

**HULL UNIVERSITY TEACHING HOSPITALS NHS TRUST  
TRUST BOARD**

**THURSDAY 23 MAY 2019, THE BOARDROOM,  
HULL ROYAL INFIRMARY 2PM – 3PM**

**AGENDA: PART 1 – MEETING TO BE HELD IN PUBLIC**

**OPENING MATTERS**

- |  |          |                               |
|--|----------|-------------------------------|
| 1. Apologies   | verbal   | Chair                         |
| 2. Declaration of interests  | verbal   | Chair                         |
| 2.1 Changes to Directors' interests since the last meeting         |          |                               |
| 2.2 To consider any conflicts of interest arising from this Agenda |          |                               |
| 3. Audited Accounts 2018/19  | attached | Chief Financial Officer       |
| 3.1 Audit Findings Report (Grant Thornton)                         |          |                               |
| 4. Letter of Representation  | attached | Chief Financial Officer       |
| 5. Annual Report 2018/19   | attached | Director of Corporate Affairs |
| 6. NHS Improvement Self -Assessment                                | attached | Director of Corporate Affairs |
| 7. Any Other Business  | verbal   | Chair                         |

**HULL UNIVERSITY TEACHING HOSPITALS NHS TRUST**

**TRUST BOARD 23 MAY 2019**

**ANNUAL REPORT AND ACCOUNTS 2018/19**

**1. PURPOSE**

The purpose of this paper is to present the final version of the Annual Accounts to the Trust Board for approval.

**2. AUDIT PROCESS**

The audit is substantially complete and the deadline for submission of the audited Accounts to NHSI is 29 May.

The Audit Committee has reviewed the final version of the Accounts and has recommended their adoption by the Trust Board. The Annual Accounts are attached as an appendix to this report.

**3. AUDIT FINDINGS REPORT**

Our auditors Grant Thornton have issued an Audit Findings Report, the purpose of which is to set out the results of the audit, highlights issues of concern, and make recommendations for improvement. Overall the report is positive and confirms that an unqualified audit opinion will be issued on the Trust's accounts.

The report notes that there are two unadjusted misstatements in the accounts resulting from a difference of opinion between management and the auditors, the combined value of these misstatements at £3.57m is not material. The Audit Committee has considered the unadjusted mis-statements and has heard representations from Grant Thornton and from Management, the Committee has subsequently agreed that the accounts should not be adjusted.

An unqualified opinion will also be issued on the Trust's value for money arrangements.

The Audit Committee has noted the content of the Audit Findings Report and has considered the adequacy of the response from Management to the recommendations on page 29.

The full report is attached as an appendix to this paper.

**4. RECOMENDATION**

The Trust Board is asked to approve the Annual Accounts for 2018/19

**Di Roberts**

Deputy Director of Finance  
22 May 2019

# Provider accounts template - single entity accounts

Version: 1.0 (issued March 2019)

## Background to this accounts template

This accounts template has been developed by NHS Improvement for use by NHS providers (NHS FTs and NHS trusts) and is entirely optional for use.

The accounts prepared by NHS trusts and NHS foundation trusts should comply with the Department of Health and Social Care's Group Accounting Manual (GAM) (and NHS Improvement's *NHS Foundation Trust Annual Reporting Manual* (FT ARM) for foundation trusts). This template has been developed to assist trusts to meet these requirements. NHS Improvement has no current intention of mandating use of this accounts template in future periods.

The requirements for a provider's accounts are set out in chapter 4 of the GAM. This optional accounts template does **not** form part of Monitor's accounts direction to NHS foundation trusts or DHSC's direction to NHS Trusts. If at any point this template appears inconsistent with the GAM, the GAM is the primary source of direction. Any such inconsistency would, however, be unintentional as the purpose of this template is to assist providers in complying with the GAM when determining the format of their accounts.

We recognise that every trust is different, and will have slightly differing disclosure requirements. As such the spreadsheet is entirely unprotected: in using this tool you will need to hide rows/columns as appropriate or you may wish to aggregate immaterial rows or columns and update the mapping to the TAC schedules. As such NHS Improvement cannot guarantee that a set of accounts prepared using this tool will be compliant with the GAM to an extent that will satisfy the trust's auditors. In using this tool trusts will need to adapt it for local circumstances and NHS Improvement accepts no responsibility for the accounts that are produced.

The last tab of this template, tab 'Staff report tables', contains tables for disclosures that should be included in the annual report and not the accounts (per the FT ARM paragraph 2.80 and GAM paragraph 3.57).

## Trust and Group template versions

Many trusts prepare group accounts, as they consolidate an NHS charitable fund or other subsidiaries. Many other trusts do not prepare group accounts. As such there are two versions of this template:

**Trust accounts:** This is a single entity version of the accounts template, with the figures linked to the totals in the TAC schedules.

**Group accounts:** This version should be used by trusts preparing group accounts. The Group numbers are linked to the total column of the TAC schedules. The Trust numbers are not populated, and you can link these either to your own working papers or to the optional 'Trust' columns in the TAC schedules. Alternatively you may have your own working papers for the consolidation and replace the source formulas for both the Group and Trust numbers.

Except for the presence of separate Group and Trust columns/tables in the first version, the two versions are the same.

The Group version of the template assumes that the Trust takes advantage of the Companies Act exemption repeated in the GAM (paragraph 5.9) which allows the parent (i.e. Trust) statement of comprehensive income and related notes to be omitted. The SOCI and its supporting notes therefore omit 'Trust' columns. Some trusts may wish to add these back in, or in some cases add additional disclosure explaining what the difference between group and trust numbers would be.

For notes where Group and Trust should be included, paragraph 5.10 of the GAM states "*where the entity determines that the difference between the 'Group' and 'Parent Entity' numbers is immaterial for a particular note, the 'Parent Entity' version of that note may be omitted from the accounts. The omission and the extent of the immaterial differences must be explained.*" This template has been prepared with Group and Trust versions of all balance sheet notes, which the user may wish to amend.

## How to use this accounts template

This accounts template is designed to be easy to work with in Microsoft Excel, but is also formatted in such a way that when printed, the end result is a presentable set of accounts. Different local printers will change how page margins work and some editing of column widths in particular may be required to achieve the right formatting for printing for each user.

The accounts template is linked to an TAC schedules within the PFR file. Cells linked to the TAC schedules contain defined file paths which are easily updated by the trust if you choose to map cells differently. The file as issued contains links directed at dummy TAC schedules held by NHS Improvement. **When opening the file for the first time, you should select 'do not update links' when prompted.**

Follow the instructions below to direct the links to your local TAC schedule.

### Step 1: Link the accounts template to your PFR file

As a starting point you should update the information on the Settings sheet. Then, you need to change the source file for the links as follows:

1. Select the 'Data' tab on the ribbon at the top of Excel (if this tab is not visible it may need to be added by customising the ribbon in excel options)
2. Within the 'Connections' section, select 'Edit Links'.
3. In the dialogue box that appears, highlight the existing source file (the dummy file) and select 'Change Source'.
4. Navigate to your locally saved PFR file and select.
5. All links within this workbook should now be redirected to your local file. Due to the number of links this may take some time. Please be patient and do not attempt to perform other tasks in excel at the same time.

### Step 2: Check that the PFR linking is working and the accounts hold together

In preparing this accounts template we have linked cells to the TAC schedules but you should verify that these are correct, and that nothing has been affected by changing the link to your PFR.

There are no validation checks within this accounts template, so at this point we recommend you review the document for reasonableness (not presentation at this stage) - checking that note totals agree between the TAC schedules and accounts, checking that primary statements are accurate, and so forth.

### Step 3: Tailor the document to become your accounts

Tailoring the document may involve some or all of the following:

- aggregating rows or columns within disclosure notes - care then needs to be taken to update the PFR mapping
- hiding /deleting unnecessary columns or rows - for example unused categories of intangible asset. Care then needs to be taken to ensure that total formulae still work and column widths for row descriptions may need to be changed to ensure tables are right aligned on the page when printed.
- hiding /deleting whole notes or sheets in some cases - then need to check that the primary statements are unaffected and update note numbering. Please read Step 4 below in relation to note numbering.
- tailoring existing notes where manual inputs/updates are required:
  - [Red text in square brackets indicates instructions and guidance which should be reviewed / addressed and then deleted]
  - Blue text (within the New Standards tab only) represents example disclosures which may be used by the provider is relevant.
- adding in extra notes
- updating accounting policies - this template includes the example accounting policies issued by NHS Improvement. These require local tailoring or replacing with the trust's own accounting policy disclosures:
  - [Red text in square brackets indicates instructions and guidance which should be reviewed / addressed and then deleted]
  - Blue text represents example accounting policies which will only be needed if particular circumstances apply materially to the Trust.

### Step 4: Presentation

Note numbers for each note use hidden text in column A to compute the note number adding on from the last note. Where you have added or deleted a note, this formula will need updating in the subsequent note, but then all subsequent notes will renumber. Note references on the primary statements are linked to the hidden numbers in column A so should update automatically when notes are updated. Note references within the example accounting policies are highlighted as red text and these should be updated locally.

In Print Preview mode, you can see how the accounts template will look when printed. Each worksheet (tab) of the file should be checked individually for print preview. If necessary, adjust the column widths on a tab to improve how the document fits on a page. Add/amend page breaks within a tab if necessary (most easily done from page break view).

There are currently no headers and footers set in the template. The Trust may wish to insert the name of the Trust into the header - this is not currently done because of limitations in Excel not making it simple to link this to a cell for the user to edit. If you wish to add headers or footers, highlight the desired worksheets and edit the header/footer tab in the Page Setup box, which is accessible from the Page Layout tab of the ribbon > Margins > Custom margins > Header and footer tab. These options can be set for each tab individually, or for a collection of sheets at once if these tabs are selected when the Page Setup options are amended. Please note that if these settings are changed with multiple sheets selected, all of the settings in the dialog box are applied to the selected sheets - including page orientation. Therefore to assist the user if you wish to change headers/footers for multiple sheets, sheets that are set to landscape orientation are coloured [light blue](#) for ease of identification.

The trust may wish to add the page number as a footer. Follow the instructions above for adding a footer. As the accounts follow the annual report, you may not wish to start the accounts page number at 1. In order to change this firstly click on the first tab you want to have a page number, select the Page Layout tab from the ribbon > in the page setup section select the small arrow in the bottom right hand corner > a pop up box will appear, on the Page tab change the last option 'First page number' to whatever page number you want > click 'ok'. All subsequent tabs will follow this page numbering system.

## Step 5: Submission of accounts to NHS Improvement

Where the trust opts to use this template as a basis for their annual accounts, links to the PFR file (and all other working papers) should be broken before uploading the file to the trust's NHSI portal (for both the draft and final accounts submission). This will prevent #REF! errors appearing when NHS Improvement attempts to view the accounts. Links to the PFR file can be broken as follows:

1. Select the 'Data' tab on the ribbon at the top of excel (if this tab is not visible it may need to be added by customising the ribbon in excel options)
2. Within the 'Connections' section, select 'Edit Links'.
3. In the dialog box that appears, highlight the PFR source file (and any other linked working papers in turn) and select 'Break Link'.

## Feedback and comments

Your comments on this tool are very welcome. In future years we would like to explore adding additional functionality to the tool: please get in touch if you have any comments.

Please send any comments to [provider.accounts@improvement.nhs.uk](mailto:provider.accounts@improvement.nhs.uk)

## Provider accounts template - single entity accounts

### Inputs

MARSID	HULL
Name of trust	Hull University Teaching Hospitals NHS Trust
Provider status	Trust
Date of year end (dd/mm/yyyy)	3/31/2019
Start of current year (dd/mm/yyyy)	4/1/2018
Comparative year end (dd/mm/yyyy)	3/31/2018
Start of comparative year (dd/mm/yyyy)	4/1/2017
Year for financial reporting (20XX/YY)	2018/19
Year for comparative year (20XX/YY)	2017/18
Year for year end (20XX)	2019
Year for comparative year (20XX)	2018
Opening Year (20XX)	2017
Next financial year (20XX/YY)	2019/20
Date of approval of financial statements (dd/mm/yyyy)	

### Updating links:

This file contains links to a dummy PFR file. To update the links to your locally completed PFR select 'Data' on the ribbon and within the 'Connections' section select 'Edit Links'. In the dialogue box, select the existing source (linked to a dummy file) and choose 'Change source'. Then navigate to where your local TAC file is saved and select. This will redirect all links in this workbook to your trust's TAC file.

**Links should be broken before submitting this file (as draft or audited) to NHS Improvement via your portal.**

Hull University Teaching Hospitals NHS Trust

Annual accounts for the year ended 31 March 2019

With effect from 1st March, 2019 the Trust changed it's names from Hull and East Yorkshire Hospitals NHS Trust to Hull University Teaching Hospitals NHS Trust. The name change was made in accordance with the Secretary of State for Health and Social Care section 25 of the National Health Service Act 2006 (a) under Statutory Instrument No.346.

## Statement of Comprehensive Income

		2018/19	2017/18
	Note	£000	£000
Operating income from patient care activities	2	556,067	532,653
Other operating income	3	73,125	47,193
Operating expenses	6	<u>(591,608)</u>	<u>(575,051)</u>
<b>Operating surplus</b>		<b><u>37,584</u></b>	<b><u>4,795</u></b>
Finance income	10	124	44
Finance expenses	11	(6,888)	(6,488)
PDC dividends payable		<u>(5,377)</u>	<u>(5,466)</u>
<b>Net finance costs</b>		<b><u>(12,141)</u></b>	<b><u>(11,910)</u></b>
Other losses	12	<u>(19)</u>	<u>(425)</u>
<b>Surplus / (deficit) for the year</b>		<b><u><u>25,424</u></u></b>	<b><u><u>(7,540)</u></u></b>
<b>Other comprehensive income</b>			
Surplus/ ( deficit) for the year		25,424	(7,540)
Impairments	16	(14,110)	-
Revaluation	16	<u>6,155</u>	<u>-</u>
<b>Total comprehensive income / (expense) for the period</b>		<b><u><u>17,469</u></u></b>	<b><u><u>(7,540)</u></u></b>
<b>Adjusted financial performance (control total basis):</b>			
Surplus / (deficit) for the period		25,424	(7,540)
Remove I&E impact of donations		<u>(204)</u>	<u>406</u>
<b>Adjusted financial performance surplus / (deficit)</b>		<b><u><u>25,220</u></u></b>	<b><u><u>(7,134)</u></u></b>
Adjusted financial performance excluding Performance & sustainability funding		<b><u><u>(1,972)</u></u></b>	<b><u><u>(15,032)</u></u></b>

## Statement of Financial Position

		<b>31 March 2019</b>	31 March 2018
	<b>Note</b>	<b>£000</b>	£000
<b>Non-current assets</b>			
Intangible assets	13	4,970	2,195
Property, plant and equipment	14	284,011	284,036
Investment property	17	6,050	8,528
Receivables	20	<u>2,920</u>	<u>2,904</u>
<b>Total non-current assets</b>		<b><u>297,951</u></b>	<b><u>297,663</u></b>
<b>Current assets</b>			
Inventories	19	12,528	12,060
Receivables	20	50,037	31,654
Cash and cash equivalents	21	<u>5,611</u>	<u>1,699</u>
<b>Total current assets</b>		<b><u>68,176</u></b>	<b><u>45,413</u></b>
<b>Current liabilities</b>			
Trade and other payables	22	(52,689)	(49,992)
Borrowings	24	(23,087)	(17,282)
Provisions	26	(159)	(258)
Other liabilities	23	<u>(1,193)</u>	<u>(727)</u>
<b>Total current liabilities</b>		<b><u>(77,128)</u></b>	<b><u>(68,259)</u></b>
<b>Total assets less current liabilities</b>		<b>288,999</b>	274,817
<b>Non-current liabilities</b>			
Borrowings	24	(81,736)	(90,327)
Provisions	26	<u>(871)</u>	<u>(653)</u>
<b>Total non-current liabilities</b>		<b><u>(82,607)</u></b>	<b><u>(90,980)</u></b>
<b>Total assets employed</b>		<b><u>206,392</u></b>	<b><u>183,837</u></b>
<b>Financed by</b>			
Public dividend capital		219,253	214,167
Revaluation reserve		10,948	18,903
Income and expenditure reserve		<u>(23,809)</u>	<u>(49,233)</u>
<b>Total taxpayers' equity</b>		<b><u>206,392</u></b>	<b><u>183,837</u></b>

The notes on pages 5 to 43 form part of these accounts.

Chris Long  
Chief Executive  
23 May 2019

**Statement of Changes in Equity for the year ended 31 March 2019**

	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
<b>Taxpayers' equity at 1 April 2018 - brought forward</b>	<b>214,167</b>	<b>18,903</b>	<b>(49,233)</b>	<b>183,837</b>
Surplus for the year	-	-	25,424	<b>25,424</b>
Impairments	-	(14,110)	-	<b>(14,110)</b>
Revaluation	-	6,155	-	<b>6,155</b>
Public dividend capital received	5,086	-	-	<b>5,086</b>
<b>Taxpayers' equity at 31 March 2019</b>	<b><u>219,253</u></b>	<b><u>10,948</u></b>	<b><u>(23,809)</u></b>	<b><u>206,392</u></b>

**Statement of Changes in Equity for the year ended 31 March 2018**

	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
<b>Taxpayers' equity at 1 April 2017 - brought forward</b>	<b>211,148</b>	<b>18,903</b>	<b>(41,693)</b>	<b>188,358</b>
Deficit for the year	-	-	(7,540)	<b>(7,540)</b>
Public dividend capital received	3,019	-	-	<b>3,019</b>
<b>Taxpayers' equity at 31 March 2018</b>	<b><u>214,167</u></b>	<b><u>18,903</u></b>	<b><u>(49,233)</u></b>	<b><u>183,837</u></b>

**Statement of Cash Flows**

	<b>Note</b>	<b>2018/19</b> <b>£000</b>	2017/18 £000
<b>Cash flows from operating activities</b>			
Operating surplus		37,584	4,795
<b>Non-cash income and expense:</b>			
Depreciation and amortisation	6.1	12,810	12,222
Income recognised in respect of capital donations	3	(651)	(83)
(Increase) in receivables and other assets		(18,335)	(3,965)
(Increase) / decrease in inventories		(468)	75
Increase / (decrease) in payables and other liabilities		1,136	(1,903)
Increase / (decrease) in provisions		104	(7)
<b>Net cash generated from operating activities</b>		<b>32,180</b>	<b>11,134</b>
<b>Cash flows from investing activities</b>			
Interest received		124	44
Purchase of intangible assets		(2,259)	(447)
Purchase of property, plant, equipment and investment property		(18,457)	(18,364)
Sales of property, plant, equipment and investment property		2,458	271
<b>Net cash generated from / (used in) investing activities</b>		<b>(18,134)</b>	<b>(18,496)</b>
<b>Cash flows from financing activities</b>			
Public dividend capital received		5,086	3,019
Movement on loans from the Department of Health and Social Care		(1,049)	16,415
Capital element of finance lease rental payments		(56)	(55)
Capital element of PFI, LIFT and other service concession payments		(1,778)	(1,630)
Interest on loans		(1,132)	(920)
Interest paid on finance lease liabilities		(4)	(4)
Interest paid on PFI, LIFT and other service concession obligations		(5,760)	(5,496)
PDC dividend paid		(5,441)	(5,239)
<b>Net cash generated from / (used in) financing activities</b>		<b>(10,134)</b>	<b>6,090</b>
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>3,912</b>	<b>(1,272)</b>
<b>Cash and cash equivalents at 1 April - brought forward</b>		<b>1,699</b>	<b>2,971</b>
<b>Cash and cash equivalents at 31 March</b>	21	<b>5,611</b>	<b>1,699</b>

## Notes to the Accounts

### Note 1 Accounting policies and other information

#### Note 1.1 Basis of preparation

The Department of Health and Social Care has directed that the financial statements of the trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2018/19 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to accounts.

#### Note 1.1.1 Accounting convention

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

#### Note 1.1.2 Going concern

The Treasury's Financial Reporting Manual (FRM) provides the following interpretation of the going concern requirements set out in IAS1 "that the continuation of the provision of the service is the important determinant of the basis of preparation of the financial statements for public sector entities".

Hull University Teaching Hospitals NHS Trust's annual report and accounts have been prepared on a going concern basis. Non-trading entities in the public sector are assumed to be going concerns where the continued provision of a service in the future is anticipated, as evidenced by inclusion of financial provision for that service in published documents.

In preparing the financial statements, the directors have considered the Trust's overall financial position and expectation of future financial support. There is an underlying financial deficit of £24.7m as at 31 March 2019. There is a commitment to delivering a £19.1m efficiency programme in 2019/20, which equates to 3.4% of operating costs. However, as the Trust delivered £14.4m out of a planned efficiency saving programme of £19.9m in 2018/19 and less in 2017/18 there are risks to delivery which requires System level collaboration.

The Trust has submitted a financial plan for 2019/20 to NHS Improvement, which delivers a £10.4m surplus (including Provider Sustainability Fund (PSF) of £9m and the allocation of central funding for Marginal Rate for Emergency Treatment (MRET) of £2m. This plan assumes delivery of a £19.1m efficiency savings programme, which has been agreed by the Trust Board and is embedded in the budget. The Trust Board has recognised that this is a highly demanding plan, and dependent upon the full delivery of cost reduction targets, realisation of recurrent savings, and the adherence to agreed budgets.

The 2019/20 planned surplus would enable the Trust to repay a revenue loan of £5m which is due for repayment in 2019/20. In addition, the Trust is due to repay a further loan of £13.68m which, following extension of 1 year, now matures in February 2020. To make this repayment in full, the Trust will require a new loan of £9m and this anticipated borrowing is reflected in the Trust's financial plans. The Trust intends to continue to monitor and assess its financial performance and will adjust its working capital and borrowing requirements where necessary.

Although these factors represent some uncertainty that may cast doubt about the Trust's ability to continue as a going concern, the Directors, having made appropriate enquiries, have reasonable expectations that the Trust will have adequate resources to continue in operational existence for the foreseeable future. As directed by the 2018/19 Department of Health Group Accounting Manual the Directors have prepared the financial statements on a going concern basis as they consider that the services currently provided by the Trust will continue to be provided in the foreseeable future. On this basis, the Trust has adopted the going concern basis for preparing the financial statements and has not included the adjustments that would result if it was unable to continue as a going concern".

### **Note 1.2 Critical judgements in applying accounting policies**

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

The main uses of accounting estimates are in respect of:

- the lives and values of assets (notes 1, 12, 13 and 14)
- provisions needed and the amounts of these (note 26)
- the current value of future costs under PFI and other finance lease contracts (note 29)
- the accounting treatment of service concession arrangements in terms of whether they should be reported on or off the Statement of Financial Position.
- amounts to be accrued as expenditure

Specific details are provided in the notes relating to these items. Where possible the trust makes use of professional skills where critical judgements are required for accounting purposes. These include:

- reliance on the Valuer to assess the value and probable lives of buildings and land, and
- the use of assessments from the NHS Litigation Authority in making provision for liabilities
- specific estimates and judgements are detailed separately.

The key judgement about the future is that the Trust continues to be a going concern. This assumption underpins the most significant areas of estimation uncertainty at the end of the reporting period, and if changed would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and other amounts reported in these accounts.

Future PFI net of VAT - Valuation services are provided to the Trust by Cushman & Wakefield, a property services firm whose valuers are registered with the Royal Institute of Chartered Surveyors (RICS), the regulatory body for the valuation services industry. Following a full valuation of land and buildings as at 1 April 2016 and interim valuations which were reflected in the 2017-18 accounts, Cushman & Wakefield have provided a desktop valuation of these assets as at 31 March 2019 to ensure that the carrying amount of these assets does not differ materially from their fair value. These valuations reflect the current economic conditions and the location factor in and around Hull. The valuation for PFI buildings excludes VAT on the basis that the replacement of these assets would be carried out under a special purchase vehicle where VAT would be recoverable

### **Note 1.3 Associates and Interests in other entities**

Interests in trading companies will be carried at market value, where that value can be measured. Where there is no market value available investments will be valued at cost in line with the requirements of IAS39. Where the Trust has a holding in an associated company it will account for that holding as required by IAS28.

### **Note 1.4 Revenue Recognition**

Income is accounted for applying the accruals convention

The main source of income for the Trust is from commissioners in respect of healthcare services provided under local agreements. Income which is the subject of a contract or local agreement is recognised in the period in which the contractual performance obligations are met. Performance obligations can be performed over time or at a point in time. Revenue relating to patient care spells that are part-completed at the year end are apportioned across the financial years on the basis of length of stay at the end of the reporting period compared to expected total length of stay. The Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

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

The value of the benefit received when accessing funds from the the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider, the corresponding notional expense is also recognised at the point of recognition for the benefit.

### **Note 1.5 Measurement**

Activities are considered to be 'acquired' only if they are taken on from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one public sector body to another.

### **Note 1.6 Expenditure on employee benefits**

#### **Short-term employee benefits**

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

#### **Pension costs**

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period. For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the Trust commits itself to the retirement, regardless of the method of payment.

### **Note 1.7 Expenditure on other goods and services**

Other operating expenses are recognised when, and to the extent that, the goods or services have been received. They are measured at the fair value of the consideration payable.

### **Note 1.8 Property, plant and equipment**

#### **Note 1.8.1 Recognition**

Property, plant and equipment is capitalised if:

- 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 will be supplied to the Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000. However there are some circumstances where an individual item with a value of less than £5,000 will be capitalised:
  - where collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
  - Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

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

**Note 1.8.2 Measurement  
Valuation**

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

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

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

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

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. The Trust's land, buildings and dwellings assets have been valued on the basis of modern equivalent assets and where applicable an alternative site basis has been applied.

Operational equipment - is valued at depreciated historic cost

Equipment surplus to requirements is valued at net recoverable amount.

Assets in the course of construction for service or administration purposes are carried at cost less any impairment loss. Cost includes professional fees but not borrowing costs which are recognised as an expenses. Assets under construction are revalued as appropriate and depreciation commences the quarter after which the asset comes into use.

**Subsequent expenditure**

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, and it is probable that future economic benefits or service potential will flow to the Trust, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to operating expenses in the period in which it occurs

**Depreciation**

Property, plant, and equipment is depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives in a manner that reflects the consumption of economic benefits or service potential of the assets. Depreciation is charged quarterly, commencing in the quarter following the period in which the asset is brought into use. Useful lives are allocated on a per asset basis, within the following parameters, are subject to annual review and reflect the period over which the NHS expects to obtain economic benefits or service potential:

- Medical Equipment 5-17 years\*
- Plant and Machinery 5-30 years\*
- Buildings (incl. internal fixtures & fittings) 1-73 years
- Transport 5-12 years
- IT Equipment 5-12 years\*

Assets in the course of construction are not depreciated until the asset is brought into use.

Buildings, installations and fittings are depreciated, based on their fair value, over the remaining life of the asset as advised by the independent Valuer, Cushman and Wakefield. Leaseholds are depreciated over the primary lease term. Equipment is depreciated replacement cost (as a proxy for fair value), evenly over the estimated life of the asset.

### **Impairment**

Impairment losses resulting from changes in price are taken to the revaluation reserve in so far as a balance exists for the impaired asset, with any residual value being charged directly to the Statement of comprehensive Income. These include impairments resulting from the revaluation of buildings from their cost to their current value when they become operational.

A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit are taken to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

Impairments are analysed between Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME) from 2011-12. This is necessary to comply with Treasury's budgeting guidance. DEL limits are set in the Spending Review and Departments may not exceed the limits that they have been set. AME budgets are set by the Treasury and may be reviewed with departments in the run-up to the Budget. Departments need to monitor AME closely and inform Treasury if they expect AME spending to rise above forecast. Whilst Treasury accepts that in some areas of AME inherent volatility may mean departments do not have the ability to manage the spending within budgets in that financial year, any expected increases in AME require Treasury approval.

### **Note 1.8.3 De-recognition**

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met:

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

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

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

### **Note 1.9 Donated and grant funded assets**

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

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

### **Note 1.10 Intangible assets**

Intangible assets are non-monetary assets without physical substance which are capable of sale separately from the rest of the trust's business or assets or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the trust; where the cost of the asset can be measured reliably, and where the cost is at least £5,000. Assets lives vary from 5-12 years.

**Note 1.11 Donated assets**

Following the accounting policy change outlined in the Treasury FREM for 2011-12, a donated asset reserve is no longer maintained. Donated non-current assets are capitalised at their current value on receipt, with a matching credit to Income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

**Note 1.12 Government granted assets**

Government grant funded assets are capitalised at their current value on receipt, with a matching credit to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

**Note 1.13 Non-Current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This is regarded as being the case when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Income. On disposal, the balance for the asset on the revaluation reserve is transferred to the retained earnings reserve. Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

**Note 1.14 Inventories**

Inventory is valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to current cost due to the high turnover. Partially completed contracts for patient services are not accounted for as work-in-progress. Where payment for inventory has been deferred, the additional cost of the inventory is recognised as an expense in the Statement of Comprehensive Income.

**Note 1.15 Investment properties**

Investments are property that is held solely to earn a return, is not used in the delivery of operational services and is not occupied by staff. Assets are only recognised as Investments where it is probable that's future economic benefits will flow to the Trust as a result of the investment and the cost can be easily measured. They are initially measured at cost and uplifted to fair value as appropriate to "highest and best cost" in accordance with IAS40. In determining a fair value we take account of a professional valuation or use actual values, for example where a formal offer to purchase has been made.

**Note 1.16 Cash and cash equivalents**

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management.

**Note 1.17 Carbon Reduction Commitmentscheme (CRC)**

CRC and similar allowances are accounted for as government grant funded intangible assets if they are not expected to be realised within twelve months, and otherwise as other current assets. They are valued at open market value. As the NHS body makes emissions, a provision is recognised with an offsetting transfer from deferred income. The provision is settled on surrender of the allowances. The asset, provision and deferred income amounts are valued at fair value at the end of the reporting period.

#### **Note 1.18 Leases**

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

##### **Note 1.18.1 The trust as lessee**

Where the terms of a lease for property plant or equipment fulfil the criteria of a finance lease, under the requirements of IAS17 (and IFRIC 4), the asset is recorded as an asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Statement of Comprehensive Income over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease. The same assessment criteria used for property plant and equipment leases, is used for land leases.

#### **Note 1.19 Provisions**

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate as published in the Government Accounting Manual.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Trust has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

#### **Note 1.20 Clinical negligence costs**

The NHS Resolution (NHSR) operates a risk pooling scheme under which the NHS Trust pays an annual contribution to NHSR which in return settles all clinical negligence claims. Although the NHSR is administratively responsible for all clinical negligence cases the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHSR on behalf of the Trust is disclosed at note 26.

#### **Note 1.21 Non-clinical risk pooling**

The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to the NHS Resolution 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 as and when they become due.

#### **Note 1.22 PFI transactions**

Buildings currently provided by private finance initiative have been brought onto the Statement of Financial Position where they fulfil the criteria of a finance lease as set out in IAS 17, and IFRIC 12. These buildings have been brought on to the Statement of Financial Position at a fair value determined by the independent valuers, Cushman and Wakefield. The Fair value is determined as set out in note 1.8.2. The buildings are subject to a depreciation charge on the same basis as non PFI funded assets. The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- a) Payment for the fair value of services received;
- b) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'
- c) Payment for the finance lease liability, including finance costs;

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



### **Services received**

The cost of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'

### **PFI Asset**

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at current value in existing use and are subject to regular revaluations as set out in 1.8.2.

### **PFI liability**

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

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Income. An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Income.

### **Lifecycle replacement**

Contracts for "Private Finance Initiative" assets include provision for the replacement and refurbishment of these assets. These "lifecycle replacement" costs form part of the Unitary Payment. That payment is determined by the contract, and is independent of the actual cost of works to the contractor. The lifecycle maintenance costs are capitalised where they meet the Trust's criteria for capitalisation. The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term accrual or prepayment is recognised respectively

### **Assets contributed by the NHS trust to the operator for use in the scheme**

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

### **Note 1.23 Contingencies**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the trust, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote. A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the trust. A contingent asset is disclosed where an inflow of economic benefits is probable. Where the time value of money is material, contingencies are disclosed at their present value.

### **Note 1.24 Financial Assets**

Financial assets are recognised when the Trust becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are de-recognised when the contractual rights have expired or the asset has been transferred.

Financial assets are initially recognised at fair value and that value is subsequently reviewed for impairment. An impairment occurs where there is evidence that the present value of future cashflows is less than the carrying value. Where this is the case the asset is reduced by the value of the impairment and the reduction in value charged to the Statement of Comprehensive Income

Financial assets are classified into the following categories: financial assets at fair value through profit and loss; held to maturity investments; available for sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

### **Note 1.25 Financial Liabilities**

Financial liabilities are recognised on the Statement of Financial Position when the trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired. Loans from the Department of Health are recognised at historical cost. Otherwise, financial liabilities are initially recognised at fair value. After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method, except for loans from Department of Health, which are carried at historic cost. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

### **Note 1.26 Public dividend capital**

Public dividend capital represents taxpayers' equity in the NHS trust. At any time the Secretary of State can issue new PDC to, and require repayments of PDC from, the trust. PDC is recorded at the value received. As PDC is issued under legislation rather than under contract, it is not treated as an equity financial instrument. An annual charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities, except for donated assets and cash balances with the Office of the Paymaster General. The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets.

### **Note 1.27 Value added tax**

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

### **Note 1.28 Third Party Assets**

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. Details of third party assets are given in Note 21.1 to the accounts. The Trust benefits from Charitable donations that are held separately to the Trusts own finances. The Trust has opted not to consolidate its charitable funds until such time that they are material to the accounts.

### **Note 1.29 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).

### **Note 1.30 Charitable Funds**

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, the Trust has established that as the Trust is the corporate trustee of the linked NHS Charity Hull and East Yorkshire Hospitals NHS Trust General Charitable fund, it effectively has the power to exercise control so as to obtain economic benefits. However the transactions are immaterial in the context of the group and transactions have not been consolidated. Details of the transactions with the charity are included in the related parties' notes.

**Note 1.32 Research and Development**

Research and development expenditure is charged against income in the year in which it is incurred, except insofar as development expenditure relates to a clearly defined project and the benefits of it can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the Operating Cost Statement on a systematic basis over the period expected to benefit from the project. It should be revalued on the basis of current cost. The amortisation is calculated on the same basis as depreciation, on a quarterly basis.

**Note 1.33 Standards, amendments and interpretations in issue but not yet effective or adopted**

The HM Treasury FReM does not require the following Standards and Interpretations to be applied in 2018-19. These standards are still subject to HM Treasury FReM interpretation, 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 14 Regulatory Deferral Accounts - Applies to first time adopters of IFRS after 1 January 2016. Therefore not applicable to DHSC group bodies

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..

IFRS 17 Insurance Contracts - Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.

IFRIC 23 Uncertainty over Income Tax Treatments - Application required for accounting periods beginning on or after 1 January 2019.

**Note 2 Operating income from patient care activities**

All income from patient care activities relates to contract income recognised in line with accounting policy 1.4

<b>Note 2.1 Income from patient care activities (by nature)</b>	<b>2018/19</b>	2017/18
	<b>£000</b>	£000
Elective income	101,147	94,942
Non elective income	155,199	143,700
First outpatient income	32,865	31,550
Follow up outpatient income	34,229	31,311
A & E income	17,912	17,340
High cost drugs income from commissioners (excluding pass-through costs)	62,041	60,946
Other NHS clinical income	140,983	146,665
Private patient income	682	574
Agenda for Change pay award central funding	5,017	-
Other clinical income	5,992	5,625
<b>Total income from activities</b>	<b><u>556,067</u></b>	<b><u>532,653</u></b>

**Note 2.2 Income from patient care activities (by source)**

<b>Income from patient care activities received from:</b>	<b>2018/19</b>	2017/18
	<b>£000</b>	£000
NHS England	183,460	180,813
Clinical commissioning groups	358,848	344,145
NHS Foundation Trusts	1,741	1,475
NHS Trusts	51	24
Local authorities	487	380
Department of Health and Social Care	5,017	0
NHS Other	277	335
Non-NHS: private patients	682	574
Non-NHS: overseas patients (chargeable to patient)	240	236
Injury cost recovery scheme	2,294	2,319
Non NHS: other	2,970	2,352
<b>Total income from activities</b>	<b><u>556,067</u></b>	<b><u>532,653</u></b>

All income related to continued activities for 2018/19 and 2017/18

**Note 2.3 Overseas visitors (relating to patients charged directly by the provider)**

	<b>2018/19</b>	2017/18
	<b>£000</b>	£000
Income recognised this year	240	236
Cash payments received in-year	211	94
Amounts added to provision for impairment of receivables	143	9
Amounts written off in-year	-	-

**Note 3 Other operating income**

	<b>2018/19</b>	2017/18
	<b>£000</b>	£000
<b>Other operating income from contracts with customers:</b>		
Research and development (contract)	4,051	4,155
Education and training (excluding notional apprenticeship levy income)	25,556	22,982
Non-patient care services to other bodies	3,045	4,759
Provider sustainability / sustainability and transformation fund income (PSF / STF) *	27,192	7,898
Income in respect of employee benefits accounted on a gross basis	2,256	1,999
Other contract income	6,033	5,170
<b>Other non-contract operating income</b>		
Education and training - notional income from apprenticeship fund	441	128
Receipt of capital grants and donations	651	83
Charitable and other contributions to expenditure	3,900	20
<b>Total other operating income</b>	<b><u>73,125</u></b>	<b><u>47,193</u></b>

All operating income relates to continuing operations

\* The Trust received core PSF of £10,698 and as a result of the Trust exceeding its financial targets, received Incentive PSF of £16,494.

**Note 4.1 Additional information on revenue from contracts with customers recognised in the period**

	<b>2018/19</b>
	<b>£000</b>
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	727
	<u>727</u>

**Note 5 Income Generation activities**

	<b>2018/19</b>	2017/18
	<b>£000</b>	£000
<b>Summary</b>		
Income	4,300	4,294
Full cost	<u>(3,246)</u>	<u>(3,329)</u>
<b>Surplus</b>	<b><u>1,054</u></b>	<b><u>965</u></b>
 <b>Staff &amp; Visitor catering</b>		
Income	2,604	2,509
Full cost	<u>(2,423)</u>	<u>(2,380)</u>
<b>Surplus</b>	<b><u>181</u></b>	<b><u>129</u></b>
 <b>Car parking</b>		
Income	1,696	1,785
Full cost	<u>(823)</u>	<u>(949)</u>
<b>Surplus</b>	<b><u>873</u></b>	<b><u>836</u></b>

**Note 6.1 Operating expenses**

	<b>2018/19</b>	2017/18
	<b>£000</b>	£000
Purchase of healthcare from non-NHS and non-DHSC bodies	10,865	10,349
Staff and executive directors costs	348,970	331,722
Remuneration of non-executive directors	86	83
Supplies and services - clinical (excluding drugs costs)	69,606	72,609
Supplies and services - general	14,389	14,272
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	72,301	69,981
Consultancy costs	41	1,399
Establishment	5,215	4,968
Premises	22,240	21,904
Transport (including patient travel)	2,531	2,601
Depreciation on property, plant and equipment	11,369	11,064
Amortisation on intangible assets	1,441	1,158
Movement in credit loss allowance: contract receivables / contract assets	661	-
Movement in credit loss allowance: all other receivables and investments	(314)	(247)
Increase in other provisions	344	-
Audit fees payable to the external auditor		
audit services- statutory audit	50	50
other auditor remuneration (external auditor only)	10	10
Internal audit costs	120	127
Clinical negligence	19,072	20,701
Legal fees	183	142
Insurance	517	294
Research and development	2,835	2,093
Education and training	2,895	2,317
Rentals under operating leases	2,212	2,300
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	2,084	2,080
Charges to operating expenditure for off-SoFP PFI / LIFT schemes	81	81
Car parking & security	1,158	1,486
Hospitality	-	6
Losses, ex gratia & special payments	63	67
Other services, eg external payroll	529	561
Other	54	873
<b>Total</b>	<b><u>591,608</u></b>	<b><u>575,051</u></b>

All expenditure relates to continued operations

**Note 6.2 Other auditor remuneration**

	<b>2018/19</b>	2017/18
	<b>£000</b>	£000
<b>Other auditor remuneration paid to the external auditor:</b>		
1. Audit of accounts of any associate of the trust	4	4
2. Audit-related assurance services	<u>6</u>	<u>6</u>
<b>Total</b>	<b><u>10</u></b>	<b><u>10</u></b>

**Note 6.3 Limitation on auditor's liability**

The limitation on Auditors liability is £1m for both 2017/18 and 2018/19

**Note 7 Employee benefits**

	<b>2018/19</b>	2017/18
	<b>Total</b>	Total
	<b>£000</b>	£000
Salaries and wages	280,468	267,446
Social security costs	26,945	25,299
Apprenticeship levy	1,371	1,297
Employer's contributions to NHS pensions	32,012	30,413
Pension cost - other	8	3
Temporary staff (including agency)	<u>11,621</u>	<u>10,108</u>
<b>Total gross staff costs</b>	<b><u>352,425</u></b>	<b><u>334,566</u></b>
Costs capitalised as part of assets	<u>1,305</u>	<u>816</u>

**Note 7.1 Retirements due to ill-health**

During 2018/19 there were 4 early retirements from the trust agreed on the grounds of ill-health (11 in the year ended 31 March 2018). The estimated additional pension liabilities of these ill-health retirements is £139k (£699k in 2017/18).

The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

## Note 8 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the payable and rules of the Schemes can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pe](http://www.nhsbsa.nhs.uk/pe). There are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, all under the direction of the Secretary of State for Health in England and Wales. They are not designed to be run in a way that enables 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 what would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the periodic formal valuations shall be four years, with approximate assessments in intervening years". An outline of the requirements is set out in the FReM.

### 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 period in conjunction with updated membership and financial data for the current reporting period, and provides suitably robust figures for financial reporting purposes. The valuation of the scheme liability for 2019, is based on valuation data as at 31 March 2018, updated to 31 March 2019 with summary global accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, 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 report of the scheme actuary, published annually in the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website. 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 scheme (taking into account recent demographic experience), and to recommend contribution rates payable by employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2018. The results of this valuation set the employer contribution rate payable from April 2019. The Department of Health have recently laid Scheme Regulations confirming that the employer contribution rate will increase from 12.5% to 13.5% from this date.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer contribution rate following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 the Government has paused that part of the valuation process pending conclusion of the continuing legal process.

### c) NEST

From 1 April 2013, Hull and East Yorkshire Hospitals NHS Trust offered an alternative pension scheme to employees who are not eligible to be members of the NHS pension scheme at the Trust. This includes employees who are not eligible to be members of the NHS pension scheme through another role outside of the Trust and those that are not eligible to be members of the NHS pension scheme.

Every three years all eligible employees are auto-enrolled in either the NHS or alternative pension scheme. The last automatic enrolment exercise was last carried out in June 2016 and following this process, all employees who meet the criteria for the alternative pension scheme are enrolled each month on a continuous basis, unless they specifically opt out.

The alternative pension scheme is a defined contribution scheme operated by the National Employment Savings Trust (NEST). Employee and employer contribution rates are a combined minimum of 8% (with a minimum 3% contributed by the Trust).

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**Note 9 Operating leases**

This note discloses income generated in operating lease agreements where Hull University Teaching Hospitals NHS Trust is the lessor.

Equipment leases are predominantly for medical equipment and vary in lease terms from 1 to 10 years. Lease payments are fixed. Any contingent rent is determined according to inflationary increases.

