orthopaedics and elective care processes is a long history of delivering innovative research which has shaped the way orthopaedic injuries and conditions are treated today. A key objective in the delivery of this vision is the continued expansion of the Trust's research portfolio and our ability to offer more of our patients the opportunity to participate in important, ethically approved research.

2016/17 saw the launch of the new 'Knowledge Hub' encompassing the Trust's research, audit, learning and development functions under the leadership of Professor Phil Begg, Director of Strategy and Delivery. Prof Begg is supported by Carolyn Langford as the new Head of Research, Audit and Development together with David Richardson as Head of Education and Training in leading the delivery of this cohesive new unit.

The number of patients receiving relevant health services provided or sub-contracted by the Trust in 2016/17 that were recruited during that period to participate in research approved by a research ethics committee totaled 800 patients, this represents an increase of 35% compared with the previous year. Thirty-six studies were open to patient recruitment within the Trust, an increase of 13% compared with 2015/16. Thirteen of these were new studies which opened in the Trust in 2016/17. A further 42 studies which are no longer recruiting new patients were still actively collecting follow-up data. The portfolio of studies encompassed 12 clinical orthopaedic sub-specialties with 67 medical, nursing and allied health professionals engaged in the delivery of research studies within the Trust.

Whilst most (89%) of the studies delivered within the Trust are led by academic or NHS sponsors, we are participating with international pharmaceutical and bio-technology companies including Pfizer, Piramal, Daiichi Sankyo and Amgen in the development of new vaccines, medical devices and treatments for a range of orthopaedic conditions. We are also supporting collaborative partnership between bio-tech company Sensium and Aston University in the development of a novel monitoring technology which aims to improve orthopaedic post-op care. Our long term vision is to continue to strengthen our local, national and international collaborations with NHS, academic, and industry partners. In doing so we will ensure our patients have access to, and contribute towards, the development of the latest innovations in orthopaedic care.

2.2.5 USE OF THE CQUIN PAYMENT FRAMEWORK

Commissioning for Quality and Innovation (CQUIN) is a payment framework which allows commissioners to agree payments to NHS Trusts based on delivery of improvement work. A proportion of The Royal Orthopaedic Hospital NHS Foundation Trust income in 2016/17 was conditional on achieving quality improvement and innovation goals agreed between The Royal Orthopaedic Hospital 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 payment Framework. For 2016/17 this figure was £1.56 million (2015/16: £1.56m).

Further details of the agreed goals for the year ending 31st March 2017 and the following 12 month period are available on request from Alexandra Gilder, Deputy Director of Finance and Interim Head of Contracting (alexandra.gilder@nhs.net)

2.2.6 CARE QUALITY COMMISSION (CQC) REGISTRATION AND COMPLIANCE

The CQC monitors, inspects and regulates services to make sure that they meet fundamental standards of quality and safety. They ask five key questions of all service providers which are:

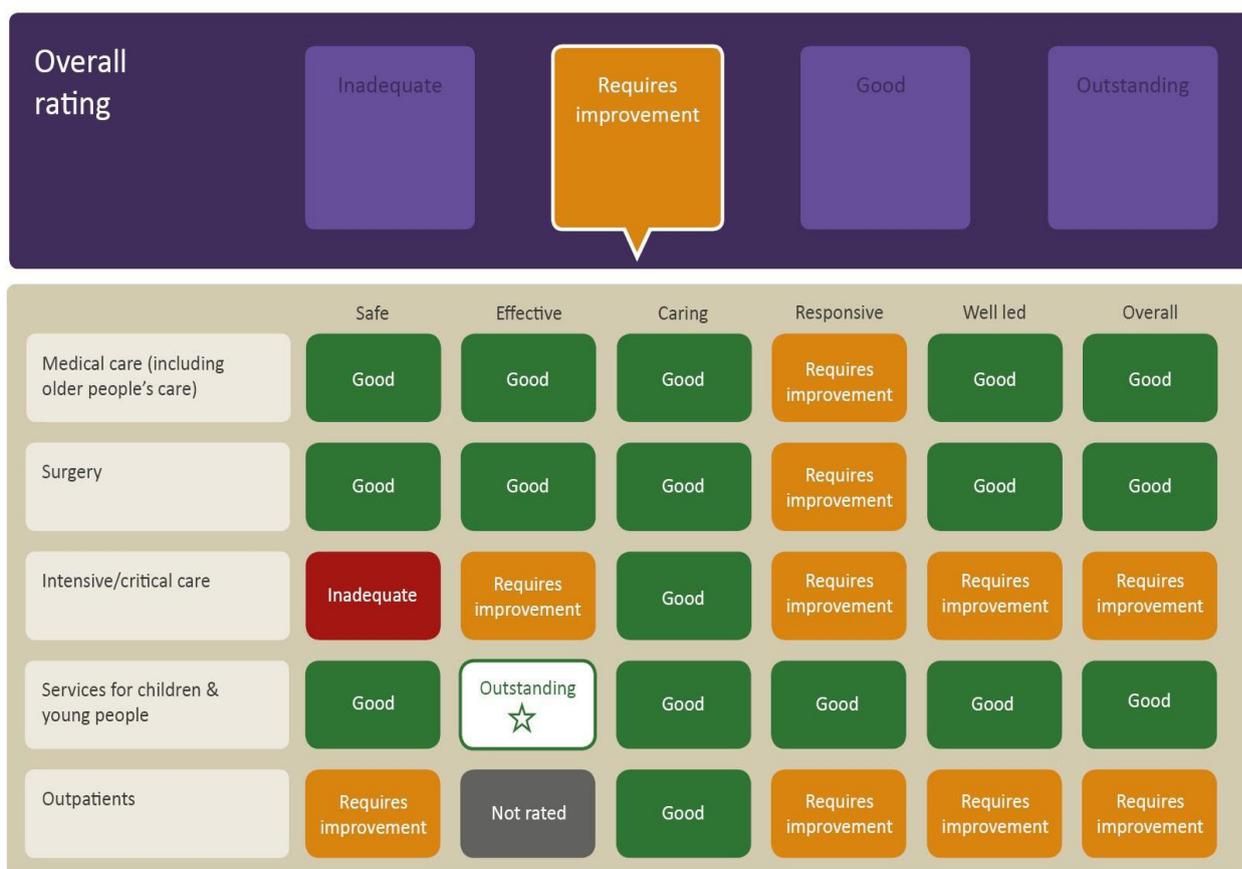
- Are they safe?
- Are they effective?
- Are they responsive?
- Are they well-led?
- Are they caring?

All NHS hospitals are required to register with the CQC in order to provide services and are required to show that they are compliant with CQC standards in order to maintain their registration. The Royal Orthopaedic Hospital is required to register with the CQC and its current registration status is 'without conditions'. The ROH has not participated in any special reviews or investigations by the CQC during this period nor has there been any enforcement action against ROH by the CQC during this reporting period.

ROH was first inspected, under the new regulations, by the CQC in June 2014 and received a rating of 'Requires Improvement'. In July 2015 a focused follow-up inspection was completed. At that inspection the core services of Critical Care (HDU) and Outpatients Department (OPD) were reviewed. Both had an inadequate rating in one domain following the inspection completed in 2014. This was within Safe for HDU and Responsive for OPD. The CQC revised the inadequate rating for OPD during their inspection in July 2015 to requires improvement but maintained the inadequate rating for safety in HDU. Both services were rated as 'Requires Improvement' overall.

The overall status for the Trust therefore remains as 'Requires Improvement'. Individual ratings for each of the domains are shown in Table 9 below:

TABLE 9: OVERALL RATING FOR ROH



The key findings of the follow up review were as follows:

- Staffing of HDU with regards to children was not suitable. The CQC found that children were being cared for within the unit but not always by a paediatric trained member of staff, nor were the facilities suitable for children.
- Within both core services the CQC found that infection control practices were well embedded, and staff followed trust policy and procedures.
- The CQC found that although the trust and its staff worked to the essence of the regulations of the Duty of Candour, in being open and transparent when things went wrong, they did not meet all of the requirements of that regulation.
- Multi-disciplinary working was effective in improving patient experience within the hospital.
- 100% of staff in both core services had received their appraisals, which was higher than the hospital's overall rate.

The CQC noted several areas of outstanding practice including:

- The unit manager had ensured that staff were both aware and understood the values of the trust.
- A post box had been put on the unit to enable staff to identify what the values meant to them in their work on HDU. Staff views on the values displayed on a noticeboard and had also been discussed during staff meetings.

- Within Outpatients the CQC observed that some clinicians were dictating letters to GP's and other services onto an electronic system for same day delivery, in the presence of the patient before the patient left the clinic.
- These findings have been communicated widely across the Trust to ensure that good practice is shared.

The Trust has developed a detailed action plan in order to respond to the findings of the CQC report which includes the following:

- Improving Safeguarding training compliance for both adults and children in OPD.
- HDU information for the Intensive Care National Audit & Research Centre was uploaded so that it can be benchmarked against other similar trusts.
- Addressing the layout and design of the HDU to ensure that adequate toilet and bathroom facilities were provided for all patients.
- Addressing the layout of HDU in order to ensure that children are always cared for in an appropriate environment.
- Developing management reports in OPD to monitor clinic wait times and cancellations. There must be an agreed process which all staff followed in the event of a clinic being canceled.
- To improve medical and nursing cover must be improved on HDU when children are accommodated.
- Improving local leaders' understanding of the processes involved in exercising the duty of Candour, in particular what they should expect beyond ward level and at a practical level, including record keeping.

The Trust is making good progress towards delivery of the actions to address the issues identified within the CQC report with the major achievements and outcomes at end of 2017/18 as follows:

- All staff in OPD has been trained to the appropriate level of Safeguarding training. A trust wide review of Safeguarding training across the organisation has been completed. In addition the Trust has appointed a Learning Disability Lead Nurse.
- The systems and processes required to ensure that information can be uploaded to the Intensive Care National Audit & Research Centre (ICNARC) have been put into place.
- A review of paediatric services by the Royal College of paediatrics was completed in March 2016. During 2016/17 a capital build has been undertaken to improve children facilities within the HDU. In addition ROH have been successful in appointing a paediatric Matron with recruitment ongoing to aim to provide two RSCN twenty four hours per day. The trust has an established Children Board chaired by the Director of Nursing which provides oversight and scrutiny to ongoing developments.
- A HDU board has been established to address and monitor the ongoing developments of service improvements sponsored by the Director of Nursing.
- A new electronic information system 'In touch' has been employed into the OPD and will enable better management information about waiting times and clinic cancellations.

- A new Duty of Candour Policy has been approved by the Trust and Duty of Candour training has been added to the timetable at local induction and mandatory training days.

2.2.7 DATA QUALITY AND INFORMATION GOVERNANCE

NHS Number and General Medical Practice Code Validity

The Royal Orthopaedic Hospital NHS Foundation Trust submitted records during 2016/2017 to the Secondary Uses Service for inclusion in the Hospital Episode Statistics which are published in the Data Quality Dashboard from NHS Digital. The percentage of records in the published data which included the patients' valid NHS Number was:

- 99.8% for admitted patient care
- 99.9% for outpatient care

The percentage of records which included the patient's General Medical Practice Code was

- 100% for admitted patient care
- 100% for outpatient care

The percentage of records reported in the published data is shown in Table 10

TABLE 10: PERCENTAGE OF RECORDS

	Total with NHS number	Total Records	Percentage
Inpatients April 2016 - Feb 17	12683	12711	99.8%
Outpatients April 2016 - Feb 17	77479	77586	99.9%

2.2.8 INFORMATION GOVERNANCE ASSESSMENT REPORT

Information Governance (IG) assesses the way in which an organisation handles and processes the information that is available to it. It covers both personal (e.g. patient records, complaints) and corporate (e.g. financial records) information. 45 standards are assessed and the Trust must score at level 2 or above against each of these standards to achieve compliance

The Royal Orthopaedic Hospital Foundation Trust Information Governance Assessment Toolkit overall score for 2016/2017 was 78% and graded as green (satisfactory).

2.2.9 PAYMENT BY RESULTS CLINICAL CODING AUDITS

The Royal Orthopaedic Hospital Foundation Trust was not subject to the Payment by Results clinical coding audit during 2016/2017 by the Audit Commission, Department of Health or NHSI.

2.2.10 IMPROVEMENT OF DATA QUALITY

The Royal Orthopaedic Hospital NHS Foundation Trust takes the following actions to monitor and improve data quality:-

- Regular data quality review undertaken by the Director of Operations with support from the finance, informatics and clinical teams.
- Addressing concerns identified through this regular review by sharing learning through the

Governance structures.

2.3 REPORTING CORE INDICATORS

All data reported in this section has been taken from internal Trust systems unless otherwise specified.

2.3.1 SUMMARY HOSPITAL MORTALITY INDEX (SHMI)

The measure for SHMI is not applicable to this Trust.

2.3.2 PATIENT REPORTED OUTCOME MEASURES (PROMS)

Patient Reported Outcome Measures (PROMs) provide information on the effectiveness of care delivered to NHS patients as perceived by the patients themselves. Patients complete a questionnaire before the operation and six months after the operation.

The EQ5D Index asks patients 5 questions regarding their general health (mobility, self-care, usual activities, pain/ discomfort, and anxiety/depression).

The Oxford Hip/Knee Score comprise of 12 questions relating to the patient's experience of pain, ease of joint movement and ease of undertaking normal domestic activities such as walking or climbing stairs.

The adjusted average health gain is used for comparison between providers and the England average; (this is adjusted for case-mix- age, sex, co-morbidity etc.).

This data is the latest available and is for the period April 2015

– March 2016. The percentage of cases submitted is 91.3%

(Apr 15-Mar 16).

TABLE 11: ADJUSTED AVERAGE HEALTH GAIN

PROMS April 2015 - March 2017 (Provisional Data)

Procedure Type	Measure	England Average	England Highest	England Lowest	ROH	Position
Hip Replacement Primary	EQ-5D Index	0.440	0.510	0.320	0.452	Above average
Hip Replacement Primary	Oxford Hip Score	21.62	24.97	16.89	22.16	Above Average
Hip Replacement Revision	EQ-5D Index	0.289	0.372	0.225	0.306	Above Average
Hip Replacement Revision	Oxford Hip Score	12.95	16.19	9.51	13.67	Above Average
Knee Replacement Primary	EQ-5D Index	0.321	0.398	0.198	0.325	Above Average
Knee Replacement Primary	Oxford Knee Score	16.37	19.92	11.96	17.23	Above Average
Knee Replacement Revision	EQ-5D Index	There are too few revision knee replacements with completed data in 2015/16 for comparison with the England average.				

The Royal Orthopaedic Hospital NHS Foundation Trust considers that this data is as described for the following reasons; PROMS reports have shown that for 2016/17 the Trust is above the national average in all hip primary and revision arthroplasty. With reference to knees, the figures show that during the period. There has been an improvement in the position for primary knee arthroplasty during 16/17 against the national average for EQ5D.

The Royal Orthopaedic Hospital NHS Foundation Trust intends to take the following action to improve PROMS scores and so the quality of its services:

- We will maintain a high focus on submitted cases and continue to monitor submitted case totals and EQ5D and Oxford score data through the Clinical Audit and Effectiveness Committee.

Data available from The Health and Social Care Information Centre at <http://content.digital.nhs.uk/catalogue/PUB23060>

2.3.3 EMERGENCY READMISSIONS WITHIN 28 DAYS OF DISCHARGE

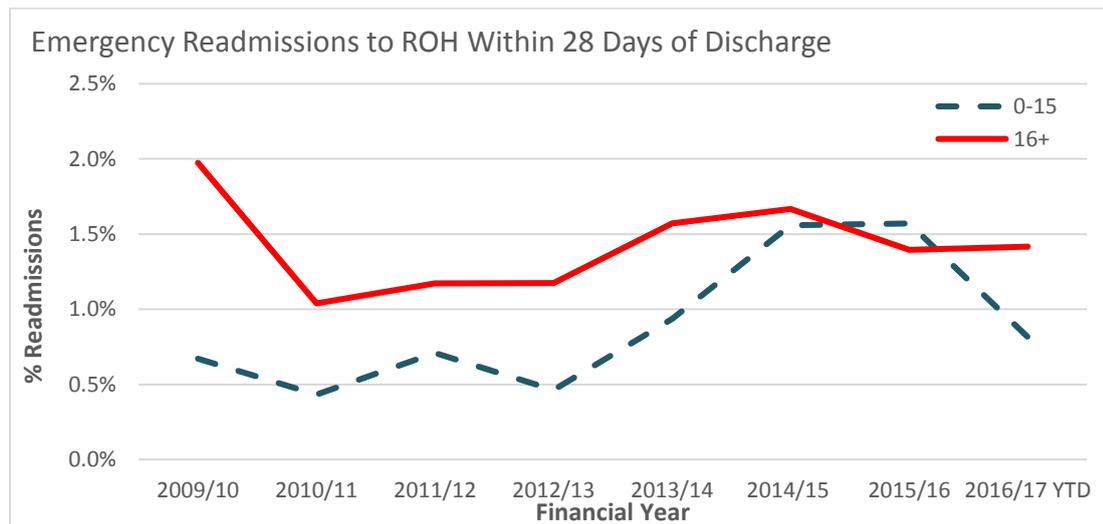
The percentage of patients aged:

(i) 0 to 15 and

(ii) 16 or over

Who are readmitted to a hospital which forms part of the trust within 28 days of being discharged during the reporting period as shown in Table 12 below:

TABLE 12: EMERGENCY ADMISSIONS WITHIN 28 DAYS OF DISCHARGE



Financial Year

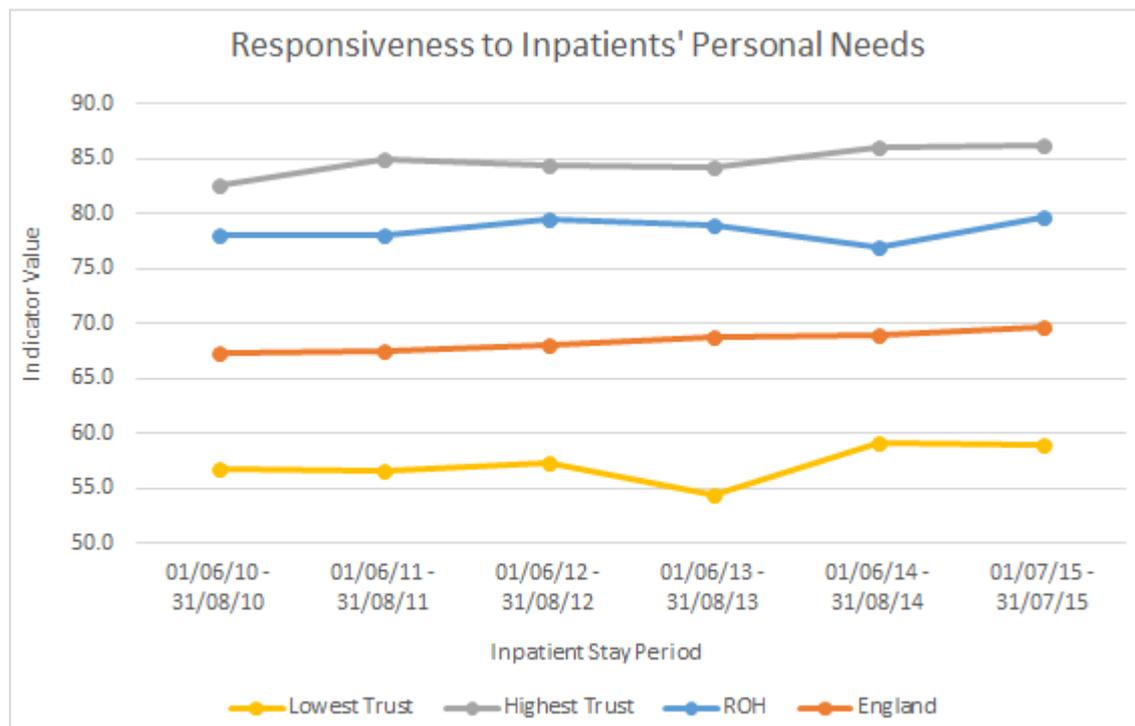
Readmission Rate	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17 YTD
0-15	0.7%	0.4%	0.7%	0.5%	0.9%	1.6%	1.6%	0.8%
16+	2.0%	1.0%	1.2%	1.2%	1.6%	1.7%	1.4%	1.4%
All	1.8%	1.0%	1.1%	1.1%	1.5%	1.7%	1.4%	1.4%

The 28 day readmissions as defined by NHSI for the Quality Accounts is a local indicator and therefore cannot be benchmarked or compared to a national average.

The Royal Orthopaedic Hospital intends to take the following actions to improve the specific readmission indicators and so the quality of its services

- The trust is currently reviewing its data including the area, specialism and reason behind readmission.
- Dependent on the data analysis further focused actions will be taken to reduce readmissions if and where possible.

2.3.4 RESPONSIVENESS TO PERSONAL NEEDS



Inpatient Stay	ROH	England	Highest Trust	Lowest Trust
01/06/10 - 31/08/10	78.0	67.3	82.6	56.7
01/06/11 - 31/08/11	78.1	67.4	85.0	56.5
01/06/12 - 31/08/12	79.5	68.1	84.4	57.4
01/06/13 - 31/08/13	78.9	68.7	84.2	54.4
01/06/14 - 31/08/14	77.0	68.9	86.1	59.1
01/07/15 - 31/07/15	79.6	69.6	86.2	58.9

The Royal Orthopaedic Hospital NHS Foundation Trust considers that this data is as described for the following reasons; this report has shown that ROH is above the national average in England in being responsive to personal needs.

The Royal Orthopaedic Hospital NHS Foundation Trust intends to take the following action to improve: This year has seen an improvement in responsiveness to personal needs we will continue to monitor progress.