	<b>Buildings</b>	<b>Other</b>	<b>Total</b>	2017/18
	<b>£000</b>	<b>£000</b>	<b>£000</b>	£000
<b>Operating lease expense</b>				
Minimum lease payments	81	2,212	<b>2,293</b>	2,381
<b>Future minimum lease payments due:</b>				
- not later than one year;	81	1,729	1,810	2,054
- later than one year and not later than five years;	324	2,947	3,271	4,050
- later than five years.	1,620	232	1,852	2,166
<b>Total</b>	<b><u>2,025</u></b>	<b><u>4,908</u></b>	<b><u>6,933</u></b>	<b><u>8,270</u></b>

**Note 10 Finance income**

Finance income consists of bank interest earned on short term deposits of surplus funds. During the year £123,934 was earned (2017/18 £44,393)

**Note 11 Finance expenditure**

	<b>2018/19</b>	2017/18
	<b>£000</b>	£000
<b>Interest expense:</b>		
Loans from the Department of Health and Social Care	1,120	968
Finance leases	4	4
Interest on late payment of commercial debt	-	2
Main finance costs on PFI scheme obligations	3,635	3,758
Contingent finance costs on PFI scheme obligations	<u>2,114</u>	<u>1,738</u>
<b>Total interest expense</b>	<b>6,873</b>	6,470
Unwinding of discount on provisions	<u>15</u>	<u>18</u>
<b>Total finance costs</b>	<b><u>6,888</u></b>	<b><u>6,488</u></b>

**Note 11.1 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015**

£320.60 was paid to suppliers in respect of claims under this legislation (2017/18 £2,111)

**Note 12 Fair Value Losses**

	<b>2018/19</b>	2017/18
	<b>£000</b>	£000
Gains on disposal of assets	13	58
Losses on disposal of assets	<u>(32)</u>	<u>-</u>
<b>Total gains / (losses) on disposal of assets</b>	<b>(19)</b>	58
Fair value losses on investment properties	-	(483)
<b>Total other gains / (losses)</b>	<b><u>(19)</u></b>	<b><u>(425)</u></b>

**Note 13 Intangible assets - 2018/19**

	<b>Software licences £000</b>	<b>Development expenditure £000</b>	<b>Total £000</b>
<b>Valuation / gross cost at 1 April 2018 - brought forward</b>	447	7,237	7,684
Additions		2,259	2,259
Reclassifications		1,957	1,957
Derecognition		(2,080)	(2,080)
<b>Valuation / gross cost at 31 March 2019</b>	<u>447</u>	<u>9,373</u>	<u>9,820</u>
<b>Amortisation at 1 April 2018 - brought forward</b>	-	5,489	5,489
Provided during the year	288	1,153	1,441
Derecognition		(2,080)	(2,080)
<b>Amortisation at 31 March 2019</b>	<u>288</u>	<u>4,562</u>	<u>4,850</u>
<b>Net book value at 31 March 2019</b>	<b>159</b>	<b>4,811</b>	<b>4,970</b>

**Note 13.1 Intangible assets - 2017/18**

	<b>Software licences £000</b>	<b>Development expenditure £000</b>	<b>Total £000</b>
<b>Valuation / gross cost at 1 April 2017</b>	-	7,237	7,237
Additions	447		447
<b>Valuation / gross cost at 31 March 2018</b>	<u>447</u>	<u>7,237</u>	<u>7,684</u>
<b>Amortisation at 1 April 2017</b>	-	4,331	4,331
Provided during the year	-	1,158	1,158
<b>Amortisation at 31 March 2018</b>	<u>-</u>	<u>5,489</u>	<u>5,489</u>
<b>Net book value at 31 March 2018</b>	447	1,748	2,195

Intangible assets comprise of software licences and internally generated developments, all are treated as purchased assets. They are shown on the Statement of Financial Position at depreciated historic cost, as a proxy for fair value. The lives of intangible assets are disclosed in note 1 to these accounts. The depreciation is based on the life of the asset, and is applied on a straight line basis.

The total gross book value of intangible assets with a nil net value is £2.132m (2017/18 £2.33m ).

**Note 14.1 Property, plant and equipment - 2018/19**

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Total £000
<b>Valuation/gross cost at 1 April 2018 - brought forward</b>	<b>11,574</b>	<b>239,345</b>	<b>3,876</b>	<b>68,677</b>	<b>330</b>	<b>15,255</b>	<b>339,057</b>
Additions	-	16,116	431	2,578	58	2,073	21,256
Impairments	(1,933)	(19,466)	-	-	-	-	(21,399)
Revaluation	-	1,370	-	-	-	-	1,370
Reclassifications	-	586	-	(3,391)	5	843	(1,957)
Disposals / derecognition	-	(31)	-	(10,131)	(51)	(1,429)	(11,642)
<b>Valuation/gross cost at 31 March 2019</b>	<b><u>9,641</u></b>	<b><u>237,920</u></b>	<b><u>4,307</u></b>	<b><u>57,733</u></b>	<b><u>342</u></b>	<b><u>16,742</u></b>	<b><u>326,685</u></b>
<b>Accumulated depreciation at 1 April 2018 - brought forward</b>	<b>-</b>	<b>7,850</b>	<b>-</b>	<b>36,776</b>	<b>265</b>	<b>10,130</b>	<b>55,021</b>
Provided during the year	-	4,255	-	5,577	28	1,509	11,369
Impairments	-	(7,289)	-	-	-	-	(7,289)
Revaluation	-	(4,785)	-	-	-	-	(4,785)
Disposals / derecognition	-	(31)	-	(10,131)	(51)	(1,429)	(11,642)
<b>Accumulated depreciation at 31 March 2019</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>32,222</u></b>	<b><u>242</u></b>	<b><u>10,210</u></b>	<b><u>42,674</u></b>
<b>Net book value at 31 March 2019</b>	<b>9,641</b>	<b>237,920</b>	<b>4,307</b>	<b>25,511</b>	<b>100</b>	<b>6,532</b>	<b>284,011</b>
<b>Net book value at 1 April 2018</b>	<b>11,574</b>	<b>231,495</b>	<b>3,876</b>	<b>31,901</b>	<b>65</b>	<b>5,125</b>	<b>284,036</b>

**Note 14.2 Property, plant and equipment - 2017/18**

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Total £000
<b>Valuation / gross cost at 1 April 2017</b>	11,741	229,326	2,803	63,615	350	13,193	321,028
Additions	-	-	11,092	5,440	-	2,062	18,594
Reclassifications	-	10,019	(10,019)	-	-	-	-
Disposals / derecognition	(167)	-	-	(378)	(20)	-	(565)
<b>Valuation/gross cost at 31 March 2018</b>	<u>11,574</u>	<u>239,345</u>	<u>3,876</u>	<u>68,677</u>	<u>330</u>	<u>15,255</u>	<u>339,057</u>
<b>Accumulated depreciation at 1 April 2017</b>	-	3,802	-	31,356	262	8,888	44,308
Provided during the year	-	4,048	-	5,751	23	1,242	11,064
Disposals / derecognition	-	-	-	(331)	(20)	-	(351)
<b>Accumulated depreciation at 31 March 2018</b>	<u>-</u>	<u>7,850</u>	<u>-</u>	<u>36,776</u>	<u>265</u>	<u>10,130</u>	<u>55,021</u>
<b>Net book value at 31 March 2018</b>	11,574	231,495	3,876	31,901	65	5,125	284,036
<b>Net book value at 1 April 2017</b>	11,741	225,524	2,803	32,259	88	4,305	276,720

**Note 14.3 Property, plant and equipment financing - 2018/19**

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Total £000
<b>Net book value at 31 March 2019</b>							
Owned - purchased	9,641	174,621	4,307	24,021	100	6,532	219,222
Finance leased	-	1,796	-	-	-	-	1,796
On-SoFP PFI contracts and other service concession arrangements	-	56,233	-	-	-	-	56,233
Owned - donated	-	5,269	-	1,490	-	-	6,759
<b>NBV total at 31 March 2019</b>	<b>9,641</b>	<b>237,919</b>	<b>4,307</b>	<b>25,511</b>	<b>100</b>	<b>6,532</b>	<b>284,010</b>

**Note 14.4 Property, plant and equipment financing - 2017/18**

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Total £000
<b>Net book value at 31 March 2018</b>							
Owned - purchased	11,574	168,677	3,876	30,219	65	5,125	219,536
Finance leased	-	1,757	-	-	-	-	1,757
On-SoFP PFI contracts and other service concession arrangements	-	54,606	-	-	-	-	54,606
Owned - donated	-	6,455	-	1,682	-	-	8,137
<b>NBV total at 31 March 2018</b>	<b>11,574</b>	<b>231,495</b>	<b>3,876</b>	<b>31,901</b>	<b>65</b>	<b>5,125</b>	<b>284,036</b>

**Note 15 Donations of property, plant and equipment**

The Hull and East Yorkshire Hospitals NHS Trust General Charitable Trust provided donations of medical and general equipment, including the provision of a Helicopter landing pad, to the Trust to a value of £651,088 (2017/18 - £83,126). There were no restrictions in respect of any of the donations.

**Note 16 Revaluation and Impairment of property, plant and equipment**

Land and buildings were valued as at 31 March 2019 to ensure they were carried on the Statement of Financial Position at current value. The valuation was undertaken by independent RICS qualified valuers Cushman and Wakefield and the valuation was undertaken in line with RICS standards.

The valuation of our buildings has been assessed by taking account of their current condition and agreed obsolescence, and assumes that the buildings will be maintained to their current condition over their remaining lives. The valuation has been undertaken on a modern equivalent asset basis and reflects the current service potential of the Trust.

The net result of the valuation was a decrease of £1.691m in the value of our land together with a decrease in the value of our buildings of £6.264m. The total Impairment of £7.955m was subsequently charged to the revaluation reserve.

The Gross cost of property plant and equipment with a Nil Net book value is £12.119m

**Note 17 Investment Property**

Investment assets comprise of land adjacent to the Castle Hill Hospital site. Part of the land was sold in 2018/19 and the remaining land will be sold over the next 2 years. The land is currently valued at £6.050m (2017/18 £8.528m).

**Note 18 Disclosure of interests in other entities**

The Trust has an investment in ordinary shares in Vertual Ltd, a company registered in the United Kingdom. The Trust holds 15% of the company's shares, valued at £270,753. This has not been included in the accounts. The company's main activity is the sale of hardware and software used to train Radiotherapists. Mr D Haire sits on the board on behalf of the Trust.

The Trust also has an investment in Medipex Ltd, a company registered in the United Kingdom. The company's main activity is to assist the NHS in exploiting intellectual and industrial property rights. It is a company limited by guarantee and the Trust's liability under that guarantee is £100.

**Note 19 Inventories**

	<b>2019</b>	2018
	<b>£000</b>	£000
Drugs	3,773	3,457
Consumables	8,755	8,603
<b>Total inventories</b>	<b><u>12,528</u></b>	<b><u>12,060</u></b>

All inventories were valued in accordance with the Trusts accounting policy (note 1), none were held at fair value less costs to sale.

**Note 20.1 Trade receivables and other receivables**

	<b>31 March</b>	31 March
	<b>2019</b>	2018
	<b>£000</b>	£000
<b>Current</b>		
Contract receivables	43,246	-
Trade receivables	-	20,250
Accrued income	-	4,903
Allowance for other impaired receivables	(954)	(936)
Prepayments (non-PFI)	4,611	2,356
PDC dividend receivable	201	137
VAT receivable	1,467	1,481
Other receivables	1,466	3,463
<b>Total current trade and other receivables</b>	<b><u>50,037</u></b>	<b><u>31,654</u></b>
<b>Non-current</b>		
Trade receivables	-	255
Allowance for other impaired receivables	(799)	(721)
Other receivables	3,719	3,370
<b>Total non-current trade and other receivables</b>	<b><u>2,920</u></b>	<b><u>2,904</u></b>
	<b><u>52,957</u></b>	<b><u>34,558</u></b>

All receivables within the DHSC group are current (2018/19 - £36.262m, 2017/18 - £20.315m)

There are no prepaid pension contributions included in the values above

Since the adoption of IFRS 15 in April 2018, trade receivables and accrued income have been reclassified as contract assets or other types of receivable. In accordance with IFRS 15 the comparative figures for 2017/18 have not been reclassified.

**Note 20.2 Allowances for credit losses - 2018/19**

	<b>Contract receivables and contract assets</b>	<b>All other receivables</b>	<b>Total Allowances</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Allowances as at 1 Apr 2018 - brought forward</b>	<b>264</b>	<b>1,393</b>	1,657
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	(39)	-	(39)
New allowances arising	302	641	943
Reversals of Allowances	-	(354)	(354)
Utilisation of allowances (write offs)	(213)	(183)	(396)
Changes in methodology	-	(58)	(58)
<b>Allowances as at 31 Mar 2019</b>	<b><u>314</u></b>	<b><u>1,439</u></b>	<b><u>1,753</u></b>

The Trust assesses each debt on an individual basis with debts only being provided for where the debtor is untracable and all reasonable steps have been taken to recover the debt, including the use of both UK and international debt collection agencies.

**Note 20.3 Allowances for credit losses - 2017/18**

IFRS 9 and IFRS 15 are adopted without restatement therefore this analysis is prepared in line with the requirements of IFRS 7 prior to IFRS 9 adoption. As a result it differs in format to the current period disclosure.

	<b>All receivables</b>
	<b>£000</b>
<b>Allowances 1 April 2017</b>	1,990
Increase in provision	15
Amounts utilised	(86)
Unused amounts reversed	(262)
<b>Allowances as at 31 Mar 2018</b>	<b><u>1,657</u></b>

**Note 20.4 Credit quality of financial assets**

The age of all impaired financial assets is over 180 days, the age of non impaired financial assets is shown in the table below

	<b>31 March 2019</b>	31 March 2018
<b>Ageing of non-impaired financial assets past their due date</b>	<b>other</b>	other
0 - 30 days	16,938	15,012
30-60 Days	9,800	3,735
60-90 days	670	2,756
90- 180 days	2,895	2,355
Over 180 days	11,007	8,010
<b>Total</b>	<b><u>41,310</u></b>	<b><u>31,868</u></b>

**Note 21 Cash and cash equivalents movements**

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	<b>2018/19</b>	2017/18
	<b>£000</b>	£000
<b>At 1 April</b>	<b>1,699</b>	2,971
Net change in year	3,912	(1,272)
<b>At 31 March</b>	<b><u>5,611</u></b>	<b><u>1,699</u></b>
<b>Broken down into:</b>		
Cash at commercial banks and in hand	14	11
Cash with the Government Banking Service	5,597	1,688
<b>Total cash and cash equivalents as in SoFP</b>	<b><u>5,611</u></b>	<b><u>1,699</u></b>

**Note 21.1 Third party assets held by the trust**

The Trust operates a staff lottery and the cash balance owed to the lottery of £28,599 (2017/18 - £22,196) has not been included in the Trusts financial statements

**Note 22 Trade and other payables**

	<b>31 March</b>	31 March
	<b>2019</b>	2018
	<b>£000</b>	£000
<b>Current</b>		
Trade payables	5,670	7,302
Capital payables	4,879	2,731
Accruals	33,039	30,891
Social security costs	4,104	3,963
Other taxes payable	479	600
Accrued interest on loans	-	108
Other payables	4,518	4,397
<b>Total current trade and other payables</b>	<b><u>52,689</u></b>	<b><u>49,992</u></b>
<b>Of which payables from NHS and DHSC group bodies (all current)</b>	<b>5,898</b>	<b>7,009</b>

All trade payables are due within one year

Following adoption of IFRS 9 on 1 April 2018, loans are measured at amortised cost. Any accrued interest is now included in the carrying value of the loan within note 24. IFRS 9 is applied without restatement therefore comparatives have not been reinstated

Included in the figures above are outstanding pension contributions of £4.49m (2017/18 £4.33m). All payables are due within one year

**Note 23 Other financial liabilities**

Other financial liabilities of £1.193m consist entirely of deferred income (2017/18 £0.727m)

**Note 24 Borrowings**

	<b>31 March 2019 £000</b>	31 March 2018 £000
<b>Current</b>		
Loans from the Department of Health and Social Care	21,137	15,449
Obligations under finance leases	56	55
Obligations under PFI, LIFT or other service concession contracts (excl. lifecycle)	<u>1,894</u>	<u>1,778</u>
<b>Total current borrowings</b>	<b><u>23,087</u></b>	<b><u>17,282</u></b>
<b>Non-current</b>		
Loans from the Department of Health and Social Care	33,190	39,831
Obligations under finance leases	1,966	2,023
Obligations under PFI, LIFT or other service concession contracts	<u>46,580</u>	<u>48,473</u>
<b>Total non-current borrowings</b>	<b><u>81,736</u></b>	<b><u>90,327</u></b>
<b>Total Borrowings</b>	<b><u>104,823</u></b>	<b><u>107,609</u></b>

<b>Borrowings / Loans - repayment of principal falling due in:</b>	<b>31 March 2019</b>		31 March 2018
	<b>£000 DH</b>	<b>£000 Other</b>	£000 Total
0-1 Years	21,137	1,950	17,283
1 - 2 Years	12,867	1,985	9,119
2 - 5 Years	5,905	5388	25,732
Over 5 Years	14,418	41,173	55,475
<b>Total</b>	<b><u>54,327</u></b>	<b><u>50,496</u></b>	<b><u>107,609</u></b>

**Note 24.1 Reconciliation of liabilities arising from financing activities**

	<b>Loans from DHSC £000</b>	<b>Finance leases £000</b>	<b>PFI and LIFT schemes £000</b>	<b>Total £000</b>
<b>Carrying value at 1 April 2018</b>	<b>55,280</b>	<b>2,078</b>	<b>50,251</b>	<b>107,609</b>
Impact of applying IFRS 9	108	-	-	108
<b>Cash movements:</b>				
Financing cash flows - payments and receipts of principal	(1,049)	(56)	(1,778)	<b>(2,883)</b>
Financing cash flows - payments of interest	(1,132)	(4)	(3,634)	<b>(4,770)</b>
<b>Non-cash movements:</b>				
Interest charge arising in year	1,120	4	3,635	<b>4,759</b>
Application of effective interest rate				-
<b>Carrying value at 31 March 2019</b>	<b><u>54,327</u></b>	<b><u>2,022</u></b>	<b><u>48,474</u></b>	<b><u>104,823</u></b>

**Note 25 Finance leases****Hull University Teaching Hospitals NHS Trust as a lessee**

The Trust has only one finance lease, and also accounts for its 3 PFI facilities as finance leases. Details of PFI schemes are set out in note 29 to these accounts.

The Daisy charity have constructed a PET CT facility on the Castle Hill site, the facility became operational from April 2014. the Trust is being charged a market rent by the Daisy charity until 2034 after which ownership of the building passes to the Trust. The Trust's obligations in respect of the PET facility and PFI buildings are set out below.

	<b>31 March 2019 £000</b>	31 March 2018 £000
<b>Gross lease liabilities</b>	<b><u>2,099</u></b>	<u>2,159</u>
of which liabilities are due:		
- not later than one year;	60	60
- later than one year and not later than five years;	240	240
- later than five years.	1,799	1,859
Finance charges allocated to future periods	<u>(77)</u>	<u>(81)</u>
<b>Net lease liabilities</b>	<b><u><u>2,022</u></u></b>	<u><u>2,078</u></u>
of which payable:		
- not later than one year;	56	55
- later than one year and not later than five years;	223	223
- later than five years.	1,743	1,800

There was no contingent rent recognised as an expense during the year (2017/18 £nil)

**Note 26 Provisions for liabilities and charges analysis**

	<b>Pensions: early departure costs £000</b>	<b>Pensions: injury benefits* £000</b>	<b>Legal claims £000</b>	<b>Total £000</b>
<b>At 1 April 2018</b>	<b>196</b>	<b>607</b>	<b>108</b>	<b>911</b>
Arising during the year	207	56	101	<b>364</b>
Utilised during the year	(64)	(62)	(114)	<b>(240)</b>
Reversed unused	(19)	-	(1)	<b>(20)</b>
Unwinding of discount	1	12	2	<b>15</b>
<b>At 31 March 2019</b>	<b><u>321</u></b>	<b><u>613</u></b>	<b><u>96</u></b>	<b><u>1,030</u></b>
<b>Expected timing of cash flows:</b>				
- not later than one year;	65	62	32	<b>159</b>
- later than one year and not later than five years;	235	248	64	<b>547</b>
- later than five years.	21	303	-	<b>324</b>
<b>Total</b>	<b><u>321</u></b>	<b><u>613</u></b>	<b><u>96</u></b>	<b><u>1,030</u></b>

The provision for early departure costs represents amounts payable to the NHS Business Services Authority, pensions division, to meet the costs of early retirement and industrial injury benefits. The provision is based on estimate of life expectancy and therefore there is a degree of uncertainty about the value of payments in the future.

The provision for legal claims relates to claims for injury to staff or members of the Public, where the likelihood of a settlement is probable. All claims are handled by NHS Resolution on behalf of the Trust and they advise on likelihood and value of settlement. The timing and value of settlements are subject to both local negotiation and the judgement of NHS Resolution. The Trust's liability in respect of each claim is limited to the level of excess determined by NHS Resolution.

Included within Legal Claims are permanent injury benefits and Employer's Liability claims; these are linked with contingent liabilities relating to Employer's Liability as disclosed in the note below

At 31 March 2019 the NHS Resolution held provisions in respect of the Trust's clinical negligence claims of £236m (2017/18 - £203m)

**Note 27 Contingent assets and liabilities**

	<b>31 March 2019 £000</b>	31 March 2018 £000
<b>Value of contingent liabilities</b>		
NHS Resolution legal claims	(63)	(62)
Other	(558)	(492)
<b>Gross value of contingent liabilities</b>	<b><u>(621)</u></b>	<b><u>(554)</u></b>

All contingencies relate to legal claims made against the Trust (Employer and Public liability claims) and are accounted for as a contingent liability to the extent that they are not included in any formal provision.

There are no contingent assets

**Note 28 Contractual capital commitments**

The Trust has contractual capital commitments of £1m (2017/18 £0.315m) in respect of equipment purchases.

## Note 29 On-SoFP PFI arrangements

The Trust has three on SOFP PFI schemes none of which have total commitments in excess of £500m

Under IFRIC 12, the following PFI schemes are treated as an asset of the Trust, and the substance of the contract is that the trust has a finance lease. Payments under the contracts comprise two elements - imputed finance lease charges and service charges. Details of the imputed finance lease charges are shown in the previous table. For all of these schemes the Trust gains ownership of the buildings once the contract ends.

### Urology and Outpatients - Castle Hill Hospital Site

The PFI partner provides the Trust with hospital accommodation for Urology and Outpatient Services at the Castle Hill site. The contract began in February 2001 and is due to end in February 2032.

### Accommodation for Maternity Services - Hull Royal Infirmary Site

The PFI partner provides the Trust with hospital accommodation for Maternity Services at the Hull Royal Infirmary site. The contract for the provision of accommodation began in March 2003 and will end in March 2033.

### Queens Centre for Oncology and Haematology - Castle Hill Hospital site

The PFI partner provides the Trust with hospital accommodation for Oncology and Haematology services at the Castle Hill site. Work commenced in April 2006, and the building became operational in August 2008, The contract began in June 2006 and will end in June 2037.

## Note 29.1 Imputed finance lease obligations

Hull University Teaching Hospitals NHS Trust has the following obligations in respect of the finance lease element of on-Statement of Financial Position PFI and LIFT schemes:

	<b>31 March 2019 £000</b>	31 March 2018 £000
<b>Gross PFI, LIFT or other service concession liabilities</b>	<b><u>83,332</u></b>	<b><u>88,744</u></b>
<b>Of which liabilities are due</b>		
- not later than one year;	5,399	5,413
- later than one year and not later than five years;	20,044	20,357
- later than five years.	57,889	62,974
Finance charges allocated to future periods	<u>(34,858)</u>	<u>(38,493)</u>
<b>Net PFI, LIFT or other service concession arrangement obligation</b>	<b><u><u>48,474</u></u></b>	<b><u><u>50,251</u></u></b>
- not later than one year;	1,894	1,778
- later than one year and not later than five years;	7,204	7,063
- later than five years.	39,376	41,410

## Note 29.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

Total future obligations under these on-SoFP schemes are as follows:

	<b>31 March 2019 £000</b>	31 March 2018 £000
<b>Total future payments committed in respect of the PFI, LIFT or other service concession arrangements</b>	<b><u>221,189</u></b>	<b><u>228,315</u></b>
<b>Of which liabilities are due:</b>		
- not later than one year;	11,617	11,108
- later than one year and not later than five years;	49,578	47,398
- later than five years.	159,994	169,809

**Note 29.3 Analysis of amounts payable to service concession operator**

This note provides an analysis of the unitary payments made to the service concession operator:

	<b>2018/19</b>	2017/18
	<b>£000</b>	£000
<b>Unitary payment payable to service concession operator</b>	<b><u>11,094</u></b>	<u>10,553</u>
<b>Consisting of:</b>		
- Interest charge	3,635	3,758
- Repayment of finance lease liability	1,778	1,630
- Service element and other charges to operating expenditure	2,084	2,080
- Capital lifecycle maintenance	1,483	1,347
- Contingent rent	2,114	1,738
<b>Total amount paid to service concession operator</b>	<b><u><u>11,094</u></u></b>	<u><u>10,553</u></u>

**Note 30 Off-SoFP PFI arrangements**

The Trust accounts for the provision of staff residences on its Castle Hill Hospital site as an off SOFP PFI scheme and incurred the following charges

	<b>31 March</b>	31 March
	<b>2019</b>	2018
	<b>£000</b>	£000
<b>Charge in respect of the off SoFP PFI arrangements for the period</b>	<b>81</b>	81
<b>Commitments in respect of off-SoFP PFI arrangements:</b>		
- not later than one year;	81	81
- later than one year and not later than five years;	324	324
- later than five years.	1,620	1,701
<b>Total</b>	<b><u><u>2,025</u></u></b>	<u><u>2,106</u></u>

## **Note 31 Financial instruments**

### **Note 31.1 Financial risk management**

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with Clinical Commissioning Groups (CCG's) and the way those CCG's are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. The Trust's 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 Trust borrows from government for capital expenditure, subject to affordability as confirmed by NHS Improvement. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

The Trust may also borrow from government for revenue financing subject to approval by NHS Improvement. Interest rates are confirmed by the Department of Health (the lender) at the point borrowing is undertaken.

The Trust therefore has low exposure to interest rate fluctuations.

#### **Credit risk**

Because the majority of revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2019 are in receivables from customers, as disclosed in the trade and other receivables note.

#### **Liquidity risk**

The Trust's operating costs are incurred under contracts with Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

**Note 31.2 Carrying values of financial assets**

IFRS 9 Financial Instruments is applied retrospectively from 1 April 2018 without restatement of comparatives. As such, comparative disclosures have been prepared under IAS 39 and the measurement categories differ to those in the current year analyses.

	<b>Total book value</b>
<b>Carrying values of financial assets as at 31 March 2019 under IFRS 9</b>	<b>£000</b>
Trade and other receivables excluding non financial assets	<b>46,678</b>
Cash and cash equivalents at bank and in hand	<b>5,611</b>
<b>Total at 31 March 2019</b>	<b><u>52,289</u></b>

	<b>Total book value</b>
<b>Carrying values of financial assets as at 31 March 2018 under IAS 39</b>	<b>£000</b>
Trade and other receivables excluding non financial assets	<b>28,664</b>
Cash and cash equivalents at bank and in hand	<b>1,699</b>
<b>Total at 31 March 2018</b>	<b><u>30,363</u></b>

All financial assets are held at amortised cost

**Note 31.3 Carrying value of financial liabilities**

IFRS 9 Financial Instruments is applied retrospectively from 1 April 2018 without restatement of comparatives. As such, comparative disclosures have been prepared under IAS 39 and the measurement categories differ to those in the current year analyses.

	<b>Total book value £000</b>
<b>Carrying values of financial liabilities as at 31 March 2019 under IFRS 9</b>	
Loans from the Department of Health and Social Care	54,327
Obligations under finance leases	2,022
Obligations under PFI	48,474
Trade and other payables excluding non financial liabilities	48,104
Other financial liabilities	-
<b>Total at 31 March 2019</b>	<b><u>152,927</u></b>

	<b>Total book value £000</b>
<b>Carrying values of financial liabilities as at 31 March 2018 under IAS 39</b>	
Loans from the Department of Health and Social Care	55,280
Obligations under finance leases	2,078
Obligations under PFI	50,251
Trade and other payables excluding non financial liabilities	45,428
Provisions under contract	-
<b>Total at 31 March 2018</b>	<b><u>153,037</u></b>

All financial liabilities are held at amortised cost.

**Note 31.4 Fair values of financial assets and liabilities**

The carrying value of short term trade and other payables is a reasonable approximation to fair value, all trade payables are considered to be short term. The nature of obligations relating to Finance lease, PFI agreements and other borrowings are that they are arms length transaction with values determined by contract. There is no significant difference between the carrying value and the fair value of these liabilities.

**Note 31.5 Maturity of financial liabilities**

	<b>31 March 2019 £000</b>	31 March 2018 £000
In one year or less	71,194	62,709
In more than one year but not more than two years	14,852	9,117
In more than two years but not more than five years	11,293	25,731
In more than five years	55,588	55,480
<b>Total</b>	<b><u>152,927</u></b>	<b><u>153,037</u></b>

**Note 32 Losses and special payments**

The total number of losses and special payments were as follows:

	2018/19		2017/18	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
<b>Losses</b>				
Cash losses	1	-	-	-
Stores losses and damage to property	-	-	1	4
<b>Total losses</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>4</b>
<b>Special payments</b>				
Ex-gratia payments	28	63	21	63
<b>Total special payments</b>	<b>28</b>	<b>63</b>	<b>21</b>	<b>63</b>
<b>Total losses and special payments</b>	<b>29</b>	<b>63</b>	<b>22</b>	<b>67</b>

No compensation payments were received in respect of any of the above.

**Note 33.1 Initial application of IFRS 9**

IFRS 9 Financial Instruments as interpreted and adapted by the GAM has been applied by the Trust from 1 April 2018. The standard is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to reserves on 1 April 2018.

IFRS 9 replaces IAS 39 and introduces a revised approach to classification and measurement of financial assets and financial liabilities, a new forward-looking 'expected loss' impairment model and a revised approach to hedge accounting.

**Note 33.2 Initial application of IFRS 15**

IFRS 15 Revenue from Contracts with Customers as interpreted and adapted by the GAM has been applied by the Trust from 1 April 2018. The standard is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to the income and expenditure reserve on 1 April 2018.

IFRS 15 introduces a new model for the recognition of revenue from contracts with customers replacing the previous standards IAS 11, IAS 18 and related Interpretations. The core principle of IFRS 15 is that an entity recognises revenue when it satisfies performance obligations through the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services.

As directed by the GAM, the Trust has applied the practical expedient offered in C7A of the standard removing the need to retrospectively restate any contract modifications that occurred before the date of implementation (1 April 2018).

**Note 34 Related parties**

Hull University Teaching Hospitals NHS Trust is a body corporate established by order of the Secretary of State for Health.

During the year none of the Board Members or key management staff or parties related to them has undertaken any material transactions with Hull University Teaching Hospitals NHS Trust.

The Trust has an investment in ordinary shares in Vertual Ltd, a company registered in the United Kingdom. The Trust holds 15% of the company's shares, valued at £338,473. This has not been included in the accounts. The company's main activity is the sale of hardware and software used to train Radiotherapists. Mr D Haire sits on the board on behalf of the Trust.

The Trust also has an investment in Medipex Ltd, a company registered in the United Kingdom. The company's main activity is to assist the NHS in exploiting intellectual and industrial property rights. It is a company limited by guarantee and the Trust's liability under that guarantee is £100.

The Department of Health and Social Care is also regarded as a related party. During the year Hull University Teaching Hospitals NHS Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are listed below:

Humber NHS Foundation Trust  
Leeds Teaching Hospitals Nhs Trust  
NHS Blood And Transplant  
NHS Buisness Service Authority  
NHS Business Services Authority Pensions Division  
NHS Hull CCG  
NHS Litigation Authority  
NHS Property Services Ltd  
North Lincolnshire And Goole NHS Foundation Trust  
Northumbria Healthcare NHS Foundation Trust  
Salford Royal NHS Foundation Trust  
Salford Royal NHS Foundation Trust  
Sheffield Teaching Hospitals NHS Foundation Trust  
University Hospitals Birmingham NHS Foundation Trust  
York Teaching Hospital NHS Foundation Trust

**Note 35 Better Payment Practice code**

	<b>2018/19</b>	<b>2018/19</b>	2017/18	2017/18
	<b>Number</b>	<b>£000</b>	Number	£000
<b>Non-NHS Payables</b>				
Total non-NHS trade invoices paid in the year	110,557	232,853	114,575	238,562
Total non-NHS trade invoices paid within target	<u>101,212</u>	<u>196,082</u>	<u>52,620</u>	<u>113,682</u>
Percentage of non-NHS trade invoices paid within target	<u>91.5%</u>	<u>84.2%</u>	<u>45.9%</u>	<u>47.7%</u>
<b>NHS Payables</b>				
Total NHS trade invoices paid in the year	4,149	32,681	3,244	11,879
Total NHS trade invoices paid within target	<u>3,009</u>	<u>15,344</u>	<u>1,086</u>	<u>2,675</u>
Percentage of NHS trade invoices paid within target	<u>72.5%</u>	<u>47.0%</u>	<u>33.5%</u>	<u>22.5%</u>

The Better Payment Practice code requires the NHS body to aim to pay all valid invoices by the due date or within 30 days of receipt of valid invoice, whichever is later.

We paid interest to our suppliers of £320.60 under The late Payment of Commercial Debt ( interest) Act 1998, (17/18 £2,111.22)

**Note 36 External financing**

The trust is given an external financing limit against which it is permitted to underspend:

	<b>2018/19</b>	<b>2017/18</b>
	<b>£000</b>	<b>£000</b>
Cash flow financing	<b>(1,709)</b>	19,021
<b>External financing requirement</b>	<b><u>(1,709)</u></b>	<b><u>19,021</u></b>
External financing limit (EFL)	1,973	19,244
<b>Underspend against EFL</b>	<b><u>3,682</u></b>	<b><u>223</u></b>

**Note 37 Capital Resource Limit**

	<b>2018/19</b>	<b>2017/18</b>
	<b>£000</b>	<b>£000</b>
Gross capital expenditure	23,515	19,041
Less: Disposals	(2,478)	(214)
Less: Donated and granted capital additions	(651)	(83)
<b>Charge against Capital Resource Limit</b>	<b><u>20,386</u></b>	<b><u>18,744</u></b>
Capital Resource Limit	20,402	18,957
<b>Underspend against CRL</b>	<b><u>16</u></b>	<b><u>213</u></b>

**Note 38 Breakeven duty financial performance**

	<b>2018/19</b>
	<b>£000</b>
Adjusted financial performance surplus (control total basis)	25,424
Adjustments to performance	<u>(204)</u>
<b>Breakeven duty financial performance surplus</b>	<b><u>25,220</u></b>

**Note 39 Breakeven duty rolling assessment**

	<b>1997/98 to 2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
		<b>£000</b>									
Breakeven duty in-year financial performance		7,601	4,701	4,878	5,420	5,943	2,926	(8,051)	2,616	(7,134)	25,220
Breakeven duty cumulative position	3,180	10,781	15,482	20,360	25,780	31,723	34,649	26,598	29,214	22,080	47,300
Operating income		469,995	480,633	499,538	497,132	506,703	526,559	526,253	561,128	579,847	620,851
Cumulative breakeven position as a percentage of operating income		2.3%	3.2%	4.1%	5.2%	6.3%	6.6%	5.1%	5.2%	3.8%	7.5%

**Note 40 Events after the reporting period**

There were no significant events to report that occurred after 31 March 2019 up to the date these accounts were signed.

# The Audit Findings for Hull University Teaching Hospitals NHS Trust

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Year ended 31 March 2019

22 May 2019



# Contents



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## Appendices

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- B. Fees
- C. Draft Audit Opinion
- D. Management Letter of Representation
- E. Action Plan

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Headlines

This table summarises the key findings and other matters arising from the statutory audit of Hull University Teaching Hospitals NHS Trust ('the Trust') and the preparation of the Trust's financial statements for the year ended 31 March 2019 for those charged with governance.

<b>Financial Statements</b>	<p>Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:</p> <ul style="list-style-type: none"><li>• the Trust's financial statements give a true and fair view of the financial position of the Trust's income and expenditure; and</li><li>• the Trust's financial statements, and the parts of the Remuneration and Staff Report to be audited, have been properly prepared in accordance with International Financial Reporting Standards, as interpreted and adapted by the Department of Health and Social Care (DHSC) and the DHSC group accounting manual 2018/19 (GAM).</li></ul> <p>We are also required to report whether other information published together with the audited financial statements in the Annual Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p>	<p>Our audit work was completed on site during April and May 2019. Our findings are summarised on the following pages. The draft accounts presented for audit showed a surplus for the year of £25.4m on a turnover of £591.6m. We have identified two audit issues which remain unadjusted in relation to an undercharge of depreciation of £2m and impairments charged of £1.57m. We are also awaiting further information to substantiate a donation to the Trust. Further details are included on pages 9 and 10.</p> <p>Our audit is substantially complete although we are finalising our procedures in the following areas:</p> <ul style="list-style-type: none"><li>• completing audit work on payroll, creditors and the remuneration report</li><li>• updating the agreement of balances review for mismatches between the Trust and other NHS bodies</li><li>• obtaining and reviewing the management letter of representation</li><li>• updating our post balance sheet events review, to the date of signing the opinion</li><li>• completion of whole of government account audit procedures</li><li>• review of the final version of the financial statements and Annual Report.</li></ul> <p>Our findings are summarised on pages 4 to 12. Subject to the outstanding work being completed satisfactorily, we anticipate issuing an unqualified audit opinion following the Audit Committee meeting on 23 May 2019.</p>
<b>Value for Money arrangements</b>	<p>Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report by exception if, in our opinion, the Trust has not made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion').</p>	<p>We have completed our risk based review of the Trust's value for money arrangements. We have concluded that Hull University Teaching Hospitals NHS Trust has proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We have nothing to report by exception.</p>
<b>Statutory duties</b>	<p>The Local Audit and Accountability Act 2014 ('the Act') also requires us to:</p> <ul style="list-style-type: none"><li>• report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and</li><li>• to certify the closure of the audit.</li></ul>	<p>We have not exercised any of our additional statutory powers or duties.</p> <p>We have completed the majority of work under the Code and expect to be able to certify the completion of the audit when we give our audit opinion.</p>

## Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

# Summary

## Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management and the Audit Committee.

As your auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

## Audit approach

Our audit approach was based on a thorough understanding of the Trust's business and is risk based, and in particular included:

- an evaluation of the Trust's internal controls environment, including its IT systems and controls; and

- substantive testing of significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

We have not had to alter or change our audit plan, as communicated to you on 24 January 2019.

## Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit Committee meeting on 23 May 2019, as detailed at Appendix C. These outstanding items include:

- completing audit work on payroll, creditors and the remuneration report
- updating the agreement of balances review for mismatches between the Trust and other NHS bodies
- obtaining and reviewing the management letter of representation
- updating our post balance sheet events review, to the date of signing the opinion
- completion of whole of government account audit procedures
- review of the final version of the financial statements and Annual Report
- receipt of appropriate information to support the donation of £3.4m.

## Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality calculations remain the same as reported in our audit plan. We detail in the table below our determination of materiality for Hull University Teaching Hospitals NHS Trust.

	Trust Amount (£)
Materiality for the financial statements	£10.859m
Performance materiality	£7.6m
Trivial matters	£300,000
Materiality for specific transactions, balances or disclosures	The senior officer remuneration disclosure in the Remuneration Report has been identified as an area requiring specific materiality of £15,000 based on the disclosure bandings, due to its sensitive nature.

# Significant findings – Going concern

## Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

## Going concern material uncertainty disclosures

The Trust has an underlying deficit of £24m. For 2018-19, the Trust's budgeted for a surplus of £2.4m (this consisted of a control total deficit budget of £10.2m and the receipt of PSF funding of £12.6m). The Trust's outturn position for 2018/19 in its draft accounts is a surplus of £25.4m. This is a better than expected outturn position and arose as follows:

Outturn deficit	-£2.0m (Outturn deficit of £2.0m v budget deficit of £10.2m)
PSF performance funding	£10.7m
PSF match funding	£8.2m (matched funding as outturn deficit better by £8.2m)
Additional PSF funding	£8.5m
Total Outturn Surplus	£25.4m

In delivering this surplus, the Trust delivered savings of £14.4m in 2018/19 against planned savings of £19.9m (72% delivery). In 2019/20 the Trust has two loans which become payable totalling £19m. The Trust expects to use its surplus from 2019/20 to fund the bulk of these two repayments and will require a further cash loan of £8.28m. However, additional cash support maybe required if there is slippage in the savings plans or in delivering the agreed control total through increased costs or reduced income. We have identified the adequacy of disclosures relating to material uncertainties that may cast doubt on the Trust's ability to continue as a going concern in the financial statements as a significant risk requiring special audit consideration. Given the sensitive nature of these disclosures, we have identified this a key audit matter for the audit.

## Going concern commentary

### Management's assessment process

Management prepare a detailed budget each year which is agreed with NHSI and developed based on agreements with commissioners and incorporates cost improvement programmes required to be delivered. The budget agreed includes total expenditure and the receipt of Provider Sustainability Funding (PSF). To ensure effective management, the budget is broken down and routinely monitored on a monthly basis including cash flow and performance reported to the Board.

For 2018/19, the Trust agreed a control total deficit of £10.2m with NHSI to attract £12.6m PSF funding, budgeting to deliver a year-end surplus of £2.4m. The Trust's actual outturn position was a year-end surplus of £25.4m.

### Auditor commentary

- We have considered management's assessment of going concern as a basis for compiling the financial statements. The arrangements management has in place appear appropriate.
- The budget setting processes used to prepare the annual budget and the monitoring arrangements in place are considered appropriate and adequate.
- The Chief Finance Officer routinely monitors the Trust's financial performance and reports regularly to the Trust Board.
- Adequate disclosure on going concern has been made in the Trust's accounts. Given the positive outturn position the Trust no longer needs to report a material uncertainty on it being a going concern.

# Significant findings – Going concern continued

## Going concern commentary

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### Work performed

We have:

- discussed with officers the financial standing of the Trust
- reviewed management's assessment of the going concern assumptions and supporting information
- considered available cash support facilities
- reviewed the completeness and accuracy of disclosures
- consulted with the Grant Thornton Going Concern National Review Panel.

### Concluding comments

- Our work confirmed the arrangements management has in place are adequate.
  - Adequate disclosures have been made in the financial statements.
  - Given the improvement in the Trust's financial outturn position, our audit opinion will not include a going concern material uncertainty paragraph for 2018/19.
-

# Significant findings

## Risks identified in our Audit Plan

1

### Improper revenue recognition

Trusts are facing significant external pressure to restrain budget overspends and meet externally set financial targets, coupled with increasing patient demand and cost pressures. In this environment, we have considered the rebuttable presumed risk under ISA (UK) 240 that revenue may be misstated due to the improper recognition of revenue.

We have rebutted this presumed risk for the revenue streams of the Trust that are principally derived from contracts that are agreed in advance at a fixed price. We have determined these to be income from:

- block income element of patient care revenues
- education and training income.

We have not deemed it appropriate to rebut this presumed risk for all other material streams of patient care income and other operating revenue, including contract variations.

We have therefore identified the occurrence and accuracy of these income streams of the Trust and the existence of associated receivable balances as a significant risk, which was one of the most significant assessed risks of material misstatement and a key audit matter.

2

### Management override of controls

Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Trust faces pressure to meet external targets, and this could potentially place management under undue pressure in terms of how they report performance.

We identified management override of controls as a risk requiring special audit consideration.

## Commentary

### Auditor commentary

We have:

- evaluated the Trust's accounting policy for recognition of income from patient care activities and other operating revenue for appropriateness and compliance with the DHSC Group Accounting Manual 2018/19
- updated our understanding of the Trust's system for accounting for income from patient care and other operating revenue, and evaluated the design of the associated controls.

### Patient Care Income

We have:

- investigated unmatched revenue and receivable balances over the NAO £0.3 million threshold using the DHSC mismatch report, corroborating the unmatched balances used by the Trust to supporting evidence
- agreed, on a sample basis, income from contract variations and year end receivables to signed contract variations, invoices or other supporting evidence such as correspondence from the Trust's commissioners.

### Other Operating Revenue

We have agreed, on a sample basis, material income and year end receivables from other operating revenue to invoices and cash payment or other supporting evidence.

Whilst our audit work remains on-going, no issues have been identified to date in respect of revenue recognition.

### Auditor commentary

We have:

- evaluated the design effectiveness of management controls over journals
- analysed the journals listing, to ensure completeness and determined the criteria for identifying unusual journals
- tested unusual journals made during the year and after the draft accounts stage for appropriateness by agreeing to corroborating evidence
- gained an understanding of the accounting estimates and critical judgements applied and made by management and considered their reasonableness
- evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Our audit work has not identified any issues in respect of management override of controls.

# Significant findings

## Risks identified in our Audit Plan

3

### Valuation of land and buildings

The Trust revalues its land and buildings to ensure that the carrying value is not materially different from its current value. This represents a significant estimate by management in the accounts.

We identified the valuation of land and buildings revaluations and impairments as a risk requiring special audit consideration and one of the most significant assessed risks of material misstatement, and a key audit matter.

## Commentary

### Auditor commentary

We have undertaken the following work in relation to this risk:

- reviewed management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work
- considered the competence, expertise and objectivity of any management experts used
- discussed with the Valuer the basis on which the valuation is carried out and challenged the key assumptions
- reviewed and challenged the information used by the Valuer to ensure it is robust and consistent with our understanding
- tested revaluations made during the year to ensure they are input correctly into the Trust's asset register
- evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value
- challenged key assumptions used in the valuation, including the assumption that the replacement hospital would be carried out under a special purchase vehicle where VAT would be recoverable.

During 2018/19 RICS issued clarification to its guidance on the estimation of useful lives of assets, which has led the Trust's valuer, Cushman and Wakefield, to revise its estimates in this area. See the next page for further detail.

Our audit work identified the Trust had netted off impairment losses against total revaluation gains. This work remains on-going and further details are shown overleaf.

Other than the above, our audit work has not identified any issues in respect of the valuation of the Trust's land and building. We are satisfied that the modern existing asset existing site valuation model continues to be a reasonable basis to value the Trust's estate. We have challenged key assumptions used in the valuation, including the assumption that a replacement hospital building would be carried out under a special purchase vehicle where VAT would be recoverable. We are satisfied that management's assumptions are reasonable. We have reviewed information provided to the Trust's valuer and have confirmed it was accurate and complete. We have confirmed that the valuations provided have been appropriately reflected in the Trust's asset register and disclosed correctly in the accounts.

# Significant findings - other issues

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant deficiencies identified during the year.

Issue	Commentary	Auditor view
<p><b>Clarification of RICS guidance</b></p> <p>During the 2018/19 year, RICS issued clarification to its guidance on the estimation of useful lives of assets. This clarification has led the Trust's valuer to revise their estimates in this area.</p>	<p>There has been a lot of debate in the sector regarding whether this change constitutes a change in estimate or an accounting error.</p> <p>Management's view is that this is a change in the estimate of the useful lives used, and should be corrected prospectively in the Trust's financial statements.</p> <p>When assets are revalued, the accumulated depreciation is reversed out, so there is no cumulative depreciation error to be considered.</p> <p>However the amount of depreciation charged against an asset in previous years will change how any gains or losses from the revaluation of that asset affect the Trust's reserve balances.</p>	<p>Management has performed an analysis to demonstrate that, had the revised economic lives provided by the valuer as part of the valuation at 31 March 2019 been used as the basis for the depreciation charge in 2018/19, this charge would have been £2m higher. We have reviewed this analysis, and consider this to be a reasonable estimate.</p> <p>We have considered the potential impact of any errors in depreciation in previous years on the Trust's reserve balances, and have satisfied ourselves that there is not a risk of material error.</p> <p>We have therefore gained assurance that the potential impact of this change, both in the 2018/19 year and cumulatively, is not material, and so are not minded to challenge management's view.</p> <p>We consider the additional depreciation charge of £2m for 2018/19 should be accounted for in 2018/19. However, Trust management has a different opinion with our assessment and has not processed this change which would reduce the Trust's outturn surplus from £25.4m to £23.4m. The adjustment is below the Trust's audit materiality of £10.9m. We have accordingly recorded this error as an unadjusted misstatement at Appendix A. The Audit Committee is required to consider this adjustment and determine if it is to be processed in the Trust's 2018/19 accounts.</p>
<p><b>Accounting for Impairments</b></p> <p>Our audit work identified the Trust had netted off impairment losses against total revaluation gains.</p>	<p>Our review of the Trust's valuation for land and buildings identified that the Trust had netted off impairment losses against total revaluation gains rather than setting off on an asset by asset basis, using existing revaluation reserves for individual assets with any difference being charged against income.</p> <p>Following further analysis undertaken by the Trust, impairments properly chargeable to the Statement of Comprehensive Income total £1.57m. This adjustment would reduce the Trust's surplus for the year to £23.8m.</p>	<p>Management is not proposing to amend the accounts for this adjustment on the basis it is an estimate based on a desktop review and there is sufficient revaluation reserves to offset the impairment. In addition, a full valuation is planned for 2019/20 at which stage a more detailed analysis will be available by individual asset to allocate the revaluation reserve at which point any charge will be made to the Statement of Comprehensive Income.</p> <p>The Audit Committee is required to consider this adjustment and determine if it is to be processed in the Trust's 2018/19 accounts.</p> <p><b>Recommendation</b></p> <p>Once the full valuation is completed, the Trust needs to analyse the valuation and any remaining revaluation reserve on an individual asset by asset basis. Once analysed, this will form the basis of adjusting any future increases in valuation or reductions following an impairment movement. The process will need to be updated each year to ensure the revaluation reserve remains accurate and does not contain negative balances.</p>

# Significant findings - matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

Issue	Commentary	
<p><b>Direct donation to the Trust</b> The Trust received a donation during March of £3.4m.</p> <p>The Trust has recognised the donation in the 2018/19 Statement of Comprehensive Income which contributed to the surplus position and the receipt of additional PSF funding in year.</p> <p>The Trust plans to spend the PSF monies in 2019/20 to construct a new centre for the treatment and management of Diabetes in partnership with the donor.</p>	<p>As part of our work, we have been in regular dialogue with senior management to consider a number of key questions:</p> <ul style="list-style-type: none"> <li>the legal basis under which the Trust can accept the donation as income in its accounts or should it go through the charitable funds route</li> <li>are there any conditions attached to the donation</li> <li>is NHSI aware of the Trust's proposed treatment of this donation and it counting towards its control total.</li> </ul> <p>Given the unusual nature of this income source for the Trust, we are awaiting legal advice as to the appropriateness of the income being included in the Trust's accounts.</p>	<p>As this issue remains on-going, we will update the Audit Committee on progress at the Audit Committee meeting.</p>

# Significant findings - accounting policies

Accounting area	Summary of policy	Comments	Assessment
<b>Revenue recognition</b>	Accounting Policy 1.4 includes the following: 'Income is accounted for applying the accruals convention. The main source of income for the Trust is from commissioners in respect of healthcare services provided under local agreements. Income which is the subject of a contract or local agreement is recognised in the period in which the contractual performance obligations are met. Revenue relating to patient care spells that are part-completed at the year end are apportioned across the financial years on the basis of length of stay at the end of the reporting period compared to expected total length of stay. Where non-contract income is received for a specific activity, which is to be delivered in the following financial year, that income is deferred.'	<ul style="list-style-type: none"> <li>The recognition of revenue by the Trust is in line with recognised accounting guidance and the relevant accounting framework. The accounting policy is adequately disclosed.</li> <li>We have discussed in more detail our findings on the Trust's revenue recognition accounting on page 7.</li> </ul>	
<b>Judgements and estimates</b>	<ul style="list-style-type: none"> <li>Key estimates and judgements include: <ul style="list-style-type: none"> <li>Useful life of PPE</li> <li>Revaluations</li> <li>Impairments</li> <li>Provisions</li> <li>Accruals.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The judgements and estimates included within the financial statements have been based on a sound rationale and in line with recognised accounting guidance.</li> <li>The judgement and estimates are supported where necessary by advice given by professional experts including 'Cushman &amp; Wakefield', who is the Trust's external valuation specialist.</li> <li>Accounting policies relating to balances and transactions subject to judgement and estimation are adequately disclosed.</li> </ul>	
<b>Other critical policies</b>	<ul style="list-style-type: none"> <li>The Trust has adopted the standard accounting policies as set out in the GAM.</li> </ul>	<ul style="list-style-type: none"> <li>We have reviewed the Trust's policies against the requirements of the GAM. The Trust's accounting policies are in line with NHS standard policies.</li> </ul>	

## Assessment

-  Marginal accounting policy which could potentially be open to challenge by regulators
-  Accounting policy appropriate but scope for improved disclosure
-  Accounting policy appropriate and disclosures sufficient

# Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
① <b>Matters in relation to fraud</b>	<ul style="list-style-type: none"> <li>We have previously considered the risk of fraud with the Chair of the Audit Committee and the Chief Finance Officer. We have not been made aware of any actual frauds or incidents in the period. No other issues have been identified during the course of our audit procedures.</li> </ul>
② <b>Matters in relation to related parties</b>	<ul style="list-style-type: none"> <li>We are not aware of any related parties or related party transactions which have not been disclosed.</li> </ul>
③ <b>Matters in relation to laws and regulations</b>	<ul style="list-style-type: none"> <li>You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.</li> </ul>
④ <b>Written representations</b>	<ul style="list-style-type: none"> <li>A standard letter of representation has been requested from the Trust with the exception of the unadjusted depreciation error and direct donation matters, which is attached at Appendix D.</li> </ul>
⑤ <b>Confirmation requests from third parties</b>	<ul style="list-style-type: none"> <li>We requested from management permission to send a confirmation request to National Westminster Bank. This permission was granted and the request sent. <b>We are still awaiting confirmation of the year end balance.</b></li> </ul>
⑥ <b>Disclosures</b>	<ul style="list-style-type: none"> <li>Except for minor disclosure and misclassification issues, our review found no material omissions in the financial statements which impacted on the Trust's outturn position other than the undercharge of depreciation matter as outlined on page 8.</li> </ul>
⑦ <b>Audit evidence and explanations/significant difficulties</b>	<ul style="list-style-type: none"> <li>All information and explanations requested from management was provided.</li> </ul>

# Other responsibilities under the Code

Issue	Commentary
<p>1 <b>Other information</b></p>	<ul style="list-style-type: none"> <li>We are required to give an opinion on whether the other information published together with the audited financial statements including the Annual Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</li> </ul> <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – refer to Appendix C.</p>
<p>2 <b>Auditable elements of Remuneration and Staff Report</b></p>	<ul style="list-style-type: none"> <li>We are required to give an opinion on whether the parts of the Remuneration and Staff Report subject to audit have been prepared properly in accordance with the requirements of the Act, directed by the Secretary of State with the consent of the Treasury.</li> <li>We are currently auditing the elements of the Remuneration and Staff report , as required by the Code.</li> </ul> <p>We propose to issue an unqualified opinion.</p>
<p>3 <b>Matters on which we report by exception</b></p>	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> <li>If the Annual Governance Statement does not comply with guidance issued by NHS Improvement or is misleading or inconsistent with the information of which we are aware from our audit</li> <li>If we have applied any of our statutory powers or duties</li> </ul> <p>We have nothing to report on these matters</p>
<p>4 <b>Review of accounts consolidation schedules and specified procedures on behalf of the group auditor</b></p>	<ul style="list-style-type: none"> <li>We are required to give a separate audit opinion on the Trust accounts consolidation schedules and to carry out specified procedures (on behalf of the NAO) on these schedules under group audit instructions. In the group audit instructions the Trust was selected as a non-sampled component.</li> <li>There are no unadjusted inconsistencies between the financial statements and the accounts consolidation schedules which we are required to report in our opinion on the consolidation schedules</li> </ul>
<p>5 <b>Certification of the closure of the audit</b></p>	<p>We intend to certify the closure of the 2018/19 audit of Hull University Teaching Hospitals NHS Trust in the audit opinion, as detailed at Appendix C.</p>

# Value for Money

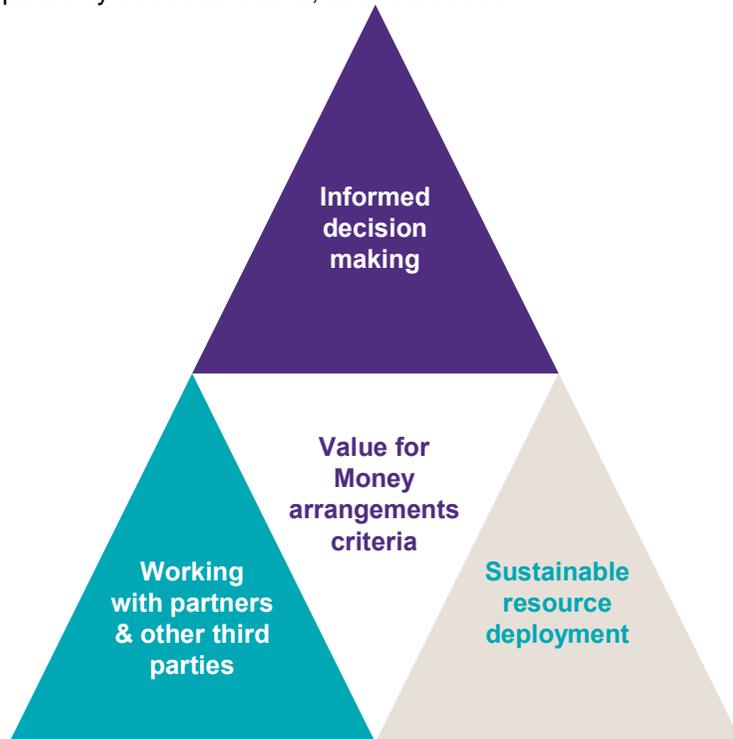
## Background to our VFM approach

We are required to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception where we are not satisfied. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Trust. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in November 2017. AGN 03 identifies one single criterion for auditors to evaluate:

*“In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.”*

This is supported by three sub-criteria, as set out below:



## Risk assessment

We carried out an initial risk assessment in December 2018 and identified a number of significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan dated 11 January 2019.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

We carried out further work only in respect of the significant risks we identified from our initial and ongoing risk assessment. Where our consideration of the significant risks determined that arrangements were not operating effectively, we have used the examples of proper arrangements from AGN 03 to explain the gaps in proper arrangements that we have reported in our VFM conclusion.

# Value for Money

## **Our work**

AGN 03 requires us to disclose our views on significant qualitative aspects of the Trust's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Trust's arrangements. In arriving at our conclusion, our main considerations were:

- the Trust's Financial Sustainability
- delivery of Cost Improvement Programmes
- delivering key NHS targets and CQC improvements.

We have set out more detail on the risks we identified, the results of the work we performed, and the conclusions we drew from this work on pages 16 and 17.

## **Overall conclusion**

Based on the work we performed to address the significant risks, we are satisfied that the Trust had proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The text of our audit report, which confirms this can be found at Appendix C.

## **Significant difficulties in undertaking our work**

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

## **Significant matters discussed with management**

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

## Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

	Significant risk	Findings	Conclusion
1	<p><b>Financial Sustainability</b></p> <p>The Trust continues to operate under significant financial pressures and ended 2017/18 with an outturn deficit of £7.5m (after the receipt of STF funding). For 2018-19, a control total deficit of £10.2m was agreed before the receipt of PSF funding of £12.6m giving a surplus of £2.4m. As at the end of October 2018, the Trust was in a surplus position of £1.2m, but this was £0.57m behind budget to the end of October 2018 after the receipt of PSF funding of £5.1m. The revised outturn position for 2018/19 is a reduced outturn surplus of £1.8m. The Trust considers it has adequate cash resources for 2018/19.</p>	<ul style="list-style-type: none"> <li>• For 2018-19, the Trust budgeted for a surplus of £2.4m (this consisted of a control total deficit budget of £10.2m and the receipt of PSF funding of £12.6m). The Trust's outturn position for 2018/19 in its draft accounts is a surplus of £25.4m. This is a better than expected outturn position and arose as follows:                             <ul style="list-style-type: none"> <li>○ Outturn deficit -£2.0m (v budget deficit of £10.2m)</li> <li>○ PSF performance funding £10.7m</li> <li>○ PSF match funding £8.2m (outturn deficit better by £8.2m)</li> <li>○ Additional PSF funding £8.5m</li> <li>○ Total Outturn Surplus £25.4m.</li> </ul> </li> <li>• For 2019/20, the Trust has budgeted for a surplus of £10.4m (this consists of a control total deficit of £13.1m and the receipt of NHS funding of £20.8m (PSF (A&amp;E) £9.6m, MRET 2.3m, PSF other £8.9m). In delivering this position, the Trust has a savings target of £19.1m.</li> </ul>	<p><b>Auditor view</b></p> <ul style="list-style-type: none"> <li>• The Trust delivered an outturn surplus for 2018/19 of £25.4m. This is a significant improvement over the planned budget and arose mainly due to donation income of some £3.4m and improved cost control resulting in the outturn deficit before PSF funding being reduced by £8m to an in year deficit of £2.2m. This improvement has resulted in matched PSF funding of £8m along with a further £19.2m of NHSI funding, which has turned around the Trust's financial position for 2018/19.</li> <li>• However, the Trust remains under significant financial pressures and 2019/20 will continue to be as challenging year given the on-going financial pressures facing the Trust, the local health economy and wider NHS.</li> </ul>
2	<p><b>Delivery of Cost Improvement Programme</b></p> <p>To deliver the budgeted outturn position, cost improvement savings of some £19.9m are required for 2018/19 of which £6.0m remain unidentified as at the end of October 2018. Actual savings delivered to November 2018 total £8.5m comprising some 50% recurrent and 50% non-recurrent savings. During 2017/18, there was a £2.7m shortfall in the delivery of cash releasing savings of £15.0m.</p>	<ul style="list-style-type: none"> <li>• In achieving the surplus of £25.4m in 2018/19, the Trust delivered savings of £14.4m against planned savings of £19.9m (a 72% delivery rate). Of the savings delivered, £12.4m were recurrent and £2.0m non recurrent.</li> <li>• This compares to savings delivered last year (2017/18) of £12.3m against a CIP plan of £15m (82%). The split of the savings for 2017/18 was £7.8m (63%) recurrent and £4.5m (37%) non-recurrent.</li> <li>• For 2019/20, the Trust has a savings target of £19.1m and plans are in place for some 70% of the schemes required with the remaining areas being developed. The Trust remains committed to identifying and delivering the savings required.</li> </ul>	<p><b>Auditor view</b></p> <ul style="list-style-type: none"> <li>• The Trust had a significant cost improvement programme to deliver during 2018/19. It managed to deliver some 72% of the savings required, £14.4m compared to £12.3m (82%) in 2017/18.</li> </ul> <p><b>Recommendation</b></p> <p>The Trust needs to continue to identify savings plans underpinned by greater recurrent programmes to help deliver its agreed budget for 2019/20.</p> <p>The Trust should review and further develop existing arrangements to identify potential savings schemes, closely monitor and review savings delivered on a monthly basis and take remedial action where slippage occurs to ensure planned savings are delivered in full. Regular reporting to the Board on delivery of savings against plan with clear manager accountability will assist in identifying remedial action where slippage occurs.</p>

## Key findings continued

	Significant risk	Findings	Conclusion
3	<p><b>Delivering key NHS targets and CQC improvements</b></p> <p>The Trust faces challenges in the delivery of key NHS targets, and requires improvement following the CQC inspection in January and February 2018 which rated the Trust overall as requires improvement, with the Safe and Responsive aspects of the inspection both being assessed as requires improvement.</p>	<ul style="list-style-type: none"> <li>The Trust has in place a Quality Improvement Programme. Its aim is to move the Trust away from a multiple action-planning culture, towards a culture of continuous improvement through a single Quality Improvement Plan. The plan includes all of the “Must” and “Should Do” recommendations from the CQC inspection and includes detailed plans for each project area. The Quality Improvement Plan is regularly reported to the Board. The Trust is continuing to progress the actions identified by the CQC which remain on-going.</li> <li>The Trust in its regular performance reports continues to rate the delivery of a number of key NHS targets as ‘red’, indicating national standards have not been met including RTT and A&amp;E. This highlights the financial and staffing pressures faced by the Trust in addition to the local and wider health economy. Nationally, the number of Trust's failing to meet national standards is now at its highest point and in March 2019, the NHS announced certain targets including the four hour A&amp;E target may be dropped.</li> </ul>	<p><b>Auditor view</b></p> <ul style="list-style-type: none"> <li>The Trust is taking action to address the issues identified by the CQC Inspection in a holistic joined up approach to ensure continuous improvement.</li> <li>Performance data reported by the Trust in its performance reports continues to indicate that a number of national targets are not being delivered. We understand management continue to identify and focus on areas to help assist in improvement and this remains a priority.</li> </ul>

# Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix B.

## Audit and Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Trust. The following audit and non-audit services were identified.

Service	£*	Threats	Safeguards
<b>Audit related</b>			
Assurance on your Quality Accounts	£6,660	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £6,660 in comparison to the total fee for the audit of £60,000 and also relative to Grant Thornton UK LLP's overall turnover. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Audit of Charitable Funds	£5,100	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £5,100 in comparison to the total fee for the audit of £60,000 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
<b>Non-audit related</b>			
NONE.	-	-	-

These services are consistent with the Trust's policy on the allotment of non-audit work to your auditors. All services have been approved by the Audit Committee. None of the services provided are subject to contingent fees.

\* Fees are inclusive of VAT

# Audit Adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2019.

Detail	Statement of Comprehensive Net Income £'000	Statement of Financial Position £' 000	Impact on total net surplus/(deficit) £'000
1 NONE	-	-	-
<b>Overall impact</b>	-	-	-

## Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Detail	Auditor recommendations	Adjusted?
<b>Disclosure</b>	The Trust's name changed on 1 March 2019 from the Hull and East Yorkshire Hospitals NHS Trust to Hull University Teaching Hospitals NHS Trust.	<ul style="list-style-type: none"> <li>The Trust needs to insert a disclosure in its accounts to inform the reader of the change in the Trust's name.</li> </ul> <b>Management response</b> <ul style="list-style-type: none"> <li>Agreed, a disclosure note has been added.</li> </ul>	✓
<b>Disclosure</b> <b>Accounting Policies and other information – Critical Judgements</b>	Need to refer to the valuation for PFI buildings excluding VAT on the basis that the replacement of these assets would be carried out under a special purchase vehicle where VAT would be recoverable.	<ul style="list-style-type: none"> <li>The Trust needs to insert a disclosure in its accounts to inform the reader of this critical judgement.</li> </ul> <b>Management response</b> <ul style="list-style-type: none"> <li>Agreed, a disclosure note has been added.</li> </ul>	✓
<b>Disclosure</b> <b>Accounting Policies and other information - Clinical Negligence Costs - Note 1.20 and 1.21</b>	NHSLA needs changing to NHS Resolution throughout	<ul style="list-style-type: none"> <li>The Trust needs to replace NHSLA with NHS Resolution.</li> </ul> <b>Management response</b> <ul style="list-style-type: none"> <li>Agreed, has been amended.</li> </ul>	✓

# Audit Adjustments continued

## Misclassification and disclosure changes continued

Disclosure omission	Detail	Auditor recommendations	Adjusted?
<b>Disclosure</b> <b>Accounting Policies and other information - Foreign Currencies – Note 1.28</b>	Foreign currencies is not considered relevant as a material note and should be removed	<ul style="list-style-type: none"> <li>This note can be removed.</li> </ul> <b>Management response</b> <ul style="list-style-type: none"> <li>Agreed, to be removed.</li> </ul>	✓
<b>Disclosure</b> <b>Other Operating Income - Note 3</b>	<p>The note is missing some narrative to explain the introduction of IFRS15 affecting the presentation of the note contract/ non contract income.</p> <p>Also the PSF/ Bonus PSF split should be explained in the footnote to breakdown the £27.2m</p>	<ul style="list-style-type: none"> <li>The Trust needs to expand the disclosure.</li> </ul> <b>Management response</b> <ul style="list-style-type: none"> <li>Agreed, the disclosure note will be expanded.</li> </ul>	✓
<b>Disclosure</b> <b>Revaluation and Impairment of PPE - Note 16</b> <b>Investment Property – Note 17</b>	The notes refer to fair value and should say current value	<ul style="list-style-type: none"> <li>The Trust needs to refer to current value rather than fair value.</li> </ul> <b>Management response</b> <ul style="list-style-type: none"> <li>Agreed, to be amended.</li> </ul>	✓
<b>Disclosure</b> <b>Trade receivables and other receivables – Note 20.1</b>	Expect to see footnote on Note 20.1 explaining IFRS15	<ul style="list-style-type: none"> <li>The Trust needs to insert a disclosure relating to IFRS15.</li> </ul> <b>Management response</b> <ul style="list-style-type: none"> <li>Agreed, this has been added.</li> </ul>	✓

# Audit unadjusted misstatements

## Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2018/19 audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below:

Detail	Statement of Comprehensive Net Income £'000	Statement of Financial Position £' 000	Impact on total net surplus/(deficit) £'000	Reason for not adjusting
<p>1 <b>RICs Guidance</b> - Statement of Comprehensive Income Property, Plant and Equipment</p> <p>The Trust's charge for depreciation on its buildings has been understated for a three year period from 2016/17 to 2018/19 totalling £6.0m. This change follows an amendment to the RICS Red Book issued in November 2018. The amendment requires that all major components of a building are allocated a useful life and are depreciated over that life. The less significant components can either be depreciated separately or grouped together and depreciated over an average life for those groups of building components. Previously C&amp;W, the Trust's valuers, had grouped these less significant components over the longer life of the buildings as individually, they were not considered significant. The impact of the updated guidance is that the overall life of the Trust's buildings will reduce and the depreciation charge will increase.</p>	(2,000)	(2,000)	(2,000)	The Trust consider the change in RICS guidance is a change in estimate rather than an error. It also considers the change is prospective in accordance with the Trust's approach to charging depreciation which will be adjusted in the 2019/20 accounts.
<p>2 <b>Impairment treatment</b> - Statement of Comprehensive Income Property, Plant and Equipment</p> <p>Our review of the Trust's valuation for land and buildings identified that it had netted off impairment losses against total revaluation gains as opposed to setting off on an asset by asset basis, using existing revaluation reserves for individual assets with any difference being charged against income. Following further analysis undertaken by the Trust, impairments should have been charged to the Statement of Comprehensive Income, totalling £1.57m.</p>	(1,570)	(1,570)	(1,570)	Management is not proposing to amend the accounts for this adjustment on the basis it is an estimate based on a desktop review and there is sufficient revaluation reserves to offset the impairment. In addition, a full valuation is planned for 2019/20 at which stage a more detailed analysis will be available at which point any charge will be made to the Statement of Comprehensive Income where appropriate.
<b>Overall impact</b>	<b>£(3,570)</b>	<b>£(3,570)</b>	<b>£(3,570)</b>	<b>Note all unadjusted errors remain below our materiality level</b>

# Fees

We confirm below our final fees charged for the audit and provision of non-audit services.

## Audit Fees

	Proposed fee	Final fee
Trust Audit	£60,000	TBC
<b>Total audit fees (including VAT)</b>	<b>£60,000</b>	<b>TBC</b>

## Non Audit Fees

Fees for other services	Fees £
<b>Audit related services:</b>	
• Review of the Trust's Quality Accounts	£6,660
• Audit of Charitable Trust accounts	£5,100
<b>Non-audit services</b>	
• NONE	-
<b>Total fees (including VAT)</b>	<b>£11,760</b>

# Draft Audit opinion

We anticipate we will provide the Trust with an unmodified audit report.

## Independent auditor's report to the Directors of Hull University Teaching Hospitals NHS Trust

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Hull University Teaching Hospitals NHS Trust (the 'Trust') for the year ended 31 March 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2018-19.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2018-19; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

#### Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the guidance issued by NHS Improvement or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls. We have nothing to report in this regard.

# Draft Audit opinion

## Opinion on other matters required by the Code of Audit Practice

In our opinion:

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2018-19 and the requirements of the National Health Service Act 2006; and
- based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust gained through our work in relation to the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we refer a matter to the Secretary of State under Section 30 of the Local Audit and Accountability Act 2014 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency; or
- we make a written recommendation to the Trust under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit.

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

## Responsibilities of the Directors and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Director's Responsibilities, the Directors are responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions, for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity.

The Audit Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Trust's financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Report on other legal and regulatory requirements – Conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

### Matter on which we are required to report by exception - Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

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

### Responsibilities of the Accountable Officer

As explained in the Statement of the Chief Executive's Responsibilities, as the Accountable Officer of the Trust, the Accountable Officer is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

# Draft Audit opinion

## Auditor's responsibilities for the review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 21(1)(c) and Schedule 13 paragraph 10(a) of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects, the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019, and to report by exception where we are not satisfied.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

## Report on other legal and regulatory requirements – Certificate

We certify that we have completed the audit of the financial statements of Hull University Teaching Hospitals NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

## Use of our report

This report is made solely to the Directors of the Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Trust's Directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Directors, as a body, for our audit work, for this report, or for the opinions we have formed.

Signature

Gareth Kelly, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Glasgow

Xx May 2019

# Management Letter of Representation

[\*\*Prepare on client letterhead\*\*]

Our ref:

Your ref:

Grant Thornton UK LLP  
No 1 Whitehall Riverside  
LEEDS  
LS1 4BN

23 May 2019

Dear Sirs

**Hull University Teaching Hospitals NHS Trust**

**Financial Statements for the year ended 31 March 2019**

This representation letter is provided in connection with the audit of the financial statements of Hull University Teaching Hospitals NHS Trust for the year ended 31 March 2019 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the Department of Health and Social Care Group Accounting Manual 2018-19.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

## Financial Statements

- i. As Trust Board members, we have fulfilled our responsibilities under the National Health Services Act 2006 for the preparation of the financial statements in accordance with International Financial Reporting Standards and the Department of Health and Social Care Group Accounting Manual 2018-19 (GAM); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Trust and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Trust has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of the Care Quality Commission or other regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- vi. In calculating the amount of income to be recognised in the financial statements from other NHS organisations we have applied judgement, where appropriate, to reflect the appropriate amount of income expected to be derived by the Trust in accordance with the International Financial Reporting Standards and the GAM. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with International Financial Reporting Standards and the GAM, and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.
- vii. We acknowledge our responsibility to participate in the Department of Health and Social Care's agreement of balances exercise and have followed the requisite guidance and directions to do so. We are satisfied that the balances calculated for the Trust ensure the financial statements and consolidation schedules are free from material misstatement, including the impact of any disagreements
- viii. Except as disclosed in the financial statements:
  - a. there are no unrecorded liabilities, actual or contingent
  - b. none of the assets of the Trust has been assigned, pledged or mortgaged
  - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- ix. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the GAM.
- x. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the GAM require adjustment or disclosure have been adjusted or disclosed.
- xi. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xii. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached. We have not adjusted the financial statements for these misstatements brought to our attention as they are [either] immaterial to the results of the Trust and its financial position at the year-end [or] for the reasons noted on the schedule [or] for the reasons noted below:

# Management Letter of Representation continued

- xiii. It is the view of the Trust that the useful lives of the Trust's buildings and dwellings has been determined in line with RICS Guidance Note 2 Depreciated Replacement Cost Method of Valuation for Financial Reporting effective from January 2014 (RICS GN2). RICS Guidance Note Depreciated Replacement Cost Method of Valuation for Financial Reporting, 1st edition, November 2018 replaced RICS GN2 in January 2019. This guidance states that if the impact of excluding shorter life components has a material impact on the useful life then the components are not actually immaterial. The Trust's valuer determined that the effect of treating shorter life components as not significant as per RICS GN2, cumulatively, has a material impact and that its methodology was not compliant with the amended RICS guidance. This guidance has led to a reduction in asset lives for the Trust's buildings and dwellings as at 31 March 2019.
- xiv. Prior to release of the updated RICS guidance in January 2019, the Trust was not aware that the use of RICS GN2 was leading to longer asset lives than would have been the case had shorter life components not been treated as immaterial to the overall asset for accounting depreciation purposes. The impact of applying the revised RICS guidance would be £2m in 2018/19.
- xv. The Trust has not adjusted its accounts for this issue as it judges that the updated RICS guidance represents new information leading to a change in estimate, which should be accounted for prospectively.
- xvi. Impairments arising from the valuation for land and buildings have not been charged to the Statement of Comprehensive Income totalling £1.57m. The Trust considers that these impairments are estimates based on a desktop review. In addition, a full valuation is planned for 2019/20 at which stage a more detailed analysis will be available by individual asset to allocate the revaluation reserve at which point any charge will be made to the Statement of Comprehensive Income.
- xvii. The financial statements are free of material misstatements, including omissions.
- xviii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xix. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

## Information Provided

- xv. We have provided you with:
- access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - additional information that you have requested from us for the purpose of your audit; and
  - unrestricted access to persons within the Trust from whom you determined it necessary to obtain audit evidence.
- xvi. We have communicated to you all deficiencies in internal control of which management is aware.
- xvii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xviii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xix. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Trust and involves:
- management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements.
- xx. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Trust's financial statements communicated by employees, former employees, analysts, regulators or others.
- xxi. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxii. We have disclosed to you the identity of the Trust's related parties and all the related party relationships and transactions of which we are aware.
- xxiii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

# Management Letter of Representation continued

## **Annual Report**

xxiv. The disclosures within the Annual Report fairly reflect our understanding of the Trust's financial and operating performance over the period covered by the financial statements.

## **Annual Governance Statement**

xxiv. We are satisfied that the Governance Statement fairly reflects the Trust's risk assurance framework and we confirm that we are not aware of any significant risks that are not disclosed within the Governance Statement.

## **Approval**

The approval of this letter of representation was minuted by the Trust's Audit Committee meeting on 23 May 2019.

Yours faithfully

# Action Plan

We have identified one recommendations for the Trust as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2019-20 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
<p>1</p> <p> Amber</p>	<ul style="list-style-type: none"> <li>The Trust had a significant cost improvement programme to deliver during 2018/19. It managed to deliver some 72% of the savings required, £14.4m compared to £12.3m (82%) in 2017/18.</li> <li>The Trust's planned outturn position for 2019/20 will be at risk if it is unable to fully deliver the savings budgeted at the start of the year.</li> </ul>	<ul style="list-style-type: none"> <li>The Trust needs to continue to identify savings plans underpinned by greater recurrent programmes to help deliver its agreed budget for 2019/20.</li> <li>The Trust should review and further develop existing arrangements to identify potential savings schemes, closely monitor and review savings delivered on a monthly basis and take remedial action where slippage occurs to ensure planned savings are delivered in full. Regular reporting to the Board on delivery of savings against plan with clear manager accountability will assist in identifying remedial action where slippage occurs.</li> </ul> <p><b>Management response</b> Management is committed to the delivery and monitoring of savings plans and will consider its existing arrangements and strengthen where possible.</p>
<p>2</p> <p> Amber</p>	<ul style="list-style-type: none"> <li>Our review of the Trust's valuation for land and buildings identified that the Trust had netted off impairment losses against total revaluation gains rather than setting off on an asset by asset basis, using existing revaluation reserves for individual assets with any difference being charged against income.</li> <li>We understand a full valuation of the Trust's estate is planned for 2019/20 as opposed to a desktop review as in 2018/19.</li> </ul>	<ul style="list-style-type: none"> <li>Once the full estate valuation is completed, management need to analyse the valuation and any remaining revaluation reserve on an individual asset by asset basis. Once analysed, this will form the basis of adjusting any future increases in valuation or reductions following an impairment movement. The process will need to be updated each year to ensure the revaluation reserve remains accurate and does not contain negative balances.</li> </ul> <p><b>Management response</b> Agreed.</p>

## Controls

-  High – Significant effect on control system (Red)
-  Medium – Effect on control system (Amber)
-  Low – Best practice (Green)



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**HULL UNIVERSITY TEACHING HOSPITALS NHS TRUST**

**EXTRAORDINARY TRUST BOARD 23 MAY 2019**

**LETTER OF REPRESENTATION FOR THE 2018/19 ANNUAL ACCOUNTS**

**1. PURPOSE**

The Board is asked to formally acknowledge and consider the assurances given to the auditors by the Chief Financial Officer and Chair of the Audit committee on behalf of the Board. The assurances are in relation to the Annual Accounts for the year ending 31 March 2019.

**2. SUMMARY**

Auditing Standards require that auditors obtain written confirmation of representations from Management before they issue their opinion on the financial statements.

A copy of the letter containing the representations is attached as appendix one. The Auditors have asked for specific representations relating to the RICS and impairment issues noted in their Audit Findings Report.

The letter has been considered, and the representations acknowledged by the Audit Committee at their meeting on 23 May 2019.

**3. RECOMMENDATION**

The Board is asked to formally acknowledge the assurances given to the Auditors by the Chief Financial Officer and Chair of the Audit Committee on behalf of the Board.

**Di Roberts**  
**Deputy Director of Finance**  
**22 May 2019**

Grant Thornton UK LLP  
No 1 Whitehall Riverside  
LEEDS  
LS1 4BN

23 May 2019

Dear Sirs

**Hull University Teaching Hospitals NHS Trust**  
**Financial Statements for the year ended 31 March 2019**

This representation letter is provided in connection with the audit of the financial statements of Hull University Teaching Hospitals NHS Trust for the year ended 31 March 2019 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the Department of Health and Social Care Group Accounting Manual 2018-19.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

**Financial Statements**

- i. As Trust Board members, we have fulfilled our responsibilities under the National Health Services Act 2006 for the preparation of the financial statements in accordance with International Financial Reporting Standards and the Department of Health and Social Care Group Accounting Manual 2018-19 (GAM); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Trust and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Trust has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of the Care Quality Commission or other regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- vi. In calculating the amount of income to be recognised in the financial statements from other NHS organisations we have applied judgement, where appropriate, to reflect the appropriate amount of income expected to be derived by the Trust in accordance with the International Financial Reporting Standards and the GAM. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with International Financial Reporting Standards and the GAM, and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.
- vii. We acknowledge our responsibility to participate in the Department of Health and Social Care's agreement of balances exercise and have followed the requisite guidance and directions to do so. We are satisfied that the balances calculated

for the Trust ensure the financial statements and consolidation schedules are free from material misstatement, including the impact of any disagreements

- viii. Except as disclosed in the financial statements:
- a. there are no unrecorded liabilities, actual or contingent
  - b. none of the assets of the Trust has been assigned, pledged or mortgaged
  - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- ix. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the GAM.
- x. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the GAM require adjustment or disclosure have been adjusted or disclosed.
- xi. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xii. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached. We have not adjusted the financial statements for these misstatements brought to our attention as they are either immaterial to the results of the Trust and its financial position at the year-end or for the reasons noted on the schedule or for the reasons noted below:
- It is the view of the Trust that the useful lives of the Trust's buildings and dwellings has been determined in line with RICS Guidance Note 2 Depreciated Replacement Cost Method of Valuation for Financial Reporting effective from January 2014 (RICS GN2). RICS Guidance Note Depreciated Replacement Cost Method of Valuation for Financial Reporting, 1st edition, November 2018 replaced RICS GN2 in January 2019. This guidance states that if the impact of excluding shorter life components has a material impact on the useful life then the components are not actually immaterial. The Trust's valuer determined that the effect of treating shorter life components as not significant as per RICS GN2, cumulatively, has a material impact and that its methodology was not compliant with the amended RICS guidance. This guidance has led to a reduction in asset lives for the Trust's buildings and dwellings as at 31 March 2019.
  - Prior to release of the updated RICS guidance in January 2019, the Trust was not aware that the use of RICS GN2 was leading to longer asset lives than would have been the case had shorter life components not been treated as immaterial to the overall asset for accounting depreciation purposes. The impact of applying the revised RICS guidance would be £2m in 2018/19.
  - The Trust has not adjusted its accounts for this issue as it judges that the updated RICS guidance represents new information leading to a change in estimate, which should be accounted for prospectively.
  - Impairments arising from the valuation for land and buildings have not been charged to the Statement of Comprehensive Income totalling £1.57m. The Trust considers that these impairments are estimates based on a desktop review. In addition, a full valuation is planned for 2019/20 at which stage a more detailed analysis will be available by individual asset to allocate the

revaluation reserve at which point any charge will be made to the Statement of Comprehensive Income.

The financial statements are free of material misstatements, including omissions.

- xiii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiv. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

#### **Information Provided**

- xv. We have provided you with:
  - a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - b. additional information that you have requested from us for the purpose of your audit; and
  - c. unrestricted access to persons within the Trust from whom you determined it necessary to obtain audit evidence.
- xvi. We have communicated to you all deficiencies in internal control of which management is aware.
- xvii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xviii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xix. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Trust and involves:
  - a. management;
  - b. employees who have significant roles in internal control; or
  - c. others where the fraud could have a material effect on the financial statements.
- xx. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Trust's financial statements communicated by employees, former employees, analysts, regulators or others.
- xxi. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxii. We have disclosed to you the identity of the Trust's related parties and all the related party relationships and transactions of which we are aware.
- xxiii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

#### **Annual Report**

- xxiv. The disclosures within the Annual Report fairly reflect our understanding of the Trust's financial and operating performance over the period covered by the financial statements.

**Annual Governance Statement**

xxv. We are satisfied that the Governance Statement fairly reflects the Trust's risk assurance framework and we confirm that we are not aware of any significant risks that are not disclosed within the Governance Statement.

**Approval**

The approval of this letter of representation was minuted by the Trust's Audit Committee meeting on 23 May 2019.

Yours faithfully

Name.....

Position.....

Date.....

# Hull University Teaching Hospitals NHS Trust

## Trust Board

Thursday 23 May 2019

<b>Title:</b>	Trust Annual Report 2018-19
<b>Responsible Director:</b>	Carla Ramsay – Director of Corporate Affairs
<b>Author:</b>	Carla Ramsay – Director of Corporate Affairs

<b>Purpose:</b>	To present the final draft content of the Trust's Annual Report for approval	
<b>BAF Risk:</b>	N/A	
<b>Strategic Goals:</b>	Honest, caring and accountable culture	✓
	Valued, skilled and sufficient staff	
	High quality care	
	Great local services	
	Great specialist services	
	Partnership and integrated services	
	Financial sustainability	✓
<b>Summary of Key Issues:</b>	<p>The Trust has prepared its annual report in line with Department of Health and Social Care requirements, including new requirements for 2018-19.</p> <p>The current draft is version 1.5, and is attached. Once approved, a version for publication is prepared, including corporate style and photographs. The Board is asked to approve the content and disclosures today.</p> <p>Versions 1.1 – 1.5 have been circulated to the Trust's external auditors and any points of feedback incorporated in to the next draft. There are no outstanding issues as of the circulation of this report, but any subsequent points were briefed to the Audit Committee meeting shortly before this meeting. Trust Board members were circulated draft 1.3 for review.</p> <p>There were no issues of non-compliance with annual report DHSC requirements to draw to the attention of the Audit Committee and all relevant disclosures are made, none of which are flagged up as items of concern.</p> <p>The annual accounts and audit letters being received at today's meeting form the appendices to the report when approved.</p> <p>The Chief Executive is attending the Audit Committee meeting to present the Annual Governance Statement, which includes a review of significant issues managed during 2018-19 and a forward look at the significant issues being carried in to this financial year. In a new requirement for this year, the Chief Executive has to give a positive statement as to whether the issues highlighted present any significant issues of internal control; the Chief Executive confirms in this year's Annual Governance statement that these do not.</p>	

<b>Recommendation:</b>	Providing it has been recommended by this afternoon's Audit Committee, the Board is asked to approve the annual report content.
------------------------	---

**Hull University Teaching Hospitals NHS Trust  
Annual Report and Accounts  
2018/19**

## **Other Formats**

This document can also be made available in various languages and different formats including Braille, audio tape and large print.

For more information you can contact Rebecca Thompson:

Call (01482) 674828

Email [rebecca.thompson@hey.nhs.uk](mailto:rebecca.thompson@hey.nhs.uk)

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Alderson House  
Hull Royal Infirmary  
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HU3 2JZ

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## PERFORMANCE REPORT

This section of our Annual Report provides information about the Trust including its vision and values, the services that we provide and who we provide those services to. It also contains an overview of the challenges we face and how we are addressing them.

### **Statement from the Chief Executive**

This year saw the Trust change its name from Hull and East Yorkshire Hospitals NHS to Hull University Teaching Hospitals NHS Trust. I am very pleased to open this annual report with the name change, enacted on 1 March 2019, to reflect the organisation's status as an NHS acute trust that is focussed on workforce development and partnership working. As a Trust and as a system, we have faced challenges this year that will continue for several years; part of the solution to these challenges is reflected in the rationale of the name change: to grow more of our own workforce, develop our reputation nationally for recruitment and research opportunities and to learn from others to run our own business efficiently. At the heart of this is the quality of care we provide to our patients, and supporting our talented and hard-working staff to manage ever increasing demand.