2.3.5 FINDINGS FROM THE STAFF SURVEY/STAFF FRIENDS AND FAMILY TEST 2016/17

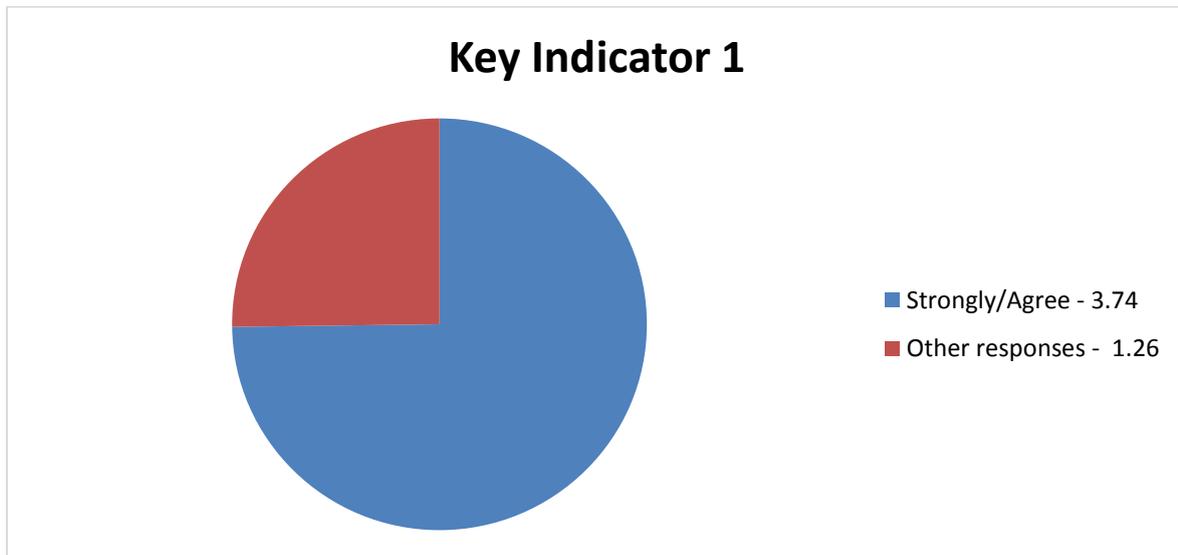
This section presents the findings from the annual staff survey in respect of indicators K1, K21 and K27 together with a summary of the findings of the Staff Friends and Family test through 2016/17.

The Royal Orthopaedic Hospital considers that this data is as described for the following reasons:

- Each year the Trust participates in the annual NHS staff survey and shares the findings with staff members through communication channels and team meetings as well as at the range of management meetings including Executive Directors, Trust boards and other committees.
- In addition the Trust takes part in Staff Friends and Family test which asks the question 'How likely are you to recommend ROH' as a place to work'? All staff are invited once a year to take part in this survey.

Table 13 below presents the results from the 2016 staff survey whilst Table 14 provides the findings of the Staff Friends and Family test for 2016/17.

TABLE 13: STAFF SURVEY RESULTS KEY INDICATOR 1 'I WOULD RECOMMEND MY ORGANISATION AS A PLACE TO WORK' 2016



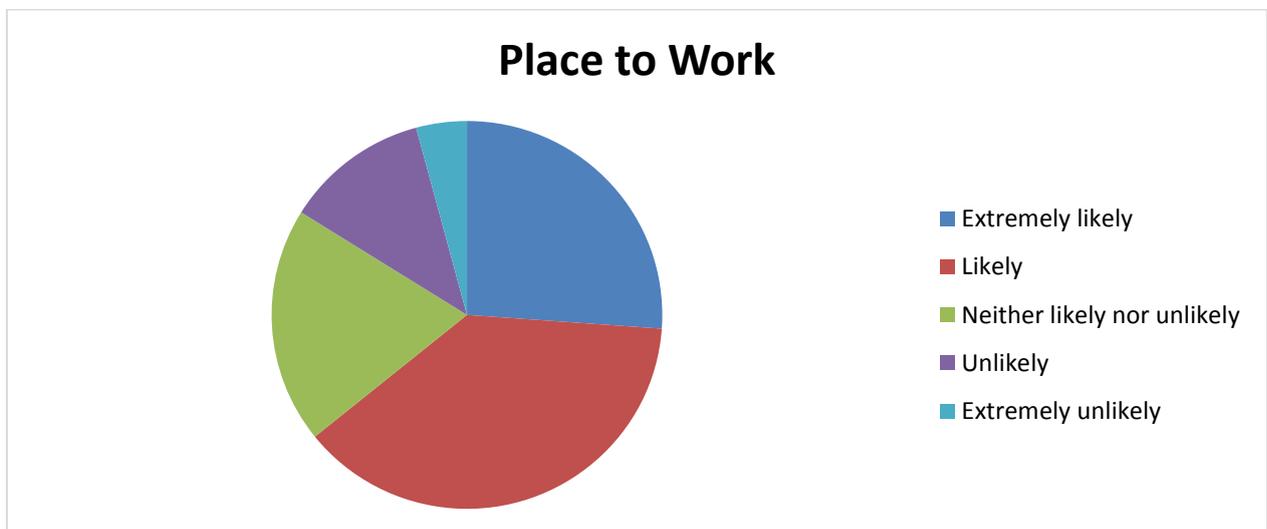
In 2016, all staff were invited to take part in the National Staff Survey. 46 % of staff (n=428) responded, with 12% paper questionnaires and 88% online completions. 56% of staff who completed the survey confirmed that they would recommend the organisation as a place to work.

This shows a deterioration of 7% but is not considered statistically significant, as it is 'unweighted' data.

The results of the Staff Friends and Family Test for 2016/17 are presented in Table 14 below.

In 2016/17, 319 staff responded to this survey with 64% of those indicating that they would recommend the Trust as a place to work. This represents an increase on the percentage reported in 2015/16 of 62 %.

TABLE 14: RESULTS FROM STAFF FRIENDS AND FAMILY TEST 2016/17 (319 RESPONSES) - HOW LIKELY ARE YOU TO RECOMMEND THE ROH TO FAMILY AND FRIENDS AS A PLACE TO WORK?



The Royal Orthopaedic NHS Foundation Trust considers that the data is as described for the following reasons:

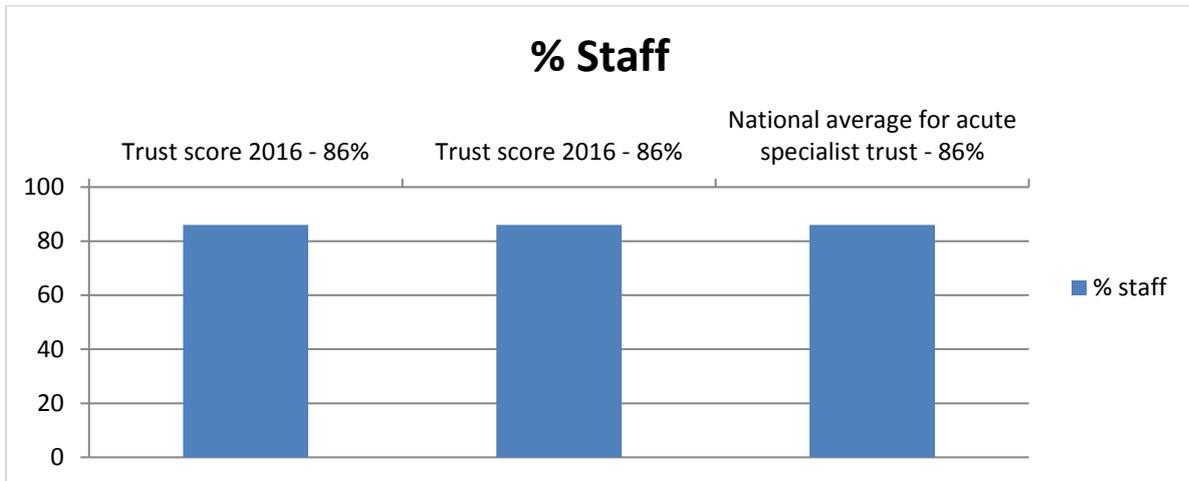
- The Trust has undergone a significant period of reorganisation with the development of new Divisional teams and management restructure.
- There has also been additional financial pressure in line with national NHS challenges.
- The Trust has increased its focus on performance management across all teams.
- The Trust ran a Patient Safety conference in 2016 which consists of presentation from outside speakers and discussion groups. This has provided a wealth of information for managers and actions have been taken in different parts of the Trust as result.

The Royal Orthopaedic Hospital NHS Foundation Trust intends to take the following action to improve the response to the annual staff survey indicator, and the staff Friends and Family test results:

- Future events will be run for all staff to upskill in continuous improvement and setting performance objectives.
- We will continue invested in line managers to build their capability through development programmes and coaching initiatives.
- We will continue to offer staff members additional training courses to support both individual competence and confidence.
- We will ensure a clear action plan and updates are regularly communicated to all staff.
- Throughout 2016/17 work will be completed to raise awareness of this measure with all staff groups to encourage more staff members to take part.
- A detailed review of the comments completed by staff will be undertaken in Q1 2016/17 in order to identify themes which will be used to inform the next steps in developing the Staff Engagement Strategy.

In addition to the key findings detailed above, the Trust is expected to report on Key Indicators 21 and 27. The data for both indicators is presented below in Tables 15 and 16.

TABLE 15: INDICATOR 21 - PERCENTAGE OF STAFF BELIEVING THAT THE ORGANISATION PROVIDES EQUAL OPPORTUNITIES FOR CAREER PROGRESSION OR PROMOTION (THE HIGHER THE SCORE THE BETTER)



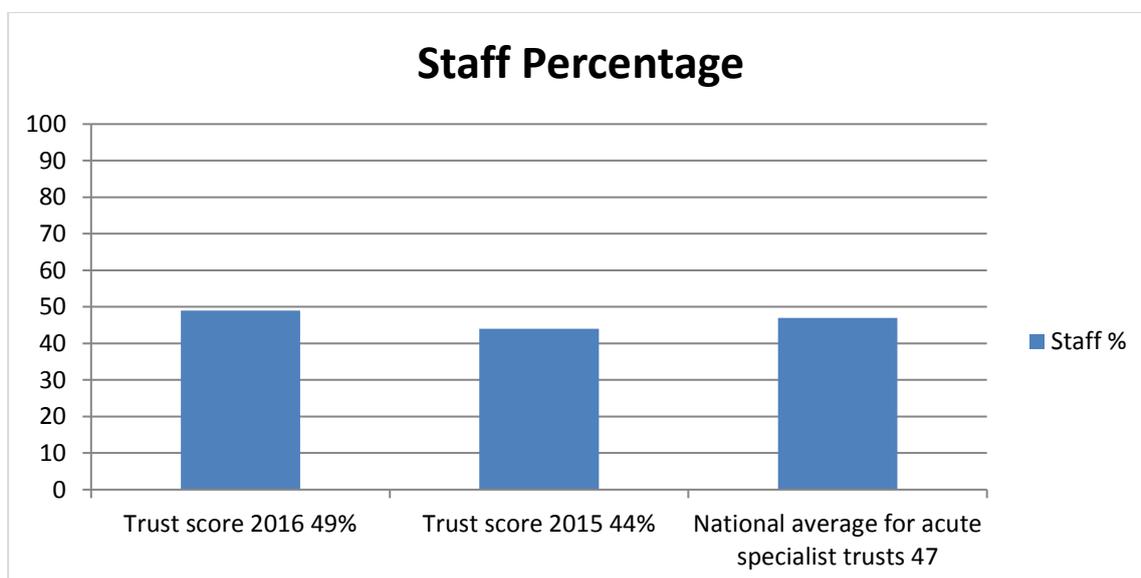
The Royal Orthopaedic Hospital NHS Foundation Trust considers that this data is as described for the following reasons:

- The score has been consistent at 86% over the last few years.
- This percentage is same as the national average for acute specialist trusts.
- The Trust has continued to offer opportunities to all staff members particularly as part of the PDR process.

The Royal Orthopaedic Hospital NHS Foundation Trust intends to take the following action to improve the staff response to this indicator and so the quality of its services:

- The Trust has completed the Equality Delivery System assessment and the relevant report will be published shortly.
- The Trust Board has instructed that a formal plan is developed to address the potential improvements identified in the report. As a first step, the Trust will engage with staff to confirm actions for 2017.
- Value Based recruitment (VBR) will be further embedded in the organisation to support fair recruitment practices.

TABLE 16: INDICATOR 27 - PERCENTAGE OF STAFF/COLLEAGUES REPORTING MOST RECENT EXPERIENCE OF HARASSMENT, BULLYING OR ABUSE



This indicator provides the Trust with a positive finding and is better than average. The 2016 Trust score is 49% (out of a possible 100) which is just higher than the National 2015 at 44%. This is also higher than the average acute specialist trust at 47%.

The Royal Orthopaedic Hospital NHS Trust considers that the data is as described for the following reasons:

- There has continued focused by the Inclusion team to raise the importance of reporting incidents of harassment, bullying or abuse, and the types of actions that constitute these behaviours.
- The ROH Freedom to Speak Up (FTSU) Guardian has been recruited and is working with colleagues to raise awareness of the importance to report incidents of Patient safety.
- All staff members attend presentations on joining at Trust induction and at core mandatory training day on Inclusion and Incident reporting. Both sessions emphasis the importance of reporting incidents and where to go for help.
- If staff members have a concern and are unsure who to speak to, there is a network of contact officers who can offer support. Their role is not to solve the issue but help individuals decide next steps.

The Royal Orthopaedic Hospital NHS Foundation Trust intends to take the following action to improve the staff response to key findings:

- All leadership modules in future workshops will include a session on inclusive leadership. This will help to embed the correct behaviours in the Trust.
- Contact officers will undertake a training programme to review and refresh the required skills to support the staff with speaking out about issues.
- A new module on Assertiveness will be designed and delivery for key staff

members to give them the confidence to speak about bullying and harassment.

2.3.6 VTE

The Royal Orthopaedic Hospital NHS Foundation Trust considers that this data is described for the following reasons:

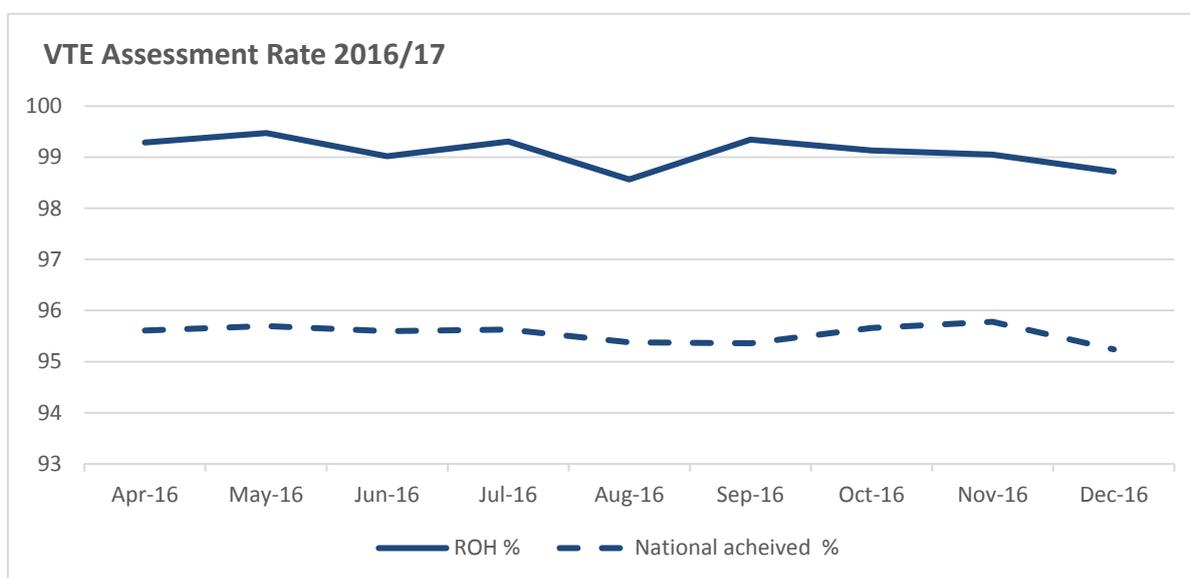
- Monitoring of compliance against the national standard to ensure that > 95% of all patients admitted to the hospital are risk assessed for VTE.

Table 12 below shows the percentage of patients who were risk assessed for VTE against the numbers admitted to hospital in this time frame, whilst Table 13 provides benchmarking data.

TABLE 17: RISK ASSESSMENTS BY MONTH 2016/17

Month	No. Assessed	No. Admitted	ROH %	National Achieved %
Apr-16	975	982	99.29	95.61
May-16	943	948	99.47	95.7
Jun-16	911	920	99.02	95.6
Jul-16	1004	1011	99.31	95.63
Aug-16	824	836	98.56	95.38
Sep-16	1057	1064	99.34	95.36
Oct-16	1026	1035	99.13	95.66
Nov-16	1146	1157	99.05	95.78
Dec-16	923	935	98.72	95.24
Jan-17	1006	1019	98.72	Not Published at Present
Feb-17	996	998	99.80	Not Published at Present
Mar-17	1078	1097	98.27	Not Published at Present

TABLE 18: VTE RISK ASSESSMENTS OVERTIME VS NATIONAL AVERAGE



It can be seen that ROH continues to consistently report rates of VTE risk assessment that are greater than the national average.

2016/17 CQUIN: To identify lessons learnt and improve prevention strategies associated with VTE: All requirements have been met to date and we are on target and expecting to achieve VTE exemplar Centre status by end of Quarter 4 (March 2017).

The Royal Orthopaedic Hospital NHS Foundation Trust intends to take the following actions in order to ensure that it continues to report zero avoidable cases for 2017-18 and so improve the quality of its services:

- Aim is to continue to reduce the number of avoidable VTE's. This will be monitored via existing reporting and monitoring methods led by the VTE lead and VTE Advisory Group chair. The VTE Advisory group reports quarterly to The Clinical Quality Committee.

2.3.7 CLOSTRIDIUM DIFFICILE INFECTION (C-DIFFICILE)

The Royal Orthopaedic Hospital NHS Foundation Trust considers that the rate of C.difficile infection per 1000 bed days shown in Table 19 below is as described for the following reasons:

- The control of infection is of paramount importance for our patients and the Trust has continued to meet its objective of 2 avoidable cases of Clostridium difficile during this reporting period. There have been zero (0) avoidable cases reported during 2016-17.
- The Trust is compliant with Department of Health Guidance against which C.difficile is reported
- and is subject to external scrutiny of its data for audit purposes.

In addition the Trust remains committed to the prevention of Infection by:

- Prompt isolation of patients
- Obtaining stool specimens for rapid detection.
- Maintaining rigorous attention to good infection control practices through education and audit of practice.
- Undertaking regular ward rounds as part of the Bone Infection Unit in order to ensure that antibiotic therapy is correctly and appropriately prescribed.
- Taking action to improve practice when concerns are identified through audit and review.
- Reporting and monitoring of actions through the Trust Infection Control, Committee with upward reporting to the Quality and Safety Committee.
- Terminal cleaning followed by Bioquell fogging.

TABLE 19: RATES OF C.DIFFICILE INFECTION - PATIENTS AGED 2 YEARS AND OLDER - TRUST APPORTIONED CASES INCLUDING ENGLAND AVERAGE

	April 2010 - March 2011	April 2011 - March 2012	April 2012 - March 2013	April 2013 - March 2014	April 2014 - March 2015	April 2015 - March 2016	April 2016 - March 2017
The Royal Orthopaedic Hospital	24.5	16.3	3.2	5.7	4.9	20.0	13.5 [†]
All England Rate	29.6	21.8	17.3	14.7	15.1	14.9	
Lowest England Rate	0	0	0	0	0	0	
Highest England Rate	71.8	51.7	30.8	37.1	62.2	66.0	

Note: † Data for 2016-17 is currently awaiting national release and this will not be available until July 2017. Therefore, this data is preliminary as it has been calculated using internal trust bed occupancy figures, and may be subject to change in later reports.

Four cases have occurred during this time frame. All were subject to investigation and agreed as unavoidable with local commissioners for the following reasons:

Case No.	Previous C.difficile	BIU Patient	Laxative Use	Antimicrobial policy compliance?
Case 1	No	Yes	Yes	Yes
Case 2	Yes	Yes	Yes	Yes
Case 3	Yes	Yes	No	Yes
Case 4	No	No	Yes	Yes

- 3 cases were patients who were under the care of the Bone Infection Unit and targeted antibiotic therapy was required for all of these patients in order to treat prosthetic joint infections. A balance of risk is required as both Clostridium difficile and deep infection can pose a risk to the patient's life.
- 2 cases had a previous past medical history of C.difficile and therefore would be at greater risk of developing an episode, particularly as they were both under the care of the Bone Infection Unit and required targeted antibiotic therapy.
- 3 cases had been given laxatives for the treatment of constipation, which could have been a causative factor for diarrheal episodes and subsequently C.difficile

- infection.
- All patients were treated according to Trust protocol and made an uneventful recovery from their Clostridium difficile infection.

The Royal Orthopaedic Hospital NHS Foundation Trust intends to take the following actions in order to ensure that it continues to report zero avoidable cases for 2017-18 and so improve the quality of its services:

- We will maintain our focus on Infection Prevention and Control, so that exemplary standards of hand hygiene and use of personal protective equipment is maintained.
- We will review our Uniform and Dress Code Policy to ensure that all staff adhere to the principles of bare below the elbows in clinical areas.
- We will develop a business case to support creation of a stand- alone Bone Infection Unit which will maximise effectiveness of ward rounds and ensure that best practice is upheld in respect of antibiotic prescribing.
- We will develop schedules for terminal cleans and Bioquell to minimize the risk of ongoing transmission.
- Continue to monitor isolation within 2hr is achieved.

2.3.8 PATIENT SAFETY INCIDENTS

The Royal Orthopaedic Hospital considers that the number of patient safety incidents reported and the number and percentage of such incidents that resulted in severe harm or patient death are as described for the following reasons:

- The Trust actively promotes a culture of incident reporting so that issues can be identified, actions initiated and lessons learned.
- The Trust categorises incidence from no harm to severe harm and uses the definitions provided by the National Reporting and Learning System (NRLS) to categorise the level of harm
- All reported incidents are subject to review by a member of the governance team at ROH who will seek clarity on level of harm from clinical staff where necessary and amend the initial categorisation if required.
- The Trust submits patient safety incidents to the NRLS which enables benchmarking against other similar organisation in respect of numbers and types of patient safety incidents.