Our most recent set of national staff survey results show that we have again improved engagement with our staff and staff are reporting back to us that they have seen improvements in the safety culture in our organisation. I am very pleased to report this progress and look forward to working with the Trust Board to refresh our People Strategy early in 2019-20 to take the next steps in cultural development.

Some support to the focus on patient safety is attested by the fact that the Trust did not report a single Never Event in 2018-19, compared with six in the previous financial year. I would like to thank each member of staff who has worked tirelessly on a renewed focus on patient safety, and for overcoming some of the team and cultural dynamics that this has entailed. We have reported a continuously positive picture in relation to fundamental standards of nursing care and on patient safety thermometer standards in respect of new harms caused to patients and I think this is testament to the hard work of our staff and our focus on what is best for our patients' well-being.

We are closing the year with fewer patients waiting for treatment than at the start of the year, which is an excellent achievement that I believe can be sustained in to the new financial year, as well as reaching the standard that no patient is waiting longer than 52-weeks for treatment. During the pressures of winter, we have been able to maintain key quality standards: within our Trust, no patient waited more than 12 hours for emergency inpatient admission and we maintained our wards as single-sex accommodation throughout the year. However, our waiting time performance in the Emergency Department as well as against cancer waiting times and for diagnostic tests have been too variable and are not consistently meeting the required standards, and for this, I apologise to our patients who have been waiting longer for their care and treatment.

We were not inspected by the Care Quality Commission during 2018-19 and have focussed on delivering improvements in the areas highlighted by the inspectorate during their last visits up to February 2018. A full report on improvements in quality of care is included in our published Quality Accounts 2018-19.

Whilst the Trust met its financial requirements for 2018-19, the underlying financial health of the organisation remains a concern. Coming into this financial year it was assessed that the organisation had a recurrent deficit totalling circa £25.6m, which reduced to £24.6m at year end. This is only a small improvement in the underlying financial strength of the organisation, therefore the challenge remains to address this over the next 2-3 years, in line with the NHS Long Term Plan requirements. The Trust is in continuous discussions with local commissioning

bodies and with NHS Improvement about how we can address the underlying deficit and the Trust is working with them to agree a longer term plan of recovery within the requirements of the NHS Long Term Plan and moving with partners towards Integrated Care Systems

Our Golden Hearts awards in 2018 demonstrated to me once again that we have remarkable staff working in our organisation. Each year, it is so difficult to be part of the panel process to determine winners and runners up; the stories behind each of the awards nominations are all so excellent and show the incredible dedication of our staff and the gratitude of our patients.

I am grateful for the opportunity to add my personal thanks for the hard work of our staff during another challenging year and hope to work with you all to improve the quality of care even further.

**Chris Long**  
**Chief Executive**  
**Date**

## **Purpose and activities of the Trust**

### **1. Introduction**

On 1 March 2019, *Hull and East Yorkshire Hospitals NHS Trust* changed its name to *Hull University Teaching Hospitals NHS Trust* through Statutory Instrument. The Trust requested this name change to more accurately reflect the status of the Trust. The aim of the name change is to bring about positive benefits to recruitment, especially to clinical posts across medical, nursing and professions allied to health, and further the relationship between the Trust and the University, particularly in respect of teaching and academic opportunities. There has been strong support to the name change from Trust staff and University colleagues, and a successful launch event held showcasing the Trust's current research work and partnership with the University of Hull.

Hull University Teaching Hospitals NHS Trust is a large acute NHS Trust situated in Kingston upon Hull and the East Riding of Yorkshire. The Trust was established in October 1999 through the merger of the former Royal Hull Hospitals and East Yorkshire Hospitals NHS Trusts. We employ just over 7,000 whole time equivalent staff, have an annual income of circa £560 million and we have two main hospital sites: Hull Royal Infirmary and Castle Hill Hospital. Outpatient services are also delivered from locations across the local health economy area.

### **2. Services provided**

We provide a full range of urgent and planned general hospital services, covering the major medical and surgical specialties, routine and specialist diagnostic services and other clinical support services. These secondary care services are provided to a catchment population of approximately 600,000 in the Hull and East Riding of Yorkshire area.

The Trust also provides specialist and tertiary services to a catchment population of between 1.05 million and 1.25 million extending from Scarborough in North Yorkshire to Grimsby and Scunthorpe in North East and North Lincolnshire respectively. The only major services not provided locally are transplant surgery, major burns and some specialist paediatric services. The Trust is designated as a Cancer Centre, Cardiac Centre, Vascular Centre and a Major Trauma Centre. The Trust is a university teaching hospital and a partner in the Hull York Medical School.

In 2018/19 we provided the following services:

- We assessed 137,555 people who attended our Emergency Department at Hull Royal Infirmary (increased from 134,115 the previous year)
- We had 735,747 attendances at our outpatient clinics (increased from 713,237 the previous year)
- We admitted 160,635 patients to our wards (increased from 154,850 the previous year)
- A further 13,599 re-attended our wards for a planned review following treatment (decreased from 13,564 the previous year)

The Trust is structured in four Health Groups (Medicine, Surgery, Cancer and Clinical Support, Family and Women's Health) through which our clinical services are delivered. As a temporary measure, the Trust has put in place a fifth Health Group for Emergency and Acute Medicine. This was implemented on 4 January 2019 to provide these services with a separate senior management team and focus, and is running as an interim measure until 1 July 2019, during which time this arrangement is being reviewed. The Health Groups are supported by Corporate Services (Estates, Facilities and Development, Planning, Finance, Human Resources including Education and Development, Quality Governance, Corporate Governance, Information Management and Technology).

### **3. Vision, values and goals of the Trust**

The vision of the Trust is '*Great Staff, Great Care, Great Future*'. We believe that by developing an innovative, skilled and caring workforce, we can deliver great care to our patients and a great future for our employees, our Trust and our community.

During 2018-19, the Trust Board signed off a refreshed Trust strategy, which included an updated set of strategic goals:

- Honest, caring and accountable culture
- Valued, skilled and sufficient workforce
- High quality care
- Great clinical services
- Partnership and integrated services
- Research and innovation
- Financial sustainability.

We have a set of organisational values – *Care, Honesty, Accountability* – developed in conjunction with our staff and these form the basis of a Staff Charter which sets out the behaviours staff expect from each other and what staff can expect from the Trust in return.

As noted above, we have a Trust Strategy (2019-24), which describes our long-term aims as an organisation. Supporting this over-arching strategy, we have some specific strategies, which will help us develop and deliver our aims over the next few years:

- People Strategy 2016-2018
- Estate Strategy 2017-2022
- Digital Strategy 2018-23
- Sustainable Healthcare Strategy
- Dementia Strategy 2016-2019
- Arts Strategy

All of these documents are published on our website.

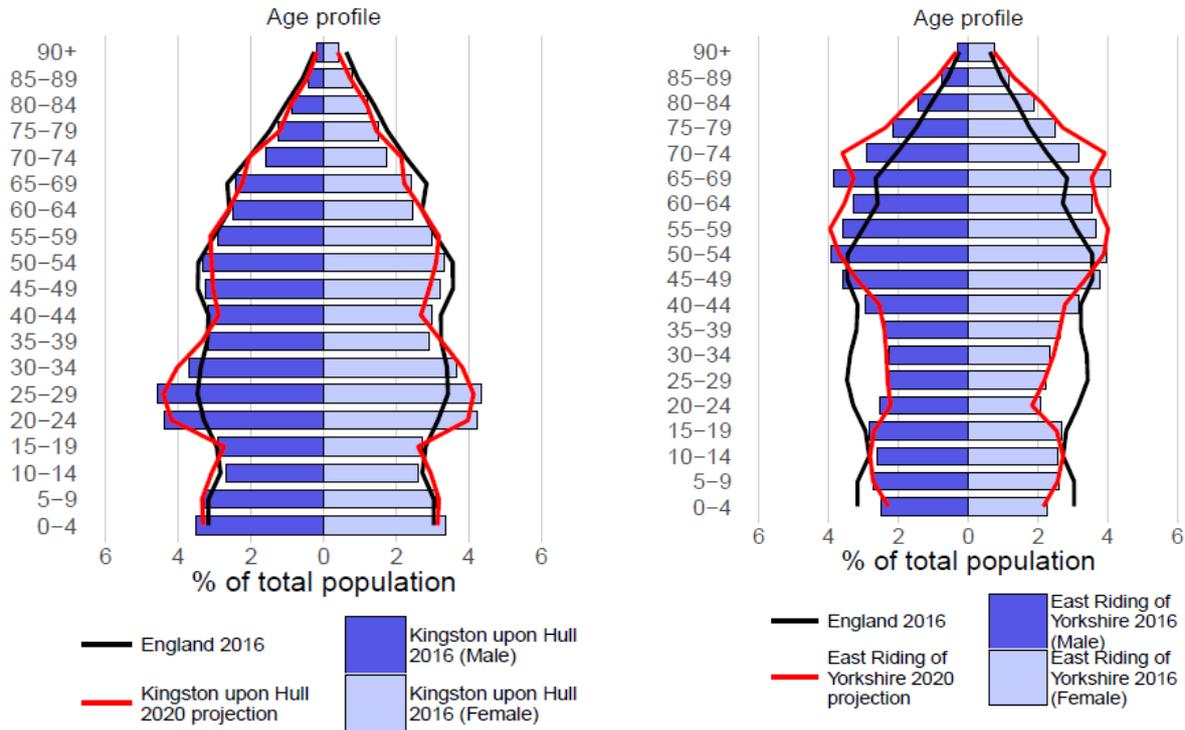
### **3. Our catchment population**

The local health system served by the Trust centres on the City of Kingston Upon Hull, its suburbs and the surrounding East Riding of Yorkshire, a rural area containing a number of market towns.

Hull is a geographically compact city of circa 260,000 people. It was identified as the 3<sup>rd</sup> most deprived local authority in England in 2017. The health of people in Hull is generally worse than the England average, with life expectancy for both men and women being lower than the England average. 28% (14,300) of children in Hull live in low income families and the health and wellbeing of children is worse than the England average.

The East Riding of Yorkshire is a predominantly rural area, populated by circa 340,000 people. The geography of the East Riding makes it difficult for some people to access services. The health of people living in the county and their life expectancy is better than the England average. 11.6% (6,095) of children live in low income families and the health and wellbeing of children is better than the England average.

The age profiles for the two Local Authorities are very different. Hull has a higher proportion of residents aged 20-39 years, while the East Riding has a twice the number of people aged 50 years and over compared to Hull.



**Age profile of Local Authority Populations in 2016**  
*(Male/Female, England average, 2020 Projection)*

People are living longer, many with multiple and complex needs, and with higher expectations of their health and social care services. Within the next 20 years, the number of people aged 80 years and over in Hull and the East Riding is expected to increase from 33,000 to 55,300. Births are predicted to decline slightly.

Whilst the ethnicity of the two populations is predominantly white, Hull has a higher percentage of residents who are either South Asian, Black, mixed race, Chinese or other origin.

Although the two local authority areas are very different in their patient populations, health profiles, geographical landscape and distribution, common themes have emerged in respect to addressing health inequalities, prevention and management of long term conditions. The higher incidence of deprivation in Hull and the ageing and increasing population of the East Riding requires the Trust to tailor its services to meet the needs of these two very different patient populations.

In order to address these challenges, the Trust is working as a key partner within the Humber, Coast and Vale Health and Care Partnership (HCAV HCP), along with Clinical Commissioning Groups (CCGs) and other health and care providers with the aim of achieving Integrated Care System (ICS) status by 2020, underpinned by Integrated Care Partnerships (ICPs) covering North Yorkshire and York; Hull and the East Riding of Yorkshire; North East Lincolnshire and North Lincolnshire.

The Humber Coast and Vale vision for 2021 is for a system that supports everyone to manage their own care better, reduces dependence on hospitals, and uses resources more efficiently. In order to realise this vision, the HCP's key area of focus is the development of new arrangements for the integration of care delivery, specifically between primary, community and social care, and between in-hospital and out-of-hospital care in each locality and ICP.

The Trust's role in delivering this plan is to work openly and collaboratively with partners to support the development of new models of care and the closer integration of health and social care services. The Trust is also supporting two reviews of acute or secondary care, one across the Humber region and one across the York and Scarborough areas. The Trust is working closely with local partners on the Humber Acute Services Review to identify opportunities for collaboration and joint working, in particular with colleagues from Northern Lincolnshire and Goole Hospitals NHS Foundation Trust (NLAG).

### **Key issues and risks that could affect the Trust in delivering its objectives**

The Trust faced a challenging year in 2018-19 but made some progress in addressing the key issues. This section of the annual report sets out the background to the issues under the headings of the Trust's refreshed key strategic goals, the risk that they posed and the action taken.

#### Honest, caring and accountable culture

The Trust has seen performance in national staff surveys improve significantly since 2014. The challenge now is to move into the top 20% of organisations nationally overall. There are many good areas of performance in the national staff survey 2018. Improvements have once again been made to issues of bullying and harassment, staff engagement and safety culture. Morale of HUTH staff was above the national average. Work to improve the health and wellbeing of staff and quality of appraisals is well underway

There continues to be a strong focus on enabling managers and leaders to shift from good performance to outstanding performance and a culture of excellence. Staff continue to report feeling undervalued by the organisation, they describe being short-staffed and unable to deliver the care they aspire to, while communication from managers, despite improving, remains poor.

The Trust will focus on the detailed findings of the national staff survey and the quarterly cultural surveys as part of the continued delivery of our People Strategy in 2019-2020.

#### Valued, skilled and sufficient staff

The Trust's financial position was challenging throughout 2018-19 with pressure on pay budgets as a result of vacancies in key staffing groups, and gaps in medical staff rotas driving up the pay bill. The Trust continues to operate with a significant underlying financial deficit position, which is difficult to resolve whilst maintaining safe, high quality, accessible services. These are very specific challenges to the achievement of the Trust's strategic aim of being financially sustainable, which will continue as we move in to next financial year. The Trust Board continued to report against the mandated requirements in relation to nursing and midwifery staff and fill rates for inpatient areas. The Trust reported careful management of nursing staff numbers and fill-rates and as seen in previous years, there was a gradual turnover of nursing staff numbers until an injection of new nursing staff through the September graduating class. During 2018-19, the Trust invested over £1m in new routes into nursing, taking on cohorts of Nursing Associates in training and investing in posts for these individuals post-registration, as well as nursing apprentices and Health Care Support Work Apprenticeships. The Trust continues to invest in Advanced Care Practitioners and Physicians Associates, both trainees and qualified staff. Staffing remains been one of the highest-rated risks on the Board Assurance Framework for 2018-19. To manage this risk on a day-to-day basis, the Trust has a robust system for managing staffing risks in order to keep patients safe, which has been quoted as exemplar practice to other organisations.

The Trust has seen positive benefits from its new approach to recruitment, through its *Remarkable People, Extraordinary Place* campaign to recruit in target staff groups, particularly key nursing and medical staff groups. The Trust has had its most successful years in 2018-19 and the previous year in recruiting graduating students in nursing and midwifery from the University of Hull, proactively interviewing staff, offering them permanent positions while completing their studies, and offering the opportunity to start paid employment with the Trust in

in their clinical areas as unregistered staff, whilst awaiting the Nursing and Midwifery Council registration. This worked to great success and will be repeated in 2019-20.

### High Quality Care

The Trust did not receive an inspection during 2018-19 from the Care Quality Commission. The Care Quality Commission undertook an inspection of the Trust in February 2018. This was undertaken under the Care Quality Commission's new format of inspections, comprising unannounced inspections to four core services, and a planned well-lead review after the unannounced visits. The core services inspected at the Trust were medicine, surgery, maternity and outpatients. The Trust maintained its rating of 'Requires Improvement'; however the report included that good progress had been made in addressing the recommendations from previous CQC visits. This was also reflected in the increase in the number of domains rated 'Good'. 77% of domains are now rated as Good compared with 57% following the 2016 inspection. It is a key aim of the Trust to move its Care Quality Commission rating to 'Good' overall as soon as possible, as the rating impacts on the confidence of patients in the services we deliver and on staff morale.

Against its suite of core patient quality and safety indicators within the Single Operating Framework, against which all hospital Trusts report, the Trust has delivered on 5 out of 8 'safe' standards and 0 out of the 4 'effective' standards for which there is a reported year-end position. Further detail on all Single Operating Framework requirements are contained in this annual report. The Trust undertakes a robust audit and feedback programme on fundamental standards of nursing care throughout the year, and has reported improvements in quality of nursing standards across the Trust. This programme has also identified particular areas on which the Trust needs to make further improvement, which is action planned and monitored accordingly. The Trust declared no Never Events during the financial year, which is a significant improvement from the 6 Never Events reported during the 2017-18.

### Great Clinical Services

In 2018-19 was the second year of an Aligned Incentive Contract (AIC) with Hull and East Riding Clinical Commissioning Groups. This approach has marked a fundamental change from an organisational-based Payment by Results (PbR) contract to a system contract with shared risk, shared opportunity and shared vision. It provides all parties with a common goal: the effective management of patient pathways irrespective of organisational boundaries.

The Trust is required to work towards the mandated waiting times within the NHS Constitution, based on trajectories of improvement agreed with its local commissioners. The Trust's plans in 2018/19 anticipated additional capacity being deployed in a number of service areas, however the deployment of the additional capacity in some areas was delayed, primarily due to problems in recruiting new members of staff. This affected the achievement of elective workload targets. As a consequence waiting list backlogs in some specialties remained above agreed improvement trajectories.

The Trust recognises that changes are needed to the way in which clinical services are configured, delivered and resourced. In 2018-19 the Trust was successful in its bid for Wave 4 capital investment to improve the urgent and emergency care pathways within the Hull Royal Infirmary through the reconfiguration of accommodation and the procurement of additional diagnostic equipment, including MRI and CT. During 2019-20 the Trust will be developing detailed plans to deliver this major development by 2022.

The Trust was one of four Trusts in 2018-19 to be awarded Lorenzo Digital Exemplar (LDE) status and is working with Lorenzo's supplier, DXC, to optimise the Lorenzo Care Suite and transform key care pathways:

- Unplanned Pathway – Emergency Department/Acute Medical Unit
- Unplanned Pathway – Elderly Care

- Outpatients Optimisation
- Oncology Pathways
- Planned Breast Pathway (including Theatres)
- Lorenzo Theatres

The realisation of the Trust's Digital Strategy will be accelerated through the LDE programme.

#### Partnership and Integrated Services

In 2018-19, the Trust continued worked as a key partner within the Humber Coast and Vale HCP. The Trust is a member of and sends representation to the following:

- HCP Executive Board
- HCP Partnership Board
- Hull Place-Based Board
- East Riding Place-Based Board
- Hospital Partnership Board (with the Trust as the Chair of this Board)
- Cancer Workstream
- Digital Technology Workstream (with the Trust as the Chair of this Board)
- Estates Workstream
- Workforce Workstream
- Finance Technical Working Group

The Trust is leading a Humber Acute Services review within the HCP together with Northern Lincolnshire and Goole NHS Foundation Trust.

The risks relating to the HCP and the Trust's strategic objectives related to the collective ability of the HCP to shape service reconfiguration in a way that meets the financial, quality and planning objectives as published in Humber Coast and Vale Sustainability and Transformation Plan. Increasingly, national allocations will be made through the HCP. The Trust, together with the partner organisations, needs to provide capacity and leadership to the HCP in order to achieve the system-wide goals which impact upon the Trust.

#### Financial sustainability

The Trust had a financial plan for the year to end the year with a £10.2m deficit. In return for this achievement, the Trust would receive £12.6m Provider Sustainability Funding (PSF) and deliver a surplus of £2.4m. Of the PSF, £3.8m was contingent on achievement of meeting ED performance targets during the year.

The Trust achieved the £10.2m deficit target. However it only hit 2 quarters of the ED target so only received £10.7m of PSF, resulting in a small surplus of £0.5m. In March 2019, the Trust received additional income from a number of parties that were not part of the original financial plan, including a £3.9m donation from an external body. This totalled £8.2m and has increased the Trust's year-end surplus to £8.7m. The Trust will receive an additional £8.2m matched funding for delivery above the control total, which will increase the surplus to £16.9m. The Trust has also just notified of some additional PSF, which is a further £8.3m (including compensation of £0.5m re the agenda for change funding not received for the Trust's cleaning contract). The final reported surplus is £25.2m. During the year, the Trust delivered £14.4m of cash-releasing efficiency savings (CRES), achieving 72% of its planned savings requirement. The shortfall in delivering recurrent CRES from 2018-19 is being carried over to 2019-20's CRES requirements.

Whilst this puts the Trust in to a year-end position whereby it has met its financial plan requirements for 2018-19, it did not have a particular impact on the Trust's underlying financial position. The Trust's underlying run rate finished the year £24.7m, which was a reduction from £25.6m reported at end of 17/18. This underlying run rate includes the shortfall in recurrent CRES of £7.1m and is a key factor in driving a higher level of CRES required in 2019-20. The

Trust's regulator, NHS Improvement, has used £13m as the starting point for the Trust's control total for 2019-20. In order to meet this assumption, additional savings of £11.7m will be required on top of the general 1.6% CRES target that is built into the annual NHS financing system for Trusts in deficit.

The Trust continues to work through recommendations of the Lord Carter Efficiency Review in addition to pursuing its own analysis of opportunities for increasing productivity and reducing cost. There is a steering group overseeing this work, which includes potential regional collaborative opportunities, reviewing back office efficiency opportunities and local improvement opportunities. The Trust has participated in a number of Getting It Right First Time reviews through the national programme and the organisation continues to work with the productivity directorate at NHS Improvement to identify and realise further areas of improvement.

### **Performance Summary**

The year-end performance against the Trust's key 'responsiveness' indicators met the required standards for the following areas\*:

- 12 hour trolley breaches
- Delayed Transfers of Care
- Cancer: 2 week wait Referral to Seen
- Cancer: 31-day Subsequent Drug cancer standard
- Cancer: 31-day Subsequent Radiotherapy cancer standard
- Stroke 60 minutes target
- Stroke Care
- Dementia: Aged 75 and over emergency admission greater than 72 hours

The year-end performance against the Trust's key 'responsiveness' indicators did not meet the required standards for the following areas\*:

- 95% 4-hour Emergency Care Standard;
- Cancer: Symptomatic Breast 2 week wait Referral to Seen
- Cancer: 31-day Standard
- Cancer: 31 day Subsequent Surgery standard;
- Cancer: 62 day Referral to Treatment standard;
- Cancer: 62 day Screening Referral to Treatment standard;
- RTT Incomplete standard;
- 52 week breach standard;
- Patients not treated within 28 days of last minute cancellation standard;
- Diagnostic 6 week wait standard

(\*Cancer data available up to February 2019 at the time of writing)

The year-end performance against the Trust's key 'safe' indicators met the required standards for the following areas:

- Potential under-reporting of patient safety incidents
- Patient safety alerts outstanding
- Mixed sex accommodations breaches
- *clostridium difficile* cases
- Escherichia coli cases
- Never Events

The year-end performance against the Trust's key 'safe' indicators did not meet the required standards for the following areas:

- Venous Thromboembolism (VTE) risk assessment
- Year-end position for emergency caesarean sections

- MRSA bacteraemia – 3 cases reported in 2018/19. The standard states to have zero cases

The year-end performance against the Trust's key 'effective' indicators failed to meet the required standards for the following areas:

- Hospital Standardised Mortality Rate (HSMR) at year-end
- Hospital Standardised Mortality Rate (HSMR) weekends at year-end
- 30 day re-admissions

There were no 'effective' indicators meeting the required standards.

The year-end performance against the Trust's key 'caring' indicators met the required standards for the following areas:

- Inpatient Friends and Family test scores above the NHS England average
- Maternity Friends and Family test scores above the NHS England average

The year-end performance against the Trust's key 'caring' indicators did not meet the required standards for the following areas:

- Year-end Friends and Family test score above the NHS England average for A&E

There is more detailed analysis against performance further on in this annual report.

**Chris Long**  
**Chief Executive**  
**Date**

## PERFORMANCE ANALYSIS

This section of the Annual Report sets out our most important performance measures and tells you how we did against them in 2018-19.

### GREAT STAFF

#### NHS Staff Survey Results 2018

The 2018 NHS National Staff Survey ran during October and November 2018. This was a full census survey in which 3185 staff returned a survey, equating to 39% of the workforce. The response rate nationally for acute trusts was 44%.

In previous national staff surveys 32 key themes were identified. This has been reduced to 10 in the 2018 survey.

For each of the key themes organisations receive a score out of ten. This includes engagement, which had previously been a score out of five. Data for the past four, and in some cases five, years has been re-provided using the new calculation giving us trend information and enabling us to see progress and deteriorations.

#### TEN KEY THEMES

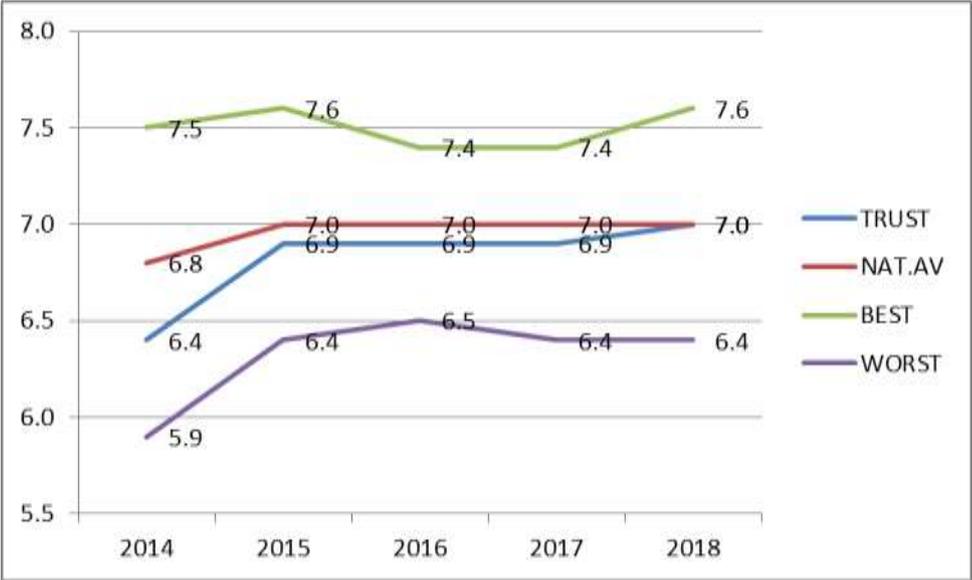
Overall the trust is better than or equal to the national average for nine of the ten key themes in the National Staff Survey. Only Quality of Appraisals is a worse score than the national average.



#### i) Staff engagement

This is a key indicator for the trust which aspires to be in the top 20% of organisations by 2020 for staff engagement. The trust has improved again in terms of the overall score for engagement and is equal to the national average. (Please note that previously organisations received a score out of five, this is now out of ten).

Trend data has been provided for the past five years using the new method of calculation:



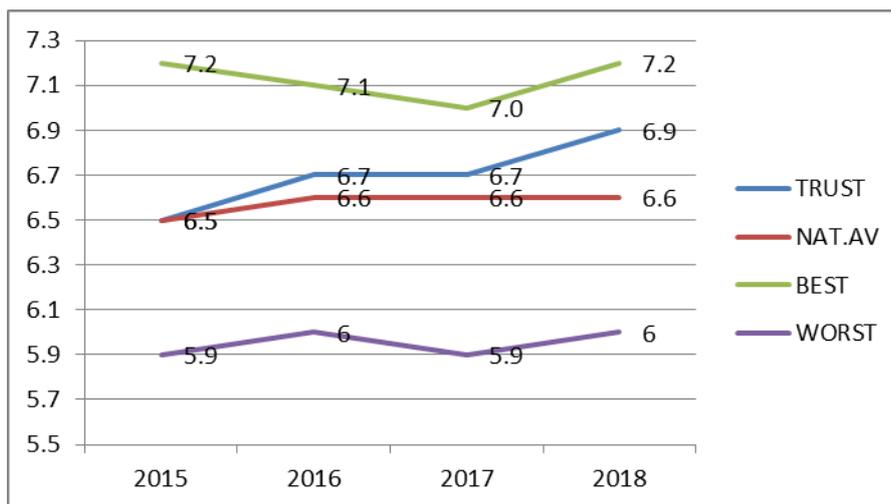
For the nine component questions the trust improved on all but two. Once again the lowest score is staff saying they are able to make improvements happen, which correlates with the cultural survey in 2017 where staff described the trust as overly bureaucratic and hierarchical.

Three scores are below the national average(\*). However the score for recommending the trust as a place to work has significantly improved. In 2017 the trust was below the national average for this indicator. In 2018 the trust is equal to the national average.

Question	2018	2017	Diff
I look forward to going to work	61.1	57.4	3
I am enthusiastic about my job	75.2	73.8	1
Time passes quickly when I am working	77.3	76.1	1
There are frequent opportunities for me to show initiative in my role	72.7	73.4	0
I am able to make suggestions to improve the work of my team/department*	73.4	73.3	0
I am able to make improvements happen in my area of work	56.6	55.2	1
Care of patients / service users is my organisation's top priority*	74.3	71.9	3
I would recommend my organisation as a place to work	62.6	58.6	4
If a friend or relative needed treatment I would be happy with the standard of care provided by this organisation*	70.1	67.0	3
<b>OVERALL SCORE FOR ENGAGEMENT</b>	<b>7.0</b>	<b>6.9</b>	

**ii) Safety Culture**

The trust has improved significantly against the Safety Culture theme in the past 12 months, with the biggest improvement made in terms of feedback provided to staff who report an incident. For the theme as a whole the trust is performing better than the national average.

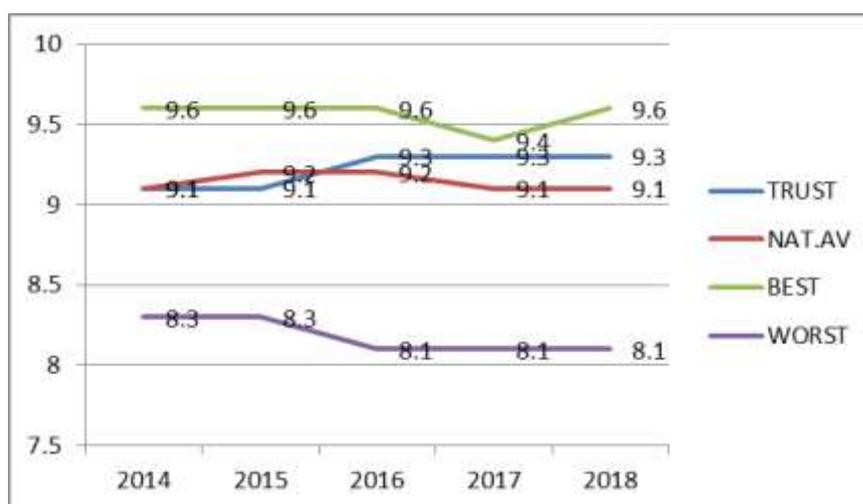


Six questions comprise this theme in the survey, and for all but one (\*) the trust is above the national average.

Question (%)	2018	2017	Diff
My organisation treats staff who are involved in an error, near miss or incident fairly	58.5	55.8	3
When errors, near misses or incidents are reported, my organisation takes action to ensure that they do not happen again	75.0	70.6	4
We are given feedback about changes made in response to reported errors, near misses and incidents	68.8	63.1	5
I would feel secure raising concerns about unsafe clinical practice	72.1	71.6	0
I am confident that my organisation would address my concern	62.0	57.9	4
My organisation acts on concerns raised by patients / service users*	72.3	71.2	1

### iii) Equality, diversity and inclusion

For Equality, Diversity and Inclusion the trust's performance has remained static since the 2017 survey. For the theme as a whole however, the trust is performing better than the national average, and almost as well as the best performing trusts in the country.



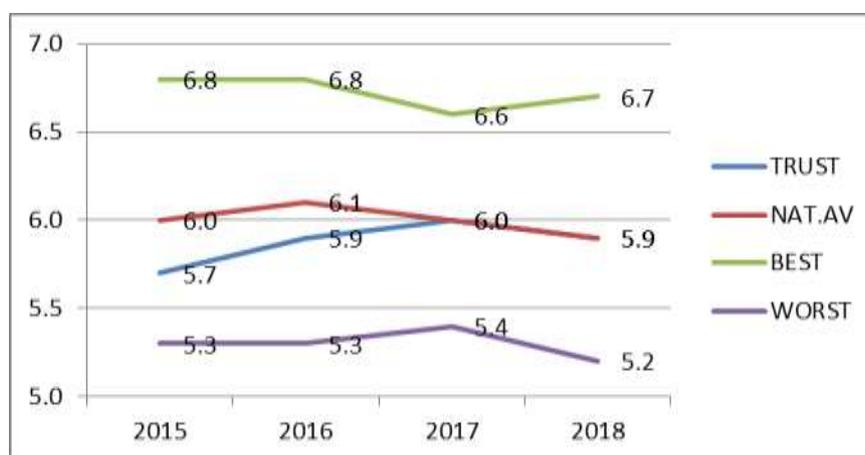
Four questions comprise this theme in the survey. The trust is above the national average for all of these indicators.

Question (%)	2018	2017	Diff
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Does your organisation act fairly with regard to career progression / promotion, regardless of ethnic background, gender, religion, sexual orientation, disability or age?	88.7	88.7	0
In the last 12 months have you personally experienced discrimination at work from patients / service users, their relatives or other members of the public? (low score is better)	4.1	3.5	0
In the last 12 months have you personally experienced discrimination at work from manager / team leader or other colleagues? (low score is better)	7.0	5.8	1
Has your employer made adequate adjustment(s) to enable you to carry out your work?	72.1	71.6	0

#### iv) Health and wellbeing

For the Health and Wellbeing theme the trust is performing at the level of the national average and similarly to the national picture is showing a slightly deteriorating performance. For the question regarding staff feeling unwell as a result of work-related stress the trust has deteriorated significantly.

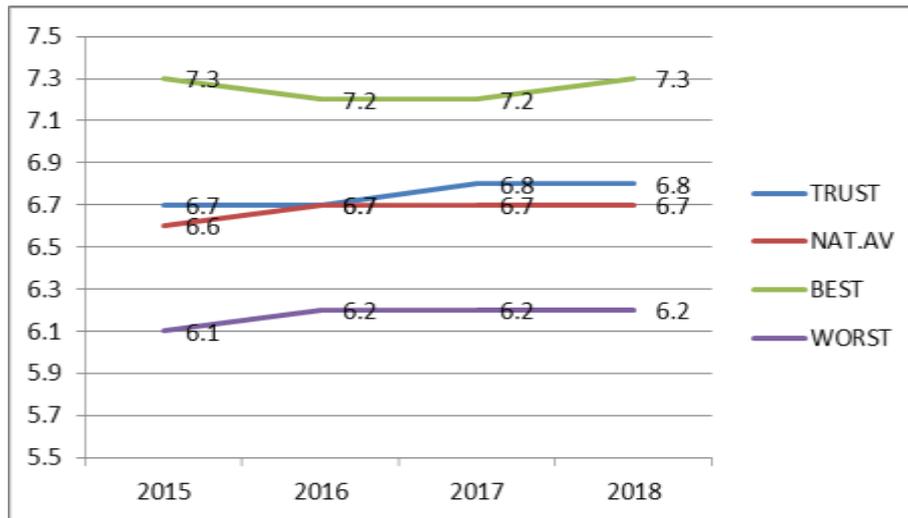


Five questions comprise this theme in the survey. The trust is worse than average for three of the indicators (\*).

Question (%)	2018	2017	Diff
The opportunities for flexible working patterns	52.9	51.4	1
Does your organisation take positive action on health and well-being?*	27.0	27.8	0
In the last 12 months have you experienced musculoskeletal problems (MSK) as a result of work activities? (low score is better)*	28.5	27.2	-1
During the last 12 months have you felt unwell as a result of work related stress? (low score is better)*	39.1	36.7	-2
In the last three months have you ever come to work despite not feeling well enough to perform your duties? (low score is better)	54.3	53.9	0

#### v) Immediate Managers

Scores for immediate managers have improved, but not significantly in the 2018 staff survey, with the trust performing slightly better than the national average for this theme.

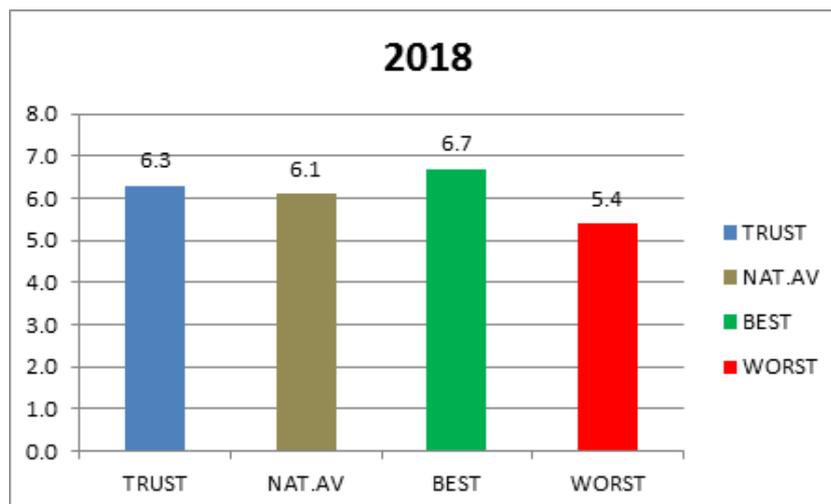


Six questions comprise this theme in the survey. One indicator is worse than the national average (\*), despite improving in year.

Question (%)	2018	2017	Diff
The support I get from my immediate manager*	68.5	67.8	0
My immediate manager gives me clear feedback on my work	60.7	60.3	0
My immediate manager asks for my opinion before making decisions that affect my work	54.1	53.9	0
My immediate manager takes a positive interest in my health and well-being	67.4	66.1	1
My immediate manager values my work	71.1	70.0	1
My manager supported me to receive this training, learning or development	58.8	57.7	1

#### vi) Morale

2019 is the first year that a theme for morale has featured in the staff survey with some of the questions featuring for the first time. The trust is ahead of the national average for this theme.



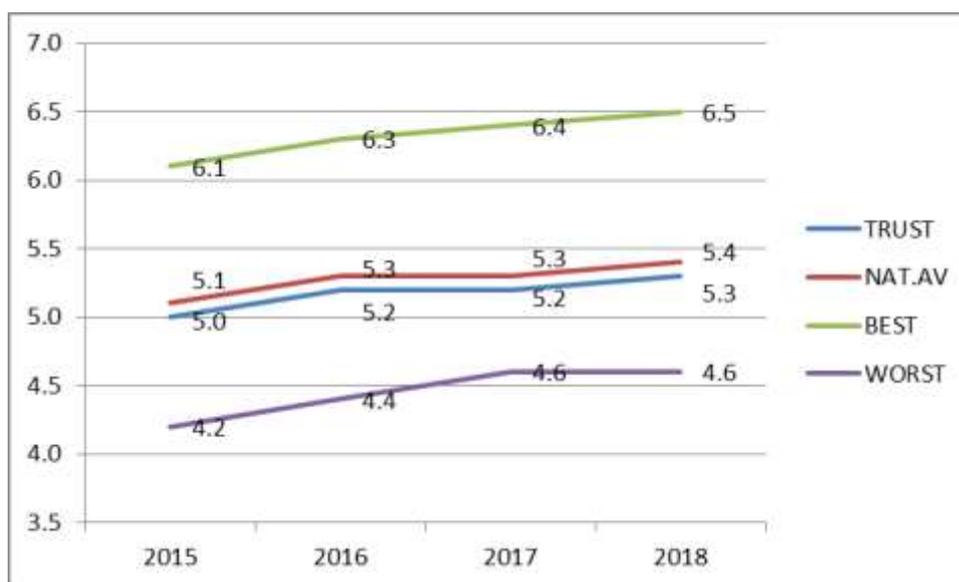
Nine questions comprise this theme in the survey. For all but two (\*) the trust is better than the national average.

Question (%)	2018	2017	Diff
I am involved in deciding on changes introduced that affect my work area / team / department	53.0	51.9	1
I receive the respect I deserve from my colleagues at work*	68.6	N/A	

I have unrealistic time pressures	23.9	N/A	
I have a choice in deciding how to do my work	56.7	N/A	
Relationships at work are strained	43.1	N/A	
My immediate manager encourages me at work *	67.4	N/A	
I often think about leaving this organisation (low score is better)	26.0	N/A	
I will probably look for a job at a new organisation in the next 12 months (low score is better)	15.0	N/A	
As soon as I can find another job, I will leave this organisation (low score is better)	10.1	N/A	

### vii) Quality of appraisals

While overall the trust is slightly behind the national average for this theme staff indicated that the quality of appraisals has improved significantly.

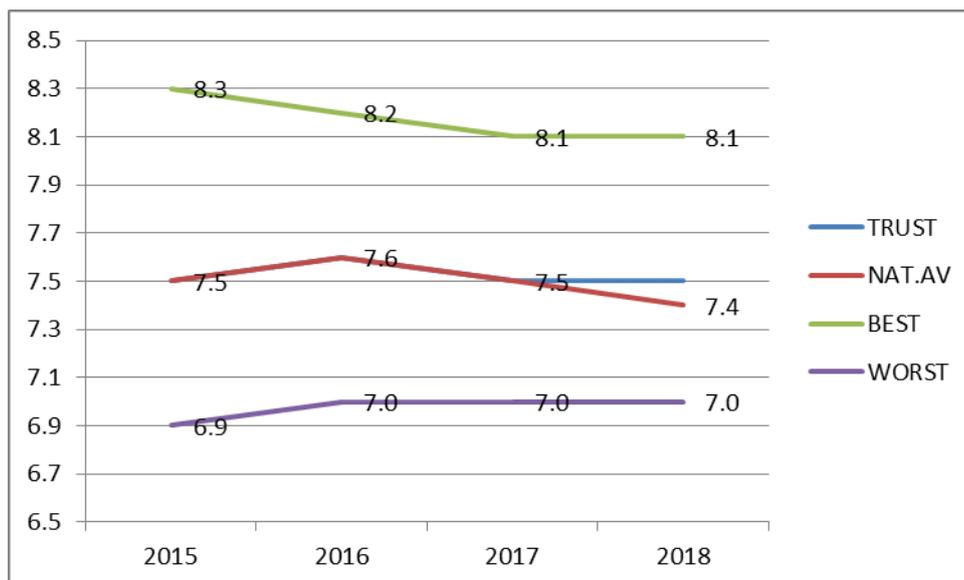


Four questions comprise this theme in the survey. For two indicators the trust is below the national average.

Question (%)	2018	2017	Diff
It helped me to improve how I do my job	23.2	21.4	2
It helped me agree clear objectives for my work	37.0	35.9	1
It left me feeling that my work is valued by my organisation*	30.4	26.5	4
The values of my organisation were discussed as part of the appraisal process*	33.4	31.1	2

### viii) Quality of Care

For the theme of quality of care the trust is performing slightly above the national average. There is no significant shift against this indicator since 2017 and over four years performance has gone backwards.

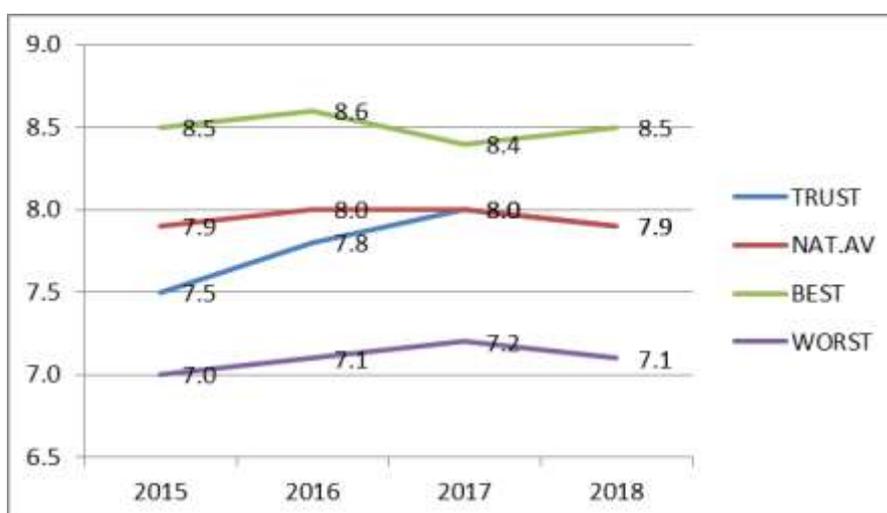


Three questions comprise this theme in the survey. The trust is below the national average for one of these (\*).