The ROH has taken the following actions in order to ensure learning from incidences is shared and embedded across the organisation:

- Continues to actively encourage reporting of incidents
- Continue to deliver Root Cause Analysis Training to members of senior staff who undertake investigations.
- A review of the way actions from incidents are tracked and shared across the organisation, including the development of action trackers that are used to monitor progress against action at Divisional Governance meetings.

- Currently trustwide information relating to Patient safety and patient experience activity is contained within the quality report that is presented monthly at the Clinical Quality Meeting, The Quality and Safety Committee.
- The Trust now has established weekly Governance meetings that included any incidents that are graded by the reporter as moderate harm or above, any complaints and any other risk or issues.
- Following incident RCA's and reviews anonymised reports are sent to all clinicians trust wide and are discussed at local and trust wide committees.
- Serious incident are presented at the Clinical Audit meeting.

TABLE 20: INCIDENT DATA OVER PAST FOUR YEARS

Indicator	2013/14	2014/15	2015/16	2016/17
Number of Patient safety	883[1]	897	1113[2]	1530 [2]
Rate of Patient safety Incident per 1000 bed days (NB this indicator changed in 2014/15 from rate of	14.77 per 100 Admissions (this indicator changed in the reporting	34.72[1]	36.3 1] (April 2015 to Sept 2015)	19.43 [1]
Number of patient Safety Incidents with Severe harm/ death	11[1]	8[1]	12[2]	2 [2]
% of patient safety incidences that resulted in severe harm/death	1.1 %[1]	0.9[1]	1.0[2]	0.1 [2]

[1] Data taken from NRLS

[2] Data taken from Trust Source

The Trust has seen a significant increase in the number of patient safety incidents reported over the four year period represented above which reflects the focus through the year on encouraging staff to actively report incidents of concern. It is to be noted that Trust did not upload to the NRLS for 5 months at the beginning of 2016/17.

There have been no themes identified from the severe harm incidents recorded during 2016/17. Learning from review of these incidents has been widely shared across the Trust at clinical audit meetings and through the Clinical Quality Group.

During 2016/17 ROH reported three never events against zero which were reported in the same period 2015/16. These were a wrong side block, wrong site incision and wrong side implant. An external audit review was commissioned by the Trust into the three never events.

The Trust recognises that it has work to do to improve the standard of incident reporting and to ensure that feedback from incidents is regularly provided to the incident reporter. The ROH intends to take the following action to improve the standard of incident reporting and engage staff in feedback and sharing lessons from incidents and so improve the quality of its services:

- Continue to actively encourage the reporting of incidents by actively reviewing our feedback mechanism through our incident reporting system Ulysses.
- There is planned improvement work on the Ulysses system that will allow better triangulation of data between complaints and patient safety incidents.
- Further Delivery of Root Cause Analysis Training.

2.4 IMPLEMENTATION OF DUTY OF CANDOUR AT ROH

During 2015/16 the Trust undertook significant work in order to respond to concerns raised by the CQC about Regulation 20: Duty of Candour was fully embedded across the organisation. This included:

- Approval of a new Duty of Candour Policy and process.
- Amendment of the Incident Reporting System to include a Duty of Candour tab to make it easier for staff to identify concerns and upload evidence of discussions with patients.
- The inclusion of Duty of Candour Training at induction and mandatory training days.
- The development of a Duty of Candour Action tracker to ensure that all requirements of Regulation 28 are adhered to.
- Executive oversight of the Duty of Candour process at Senior management team meetings.

ROH was subject to two external reviews by CCG colleagues in respect of Duty of Candour through 2016/17. Significant improvement in compliance was shown between the first audit which took place in July 2015 (25% compliance) and the second which took place in March 2016, following the implementation of the actions outlined above (100%) compliance.

The Trust considers that the improvement in compliance is evidence that good progress has been made in embedding Duty of Candour across the organisation but recognises that the good work undertaken must be sustained.

Regular bi annual audit of compliance with Duty of Candour will be included as part of the audit plan for 2016/17 in order to monitor compliance with Regulation 20.

2.5 SIGN UP TO SAFETY PLEDGES

Sign up to Safety is a national campaign which supports the mission to make the NHS the safest health system in the world.

Organisations who Sign up to Safety commit to strengthen patient safety by:

- Setting out the actions they will undertake in response to the five Sign up to Safety pledges and agree to publish this on their website for staff, patients and the public to see.
- Committing to turn their actions into a safety improvement plan (including a driver diagram) which will show how organisations intend to save lives and reduce harm for patients over the next 3 years.

The Trust continues to embed the process of signing up to this national campaign and of developing its sign up to safety action plan based on the five key pledges outlined in the

programme as detailed below:

1. Putting safety first. Commit to reduce avoidable harm in the NHS by half and make public our locally developed goals and plans.
2. Continually learn. Make our organisation more resilient to risks, by acting on the feedback from patients and staff and by constantly measuring and monitoring how safe our services are.
3. Being honest. Be transparent with people about our progress to tackle patient safety issues and support staff to be candid with patients and their families if something goes wrong.
4. Collaborating. Take a lead role in supporting local collaborative learning, so that improvements are made across all of the local services that patients use.
5. Being supportive. Help people understand why things go wrong and how to put them right. Give staff the time and support to improve and celebrate progress.

PART 3:

REVIEW OF QUALITY PERFORMANCE 2016/17

3.1 REVIEW OF QUALITY PRIORITIES 2016/17

During 2016/17 the Trust outlined 8 areas for improvement and successfully achieved 2 of these as summarised in Table 21 below:

TABLE 21: PROGRESS AGAINST QUALITY PRIORITIES 2016/17

Reduce number of incidences of consent on day
Reduce the number of avoidable pressure ulcers
Reduce the number of avoidable VTE events
Ensure that learning identified from serious incidents and complaints are embedded in practice
Reduction in waiting times in clinic
Reduction in cancellation on day of surgery (Governors Priority)
Deliver the commitments outlined in the first year of the Dementia Strategy-
Improve patient reported experience of pain

3.2 PATIENT SAFETY OBJECTIVES

3.2.1 Reduce the number of incidences of consent in the day.

During 16/17 the main focus has been to develop a robust Consent policy. During the year we have provided training and education across the MDT ensuring that we have a policy that is applied in practice. It is recognised the limited progress that has been made against this objective which is one of the reasons this objective will continue into 17/18. Further details on the plans to progress this object have been detailed within section 2 of this report.

3.2.2 Reduce the number of avoidable pressure ulcers

In total, from 1st April 2016 the Trust has reported the following avoidable pressure ulcers:

13 avoidable Grade 2 pressure Ulcers against a limit (target) of 15. (One Grade 2 Pressure Ulcer currently awaiting RCA to establish avoidability and are therefore not included in these figures).

3 avoidable Grade 3 pressure Ulcers against a limit of 0. (One Grade 3 Pressure Ulcer currently awaiting RCA to establish avoidability and are therefore not included in these figures).

		Apr'16	May'16	Jun'16	Jul'16	Aug'16	Sep'16	Oct'16	Nov'16	Dec'16	Jan'17	Feb'17	Mar'17	Total
Avoidable	Grade 2	2	1	1	1	0	1	3	0	0	4	0	0	13
	Grade 3	0	0	1	1	0	0	0	0	1	0	0	0	3
	Grade 4	0	0	0	0	0	0	0	0	0	0	0	0	0
Unavoidable	Grade 2	1	0	0	0	0	2	4	1	0	0	1	0	9
	Grade 3	0	0	0	0	0	1	0	0	0	0	0	0	1
	Grade 4	0	0	2	0	0	0	0	0	0	0	0	0	2
Pending		0	0	0	0	0	0	0	0	0	0	0	0	0

The Trust has not met the target set for avoidable pressures ulcers relating to grade 3 pressure ulcers against a target of 0. However, there have been no reported avoidable hospital acquired grade 4 pressure ulcers during 16/17, with the Trust achieving its target set for grade 2 pressure ulcers.

The Trust has developed an action plan for 17/18 with the aim to reduce avoidable hospital acquired pressure ulcers further during the year. Due to the unmet targets for grade 3 avoidable pressure ulcers the Trust has included in the Quality Priorities for 2017/18. This should have resulted in a financial penalty however; our local commissioners have agreed to reinvest the money into enhancing quality care at ROH.

3.2.3 Reduce the number of avoidable VTE incidents

A hospital acquired VTE is one defined as any new episode of VTE diagnosed during hospitalization or within 90 days of discharge following an in-patient stay. It is our commissioners' requirement that all positive VTE'S are reported and a Root Cause Analysis (RCA) completed. These RCA's are shared with patients and relatives.

2016/17 achievements:

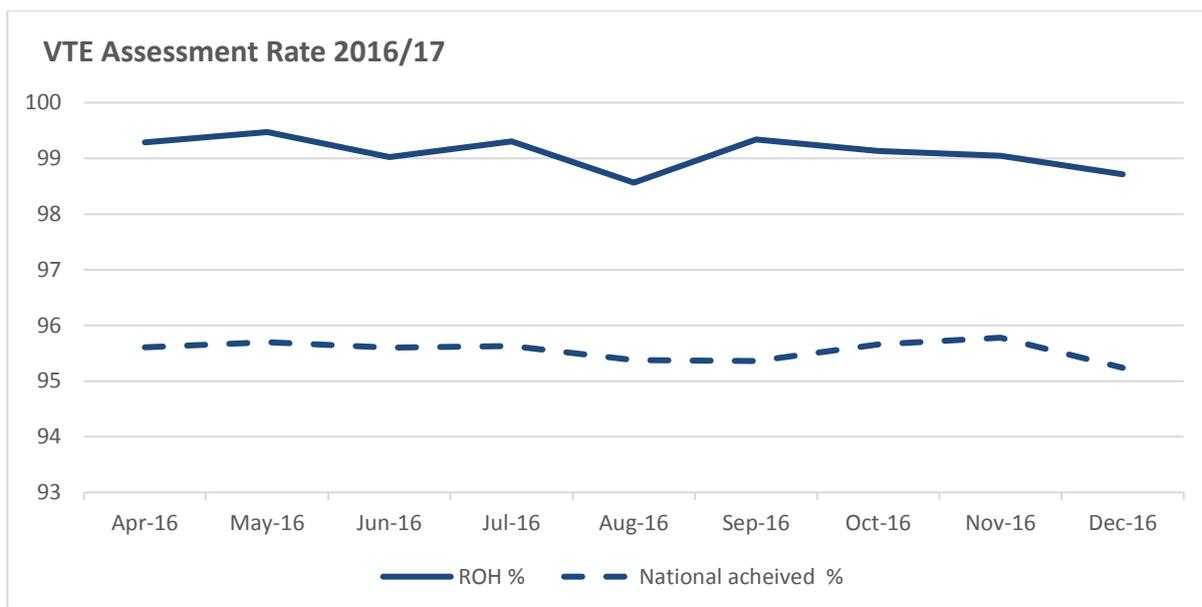
- VTE risk assessment (minimum requirement 95%) has been consistently achieved throughout 16/17.
- Compliance with thromboprophylaxis prescribing requirements (minimum requirement 95%) has been consistently achieved throughout 16/17.
- RCA's completed for all reported positive hospital acquired VTE's – 100 % requirement met.
- 2016/17 CQUIN: To identify lessons learnt and improve prevention strategies associated with VTE. All requirements met to date, we are on target to achieve exemplar centre status by the end of Q4 (March 17).

VTE's are deemed avoidable when there is any evidence of non-compliance with ROH or NICE requirements and there is no documentation to identify reasons for deviation. The data below demonstrates not only that the overall number of VTE's compared to 15/16 have reduced but of those identified 61% were recorded as unavoidable. This demonstrates that all measures had been taken to reduce the risk of a VTE occurring.

Year	Total no. reported	Recorded avoidable	% avoidable
15/16	35	18	51%
16/17	18	7	39%

TABLE 23: COMPLIANCE WITH VTE ASSESSMENT 2016/17

Month	No. Assessed	No. Admitted	ROH %	National Achieved %
Apr-16	975	982	99.29	95.61
May-16	943	948	99.47	95.70
Jun-16	911	920	99.02	95.60
Jul-16	1004	1011	99.31	95.63
Aug-16	824	836	98.56	95.38
Sep-16	1057	1064	99.34	95.36
Oct-16	1026	1035	99.13	95.66
Nov-16	1146	1157	99.05	95.78
Dec-16	923	935	98.72	95.24
Jan-17	1006	1019	98.72	Not Published at Present
Feb-17	996	998	99.80	Not Published at Present
Mar-17	1078	1097	98.27	Not Published at Present



Work will continue through 2016/17 to ensure that this standard is maintained and delivered in order to ensure the best outcome for our patients. On the basis of the evidence presented, the Trust considers that this priority is met for 2015/16.

3.2.4 Ensuring that learning identified from serious incidents and complaints are embedded in practice

In 2016/17 Currently, trustwide information relating to governance and patient experience activity is contained within the quality report that is presented monthly at the Clinical Quality Meeting, The Quality and Safety Committee and TMC.

The Trust now has established weekly Clinical Governance meetings that include any incidents that are graded by the reporter as moderate harm or above, any complaints and any other risk or issues. These are chaired by the Associate Medical Director for Division 2 and The Head of nursing for Division 1. Also on the agenda of these meeting, is the review of closed serious incidents action plans and dissemination of learning.

In addition, much work has been completed during 2016/17 on the sharing of learning from Serious Incident. RCA's from serious incidents are anonymised and sent to all clinicians trust wide and are discussed at local and trust wide committees. Serious incident are also presented in Clinical Audit. There is planned improvement work on the Ulysses system that will allow better triangulation of data between complaints and Incidents.

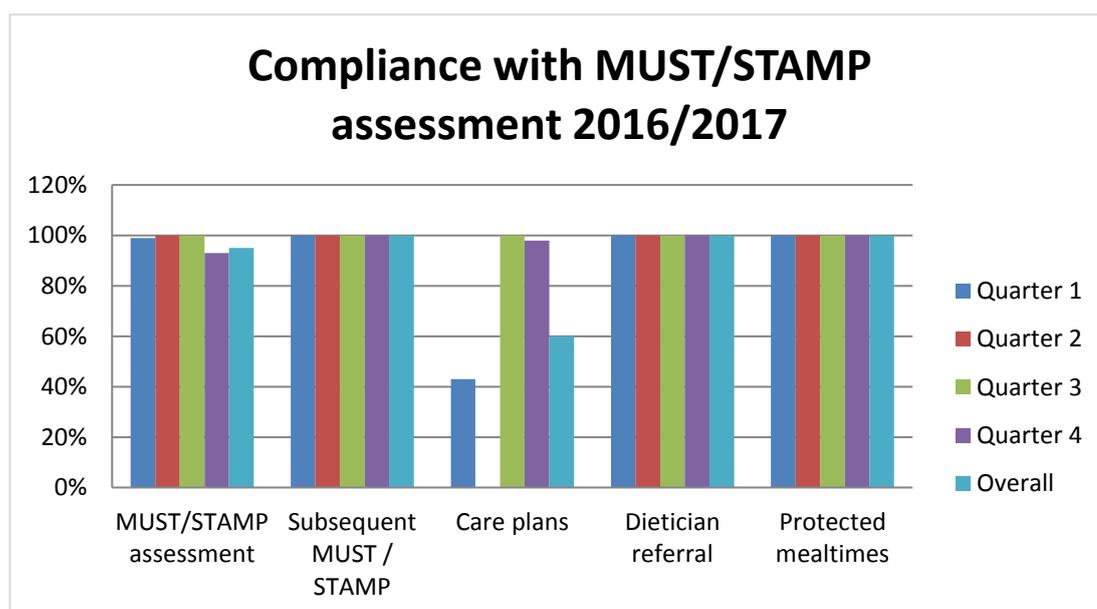
Whilst recognising that improvement has been made, this will be continuous and must be maintained. The Trust also recognises there are improvements needed to the incident system, therefore work is still ongoing to ensure the Trust learn from Incidents and Complaints.

3.2.5 NUTRITION ASSESSMENTS

Nutritional assessments are used to monitor for the risk of malnutrition, in this case as defined by the NICE Quality Standard 24 'Quality Standard for Nutritional Support in Adults'. At ROH, we use the nationally recognised Malnutrition Universal Screening Tool (MUST) and the Screening Tool for the Assessment of Malnutrition in Paediatrics (STAMP) to undertake these assessments. The Royal Orthopaedic Hospital NHS Foundation Trust uses the nutritional assessments as described in Standard 24 (as above) to determine compliance against this standard. The questions used in assessment are:

1. Are all patients screened within 6 hours of admission to identify the patients who are malnourished or at risk of becoming malnourished?
 2. Are all patients re-screened weekly?
 3. Do all patients have a care plan which identifies their nutritional care needs and how they are to be met?
 4. If identified, do all patients who require a referral to the dietician have a referral?
 5. Are patients interrupted at mealtimes?
- The completion of this assessment is audited on all wards by their nutrition link nurses on a quarterly basis, below is the compliance data from the ROH over the last year (Table 24)

TABLE 24: COMPLIANCE WITH MUST / STAMP ASSESSMENT 2016/2017



The percentage of compliance with the initial MUST/STAMP nutritional assessments were: Quarter 1 99%, Quarter 2 100%, Quarter 3 100% & Quarter 4 93%.

Therefore the overall data for 2016/17 shows an average of MUST/STAMP initial assessment and completion within 6 hours of admission at 98%. This is an increase in compliance.

There had been new training emphasis on MUST/STAMP assessments with the Train the Trainer training completed at end of Q4 of 2015/2016 with the availability of the Nutritional Assessment Policy. This has shown to be effective with the increase in completion of the initial assessments.

The percentage of patients who needed and received a subsequent assessment after 7 days was 100% overall throughout all 4 quarters.

All the patients who were identified from the assessment as needing a dietician referral were referred appropriately. This was shown as 100% compliant across all the 4 quarters.

Of the patients who required care plans to be in place, compliance was at 43% in Quarter 1, there was 0% compliance in Quarter 2, 100% compliance in Quarter 3 and 98% compliance in Quarter 4. There has been continual improvement since Quarter 2 and this will be continued to be monitored.

Good practice has continued with the use of care-plans and dietetic referrals based on clinical judgment for patients that are not assessed as nutritionally at risk from the MUST tool but put in place for other concerns, for example; patients with wound healing requirements, dementia.

The 'protected mealtimes' initiative has been embedded into practice across all the wards and inpatient departments as the compliance audit shows 100% of patients are not disturbed at mealtimes consistently across all 4 Quarters.

The Royal Orthopaedic Hospital NHS Trust has taken the following actions in order to improve compliance with nutritional risk assessment and so the quality of its services:

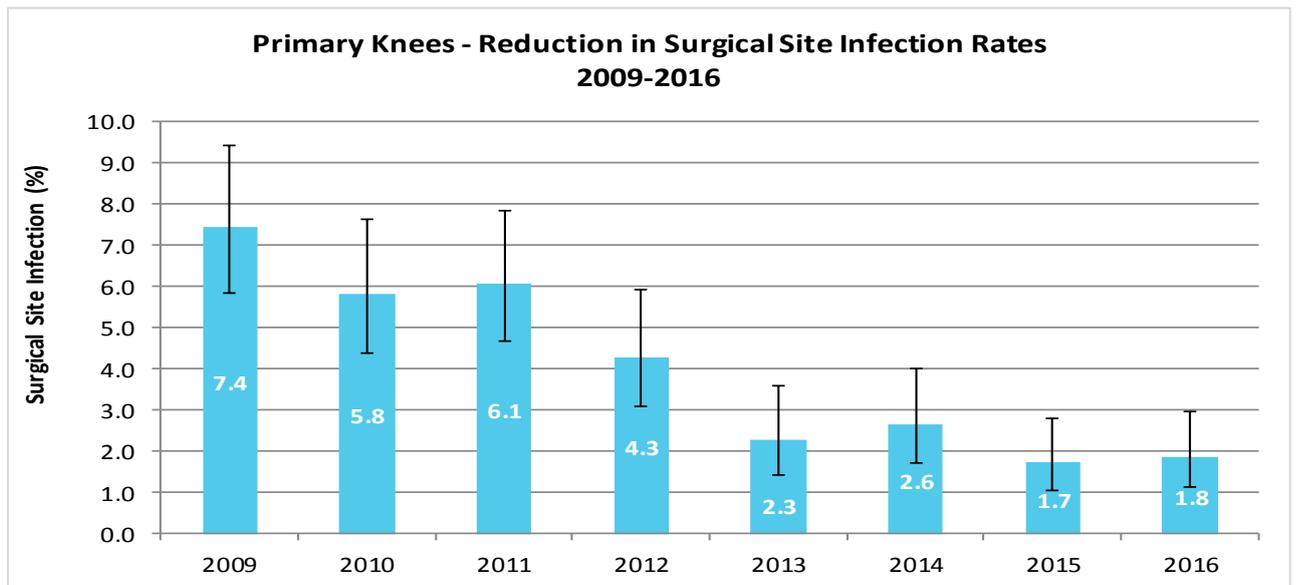
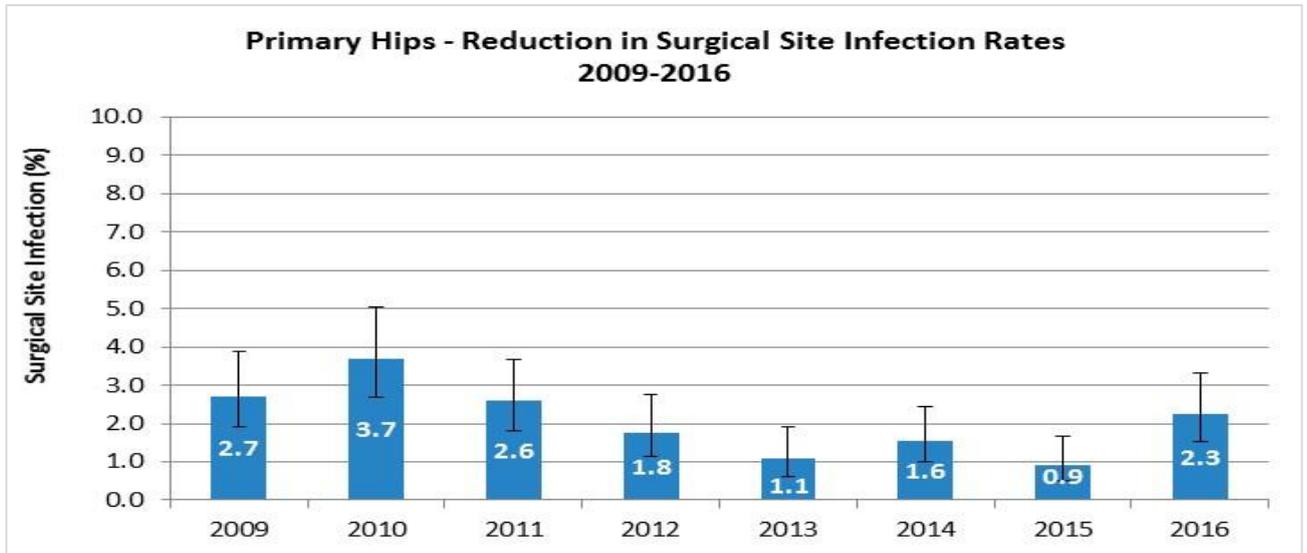
- The quarterly audit of compliance with the MUST risk assessment tool has moved to monthly for inclusion in the Ward Quality Dashboards to highlight any poor compliance for timely rectification by the Ward Managers and Matrons.
- The 'Red Tray' policy has been written in conjunction with the dietetic and Speech and language services and is currently going through the ratification process in the Trust.
- Red mats have been designed, financed and ordered for use with all patients identified with nutritional needs, on all the in-patient areas.
- The red tray policy and red mats will have a formal 'launch' in the Trust.