Question (%)	2018	2017	Diff
I am satisfied with the quality of care I give to patients / service users	81.5	81.5	1
I feel that my role makes a difference to patients / service users*	88.6	89.3	-1
I am able to deliver the care I aspire to	68.1	68.3	0

#### ix) Bullying and harassment

For the theme of bullying and harassment the trust is performing in line with the national average, however both trust and national performance has deteriorated slightly in the last year, although this is not a significant deterioration.



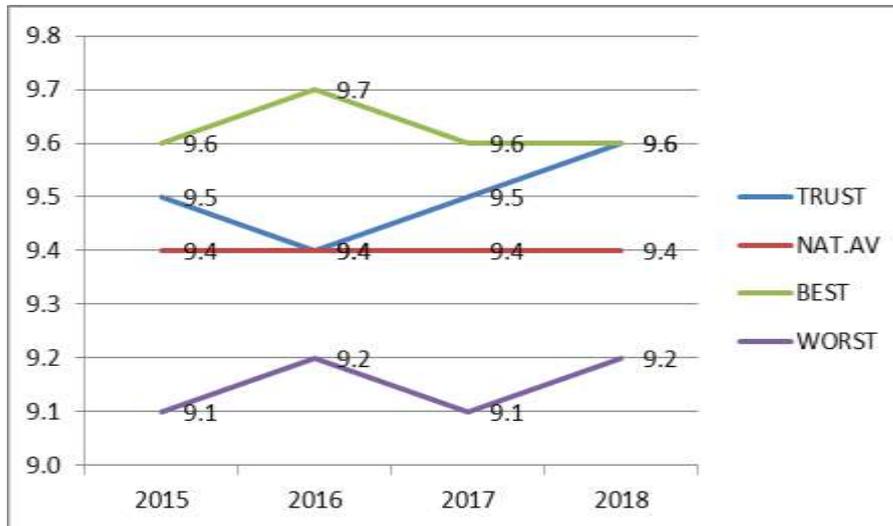
Three questions comprise this theme in the survey and for all indicators a low score is better than a high score. The trust is below the national average for two of these (\*), and performance is deteriorating against two indicators.

Question (%)	2018	2017	Diff
In the last 12 months how many times have you personally experienced harassment, bullying or abuse at work from patients / service users, their relatives or other members of the public?	26.3	25.0	-1
In the last 12 months how many times have you personally experienced harassment, bullying or abuse at work from managers?*	15.5	14.7	0

In the last 12 months how many times have you personally experienced harassment, bullying or abuse at work from other colleagues?*	<b>22.0</b>	<b>20.0</b>	<b>-2</b>
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### x) Violence

For the theme of violence the trust is performing as well as the best organisations in the country with scores improving significantly in the last three years.

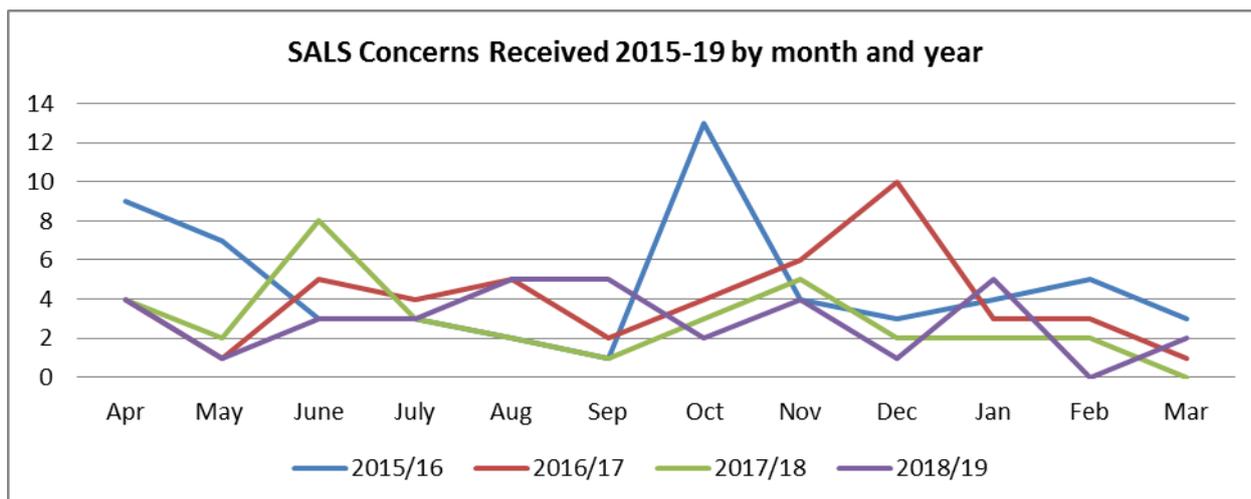


Three questions comprise this theme in the survey and for all indicators a low score is better than a high score. The trust is performing better than the national average for all three indicators and the number of staff experiencing violence at work has dropped significantly since last year.

Question (%)	2018	2017	Diff
In the last 12 months how many times have you personally experienced physical violence at work from patients / service users, their relatives or other members of the public?	<b>11.5</b>	<b>13.6</b>	<b>2</b>
In the last 12 months how many times have you personally experienced physical violence at work from managers?	<b>0.5</b>	<b>0.7</b>	<b>0</b>
In the last 12 months how many times have you personally experienced physical violence at work from other colleagues?	<b>1.2</b>	<b>1.8</b>	<b>0</b>

### Staff Advice and Liaison Service (SALS)

The Trust launched its Staff Advice and Liaison Service in January 2015 to provide confidential support to staff who were concerned about behaviours or practice within their team. Since January 2015, there have been 202 contacts in total, either via email, telephone or face to face. A total of 35 contacts have been received from April 2018 to March 2019; this is small increase (6%) from the previous financial year. The most common themes have been consistent since SALS started: difficult working relations, work pressures causing significant impacts on stress levels and staff being discouraged from raising incidents.



Members of staff who contact the SALS service are able to speak in confidence regarding their issues. Advice is given regarding further support available within the Trust and the caller is signposted to the most appropriate service for further help and support, with their consent.

### **Freedom to Speak Up Guardian**

Since 2017, all Trust have been required to have a Freedom to Speak Up Guardian in place, as a member of staff who colleagues can talk to if they are concerned about speaking up about poor practice or behaviours. Since taking up the role, the Trust's Freedom of Speak Up Guardian has supported 42 members of staff (15 in 2017-18; 27 in 2018-19) and teams to raise their concerns about staff or patient welfare. As with the Staff Advice and Liaison Service, the Freedom to Speak Up Guardian helps to signpost and give advice on raising concerns, to be addressed by the Trust or within a team. The Freedom to Speak Up Guardian reports directly to the Trust Board on their work on a quarterly basis. The Freedom to Speak Up Guardian has reported on the types of concerns being raised through this role and through the Staff Advice and Liaison Service so that the Trust Board is sighted on the issues being raised up in the organisation.

### **Health, Wellbeing and Safety at Work**

A key improvement area for the Trust since 2014 has been staff reporting issues of bullying and harassment. This work has also been enhanced with the development of the Equality and Inclusion Strategy and the adoption of the Workforce Race Equality Standard (WRES), which seek to ensure no member of the workforce is disadvantaged based on the ethnic background, gender, sexual orientation, disability or age.

Over time the Trust has seen its performance improve against these indicators. In 2015 38% of staff reported that they had experienced some form of bullying and harassment from colleagues, way above the national average. This year the trust has seen its performance against bullying and harassment equal the national average.

A development area for the trust is against the staff survey section on health and wellbeing of staff. Work is underway to address issues of staff feeling stressed, suffering from musculoskeletal issues and ensuring managers have the skills and resources available to them to support colleagues who are in need of help.

### **Guardian of Safe Working**

The Trust has in place a Guardian of Safe Working, to support and safeguard the working conditions for doctors in training (junior doctors). The Guardian of Safe Working monitors compliance with rotas and availability of training and support opportunities, as well as encouraging staff to exception report where they have worked additional hours or have queries

about their rosters. The Guardian of Safe Working reports directly to the Trust Board on the quarterly basis.

The Guardian of Safe Working noted that the most common reason for submitting an exception report during the year appears to be related to staff shortages, volume of work and practices such as late ward rounds which lead to trainees staying beyond the contracted hours or missed educational and training opportunities. In a few instances the trainees appear to be staying over in the interest of patient care. The Guardian of Safe Working has provided updates to the Trust Board on actions taken to address these issues, which include meeting with senior clinicians and education supervisors within specialties to plan improvements. An updated Junior Doctor mess is being created to provide better space for rest and recuperation. In addition, senior staff attend the Junior Doctors' Forum by invitation to engage in the issues that would make a positive difference to junior doctors' experiences in the Trust.

### **Workforce Equality**

The Trust's agreed Equality Objectives for 2016-20 are:

1. To improve our evidence base for patient equality of access to services.
2. To make information more accessible, to better meet the needs of people who have a disability, impairment or sensory loss.
3. To build an inclusive environment for all staff.
4. To demonstrate progress against the indicators within the NHS Workforce Race Equality Standard (WRES).

The Trust developed an updated overarching Equality, Diversity and Inclusion Strategy 2018-21 which was agreed by the Trust Board in March 2018. The strategy includes analysis of the Trust's workforce and patients from an equalities point of view. The Trust has an Equalities action plan that is being actively managed by the Trust's Equalities Steering Group.

In respect of the Workforce Race Equality Standard (WRES), the Trust has an agreed action plan to make further progress in relation to its WRES return. The Trust's full WRES data set is published on the Trust's website.

The gender of the Trust's workforce is 76.87% female and 23.13% male. 1.78% of staff are known as disabled and 10.08% are from a BME background.

The Trust has a BME Staff Network that commenced in 2016. The membership has increased to 50, but attendance at network meetings could be better. The group has an agreed action plan that is being progressed and one of the key initiatives is to get BME staff on to the coaching and mentoring programmes, so they can connect with senior managers, develop themselves and improve organisational performance. The Trust also started an LGBT Staff Network during 2017-18.

The Trust continues to deliver the Equality, Diversity and Inclusion training programme and forms part of the Trust's recruitment and selection training. Equality, diversity and inclusion training has always formed part of the Trust's training programme and is mandatory for all staff, a decision which was enacted last financial year.

From 2017, any organisation that has 250 or more employees must publish and report specific data about their gender pay and gaps. The gender pay gap is the difference between the average earnings of men and women. A report of the findings of the Trust's gender pay review was presented to the public Trust Board meeting in March 2019 and has been published on the Trust's website.

Gender pay gap calculations are based on ordinary pay which includes; basic pay, allowances (including shift premiums), extra amounts for on-call, pay for leave but excludes; overtime, expenses, payments into salary sacrifice schemes (even though employees opted into the schemes voluntarily, as they provide a benefit in kind), and Pensions.

In summary, the Trust's mean gender pay gap is 30.74% (i.e. this means that women's average earnings are 30.74% less than men's). The median gender pay gap is 15.12% (i.e. this means that women's average median earnings are 15.12% less than men's).

The mean and median gender pay gap can be explained by the fact that while men make up only 23.13% of the workforce, there are a disproportionate number of males, 38.25% in the highest paid quartile, predominantly medical staff.

The mean gender pay gap for the whole economy (according to the October 2018 Office for National Statistics Annual Survey of Hours and Earnings figures) is 17%, while the Trust's mean gender pay gap is 30.74% in favour of males. The median gender pay gap for the whole economy is 17.9%, compared to the Trust average of 15.12%. Whilst the Trust's median figure is lower than the national average the mean figure is not.

Medical staff pay has a strong impact on the mean and median data. If Medical staff were excluded from the data above the mean (average) hourly pay gap is 3.61% or £0.51, and the median (mid-point) hourly pay is 0.32% or £0.04. Nationally the Consultant workforce is predominately male. In recent years women have made up the majority of medical graduates, and this should impact on data in the years ahead.

Based on the Trust's overall gender split (76.87% female and 23.13% male), there is no significant gender pay gap in the lower, lower middle and upper middle quartiles. There are a disproportionate number of males, 38.25%, in the upper quartile compared to 61.75% being female. There is a mean gender pay gap of 28.40% and £9.50 in the upper quartile.

Within the Medical staff group there is a disproportionate gender split (34.87% females and 65.13% male). In the Upper Quartile for Medical staff the split is 32.19% female and 67.81% male. Medical staff account for the majority of the Trust's highest earners.

The Trust has a split of 58.57% full time and 41.43% part time staff. 92.54% of part time staff are female. The majority of part time staff are in the lower quartiles (58.47% are in the lower and lower middle).

Only 27.87% of staff in the upper quartile are part time. This is disproportionate when compared with the Trust wide figure of 41.43% of staff being part time. 90.09% of these are female staff.

The gender pay gap calculations are based on pay excluding the value of payments made into salary sacrifice schemes (even though employees opt into the schemes voluntarily, as they provide a benefit in kind). The Trust operates a number of salary sacrifice schemes. As payment into these schemes reduces the salary and hourly rate of pay this has impacted on the Trust's data, including the mean female average and where females fall in pay quartiles (i.e. they might otherwise fall into a higher quartile). 80.39% of those who pay into salary sacrifice schemes are female staff compared to 19.61% of male staff, particularly the high values schemes i.e. Family Car Lease and Childcare Vouchers. This is especially so in the Lower Middle and Upper Middle quartiles.

### **Trade Union Facility Time**

The Trade Union (Facility Time Publications Requirements) Regulations 2017, which came into force on 1st April 2017, implemented the requirement introduced by the Trade Union Act 2016

for specified public-sector employers, including NHS Trusts, to report annually a range of data in relation to their usage and spend on trade union facility time.

Background to the New Reporting Requirements

The Facility Time regulations are intended to ensure transparency of facility time and the associated costs to the taxpayer. Organisations should ensure the costs to the taxpayer of facility time are proportionate to the benefits in the delivery of public services.

Annual Reporting Requirements

The duty to report covers specific information (set out in detail in Schedule 2 of the regulations) relating to time off taken for trade union duties, for example negotiations with employers, representing members in the workplace, or the duties of a learning representative and activities, or to carry out duties and receive training under the relevant safety legislation.

Trade union representatives can get paid time off to carry out ‘duties’ which is set out in legislation. Employers may also grant paid time off for trade union activities for which there is no statutory right to paid time off.

Trust Trade Union Facility Time Data 2018/2019

The Trust’s data for the reporting period 1 April 2018 to 31 March 2019 is set out below.

Whether in providing support to individual members of Trust staff at a departmental level, or by playing a valuable role in contributing to Trust-wide agendas (for example: Joint Negotiating and Consultative Committees, Job Evaluation Panels, Collective Agreements, Policy Sub-Groups, Health and Safety and Staff Surveys) the Trust recognises that the participation of trade union representatives supports the partnership process and contributes to delivering improved services to patients and users.

At a time when the whole public sector needs to ensure it delivers value for money, the Trust will continue to monitor and evaluate the amount of money spent on facility time, in the interests of transparency and accountability.

Table 1: Relevant union officials

Total number of Trust employees who were relevant union officials during the relevant period, 1 April 2018 to 31 March 2019:

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number (of trade union representatives)
68	63.18

Table 2: Percentage of time spent on facility time

Hull University Teaching Hospitals NHS Trust’s employees, who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time:

Percentage of time	Number of employees
0%	28
1%-50%	40
51%-99%	0
100%	0

Table 3: Percentage of pay bill spent on facility time

The percentage of the Trust’s total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period:

	Figures
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Total cost of facility time	£73,299
Total pay bill	£352,425,000
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.02%

**Table 4: Paid trade union activities**

As a percentage of total paid facility time hours, the number of staff hours spent by employees who were relevant union officials during the relevant period on paid trade union activities:

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:  (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	1.58%
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The figures have been calculated using the standard methodologies used in the Trade Union (Facility Time Publication Requirements) Regulations 2017.

**Golden Hearts nominations**

The eighth annual Golden Hearts awards ceremony took place on 15<sup>th</sup> June 2018 to celebrate teams and individuals who go the extra mile for their patients, colleagues and services. Held at the Hilton Hotel, Hull, more than 400 people attended to see 15 awards given out to our very worthy winners.

The full list of 2018 Golden Hearts winners and runners up is as follows:

<b>Award</b>	<b>Winner</b>	<b>Runners up</b>
Making it Better	Specialist Midwives	- Tissue Viability - Cancer Care Coordinators - Discharge Lounge
Great Leader	Michael Hookem	- Lyn Joanne Smith - Lyndsay Bowen
Moments of Magic	TYA and Ward 33 Staff	- Sue Finn - Julie Richmond
Lifetime Achievement	Barbara Thompson	- Kevin Wedgwood - Ann Tweddel - Sue Perry
Team Spirit	Acorn Ward Team	- Hospital at Night team - Ward 28/Cardiac Monitoring Unit
Lessons Learned	Emergency Department	- Sue Sallis - Elderly Assessment Unit
Apprentice of the Year	Zoe Sugden	- Jessica Clappison - Louise Johnson
Outstanding Team of the Year: Non-Clinical	Trust Grounds and Gardens Team	- Oncology Information

		Systems Group - Jill Phillips & Adele Veal
Outstanding Team of the Year: Clinical	HEY Urology Service	- Rachel Hoggarth & C29 - Specialist Nurses, Organ Donation
Outstanding Individual: Medical	Dr Ahmed Abdul-Hamid	- Prof Russell Patmore - Dr Deepa Narayanan
Outstanding Individual: Nursing/Midwifery	Sarah Bolton	- Elizabeth Morris - Jo Delahay
Outstanding Individual: Scientific, Therapeutic & Technical	Jayne Anderson	- Phil Vokes - Yvonne Holloway
Outstanding Individual: Non-Clinical	Jonathan Wood	- Bonnie Gray - Sarah Cooper
Health Group Award	Surgery	

Further information about our staff is set out in the Remuneration and Staff section of this Annual Report.

## GREAT CARE

The Trust uses a number of performance indicators to measure the quality of care that it provides to its patients. The Trust sets its own quality and safety priorities, following consultation with stakeholders and these are published in the Trust's Quality Accounts. In addition, the Trust Development Authority (now NHS Improvement) has a number of mandated indicators which cover patient safety, infection control, clinical effectiveness, maternity, patient experience and NHS Constitution standards.

### Quality Accounts 2018/19

Each year the Trust publishes its Quality Accounts. These contain the details of the quality and safety priorities for 2018/19 and how we performed against them. The Quality Accounts are published on NHS Choices webpage and also on the Trust's website. The Quality Accounts are published by 30 June and this Annual Report should be read in conjunction with the Quality Accounts.

### Patient Safety

#### Single Oversight Framework (SOF) indicators 2018/19:

Domain	Indicator	Standard	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	2018/19
Safe	Occurrence of any Never Event	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Potential under-reporting of patient safety incidents (reported 6 months)	reduction	51.29						48.83						50.06
	VTE Risk Assessment	95%			91.31%			92.61%			92.19%			92.75%	92.22%
	Patient Safety Alerts Outstanding	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Mixed Sex Accommodation Breaches	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	MRSA Bacteraemias	0	0	0	0	0	0	0	1	1	0	1	0	0	3
	Clostridium Difficile	52	2	1	3	7	3	3	2	4	1	3	0	3	32
	Emergency C-section rate	<=12.1%	15.90%	13.20%	17.00%	15.60%	17.60%	15.40%	19.80%	18.40%	15.20%	17.10%	17.80%	16.80%	16.65%

Positive performance has been maintained in responding to patient safety alerts and avoiding mixed-sex accommodations breaches all year. The Trust was below the threshold for *clostridium difficile* cases and further information on infection prevention and control is given below.

Areas where further improvements are required: The Trust continues to work on its compliance with Venous Thromboembolism Episode (VTE – a blood clot) risk assessments and acknowledges that compliance needs to reach the required standard in this area. The Trust is also reviewing its emergency Caesarean Section rate – the Trust has set a stretch target to below 12.1% against a national standard to be below 15%.

MRSA: please see infection control section below

#### Infection control:

The Trust is required to report monthly on performance in relation to six key healthcare-associated infections (HCAIs):

- *Clostridium difficile* infections
- MRSA bacteraemia infections
- MSSA bacteraemia
- *E.coli* bacteraemia
- Klebsiella (new reporting this year)
- Pseudomonas aeruginosa (new reporting this year)

The Trust is required to report monthly on performance in relation to these four key Healthcare Associated or Acquired Infections (HCAI's). These are summarised in the following table along with the year-end performance against the upper threshold for each:

Organism	2018/19 Threshold	2018/19 Performance (Trust Apportioned)
Post 72-hour <i>Clostridium difficile</i> infections	52	32 (61.5% of threshold)
MRSA bacteraemia infections (post 48 hours)	Zero	3 (over threshold)
MSSA bacteraemia	44	59 (over threshold)
<b>Gram Negative Bacteraemia</b>		
<i>E.coli</i> bacteraemia	73	112 (over threshold)
Klebsiella	29 (2017/18 outturn)	38
<i>Pseudomonas aeruginosa</i>	20 (2017/18 outturn)	13

The year-end performance against the upper threshold for each is reported in more detail, by organism:

### ***Clostridium difficile***

*Clostridium difficile* infection is a type of bacterial infection that can affect the digestive system. It most commonly affects people who have been treated with antibiotics. The symptoms of a *C.difficile* infection can range from mild to severe and include: diarrhoea, a high temperature (fever) and painful abdominal cramps. In extreme cases, *C. difficile* infections can also lead to life-threatening complications such as severe swelling of the bowel from a build-up of gas (termed toxic megacolon). In certain cases they can cause or contribute to the death of a patient.

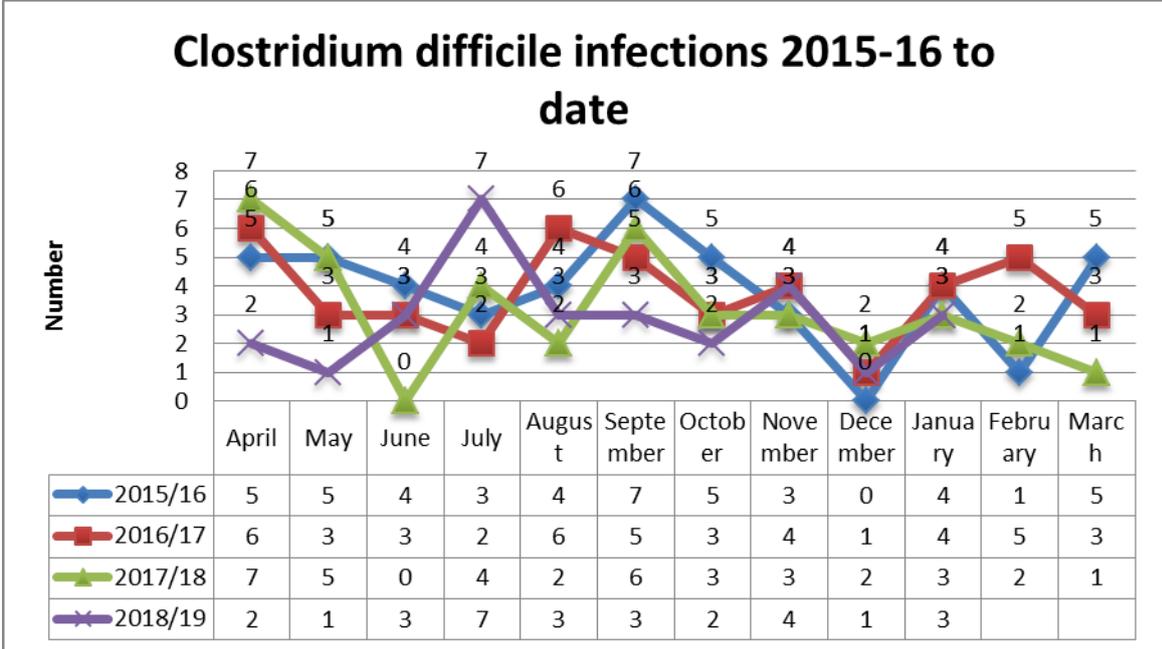
At year end 2018/19, the Trust reported 32 infections against an upper threshold of 52 (61.5% of threshold). This is a positive result at year-end and compares well with Trusts across the region that were more challenged in meeting their respective thresholds.

Root cause analysis (RCA) investigations are conducted for each infection and outcomes of RCA investigations for all Trust-apportioned cases are shared collaboratively with commissioners. Where possible, this includes reviewing the patient three months prior to the detection of the case to determine any links to the infection during this time.

Organism	2018/19 Threshold	2018/19 Performance (Trust Apportioned)	Lapses in practice / suboptimal practice cases
Post 72-hour <i>clostridium difficile</i> infections	52	32 (72% of threshold)	All cases have been subject to Root Cause Analysis investigation. Of the cases, twenty have been reviewed by Commissioners with seventeen deemed to have no lapses in practice. Three cases identified a lapse in practice due to suboptimal antimicrobial prescribing. Five cases are awaiting consideration by the commissioners. The remaining four cases are

			awaiting final RCA meetings with the consultants responsible for their care.
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The following graph highlights the Trust’s performance from 2015/16 to date with this infection:



**Meticillin Resistant *Staphylococcus Aureus* (MRSA) bacteraemia**

*Staphylococcus aureus* (also known as staph) is a common type of bacteria. It is often carried on the skin and inside the nostrils and throat, and can cause mild infections of the skin, such as boils and abscesses. If the bacteria enter the body through a break in the skin, they can cause life-threatening infections, such as blood poisoning (bacteraemia). MRSA is a type of bacteria that's resistant to a number of widely used antibiotics. This means MRSA infections can be more difficult to treat than other bacterial infections.

The Trust reported three case of MRSA Bacteraemia during the year. The following table summarises the particulars of that case.

Organism	2018/19 Threshold	2018/19 Performance (Trust Apportioned)	Outcome of PIR Investigation / Final assignment
MRSA bacteraemia	<b>Zero tolerance</b>	<b>3 cases (over threshold)</b>	<p>October 2018 case –deemed unavoidable by Public Health England (PHE) following investigation. However, practice issues were identified with associated learning for the Health Group</p> <p>November 2018 case – deemed avoidable due to lapses in practice associated with consistency of device management and poor documentation associated with decolonisation treatment.</p>

			January 2019 case – Post Infection Review (PIR) investigation underway but early indications suggest deep-seated infection associated with a previous history of MRSA treated by Primary Care – bacteraemia deemed unavoidable currently by Infectious Diseases team but this is subject to further review
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The Trust reported one case of a patient with an MRSA Bacteraemia on 5th October 2018. The infection related to a patient with complex health needs following major colorectal surgery with no previous MRSA history, including negative colonisation tests x3, prior to acquiring the bacteraemia. A Post Infection Review (PIR) investigation, in collaboration with the nursing and surgical teams was completed and reviewed by the commissioners with the bacteraemia deemed unavoidable by PHE. However, lapses in practice during the course of the investigation were identified, which have been addressed and include prudent wound and device care by medical and nursing staff.

The Trust reported the second case of a patient with an MRSA bacteraemia on the 22<sup>nd</sup> November 2018. The infection related to a patient with complex health needs following major cardiothoracic surgery resulting in a prolonged stay on the intensive care unit (ICU) and significant post-operative complications. The patient acquired MRSA in his sputum during the course of his ICU stay and was confirmed as being colonised with MRSA in multiple sites increasing the risk of developing a bacteraemia. A meeting was held to discuss post-operative management and tissue viability issues, which acknowledged the complexity of the surgery, the length of time in theatre and the unstable and vulnerable state of the patient's condition whilst nursed on ICU; all of which contributed to the patient's outcome. The MRSA bacteraemia was deemed avoidable, in spite of the circumstances, due to a lack of assurance regarding device management and prescription/administration of decolonisation treatment.

The Trust reported the third case of a patient with an MRSA bacteraemia on the 29<sup>th</sup> January 2019. This case is under investigation via a PIR process by both the Trust and Commissioners. The patient had a previous history of MRSA in November 2017 and was managed by their GP at that time. On this admission, the patient was admitted with an acute cardiac episode to Acute Assessment Unit (AAU), transferred to H36 and then Cardiac Monitoring Unit (CMU) at CHH. The patient was screened for MRSA on admission and, on transfer to CMU, was found to be nasal/axilla and groin negative on both occasions. The patient has been reviewed by the Infectious Diseases team who suspected a deep source for the infection, therefore. Endocarditis was diagnosed following trans-oesophageal echocardiography, which will require prolonged antimicrobial therapy and subsequent cardiac surgery. The attribution of this infection (in terms of Trust or CCG) is yet to be determined.

### **Meticillin Sensitive *Staphylococcus Aureus* (MSSA) bacteraemia**

Meticillin-Sensitive *Staphylococcus aureus* is a type of bacteria that lives harmlessly on the skin and in the nose, in about one-third of people. People who have MSSA on their bodies or in their noses are said to be colonised.

However, MSSA colonisation usually does not cause problems for people, but can cause an infection when it gets the opportunity to enter the body. This is more likely to happen in people who are already unwell. MSSA can cause local infections such as abscesses or boils and it can infect any wound that has caused a break in the skin e.g. grazes, surgical wounds. MSSA can cause serious infections called septicaemia (blood poisoning) where it gets into the

bloodstream. However unlike MRSA, MSSA is more sensitive to antibiotics and therefore easier to treat, usually.

Organism	2018/19 Threshold	2018/19 Performance (Trust AppORTioned)	Outcome of RCA Investigation (avoidable/unavoidable)
MSSA bacteraemia	44	59 <b>(over threshold)</b>	RCA investigations have been completed on 39 of reported cases. The remaining reviews are under way. Outcomes of the RCAs have concluded that most are preventable, linked to hospital acquired pneumonia, complex high risk surgery and IV device management. There are at least 3 hospital onset cases linked to deep seated infections associated with patients who inject recreational drugs. Actions to mitigate risks include cohesive line insertion and management with a review of previous 'Matching Michigan' principles (vascular access device management best practice standards), which is ongoing.

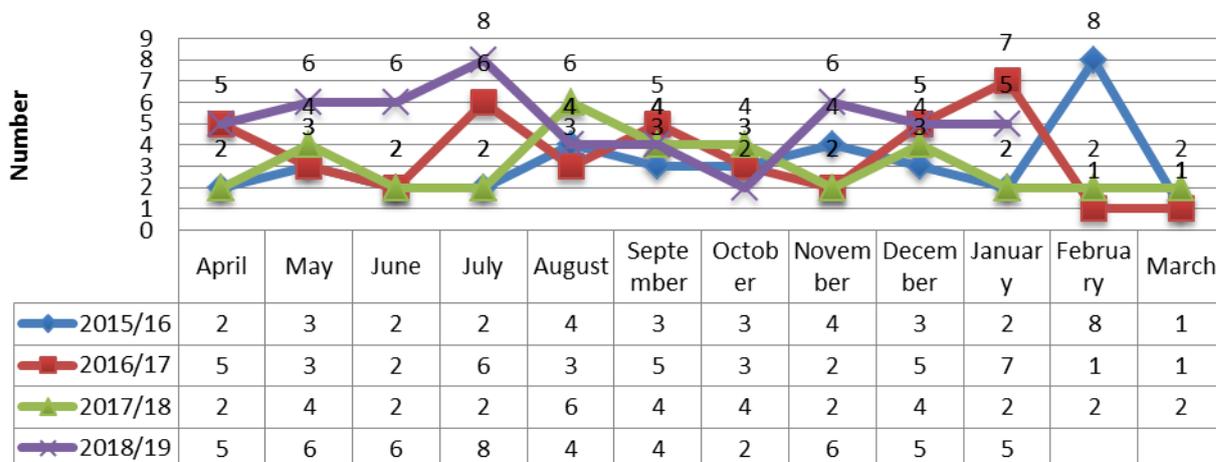
MSSA bacteraemia performance is provided in the following table. There are no national thresholds for this infection again for 2018/19 but the need for continued and sustained improvements regarding this infection remains a priority.

MSSA bacteraemia cases remain relatively static month on month but a deeper dive into prospective MSSA bacteraemia cases is underway by the IPCT, in collaboration with Infectious Disease physicians, medical and surgical teams from the 1<sup>st</sup> September 2018. In addition a working party has been formed to focus on device insertion, reason for use and ongoing management.

Concerns regarding patients who inject recreational drugs and present with abscesses and deep infections is ongoing both as hospital and community onset cases.

The following graph highlights the Trust's performance from 2015-16 to date:

## Meticillin Sensitive Staphylococcus Aureus (MSSA) Bacteraemia infections from 2015-16 to date



### **Escherichia-coli Bacteraemia**

There are many different types of *Escherichia coli* (*E. coli*) bacteria, most of which are carried harmlessly in the gut. These strains of *E. coli* make up a significant and necessary proportion of the natural flora in the gut of people and most animals. However, when strains of *E. coli* are outside their normal habitat of the gut, they can cause serious infections, several of which can be fatal. Potentially dangerous *E. coli* can exist temporarily and harmlessly on the skin, predominantly between the waist and knees (mainly around the groin and genitalia), but also on other parts of the body, i.e. a person's hands after using the toilet.

*E. coli* is now the commonest cause of bacteraemia reported to Public Health England. *E. coli* in the bloodstream is usually a result of acute infection of the kidney, gall bladder or other organs in the abdomen. However, these can also occur after surgery, for example.

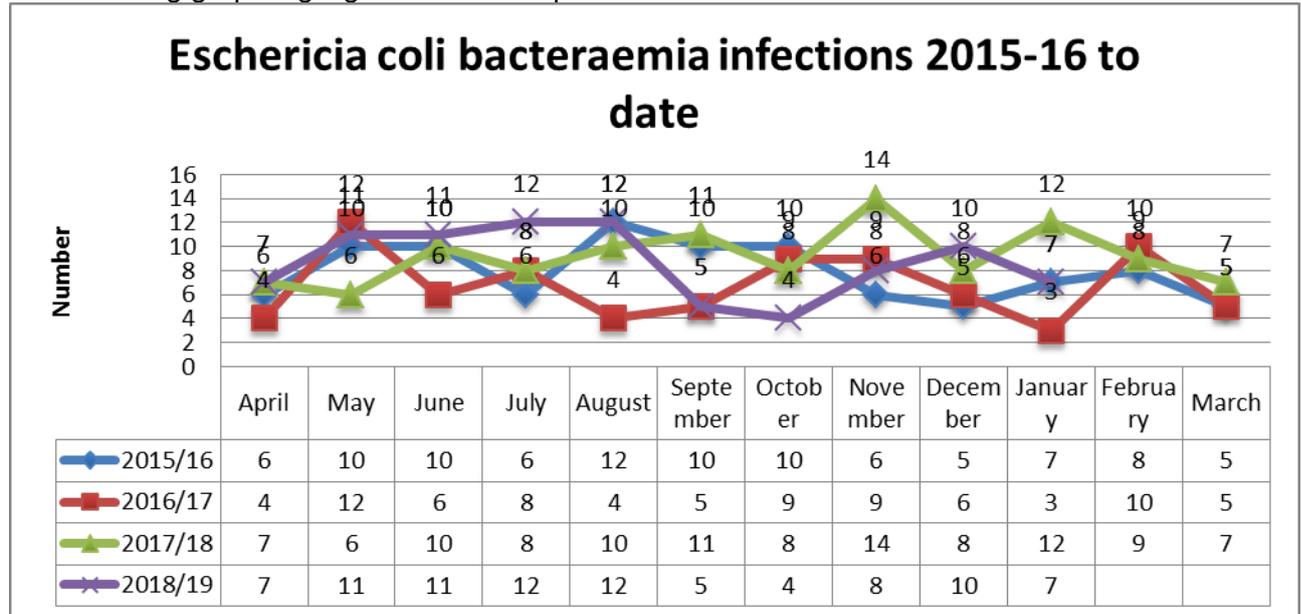
During 2018/19, Trusts were required by NHS Improvement to achieve a 10% reduction in *E. coli* bacteraemia cases. Achievement of reductions is expected to be collaborative through joint working with commissioners and joint action plans. A Trust improvement plan for *E. coli* and gram negative bacteraemia is in place.

Organism	2018/19 Threshold	2018/19 Performance (Trust Apportioned)	No. of cases investigated clinically	Outcome of Clinical Investigation (avoidable/ unavoidable)
<i>E. coli</i> bacteraemia	<b>73</b> (after 10% reduction)	<b>112</b> (over threshold)	110	10 x avoidable 14 x possibly avoidable 88 x unavoidable (the majority related to biliary sepsis)

As can be seen from the table above, most of these infections (80%) were deemed to be unavoidable, which makes the thresholds very difficult to stay within.

There has been a significant increase in the number of cases because of compliance with sepsis screening, both in the Emergency Department and for inpatients. Although increases are noted and the Trust breached the threshold at year end for this infection, patients are receiving improved quality of care because of earlier and targeted identification, treatment and appropriate management.

The following graph highlights the Trust's performance from 2015/16 to date:



There is a concern over the high resistance rates to commonly-used antibiotics and, also, the learning around the care of patients with urinary catheters and indwelling vascular devices both in hospital and the community. All of these are areas of increased focus and actions currently. Trends associated with *E. coli* are reflected in the graph above, including those associated with the extreme weather variations that were experienced last summer, when the increase in people admitted to hospital with dehydration occurs, as does the burden of *E. coli* infection.

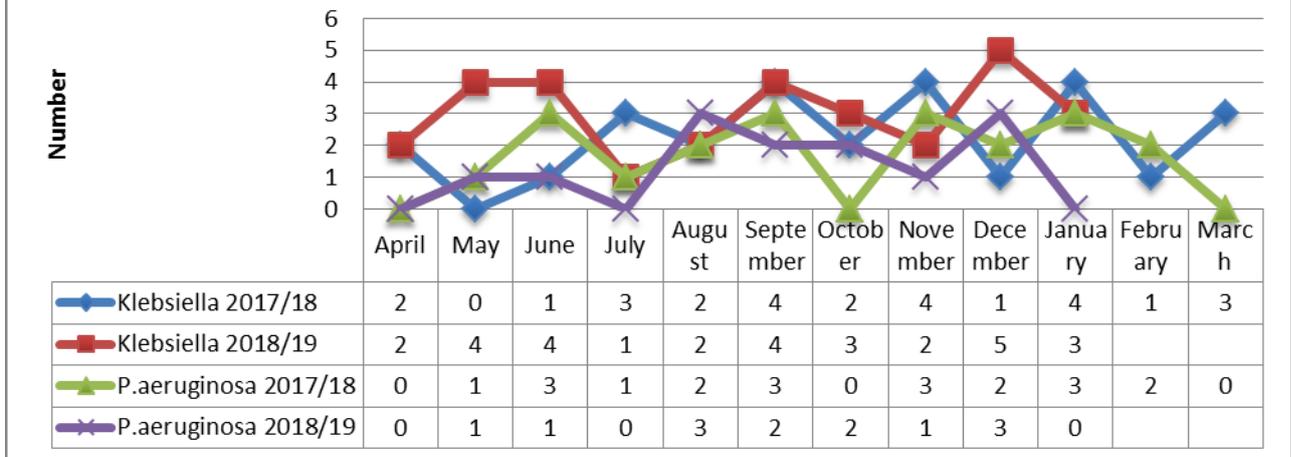
#### 4.1.5 Gram negative bacteraemia – reporting for 2018/19

If gram-negative bacteria enter the circulatory system, it can cause a toxic reaction to the patient. This results in fever, an increased respiratory rate, and low blood pressure. This may lead to life-threatening condition of septic shock.

NHS England and Public Health England (PHE) introduced a requirement across the health economy to reduce healthcare associated Gram-negative bloodstream infections by 50% by 2021. This includes the ongoing reporting of two additional organisms. Surveillance of *E. coli* bacteraemia alongside *Klebsiella* and *Pseudomonas* continues during 2018/19 although no thresholds have yet been published for the latter two GNBSI's.

Review of cases to date suggests similar risk factors as those found with *E. coli* bacteraemia, with *Klebsiella* related to respiratory infections. Subsequent trends and learning associated with these infections will be reported in future editions of this report, in spite of low numbers reported.

## Klebsiella/ Pseudomonas aeruginosa bacteraemia infections from 2017 to date



During December 2018, one case of hospital onset Klebsiella pneumoniae was detected and found subsequently to be resistant to the standard antibiotic treatment for that infection. The sample was sent for typing and was confirmed as a Carbapenemase Producing Enterobacteriaceae (CPE) positive case. CPE infections are very difficult to treat and can be easily transferrable to other people. Extensive microbiological investigation of all previous CPE positive cases has been undertaken. Isolates were sent to Public Health England for further investigation and all of the CPE positive cases to date have been unique in terms of their genetic profiles. This indicates that there has not been any onward transmission to others within the Trust, which is reassuring.

### 4.1.6 Antimicrobial Resistance (AMR) Strategy 2019 - 2024

On the 24<sup>th</sup> January 2019, the Department for Health and Social Care published a document entitled, 'Tackling antimicrobial resistance 2019–2024: The UK's five-year national action plan'. The document sets out the UK's 2019-2024 national action plan to tackle AMR within and beyond the UK. A significant stance is on preventing infections and the plan has a strong focus on infection prevention & control (IPC), including improving the professional capacity and capability for Infection Prevention and Control teams. The document acknowledges the issue of importing resistance especially from patients that are repatriated to the UK who are at higher risk of drug-resistant infections; an issue experienced within this Trust over the last 12 months. The action plan advocates stronger surveillance, a systematic approach to understanding transmission and how the built environment can contribute to transmission of drug resistant organisms and the antimicrobial resistance.

The action plan acknowledges the challenges associated with meeting the requirements of halving the burden of GNBSI's by 2020/2021 and has therefore adopted a systematic approach to preventing these infections and is aiming to deliver a 25% reduction by 2021-2022 with the full 50% reduction by 2023-2024.

The action plan also states that England will adopt the IPC and care standards developed in Scotland as the national standards, with regulators utilising these and the Health and Social Care Act 2008: code of practice on the prevention and control of infections as annual measurements of compliance for trusts. The IPCT is undertaking a gap analysis of both the AMR strategy and the National Infection Prevention & Control Manual to inform the Board of what this will mean in practice and reporting for the future.

### Infection Outbreaks

December 2018 and January 2019 were challenging months for Norovirus. During December 2018, full ward closures caused by confirmed Norovirus were required on the following wards: H70, H9, H80 & H90 (1 x General Medicine and 3 x Medical Elderly Wards). In addition, bay closures were required due to patients with diarrhoea & vomiting (some confirmed Norovirus) on H110 and H500 (Stroke and Respiratory Medicine). Staff were not particularly affected in these areas.

All areas affected were cleaned by the Cleaning Action Team prior to being reopened. The outbreaks started at the beginning of December 2018 and the last affected ward (H90) was cleaned and reopened on 26th December 2018.

During January 2019, Ward H80 (Medical Elderly) was closed on the 4th January 2019 due to an outbreak of diarrhoea and vomiting with confirmed Norovirus. The ward was cleaned and opened from the 9th January 2019 onwards with the ward fully reopening on the 12th January 2019. In addition, ward H90 (Medical Elderly) had a bay closed on the 8th January 2019 with diarrhoea and vomiting with confirmed Norovirus. This bay was cleaned and reopened on the 12th January 2019. Unfortunately, on the 29th January 2019, Ward H80 was affected with a further outbreak of diarrhoea & vomiting, again with confirmed Norovirus. Two bays were closed initially, with the index case being a relative that vomited on the ward. A third bay was also closed subsequently but the ward was cleaned and reopened on the 1<sup>st</sup> February 2019.

### **Infection incident**

During December 2018 and January 2019, the screening of babies for *Pseudomonas aeruginosa* has continued on the Neonatal Intensive Care Unit (NICU). These take place on admission and on a weekly basis thereafter. A colonised case with one baby was detected on the 11<sup>th</sup> January 2019 but no bacteraemia cases have been identified since August 2018. To date, there have been no microbiological links to any cases that have been detected, which indicates that these have not been transmitted between patients.

### **Influenza trends**

The influenza vaccination campaign for 2018/19 commenced on the 1<sup>st</sup> October 2018 and by the 31<sup>st</sup> January 2019, 83% of the Trust's healthcare workforce had taken up the influenza vaccine, which is a significant achievement.

Increases in influenza activity continued during January 2019, with all affected patients detected with the Influenza A strain. In addition, respiratory syncytial virus (RSV) activity continued during January 2019 in both children and adults. One case of influenza A was reported on the 27th November 2018. However, this increased dramatically in December 2018, with 76 cases of Influenza A being detected in the Trust. The majority of these were from samples taken in the Emergency Department (ED), Acute Medical Unit (AMU), and the Ambulatory Care Unit (ACU). During January 2019, a further 161 cases of Influenza A were detected; again from samples taken in the ED, AMU, and ACU.

The increase in influenza cases requiring admission has had a significant impact on the organisation and the need for isolation (single room) facilities. In some cases, due to a lack of side room capacity, some patients with influenza A needed to be cohorted and treated in bays with one another to help try and reduce the spread of infection. There was one outbreak of influenza A on Ward C29 (Rehabilitation), which resulted in the ward being closed from the 10<sup>th</sup> January 2019 until 16<sup>th</sup> January 2019. The cause of this outbreak was a patient that became symptomatic with respiratory symptoms following home leave and whose household contacts were also affected by influenza-like symptoms. The patient mobilised widely around the unit prior to additional cases being detected in other patients. In total, 7 patients were affected with Influenza A, inclusive of the index case.

## Effectiveness

### Single Oversight Framework (SOF) indicators 2018/19:

Domain	Indicator	Standard	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	2018/19
Effective	HSMR	< 100	109	96	82.5	118.6	89.6	97.3	101	91.3	108.7	109.2	not yet published	not yet published	100.5
	HSMR WEEKEND	< 100	103.1	95.8	81.9	113.3	93.5	101.8	107.5	90.4	116.4	115.8	not yet published	not yet published	101.9
	SHMI	< 100	105.2	105.1	90.4	113.9	97.6	95.6	not yet published	101.3					
	30 DAY READMISSIONS	<=7.8%	8.1%	8.4%	7.8%	7.5%	7.5%	8.4%	7.8%	8.0%	8.5%	8.0%	7.8%	not yet published	8.0%

There are 4 mortality indicators that the Trust is measured against. Some information on mortality is published a number of months in arrears. The Trust has maintained a positive position against all four effective standards. Further analysis was undertaken on the 30-day readmissions standards, which were over-target for some months of the year. This was to review cases where patients were re-admitted with particular conditions to see if there were any lessons that could be learned to improve practice and reduce readmissions in specific areas, particularly pneumonia.

## Patient experience

### Single Oversight Framework (SOF) indicators 2018/19:

Domain	Indicator	Standard	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	2018/19
Caring	Inpatient Scores from Friends and Family Test - % positive	-	98.00%	98.60%	98.40%	98.80%	98.75%	98.80%	98.54%	98.61%	98.68%	98.98%	98.51%	not yet published	98.61%
	A&E Scores from Friends and Family Test - % positive	-	81.70%	82.50%	81.90%	82.30%	84.36%	85.50%	86.47%	84.55%	81.98%	82.64%	82.97%	not yet published	83.35%
	Maternity Scores from Friends and Family Test - % Positive	-	100%	100%	100%	100%	100%	93.75%	100%	100%	100%	100%	100%	not yet published	99.43%
	Staff Surveys: FFT recommend the Trust as a place to work	-			68.9%			69.1%			62.6%			not yet published	
	Staff Surveys: FFT recommend the Trust as a place for care/treatment	-			81.8%			84.0%			70.1%			not yet published	
	Written Complaints Rate	Reduction	58	48	63	47	51	51	63	50	35	62	45	76	649

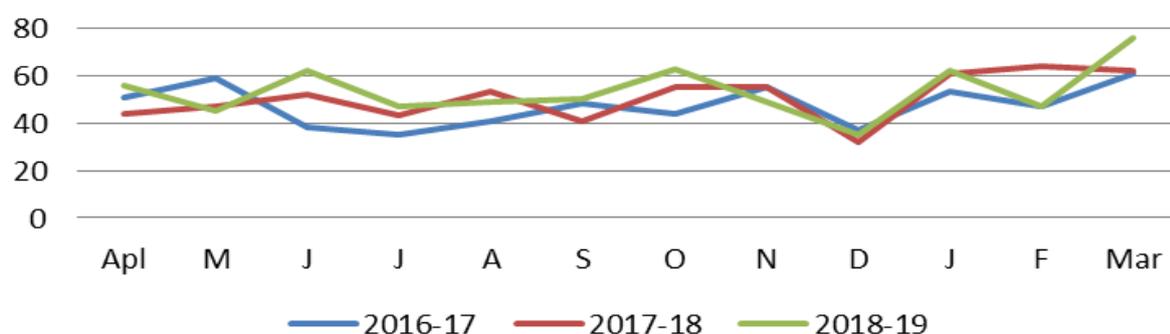
The Trust has maintained its position in these patient experience indicators. Last year, the Trust invested in text messaging Friends and Family test, which has increased the number of respondents and provided more feedback to the Trust, which is overall positive.

The Trust is committed to promoting an open culture of feedback, learning and improvement. Complaints and concerns (informal complaints) are a valuable source of feedback and should be used to inform learning and improvement in the experiences of patients. In addition, the National Patient Surveys, as well as information from the Friends and Family Test, can identify areas for improvement before they become concerns or complaints.

## **Complaints**

During the period 1 April 2018 to 31 March 2019, the Surgery Health Group (HG) received 215 complaints (33.5%), Medicine HG received 222 (34.7%), Family and Women's HG received 124 (19%) and Cancer and Clinical Support HG received 47 (7.3%) complaints. In January 2019, Emergency and Acute Medicine was separated from Medicine Health Group and, up to the 31 March 2019, 29 complaints were received. These figures should be included with Medicine HG when making historical comparisons. Three complaints were received for non-HG areas. A monthly breakdown of complaints received is shown on the graph below, compared with the previous two years.

## Complaints Received by Month and Year



The following table indicates by health group the subject of complaints received in 2018/19:

Complaints by Health Group and Subject (primary)	Attitude	Care and Comfort	Communication	Delays, Waiting times & cancellations	Discharge	Safeguarding	Special Needs	Treatment	Total
Corporate Functions	2	0	1	0	0	0	0	0	3
Clinical Support	1	6	3	2	2	1	1	31	47
Emergency & Acute	1	1	1	1	7	0	0	18	29
Family and Women's	13	1	7	9	3	3	0	88	124
Medicine	16	30	11	12	24	6	2	121	222
Surgery	14	7	19	13	4	5	0	153	215
Totals:	47	45	42	37	40	15	3	411	640

In 2018/19, 650 formal complaints were closed. The Trust aims to close complaints within 40 working days. The complaints team have worked closely with the health groups to improve the closing of complaints, which has shown improvement with 86% being closed within this timescale. Of the 650 complaints investigated, 411 were regarding treatment issues. Treatment, not satisfied with plan remains the highest (146), with diagnosis incorrect (73), outcome of surgery (63) outcome of treatment (44) and treatment delayed (37) being the top 5 sub-subjects within treatment complaints.

26 complaints were not investigated as the complainant had requested that it not be progressed, were escalated for a serious incident investigation or de-escalated to PALS. 99 complaints were not upheld, 405 partly upheld and 120 upheld.

The complaints resolution process includes identifying and implementing appropriate actions. In response to complaints this year, examples of actions and lessons learned have included:

- A complainant raised a number of issues relating to the care and treatment plan in the latter stage of cancer for their deceased relative.  
**Outcome:** an MDT with Gastroenterology is to be set up with an anonymised copy of the minutes of the first MDT with Gastroenterology to be forwarded to relative. There has also been a review of the triage system of patients ringing with symptoms of diarrhoea and a new triage system (United Kingdom Oncology Nursing Society - UKONs) implemented, which is a national tool. Awareness was raised with junior doctors regarding the importance of accurate recording.

- The patient was referred for an urgent assessment of a lung disorder in October 2017; however an appointment was not arranged until March 2018. Patient has since been advised she has cancer that is suitable for Radiotherapy only.

**Outcome:** Senior Matron shared the concern at the Respiratory Governance Meeting. Considerable work has been undertaken with the clinical teams through the lung cancer pathway, looking at ring fencing CT slots in order that patients receive their scans within 7 days. There has also been an increase in the number of lung cancer clinics held due to the clinics not being cancelled when one of the consultants is on ward round duties.
- Patient was seen by a Paediatric Consultant in November 17 and was supposed to be referred to Cardiology for an opinion. Mother rang in February 18 as no referral had been made. Patient was given an appointment in May, which fell during her GCSE exams.

**Outcome:** Business Manager reviewed consultant to consultant referral pathways within Paediatric services. This is now a trust wide policy with all internal referrals (consultant to consultant) being recorded electronically and accepted when the secretaries type up the referral request. This has been implemented within Paediatrics service.
- Patient was discharged earlier than expected, which caused problems for the family as the carers were not present. Patient was very ill and died one week later. Patient was discharged only in his hospital gown, with no medications and no IDL. It was three days before medications were ready for the family to collect from the hospital.

**Outcome:** To implement a system and process to ensure medication and IDLs are tracked and that communication links with wards, pharmacy and patient lounge are embedded, a new discharge lounge checklist has been developed specifically for the discharge lounge. The checklist will be placed into the patient notes with any issues or concerns or general information documented clearly, in addition to clinical information. If a patient has capacity and leaves the Discharge Lounge without medications but is to collect later, this is documented clearly and agreed with patient who will collect them from ward. Patients who do not have capacity will not be transferred to the Discharge Lounge until medications are with the patient. The Discharge Lounge only has gowns and blankets for patients, therefore the wards will provide clothing or discuss this with family if appropriate prior to discharge. Ensuring the patient is warm and has dignity and shown respect clearly is a responsibility for all staff. A flyer had also been developed as information for wards and a flyer re handover process.
- A relative believed her mother was discharged inappropriately and was unhappy with the poor communication around the planned discharged.

**Outcome:** Senior Matron held discussions with colleagues and the Therapies Management Team regarding incorrect and poor communication. The Consultant raised the issue of telephone conversations with families at the junior doctors' team briefing as part of the induction and a Sage and Thyme workshop on communication was also held as part of the induction.
- The daughter of a patient had many questions surrounding her mother's care.

**Outcome:** The Ward Sister discussed the concerns raised at the ward meeting in June. The ward has changed the way they work in that health care assistants now work in teams. The concerns raised were also discussed at the Gastro Governance Meeting and it was agreed that the important issue of communication with relatives of deceased patients be added to the induction process for all new medical staff and in-house within Gastro for their medical teams.
- A patient's procedure was cancelled after the Anaesthetist indicated it was unsafe to proceed due to allergy issues. Complainant indicated that he pointed this out many times during pre-operative appointments and wanted to know why this circumstance had arisen.

**Outcome:** This was a satellite service, which has now been integrated within the main pre-assessment and should therefore ensure that this does not recur again.

The Patient Experience Team have provided training at ward level as well as attending Governance Meetings and departmental training sessions regarding the handling of complaints. The management of complaints is currently being moved to DATIXweb and training will be provided to health groups in the coming months. This will enable comprehensive and current complaints information to be available to health groups that can include information on incidents. The team are reviewing the possibility of PALS information being managed on DATIXweb so that the results can be triangulated to look at themes and trends across the organisation.

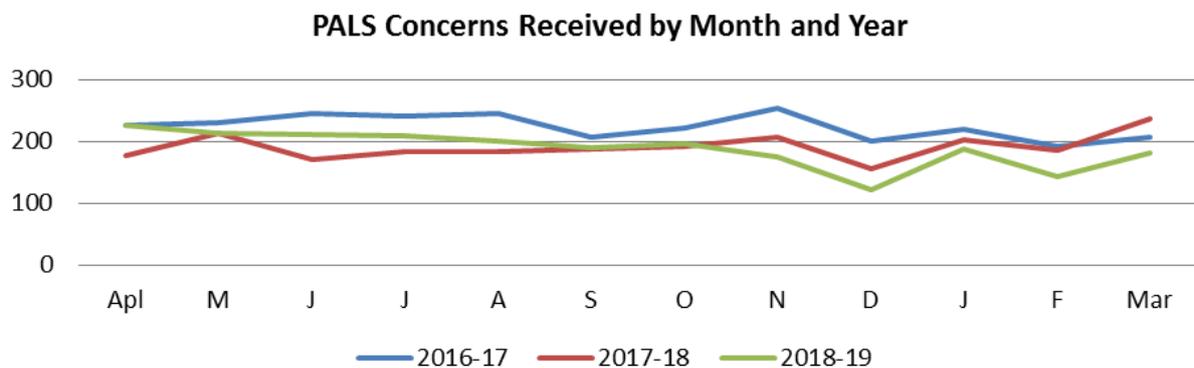
### **Parliamentary Health Service Ombudsman (PHSO)**

If the complainant remains dissatisfied with the response they receive, they can ask the Parliamentary and Health Service Ombudsman to independently review their complaint. During 2018/19 there were 7 new cases from a complaint referred to the PHSO, and from existing cases 3 were not upheld and 6 were partially upheld.

### **Patient Advice and Liaison Service (PALS)**

PALS offers support, information and help to patients, their families, carers and friends.

The total number of concerns, compliments, comments and general advice contacts received by the PALS team for April 2018 – March 2019 was 2885, a decrease of 16% from the previous financial year. There has been a decrease of 1.8% in the number of concerns raised. It should be noted that a decision was made in August 2018 to not log concerns that related to signposting and advice that could be given by any member of staff. This will ensure higher quality information is collected for themes and trend purposes and accounts for the lower numbers recorded towards the second half of the financial year, however the PALS team continues to receive high numbers of requests for assistance. The following graph indicates PALS concerns 2016-19 by month and year:



The PALS team has will be contacting ward department areas to offer training and awareness sessions to all staff in the coming months, working closely with all charge nurses and senior staff to look at ways in which the Trust can improve patient care and implement lessons learned.

- There has been a decrease of 1.8% in the number of concerns raised
- Of all the concerns raised, 42 were escalated to a formal complaint, a 32% decrease from the previous year
- A total of 150 compliments were logged in PALS
- 465 requests were for general advice
- Surgery Health Group had the most concerns raised in 2018/19

Top 3 areas of concerns raised were:

- Not satisfied with the plan for treatment
- The length of wait for an outpatient appointment, including follow-up appointment
- Delay in the notification of results

PALS by Type	2016/17	2017/18	2018/19
Comments and suggestions	25	27	15
Compliments	282	328	150
Concerns	2700	2297	2253
General Advice	928	805	467
Totals:	3935	3457	2885

## Responsive

### Single Oversight Framework (SOF) indicators 2018/19:

Domain	Indicator	Standard	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	2018/19	
Responsive	Diagnostic Waiting Times: 6 Weeks	<=1%	9.50%	10.05%	8.97%	8.52%	8.99%	7.01%	5.48%	6.37%	8.94%	8.02%	4.52%	3.83%	7.48%	
	Referral to Treatment Incomplete pathway	92%	81.0%	82.2%	82.0%	81.3%	81.6%	81.6%	83.1%	83.1%	82.0%	79.9%	78.1%	76.8%		
	A&E Waiting Times	95%	83.0%	82.1%	84.3%	79.8%	87.4%	90.1%	91.7%	81.9%	76.4%	72.5%	73.4%	80.7%	81.93%	
	Cancer: 62 Day Standard	85%	70.6%	70.4%	67.4%	69.0%	68.6%	69.1%	69.1%	68.1%	72.5%	65.6%	70.2%	not yet published	69.10%	
	Cancer: 62 Day Screening Standard	90%	77.4%	77.4%	69.8%	50.0%	51.7%	74.0%	76.8%	62.9%	77.8%	42.4%	68.2%	not yet published	65.85%	
	Dementia: >=75 years Emergency Admission LOS >72 hours - Find	90%	90.2%	90.5%	90.7%	90.2%	90.4%	90.2%	90.1%	90.1%	90.1%	90.2%	90.1%	not yet published	90.3%	
	Dementia: >=75 years Emergency Admission LOS >72 hours - Assess/Investigate	90%	96.4%	100.0%	92.3%	100.0%	95.2%	100.0%	97.8%	97.7%	100.0%	97.6%	100.0%	not yet published	97.9%	
	Dementia: >=75 years Emergency Admission LOS >72 hours - Referral	90%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	97.2%	97.4%	100.0%	not yet published	99.5%

The Trust has not met the diagnostic waiting standard throughout the year but significant focus and additional resource in Quarter 4 showed improvement at the end of the year. All patients receive their necessary scans and tests but do not always receive these in a timely manner, as reported above. The reasons for this related to staff vacancies in particular specialisms, the availability of staff and equipment to run additional scanning sessions and an increase in demand for particular tests. The Trust has incurred additional spend in diagnostics to mitigate the impact on patients where possible, commissioning additional scanning sessions from mobile scanners, paying for additional reporting sessions and investing in faster scanners.

The 18-week referral to treatment (RTT) pathway is reported against the NHS Constitutional Standard of 92%.

The main focus for the Trust was to end the year with a waiting list volume smaller than at the start of the year. The Trust was able to achieve this, with progress being seen from August 2018 onwards to reach this goal. The objective for 2019-20 is to continue with further waiting list volume reductions, including moving closer to reaching the 92% standard.

During 2017-18, the Trust identified a Serious Incident in relation to its processes to track patients during their 18-week waiting time pathways, which was detailed in last year's annual report. The work to complete the outputs and outcomes of this issue was completed in 2018-19. All relevant patient cases have been clinically validated and all patients needing an appointment or test have now received these. Over 85,000 records were checked as part of this process; of these cases, 3 patients came to some clinical harm as a result of increased waiting times between appointments. These cases have been clinically reviewed for lessons learned and sincere apologies and explanations provided to the patients.

In relation to the four-hour target in the Emergency Department, the Trust was measured against 90% compliance each month. In addition, there were quarterly PSF funds attached to ED performance, which was achieved against a local improvement trajectory for Q2 and Q3 of the year. The Trust put in place an interim fifth Health Group arrangement for Emergency and Acute Medicine in January 2019 to provide more senior management support to this part of the Trust's business, with clear improvement objectives set for 6 months. This position is being reviewed before 1 July 2019 to put a permanent plan in place to best support emergency medicine and flow in the hospital.

The Trust has struggled throughout the year with diagnostic capacity and this has also impacted on cancer 62-day waits. Whilst the Trust has undertaken detailed work on cancer pathways, specifically focussing on the 62-day cancer standard, this has not yet yielded a consistent performance against the standard; this has provided improvements towards the year-end against 31-day cancer standards, which we wish to replicate for 62-day standards.

### **NHS Constitution Standards**

As detailed above, operational performance during 2018/19 presented significant challenges for the Trust and not all the standards were met. The table below details the Trust's performance against key indicators and national targets, comparing 2017/18 with 2018/19

PERFORMANCE HEADLINES					
Metric		Threshold	2017/18	Threshold	2018/19
MRSA		0	1	0	3
C. Difficile		53	38	52	32
Emergency Department < 4 hour wait	National	≥95%	87.2%	≥95%	81.9%
Referral to Treatment Time Pathway (18 weeks)	Incomplete	≥92%	79.8%	≥92%	76.8%
Diagnostic 6 week breaches		≤1.0%	7.6%	≤1.0%	7.5%
Cancer - GP 2 week wait	All cancers	≥93%	95.3%	≥93%	95.0%
	Breast	≥93%	91.3%	≥93%	88.6%
Cancer - 31 days to first treatment	All cancers	≥96%	96.9%	≥96%	94.1%
Cancer - 31 days to second or subsequent treatment	Drug	≥98%	99.8%	≥98%	99.2%
	Radiotherapy	≥94%	97.7%	≥94%	98.1%
	Surgery	≥94%	92.2%	≥94%	88.2%
Cancer - 62 days GP to first treatment	All cancers	≥85%	75.9%	≥85%	69.1%
Cancer - 62 days screening to first treatment	All cancers	≥90%	78.1%	≥90%	65.9%
Stroke - % of patients spending at least 90% of their time on a Stroke Ward		≥80%	87.0%	≥80%	85.4%
Stroke - % of patients admitted to a Stroke Ward within 4 hours via A&E		≥90%	88.6%	≥90%	86.5%
Stroke - TIA Service: % of high risk patients treated within 24 hours		≥60%	88.8%	≥60%	95.1%
Stroke - TIA Service: % of low-moderate risk patients receiving specialist assessment and brain scan within 7 days		≥95%	100.0%	≥95%	100.0%

This table shows that the Trust maintained the level of performance against the c. difficile threshold, against the two-week cancer referral and some 31-day cancer standards compared with the previous year in most areas and remained above the required standard in most areas of stroke care. However, the table highlights that the year-end position in key performance areas remained below the required standard in the same areas as the previous year.

### **Care Quality Commission Inspection**

The Trust did not receive an inspection during 2018-19 from the Care Quality Commission. The Trust's current ratings, from the time of the last inspection in February 2018 remain as:

	Safe	Effective	Caring	Responsive	Well-led
Overall domain for the Trust	Requires Improvement	Requires Improvement	Good	Requires Improvement	Requires Improvement
Overall Trust rating	Requires Improvement				

In response to previous inspections, the Trust incorporated new Quality Improvement Plan, to make progress against the areas identified by the CQC inspections and other quality improvement issues. The Trust puts in place an updated Quality Improvement Plan each year, which puts in place a project plan of improvement in particular areas of care and delivery; a significant amount of time and effort goes in to making improvements against the Quality Improvement Plan projects. The projects from the 2018-19 Quality Improvement Plan were:

- Governance
- Transition from Children to Adult Services
- Medicine Optimisation
- Acute Kidney Injury
- Getting It Right First Time (GIRFT)
- Falls
- Dementia
- Patient Experience
- Consent
- Outpatients
- Children and Young People with Mental Health needs
- Deteriorating Patient
- Mental Health
- Pressure Ulcers
- VTE (Venous Thromboembolism)

The overall rating for the Quality Improvement Plan at year-end was amber. Each of the 15 projects above have a progress rating from green to red. 7 projects have a green or green-amber rating and have made good progress during the year. The amber rating overall reflects that three were rated amber and four were rated amber/red. The four rated amber/red have been rated because it has been recognised that these cannot meet the aim of the project within the project timescale due to a variety of factors. The three rated amber have also had significant risks to delivery however mitigating actions have been established or these projects are likely to demonstrate compliance within the coming months.

A more detailed analysis of the Quality Improvement Plan is contained in the Trust's Quality Accounts 2018-19, available on the Trust's website.

## Financial performance and organisational health

Indicator	Standard	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
WTEs in post (rolling 12 month position)	-	7231	7210	7201	7195	7275	7350	7403	7447	7447	7462	7464	7486
Sickness Absence Rates (rolling 12 month position)	<=3.9%	3.65%	3.56%	3.60%	3.38%	3.46%	3.45%	3.43%	3.49%	3.42%	3.39%	3.44%	3.45%
Executive Team Turnover (rolling 12 month position)	0%	0%	0%	0%	0%	5.56%	0%	0%	0%	0%	0%	0%	0%
Proportion of Temporary Staff (rolling 12 month position)	-	3.91%	3.85%	2.39%	3.25%	2.78%	2.89%	3.83%	3.79%	3.96%	3.90%	3.90%	3.99%
Cash Balance	<3 month	£2.51m	£2.7m	£2.1m	£4.59m	£8.4m	£6.89m	£3.1m	£1.65m	£4.95m	£1.15m	£3.28m	£5.61m
CRES Achievement Against Plan	£19.9m	£0.7m	£1.79m	£2.59m	£3.65m	£4.83m	£5.84m	£7.23m	£8.54m	£9.8m	£11.23m	£12.72m	£14.43m
Risk Rating	score 1-4	3	3	3	3	3	3	2	2	3	3	3	2
Income & Expenditure	-	-£1.2m	-£1.3m	-£2.1m	-£1.2m	-£0.8m	-£1.8m	£1.2m	£3.1m	£0.3m	£1.6m	-£0.4m	£25.2m

The Trust monitors a suite of organisational health indicators, which are consistent with the 'Great Staff' and cultural work undertaken for the past two years. They show elements of stability in the workforce and in organisational leadership. Further commentary on 'Great Staff' and our work with our staff during the year is detailed below.

The financial position at year-end is described in more detail in the sections above.

### **Other performance**

#### **Sustainable development**

As an NHS organisation, and one that spends public funds, we have an obligation to work in a way that has a positive effect on the communities we serve. Sustainability means spending public money well, the smart and efficient use of natural resources and building healthy, resilient communities. By making the most of social, environmental and economic assets we can improve health both in the immediate and long term even in the context of rising cost of natural resources. Demonstrating that we consider the social and environmental impacts ensures that the legal requirements in the Public Services (Social Value) Act (2012) are met.

In order to fulfil our responsibilities for the role we play, the Trust has the following sustainability mission statement located in our sustainable healthcare strategy:

*Sustainability in Healthcare is changing, not only do we have a responsibility as a provider organisation but as part of the wider NHS we have a huge part to play in the delivery of the nation's sustainability goals.*

*The NHS touches the lives and impacts the carbon foot print of almost every individual in the country. Consequently, we are reviewing how services are delivered now and in the future. The Trust continues to support an NHS that is working to reduce carbon emissions, minimising waste and pollution, making the best use of scarce resources. We need to build resilience to the effects of a changing climate and nurturing our communities. Working towards vertical*

*integration of healthcare services, in partnership with our contractors and suppliers to ensure they to embrace our ethos.*

*Reporting on our performance is paramount to inform and educate us on the areas where our focus should be. It also provides us an opportunity to increase awareness in services that may not realise the contributions they can make. The Trust has been recognised nationally and was honoured to receive a certificate for 'Excellence in sustainability reporting' awarded by the Sustainable Development Unit (SDU), NHS Improvement and the Health Finance Managers Association (HFMA).*

As a part of the NHS, public health and social care system, it is our duty to contribute towards the level of ambition set in 2014 of reducing the carbon footprint of the NHS, public health and social care system by 34% (from a 1990 baseline) equivalent to a 28% reduction from a 2013 baseline by 2020. It is our aim to meet this target by reducing our carbon emissions 28% by 2020 using 2013 as the baseline year.

### Policies

In order to embed sustainability within our business it is important to explain where sustainability features within our process and procedures.

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One of the ways in which an organisation can embed sustainability is through the use of an SDMP. An update to our SDMP is required because it has not been approved by the board in the last 12 months.

We do not currently use the [Sustainable Development Assessment Tool](#) (SDAT) tool but are looking to complete an assessment in 2019/20.

As an organisation that acknowledges its responsibility towards creating a sustainable future, we help achieve that goal by running awareness campaigns that promote the benefits of sustainability to our staff.

Our organisation evaluates the environmental and socio-economic opportunities during our procurement process, requesting and reviewing details from suppliers for environmental and carbon management systems, including external certifications and strategies, as part of the decision-making process.

As an organisation that acknowledges its responsibility towards creating a sustainable future. We help to achieve that goal by running awareness campaigns that promote the benefits of sustainability to our staff.

### Adaptation

Climate change brings new challenges to our business both in direct effects to the healthcare estates, but also to patient health. Examples of recent years include the effects of heat waves, extreme temperatures and prolonged periods of cold, floods, droughts etc. The organisation has identified the need for the development of a board-approved plan for future climate change risks affecting our area.

### Green space and biodiversity

Currently the organisation does not have a formal approach to unlock the opportunity and benefits of natural capital within a healthcare environment in supporting the health and wellbeing of patient, staff and the community and to protect biodiversity

## Energy

Energy consumption in kWh



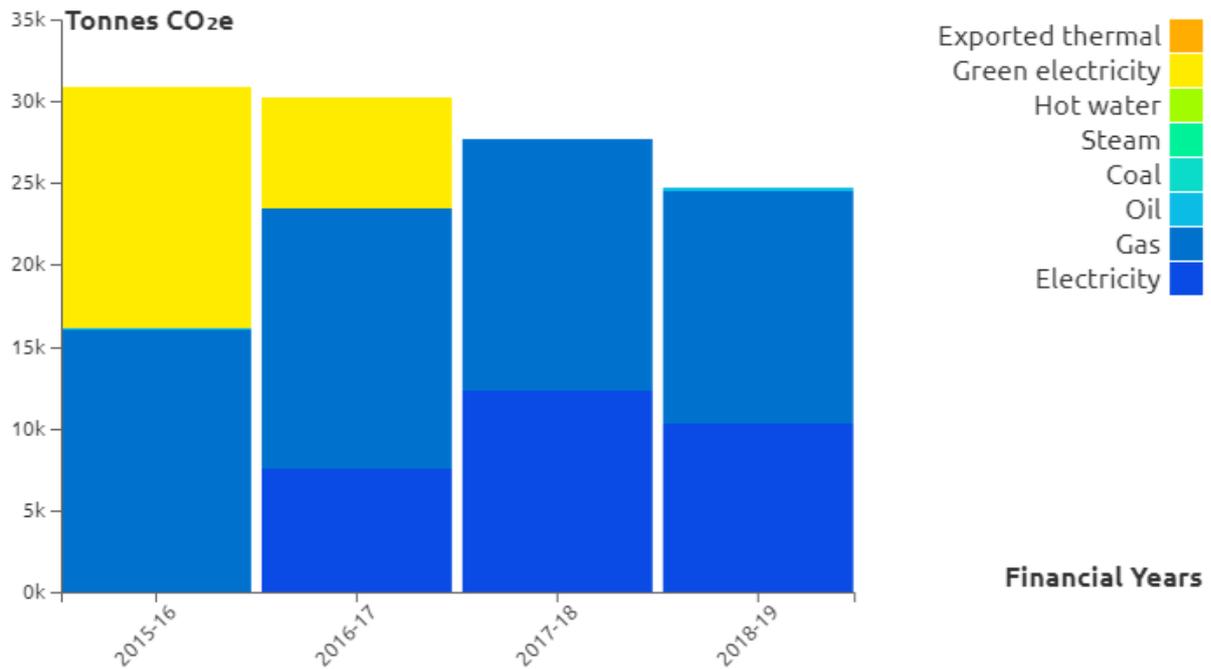
	2015-16	2016-17	2017-18	2018-19
Electricity Consumed	0	14,635,689	27,497,952	29,045,520
Gas Consumed	76,389,427	75,731,540	72,563,655	67,254,657
Oil Consumed	345,175	298,298	258,110	633,914
Coal Consumed	0	0	0	0
Steam Consumed	0	0	0	0
Hot Water Consumed	0	0	0	0
Green electricity	25,664,100	12,978,818	0	0
Total	102,398,702	103,644,345	100,319,717	96,934,091

The Trust has spent £5,540,173 on energy in 2018/19, an increase of £614,548. This increase was due in part to the increase consumption of electricity and increases in the unit cost of the energy purchased.

The increase of just over 5% seen in the consumption of electricity was largely due to the high temperatures experienced through the summer months being noticeably higher than the 20 year average. This resulted in increased electricity usage for air conditioning. In addition the Trust Combined Heat and Power plant had reduced output meaning additional electricity was required from the grid to make up the lack of on-site generation.

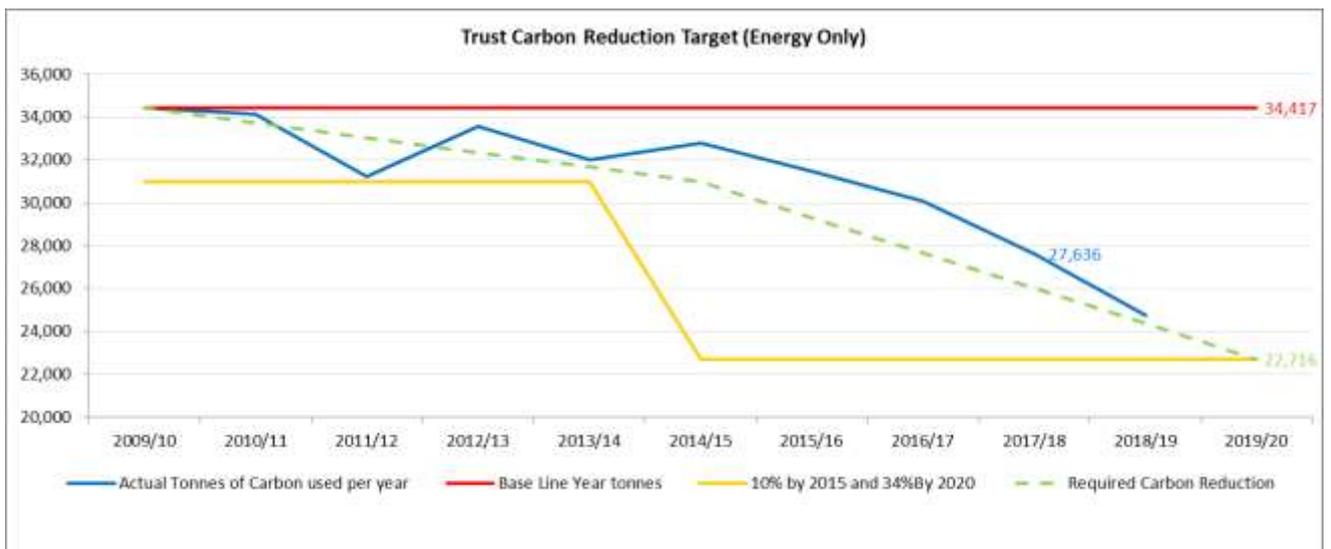
In 2018/19 consumption of gas decreased by around 7% from 2017/18, The mild weather experienced through the winter and spring autumn periods resulted in the reduction seen in the amount of gas burnt to provide heating. This resulted in a decrease in the amount of gas consumed to heat the Trust estate. The reduced output of the CHP was also a contributory factor.

## Carbon Emissions



CO<sub>2</sub> Emissions (tCO<sub>2</sub>e)

The Trust's Carbon target is to reach 22,000 tonnes by 2020. This year we have reduced our emissions to 24,733 tonnes. Though this remains above our target, a number of schemes have been identified to support reductions in carbon however funding for these schemes is proving challenging in the current NHS financial position. This reduction as can be seen in the graph is largely due to the reduction in the carbon emissions of the grid supplied electricity. The increase in the amount of renewables used to generate electricity and the ongoing reduction in the burning of coal contribute to this reduction.



## Water

	2015-16	2016-17	2017-18	2018-19
Water volume (m <sup>3</sup> )	312,672	325,211	303,304	315,457
Waste water volume (m <sup>3</sup> )	250,138	260,169	242,643	252,366
Water and sewage cost (£)	365,024	690,421	655,861	656,471

The water consumption at the Trust has increased in the last year, the majority of this increase has been due to leakage experienced on both of the Trust main sites. The Estates teams have worked hard on locating and repairing leaks and to minimise future leakage the Trust has invested in replacing the ageing water mains on the Castle Hill Hospital site.

## Energy Team

During 2017/18 the Energy Team became the first team within the Estates, Facilities and Development Directorate to achieve ISO9001 certification. In 2018/19 the team retained this standard and demonstrates the ability of the Trust to consistently provide products and services that meet customer and regulatory requirements.

## Emergency Preparedness, Resilience and Response

### **2018-19 Emergency Preparedness, Resilience and Response Annual Assessment**

Details of the 2018 /19 EPRR annual assessment were received in July 2018. The assessment is used by NHS England to seek assurance the NHS is prepared to respond to an emergency and has resilience in relation to the continuing provision of safe patient care.

The assessment contained 105 Core Standards with lines of inquiry split into ten domains: governance, duty to risk assess, duty to maintain plans, command and control, training and exercising, response, warning and informing, cooperation, business continuity and Chemical, Biological, Radiological and Nuclear, including a decontamination equipment checklist.

The assessment demonstrated the Trust fully complied with 100 Core Standards but did not fully comply with 5 of the 105 standards. The Trust assurance rating was therefore viewed as 'Substantially Compliant', rather than Full, Partial or Non-Compliant. The Trust assessment was signed off by NHS England in November 2018. This has been published on the Trust's website.

The results of the Trust assessment and action Plan were discussed at the September 2018 public Trust Board meeting and then shared with Hull Clinical Commissioning Group and East Riding of Yorkshire Clinical Commissioning Group. The Action Plan will be monitored by the Trust Resilience Committee and reported quarterly at the Non Clinical Quality Committee.

An Internal Audit of Emergency Preparedness confirmed there was 'Significant Assurance' regarding the Trust's emergency planning arrangements. This was signed off in August 2018.

## Data Quality

### **NHS number and general practice code validity**

Hull and East Yorkshire Hospitals NHS Trust submitted records during 2017/18 to the Secondary Users service for inclusion in the Hospital Episode Statistics, which are included in the latest published data. The percentage of records in the published data:

- Which included the patient's valid NHS number was:

99.87% for admitted patient care;  
 99.95% for outpatient care; and  
 99.18% for accident and emergency care.

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

100% for admitted patient care;  
 100% for outpatient care; and  
 100% for accident and emergency care.

### Information Governance Toolkit – Data Protection and Security Toolkit

The Information Governance Toolkit (IG Toolkit) was replaced by a new Data Protection and Security Toolkit for 2018-19. This has moved the focus of information governance scrutiny in NHS organisations towards best practice in data and systems' security. All NHS organisations were required to provide a submission through the new toolkit arrangements by the end of March 2019, which was successfully completed by this Trust. The Trust's outcome was that most standards were fully met, with an improvement plan to meet all standards within six months, which has been accepted by NHS Digital

The Trust's work on the Data Security and Protection toolkit was also subject to review by the Trust's internal auditors. The internal auditors have given the Trust's arrangements under the new Toolkit 'substantial assurance' and have provided an auditor's report for publication, which is available on the Trust's website.

There is a statement regarding data quality of Trust's waiting list data within the Annual Governance Statement in this annual report.

### Clinical Coding Error Rate

Hull and East Yorkshire Hospitals NHS Trust was not subject to the Payment by Results clinical coding audit during 2018/19. The recommendations below are drawn from the internal specialty audits performed during 2016/17. The following information provides an update on the implementation of the recommendations.

Recommendation	Priority	Progress Update	Status
R1 - Engagement should be encouraged with clinicians across all specialties with examples of good coding and bad coding to highlight where any problems are occurring and why, and the impact this has coding outcomes	High	Concentrate on surgical specialties and increasing the number of coding validation sessions being done. The number of validation sessions has remained steady however more clinicians are keen to assist and be contacted on an ad hoc basis.	Validations maintained in previous areas. Significant engagement from CTS and Cardiology this financial year
R2 - Continue to achieve 95% for flex and 100% for freeze dates of each month post implementation of Lorenzo.	High	Maintain targets throughout Lorenzo implementation phase. Flex dates took longer to come back to pre-Lorenzo levels than anticipated.	Complete
R3 - Post Lorenzo implementation look to achieve higher levels of completion at flex 97% and be regularly 85-90% complete by early income reporting.	Medium	Targets met every month for 12 months	Complete
R4 - Improve case note quality by monitoring the state of the case	Medium	Casenote quality forms part of the audit reports and is reported to	Complete

notes and assessing the availability of information and report any issues.		the speciality as part of audit feedback	
R5 - Achieve Level 3 in all internal specialty audits. Level 3 = 95% primary diagnosis, 90% secondary diagnosis, 95% primary procedure, 90% secondary procedure.	Medium	To ensure coding quality regular audits should be of the highest standard achievable. Audits will assess the training needs of individual staff members and training will be delivered to fill knowledge gaps.	Consistently achieved level 2 – mandatory. Continue training programme to try and achieve Level 3 – Satisfactory - next financial year
R6 - Improve coding depth in all areas through regular coding audit and clinical engagement.	Medium	Where possible, coding depth across all specialties should meet or exceed peer. Where this is not the case investigations and audits should be carried out to ensure the level achieved is accurate.	Coding depth has improved or remained similar to peer across most specialities.
R7 – Ensure coders are maintaining standards and receive regular audit feedback	Medium	Regular feedback post audit	Audit programme complete for 18/19. New Audit programme for 19/20 will begin April 2019
R8 – Histology results should be checked in a timely fashion.	Medium	Encouraged to make better use of daily histology report.	Ongoing issue highlighted at most audits. Continuing to work with team leaders to find effective process for ensuring histology reports are accessed in a timely manner.
R9 - Adjust proformas in preparation for HRG4+	Medium		Ongoing

## **ELIMINATING MIXED-SEX ACCOMMODATION (EMSA)**

### **DECLARATION OF COMPLIANCE 2017/18**

**Hull University Teaching Hospitals NHS Trust is able to confirm that mixed sex accommodation has been virtually eliminated in all of its hospitals.**

Every patient has the right to receive high quality care that is safe, effective and respects their privacy and dignity. Hull University Teaching Hospitals NHS Trust is committed to providing every patient with same gender accommodation to help safeguard their privacy and dignity when they are often at their most vulnerable.

The Trust is able to confirm that mixed gender accommodation has been virtually eliminated in the Trust. Apart from a few exceptions for clinically justifiable reasons, patients who are admitted to any of our hospitals will only share the room where they sleep with people of the same gender. In addition, same gender toilets and bathing facilities will be as close to their bed area as possible.

Wards within the Trust are grouped according to their clinical specialties. This allows patients with similar conditions to be cared for in one area with staff that are experienced in this type of care. This means that men and women may be on the same ward but will not share sleeping, bathing or toilet facilities.

There are some exceptions to this. Sharing with people of the opposite gender will happen sometimes. This will only happen by exception and will be based on clinical need in areas such as intensive/critical care units, emergency care areas and some high observation bays. In these instances, every effort will be made to rectify the situation as soon as is reasonably practicable and staff will take extra care to ensure that the privacy and dignity of patients and service users is maintained.

#### **How well are we doing in meeting these standards?**

The Trust has made physical changes to many inpatient accommodation areas to provide privacy screening/partitioning and additional toilet and bathing facilities. Toilet and bathroom signage has also been improved and this work continues. New ward accommodation that has been built in the last 12 months has maintained single-sex standards.

The Trust is required to report any breaches of the Eliminating Mixed Sex Accommodation (EMSA) standards to its commissioners. The Trust can be subject to a financial penalty of £250 for each of these breaches. In 2018/19, there were no breaches of these standards.

The Trust has not received any contacts through its Patient Advice and Liaison Service (PALS) or any formal complaints relating to mixed sex accommodation concerns during 2018/19.

## INFORMATION FOR PATIENTS AND SERVICE USERS

### **‘Same gender-accommodation’ means:**

- The **room where your bed is** will only have patients of the same gender as you, and;
- Your **toilet and bathroom** will be just for your gender, and will be close to your bed area

It is possible that there will be both male and female patients on the ward but, apart from a few exceptions for clinically-justifiable reasons such as in intensive care or high dependency areas, they will not share your sleeping area. You may have to cross a ward corridor to reach your bathroom, but you will not have to walk through sleeping areas that are designated for people of the opposite gender to you.

You may share some communal space, such as day rooms or dining rooms, and it is very likely that you will see both men and women patients as you move around the hospital (e.g. on your way to X-ray or the operating theatre).

Also, it is most likely that visitors of the opposite gender will come into the room where your bed is, and this may include patients visiting one other.

It is almost certain that both male and female nurses, doctors and other staff will come into your bed space/area.

If you need help to use the toilet or take a bath that requires special equipment to help secure your care and safety (e.g. you need a hoist or special bath), then you may be taken to a “unisex” bathroom used by both men and women, but a member of staff will be with you, and other patients will not be in the bathroom at the same time as you.

**The NHS and Hull University Teaching Hospitals NHS Trust will not turn patients away just because a “right-gender” bed is not immediately available for them. The patient’s clinical need(s) will always take precedence.**

### **What do I do if I think I am in mixed sex accommodation?**

If you think you are in mixed accommodation and shouldn’t be then please speak with the nurse in charge of the ward or area. This will be taken extremely seriously by staff and action will be taken to explain the reasons behind this and assurance will be provided that you will be moved to a same gender area/bay as soon as is reasonably practicable.

The Trust also wants to know about your experiences. Please contact the Patient Advice and Liaison Service (PALS) on telephone **01482 623065** or via email at: [pals.hey@hey.nhs.uk](mailto:pals.hey@hey.nhs.uk) if you have any comments or concerns about single gender accommodation. Thank you.

**Signed:**

**Terry Moran CB**  
**Chairman**

**Chris Long**  
**Chief Executive**

**14 May 2019**

# Hull University Teaching Hospitals NHS Trust

## Modern Slavery Statement

1 April 2018 to 31 March 2019

### 1. Introduction

With the Government spend on modern slavery increasing year-on-year (estimated at around £39 million in 2017/18 and £61 million in 2018/19), it is important that organisations continue to support the Government's Modern Slavery Strategy, by taking steps to ensure that modern slavery (i.e. slavery and human trafficking) is not taking place in any part of its own business or supply chains.