3.2.6 SURGICAL SITE INFECTION

The Royal Orthopaedic Hospital considers that the number of patient safety incidents reported and the number and percentage of such incidents that resulted in severe harm or patient death are as described for the following reasons:

- In 2016, a total of 41 Surgical Site Infections for Primary Hip and Knee replacements were reported. 2015 saw the lowest rates of infections in Primary Hip and Knee Replacements at 30 days since surveillance began in 2009. In 2016, the rate of Surgical Site Infections for Primary Knee replacements remained relatively steady at 1.8%, compared to 1.7% reported in 2015. The rate of Surgical Site Infections for Primary Hip Replacements was 2.3%, which was up significantly from 2015 where the rate was 0.9%. This is due to a cluster of infections identified, primarily in Hip Replacement surgery and which led to a closedown of theatre for a period of 5 days to carry out a deep-clean.

TABLE 25: ROH SURGICAL SITE INFECTION: PRIMARY HIP AND KNEE REPLACEMENTS ONLY - 30 DAY RATE



There has been a significant reduction in Surgical Site Infection rates for Primary Knee Replacements where rates have fallen from 7.4% (CI: 5.8 – 9.4) in 2009 to 1.8% (CI: 1.1 – 3.0) in 2015, which equates to a reduction of 74.2% over an eight year period. Disappointingly, the cluster of infections identified by the team in the beginning of the financial year means that rates for 2016 are higher than for previous years. However, the benefits of performing the deep clean of theatres has already shown real term benefits in the form of a reduction in infections overall and in particular a reduction in the number of drug-resistant microorganisms identified in patients developing an infection post-operatively.

In line with NICE and DH guidance a range of measures were introduced at different times over the past 5 years to reduce the rate of SSI at the ROHFT. This included the introduction of antimicrobial sutures, 2% chlorhexidine, antimicrobial ioban incise drapes and Aquacell dressings. introduction of the Wound Care Helpline, and improving training and education to all clinical staff to raise awareness of SSI prevention, in conjunction with an expansion of monitoring and surveillance of SSIs would have contributed towards the reduction in SSI rates. Active surveillance is undertaken for all primary arthroplasty patients for a period of 12 months post operatively, with the data being reported to Public Health England according to their protocol.

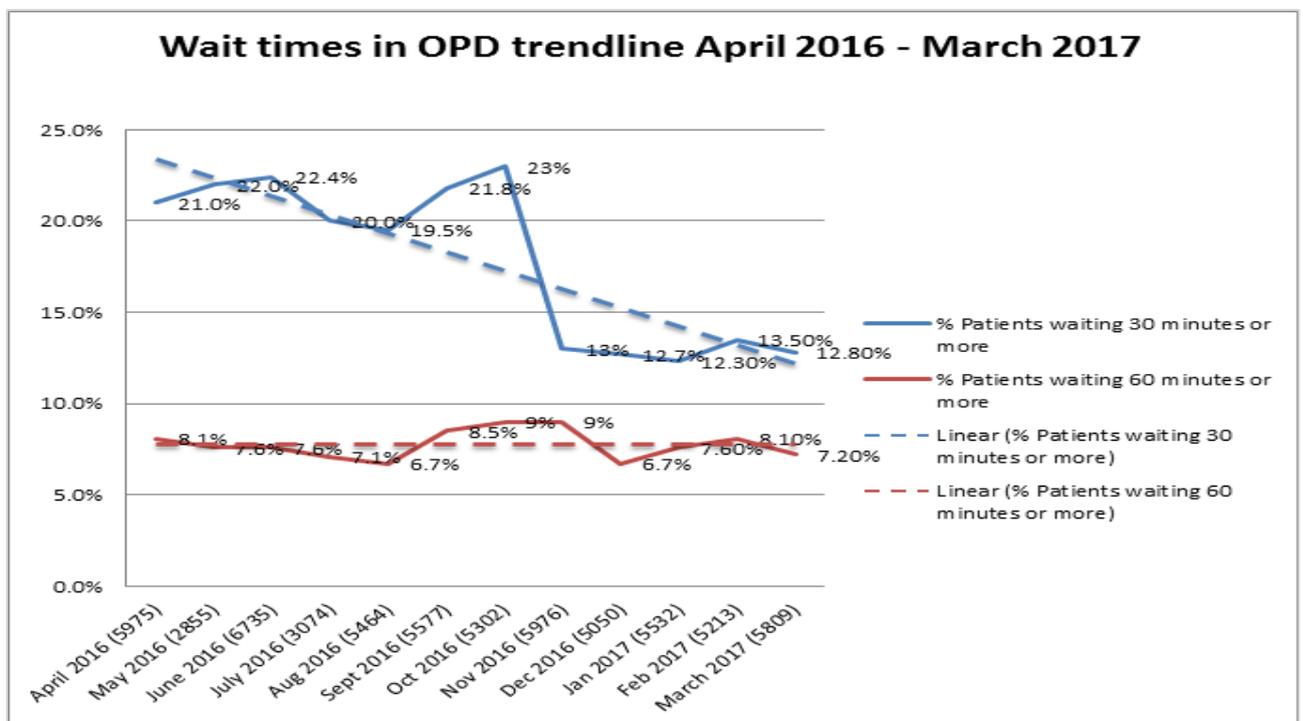
- The team feel that the reduction in SSIs is reaching an irreducible minimum based on the multitude of interventions that have been put in place as recommended in national guidance.
- The focus this financial year is to look to continue improving standards in Theatres and to review practice to improve SSI rates further.
- Implement recommendations from latest WHO Global guidelines for the prevention of Surgical Site Infection and the One Together Assessment Toolkit.

3.3 CLINICAL EFFECTIVENESS OBJECTIVES

3.3.1 To reduce OPD waiting times to less than 60 minutes

The chart below shows performance by month over the last 12 months together with the trend lines.

TABLE 26:



There have been measurable improvements in the numbers of patients waiting for 30 minutes or more for their appointment, however there is still further improvement work underway to reduce the number of patients who wait for longer than 60 minutes for their appointment.

3.3.2 Reduce cancellations on the day of surgery

As noted earlier in this report, there have been several actions taken in quarters 3 and 4 of 2016/17 which have helped to reduce cancellations on the day of surgery.

The major contribution to the reduction of on the day cancellations is the proactive recording and clinical review, since November 2016, of the reasons why patients are medically unfit on the day of surgery, and the subsequent changes that have been made to the POAC process, the booking form used to record the surgery and anaesthetic plan, and the content and range of questions asked of patients at the 72 hour (pre date of surgery) phone call to ascertain their current state of health.

Proactive bed management approaches have led to reduced lengths of stay for patients, which has helped to improve patient flows and ensure that cancellations due to bed unavailability are rare. The filling of lists and the scrutiny of lists in advance of the date of surgery have also helped to ensure that equipment needed is available as required, which has also had the effect of reducing the number of cancellations caused by equipment failures.

All of these actions continue, as there is further work required to reduce the level of on the day cancellations even further over the coming year.

3.3.3 Delivering the commitments outlined in the first year of the Dementia Strategy

The Trust achieved its priority set out in 2016/17 to deliver the commitments of the first year of the dementia strategy, building the foundations to improve the care and experience of patients with dementia and their carers and families.

Key achievements in year one:

- All ROH staff now receive tier 1 face to face dementia awareness training.
- Each ward and department has a dedicated dementia champion.
- The Trust's environment has been reviewed and assessed using a recognised tool, to ensure it meets the needs of our patients with dementia; with a prioritised improvement work plan.
- Use and roll out of 'This is me' from our Pre-Operative Assessment Unit.
- We now screen all our patients over the age of 65 for dementia, with a process for positive results.
- Carer presence and input into the Dementia Steering Group.
- Assessment of carer involvement in our wards and department.

Building on the successful work in year one, the Trust has a clear set of commitments for year two of our strategy, these commitments will be monitored via the Clinical Quality Group via a bi-monthly report and presence of the Trust Dementia lead.

3.4 PATIENT EXPERIENCE OBJECTIVES

3.4.1 IMPROVING PATIENT REPORTED EXPERIENCE OF PAIN

The Acute Pain CQUIN was implemented for 2016/17 in response to increased patient complaints relating to pain and an increased incidence of VTE's in 2015/16. 'Improve patient reported experience of pain' was a Quality Improvement for 2016/17.

The results of the acute pain CQUIN audits have shown a positive improvement in both patient satisfaction and experience of post-operative pain.

Audits conducted in Q1 and Q3 showed that patient satisfaction with regards to pain has increased from 80-90% to over 90%.

In 2015/16 it was stated that 14% of patients had inadequate pain control post op.

Audit in Q4 showed that 11.7% of patients felt that on day 1 their pain was not well managed. However by day 14 post op 100% of patients felt their pain was well managed.

100% of patients reported that there had been a decrease in their pre-operative pain.

The audit in Q4 showed that 100% of patients received Clexane, TEDS and Flotrons boots where clinically indicated. This is a marked improvement from Q1 audit.

There has been a significant decrease in complaints relating to post op pain. There was 14 complaints in 2015/16 and this has dropped to 1 in 2016/17.

The number of VTE's has reduced to 27 in 2016/17 from 45 in 2015/16. This is a 40% reduction in incidence.

An Acute Pain guideline has been developed by Dr Rea and approved by Executive Director of Patient Services. Roadshows have been planned for launch.

Following local audit, benchmarking with specialist providers and National research based evidence new pain tools will be utilised across the Trust. These are 0-10 for adults, Wong Baker 0-10 for children, FLACC for children and adults with learning difficulties and Abbey for patients with dementia or delirium.

Post-operative pain management will continue to be monitored monthly through ward key performance indicators with oversight by Clinical Quality Group.

3.4.2 COMPLAINTS AND PALS

During 2016/17 the Trust has received 170 formal complaints. This is a significant increase compared with 2015/16 and reflects both the national and local trends in NHS Complaint Management. In 2016/17, the Trust has continued to review and refine its processes for responding to complaints and continues to work within the procedures developed in the Complaints and Pals Policy created in February 2016. This ensures that we continue to adhere to all of the recommendations of the Clywd/Hart Review (2013) and Francis (2013) report.

The Trust took the decision to make the PALS and Complaints team highly visible to all patients and from the beginning of April 2016, the contact number was included on all patient correspondence

including appointment letters. This is reflected in the considerable increase of use of the PALS and Complaints Services and supports strand 2 of our five year strategic to deliver exceptional patient experience every step of the way.

The Complaints department continues to manage incoming complaints in a pro-active manner. Time scales for investigations vary depending on the complexity of the complaint. We continue to aim for resolution in 25 working days and local resolution meetings are increasingly being used to facilitate improved communication and successful resolution for complainants. The Trust follows the PHSO Principles of Remedy when responding to formal complaints

- Getting it right
- Being customer focused
- Being open and accountable
- Acting fairly and proportionately
- Putting things right
- Seeking continuous improvement

TABLE 27: COMPLAINTS AND PALS 2013-2017

	PALS	Complaints
2013/2014	1016	146
2014/2015	1621	105
2015/2016	1094	113
2016/2017	4136	170

Top three categories for Complaints through 2016/17 were:

- Communication (including values & behaviours)
- Access to Treatment (including delays to surgery)
- Appointment delay/cancellation

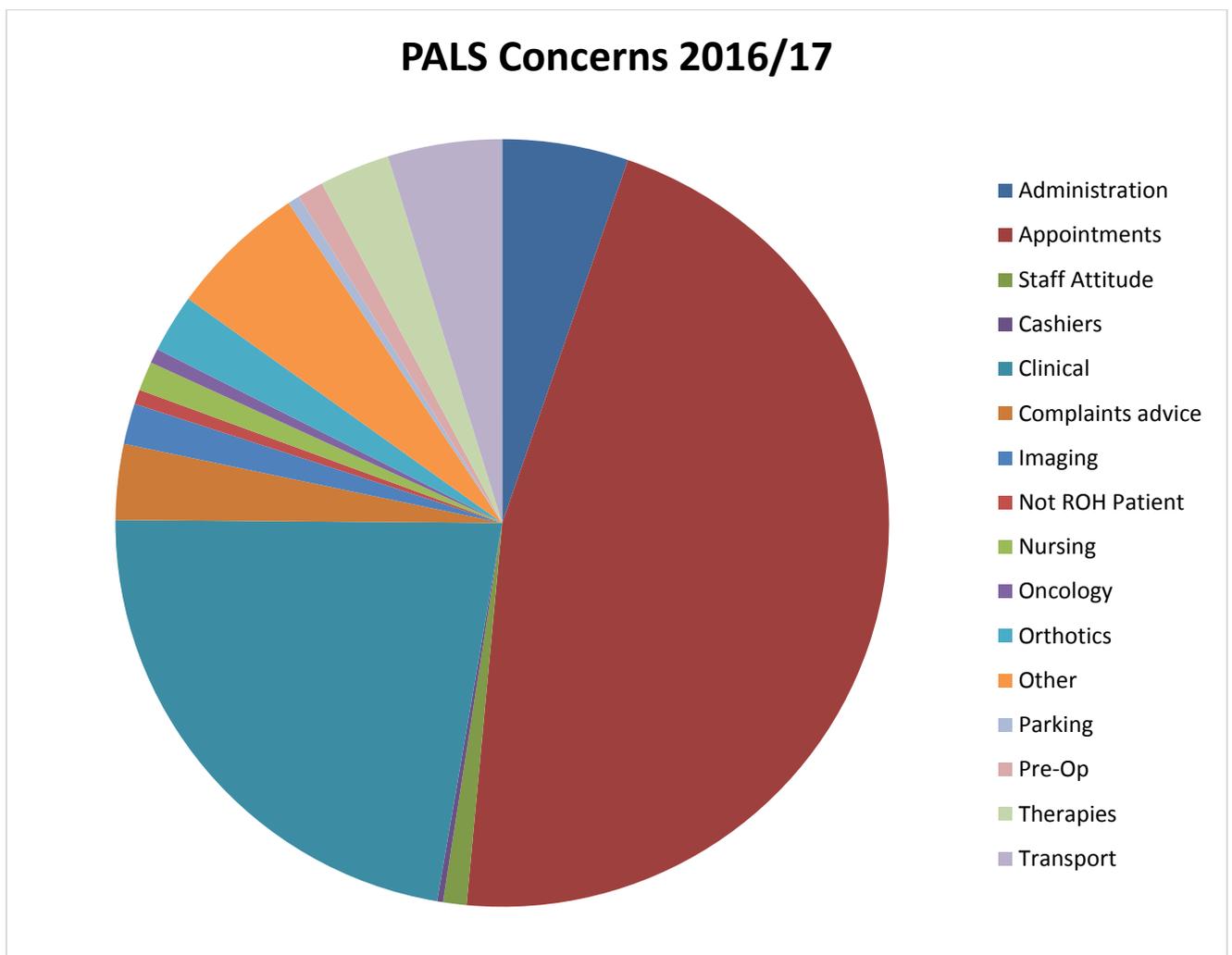
The themes have been shared with Divisional teams and action plans developed to respond to the issues raised. The action plans are monitored through weekly Divisional Governance meetings.

3.4.3 PALS 2016/2017

The PALS department has continued to work towards delivery of a responsive PALS service through 2016/17. Contacts are made through a range of sources including face to face, telephone and email. Contacts through PALS are not necessarily a concern or problem but can be an enquiry. Each contact is assessed individually and proactive measures are taken to assist as efficiently and effectively as possible. Due to the large increase in volume of calls, the department changed the reporting mechanism to departments so that each received information about concerns only, in to focus on trends and issues that need to be managed.

The top 3 categories for PALS contacts continue to be Appointment Queries, Clinical Queries and Administration Queries respectively with a detailed breakdown of activity shown in table 28 below.

TABLE 28: CATEGORIES OF PALS CONTACTS 2016/17



3.4.4 THE FRIENDS AND FAMILY TEST AT ROH

The Friends and Family question is a single question used across the NHS to establish whether patients and service users are happy with the standard of care that they receive.

In 2016/17 we worked with an external provider called 'I Want Great Care' to support our delivery of the Friends and Family test. This new system was introduced on 1 February 2017.

The Friends and Family test has now been rolled out to all inpatient, outpatient and paediatric areas. A total, 2,437 pieces of patient feedback were received in February 2017, as opposed to 898 in January 2017. This is an improvement of 171%.

The tables below show the results of the FFT across all inpatient, outpatient and paediatric areas for the year 2016/17.

TABLE 29: PERCENTAGE LIKELY TO RECOMMEND - INPATIENTS 2016/17

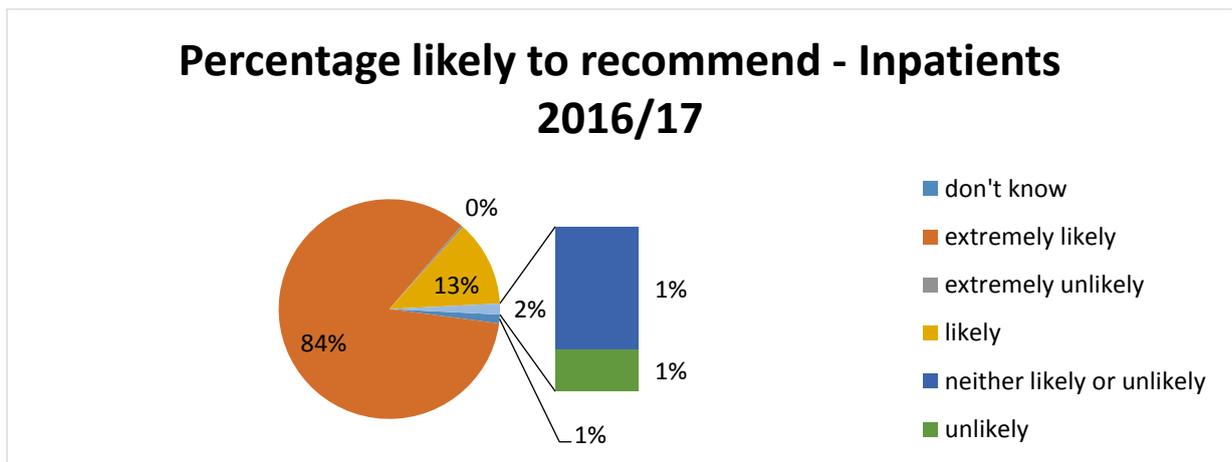


TABLE 30: PERCENTAGE LIKELY TO RECOMMEND - OUTPATIENTS 2016/17

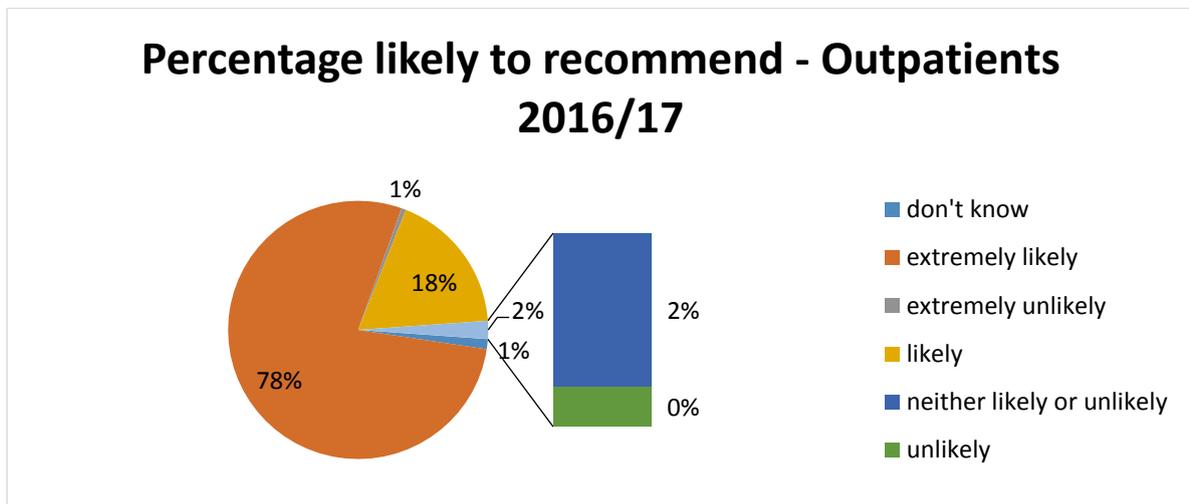


TABLE 31: PERCENTAGE LIKELY TO RECOMMEND ROCS 2016/17

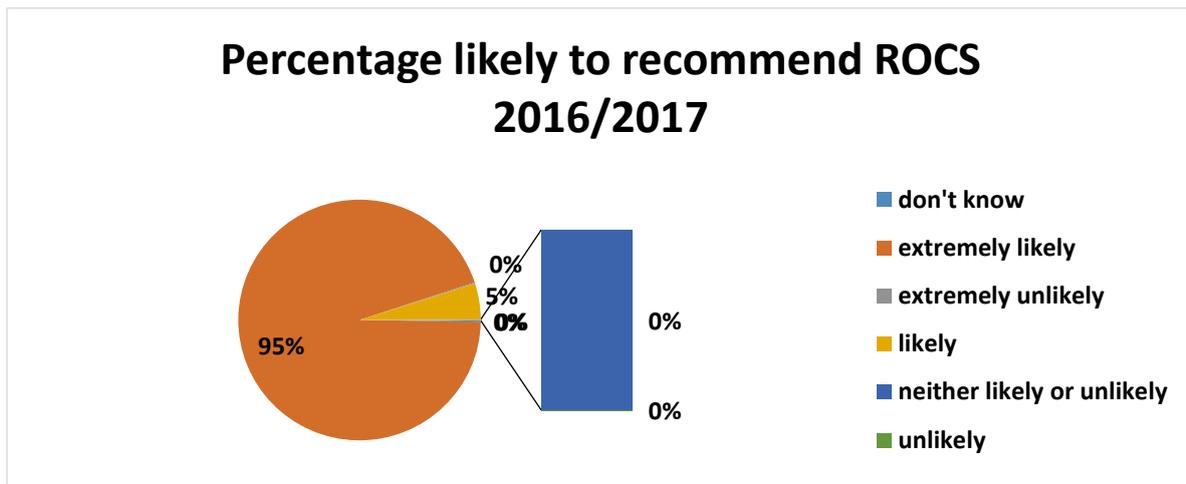
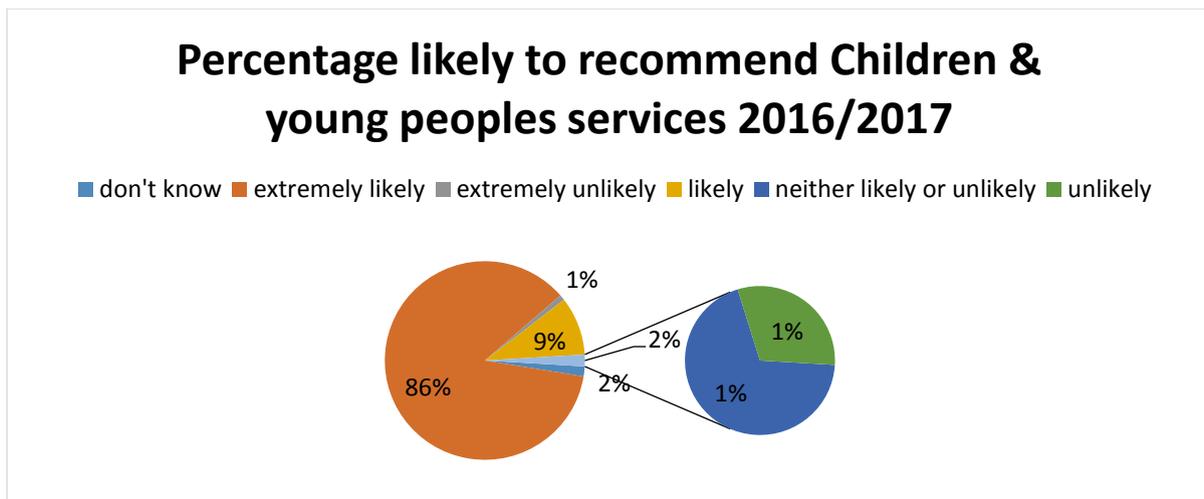


TABLE 32: PERCENTAGE LIKELY TO RECOMMEND CHILDREN & YOUNG PEOPLES SERVICES 2016/17



The Royal Orthopaedic Hospital NHS Foundation Trust

Date

01 February -
28 February

Your average score for all questions this period



Reviews this period

2437

Your recommend scores

5 Star Score

4.80

% Likely to recommend

95.0%

% Unlikely to recommend

1.1%

Adult Services

Name	This period		Last 6 months		Questions					
	Responses	Score	Score	Trend	Recommend	Dignity/Respect	Involvement	Information	Cleanliness	Staff
Admissions and day case unit ¹	– (155)	4.89	4.89		▲	▲	▲	▲	▲	▲
Arthroplasty ¹	– (307)	4.86	4.86		▲	▲	▲	▲	▲	▲
Arthroscopy ¹	– (286)	4.80	4.80		▲	▲	▲	▲	▲	▲
Back pain, MSK & Pain ¹	– (263)	4.81	4.81		▲	▲	▲	▲	▲	▲
CT ¹	– (38)	4.82	4.82		▲	▲	▲	▲	▲	▲
High Dependency Unit ¹	– (2)	5.00	5.00		▲	▲	▲	▲	▲	▲
Hydrotherapy ¹	– (19)	4.92	4.92		▲	▲	▲	▲	▲	▲
MRI ¹	– (125)	4.93	4.93		▲	▲	▲	▲	▲	▲
Occupational Therapy ¹	– (0)	-	-		▶	▶	▶	▶	▶	▶
Oncology ¹	– (38)	4.84	4.84		▲	▲	▲	▲	▲	▲
Orthotics ¹	– (3)	4.78	4.78		▲	▲	▲	▲	▲	▲
Pain Team ¹	– (0)	-	-		▶	▶	▶	▶	▶	▶
Physiotherapy ¹	– (51)	4.87	4.87		▲	▲	▲	▲	▲	▲
Podiatry ¹	– (0)	-	-		▶	▶	▶	▶	▶	▶

In the 2015/16 Quality Account, a series of actions that was due to be taken to improve the way in which the FFT was operated and responded to was reported. Please find below a table which details progress against each one.

Action detailed in 2015/16 Quality Report	Progress in March 2017
A Task and Finish Group has been set up with specific remit to review the way Friends and Family data is collected and shared across the organisation.	This group met successfully once a fortnight for nine months to establish a strong basis across departments for the collection and use of FFT data. This is now firmly embedded into departmental practice. In addition, this group helped with the procurement of the iWantGreatCare system.
The forms used to gather the response to the question have been revised to include more detailed demographic information to enable better monitoring and review of responses.	This additional data has been used to inform equality and diversity activities across ROH, and continues to be recorded.
The forms used for collecting data from Children's services will be revised so that they are more child-friendly and enable children to communicate in a range of ways.	This has now happened, and the response rate from the children's ward is increasing.
A review of the work undertaken by the Patient Experience volunteers at the Trust will be	Volunteers are now consistently supporting the delivery of FFT across all departments.

3.6 MAINTAINING STANDARDS ACROSS THE BOARD: COMPLIANCE WITH NATIONAL TARGETS AND THE REGULATORY REQUIREMENTS

Table 34 overleaf shows the key indicators used to assess the overall quality of our performance during the last year. Specifically, these highlight our performance against the relevant indicators and performance thresholds as set out in Appendix A of the Risk assessment Framework.

We remain challenged by the demand for spinal deformity services and collaborative work is underway between Specialist Commissioners, Birmingham Women's and Children's NHS Foundation Trust and ourselves to reach contract agreement as to how this service will be developed to meet demand.

55 **TABLE 34:**

National target	10/11	11/12	12/13	13/14	14/15	15/16	16/17	Target
		Achieved 6 cases	Achieved 1 case	Achieved 2 cases, both unavoidable	Achieved 0 Avoidable cases	Achieved 0 Avoidable cases		0 Avoidable cases
				Qtr1 90.5% Qtr2 82.5% Qtr3 89.5% Qtr4 100%	Q1 90.48% Q2 90% Q3 85.71% Q4 87.50%	Q1 77.8% Q2 100% Q3 86.4% Q4 87.5%	Failed Q1 64.3% Q2 80% Q3 75% Q4 76.2%*	85% standard

*Figures for year 2016-17. Please note Q4 for all targets are provisional on Open Exeter as uploads 2 months behind. ROH have uploaded all data although shared patients on a 62 day pathway may not be uploaded until May 2017

Referral to Treatment (RTT)

The Trust has not achieved delivery of the 18 week 'Referral to Treatment' target during 2017/18. All patients that have breached 52 weeks are undergoing a 'harm review' led by a primary consultant with oversight by the Medical Director at a corporate Harm Review.

The Trust has recognised that there are a number of data quality issues as well as service delivery issues in arriving at this position.

Issues were recognised by the Operations Team during early 2016/17, with the Director of Operations commissioning an audit into this area of delivery. In addressing the recommendations arising from this audit, the Informatics Team have been developing an improved business information system to track delivery. In parallel, a validation exercise was started in Quarter 3 2016/17 (which is continuing, with assistance and advice from NHS Improvement) to focus on the large number of open pathways. This area has received and continues to receive weekly Executive focus through a tracker. Regulators have been informed from the outset and have been involved in the design of the approach to restore delivery of the 18 week RTT target. The Trust continues to work with the Intensive Support Team to help to accelerate recovery of this position. Training and development of skills within the administration and clinical teams regarding RTT rules and their application on patient pathways has been implemented and will continue.

Trajectories are being finalised with subspecialty teams to map out the options for delivery of activity to bring performance back to target.

3.7 MAINTAINING CONTINUOUS QUALITY IMPROVEMENT ATROH

3.7.1 CONTINUING FOCUS ON QUALITY IMPROVEMENT IN OPERATIONAL PERFORMANCE

In line with national guidance the Trust is committed to improving quality and to this end agreed a series of CQUIN schemes in conjunction with Commissioners during 2015/16.

Once agreed the schemes are cascaded down from Directors to operational and clinical leads who are responsible for the delivery of the CQUIN schemes. Progress towards achievement of the schemes is monitored quarterly at the appropriate subcommittee of the Trust Board and discussed and agreed with commissioners at monthly contract review meetings.

The Trust also has an agreed set of clinical performance indicators which form the basis of its contracts with commissioners and are monitored at monthly contract review meetings.

3.7.2 DEVELOPING A NURSING STRATEGY

The Trust has developed a new nursing strategy in 2016/17 that outlines the Trust's ambitions for the profession through until 2019. We continue to progress our nursing strategy in relation to the five key areas listed below:

- A focus on improving safety and experience for patients through nursing practice
- A focus on the development of clinical leadership
- A focus on recruitment and retention of nursing staff
- A focus on training and development
- A focus on delivering the objectives outlined in the Dementia strategy

The Trust aims to launch the newly developed Nursing Strategy on the 12th May 17 in line with 'Nurses Day'.

3.7.3 VANGUARD

The Royal Orthopaedic Hospital's involvement in the National Orthopaedic Alliance (NOA) vanguard has given the Trust an opportunity to help shape how orthopaedic care will be delivered in the future.

The NOA aims to improve the services that its members provide and then create a framework that others can follow to improve their own care standards, leading to consistent high quality care across the country. The vanguard's framework is based on a quality standards membership model founded on evidence-based descriptors of 'what good looks like' in orthopaedic care. To help realise the project, ROH is joined by the founding members of the Specialist Orthopaedic Alliance (SOA) in leading NOA activity. They include:

- Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust
- Royal National Orthopaedic Hospital NHS Trust
- Wrightington, Wigan and Leigh NHS Foundation Trust
- Oxford University Hospitals NHS Foundation Trust

All current members of the SOA have signed up to the principles of the vanguard.

For 2017/18, NOA's plans and priorities are:

- Continue to recruit new members
- Launching and promoting the NOA quality standards
- Replicating the NOA model across 2 other specialties

Work on writing the NOA quality standards has commenced and they are due to be launched during 2017. The NOA vanguard is also exploring opportunities to replicate its membership model across other specialties and have so far had interest from providers in the areas of ophthalmology, urology and cardiothoracic surgery.

For more information on the vanguard visit: www.england.nhs.uk/noa

4.0 STATEMENTS OF ASSURANCE:

4.1 STATEMENT OF DIRECTORS RESPONSIBILITY 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 year.

NHS Improvement has issued guidance to NHS foundation trust boards on the form and content of annual quality reports (which incorporate the above legal requirements) and on the arrangements that 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 2016/17 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 April 2016 to March 2017
 - Papers relating to quality reported to the board over the period April 2016 to March 2017
 - Feedback from governors dated 15 March 2017 and 17 May 2017
 - Feedback from local Healthwatch organisations dated 22 May 2017
 - Feedback from Overview and Scrutiny Committee dated 25 May 2017 – Birmingham Health, Wellbeing & Environment Overview & Scrutiny Committee were offered the chance to comment but declined.
 - Feedback from local commissioners – Birmingham Cross City CCG were provided with the Quality Account, but late provision has resulted in them not providing feedback in sufficient time for signing of the financial statements.
- The trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 05 October 2016
- The latest national patient survey 08 June 2016
- The 2016 national staff survey opened to staff to complete during October 16 to November 2016, published 7 March 2017.
- The Head of Internal Audit's annual opinion of the trust's control environment dated 30 May 2017
- CQC inspection report dated July 2015
- The Quality Report presents a balanced picture of the NHS foundation trust's performance over the period covered
- The performance information reported in the Quality Report is reliable and accurate
- There are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report, and these controls are subject to review to confirm that they are working effectively in practice
- The Trust has chosen not to report performance against the indicator 18wks RTT due to issues with data cleansing. The Trust is currently undergoing a validation programme to cleanse the data held on its patient administration system in respect of patient pathways. This is being completed with assistance from NHSI and oversight by the Commissioners and the Trust Board. The Directors have a plan in place to remedy this.

- 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 and supporting guidance (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

30 May 2017.Chairman

30 May 2017Designated Accounting Officer

4.2 Statement from Healthwatch Birmingham on the Royal Orthopaedic Hospital NHS Foundation Trust Quality Account 2016/2017

Healthwatch Birmingham welcomes the opportunity to provide our statement on the Quality Account for The Royal Orthopaedic Hospital NHS Foundation Trust 2016/17. In line with our role, we have focused on the following:

- The use of patient and public insight, experience and involvement in decision-making
- The quality of care patients, the public, service users and carers access and how this aligns with their needs
- Variability in the provision of care and the impact it has on patient outcomes

Patient experience and Feedback

The Trusts commitment to listening to patients in order to provide the best experience possible, is one that Healthwatch Birmingham supports. We are glad to see that 'fully engaged patients and staff' is one of the Trusts transactional change priorities. We believe that this is important as it will facilitate the attainment of the Trusts strategic objectives, namely;

- Delivering exceptional patient experiences and world class outcomes.
- Developing services to meet changing needs, through partnership where appropriate

Equally positive is that the Trust has involved staff, patients and the public in developing the 2017/18 quality priorities. Of further note is the Trusts plan to develop a new communication and engagement strategy that will aid engagement. Developing such a strategy would demonstrate that there is agreement and commitment across the Trust on how and why patient experience and feedback is used to inform decision-making. To be effective, the strategy needs to be understood by all staff, promoted, and arrangements for collating feedback and experience should be clearly outlined.

The report has outlined some work undertaken by the Trust, that we believe would serve as a foundation for developing a strategic approach to using patient and public insight, experience and involvement to drive improvements. We note that in the previous Quality Account the Trust reviewed the way the Friends and Family Test (FFT) data is collected and shared across the organisation. The outcome of this review has been used to establish a strong basis across departments for the collection and use of FFT data and the procurement of the 'Iwantgreatcare' system. This type of review helps the Trust to establish how and why patient feedback and experience is used to monitor quality and outcomes for patients. Furthermore, review the many methods that can be used to collect patient feedback, insight and experiences and triangulate data collected to inform The Trusts decision-making.

The Trust could also improve its use of patient feedback and experience by using it to identify, understand and address health inequality. This will help identify any gaps in service provision and the needs of different groups, particularly those that seldom give feedback. Since 2010/11 to 2016/17, the Trust has not achieved the national target for access to healthcare for people with learning difficulties. We therefore welcome the addition of demographic information to the FFT questionnaire. In particular, the use of this additional data to inform equality and diversity issues across the Trust. We look forward to seeing in the 2017/18 Quality Account evidence of the use of this strategy across the Trust and an evaluation of the usefulness of using patient experience and feedback.

The Family and Friends Test Score

We recognize the positive impact the use of an external provider to deliver the FFT in 2016/17 has had on the response rate. We note that the FFT has been rolled out to all inpatients, outpatients and paediatric areas. As a result the response rate has increased from 898 responses in January 2017 when the project started to 2,437 responses in February 2017. The positive recommender rate is high for all services provided with 95% likely to recommend the Trust. We ask the Trust to consider introducing qualitative questions to the survey that will complement the statistical data the Trust collects. This, like the demographic data, will offer greater insight to barriers patients face to receiving good quality of care. Healthwatch Birmingham would like to see the following in next year's report:

- A demonstration of how patient feedback and experiences have been used to develop priorities for the 2018/19 Quality Account in the 2017/18 Quality Account;
- Changes in practice or improvement to services that have been made as a result of patient feedback and experience in the 2017/18 Quality Account.
- A demonstration of how the Trust uses patient insight and experience to understand the barriers different groups face and the impact on health outcomes. Consequently, how this data is used to implement change or improvement that addresses the needs of these groups.

Complaints and PALS

The report states that during 2016/17, The Trust received 170 complaints and 4,136 people contacted PALS representing a 75% increase. The top three issues: communication (values and behaviour); access to treatment (delays in surgery); and appointment delay/cancellation. We note that action plans have been developed to address these issues. We hope to see the impact these actions have had on these issues in the 2017/18 Quality Account. We recognise the Trusts' efforts to learn from complaints to improve services. Namely, the implementation of the Acute Pain CQUIN in response to increased patient complaints relating to pain in 2016/17. We therefore welcome the Trust's inclusion of 'embedding learning identified from complaints' as a priority for the 2017/18 Quality Account. We would like to see more examples of learning and impact on services in the 2017/18 Quality Account.

According to the report, the Trust intends to reduce PALS complaints by 20% by introducing 'time to talk'. Whilst we welcome the Trusts' introduction of the 'time to talk' scheme at ward level to deal with concerns/issues in real time, we have concerns. Firstly, how will this work in practice, for instance who will patients talk to? Is it the same staff they are raising concerns about, if not will ward staff be present? We believe that service users and their families might find it difficult to raise concerns at ward level, especially when they are still receiving care. Secondly, how will you ensure that the patients and their families know that they still have access to PALS if they do want to make a formal complaint? Thirdly, we do recognise that resolving issues before a formal complaint can lead to better outcomes for patients. However, in meeting this target, the Trust should also monitor the increase in issues raised by patients through time-to-talk, alongside patient satisfaction of resolution.

Care Quality Commission

The Trusts response to the CQC rating of 'requires improvement' should be commended. We observe that the Trust has developed an action plan to address the concerns raised by CQC during their inspection. Whilst this is welcome, it is not clear how patients, carers and the public will be involved or engaged, especially on the Children's and the HDU Board. How will their insight and experience inform the development service improvements? In order to make improvements, the Trust needs to ensure that service users are involved from the point of identifying the barrier to improvement in health outcomes including increasing independence and preventing worsening ill-health; and mapping out possible solutions to evaluating options and selecting the optimum solution. To do this effectively, the Trust needs to increase the number and diversity of people it's hearing from.

Learning from Incidents and Complaints

Healthwatch Birmingham is concerned that the number of patient safety incidents has increased from 1113 in 2015/16 to 1530 in 2016/17. Equally, during 2016/17 the Trust reported three never events against 0 in 2015/16. An external review of these events has led to the implementation of several actions including reviewing feedback mechanism and plans to triangulate data between complaints and patient safety incidents. We look forward to reading how these actions have led to improvements in the 2017/18 Quality Account.

We welcome the Trusts' plans to build on last year's Quality Account priority on learning by adopting two priorities for 2017/18. Thereby, ensure that the Trust is learning from complaints and incidents in order to improve access to and the quality of services. We believe that this is beneficial to the Trust and to service users. The Trust should indicate in the 2017/18 Quality Account examples of how the Trust has learned from complaints/incidents and the improvements made as a result. This will make clear to service users that services are being improved as a result of learning.

Similarly, we would like to see in the 2017/18 Quality Account how families have been involved in reviews and investigations into death and the impact this has had on learning; how service users, carers and the public have been involved in the developing a Trust policy and approach for learning from deaths; and how patients, carers and service users have been involved in developing benchmarks for serious incidents to be used from March 2018.

Venous Thrombo-Embolic (VTE)

One of the recommendations following an Audit was to improve assessment of patients at admission & 24 hours for VTE risk. We are happy to see that the Trust is consistently performing above the National Average in terms of the number of risk assessments carried out. As this has an impact on health outcomes and potential to lead to variability in health care, we welcome the Trusts plans in 2017/18 to reduce the number of avoidable VTE's.

Nutritional assessments

Table 16 shows that compliance with nutritional assessments is at 98%, and 100% for percentage of patients that needed a further assessment after 7 days. Compliance with referral to dietician was at 100%. However, the compliance with care plans has been inconsistent although this has improved. This was 43% in quarter one; 100% in quarter 3; and 98% in quarter four. We welcome the use of care plans to identify non-nutrition related risks such as wound healing or dementia.

Thank you for giving us the opportunity to review the Trust's Quality Account.

Andy Cave



**CEO
Healthwatch Birmingham**

INDEPENDENT AUDITOR'S REPORT ON THE QUALITY ACCOUNT

INDEPENDENT AUDITOR'S REPORT ON THE QUALITY ACCOUNT

INDEPENDENT AUDITOR'S REPORT ON THE QUALITY ACCOUNT

The Royal Orthopaedic Hospital NHS Foundation Trust

**Consolidated Accounts for the year ended
31 March 2017**

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS AND BOARD OF DIRECTORS OF THE ROYAL ORTHOPAEDIC HOSPITAL NHS FOUNDATION TRUST

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS AND BOARD OF DIRECTORS OF THE ROYAL ORTHOPAEDIC HOSPITAL NHS FOUNDATION TRUST

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INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS AND BOARD OF DIRECTORS OF THE ROYAL ORTHOPAEDIC HOSPITAL NHS FOUNDATION TRUST

FOREWORD TO THE ACCOUNTS

The accounts for the period ended 31 March 2017 have been prepared by The Royal Orthopaedic Hospital NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006 and are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) (a) of the National Health Service Act 2006.