### 2. Statement

This statement sets out the steps that Hull University Teaching Hospitals NHS Trust has taken over the financial year 1 April 2018 to 31 March 2019 to ensure that slavery and human trafficking is not taking place in any part of its business or supply chains.

The statement covers the following:

- Organisational structure, business and supply chains
- Policies in relation to slavery and human trafficking
- Due diligence in our business and supply chains
- Assessing and managing risks in our business and supply chains
- Performance indicators
- Training in slavery and human trafficking

#### 2.1 Organisational Structure, Business and Supply Chains

##### 2.1.1 Organisational Structure and Business

On 1 March 2019, Hull and East Yorkshire Hospitals NHS Trust changed its name to Hull University Teaching Hospitals NHS Trust.

The organisation is a large acute NHS Trust situated in Kingston upon Hull and the East Riding of Yorkshire. The Trust employs just over 7,000 whole time equivalent staff and has an annual income of circa £560 million and has two main sites; Hull Royal Infirmary and Castle Hill Hospital. Outpatient services are also delivered from locations across the local health economy area.

The Trust's organisational structures are available on the Trust's internet site

Further details regarding the Trust's business is provided in the Annual Report and Accounts 2018/19 which is available on the Trust's internet site

##### 2.1.2 Supply Chains

The Trust's Procurement and Supplies Department is responsible for spending £120m non-pay which includes:

- £28m through the Supply Chain;
- £55m from goods ordered directly (not Supply Chain) through goods and service maintenance contracts;
- £37m on other contracts, for example; car park and security, transport and all other service type contracts.

It must be noted that these figures are approximate and will fluctuate year on year.

#### 2.2 Policies in Relation to Slavery and Human Trafficking

As detailed in the Trust's previous Modern Slavery Statement (from 1 April 2017 to 31 March 2018), Trust policies are subject to a thorough consultation and ratification process with input from staff side and management representatives, prior to being published on the Trust's intranet site.

Trust policies are available to staff via the Trust's intranet and are available to the public through a Freedom of Information request. The Trust continues to be committed to reviewing policies on a regular basis and in line with changes to legislation.

The Trust has a number of internal policies and procedures in place (shown below) to help safeguard against modern slavery. The relevant departments will continue to review these as appropriate and ensure that modern slavery is referenced where appropriate.

### *2.2.1 General Policies*

#### Raising Concerns at Work (Whistleblowing) Policy

The policy, which provides staff with information about how to raise concerns about dangerous or illegal activity in the Trust, was updated in August 2018 to include information regarding the Whistleblowers Support Scheme which the Trust is supporting. The scheme supports current and former NHS staff who are having difficulty finding employment as a result of raising concerns about safety, risk, malpractice or wrongdoing at work.

#### Risk Policy and Procedures

This policy was updated in September 2018. The policy sets out the arrangements in place to ensure that risk is managed in a systematic and co-ordinated way. All risks and issues are recorded on DATIX and categorised within the risk register as such (risk or issue).

#### Health and Safety at Work Policy

This policy states that contractors are expected to conform to the relevant health, safety and welfare statutory requirements including giving due attention to any Codes of Practice and / or appropriate Guidance Notes issued by the HSAC / HSE or other authoritative bodies. This includes the Trust's own safety policies and procedures.

### *2.2.2 Recruitment Policies*

#### Recruitment and Selection Policy (excluding Medical and Dental Staff)

This policy provides staff with the assurance that the Trust is devoted to preventing slavery and human trafficking in its corporate activities, this includes due diligence with regard to recruitment and selection, in which the Trust adheres to the National NHS Employment Checks Standards, which includes vigilant pre-employment screening.

#### Recruitment and Selection - Medical and Dental Consultant Staff

This policy is currently undergoing review and will be published in due course, following the consultation and ratification processes.

#### Pre-Employment Checks Policy (incorporates Criminal Record Checking Policy)

This policy provides a framework for the effective management of pre-employment checks required for the appointment of employees and engagement of agency, volunteer and honorary staff. The policy provides further detail of the NHS Employment Checks Standards and confirms that no person shall commence employment or be engaged in a role without the required checks taking place.

#### Engaging Temporary Workers (Bank and Agency) Policy

This policy details the process for employing agency workers and reinforces that these individuals comply with the standard NHS Employment checks.

### *2.2.3 Safeguarding Policies*

The Trust continues to publish a broad range of policies relating to safeguarding, which were detailed in the previous statement. In addition to these, the Trust's Modern Slavery intranet page includes a number of factsheets on the following:

- Child slavery
- Domestic servitude
- Sexual exploitation
- Forced labour
- Forced marriage
- Forced marriage
- Modern slavery guidance
- National referral mechanism
- Modern slavery pathway

## **2.3 Due Diligence Processes in the Trust's Business and Supply Chains**

### **2.3.1 Business**

The Trust continues to be committed to preventing slavery and human trafficking in its corporate activities, and to ensuring that its supply chains are free from slavery and human trafficking. The Trust also has a responsibility to ensure that workers are not being exploited, that they are safe and that relevant employment (working hours etc.), health and safety, human rights laws and international standards are adhered to.

All employees; staff transferred into the Trust; doctors in training; volunteers (including students and trainees on work experience placement); agency staff, contracted out staff and other people accessing the Trust in an official capacity, e.g. those involved in the Patient Advocacy and Liaison Service (PALS), and those subject to an honorary contract, are subject to the necessary pre-employment checks in line with the NHS Employment Checks Standards, which verifies that an individual meets the preconditions of the role they are applying for.

All active agencies who supply ODP's and Nurses to the Trust are asked to provide assurance that they are compliant with the Modern Slavery Act 2015 on an annual basis.

### **2.3.2 Supply Chains**

The Trust continues to expect that the supply chains it works with to have suitable anti-slavery and human trafficking policies and processes in place.

To assist with this, the Procurement Department has embedded reference to the Modern Slavery Act in the Selected Questionnaire document, tender document and quotation document.

A central database has been set up in order to record and monitor the responses provided regarding modern slavery on the aforementioned documentation.

Since the amendments to the Selected Questionnaire document, tender document and quotation document, the Trust has awarded ten contracts to suppliers who are compliant with the Modern Slavery Act.

The Facilities Department has also put a process in place to monitor which of their suppliers are compliant with the Modern Slavery Act 2015.

Facilities have identified 30 suppliers, and out of these:

- 22 organisations have shared their modern slavery statement
- 6 organisations do not meet the requirement to produce an annual modern slavery statement (i.e. annual turnover is below £36m)
- 2 organisations have not yet provided their statement; however the Facilities team will continue to try and obtain these.

Transport services, which has recently moved under the Facilities department, will be included in the above process and therefore Facilities will report on these in the 2019/2020 statement.

## **2.4 Assessing and Managing Risks in our Business/Supply Chains**

In terms of assessing the risk of trafficking and slavery within our business and supply chains, as detailed in the sections above, the Trust has a number of measures in place to safeguard against these.

Within our business; we acknowledge that with over 7000 whole time equivalent staff and contact with circa 1 million patients per year (through outpatient appointments, inpatient stays, day cases, attendances at the Emergency Department and ward attendances), there will continue to be the risk of slavery and human trafficking.

However within the Trust's business the following will continue to safeguard the Trust against slavery and human trafficking:

- All staff are employed on employment contracts which comply with UK law.
- All employees including those transferred into the Trust and doctors in training; volunteers (including students and trainees on work experience); agency staff, contracted out staff and other people accessing the Trust in an official capacity, e.g. those involved in the Patient Advocacy and Liaison Service (PALS), and those subject to an honorary contract undergo pre-employment checks.
- All Trust staff undertake mandatory safeguarding training, which covers modern slavery. There are no current plans to undertake any standalone sessions focussing purely on modern slavery, but the eLearning packages are available should staff wish to refresh their knowledge in this subject.
- Across the Trust there are Safeguarding Champions, who provide individuals with an understanding of the fundamentals for good safeguarding (which includes modern slavery and human trafficking). The Safeguarding Champions ensure consistency of expertise in all teams, act as a role model in the workplace, provide information in order for staff to identify people at risk of harm and take action and ensure documentation is completed correctly, accurately, timely and forwarded to the right place.
- In December 2018, the Trust's Modern Day Slavery pathway was published on the Trust intranet.
- Staff have a number of avenues in which they can raise concerns, e.g. via the Freedom to Speak up Guardian etc.
- Within Patient Experience, any suspicion regarding modern slavery or trafficking is escalated to management and reported.

Within the Trust's supply chains, updates to the Selected Questionnaire document, tender document and quotation document to include reference to the Modern Slavery Act 2015, reduces the risk of the Trust using suppliers who are non-compliant.

There is a higher risk of non-compliance when goods and services are procured outside of the tendering process. However these are subject to the Purchase Order Version of the Terms and Conditions for both goods and services (January 2018) Reference is made in the version to slavery although not specifically to the Act. No further update of the Terms and Conditions has been issued since January 2018. An extract is provided below:

- 1.1.1 it shall: (i) comply with all relevant Law and Guidance and shall use Good Industry Practice to ensure that there is no slavery or human trafficking in its supply chains; and (ii) notify the Authority immediately if it becomes aware of any actual or suspected incidents of slavery or human trafficking in its supply chains;
- 1.1.2 it shall at all times conduct its business in a manner that is consistent with any anti-slavery Policy of the Authority and shall provide to the Authority any reports or other information that the Authority may request as evidence of the Supplier's compliance with this Clause 10.1.22 and/or as may be requested or otherwise required by the Authority in accordance with its anti-slavery Policy;

The Trust will continue to review its major suppliers, with a view to obtaining their ongoing commitment to compliance with the Act.

## **2.5 Performance Indicators**

Compliance with the Trust's modern slavery agenda is measured via the following:

- All staff are required to complete mandatory safeguarding training (which includes modern slavery). As of March 2019, in excess of 90% of Trust staff are compliant with the required training.
- Relevant departments (e.g. Procurement, Facilities etc.) ask suppliers to provide assurance that they are compliant with the Modern Slavery Act 2015.
- All staff undergo the relevant pre-employment checks.
- Any modern slavery concerns are raised through the Trust's incident reporting system (DATIX) and referred to the Safeguarding Team for investigation. From 1 April 2018 to 31 March 2019, there were 5 referrals relating to modern slavery compared to 4 referrals in the previous year (1 April 2017 to 31 March 2018).

## **2.6 Training in Modern Slavery and Human Trafficking**

As stated in section 2.5, staff undertake modern slavery training as part of their mandatory Safeguarding training.

In addition, the Trust also provides a 'Modern Slavery and Human Trafficking' voluntary eLearning module to help frontline healthcare staff identify and support victims of human trafficking. Promotion of this additional training will take place as part of the awareness-raising programme (see Action Plan for timescales).

Modern Slavery is also embedded into other relevant training programmes including Recruitment and Selection.

The Trust's Modern Slavery Working Group also intends to run a modern slavery event in 2019 to further staff education and raise awareness.

## **3. Summary and Next Steps**

Since the requirement for organisations to produce an annual Modern Slavery Statement, the Trust has continued to demonstrate an ongoing commitment to preventing slavery and human trafficking in any part of our business or supply chains.

The Trust's Action Plan (approved by the Trust Board in May 2019) details the steps that the Trust will take to continue to educate staff on the importance of preventing modern slavery and to meet the obligations under the national modern slavery agenda.

The actions are:

- Monitor and review ongoing modern slavery legislation and best practice
- Review Modern Slavery Working Group attendees
- Obtain assurances from main suppliers/agencies etc. that they comply with the Modern Slavery Act 2015
- Review Trust corporate policies and include references to modern slavery where appropriate
- Awareness-Raising Programme
- Link in with Modern Day Slavery Pathway for Hull and Wilberforce Institute for the study of Slavery and Emancipation
- Action Plan to be shared with Workforce Transformation Committee / Diversity and Inclusion Steering Group

This will continue to be developed on an ongoing basis in light of any national changes or issues.

The Trust Board has considered and approved this statement and will continue to support the requirements of the legislation.

Signed \_\_\_\_\_  
Mr Terry Moran  
Chairman

Signed \_\_\_\_\_  
Mr Chris Long  
Chief Executive

Dated

Dated

## **GREAT FUTURE**

2018-19 has been a positive year for the HEY Improvement Programme (HIP). The benefits from the various programmes have been:

- Urgent and Emergency Care Pathways Programme, which saw many improvements in patient flow systems across all services in the Trust to contribute to moving closer to delivery of the A&E 95% four hour target.
- Theatres Improvement Programme, which delivered:
  - efficiency gains and team alignment in the utilisation of pre-assessment services
  - delivery of the national safer standards check lists in theatres
  - the better use and efficiency of the operating theatres.
- Outpatients Improvement Programme, which delivered:
  - The end to end administration review – on track to go live in September 2019. This work has involved the redesign of the patient administration processes, staffing and structures to deliver safer processes and give career structures and management alignment and support for 750 staff. This work has been successfully delivered by working with front line staff in a co-design process.
  - Implemented the clinical notes electronic tagging and tracking system.
- Improvement Culture Development – key areas of delivery were:
  - The HIP team have developed and delivered a suite of improvement tools available for use by all staff either accessing the self-help area on Pattie, by providing in house training or by the team actively supporting the operational teams to use the tools in their clinical area.
  - Re-launch of the front line staff improvement support programme
  - Continuing to provide Improvement and Project Management training
  - Continue to build on existing links with the University of Hull providing oversight of medical students' and physician associates' quality improvement projects.

The improvement work in the Trust was shortlisted in 2018-19 for two national awards:

- 2018 HSJ Value awards for Improving Value in the Care of Frail Older People – Frailty Intervention Team
- 2018 Healthcare Transformation Awards Innovations in the Care of Long Term Conditions – Frailty Intervention Team

This national recognition of the Trust's work to improve patient care is always welcome and an opportunity to network and learn further from others.

In 2019-20 the improvement programmes are:

- OPTimise - Outpatient Programme
- Completion of the Theatres Improvement Programme
- Ward Improvement programme
- Getting It Right First Time coordination
- Further Continuous Improvement Cultural Development.

**Chris Long**  
**Chief Executive**  
**Date**

## ACCOUNTABILITY REPORT

### Corporate Governance Report

#### Directors Report

The Chairman of the Trust during 2018/19 was Mr Terry Moran CB, and the Chief Executive was Mr Chris Long.

The Trust Board comprises the Chairman, six voting Non-Executive Directors and five voting Executive Directors. The five Executive Directors with voting rights are the Chief Executive, Chief Nurse, Chief Financial Officer, Chief Medical Officer and the Chief Operating Officer. Three other Directors attended the Trust Board throughout 2017/18 but they do not have voting rights. These were the Director of Strategy and Planning, the Director of Workforce and the Director of Corporate Affairs). The Trust Board recruited an Associate Non-Executive Director during 2018-19 who joined as a non-voting member of the Trust Board, and became a Non-Executive Director on 1 January 2019 at the point that Mr Snowden's final term of office concluded. Four Board members have a clinically-related background. These are the Chief Nurse, the Chief Medical Officer and two Non-Executive Directors (a Consultant Gastroenterologist and a Non-Executive with a nursing background). The Associate Non-Executive Director is Dean of the School of Health and Social Care at the University of Hull.

#### **Terms of Office of Non-Executive Directors**

The Non-Executive Directors were appointed to the Board by NHS Improvement. Non-Executive Directors can be appointed for a maximum of 3 terms (up to 9 years).

#### **Terms of office – Non-Executive Directors**

Name	Position	Current Term Commenced	Term Ends
Mr T Moran	Chairman	September 2018	March 2022
Mr A Snowden	Non-Executive Director	October 2017	December 2018
Mr M Gore	Non-Executive Director	July 2017	March 2020
Mr S Hall	Non-Executive Director	July 2017	September 2019
Mrs V Walker	Non-Executive Director	July 2017	September 2019
Mrs T Christmas	Non-Executive Director	July 2017	September 2019
Prof. M Veysey	Associate Non-Executive Director	April 2018	March 2022
Prof. Julie Jomeen	Associate Non-Executive Director Non-Executive Director	April 2018 January 2019	December 2018 December 2020

The biographies of the Chairman and the Chief Executive together with other Board members are set out below.

#### **Chairman and Non-Executive Directors**

	<p><b>Terry Moran CB – Chair</b></p> <p>Terry was appointed as Chairman to the Trust on 1 April 2017. Terry retired in March 2013 following a 36-year career in the Civil Service. His most recent appointment was as Second Permanent Secretary at the Department for Work and Pensions.</p> <p>He joined the civil service in 1977 straight from school as a clerical assistant and spent his first 12 years working in local offices in Yorkshire and London. The remainder of his career saw him move into senior regional and national roles including advising successive governments on policy changes and operations. This included the positions of Chief Operating Officer for the Department of Work and Pensions, Chief Executive of the Pension, Disability and Carers Service, Chief Executive of The Pension Service, Chief Executive of the Disability and Carers Service, Director, Jobcentre Plus, North West Region and Director, Benefits Agency, Yorkshire and Humber Region</p> <p>He successfully completed the Advanced Management Programme at Harvard Business</p>
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	<p>School in 2005.</p> <p>He was previously Chair of Trustees at Together for Short Lives and a Trustee on the national Board of Victim Support, Chair of the Diversity Council from 2005-2008, and a Trustee on the Board of the Social Care Institute for Excellence. He has previous service as an NHS Non-Executive Director, with 18 months' service at Mid Yorkshire Hospitals Trust.</p> <p>He was appointed a Companion of the Order of the Bath (CB) in HM The Queen's Birthday Honours List 2007.</p>
	<p><b>Andy Snowden – Non-Executive Director/Vice Chair to 31 December 2018</b></p> <p>Andy was appointed in January 2015 Vice Chair. He has been a Non-Executive Director with the Trust since April 2013 and before that was an Associate Non-Executive Director (appointed November 2011). Prior to this he was a Non-Executive Director at NHS Hull. He has been a corporate director with two local authorities (Hull City Council and Middlesbrough). He runs his own consultancy business which provides leadership and development expertise to health, local government and other organisations. Andy's final term of office concluded on 31 December 2018.</p>
	<p><b>Vanessa Walker – Non-Executive Director and Vice Chair from 1 January 2019</b></p> <p>Vanessa was appointed in July 2015. She was previously a Non-Executive Director with Humber NHS Foundation Trust. Vanessa has more than 30 years' experience working across the NHS, civil services and local government. She has a strong track record of leading strategic change programmes designed to improve organisational culture and performance. Vanessa is an elected member of East Riding of Yorkshire Council. Vanessa took on the Vice Chair role on 1 January 2019.</p>
	<p><b>Martin Gore – Non-Executive Director</b></p> <p>Martin was appointed in January 2015. His previous role was at the Humberside Probation Trust as a Director of Corporate Services. He is a qualified accountant. He brings with him more than 25 years' experience of working at board level and in senior finance roles, as well as extensive experience of the private sector.</p>
	<p><b>Stuart Hall – Non-Executive Director</b></p> <p>Stuart was appointed in January 2015. He spent a large part of his career working with FTSE 100 company, Santander. A fellow of the Chartered Institute of Bankers, Stuart is experienced in a range of areas from governance and HR to strategy development, and a Director of a Community Interest Company specialising in vocational training and end of life care.</p>
	<p><b>Tracey Christmas – Non-Executive Director</b></p> <p>Tracey was appointed in July 2015. Tracey has extensive knowledge of both the public and private sectors, predominantly in finance and corporate services roles. Tracey is a Finance Business Partner for the Ministry of Justice/National Offender Management Service working within the Yorkshire Region at HMP Full Sutton and HMP Hatfield. She is also a past president of the ACCA Women's Society and International Assembly UK Representative, and is currently an elected representative for Yorkshire and the North East on the ACCA's Strategy Implementation Committee. Tracey has previously served as a Non-Executive Director of Eastern Hull NHS Primary Care Trust.</p>
	<p><b>Martin Veysey – Non-Executive Director</b></p> <p>Martin joined as Associate Non-Executive Director in September 2017 and became Non-Executive Director in April 2018. Martin is a Professor of Gastroenterology at the University of Hull, and holds an Honorary Consultant Gastroenterologist appointment at York Teaching Hospitals NHS Foundation Trust. He has over 25 years' experience in healthcare and higher education both in the UK and, more recently, in Australia. In February 2017, Martin joined The Hull York Medical School as Programme Director of the MBBS. His research interests include medical education, molecular nutrition and luminal gastrointestinal disease.</p>
	<p><b>Julie Jomeen – Associate Non-Executive Director April – December 2018; Non-Executive Director from 1 January 2019</b></p> <p>Julie is Professor of Midwifery and Dean of the Faculty of Health Sciences at the University of Hull. She holds the University Non-Executive seat on the Trust Board effective from 1 March 2019 (at the date of the Trust's name change). A key focus of Julie's academic work is on</p>

	issues of perinatal mental health and psychological health in childbearing women. Julie's research profile covers national and international collaborations including serviced development work and practitioner training initiatives. Julie is passionate about research roles and capacity-building in organisations.
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## Executive Directors

	<p><b>Chris Long – Chief Executive Officer</b></p> <p>Chris has a wealth of NHS experience, including four years with the former Scarborough and North East Yorkshire Hospitals NHS Trust as Executive Director of Operations and, more recently, seven years as Chief Executive of Hull Teaching Primary Care Trust (PCT) between 2006 and 2013. Prior to joining the NHS, Chris spent 12 years in the Army, and before joining Hull and East Yorkshire Hospitals NHS Trust in 2014, he worked as the Area Director for NHS England's Locality Team in Yorkshire and the Humber.</p>
	<p><b>Lee Bond – Chief Financial Officer</b></p> <p>Lee was appointed in March 2013. Prior to this he was a Director of Business Delivery within the Trust and before that Director of Finance at Central Manchester University Hospitals NHS Foundation Trust. His previous Director of Finance posts include Sherwood Forest Hospitals NHS FT and Sheffield Children's NHS FT.</p>
	<p><b>Kevin Phillips - Chief Medical Officer to July 2018</b></p> <p>Kevin commenced as Chief Medical Officer in 25 August 2015 following a short period in the interim post. Prior to this appointment has was the Medical Director of the Family and Women's Health Group within the Trust. He has been a Consultant at the Trust for 19 years in obstetrics/gynaecology with a special interest in keyhole gynaecological surgery. He has worked in many managerial roles as well as full time clinical roles. Nationally he recently received a term as President of the British Society for Gynaecological Endoscopy. He qualified from Leeds University in 1986 and pursued a career in obstetrics and gynaecology working in Leeds, Australia, New Zealand and Scotland before returning to Yorkshire to take up his Consultant post. He is committed to working for our local population and bringing high quality safe care to our patients. Kevin stood down from the role of Chief Medical Officer in July 2018 to focus on his clinical work.</p>
	<p><b>Makini Purva – Interim Chief Medical Office from 1 August 2018</b></p> <p>Dr Makani Purva is Interim Chief Medical Officer. She is a Consultant Anaesthetist at the Trust, specialising in Obstetrics. She is also Director of Simulation at the Hull Institute of Learning and Simulation. She has a particular interest in research and supporting innovation, and is assisting with the Trust's international recruitment strategy.</p>
	<p><b>Mike Wright – Chief Nurse to 31 March 2019</b></p> <p>Mike was appointed in April 2015. His previous appointment was Chief Nurse and Deputy Chief Executive at County Durham and Darlington NHS Foundation Trust. He is a registered Nurse and has 34 years' experience working in clinical, managerial and leadership roles. These have included various clinical roles up to and including senior nurse manager level, four years Directorate Manager/Head of Nursing at Guy's and St Thomas' Hospital and three years as a Deputy Director of Nursing at Guy's and St Thomas' Hospital before his Chief Nurse role in 2003.</p>
	<p><b>Beverley Geary – Chief Nurse from 1 March 2019</b></p> <p>Beverley started with the Trust during Mike Wright's final month of service to enable handover of the role. Beverley has been a nurse for over 30 years. She has worked in a number of acute providers across the region working predominately in medical specialities. She also has experience in education and mental health. Some of her senior nursing roles have included quality governance and patient experience leads. Most recently Beverley was Chief Nurse and Director of Infection and Control at York Teaching Hospitals NHS Foundation Trust.</p>
	<p><b>Ellen Ryabov – Chief Operating Officer</b></p> <p>Ellen was appointed in April 2016. She has spent the last five years working at Director level in various NHS organisations on an interim basis. This included 2 years at Sheffield Teaching Hospitals NHS Foundation Trust, latterly as their Interim Chief Operating Officer. Her previous substantive NHS role was Chief Operating Officer at Heart of England NHS Foundation Trust.</p>

	<p>Ellen has worked in the NHS for 28 years, starting her career as a Finance Trainee in the Scottish Health Service, following which she moved from finance into general management. Ellen transferred to the English NHS system in 2001 working as a General Manager and then Executive Director of Operations in London and the South East.</p> <p>On 2 April 2018, Ellen moved to a job share arrangement with Teresa Cope as fellow Chief Operating Officer. Ellen left the Trust in January 2019 for a career opportunity in the NHS in Scotland, at which point Teresa Cope took on the full time role as Chief Operating Officer.</p>
	<p><b>Teresa Cope – Chief Operating Officer</b></p> <p>Teresa was appointed in April 2018 as job share with Ellen Ryabov and joined the Trust from Humber NHS Foundation Trust where she had been Chief Operating Officer for the previous 3 years. Teresa has worked within the NHS for 25 years and started her career as a Diagnostic Radiographer in 1993 before taking up a number of senior management roles in Acute, Mental Health and Community Services provider organisations. Teresa has also worked in commissioning organisations and was previously Director of Commissioning for Nottingham City CCG and Programme Director for Urgent Care for the South Nottinghamshire system leading system wide Improvement in Urgent and Emergency Care. Teresa obtained her MSc in 2001 and completed a Senior Executive Management programme with Ashridge Business School in 2012.</p> <p>Teresa took the full-time role of Chief Operating Officer at the end of January 2019</p>

#### In attendance at Trust Board Meetings

	<p><b>Jacqueline Myers – Director of Strategy and Planning (non-voting)</b></p> <p>Jacqueline was appointed in July 2013 as Director of Strategy and Planning. She was previously Director of Planning at Leeds Teaching Hospitals NHS Trust and prior to this held the posts of Divisional General Manager and the Lead Cancer Manager. She has also held a range of general management and strategic positions at University College London Hospitals Foundation Trust and Guys and St Thomas's Foundation Trust. She is a Trustee of St Leonard's Hospice in York.</p>
	<p><b>Simon Nearney – Director of Workforce and Organisational Development (non-voting)</b></p> <p>Simon joined the Trust in September 2012 from his previous post as Director of Human Resources at Leicestershire County Council and took up post as Director of Workforce and Organisational Development in July 2015. Simon has held several senior HR and Organisational Development management roles in large public sector organisations. Simon has a track record of transforming services, leading major organisational change programmes and improving the customer experience.</p>
	<p><b>Carla Ramsay – Director of Corporate Affairs (non-voting)</b></p> <p>Carla was appointed in December 2016. She worked previously as Head of Quality in NHS Yorkshire and Humber Commissioning Support and has held previous Board Secretary roles within NHS commissioning and in further education. She started her NHS management career at the Trust and has held operational management posts in medicine and surgery previously. She is a Trustee and Honorary Treasurer to two local charities.</p>

#### Statement of Directors' Responsibilities

Name	Job Title	Key areas of responsibility
Chris Long	Chief Executive	<ul style="list-style-type: none"> <li>Accountable Officer</li> </ul>
Lee Bond	Chief Financial Officer	<ul style="list-style-type: none"> <li>Financial management</li> <li>Estates, Facilities and Development</li> <li>Information Management and Technology (IM&amp;T)</li> </ul>
Mike Wright Beverley Geary	Chief Nurse	<ul style="list-style-type: none"> <li>Professional lead for nursing and midwifery</li> </ul>

		<ul style="list-style-type: none"> <li>• Patient experience</li> <li>• Safeguarding</li> </ul>
Kevin Phillips Makani Purva	Chief Medical Officer	<ul style="list-style-type: none"> <li>• Professional lead for medical staff</li> <li>• Quality governance and assurance</li> </ul>
Ellen Ryabov Teresa Cope	Chief Operating Officer	<ul style="list-style-type: none"> <li>• Performance</li> <li>• Service delivery</li> </ul>
Jacqueline Myers	Director of Strategy and Planning	<ul style="list-style-type: none"> <li>• Operational and business planning</li> <li>• Trust Strategy</li> <li>• Improvement</li> </ul>
Simon Nearney	Director of Workforce and Organisational Development	<ul style="list-style-type: none"> <li>• Human resources (policy and HR delivery)</li> <li>• Organisational development</li> </ul>
Carla Ramsay	Director of Corporate Affairs	<ul style="list-style-type: none"> <li>• Trust Secretary</li> <li>• Corporate governance</li> </ul>

### Statement of Non-Executive Directors' roles

Name	Committee Membership	Other Trust Roles
Terry Moran CB	Remuneration (Chair)	NED Champion for Emergency Planning
Andy Snowden to 31 December 2018	Remuneration Quality Charitable Funds (Chair)	Vice Chair
Martin Gore	Remuneration Audit Performance and Finance	NED champion for efficiencies, procurement and variable pay
Stuart Hall	Remuneration Quality Performance and Finance (Chair)	NED lead for STP
Tracey Christmas	Remuneration Audit (Chair) Performance and Finance	Transition from children's to adult services champion NED Speaking Up/Whistleblowing champion from 1 January 2019
Vanessa Walker	Remuneration Quality Charitable Funds	NED Champion for End of Life Care NED Champion for Safeguarding Vice Chair from 1 January 2019
Martin Veysey	Remuneration Quality (Chair)	NED Champion for learning from deaths
Martin Veysey (Associate)	Attends: Remuneration Quality	

### Trust Board meetings

The Trust Board met on 8 occasions during 2018/19, including an extraordinary Trust Board meeting in May 2018 to approve the annual report and accounts. A record of attendance of kept for each Board meeting and the table below sets out the attendance of Board members during the year.

## Trust Board Attendance 2018/19

Name	15/5	24/5	10/7	11/9	13/11	29/1	26/2	12/3	Total
T Moran	✓	✓	✓	✓	✓	✓	✓	✓	8/8
A Snowden	x	✓	✓	✓	✓	-	-	-	4/5
S Hall	✓	✓	✓	✓	✓	✓	✓	✓	8/8
V Walker	✓	-	✓	✓	✓	✓	✓	✓	7/8
T Christmas	✓	✓	✓	✓	✓	✓	✓	✓	8/8
M Gore	✓	-	✓	✓	✓	✓	-	✓	7/9
C Long	✓	✓	✓	✓	-	✓	✓	✓	7/8
L Bond	✓	*	✓	*	✓	*	✓	*	4/8
M Wright	✓	-	✓	✓	✓	✓	✓	✓	7/8
T Cope/E Ryabov	✓	✓	✓	✓	✓	✓	✓	✓	8/8
K Phillips	✓	-	✓	-	-	-	-	-	2/3
M Purva	-	-	-	✓	✓	✓	✓	✓	5/5
M Veysey	✓	-	✓	✓	✓	✓	-	✓	6/8
B Geary	-	-	-	-	-	-	-	✓	1/1
J Jomeen	-	✓	-	✓	✓	✓	-	✓	5/8
J Myers	✓	✓	✓	✓	✓	✓	✓	✓	8/8
S Nearney	✓	✓	✓	✓	✓	✓	✓	✓	8/8
C Ramsay	✓	✓	**	**	✓	✓	✓	✓	6/6

\*Apologies submitted; Deputy Director of Finance in attendance with acting status

\*\* On short-term career break

### Board Committees

The Trust Board has established a number of committees to support it in discharging its responsibilities. These are an Audit Committee, Quality Committee, Performance and Finance Committee and a Remuneration Committee. The Trust also has a constituted Charitable Funds Committee. The Audit and Remuneration Committees are statutory requirements and the work of the committees is detailed below. Further detail on the work of the Quality Committee and Performance and Finance Committee can be found in the Annual Governance Statement within this annual report.

### Audit Committee

The Audit Committee comprises of 3 Non-Executive Directors. Other individuals attend the meeting but are not members of the committee. These are Internal Audit (MiAA), External Audit (Grant Thornton), the Chief Financial Officer, the deputy Director of Finance, the Director of Corporate Affairs and the Deputy Director of Quality Governance and Assurance.

The Audit Committee provides assurance on the Trust's systems of internal control, integrated governance and risk management. A tracking system of agreed actions is in place and the internal auditors follow up recommendations to provide assurance to the Audit Committee that the issues raised have been addressed. There were 5 meetings of the Audit Committee in 2018/19 which included 1 extra ordinary meeting to consider the Annual Accounts and Report. All meetings were quorate.

Members	Attendance
T Christmas (Chair)	5/6
M Gore	5/5
S Hall	2/2
M Veysey	0/3

There was a change in membership in 2018-19 as a membership refresh and bring in a quality/clinical perspective to the meeting.

The Committee reviewed relevant disclosure statements in particular the draft Governance Statement, financial Accounts and the Quality Accounts.

The internal audit programme for 2018/19 was informed by the Trust's own risk and assurance framework, discussion with a wide range of officers and the broader context of the NHS. It was developed around the Trust's strategic objectives and its business-critical systems and was risk based. A draft Director of Audit Opinion and Annual Report 2018/19 gave an overall opinion of substantial assurance, which is an improvement compared with last year.

25 internal audits were completed in 2018-19. Of these, one received the highest rating of assurance, 16 received substantial assurance, 5 received moderate assurance and 3 received limited assurance. This is an overall improvement of assurance compared with last year. The key findings, recommendations and agreed management actions have been received by the Audit Committee for all internal audit reports. In 2018-19, the internal audit receiving 'high' assurance was the Safer Staffing review, while limited assurance was given to: Procurement, Tenders and Waivers, Critical Applications – BOB, Cyber Security, Quality Spot Checks and Management of Volunteers. Moderate and substantial assurance was received for 21 audits, including amongst others Charitable Funds, Combined Financial Systems, Budgetary Control & CRES, Staff Lottery and the Data Security and Protection Toolkit.

Minutes and other updates from the work of the Quality Committee and the Performance & Finance Committee were considered by the Audit Committee which contributed to the overall view of governance and internal control.

Work to prevent or counter fraud continued and reports were received throughout the year. The Committee reviewed the Board Assurance Framework and other documents in respect of risk. These included losses and special payments, debts, the Trust's Registers of Declared Interests and for Gifts, Hospitality and Sponsorship, legal fees, credit card expenditure, Trust Board expenses. The Audit Committee reviewed and approved updates to the Trust's Risk Policy and its Declarations Policy. The Audit Committee also regularly reviewed the Trust's Speaking Up arrangements, including whistleblowing and the newly mandated Freedom to Speak Up Guardian, as well as the Trust's own Staff Advice and Liaison Service and other ways to support staff to raise concerns.

**Remuneration Committee**

The Board's Remuneration and Terms of Service Committee is responsible for setting the pay and conditions for the voting Executive Directors (Chiefs) and the Directors who report to the Chief Executive/Chairman. The Remuneration Committee met 7 times during 2018/19. The Committee was quorate at all meetings. Membership of the Committee comprises the Trust Chairman and all Non-Executive Directors. The Chief Executive, Director of Workforce and Organisational Development, the Associate Non-Executive Director and Director of Corporate Affairs also attend the Committee. Non-Executive Director members' attendance is detailed below:

<b>Members</b>	<b>Attendance</b>
T Moran	7/7
A Snowden	4/5
M Gore	6/7
S Hall	7/7
V Walker	6/7
T Christmas	5/7
M Veysey	1/7
J Jomeen	1/2

The Trust complies with current NHS Improvement guidance on pay for Very Senior Managers. Executive Directors are employed on contracts of service and are substantive employees of the Trust. Their contracts are open ended and can be terminated by the Trust by up to 6 months' notice. The new VSM guidance issued in 2015 and updated in 2017 requires NHS Trusts to include in relevant remuneration package an element of earn-back pay i.e. a requirement to

meet agreed performance objectives. The Chief Medical Officer, the Chief Operating Officer, the Chief Financial Officer and the Director of Workforce and Organisational Development have this requirement built in to their remuneration packages as their salary packages fall in to this guidance. Other Executive Directors in post during the year did not have a component of performance related pay as their salary agreements pre-date this guidance or fall below the salary threshold where this is applied.

Key items discussed by the Committee during the year included annual performance reviews for Executive Directors, information on the top earners in the Trust, sector salary benchmarking, changes in pension thresholds, the Chief Nurse Officer recruitment and interim Chief Medical Officer appointment. A summary of the Remuneration Committee is received in the closed session of the Trust Board.

Details of the remuneration, including salary and pension entitlements of the Directors is set out in the Accounts appended to this report.

#### **Details of company Directorships which may conflict with management responsibilities**

None of the Trust Board hold company directorships that may conflict with management responsibilities. The Trust publishes the declared interests of its Trust Board members on its website, in the 'About Us' section.

#### **Personal Data related incidents**

The Trust has Information Governance arrangements in place to ensure that information is handled in a secure and confidential manner. It covers personal information relating to service users and employees and corporate information, for example finance and accounting records.

The Information Governance Data Security and Protection Toolkit (DSP Toolkit) is part of the Department of Health and Social Care's commitment to ensuring the highest standards of information governance. It allows organisations to measure their compliance against legislation and central guidance and helps identify any areas of partial or non-compliance. It remains Department of Health and Social Care policy that all organisations that process NHS patient information provide assurance, via the new DSP Toolkit and is fundamental to the data protection and data security both within the organisations and between organisations. The Information Governance Assurance Statement is a required element of the DSP Toolkit and is re-affirmed by the annual submission to demonstrate the organisation has robust and effective systems in place to meet statutory obligations on data protection and data security.

The Trust's Data Security and Protection Toolkit Assessment for 2018/2019 was published as: Standards Not Fully Met (Plan Agreed), and The DSP Toolkit was audited and assessed as achieving Substantial Assurance.

The Trust is required to score all Information Governance Data Security and Protection Breaches using the DSP Incident Reporting Guidelines and Assessment Scoring Grid. Any breach that is scored above the threshold is required to be reported via the DSP Toolkit Incident Reporting Tool which sends an automatic notification to the Information Commissioner Office (ICO) and also to the NHS Digital Data Security Centre where appropriate. The Information Governance Data Security and Protection Breaches requiring reporting to the ICO via the DSP Toolkit during 2018/2019 are detailed below:

The Trust has reported six Data Security and Protection Breaches in 2018/2019 to the ICO as classified in the DSP Toolkit Incident Reporting Guidelines. The ICO closed four cases with no further action and 2 cases are awaiting a decision.

- July 2018 – lost paperwork affecting one other person (notebook left behind after an appointment). Information was retrieved and apologies given. The ICO review determined no further action is required

- August 2018 – wrong document circulated to a staff team. Information recalled and copies destroyed. Apologies given to the person affected. The ICO review determined no further action is required
- October 2018 – information picked up in error by a patient. The information was retrieved and destroyed. The people on the list were contacted and apologies given. The system involved is now electronic and print outs will no longer be in clinic rooms. The ICO review determined no further action is required
- October 2018 – a patient received a copy of someone else’s letter. Incorrect letter retrieved and apologies given to both parties. The ICO review determined no further action is required
- November 2018 – unauthorised access of medical records. Member of staff interviewed and reflective and corrective action taken. Update provided to the ICO on the outcome of the Trust’s investigation – ICO decision awaited
- January 2019 – information circulated to staff team in error. Email recalled and asked to be deleted from inboxes. Initial incident notified to ICO – outcome awaited

ICO reportable Incidents 2018 2019				
Date of Incident (Month)	Nature of Incident	Number Affected	How Subjects were Informed	Lessons Learned
July 2018	Lost or stolen paperwork	1	Verbally and Letter	
August 2018	Disclosed in Error	30	to find out AJ	
October 2018	Disclosed in Error	18	Verbally and Letter	
October 2018	Disclosed in Error	2	to find out AJ	
November 2018	Unauthorised access/disclosure	1	Verbally and Letter	
January 2019	Disclosed in Error	219	Verbally and Letter	

Following new legislation in 2018, and the implementation of the DSP Toolkit, the criteria for scoring the Data Security and Protection Breaches Incidents changed. Incidents are now scored using the DSP incident Reporting Guidelines and Assessment Grid and reported via the DSP Toolkit. The new criteria; includes all reported incidents, including low scoring incidents that would have been previously excluded from the total numbers. The table below provides details for each category.

<b>IG Incidents to ICO 2018 / 2019</b>	<b>Number</b>
Disclosed in Error	4
Lost or Stolen Hardware	0
Lost or Stolen Paperwork	1
Non-secure disposal paperwork	0
Other	0
Unauthorised Access / Disclosure	1
<b>Total</b>	<b>6</b>

<b>All Trust IG Incidents 2018 / 2019 (including incidents reported to the ICO)</b>	<b>Number</b>
Disclosed in Error	55
Lost or Stolen Hardware	0
Lost or Stolen Paperwork	26
Non-secure disposal paperwork	6
Other	19
Unauthorised Access / Disclosure	19
<b>Total</b>	<b>125</b>

Other Category would include: Personal information found by staff on Trust site, incorrect information or documentation found in patient's records and Information left insecurely on Trust site.

**Directors' disclosure**

Each Director knows of no information which would be relevant to the auditors for the purposes of their audit report and of which the auditors are not aware, and has taken all the steps that he/she ought to have taken to make himself/herself aware of any such information and to establish that the auditors are aware of it.

**Statement of Accounting/Accountable Officer's responsibilities**

The Accounting Officer has overall responsibility for the financial statements. The statements are prepared through the Chief Financial Officer's office. The Audit Committee is updated on the progress in preparing the Accounts. The Chief Financial Officer prepared a report to the Audit Committee in April 2019 to discuss and review the Trust's status as a going concern. The Audit Committee approved the Chief Financial Officer's recommendation that the Accounts should be prepared on a going concern basis.

As Accounting Officer I confirm that, as far as I am aware, there are no relevant Audit information of which the Trust's auditors are unaware and I have taken all the steps that I should take to make myself aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

I confirm that the annual report and accounts as a whole is fair balanced and understandable and that I take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

**Chris Long**  
**Chief Executive**  
**Date**

## **Annual Governance Statement**

### **Scope of responsibility**

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS 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 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 Trust *Accountable Officer Memorandum*.

### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Hull University Teaching Hospitals NHS 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 Hull University Teaching Hospitals NHS Trust for the year ended 31 March 2019 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

### **Capacity to handle risk**

The Trust Board sets the Risk Management Policy for the organisation. This was reviewed and updated in April 2017 and will be reviewed again in 2020 at the latest. This describes the organisation's approach to risk and risk management. Staff across the Trust receive risk management training, in order to identify and report risks. The Trust has a well-established process for entering risks on to its risk register and the regular review of risks, which is described below. The Trust also strengthened its approach to escalating risks at corporate level and the way in which this informs the strategic risk managed by the Trust Board. This is also described in more detail below.

### **The risk and control framework**

The system of internal control is designed to manage risk to a reasonable level. All risks that are entered on the Trust risk management system are assigned an initial, current and target risk rating. Controls are identified to mitigate the level of risk and where there are gaps in the controls, action plans are developed. Risks are identified and reviewed on an ongoing basis across Health Groups and corporate services. Risks are identified from a number of different sources, including day to day operational working practices and trends arising from incidents, complaints and regulatory compliance. Line managers are responsible for on-going investigation and assessment of risks.

At Trust Board level, the Board assesses its performance and discusses associated risks at each meeting, through the presentation of the Integrated Performance Report, which includes all NHS Improvement Single Operating Framework metrics. An exception report on these measures is discussed in more detail at the Board's Performance and Finance Committee and the more detailed quality issues at the Board's Quality Committee. The positive assurance and gaps in assurance are captured in the Board Assurance Framework, reviewed regularly by the Trust Board and its committees. During the year, the organisation undertook a self-assessment against the well-lead key lines of enquiry for the Care Quality Commission including NHS Improvement requirements. Furthermore the Trust Board undertook and agreed as self-assessment against the (formerly) Monitor (now NHS Improvement) license requirements, which are now mirrored for non-Foundation Trusts, and did not report any principal risks to compliance with these requirements.