Mr Paul Athey
Designated Accounting Officer

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 MARCH 2017**

	Notes	Consolidated	
		Year Ended 31 March 2017 £000	Restated Year Ended 31 March 2016 £000
Operating income	3.1	79,451	80,713
Operating expenses *	4	(82,310)	(82,343)
Net impairment loss on land and buildings	9.3	(224)	(3,238)
Operating Deficit		(3,083)	(4,868)
Finance Expenses			
Finance income	6	43	63
Finance expense - financial liabilities	6	(10)	(14)
Finance expense - unwinding of discount on provisions	16	(13)	(113)
PDC dividends payable		(1,408)	(1,509)
Gain/(loss) on investment	6, 10	88	(46)
Net Finance Expenses		(1,300)	(1,619)
DEFICIT FOR THE YEAR		(4,383)	(6,487)
Other comprehensive income/(expense)			
Valuation gains/(impairment loss) on land and buildings	9.3	793	(705)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		(3,590)	(7,192)

All income and expenditure is derived from continuing operations. There is no deficit for the year attributable to minority interests. The Trust has taken the s408 exemption which allows only the consolidated Statement of Comprehensive Income to be reported.

* A prior period adjustment of £502k has been applied to inventories in the Statement of Financial Position for the year ended 31 March 2016, which has a £69k impact on the Consolidated Statement of Comprehensive Income, and as such restated values have been shown above. Further detail on the prior period adjustment has been included within Note 1.8.

The Trust has been subject to a valuation of its land and buildings during the current financial year. As a result, a loss has been identified, and recognised in the accounts. The full impact of this loss has been described in further detail in note 9.3. The element recognised in the Statement of Comprehensive Income is £224,000 (2015/16: £3,238,000 impairment loss) as shown above. This is a technical non-cash adjustment. For 2016/17 the consolidated Trust had an overall deficit excluding this valuation loss of £4,159,000 (2015/16: £3,312,000 deficit).

The notes on pages 231 to 275 form part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Notes	Consolidated			Trust only		
		31 March	Restated	Restated	31 March	Restated	Restated
		2017	31 March	01 April	2017	31 March	01 April
		£000	£000	£000	£000	£000	£000
Non-current assets							
Intangible assets	8	853	484	595	853	484	595
Property, plant and equipment	9	43,425	41,219	44,190	43,425	41,219	44,190
Investments	10	778	690	735	0	0	0
Total non-current assets		45,056	42,393	45,520	44,278	41,703	44,785
Current assets							
Inventories *	11	3,465	3,416	3,353	3,465	3,416	3,353
Trade and other receivables	12	3,180	3,065	5,290	3,180	2,450	5,290
Other non-financial assets	12	428	572	285	428	572	283
Other current assets	12	963	1,371	714	893	1,816	713
Short term investments and deposits	13.1	65	35	7	0	0	0
Cash and cash equivalents	14	5,207	11,873	13,896	3,756	10,598	13,749
Total current assets		13,308	20,332	23,545	11,722	18,852	23,388
Current liabilities							
Trade and other payables	15	(11,149)	(11,817)	(8,332)	(11,095)	(11,803)	(8,314)
Borrowings	15.2	(167)	(163)	(157)	(167)	(163)	(157)
Provisions	16	(117)	(114)	(242)	(117)	(114)	(242)
Other liabilities	15.1	(290)	(257)	(397)	(290)	(257)	(397)
Total current liabilities		(11,723)	(12,351)	(9,128)	(11,669)	(12,337)	(9,110)
Total assets less current liabilities		46,641	50,374	59,937	44,331	48,218	59,063
Non-current liabilities							
Borrowings	15.2	(55)	(221)	(384)	(55)	(221)	(384)
Provisions	16	(370)	(347)	(254)	(370)	(347)	(254)
Total non-current liabilities		(425)	(568)	(638)	(425)	(568)	(638)
Total assets employed		46,216	49,806	59,299	43,906	47,650	58,425
Financed by taxpayers' equity							
Public Dividend Capital		36,696	36,696	38,996	36,696	36,696	38,996
Revaluation reserve		2,829	2,036	2,741	2,829	2,036	2,741
Charitable fund reserve		2,310	2,156	874	0	0	0
Income and expenditure reserve *		4,381	8,918	16,688	4,381	8,918	16,688
Total taxpayers' equity		46,216	49,806	59,299	43,906	47,650	58,425

* A prior period adjustment has been applied to inventories in the Statement of Financial Position for the year ended 31 March 2016. As required by IAS 1 *Presentation of Financial Statements*, opening balances as at 1 April 2015 have also been restated and presented. Further detail on the prior period adjustment has been included within Note 1.8.

The financial statements were approved by the Audit Committee and authorised for issue on behalf of the Board of Directors on 30 May 2017 and are signed on its behalf by:

Mr Paul Athey – Designated Accounting Officer

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Consolidated					Trust only			
		Public	Charitable	Income and		Public	Charitable	Income and	
		Dividend	Revaluation	Fund	Expenditure	Dividend	Revaluation	Expenditure	
	Total	Capital	Reserve	Reserve	Reserve	Capital	Reserve	Reserve	
	£000	£000	£000	£000	£000	£000	£000	£000	
Restated Taxpayers' Equity at 1 April 2016 *	49,806	36,696	2,036	2,156	8,918	47,650	36,696	2,036	8,918
Surplus/(Deficit) for the year	(4,383)	0	0	154	(4,537)	(4,537)	0	0	(4,537)
Valuation gain on property, plant and equipment	793	0	793	0	0	793	0	793	0
Taxpayers' Equity at 31 March 2017	46,216	36,696	2,829	2,310	4,381	43,906	36,696	2,829	4,381
	Consolidated (Restated)					Trust only (Restated)			
		Public	Charitable	Income and		Public	Charitable	Income and	
		Dividend	Revaluation	Fund	Expenditure	Dividend	Revaluation	Expenditure	
	Total	Capital	Reserve	Reserve	Reserve	Capital	Reserve	Reserve	
	£000	£000	£000	£000	£000	£000	£000	£000	
Restated Taxpayers' Equity at 1 April 2015 *	59,299	38,996	2,741	874	16,688	58,425	38,996	2,741	16,688
Surplus/(Deficit) for the year *	(6,488)	0	0	1,295	(7,783)	(7,783)	0	0	(7,783)
Valuation loss on property, plant and equipment	(705)	0	(705)	0	0	(705)	0	(705)	0
Other reserve movements	(2,300)	(2,300)	0	(13)	13	(2,287)	(2,300)	0	13
Restated Taxpayers' Equity at 31 March 2016	49,806	36,696	2,036	2,156	8,918	47,650	36,696	2,036	8,918

* A prior period adjustment has been applied to inventories in the Statement of Financial Position for the year ended 31 March 2016, and as such restated values have been shown above. Further detail on the prior period adjustment has been included within Note 1.8.

The other reserve movements for the year ended 31 March 2016 relates to a capital reserve transfer agreed with the Department of Health.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	Consolidated		Trust only	
	Year Ended	Restated	Year Ended	Restated
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
Cash flows from operating activities				
Operating deficit *	(3,083)	(4,868)	(3,119)	(6,167)
Non-cash income and expense				
Depreciation and amortisation	1,693	2,347	1,693	2,347
Donated assets	(43)	0	(43)	0
Loss on disposal	2	0	2	0
Impairments	(523)	(863)	(523)	(863)
Reversal of impairments	747	4,101	747	4,101
Increase in Trade and other receivables	495	1,240	395	1,410
Increase in other assets	(30)	0	0	0
Increase in Inventories *	(49)	(63)	(49)	(63)
(Decrease)/Increase in Trade and other payables	(693)	3,776	(733)	3,776
Decrease in Other Liabilities	33	0	33	0
Increase/(Decrease) in Provisions	13	(148)	13	(148)
Other movements in operating cash flows	8	(4)	8	(3)
NET CASH GENERATED FROM OPERATING ACTIVITIES	(1,430)	5,518	(1,576)	4,390
Cash flows from investing activities				
Interest received	42	36	12	36
Purchase of intangible assets	(418)	(54)	(418)	(54)
Purchase of Property, Plant and Equipment	(3,199)	(3,596)	(3,199)	(3,596)
NET CASH USED IN INVESTING ACTIVITIES	(3,575)	(3,614)	(3,605)	(3,614)
Cash flows from financing activities				
Interest element of finance lease	(10)	(14)	(10)	(14)
Capital element of finance lease rental payments	(171)	(171)	(171)	(171)
PDC Dividend received	0	(2,300)	0	(2,300)
PDC Dividend paid	(1,480)	(1,441)	(1,480)	(1,441)
NET CASH USED IN FINANCING ACTIVITIES	(1,661)	(3,926)	(1,661)	(3,926)
Decrease in cash and cash equivalents	(6,666)	(2,022)	(6,842)	(3,150)
Cash and Cash equivalents at 1 April	11,874	13,896	10,598	13,748
Cash and Cash equivalents at 31 March	5,208	11,874	3,756	10,598

* A prior period adjustment has been applied to inventories in the Statement of Financial Position for the year ended 31 March 2016, and as such restated values have been shown above. Further detail on the prior period adjustment has been included within Note 1.8.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies and other information

Basis of preparation

NHS Improvement is responsible for issuing an accounts direction to NHS foundation trusts under the NHS Act 2006. 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 which has been agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the Department of Health Group Accounting Manual 2016/17 issued by NHS Improvement. The accounting policies contained in that manual follow International Financial Reporting Standards (IFRS) and HM Treasury's Financial Reporting Manual (FREM) to the extent that they are meaningful and appropriate to NHS Foundation Trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

Accounting convention

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

Going concern

As described in further detail with the Annual Report, the Directors have assessed the financial plans for 2017/18 and 2018/19 and note the requirement for cash funding from the Department of Health. This funding will not be formally confirmed until the month before its requirement, creating a material uncertainty that may cast significant doubt over the entity's ability to continue as a going concern (there is a risk that the trust may be unable to realise its assets and discharge its liabilities in the normal course of business). On the basis of the anticipated continuation of a provision of service in the future (as defined within the Department of Health Group Accounting Manual) regardless of achievement of funding, the Directors have been able to conclude that on the basis of their enquiries, there is still a reasonable expectation that the Trust will have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements, and they do not include the adjustments that would result if the Trust was unable to continue as a going concern.

Significant accounting policies, judgments and sources of estimation uncertainty

Accounting policies that have been selected during the process of applying International Reporting Standards have been considered by management to ensure they assist users in understanding financial performance and financial position. Management is required to make various judgements and assumptions about the carrying amounts of assets and liabilities which require estimation of the effects of uncertain future events. Estimates and assumptions are based on historical experience and other factors that are considered to be relevant, all estimates and underlying assumptions are continually reviewed. Any revisions to accounting estimates are recognised in the period to which the revision relates.

Critical estimates and key accounting judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following areas of the financial statements are subject to key estimates and judgements.

Valuation of the Trust's estate

A valuation of the Trust's land and buildings was undertaken with an effective date of 31 March 2017 by the Trust's valuer, Cushman and Wakefield. The valuations have been undertaken applying the principles of IAS 16 'Property, Plant and Equipment' and RICS advises that assumptions underpinning the concepts of fair value should be explicitly stated and identifies two potential qualifying assumptions:

- the Market Value on the assumption that the property is sold as part of the continuing enterprise in occupation" (effectively Existing Use Value); or
- the Market Value on the assumption that the property is sold following a cessation of the existing operations" (in effect the traditional understanding of Market Value).

The Department of Health has indicated that for NHS assets it requires the former assumption to be applied for operational assets; this is the approach that was taken by the valuer. The Market Value used in arriving at fair value for operational assets is therefore subject to the assumption that the property is sold as part of the continuing enterprise in occupation.

The Trust estimates the pattern of consumption of property, plant and equipment by writing assets down on a straight line basis over useful economic lives. The useful economic lives determined for each asset or group of assets are informed by historical experience or specific information provided by the valuer where appropriate.

Recoverability of accounts receivable

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 impairment loss is measured as the difference between the asset's carrying amount and the present value of future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the statement of comprehensive income through the use of a bad debt provision. Receivables are assessed and a bad debt provision made based on the following criteria:

- A bad debt provision for outstanding Injury Cost Recovery (ICR) notifications of 22.94% based on its local claim withdrawal history.
- Receivables relating to invoices raised by the Trust to other NHS bodies fall under the 'Agreement of Balances' scheme carried out each quarter and no provision is made unless there is specific evidence to support risk of non-recovery.
- Receivables relating to invoices raised by the Trust to Welsh, Scottish and Northern Irish NHS bodies are discussed with these bodies and specific provisions made where required.
- All other receivables relating to invoices raised by the Trust are reviewed and specific provisions made where applicable based on correspondence with the customer.

Other estimates and judgements

Estimates and judgements are also made in respect of provisions for liabilities and charges (see Note 16) and contingent liabilities (see Note 19) where there is some uncertainty at the Statement of Financial Position date as to either the timing or amount of the Trust's financial liability.

The Trust also makes a significant estimate for amounts due from its commissioners in respect of partially completed spells at the Statement of Financial Position date, which is supported by patient activity data and historical experience.

The NHS Foundation Trust provides for legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure 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. Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of 0.24% (2015/16 1.37%) in real terms.

In the view of the Trust there are no further estimates or judgements which if wrong could materially affect financial performance. Final contract sums have been agreed with all Commissioners in respect of activity undertaken during 2016/17. This income is included in the Accounts.

Leases

Leases are reclassified from operating leases to finance leases if the lease transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. An asset and a liability will be recognised on the statement of financial position.

Annual Leave provision

In accordance with the requirement of IAS 19, the Trust provides for unpaid annual leave carried forward by staff at the year end. The total number of annual leave days that each of the Trust's employees has not taken at the year-end is accounted for within the financial statements. The number of unused days is multiplied by the employees' average salary per day, to give the total cost on individual cost centres.

1.1 Consolidation

NHS Charitable Fund

The Royal Orthopaedic Hospital NHS Foundation Trust is the corporate trustee to The Royal Orthopaedic Hospital NHS Foundation Trust Charitable Fund (“the Charitable Fund”). The Royal Orthopaedic Hospital NHS 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 eliminate intra-group transactions, balances, gains and losses. The Charity’s accounts under UK FRS 102 were considered to identify whether any adjustments were required to bring them in line with The Royal Orthopaedic Hospital NHS Foundation Trust’s accounting policies under IFRS. Adjustments were identified and amended.

The charity is registered with the UK Charities Commission, registration number 1078046.

The Charitable Fund’s main accounting policies are as follows:

Incoming resources

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised - refer to the trustees’ annual report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Resources expended

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Fund accounting

Restricted funds are funds subject to specific restrictions imposed by the funding authorities and donors. These funds are not available for the Trustees to apply at their discretion. The purpose and use of the restricted funds is set out in the notes to the charity's financial statements.

All incoming resources are included in full in the Statement of Financial Activities as soon as the following four factors can be met:

- i) entitlement - arises when a particular resource is receivable or the charity's right becomes legally enforceable;
- ii) certainty - when the trustees are virtually certain that the incoming resources will be received;
- iii) measurement - when the monetary value of the incoming resources can be measured with sufficient reliability; and
- iv) apportionment - incoming resources that are not specifically attributable to a fund are apportioned quarterly pro rata to the value of each fund.

Investment management costs

Investment management costs are the fees charged by Schroder's for the management of the investment portfolio and are apportioned on the basis of fund values. The Trust is not currently incurring any investment management costs as part of its arrangement with Schroder's.

Grants payable

Grants payable are payments, made to third parties (including NHS bodies) in the furtherance of the Trust's charitable objectives to relieve those who are in poor health. They are accounted for on an accruals basis where the conditions for their payment have been met or where a third party has a reasonable expectation that they will receive the grant.

Non-current asset investments

Non-current asset investments are shown at market value.

- i) There are no property assets.
- ii) Quoted stocks and shares are included in the statement of financial position at mid-market price, ex div.
- iii) Other non-current asset investments are included at Trustees' best estimate of market value.
- iv) Non-current asset investments are program related investments.

Current asset investments

- i) Comprise cash balances available for investment held in capital or income accounts.
- ii) The investments generate dividends and interest, less administration costs.
- iii) Investment current assets are program related investments.

Realised gains and losses

All gains and losses are taken to the Statement of Comprehensive Income as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (or date of purchase if later). Unrealised gains and losses are calculated as the difference between market value at the year end and opening market value (or date of purchase if later).

1.2 Income

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

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

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

1.3 Expenditure on employee benefits

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 at 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.

The Trust offers a workplace pension and eligible employees are automatically enrolled, the Trust arranged a defined contribution scheme during 2013/14 to account for those individuals who are not eligible to join the NHS Pension scheme. The scheme is run by the National Employment Savings Trust. The contributions are as follows:-

To Oct-17	
Employer contribution	1%
Total contribution	2%

In the year to 31 March 2017 the Trust has made contributions of £2,761 to this fund, (2015/16: £2,560).

1.4 Expenditure on other goods and services

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

1.5 Property, plant and equipment

Recognition

Property, Plant and Equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential be provided to, the Trust;
- it is expected to be used for more than one financial year; and
- the cost of the item can be measured reliably utilising the following criteria:
 - individually have a cost of at least £5,000; or
 - form a group of assets which individually have a cost of more than £200, collectively have a cost of at least £5,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
 - form part of the initial setting-up cost of a new building or a refurbishment of a ward or unit, irrespective of their individual or collective cost.
- Professional fees such as legal costs, design costs, planning fees and feasibility studies incurred in the construction/bringing the asset into use.

Measurement

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 subsequently measured at fair value.

Land and buildings are measured at valuation. Valuations are carried out by professionally qualified valuers in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The last independent asset valuations were undertaken on 31 March 2017 by Cushman and Wakefield. The revaluation undertaken at that date has been accounted for in these financial statements as follows:

- Land £4,518,585
- Buildings and Dwellings £31,641,941

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets (MEA) and, where it would meet the location requirements of the service being provided, an alternative site can be valued. The Trust has used this assumption with the revaluation.

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

Operational equipment is valued at net current replacement cost. Equipment surplus to requirements is valued at net recoverable amount. An item of land and buildings 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 or IFRS 5.

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying value 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 Trust 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.

Retentions that do not generate additional future economic benefits or service potential are charged to the Statement of Comprehensive income when final payment is made. 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 by straight line method. 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 reclassification. Assets under construction are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

The economic useful lives of the main categories of assets, excluding land on which no depreciation is charged, are as follows:

Buildings – as per Professional Valuer's estimate - 26 to 83 years

Plant and Machinery:

- Engineering Plant and Equipment – short life 5 years Engineering Plant and Equipment – medium life 10 years Engineering Plant and Equipment – long life 15 years Medical Equipment – short life 5 years;
- Medical Equipment – medium life 10 years Medical Equipment – long life 15 years Decontamination Equipment – short life 2 years;
- Transport Equipment – 7 years;
- Information Technology – individually assessed based on type of asset - 3 to 10 years Furniture and Fittings:
- Furniture – short life 3 years;
- Furniture – medium life 5 years; and
- Furniture – long life 10 years.

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 Department of Health Group Accounting Manual, impairments that are due to a loss of economic benefits or service potential in the asset are charged to operating expenses regardless of existing revaluation reserves. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

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

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

De-recognition

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

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

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

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

Donated 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 imposes 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. Donated assets are accounted for in line with the principles set for government grants.

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

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. Where internally generated assets are held for service potential, this involves a direct contribution to the delivery of services to the public.

Software

Software which is integral to the operation of hardware e.g. an operating system is capitalised as part of the relevant item of property, plant and equipment. Expenditure on computer software which is deemed not to be integral to the computer hardware is capitalised as an intangible asset.

Intangible fixed assets are capitalised when:

- they are capable of being used in a trust's activities for more than one year;
- they can be reliably valued; and
- they have a cost of at least £5,000.

Purchased computer software licenses are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred and amortised over the shorter of the term of the license and their useful economic lives.

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.

Amortisation

Intangible assets are amortised by the straight line method, over their expected useful economic lives (3 to 10 years) in a manner consistent with the consumption of economic or service delivery benefits. The Trust deems the expected useful lives of intangible assets to be individually assessed based on type of asset.

Research and development

Expenditure on research is not capitalised. Expenditure on development is capitalised if it meets the following criteria:

- there is a clearly defined project;
- the related expenditure is separately identifiable;
- the outcome of the project has been assessed with reasonable certainty as to its technical feasibility and it resulting in a product or services that will eventually be brought into use; and
- adequate resources exist, or are reasonably expected to be available, to enable the project to be completed and to provide any consequential increases in working capital.

Capitalised development costs are limited to the value of future benefits expected and are amortised through the Statement of Comprehensive Income on a systematic basis over the period expected to benefit from the project. Assets are re-valued on the basis of current cost. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. Where possible, NHS foundation trusts disclose the total amount of research and development expenditure charged in the Statement of Comprehensive Income separately. However, where research and development activity cannot be separated from patient care activity it cannot be identified and is therefore not separately disclosed.

Non-current assets acquired for use in research and development are depreciated/amortised over the life of the associated project.

1.7 Revenue from government and other grants

Government grants are grants from Government bodies other than income from Clinical Commissioning Groups or NHS trusts for the provision of services. Grants from the Department of Health, including those for achieving three star status, are accounted for as Government grants. Where the Government grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

IAS 20 is applied to the accounting treatment of government and other grants with the following interpretations:

- The option to deduct the grant from the carrying value of the asset is not permitted.
- Grant income relating to assets is recognised within income when the Trust becomes entitled to it, unless the grantor imposes a condition that the future economic benefits embodied in the grant are to be consumed as specified by the grantor and if it is not, the grant must be returned to the grantor.
- Where such a condition exists, the grant is recognised as deferred within liabilities and carried forward to future financial years to the extent that the condition has not yet been met.

1.8 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 method.

A prior period adjustment has been applied to inventories in the Statement of Financial Position for the year ended 31 March 2016 and the opening balance on 1 April 2015, and as such restated values have been shown as applicable in the Statement of Financial Position and relevant notes.

During the year ended 31 March 2017 inventories for two suppliers previously believed to have been owned by the Trust were identified to be consigned. As such the Trust's inventory valuation had been overstated over a number of years. Due to the qualitative material nature of the overstatement, the Trust has performed a prior period adjustment in line with the requirements of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The adjustments made to the historic financial statements are as follows;

Statement of Financial Position as at 1 April 2015 (Consolidated and Trust Only)

	Original Balance £000	Prior Period Adjustment £000	Corrected Balance (Restated) £000
Inventories	3,786	(433)	3,353
Income and Expenditure Reserve	(17,121)	433	(16,688)

Statement of Financial Position as at 31 March 2016 (Consolidated and Trust Only)

	Original Balance £000	Prior Period Adjustment £000	Corrected Balance (Restated) £000
Inventories	3,918	(502)	3,416
Income and Expenditure Reserve	(9,420)	502	(8,918)

Statement of Comprehensive Income for the year ended 31 March 2016

	Original Balance £000	Prior Period Adjustment £000	Corrected Balance (Restated) £000
Operating Expenses	82,275	68	82,343

Statement of Changes in Equity for the year ended 31 March 2016

	Original Balance (Income and Expenditure Reserve) £000	Prior Period Adjustment £000	Corrected Balance (Restated) £000
Taxpayers' and others' equity as at 1 st April 2015 – brought forward	17,121	(433)	16,688
(Deficit) for the year	(7,714)	(69)	(7,783)

Statement of Cash Flows for the year ended 31 March 2016 (Consolidated)

	Original Balance £000	Prior Period Adjustment £000	Corrected Balance (Restated) £000
Operating (deficit)	(4,800)	(68)	(4,868)
(Increase)/decrease in Inventories	(132)	69	(63)

Statement of Cash Flows for the year ended 31 March 2016 (Trust)

	Original Balance £000	Prior Period Adjustment £000	Corrected Balance (Restated) £000
Operating (deficit)	(6,098)	(69)	(6,167)
(Increase)/decrease in Inventories	(132)	69	(63)

1.9 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and demand deposits, together with short-term highly liquid investments with maturities of 90 days or less and bank overdrafts. Account balances are only off set where a legal agreement has been made with the bank to do so. In all other cases bank overdrafts are shown within borrowings in 'current liabilities' on the Statement of Financial Position.

1.10 Finance income and costs

Interest earned on bank accounts and interest charged on overdrafts is recorded as 'interest receivable' and 'interest payable' in the periods to which they relate, and shown on the Statement of Cash Flows. Bank charges are recorded as operating expenditure in the periods to which they relate.

1.11 Financial instruments and financial liabilities

Recognition

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

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described in note 1.12.

Public Dividend Capital is not considered to be a financial instrument and is measured at historical cost.

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

De-recognition

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

Classification and Measurement

Financial assets are categorised as 'Loans and receivables'.

Financial liabilities are classified as 'Other Financial liabilities'.

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.

Derivatives which are embedded in other contracts but which are not 'closely-related' to those contracts are separated-out from those contracts and measured in this category. Assets and liabilities in this category are classified as current assets and current liabilities.

These financial assets and financial liabilities are recognised initially at fair value, with transaction costs expensed in the income and expenditure account. Subsequent movements in the fair value are recognised as gains or losses in the Statement of Comprehensive Income.

The Trust does not hold any assets in this category.

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 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.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets which are either designated in this category or not classified in any of the other categories. They are included in long-term assets unless the Trust intends to dispose of them within 12 months of the Statement of Financial Position date.

Available-for-sale financial assets are recognised initially at fair value, including transaction costs, and measured subsequently at fair value, with gains or losses recognised in reserves and reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'. When items classified as 'available-for-sale' are sold or impaired, the accumulated fair value adjustments recognised are transferred from reserves and recognised in 'Finance Costs' in the Statement of Comprehensive Income.

The Trust does not hold any assets in this category.

Other financial liabilities

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

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

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

Determination of fair value

For financial assets and financial liabilities carried at fair value, the carrying amounts are determined from discounted cash flow analysis.

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.

1.12 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.

1.13 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 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 16 on page 265 but is not recognised in the NHS Foundation Trust's accounts.

Non-clinical risk pooling

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

The Trust has also taken out additional insurance to cover claims in excess of £1 million.

1.14 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 19 on page 268 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 19 on page 268 unless the probability of a transfer of economic benefits are remote. Contingent liabilities are defined as:

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

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

1.15 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.

1.16 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.

1.17 Corporation tax

All surpluses are generated by activity authorised as an activity relating to the provision of core healthcare and therefore the Trust has determined that there is not a Corporation Tax liability.

1.18 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.

1.19 Losses and special payments

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

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

1.20 Standards, amendments and interpretations in issue but not yet effective or adopted

The Department of Health Group Accounting Manual 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; and
- IFRIC 22 Foreign Currency Transactions and Advance Consideration – Application required for accounting periods beginning on or after 1 January 2018.

Whilst the Trust has not yet carried out a detailed impact assessment for either IFRS 15 or IFRS 16, it is not expected that IFRS 15 will result to significant changes to amounts recognised in the financial statements. However, IFRS 16 is likely to have a more significant impact, with increased leased items being brought onto the balance sheet. The impact of this has not been quantified at this time.

2 Segmental Reporting

The Trust Board as 'Chief Operating Decision Maker' considers that all of its activities fall within one material segment, which is the provision of healthcare services

The provision of healthcare is within one main geographical segment being the United Kingdom, and materially from Departments of HM Government in England. Income from within the whole of HM Government is disclosed below:

	Consolidated			
	Year Ended 31 March 2017		Year Ended 31 March 2016	
	£000	%	£000	%
Income from whole HM Government	77,475	97.51%	77,990	95.60%
Income from non HM Government	1,976	2.49%	3,586	4.40%
	79,451	100.00%	81,576	100.00%

All business activities of the Trust are continually reviewed for material segments.

3 Income from activities arising from Commissioner Requested Services and all other activities.

3.1 Income by type

	Consolidated	
	Year Ended 31 March 2017 £000	Year Ended 31 March 2016 £000
Elective income	44,776	43,848
Non elective income	2,246	2,368
Outpatient income	7,735	7,688
Other NHS clinical income	19,033	17,209
Private patient income	618	607
Additional income for the delivery of healthcare services	0	2,300
Total income from activities	74,408	74,020
Other operating income		
Research and development	455	613
Education and training	2,175	2,217
Charitable and other contributions to expenditure	200	1,472
Income in respect of staff costs where accounted on gross basis	1,053	1,140
Other	1,160	1,251
Total other operating income	5,043	6,693
TOTAL OPERATING INCOME	79,451	80,713
Commissioner requested services	73,790	73,413
Non-commissioner requested services	5,661	7,300

The Trust has deemed all income from activities as being in relation to commissioner related services except for any private patient income.

Other income includes £239,091 from onsite catering services (2015/16: £243,774); staff accommodation rentals of £75,262 (2015/16: £80,985); car park income of £372,057 (2015/16 - £337,957); clinical tests of £3,070 (2015/16: £nil); private guests' accommodation rentals of £28,734 (2015/16: £29,738) and insurance income of £10,882 (2015/16: £180,000).

Other NHS clinical income includes £5,874,783 (2015/16: £5,833,650) for oncology block contract, £449,660 for oncology income from Wales (2015/16: £444,768), £2,663,661 for critical care bed days (2015/16: £2,156,368), £1,223,255 for CQUIN (2015/16: £1,566,828), £2,093,397 for physiotherapy services (2015/16: £2,037,946), £383,895 for podiatry services (2015/16: £326,084), £796,809 for patient travel (2016/15: £816,739), £709,401 for pre-operative assessments (2015/16: £558,195), £383,508 in relation to high cost drugs (2015/16: £296,300), £1,693,646 for diagnostic imaging (2015/16: £1,584,549), £222,674 (2015/16: £275,960) in relation to the Bone Infection Unit and £318,242 for hospital at home (2015/16: £264,349). Other NHS clinical income also includes £1,338,733 for orthotic appliances (2015/16: £1,193,454).

The Trust has deemed all income from activities as being in relation to commissioner related services except for any private patient income.

3.2 Income by Source

	Year Ended 31 March 2017 £000	Year Ended 31 March 2016 £000
NHS Foundation Trusts	31	64
NHS Trusts	66	754
CCGs and NHS England	72,320	69,468
NHS Other	0	47
Non NHS: Private patients	523	607
Non-NHS: Overseas patients (non-reciprocal)	95	11
NHS injury scheme (was RTA)	197	43
Non NHS: Other	1,176	726
Additional income for delivery of healthcare services	0	2,300
TOTAL INCOME FROM ACTIVITIES	74,408	74,020

The income for the Charity is not included here as this has been classified as other operating income only.

3.3 Overseas visitor income

	Year Ended 31 March 2017 £000	Year Ended 31 March 2016 £000
Income recognised this year	95	11
Cash payments received in-year	11	0
Amounts added to provision for impairment of receivables	1	0

4 Operating Expenditure

	Consolidated	
		Restated
	Year Ended	Year Ended
	31 March	31 March
	2017	2016
	£000	£000
Services from NHS Foundation Trusts	269	6
Services from other NHS Trusts	39	393
Services from CCGs and NHS England	5	10
Purchase of healthcare from non NHS bodies	1,105	2,326
Employee Expenses - Executive directors	755	785
Employee Expenses - Non-executive directors	103	107
Employee Expenses - Staff	46,466	46,494
Drug costs	504	410
Supplies and services - clinical (excluding drug costs)	11,701	11,067
Supplies and services - general	579	593
Establishment	942	1,043
Transport	9	13
Premises	3,500	2,920
Increase in bad debt provision	340	124
Inventories consumed *	9,286	9,840
Depreciation on property, plant and equipment	1,508	2,182
Amortisation on intangible assets	185	165
Audit services - statutory audit	58	57
Other auditor's remuneration - further assurance services	29	18
Internal audit and counter fraud fees	76	78
Clinical negligence	3,039	2,435
Loss on disposal of other property, plant and equipment	2	0
Legal fees	26	62
Consultancy costs	273	203
Training, courses and conferences	234	192
Patient travel	10	13
Redundancy	112	0
Hospitality	9	2
Insurance	86	85
Other services eg external payroll	251	326
Losses, ex gratia & special payments	27	36
Rentals under operating leases	117	87
Charitable Fund expenditure	97	156
Other	568	115
TOTAL OPERATING EXPENDITURE	82,310	82,343

* A prior period adjustment has been applied to inventories in the Statement of Financial Position for the year ended 31 March 2016, and as such restated values have been shown above. Further detail on the prior period adjustment has been included within Note 1.8.

5 Operating leases

5.1 Payments recognised as an expense

	Year Ended 31 March 2017 £000	Year Ended 31 March 2016 £000
Lease payments	117	87
TOTAL PAYMENTS	117	87

This note relates to the main Trust only as the Charity does not hold any operating leases.

The Trust's operating leases for 2016/17 consists of £19,000 (2015/16: £12,000) for the use of an offsite car park, £52,000 (2015/16: £50,000) for Histopathology property lease and the remainder of £46,000 (2015/16: £25,000) relates to a small amount of plant and equipment.

5.2 Total future minimum lease payments

	Land £000	Buildings £000	Other £000	Year Ended 31 March 2017 £000	Year Ended 31 March 2016 £000
- not later than one year;	19	50	51	120	112
- later than one year and not later than five years;	51	201	85	337	358
- greater than five years	0	25	0	25	126
TOTAL FUTURE PAYMENTS DUE	70	276	136	482	596

This note relates to the main Trust only as the Charity does not hold any operating leases.

6 Finance income and expense

	Consolidated	
	Year Ended 31 March 2017 £000	Year Ended 31 March 2016 £000
Interest from deposit account investments	43	63
Gain/(Loss) on investment	88	(46)
TOTAL FINANCE INCOME	131	17

	Consolidated	
	Year Ended 31 March 2017 £000	Year Ended 31 March 2016 £000
Finance lease interest	10	14
TOTAL FINANCE EXPENSE	10	14

7 Employee expenses and numbers – Trust only

	2016/17			2015/16		
	Total	Permanently	Agency	Total	Permanently	Agency
		Employed			Employed	
	£000	£000	£000	£000	£000	£000
Salaries and wages	35,622	35,622	0	36,137	35,328	809
Social security Costs	3,567	3,567	0	2,894	2,894	0
Employers contributions to NHS Pensions	3,789	3,789	0	3,673	3,673	0
Agency and contract staff	4,355	0	4,355	5,715	0	5,715
TOTAL EMPLOYEE EXPENSES	47,333	42,978	4,355	48,419	41,895	6,524

7.1 Employee expenses

The total Employer Pension contribution payable for the period to 31 March 2017 is £3,788,908 (31 March 2016: £3,673,081). The expected contributions to the pension scheme for 2017/18 are £3,862,817.

7.2 Average number of persons employed

	2016/17			2015/16		
	Total	Permanently	Agency	Total	Permanently	Agency
		Employed			Employed	
	Number	Number	Number	Number	Number	Number
Medical and dental	105	105	0	96	93	3
Administration and estates	258	258	0	242	223	19
Healthcare assistants and other support staff	248	248	0	160	98	62
Nursing, midwifery and health visiting staff	230	230	0	310	254	56
Nursing, midwifery and health visiting learners	1	1	0	1	1	0
Scientific, therapeutic and technical staff	135	135	0	228	217	11
Other	59	0	59	0	0	0
TOTAL PERSONS EMPLOYED	1,036	977	59	1,037	886	151

Note: the information above relates to Trust employees only as the associated charity which has been consolidated into these accounts does not employ any staff.

7.3 Exit packages

Exit package cost band (including any special payment element)	2016/17			2015/16		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
	Number	Number	Number	Number	Number	Number
<£10,000	0	0	0	0	0	0
£10,001 - £25,000	0	2	2	0	0	0
£25,001 - 50,000	0	1	1	0	0	0
£50,001 - £100,000	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0
>£200,001	0	0	0	0	0	0
Total number of exit packages by type	0	3	3	0	0	0
Total resource expense (£000s)	0	70	70	0	0	0

This note relates to the Trust only as the Charity does not have any employees.

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Scheme except for three employees who left the Trust via the Mutually Agreed Resignation Scheme (2015-16, nil). This disclosure reports the number and value of exit packages taken by staff leaving in the year and the expense associated with these departures may have been recognised in part or full in a previous period.

7.4 Retirements due to ill health

During the year to 31 March 2017 there were no early retirements from the Trust agreed on the grounds of ill-health, (31 March 2016, nil).

8 Intangible assets

	Software licences (purchased) £000	Assets under construction	Total £000
Gross cost at 1 April 2016	1,003	0	1,003
Additions - purchased	0	458	458
Reclassifications	96	0	96
Disposals	0	0	0
Gross cost at 31 March 2017	1,099	458	1,557
Amortisation at 1 April 2016	519	0	519
Provided during the year	185	0	185
Reclassifications	0	0	0
Disposals	0	0	0
Amortisation at 31 March 2017	704	0	704
Net book value			
NBV - Purchased at 31 March 2017	395	458	853
NBV - Donated at 31 March 2017	0	0	0
NBV total at 31 March 2017	395	458	853

	Software licences (purchased) £000	Assets under construction	Total £000
Gross cost at 1 April 2015	949	0	949
Additions - purchased	54	0	54
Gross cost at 31 March 2016	1,003	0	1,003
Amortisation at 1 April 2015	354	0	354
Provided during the year	165	0	165
Amortisation at 31 March 2016	519	0	519
Net book value			
NBV - Purchased at 31 March 2016	484	0	484
NBV - Donated at 31 March 2016	0	0	0
NBV total at 31 March 2016	484	0	484

This note relates to the Trust only as the Charity does not hold any intangible assets.

There is no active market for the Trust's intangible assets and there is no revaluation reserve.

9 Property, plant and equipment for the year ended 31 March 2017

	Total £000	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction and POA £000	Plant and Machinery £000	Transport Equipment £000	Information Technology £000	Furniture & fittings £000
Cost or valuation at 1 April 2016	48,923	4,519	29,250	776	817	10,214	20	3,236	91
Additions - purchased	3,199	0	1,466	6	1,218	481	0	28	0
Additions - donated	43	0	0	0	0	43	0	0	0
Impairments charged to operating expenses	(747)	0	(747)	0	0	0	0	0	0
Reversal of impairments credited to operating income	523	0	481	42	0	0	0	0	0
Impairments charged to the revaluation reserve	0	0	0	0	0	0	0	0	0
Reversal of impairments credited to the revaluation reserve	793	0	793	0	0	0	0	0	0
Reclassifications *	(95)	0	564	0	(762)	103	0	(1)	0
Revaluation impact on cost and depreciation	(520)	0	(504)	(16)	0	0	0	0	0
Disposals	(146)	0	0	0	0	(146)	0	0	0
Cost or Valuation at 31 March 2017	51,973	4,519	31,304	808	1,273	10,695	20	3,263	91
Accumulated depreciation at 1 April 2016	7,704	0	0	0	0	5,821	10	1,815	58
Provided during the year	1,508	0	504	16	0	785	3	189	11
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluation impact on cost and depreciation	(520)	0	(504)	(16)	0	0	0	0	0
Disposals	(144)	0	0	0	0	(144)	0	0	0
Accumulated depreciation at 31 March 2017	8,548	0	0	0	0	6,462	13	2,004	69
Net book value									
NBV - Purchased at 31 March 2017	40,756	4,519	29,014	808	1,273	3,854	7	1,259	22
NBV - Finance lease at 31 March 2017	217	0	0	0	0	217	0	0	0
NBV - Donated at 31 March 2017	2,452	0	2,290	0	0	162	0	0	0
NBV total at 31 March 2017	43,425	4,519	31,304	808	1,273	4,233	7	1,259	22

This note relates to the Trust only as the Charity does not hold any property, plant and equipment.

* Reclassifications includes a recategorisation of assets from property, plant and equipment to intangible assets relating to 2015/16.

Donated assets relate to items donated from the Trust's associated charity. No restrictions were imposed by the donor in relation to the use of the asset.

9.1 Property, plant and equipment for year ended 31 March 2016

	Total	Land	Buildings excluding dwellings	Dwellings	Assets under construction and POA	Plant and Machinery	Transport Equipment	Information Technology	Furniture & fittings
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2015	51,456	3,935	33,024	806	1,025	9,631	20	2,940	75
Additions - purchased	3,154	0	1,186	0	902	800	0	247	19
Additions - donated	0	0	0	0	0	0	0	0	0
Impairments charged to operating expenses	(6,558)	0	(6,558)	0	0	0	0	0	0
Reversal of impairments credited to operating income	2,615	0	2,615	0	0	0	0	0	0
Impairments charged to the revaluation reserve	0	0	0	0	0	0	0	0	0
Reversal of impairments credited to the revaluation reserve	584	584	0	0	0	0	0	0	0
Reclassifications	0	0	915	0	(1,110)	0	0	195	0
Revaluation impact on cost and depreciation	(1,962)	0	(1,932)	(30)	0	0	0	0	0
Disposals	(366)	0	0	0	0	(217)	0	(146)	(3)
Cost or Valuation at 31 March 2016	48,923	4,519	29,250	776	817	10,214	20	3,236	91
Accumulated depreciation at 1 April 2015	7,266	0	153	0	0	5,284	7	1,770	52
Provided during the year	2,182	0	1,195	30	0	754	3	191	9
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluation impact on cost and depreciation	(1,378)	0	(1,348)	(30)	0	0	0	0	0
Disposals	(366)	0	0	0	0	(217)	0	(146)	(3)
Accumulated depreciation at 31 March 2016	7,704	0	0	0	0	5,821	10	1,815	58
Net book value									
NBV - Purchased at 31 March 2016	38,545	4,519	27,086	776	817	3,883	10	1,421	33
NBV - Finance lease at 31 March 2016	370	0	0	0	0	370	0	0	0
NBV - Donated at 31 March 2016	2,304	0	2,164	0	0	140	0	0	0
NBV total at 31 March 2016	41,219	4,519	29,250	776	817	4,393	10	1,421	33

This note relates to the Trust only as the Charity does not hold any property, plant and equipment.

9.2 Disposal of assets – Commissioner Related Services

The Trust has not disposed of any assets in the year which have impacted on its ability to deliver commissioner related services.

9.3 Gains/(Impairments)

	Total 31 March 2017 £000	Operating income * £000	Operating expenses * £000	Revaluation reserve £000
Changes in market place	46	0	(747)	793
Reversal of impairments	523	523	0	0
TOTAL GAINS AT 31 MARCH 2017	569	523	(747)	793

	Total 31 March 2016 £000	Operating income * £000	Operating expenses * £000	Revaluation reserve £000
Changes in market place	(4,806)	0	(4,101)	(705)
Reversal of impairments	863	863	0	0
TOTAL IMPAIRMENTS AT 31 MARCH 2016	(3,943)	863	(4,101)	(705)

* The net of these numbers has been shown on the face of the Consolidated Statement of Comprehensive Income as a gain of £223,661 (2015/16: £3,238,000 impairment loss).

This note relates to the Trust only as the charity does not hold any assets.

10 Investments

	Consolidated	
	31 March 2017 £000	31 March 2016 £000
Fixed Asset Investments:		
Market value at 31 March	690	735
Net gain/(loss) on revaluation	88	(46)
Transfer equity to cash pool	0	1
Market value at 31 March	<u>778</u>	<u>690</u>
Historic cost at 31 March 2017	<u>785</u>	<u>785</u>

	31 March 2017 £000	31 March 2016 £000
Market value at 31 March		
Securities - managed funds	<u>785</u>	<u>785</u>
	<u>785</u>	<u>785</u>

Analysis of gross income from investments

	31 March 2017 £000	31 March 2016 £000
Total gross income		
Investments in a Common Deposit Fund or Common Investment Fund	<u>30</u>	<u>30</u>

Note: all investments are held by the Trust's associated charity which has been consolidated into these financial statements.

11 Inventories

	Consolidated	
	31 March 2017 £000	Restated 31 March 2016 £000
Consumables	3,465	3,416
TOTAL INVENTORIES *	<u>3,465</u>	<u>3,416</u>
	31 March 2017 £000	Restated 31 March 2016 £000
Inventories recognised in expenses *	9,286	9,840
Write-down of inventories recognised as an expense	0	0
TOTAL	<u>9,286</u>	<u>9,840</u>

Note: all inventories are held by the Trust only and no balances are attributed to the associated charity which has been consolidated into these accounts.

* A prior period adjustment has been applied to inventories in the Statement of Financial Position for the year ended 31 March 2016, and as such restated values have been shown above. Further detail on the prior period adjustment has been included within Note 1.8.

12 Trade receivables and other receivables

	Consolidated				Trust only			
	Financial Assets		Non-Financial Assets		Financial Assets		Non-Financial Assets	
	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March
	2017	2016	2017	2016	2017	2016	2017	2016
	£000	£000	£000	£000	£000	£000	£000	£000
Current financial assets								
NHS receivables	3,964	3,509	0	0	3,964	2,894	0	0
Other receivables with related parties	0	0	0	0	0	0	0	0
Provision for impaired receivables	(784)	(444)	0	0	(784)	(444)	0	0
	3,180	3,065	0	0	3,180	2,450	0	0
Prepayments	0	0	428	572	0	0	428	572
Accrued income	80	323	0	0	80	768	0	0
Interest receivable	1	0	0	0	1	0	0	0
PDC receivable	57	0	0	0	57	0	0	0
VAT receivable	95	151	0	0	95	151	0	0
Other receivables	730	897	0	0	660	897	0	0
	963	1,371	428	572	893	1,816	428	572
Total Current financial assets	4,143	4,436	428	572	4,073	4,266	428	572
Non-Current financial assets								
Trade and other receivables	0	0	0	0	0	0	0	0
TOTAL TRADE AND OTHER RECEIVABLES	4,143	4,436	428	572	4,073	4,266	428	572
BAD DEBT PROVISION								
	31 March	31 March			31 March	31 March		
	2017	2016			2017	2016		
	£000	£000			£000	£000		
Balance at 1 April	444	323			444	323		
Increase in provision	340	124			340	124		
Utilised	0	(3)			0	(3)		
Unused amounts reversed	0	0			0	0		
Balance at 31 March	784	444			784	444		

12.1 Impairment of receivables

The ageing analysis of NHS and Non NHS impaired debts is as follows:

	Consolidated		Trust only	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
0 - 30 days	0	0	0	0
30 - 60 days	0	0	0	0
60 - 90 days	0	0	0	0
90 - 180 days	0	0	0	0
Over 180 days	784	447	784	447
TOTAL AGEING OF IMPAIRED RECEIVABLES	784	447	784	447

The ageing analysis of NHS and Non NHS non-impaired debts is as follows:

	Consolidated		Trust only	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
0 - 30 days	989	424	919	424
30 - 60 days	90	57	90	57
60 - 90 days	131	176	131	176
90 - 180 days	166	0	166	0
Over 180 days	665	0	665	0
TOTAL AGEING OF NON-IMPAIRED RECEIVABLES	2,041	657	1,971	657

13 Other current assets

13.1 Short-term investments and deposits

The Trust did not hold any current asset investments or non-current asset investments in the year ending 31 March 2017 (31 March 2016, £nil). The Royal Orthopaedic Hospital NHS Foundation Trust Charitable Fund held short-term cash deposits within a multi-asset fund of £65,000 (2015/16: £35,000).

14 Cash and cash equivalents

	Consolidated		Trust only	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Cash and cash equivalents at 1 April	11,873	13,895	10,598	13,748
Net change in year	(6,666)	(2,022)	(6,842)	(3,150)
Cash and cash equivalents at 31 March	<u>5,207</u>	<u>11,873</u>	<u>3,756</u>	<u>10,598</u>
Broken down into:				
Cash at commercial banks and in hand	1,451	1,275	0	0
Cash with the Government Banking Service	3,756	10,598	3,756	10,598
Cash and cash equivalents as in Statement of Financial Position and Statement of Cash Flows	<u>5,207</u>	<u>11,873</u>	<u>3,756</u>	<u>10,598</u>

Note: The consolidated cash balance has been restated in relation to the allocation between cash at commercial banks and cash with the Government Banking Service.

15 Trade and other payables

	Consolidated		Trust only	
	Financial liabilities		Financial liabilities	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	£000	£000	£000	£000
NHS Payables	3,247	2,695	3,247	2,695
Trade payables - capital	347	307	347	307
Social security costs	498	411	498	411
Taxes payable	478	477	478	477
Other trade payables	5,657	5,595	5,657	5,595
Accruals	922	2,332	868	2,318
TOTAL TRADE AND OTHER PAYABLES	11,149	11,817	11,095	11,803

Other trade payables include £547,822 outstanding pension contributions at 31 March 2017 (31 March 2016: £521,211).

15.1 Other liabilities

	Current		Non-Current	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	£000	£000	£000	£000
Deferred income	290	257	0	0
TOTAL OTHER LIABILITIES	290	257	0	0

This note relates to the Trust only as the Charity does not hold any other liabilities.

15.2 Borrowings

	Current		Non-Current	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	£000	£000	£000	£000
Obligations under finance leases	167	163	55	221
TOTAL BORROWINGS	167	163	55	221

This note relates to the Trust only as the Charity does not hold any borrowings.

15.3 Finance lease obligations

	Net lease liabilities		Gross lease liabilities	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
Within one year	167	163	172	172
Between one and five years	55	221	72	244
After five years	0	0	0	0
	222	384	244	416
Included in:				
Current borrowings	167	163		
Non-Current borrowings	55	221		
	222	384		

This note relates to the Trust only as the Charity does not hold any borrowings.

16 Provisions

	Legal claims £000	Other £000	Total £000
At 1 April 2016	38	423	461
Arising during the year	15	41	56
Utilised during the year	0	(20)	(20)
Reversed unused during the year	(23)	0	(23)
Unwinding of discount	0	13	13
At 31 March 2017	30	457	487

Expected timing of cash flows:

not later than one year	30	87	117
later than one year and not later than five years	0	57	57
later than five years	0	313	313
Total expected timing of cash flows	30	457	487

	Legal claims £000	Other £000	Total £000
At 1 April 2015	69	427	496
Arising during the year	28	0	28
Utilised during the year	(36)	(20)	(56)
Reversed unused during the year	(23)	(97)	(120)
Unwinding of discount	0	113	113
At 31 March 2016	38	423	461

Expected timing of cash flows:

not later than one year	38	76	114
later than one year and not later than five years	0	54	54
later than five years	0	293	293
Total expected timing of cash flows	38	423	461

This note relates to the main Trust only as the Charity does not hold any provisions.

The provisions included under legal claims are for employee and public liability, and are subject to changes in value and timing by either third party insurers or the NHS Litigation Authority depending on the incident date.

Other claims relate to injury benefit provisions which are discounted using the real discount rate set by HM Treasury. The rates below have been applied for 2016/17:

- Short-term (less than one year) (2.70%)
- Medium-term (one – five years) (1.95%)
- Long-term (later than 5 years) (0.80%)

Other claims also includes a dilapidation provision for the leased histopathology laboratory at the University of Birmingham of £30,000 (2015/16: £30,000) and a redundancy provision of £41,000 (2015/16: £nil).

The NHS Litigation Authority as at 31 March 2017 has £15,953,563 (2015/16: £19,733,000) in respect of clinical negligence liabilities of the Trust included in its accounts.

17 Contractual Capital Commitments

	31 March 2017 £000	31 March 2016 £000
Property, plant and equipment	1,645	1,123
TOTAL CONTRACTUAL CAPITAL COMMITMENTS	1,645	1,123

Capital commitments include £702,000 (2015/16: £344,000) in relation to general site building works, £89,000 (2015/16: £300,000) in relation to replacement medical equipment and £854,000 (2015/16: £200,000) in relation to IT hardware replacement.

18 Revaluation Reserve

	Total Revaluation Reserve £000	Revaluation Reserve - Property, plant and equipment £000
Revaluation reserve at 1 April 2016	2,036	2,036
Revaluation gain	793	793
Other reserve movements	0	0
Revaluation reserve at 31 March 2017	2,829	2,829
	£000	£000
Revaluation reserve at 1 April 2015	2,741	2,741
Impairments	(705)	(705)
Other reserve movements	0	0
Revaluation reserve at 31 March 2016	2,036	2,036

This note relates to the Trust only as the Charity does not hold and assets subject to revaluation.

19 Contingent Liabilities

There are no contingent liabilities or contingent assets for the year ending 31 March 2017 (2016/17: £nil).

20 Post Balance Sheet Events

The Trust does not have any disclosable post balance sheet events.

21 Related party transactions

The Royal Orthopaedic Hospital NHS Foundation Trust is a public benefit corporation which was established under the granting of authority by the independent regulator for Foundation Trusts Monitor on February 1 2007.

During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with The Royal Orthopaedic Hospital NHS Foundation Trust.

The Department of Health is regarded as a related party. During the year The Royal Orthopaedic Hospital NHS Foundation 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. In addition, the Trust has had a number of material transactions with other Government Departments and other central and local Government bodies. These entries are listed below.

	Receivables	Payables	Revenue	Expenditure
	2016/17	2016/17	2016/17	2016/17
	£000	£000	£000	£000
Birmingham Community Healthcare NHS Foundation Trust	0	0	0	282
Birmingham Women's and Children's Hospital NHS Foundation Trust	0	1,096	363	1,339
Department of Work and Pensions	269	0	0	0
Health Education England	122	0	2,252	0
HM Revenue & Customs	0	976	0	3,567
NHS Birmingham Crosscity Clinical Commissioning Group	0	621	14,782	0
NHS Birmingham South and Central Clinical Commissioning Group	393	0	10,319	0
NHS Cannock Chase Clinical Commissioning Group	0	0	412	0
NHS Coventry and Rugby Clinical Commissioning Group	0	0	345	0
NHS Dudley Clinical Commissioning Group	0	0	3,374	0
NHS East Staffordshire Clinical Commissioning Group	0	0	212	0
NHS England - Central Specialised Commissioning Hub	0	0	107	0
NHS England - West Midlands Specialised Commissioning Hub	867	231	19,778	0
NHS Gloucestershire Clinical Commissioning Group	120	0	285	0
NHS Herefordshire Clinical Commissioning Group	0	0	424	0
NHS Litigation Authority	0	0	0	3,109
NHS Pension Scheme	0	0	0	3,789
NHS Redditch and Bromsgrove Clinical Commissioning Group	0	0	3,483	0
NHS Sandwell and West Birmingham Clinical Commissioning Group	241	0	5,524	0
NHS Shropshire Clinical Commissioning Group	0	0	181	0
NHS Solihull Clinical Commissioning Group	147	0	2,159	0
NHS South East Staffs and Seisdon Peninsular Clinical Commissioning Group	0	0	1,387	0
NHS South Warwickshire Clinical Commissioning Group	0	0	447	0
NHS South Worcestershire Clinical Commissioning Group	0	0	1,986	0
NHS Southern Derbyshire Clinical Commissioning Group	0	0	107	0
NHS Stafford and Surrounds Clinical Commissioning Group	0	0	400	0
NHS Walsall Clinical Commissioning Group	0	137	2,102	0
NHS Warwickshire North Clinical Commissioning Group	0	0	528	0
NHS West Leicestershire Clinical Commissioning Group	0	0	147	0
NHS Wolverhampton Clinical Commissioning Group	0	0	467	0
NHS Wyre Forest Clinical Commissioning Group	187	0	1,400	0
Sandwell and West Birmingham Hospitals NHS Trust	0	0	0	169
St Helens and Knowsley Hospitals NHS Trust	0	0	0	143
The Dudley Group NHS Foundation Trust	0	0	118	0
The Royal Wolverhampton NHS Trust	0	0	353	0
University Hospitals Birmingham NHS Foundation Trust	117	461	454	2,793

	Receivables	Payables	Revenue	Expenditure
	2015/16	2015/16	2015/16	2015/16
	£000	£000	£000	£000
Birmingham Children's Hospital NHS Foundation Trust	51	410	376	1,493
Birmingham Community Healthcare NHS Trust	0	221	1	378
Dept of Work and Pensions	113	0	44	0
Health Education England (NDPB from 1/04/15)	21	0	2,067	0
Heart of England NHS Foundation Trust	8	28	20	96
HM Revenue & Customs - Other taxes and duties and NI contributions (0	888	0	0
HM Revenue & Customs - VAT	151	44	0	0
NHS Birmingham Crosscity CCG	0	510	14,981	0
NHS Birmingham South and Central CCG	0	350	9,583	2
NHS Blood and Transplant	10	0	0	58
NHS Cambridgeshire and Peterborough CCG	16	0	62	0
NHS Cannock Chase CCG	67	0	460	0
NHS Coventry and Rugby CCG	0	61	386	0
NHS Dudley CCG	0	205	3,218	0
NHS East Staffordshire CCG	7	0	273	0
NHS England - West Midlands Commissioning Hub	236	428	18,557	0
NHS Gloucestershire CCG	27	0	204	0
NHS Herefordshire CCG	1	12	429	0
NHS Litigation Authority	0	0	0	2,435
NHS Nene CCG	39	0	116	0
NHS North, East, West Devon CCG	27	0	55	0
NHS Nottingham City CCG	3	0	52	0
NHS Pension Scheme (both employee and employer contributions o/s r	0	522	0	0
NHS Redditch and Bromsgrove CCG	136	0	3,520	0
NHS Sandwell and West Birmingham CCG	441	0	5,315	0
NHS Shropshire CCG	4	31	166	0
NHS Solihull CCG	51	0	1,915	0
NHS South East Staffs and Seisdon Peninsular CCG	0	155	1,342	0
NHS South Warwickshire CCG	0	81	506	0
NHS South Worcestershire CCG	9	0	1,916	0
NHS Southern Derbyshire CCG	49	0	169	0
NHS Stafford and Surrounds CCG	22	19	237	0
NHS Stoke on Trent CCG	35	0	63	0
NHS Telford and Wrekin CCG	10	0	76	0
NHS Walsall CCG	492	0	2,175	0
NHS Warwickshire North CCG	23	27	507	0
NHS West Leicestershire CCG	19	0	83	0
NHS Wolverhampton CCG	0	29	390	0
NHS Wyre Forest CCG	0	36	1,121	0
Sandwell and West Birmingham Hospitals NHS Trust	53	59	85	144
The Dudley Group NHS Foundation Trust	22	0	140	0
The Royal Wolverhampton NHS Trust	104	0	380	0
University Hospitals Birmingham NHS Foundation Trust	300	428	463	2,743
Walsall Healthcare NHS Trust	552	0	604	1

The Trust has also received revenue payments from the associated charitable funds where the Trustees are also members of the NHS Trust Board. The Trust charged the charity for finance administration services totalling £13,278 during the year (2015/16: £13,134) and for staff costs of £5,335 (2015/16: £nil).

22 Financial Instruments

The Royal Orthopaedic Hospital NHS Foundation Trust seeks to minimise its financial risks and through its treasury management policy does not buy or sell financial instruments. Trust treasury activity is subject to review by the Trust's internal auditors.

Currency Risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

Interest Rate Risk

The Foundation Trust's financial assets and financial liabilities carry nil or fixed rates of interest. The Foundation Trust is not, therefore, exposed to significant interest-rate risk.

Credit risk

The majority of the Trust's income comes from contracts with other public sector bodies, resulting in 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.

Credit risk is the possibility that other parties might fail to pay amounts due to the Foundation Trust. Credit risk arises from deposits with banks as well as credit exposures to the Foundation Trust's debtors. The Foundation Trust's cash assets are held with the Government Banking Service (GBS). The associated charity cash assets are held with NatWest Bank Plc.

As set out in Note 14 - £3,756k (31 March 2016 £10,598k) of the Trust's cash deposits is held with the Government Banking Service (GBS) and £1,451k (31 March 2016 £1,275k) of charity cash deposits is held with NatWest. At the end of the financial year there was £65k held in the form of short term investments (2015/16: £35k).

An analysis of the ageing of receivables and provision for impairment can be found at Note 12. The majority of the outstanding debt relates to other NHS bodies, related parties and the Compensation Recovery Unit (CRU) in respect of Road Traffic Act (RTA) income. A bad debt provision of 22.94% (2015/2016 21.99%) is made against the CRU (i.e. mainly RTA income) receivables.

Liquidity Risk

The Trust's operating costs are incurred under contracts with NHS Clinical Commissioning Groups who are financed annually from resources voted from Parliament. Such contract income is received in accordance with the NHS funding mechanism Payments by Results with regular twelfth payments made monthly and a quarterly adjustment made to bring payments in line with actual activity. The Trust aims to fund capital schemes by internally generated funds. In addition the Trust can borrow from the Department of Health's financing facility or commercially. The Trust is therefore not exposed to significant liquidity risk.

Set out in note 22.1 is an analysis, by category, of the Trust's financial assets and liabilities as at 31 March 2017. Fair value approximates to the book value because of the short maturity of these instruments.

Classification

Financial assets are categorised as 'Loans and receivables'. Financial liabilities are classified as 'Other Financial liabilities'.

22.1 Financial assets

	Consolidated			
	Carrying	Fair	Restated	Restated
	value	value	Carrying	Fair
	31 March	31 March	value	value
	2017	2017	31 March	31 March
£000	£000	2016	2016	
£000	£000	£000	£000	
Current financial assets				
Trade and other receivables	3,180	3,180	3,065	3,065
Other current assets	963	963	1,371	1,371
Short term investments and deposits	65	65	35	35
Cash and cash equivalents	5,207	5,207	11,873	11,873
TOTAL FINANCIAL ASSETS	9,415	9,415	16,344	16,344

	Trust only			
	Carrying	Fair	Carrying	Fair
	value	value	value	value
	31 March	31 March	31 March	31 March
	2017	2017	2016	2016
£000	£000	£000	£000	
Current financial assets				
Trade and other receivables	3,180	3,180	2,450	2,450
Other current assets	893	893	1,816	1,816
Cash and cash equivalents	3,756	3,756	10,598	10,598
TOTAL FINANCIAL ASSETS	7,829	7,829	14,864	14,864

Note: The cash and cash equivalents figure for 2015/16 has been restated to include the cash held by the associated charitable fund consolidated as part of these financial statements.

22.2 Financial liabilities

	Consolidated			
	Carrying	Fair	Carrying	Fair
	value	value	value	value
	31 March	31 March	31 March	31 March
	2017	2017	2016	2016
	£000	£000	£000	£000
Current financial liabilities				
Finance leases	167	167	163	163
Trade and other payables	11,149	11,149	11,817	11,817
Other provisions	117	117	114	114
	11,433	11,433	12,094	12,094
Non-current financial liabilities				
Finance leases	55	55	221	221
Other provisions	370	370	347	347
TOTAL FINANCIAL LIABILITIES	11,858	11,858	12,662	12,662

	Trust only			
	Carrying	Fair	Carrying	Fair
	value	value	value	value
	31 March	31 March	31 March	31 March
	2017	2017	2016	2016
	£000	£000	£000	£000
Current financial liabilities				
Finance leases	167	167	163	163
Trade and other payables	11,095	11,095	11,803	11,803
Other provisions	117	117	114	114
	11,379	11,379	12,080	12,080
Non-current financial liabilities				
Finance leases	55	55	221	221
Other provisions	370	370	347	347
TOTAL FINANCIAL LIABILITIES	11,804	11,804	12,648	12,648

23 Losses and Special Payments

NHS Foundation Trusts are required to record cash payments and other adjustments that arise as a result of losses and special payments. The table below records the losses and special payments incurred by the Trust by the type of loss/special payment category:

	2016/17 Total number of cases Number	2016/17 Total value of cases £000	2015/16 Total number of cases Number	2015/16 Total value of cases £000
LOSSES:				
1. Losses of cash due to:				
a. theft, fraud etc	0	0	0	0
b. overpayment of salaries etc.	0	0	0	0
c. other causes *	1	0	0	0
2. Fruitless payments and constructive losses	0	0	0	0
3. Bad debts and claims abandoned in relation to:				
a. private patients	0	0	0	0
b. overseas visitors	0	0	0	0
c. other	0	0	0	0
4. Damage to buildings, property etc. (including stores losses) due to:				
a. theft, fraud etc	0	0	0	0
b. stores losses	0	0	0	0
c. other	0	0	0	0
TOTAL LOSSES	1	0	0	0
SPECIAL PAYMENTS:				
5. Compensation under legal obligation	7	20	6	36
6. Extra contractual to contractors	0	0	0	0
7. Ex gratia payments in respect of:				
a. loss of personal effects	2	1	8	0
b. clinical negligence with advice	0	0	0	0
c. personal injury with advice	0	0	0	0
d. other negligence and injury	0	0	0	0
e. Other employment payments (should not include special severance payments which are disclosed below)	0	0	0	0
f. Patient referrals outside the UK and EEA Guidelines	0	0	0	0
g. other	13	6	0	0
h. maladministration, no financial loss	0	0	0	0
8. Special Severance payments	0	0	0	0
9. Extra statutory and regulatory	0	0	0	0
TOTAL SPECIAL PAYMENTS	22	27	14	36
TOTAL LOSSES AND SPECIAL PAYMENTS	23	27	14	36

For the year ending 31 March 2017 the Trust had 23 (31 March 2016:14) separate losses and special payments, totaling £27,000 (31 March 2016: £36,000).

* The loss of cash was as a result of a banking issue and amounted to £60.

There were no clinical negligence, compensation under legal obligation or fruitless payment cases where the net payment for the individual case exceeded £300,000.

These amounts are reported on an accruals basis but excluding provisions for future losses.

24 Third Party Assets

The Trust held £181,000 in relation to advance payments from private patients in relation to treatment which is yet to take place (2015/16: £188,000). These payments have been included within the Trust's financial statements for 2016/17. The associated charity consolidated as part of these financial statements did not hold any third party assets (2015/16: £nil).

25 Auditor's Liability

The auditors have a limitation of their liability in accordance with their engagement letter signed on 3 March 2017 for the amount of £1 million.