There is a mechanism for Health Groups and corporate services to escalate risks. New high level risks are notified to the Health Group triumvirates or corporate service management teams to be dealt with immediately whilst lower level risks are discussed at the Health Group/Corporate team meetings. The Executive Management Committee reviews the highest rated risks and agrees which of these form corporate risks for the Corporate Risk Register, which is taken in to account in the Board Assurance Framework. These come via recommendation from the regular review of high-rated operational risks by the Trust Operational Quality Committee (clinical risks) and the Non-Clinical Quality Committee, recognising that risks from across the Trust have the ability to impact directly on patient care and on maintaining the Trust's statutory compliance.

There are a number of mechanisms in place, which are designed to prevent or minimise the potential of risks occurring. The Trust's incident reporting system records near misses as well as actual incidents. Lessons from Serious Incidents are discussed at Health Group Governance meetings and across the Trust through a Lessons Shared newsletter, cascaded through the Trust's Team Brief mechanism. The Quality Committee maintain board-level oversight of serious incident issues and lessons learned. Root Cause Analysis training is provided staff involved in Serious Incidents investigations. The Trust's Mortality Committee has overseen the formulation and implementation of a new Learning from Deaths policy, which includes a two-tier clinical case note review to identify patient deaths that have any flags for failure or impacts of care that could have been avoided. The Trust has developed a themes and trends report from this, reported to the Trust Board and the Quality Committee in January 2018, to start a programme of quarterly reporting and learning from deaths in line with national requirements. The Quality Committee has also kept oversight of compliance with the national guidance requirements on Learning from Deaths and is satisfied that the Trust has made sufficient progress towards requirements to date.

The Trust's updated intranet site contains information to support staff in managing risks across the scope of the Trust's business. The Trust's formal communication systems (e-news, intranet, team brief cascade) are used to remind staff of their responsibilities such as reporting incidents and concerns, and sharing learning when specific initiatives or incidents have occurred. These communications include the conclusion of anti-fraud investigations and the consequences arising from information governance incidents investigations (SIRIs) during the year.

A fundamental nursing standards audit process is in place, which audits practice on each ward and is aligned to the Care Quality Commission's Key Lines of Enquiry. This gives a rating to each ward and identifies areas of potential risk; each area of risk identified requires an action plan from the ward sister/manager to address. The ward-level reporting also takes in to account issues arising from complaints and patient experience, staffing numbers and types of reported incidents. These data are published with each public Trust Board papers, to provide a risk overview of each ward.

A framework is in place for managing and controlling risks to data security. There is a Senior Information Risk Owner at Board level and a network of information risk owners across the organisation. Information Governance training is a mandatory requirement for all staff to complete. The Trust has submitted its position against the new Data Security and Protection toolkit in March 2019, submitting compliance in most areas with an action plan to achieve full compliance by September 2019, which has been accepted by NHS Digital. The Trust internal auditors undertook an internal audit of 4 domains of information governance standards against the Data Security and Protection toolkit requirements and gave an assurance rating of significant assurance at the end of 2018-19. The Audit Committee and the Trust Board are keeping oversight of the Trust's risk position in relation to systems security and systems resilience.

The Trust continues to review current systems and processes to ensure that it can demonstrate the best standards in research governance and delivery. The Trust adheres to national Health Research Authority (HRA) systems to manage the studies in proportion to risk. A suite of standard operating procedures provide a framework to demonstrate adherence to the UK Clinical Trial Regulations and Research Governance Framework (RGF) and these procedures were updated in line with the publication of the HRA UK Policy Framework for Health & Social Care Research in the summer of 2016.

Risk assessment

All risks are categorised using the same risk matrix and framework based on the likelihood of the risk occurring and the severity of impact, with the highest risk having a score of 25 (almost certain and catastrophic) and the lowest risk of 1 (rare and negligible). The Trust uses a web based incident reporting and risk management system (Datix) and has a ‘bottom up’ approach to identifying risks.

1 - Each Health Group and corporate service area identify and enter risks on to their own operational risk registers; risks are required to be managed and mitigated at local level as far as possible

2 – the high-rated operational risks from each area are reviewed by the Trust’s two operational risk management committees: the Operational Quality Committee reviews clinical risks and the Non-Clinical Quality Committee reviews non-clinical risks. The Committees escalate any high-rated risk that they feel cannot be managed within an individual health group or corporate service and represent a corporate risk across the organisation.

3 – the Trust’s Executive Management Committee review the recommendations from the operational risk committees and agree what represent the Trust’s corporate risk register

4 – The corporate risk register is considered as an appendix to the Board Assurance Framework, which details the key risk areas that could prevent the Trust from achieving its strategic aims. This consideration of corporate risk helps the Trust Board identify the corporate risk burden being carried by the Trust and whether this impacts on achieving the Trust’s strategic goals.

There were 180 operational risks on the risk register at the end of March 2019, as follows:

	Low Risk	Moderate Risk	High Risk	Grand Total
Corporate Functions	4	15	7	26
Clinical Support - Health Group	6	34	15	55
Emergency and Acute Medicine - Health Group	1	6	1	8
Family and Women's Health - Health Group	13	22	18	53
Medicine - Health Group	1	12	4	17
Surgery - Health Group	8	20	8	36
Trustwide risk managed by Falls prevention committee	0	1	0	1
Trustwide risk managed by outpatients committee	0	1	0	1
Grand Total	33	111	53	197

This compares with 30 low risks, 111 moderate and 39 risks rated as high, and a total 180 risks at the end of March 2018. The Trust has strengthen its approach to the regular review of risks at Health Group and corporate service level, to critically appraise what remains a risk in the organisation and to better capture actions being taken to mitigate the risks faced by the organisation. The increase in high-rated risks and consistent number of moderate risks, and a slightly higher volume, could be indicative of a effective risk management process in respect of

reviewing and identifying new risks, and an increasing risk framework in which the Trust is working, with high-rated risks correlating with key strategic risk areas on the Board Assurance Framework, particularly staffing levels and meeting financial targets.

The risks that could threaten achievement of the Trust's strategic objectives are set out in the Board Assurance Framework, which is reviewed by the Trust Board throughout the year. It is also reviewed by the Trust Board Committees at each meeting in relation to the risks linked with that Committee's terms of reference and also by the Audit Committee as a governance mechanism. The Board Assurance Framework includes an assessment of the source and level of assurance received as well as gaps in assurance. Any increase or decrease in a risk score is agreed by the whole Board. There were eight risks on the Board Assurance Framework at the start of 2018/19 against Trust's seven strategic aims from the Trust Strategy. The highest-rated risks at the end of 2018/19 on the Board Assurance Framework related to workforce. At the end of the year, whilst all risks areas on the Board Assurance Framework received some positive assurance throughout the year, two risk areas received made sufficient progress to reach its target risk rating, which was on the ability to meet the Trust's financial plan and capital requirements, both of which reduced in risk rating on the basis that the risks had not materialised (likelihood) rather than the risk environment had changed. In the context of these being risks against five-year strategic goals, this can be expected to some extent, as the Trust will only be able to mitigate some aspects of each risk within one year. As part of this strategic approach to risk management through the Board Assurance Framework, the Trust Board considered its approach to risk appetite in November 2017 and has added this to the Board Assurance Framework in 2018-19. In addition, the Trust Board has chosen at least one Board Assurance Framework topic for a deep dive discussion at public Board meetings throughout the year, meaning that each risk on the Board Assurance Framework has received detailed, strategic discussion by the Trust Board, which has informed the assurance requirements for future reports.

In respect of the BAF risk relating to achievement of the Trust's financial plan and the Trust's capital financial position, the Board's Performance and Finance Committee has maintained close overview of the Trust's performance against financial plan throughout the year. Senior representatives from the Health Groups have periodically attended the meetings to provide information on the delivery and robustness of their financial plans and links to performance (such as overspend on agency to maintain safe staffing levels) and received detailed updates on the Trust's financial position, including capital funding.

As noted above, the Trust Board has received positive assurance against the Board Assurance Framework risks and the Trust has a number of controls in place to address the risks identified in the Board Assurance Framework. A Quality Improvement Programme was developed following the comprehensive CQC inspection in May 2015 and was further developed following the CQC inspection in 2016 (published February 2017). During 2018-19, this has been subject to monthly review and scrutiny by the Quality Committee and reported to the Trust Board periodically.

The Trust has a People Strategy in place, which is being refreshed for 2019-20 onwards for three years. The current People Strategy has provided the blueprint for the Trust's assessment of its short-, medium- and long-term workforce plans and organisational development requirements, as the Trust plans not only to fill workforce numbers, but to continuously improve the working environment and culture of the Trust, as part of retention. The People Strategy has seven strands that cover all aspects of short- and long-term planning and cultural development, with an emphasis on staff engagement as a key measure of success. The Trust's People Strategy and Workforce Development Plan detail the Trust's approach to tackling staffing and skills shortages, and some progress, including increases in staffing figures in some key areas have been seen in 2018/19, as well as the Trust investing in new roles such as nursing associate training posts, nursing apprentices, and the first qualified Physicians Associates Advanced Care Practitioners. The Trust has undertaken international recruitment for nursing

staff, with 40 nurses joining the Trust through this route, and also brought on board a new medical trainee partnership with the College of Surgeons in Pakistan. The Trust continues its work on staff engagement and developing staff culture around the values identified by our staff around two years ago. The People Strategy, workstrands underneath it, inclusion on the Board Assurance Framework and the level of corporate risk (currently the largest area of corporate risk relates to workforce) and the nursing staffing and People Strategy updates including workforce metrics received at the Board assure the Board that the Trust has staffing processes in place that are safe, sustainable and effective. The Trust complies with the *Developing Workforce Safeguards* recommendations using existing staffing data to make an assessment of staffing levels in each health group and against vacancies, which are reviewed annually as part of operational planning for capacity and demand in respect of clinical services and the staffing requirements that make up an effective service. Workforce metrics are received and reviewed on behalf of the Trust Board by the Performance and Finance Committee and the Trust is working towards embedding the additional requirements of the *Developing Workforce Safeguards* through the Trust Board and Board Committees in 2019-20. Nurse staffing is rebased twice yearly against safe staffing levels and reported to the Trust Board. Safer nursing staffing is reported to every public Trust Board meeting. Performance and Finance Committee examine variable pay in detail to understand short-term workforce pressures, recruitment plans and current vacancy levels.

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

The trust has published an up-to-date register of interests for decision-making staff within the past twelve months, as required by the 'Managing Conflicts of Interest in the NHS' guidance.

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

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

The trust has undertaken risk assessments and has a sustainable development management plan in place which takes account of UK Climate Projections 2018 (UKCP18). The trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

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

The Performance and Finance Committee have Board-level oversight of the economic, efficient and effective use of resources. This is discharged through the monthly review of performance against budget and against financial plan, progress towards identifying and achieving cash-releasing efficiency savings, income against plan, performance and activity delivery against plan, cash management and budgetary management. The Performance and Finance Committee reports to the Trust Board, including escalation of any areas of concern. Further detail on the work of the Performance and Finance Committee is contained in the 'review of effectiveness' section below.

### **Information governance and data quality**

The Trust has reported six Serious Incidents Requiring Reporting (SIRIs) in 2018/19 to the Information Commissioner's Office (ICO) as incidents classified as Level 2 breaches in the Information Governance Incident Reporting Tool. Four incidents were disclosures in error (information sent to the wrong person), one unauthorised access incident and one incident of

lost paperwork. The ICO has closed four cases with no further action required and two cases are awaiting a decision.

### **Annual Quality Account**

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.

The Trust compiles data in accordance with national requirements. The Trust submitted records during 2018/19 to the Secondary Users service for inclusion in the Hospital Episode Statistics and achieved the percentage of record standards required. These are detailed further in the annual report and in the Quality Accounts. With the implementation of the new electronic patient record in 2015, the Trust has undertaken continued testing on data quality to ensure the Trust is able to meet data quality standards required, including waiting time and elective data. The Trust gained independent assurance on its data quality through its internal audit programme in the last three financial years as well as building in and putting in place additional internal data quality reports to test the accuracy of data produced.

The Trust has a number of measures in place to provide assurance on the quality and accuracy of elective waiting time data. These include:

- Business Intelligence data quality reports
- Fortnightly Operational Data Quality Meetings with Health Group and Corporate representatives
- External assurance from both NHS Improvement in 2016 to the reporting and management of elective pathways
- External assurance in 2017/18 from MBI Health Group as to the internal processes and validity of the Trust's PTL (Patient Tracking List) with significant assurance around data quality
- Quarterly internal audits on compliance with the Trust's Access Policy by the Performance Team
- Monthly data checks on the RTT data submission prior to upload to UNIFY2
- Monthly checks on Data Completeness for non-admitted and admitted pathways within the tolerances of 80 – 120%
- Mandatory E-Learning for administrative staff on Referral to Treatment rules using the NHS Improvement e-learning modules

Due to the Tracking Access issue reported in 2017-18, the Trust has had independent assurance on its waiting time data and validation processes, and is implementing updated practices regarding its tracking access administration processes, which will further contribute to data quality.

### **Review of effectiveness**

As Accountable 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 trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the information provided in this annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee, the Quality Committee and the Performance and Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Trust Board is accountable for all aspects of the performance of the Trust. The Trust Board met in public on 8 occasions during 2018/19 and was quorate at all meetings. The attendance of each individual Board member is set out in this Annual Report and on each Trust Board

agenda. The Trust Board works towards an annual work plan including statutory and mandatory requirements. Arrangements for the discharge of statutory functions by the Trust Board have been checked for irregularities and were found to be legally compliant.

The Board has five committees which support it in discharging its responsibilities. In addition to the statutory requirement for an Audit Committee and a Remuneration and Terms of Service Committee, the Board has a Performance and Finance Committee and a Quality Committee. A Charitable Funds Committee is in place for the management of funds held on trust. All Board committees are chaired by a Non-Executive Director. An attendance record is kept for the Board and each of its committees.

The Audit Committee met five times during 2018/19, which is the required number as set by its Terms of Reference and was quorate for all meetings. Its work plan for 2018/19 was received at its first meeting of the financial year and was also reviewed at each meeting during the year to ensure it remained relevant and current. The first part of the Audit Committee agenda is comprised of standing items which include a review of the minutes from the Quality Committee and the Performance and Finance Committee for any governance or internal control issues that require further examination by the Audit Committee. There are standing agenda sections for the external auditor followed by the internal auditor update and reports, including anti-fraud. Other agenda items are scheduled at regular intervals during the year and these include the preparation and submission of the Annual Accounts and Quality Accounts, Going Concern status, review of the Board Assurance Framework, Board members' expenses, use of Trust's credit cards, legal fees, off payroll expenses, effectiveness of clinical audit, claims management, losses and special payments register and debts above £50,000. The Audit Committee also received an internal audit report on the Trust Board's committee structures, which provides substantial assurance. The Audit Committee chair fed back to the Board key issues following each meeting. These included internal audit reports giving limited assurance; no breaches of standing orders were reported to the Trust Board. The Audit Committee Chair also fed back positive feedback on those internal audits attracting significant assurance. The Audit Committee has not escalated any serious gaps in control during the year.

The Performance and Finance Committee met on 12 occasions in line with its Terms of Reference and was quorate at all meetings. The focus of each meeting was on the detailed Integrated Performance exception report, specifically the Trust's underlying performance against the key NHS Constitution standards and the Trust's financial plan, which are standing agenda items discussed at each meeting. Other key issues during the year included the delivery of the Trust's Cash Releasing Efficiency Savings programme and the planning and delivery of the external support to identifying savings through the Financial Improvement Programme 2 (FIP2) in conjunction with NHS Improvement. Other substantive agenda items have also been the financial position of the Trust, particularly the financial performance of the Trust's health groups, their contribution to the Trust's underlying run-rate issues and the increasing financial pressures in non-pay and variable pay costs incurred in 2018-19. The Committee has also monitored capital expenditure in line with plan, agency spend and impact of vacancies, cash reserves, and the Trust's performance and risk management under the new Aligned Incentives Contract with local commissioners, compared with Payment By Results. As an issue specific to the Trust, the Performance and Finance Committee has held delegated oversight of the Trust's plans and actions to address the Tracking Access issues that were identified in 2018-19; there are further details on this issue further in this Annual Governance Statement. The Non-Executive Chair of the meeting provided a briefing to the Board each meeting on these areas.

The Quality Committee met on 12 occasions in line with its Terms of Reference. Key issues discussed related to assurance and learning points from Serious Incident investigations, the Quality Improvement Programme linked with the outcome from the 2016 Care Quality Commission comprehensive inspection, compliance with the *Learning from Deaths* national requirements and incident reporting. The Committee received annual reports relating to claims,

serious incidents and safeguarding. The Committee has kept close oversight of the development of the Trust's policy and approach to the national requirements from Learning from Deaths, including recommendation of the Trust's policy and themes and trend figures to the Trust Board. The Quality Committee is also delegated responsibility for reviewing impact on patient safety and experience as a result of the Tracking Access issues identified during 2018-19. Each meeting also received a report from the Operational Quality Committee, which included any points of escalation to the Quality Committee. The Board was advised of any escalation issues following each meeting by the Non-Executive Quality Committee Chair.

The Remuneration Committee met eight times during 2018/19, which includes additional meetings for detailed discussions on pension changes nationally. The Committee was quorate for all meetings. Agenda items included annual performance reviews, Directors' earn-back, information on the top earners in the Trust, sector salary benchmarking information, the appointment terms of a Chief Nursing Officer and the appointment of a interim Chief Medical Officer. A summary of the Remuneration Committee is received in the closed session of the Trust Board.

The Board agreed a new framework for Board Development and has chosen to invest additional Trust Board time in development. The Trust Board held eight development sessions during the year. The Board Development Framework and work plan are now published with every public Trust Board agenda and papers for openness and transparency of the topics and development time of the Trust Board.

The Board used the 'Discovery Insights tool' together with a questionnaire on its performance to understand the Trust Board dynamic. Using the NHS Improvement model for an effective Trust Board, as well as local knowledge and input, the Trust Board agreed a framework to develop the Board in four areas: understanding and development to become a high-performing Trust Board; Strategy Development; looking outwards and Board education; deep dive on exceptional topics. During the course of 2018-19, the Trust Board in its development sessions has covered a range of topics, including: the refresh of the Trust's Strategy; the refresh of the People Strategy; Trust cultural development; partnership working; update on Tracking Access (reported at public Board subsequently); and long-term capital and estates planning. In addition, a discussion session on a Board Assurance Framework has been held at public board for all meetings during the year to have a more detailed, risk-based and strategic discussion on key long-term issues facing the trust, in the public realm.

Quality governance arrangements are in place, managed through a team of Quality Assurance specialists, which include clinical audit (delivering an annual clinical audit plan), operational and corporate risk management (with support provided in to each Health Group and corporate services from a central team), compliance (including CQC, ward standards and support to safeguarding), claims and safety. The Trust has in place a Trust-wide Quality Improvement Plan, which has detailed projects to improve quality of care in identified areas within the Trust. These are identified through internal compliance and quality checks, internal audit reports, CQC inspection reports and other internal processes. The Quality Improvement Plan has a governance and project management structure in place, which feeds up to the Trust Board Quality Committee and provides assurance to the Trust Board. The Trust's quality governance arrangements culminate annually in the formulation, approval and publication of the Trust's Quality Accounts. The Quality Accounts signed off in June 2018 (relating to 2017-18) are reviewed by the Audit Committee, the Quality Committee and the external auditors. The external auditors, engaged to conduct a limited assurance review of the Quality Accounts, concluded that the 2017/18 Quality Accounts were prepared in a way that was consistent with guidance and with Trust sources of information.

A Quality Report is received at each Board meeting. The report is divided into sections, which set out patient safety matters, healthcare associated infections, patient experience matters, incident reporting including Serious Incidents and Never Events, levels of harm caused to

patients and actions being taken. On a quarterly basis, the report includes the Trust's position on the classic Patient Safety Thermometer and the Trust's Fundamental Standards audit. The report is written so as to account publically for the quality and safety of the Trust's services, including a monthly ward-by-ward read-across of patient safety reporting. The Trust Board also received a Nursing and Midwifery staffing report at each public Trust Board meeting, to report on the Trust's fill rates (number of nurses in post and hours of care delivery compared with planned levels) and the Trust's plans in nursing recruitment. I am pleased that the significant efforts from the Trust have paid off in nursing recruitment during this year but there are still shortage areas in nursing and midwifery to manage. This year has also seen an increase in gaps in doctors' rotas, which have required additional spend to maintain safe services during the year. This has had a direct impact on the Trust's financial position this year.

In 2018-19, the Trust declared zero Never Events, having declared six in the previous financial year. This is a significant achievement for the Trust and is testament to the hard work of all staff to implement improvements in our patient safety culture. Lessons were shared from the previous Never Events and a new audit tool on the Safety Checklist for Interventional Procedures (WHO checklist) was embedded, which measures compliance with standard checks and provides feedback across theatre teams. The senior team of the organisation have supported a 'Stop the Line' policy to empower any member of staff to speak up if they see something wrong that could cause harm, and the Trust aims to improve even further this safety culture in the forthcoming year.

#### Review of the effectiveness of risk management and internal control

The effectiveness of risk management and internal control has been determined through a number of mechanisms.

The internal audit programme for 2018/19 was informed by the Trust's own risk and assurance framework, a discussion with a wide range of officers and the broader context of the NHS. It was developed around the Trust's strategic objectives and its business critical systems and was risk based. The Director of Internal Audit Opinion and Annual Report 2018/19 gave an overall opinion of substantial assurance that there is "that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently." This is an improvement from last year's rating of 'moderate' assurance.

The Trust's Board Assurance Framework was reviewed by the Trust's internal audit team, who provided an opinion of assurance that the Board Assurance Framework was appropriately structured to meet the needs of an NHS Trust, met all requirements to relevant guidance and was monitored and reviewed regularly by the Trust Board.

No critical actions were identified for those audits that received limited assurance. Limited assurance audits consisted: Procurement, Tenders and Waivers, Critical Applications – BOB, Cyber Security, Quality Spot Checks and the Management of Volunteers. Moderate assurance was received for Locality Review – PPM Implementation, Theatre Utilisation and a round of Quality Spot Checks. Internal audits receiving significant assurance in 2018/19 were the Carter Review Action Plan, Charitable Funds, Combined Financial Systems, Budgetary Control & CRES, Staff Lottery, DSPT Toolkit, Catering Departmental Review, Performance Management and Reporting, Quality Spot Checks x 2, Absence Management, Consultant Appraisals, ESR, Claims/CNST, Committee Structures and Health Group Arrangements and Emergency Preparedness. High assurance was received for the first time for the safe staffing review. This range of substantial and high assurance across key control measures is something I thank our staff for, as this is due to their diligence and hard work to apply systems of internal control consistently. This is the highest level of substantial and high assurance that the Trust has received for internal audits in the last 3 years.

The Audit Committee, comprising Non-Executive Directors, gives independent assurance to the Board. It receives all audit reports from internal and external auditors and monitors progress

against agreed recommendations. Where gaps in control are identified management action is agreed.

During 2018-19, I held a series of management briefing sessions on organisational culture for our Band 7 and above managers, to continue the programme of cultural and organisational development, to become an 'outstanding'-rated organisation by April 2022.

The Trust's performance against the Emergency Department 4 hour wait target has resulted in continued external scrutiny. The Trust concluded a transformational programme in the Emergency Department in 2017-18, overseen by the Urgent and Emergency Care Board. However the Trust saw a variability in performance during 2018-19 and missed some Provider Support funding as a result. The implementation of an interim fifth Health Group in January 2019, giving Emergency and Acute Medicine greater senior management capacity, was a result of the need to provide more support to emergency medicine, as well as flow in to medical beds in the hospital. This will need to be subject of particular review by the Trust in 2019-20.

The Trust did not meet its local 18 week referral to treatment (RTT - incomplete pathway) improvement trajectory or the 62-day cancer targets in 2018-19. Whilst there was maintenance of most 31-day cancer targets and some improvement in the 62-day cancer standard, the 62-day performance not meet national requirements. The Trust did not meet the 1% tolerance in six-week waiting times for diagnostic tests in any month of the year but showed particular improvement at year-end. The Trust did achieve 52-weeks and the reduction in waiting list volumes and will need to continue significant work on all of these targets in 2019-20.

The Trust has continued to strive for improvement by embedding efficient and effective mechanisms for managing risks. Clearly defined processes are in place to ensure the Trust is continually working towards improvement in quality of care. This is regularly assessed through the clinical audit programme, nursing fundamental standard reviews, multi-disciplinary clinical reviews as well as internal ad-hoc reviews against the CQC's Key Lines of Enquiry as required. The Trust through its Quality Improvement Programme put in place arrangements to deliver improvements identified through previous CQC inspections and by partners and stakeholders via reviews of the Trust's Quality Accounts, Serious Incidents, claims and complaints. The Quality Improvement Plan has a project management set up to monitor progress, reporting up in the organisation to Trust Board level.

The Trust has committed to engaging regularly with key stakeholders and partners, including regular meetings with the CQC and NHS Improvement. During these meetings all parties will continue to monitor progress in an environment of openness and honesty.

In the national staff survey, the Trust is better than or equal to the national average for nine of the ten key themes in the National Staff Survey. The Trust is now at the national average for staff engagement, which is a marked improvement from 4 years ago, and is now able to aspire to be in the top 20% of organisations by 2020 for staff engagement. The lowest score within the engagement area is staff reporting whether they are able to make improvements happen, which correlates with the cultural survey in 2017 where staff described the trust as overly bureaucratic and hierarchical. As part of our refreshed strategy, with a new goal on research and innovation, we must continue to engage our staff and unlock their potential and innovative ideas, and make further improvements for our Trust, as well as this being a critical part of improving our organisation's culture further.

In respect of the health and safety of staff:

- Communication with the regulator, the Health and Safety Executive (HSE): 2018/19 saw no contact from the regulator regarding any safety issues.
- Reportable Incidents: the Trust's Safety Team reported 27 incidents to the HSE under the requirements of the RIDDOR regulations in 2018/19. The most common causes were slips, trips and falls, and moving and handling related injuries. This is an increase from the

previous year, with the main rise caused by slip accidents. This has resulted in an increased focus on the management of this hazard. Paradoxically, the incidence of less serious cases of slips, trips and falls (non-RIDDOR reportable incidents) has decreased sharply in 2018/19: 54 compared with 102 in 2017/18 and 96 the year before that. In terms of timeliness of reporting to the HSE, just three of the 27 incidents were reported after the 15 day target: a significant reduction from previous years.

- The Trust's Occupational Health Team reported 20 incidents to HSE; 12 needle-sticks and 8 cases of other exposure to blood borne viruses. There were no reported cases of work-related dermatitis for the third year running.
- Claims: The number of new staff claims against the Trust was 14 in 2018/19. This is a reduction of five compared with the previous year.
- Link Staff: Following increasing the available training for new departmental Safety Link Staff and Moving and Handling Link Trainers, the Trust has increased these numbers by 47 and 14 respectively. These staff volunteer to be the 'eyes and ears' for safety in their work areas, and so are given extra training to fulfil this important role.
- Key areas of safety management focus in 2018/19 included working at height and slips, trips and falls prevention. Further, a working group has been set up by the Manual Handling Lead to establish current physical and knowledge-based barriers that restrict or prevent access to our services for patients with obesity.

### Significant issues

Having reviewed the areas of risk I consider that the following are significant issues:

The Trust did not meet all of the NHS Constitution standards. Whilst the Trust did meet the requirement to have no breaches of the 52-week standard in March 2019 and is working to sustain this position, alongside keeping the waiting list volume under the 31 March 2017 position, there is still work to do on the referral to treatment 18 week target, diagnostics and the Emergency Department four-hour target. Nationally, an emerging set of Same Day Emergency Care standards are likely to be implemented in 2019-20 and the Trust will need to work through the implications of these. The Trust made further progress in the 62-day cancer standards and maintained its performance against most of the 31-day cancer standards compared with last year, but still has improvements to make. The Trust's performance in diagnostic waiting times was a concern throughout the year and will be a key issue going in to 2019-20. In addition, the Trust is managing a significant backlog in follow-up patient appointments, which will be subject to further scrutiny in case long waits result in harm to patients.

The Trust achieved its financial plan but did not make significant progress in respect of the underlying financial position. The achievement of the Trust's control total and financial plan was delivered through detailed grip and control measures taken in the last part of the financial year, additional income from local commissioners and additional funds from an external source. Looking to 2019-20, the Trust's underlying financial health needs to deliver a stepped improvement in terms of deficit reduction. This is particular a risk being taken in to the new financial year, given that this was not progressed sufficiently in 2018-19. In addition to this, the ability of the Trust to meet its financial plan as well as tackle the underlying deficit is further challenged by external factors. In particular, the Trust is managing significantly increased costs of clinical waste disposal due to a national shortage of capacity as well as price fluctuations in the energy market. The Trust has limited ability to mitigate the impact of these external risks.

The Trust recognises an increasing risk in 2019-20 as a result of a shortfall in capital funding. There is an increasing level of operational risk, including a potential impact on patient and staff safety, as a result of limited capital funding. This level of risk is increasing in relation to backlog maintenance, enabling infrastructure and replacement equipment. The Trust has been the beneficiary of capital funding for fire stopping works and was successful as part of an STP bid for capital funding, which will support clinical developments in emergency and acute care and paediatrics. However, this capital funding does not contribute to the Trust's day-to-day capital pressures, which increase each year as equipment, buildings and infrastructure age further. In

addition, there are national pressures on NHS capital funds going in to 2019-20, which may impact on the Trust's ability to spend funding on capital schemes, including those already agreed.

The Trust awaits its next inspection by the Care Quality Commission and wishes to realise its goal of receiving a rating of 'good' at the earliest opportunity. Services continue to work towards Quality Improvement Plan goals and action plans to address the findings from previous inspections as well as improvement goals through the Quality Accounts process to aim for improvement across clinical services.

The Trust Board acknowledges that 2019/20 will be more challenging than previous years. The Trust is seeking to work more closely with partners to manage system challenges constructively. Board members within the Trust and across organisations need to build mutually supportive relationships to meet growing patient demand within limited resources. The requirement in the NHS Plan for all Strategic Transformation Partnerships to move in to Integrated Care Systems requires significant partnership working and there is a risk that organisational capacity between organisations is not freed up to make this a successful programme. In terms of external issues facing the Trust, it is not known what impact, if any, the UK's exit from the European Union will have on employment and supply of goods, which may affect the Trust in the short- and long-term.

## **Conclusion**

This annual governance statement has identified the following significant internal control issues:

- The Trust did not meet all NHS Constitutional waiting time standards in 2018-19 and needs to make improvements in all such targets, particularly with Emergency Care
- The Trust did meet its financial plan in 2018-19 but must make progress towards addressing the underlying financial position as well as meet a challenging financial plan in 2019-20
- Our staff our a key priority in all areas of success: we must continue to improve our staff engagement, empower staff to make improvements in their own areas and feel part of an organisation that is striving for continuous improvement with a foundation on patient safety
- The Trust is taking a specific financial risk on capital funding in to 2019-20 regarding availability of capital to address backlog maintenance, improve patient accommodation in necessary areas and replace aging and failing clinical equipment and infrastructure
- The Trust is awaiting its new Care Quality Commission rating and there are issues for the Trust to manage to move to a 'good' rating as soon as possible
- The Trust is a partner in the Strategic Transformation Partnership that is seeking to undertake a programme of work around clinical service reviews at the same time as needing to make progress towards forming Integrated Care Systems

These issues do not represent significant internal control issues but are significant challenges requiring Trust Board focus in the coming year.

Signed

Accountable Officer: Mr Chris Long  
Organisation: Hull University Teaching Hospitals NHS Trust  
Date

**Remuneration and staff report**

This section of the Annual Report sets out the Trust's remuneration policy for directors and senior managers, reports on how that policy has been implemented and sets out the amounts awarded to directors and senior managers.

Remuneration Report

*This table has been subject to audit*

Name and title	Current year 2018/19					Prior Year: 2017/18				
	(a)	(b)	(c)	(d)	TOTAL (a to d) (bands of £5.000)	(a)	(b)	(c)	(d)	TOTAL (a to d) (bands of £5.000)
	Salary (bands of £5,000)	Expense payments (taxable) total to nearest £	Performance pay and bonuses	All pension - related benefits (bands of £2,500)		Salary (bands of £5,000)	Expense payments (taxable) total to nearest £	Performance pay and bonuses	All pension - related benefits (bands of £2,500)	
£000	£'s	£000	£000	£000	£000	£'s	£000	£000	£000	
Terry Moran: Chairman	35-40				35-40	35-40	-	-	-	35-40
Tracey Christmas: Non-Executive Director	5-10				5-10	5-10	-	-	-	5-10
Martin Gore: Non-Executive Director	5-10	-	-	-	5-10	5-10	-	-	-	5-10
Stuart Hall: Non-Executive Director	5-10	-	-	-	5-10	5-10	-	-	-	5-10
Trevor Sheldon: Non-Executive Director	-	-	-	-	-	5-10	-	-	-	5-10
Andy Snowden: Non-Executive Director & Vice Chair (left 31/12/2018)	0-5	-	-	-	0-5	5-10	-	-	-	5-10
Vanessa Walker: Non-Executive Director	5-10	-	-	-	5-10	5-10	-	-	-	5-10
Martin Vesey: Non-Executive Director	5-10	-	-	-	5-10	0-5	-	-	-	0-5
Julie Jomeen – Associate Non-Executive Director to 31/12/18; Non-Executive Director from 01/01/2019	5-10	-	-	-	5-10	-	-	-	-	-
Ellen Ryabov: Chief Operating Officer (left 31/01/2019)	55-60	-	5-10	0	60-65	130-135	-	10-15	-	145-150
Chris Long: Chief Executive Officer	180-185	-	-	0	180-185	180-185	-	-	40-42.5	220-225
Lee Bond: Chief Financial Officer	145-150	-	-	0	145-150	145-150	-	-	82.5-85	230-235
Kevin Phillips: Chief Medical Officer (left post 31/12/2018)	145-150	-	15-20	0	160-165	190-195	-	20-25	-	215-220
Mike Wright: Chief Nurse (left	150-155	-	-	0	150-155	145-150	-	-	40-42.5	185-190

31/03/2019)										
Teresa Cope: Chief Operating Officer (started 02/04/2018)	80-85	-	-	162.5-165	245-250	-	-	-	-	-
Makani Purva: Chief Medical Officer (started post 01/08/2018)	130-135	-	-	142.5-145	275-280	-	-	-	-	-
Beverley Geary: Chief Nurse (started 01/03/19)	10-15	-	-	62.5-65	70-75	-	-	-	-	-
Jacqueline Myers: Director of Strategy and Planning	115-120	-	-	32.5-35	150-155	95-100	-	-	32.5-35	130-135
Simon Nearney: Director of Workforce & Organisational Development	130-135	-	-	47.5-50	175-180	105-110	-	5-10	27.5-30	140-145
Carla Ramsay: Director of Corporate Affairs	50-55	-	-	25-27.5	80-85	65-70	-	-	27.5-30	95-100

**Notes:**

Both Chris Long and Lee Bond left the pension scheme within this financial year

Ellen Ryabov and Kevin Phillips have an element of earn-back included in their gross salary

This is in accordance with NHS Improvement for Very Senior Managers appointed 1 June 2015 onwards.

These elements of earn-back for 2017-18 have been confirmed as achieved by the Chief Executive and noted by the Remuneration Committee in 2018/19.

The earn-back percentage for Ellen Ryabov was 10% and for Kevin Phillips the earn-back amount was £21,500 full year (£16,125 part year) based upon delivery of objectives.

Simon Nearney was not part of the earn-back scheme for 2018/19

In 2018-19, 0 exit packages were agreed and 0 compulsory redundancies were made. There were no payments to past directors.

**REMUNERATION REPORT - PENSIONS  
TABLE**

*This table has been subject to audit*

NAME	(a) Real increase in pension at pension age (bands of £2,500)	(b) Real increase in pension lump sum at pension age (bands of £2,500)	(c) Total accrued pension at pension age at 31/03/2019 (bands of £5,000)	(d) Lump sum at pension age related to accrued pension at 31/03/2019 (bands of £5,000)	{e} CETV at 01/04/18 (£000)	(f) Real increase in CETV (£000)	(g) CETV at 31/03/19 (£000)
Chris Long	0	0	55-60	165-170	1,204	87	1,327
Lee Bond *	0 - 2.5	0	50-55	115-120	756	100	880
Michael Wright	0 - 2.5	0 - 2.5	70-75	210-215	1,386	160	1,587
Jacqueline Myers *	0 - 2.5	0 - 2.5	30-35	70-75	449	95	557
Simon Nearney	2.5 - 5	0	10-15	0	112	59	175
Carla Ramsay	0 - 2.5	0	10-15	0	78	34	115
Phillips, Kevin	0	0	0	0	0	0	0
Ryabov, Ellen	0	0	0	0	0	0	0
Purva, Makani	7.5 - 10	12.5 - 15	40-45	85-90	518	201	735
Cope, Teresa	7.5 - 10	17.5 - 20	40-45	100-105	485	206	705
Geary, Beverley	2.5-5	10-12.5	40-45	125-130	670	160	850

Both Ellen Ryabov and Kevin Phillips were deferred members of the NHS Pension Scheme and as such are unable to obtain and disclose their pension information

Chris Long opted out of the pension scheme 31/05/18 and Lee Bond on 31/01/19

\* Lee Bond and Jacqueline Myers CETV 31/03/2018 figures revised due to changes in CETV calculations by NHS Business Services Authority

## PAY MULTIPLES – FAIR-PAY DISCLOSURES

*These figures have been subject to audit*

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

### FY 2018-19

	18/19	17/18	16/17
Median salary	28,860	26,565	26,745
Multiple	6.4	8.2	8.0
highest paid Director at 31.3.19	185,436	216,970	214,570
Change in pay multiple	-21.33%	1.80%	
Change in highest paid pay	-14.53%	1.12%	
change in median average pay	8.64%	-0.67%	
Highest paid employee	321820	251755	219735

The Trust's highest paid Board Director in 2018-19 was the Chief Executive. The banded remuneration of the highest paid Board Director in Hull University Teaching Hospitals in the financial year 2018/19 was £180,000 to £185,000, the midpoint of which is £182,500) (2017/18: £215,000- £220,000, the midpoint of which is £217,500). This was 6.4 times (2017/18: 8.2 times) the median remuneration of the workforce, which was £ 28,860 (2017/18 - £26,565).

The median level of remuneration has increased by 8.64 % and the remuneration of the highest paid Director has decreased by 15%, the combination of these two factors has culminated in a decrease in the pay multiple from 8.2 to 6.4. The median salary has increased primarily as a result of the 3 year NHS pay deal introduced in April 2018. The remuneration of the highest paid Director is lower than in previous years because remuneration is based on salary earned whilst in the Board role, and there have been changes in Board membership during the year.

15 employees received more than the highest paid Board Director in 2018-19. The remuneration for those employees was in the range of £185,000 to £325,000 (2017/18 - £250,000 to £255,000). Of the 15 employees paid more than the highest paid Director, all are Senior Medical Consultants.

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

## Staff report

*These figures have been subject to audit*

### **Number of Senior Managers by Band**

Senior Manager is defined as any employee whose post is coded to a national occupational code as a 'senior manager' and who reports directly to a Director. This does not include Trust Board members, who are detailed below.

Band	WTE
Band 8b	13
Band 8c	10
Band 8d	8
VSM	5

### **Staff Composition**

#### **Trust Total**

Gender	Headcount	%
Male	2201	24
Female	7013	76

#### **Executive Director Grade (voting and non-voting Directors)**

Gender	Headcount	%
Male	4	50
Female	4	50

### Sickness Absence Data

Average FTE 2018	Adjusted FTE days lost, to Cabinet Office definitions	Average Sick Day per FTE	FTE-Days Available	FTE-Days Lost to Sickness Absence
7,279.40	57,442.57	7.89	2,656,982	93,185

Please note:

*This data covers for the period January 2018 to December 2018*

#### **For information:**

The number of FTE-days available has been taken directly from ESR. This has been converted to FTE years in the first column by dividing by 365.

The number of FTE-days lost to sickness absence has been taken directly from ESR. The adjusted FTE days lost has been calculated by multiplying by 225/365 to give the Cabinet Office measure.

The average number of sick days per FTE has been estimated by dividing the FTE Days by the FTE days lost and multiplying by 225/365 to give the Cabinet Office measure. This figure is replicated on the returns by dividing the adjusted FTE days lost by Average FTE.

<b>Staff costs</b>				2018/19	2017/18
These figures have been subject to audit	Permanent	Other	Total		Total
	£000	£000	£000		£000
Salaries and wages	280,468	-	<b>280,468</b>		267,446
Social security costs	26,945	-	<b>26,945</b>		25,299
Apprenticeship levy	1,371	-	<b>1,371</b>		1,297
Employer's contributions to NHS pensions	32,012	-	<b>32,012</b>		30,413

Pension cost - other	8	-	<b>8</b>	3
Temporary staff	<u>          </u>	<u>11,621</u>	<u><b>11,621</b></u>	<u>10,108</u>
<b>Total staff costs</b>	<u><b>340,804</b></u>	<u><b>11,621</b></u>	<u><b>352,425</b></u>	<u>334,566</u>
<b>Of which</b>				
Costs capitalised as part of assets	1,216	89	<b>1,305</b>	816

<b>Average number of employees (WTE basis)</b>				
These figures have been subject to audit				
	<b>Permanent</b>	<b>Other</b>	<b>2018/19</b>	2017/18
	<b>Number</b>	<b>Number</b>	<b>Total</b>	Total
			<b>Number</b>	Number
Medical and dental	992	160	<b>1,152</b>	1,022
Ambulance staff	-	-	-	1
Administration and estates	1,478	18	<b>1,496</b>	1,488
Healthcare assistants and other support staff	542	60	<b>602</b>	705
Nursing, midwifery and health visiting staff	2,908	89	<b>2,997</b>	2,922
Nursing, midwifery and health visiting learners	16	-	<b>16</b>	13
Scientific, therapeutic and technical staff	971	30	<b>1,001</b>	900
Healthcare science staff	433	-	<b>433</b>	431
Other	-	-	-	0
<b>Total average numbers</b>	<b><u>7,340</u></b>	<b><u>357</u></b>	<b><u>7,697</u></b>	<u>7,481</u>
<b>Of which:</b>				
Number of employees (WTE) engaged on capital projects	39	2	<b>41</b>	31

## **Staff Policies Applied during the Financial Year: 1 April 2018 - 31 March 2019**

As part of the Trust's People Strategy, we continue to be committed to transforming the Trust's HR service provision and people management culture, to deliver great staff, great care, great future, which will enable us to achieve our strategic objectives.

### **Modernising Policy, Practice and Technology**

As part of the Trust's People Strategy 2018 to 2020, within the Workforce and Organisational Development team, we continue to focus on modernising our practices and technology, service transformation and reform, repositioning the organisation and managing that transition to provide great staff, great care and great future.

#### **1. Employee Service Centre**

The Employee Service Centre, which launched in March 2017, has continued to provide a 'one stop shop' for all employees offering first line support on Recruitment, HR, Payroll and many other related topics.

Since 1 April 2018, the Helpdesk has received over 15,000 queries via telephone calls or e-mails, which is an increase of 5,000 since 1 April 2017. Through the first line support provided by the Helpdesk, 75% of these queries were resolved immediately. This has freed up valuable time for the HR Advisory, Medical Staffing and Payroll teams, who would previously have dealt with many of these queries, allowing them to concentrate on more value-added work within their specialities.

In addition, the Employee Service Centre has also received just over 10,000 visitors over the past year, relating to a host of staff queries such as identity checks for new starters, collecting car parking passes, to hosting clinical interview panels for overseas candidates via our new SKYPE interview facility.

The Employee Service Centre has also successfully launched 2 new staff benefit schemes over the past year:

- Hull Commute Card, which offers staff discounted bus travel; and
- The Home Electronic Scheme which provides staff with the option of buying a range of over 5000 household items through a salary sacrifice scheme through payroll with savings for both the employee and Trust.

The Medical Staffing service continues to evolve and develop. Key performance indicators have been put in place to ensure 85% of work schedules are issued within best practice guidelines. In addition to this, in 2018 the Trust succeeded in securing the position of lead employer of the organisation's regional GP trainees.

The Employee Service Centre continues to be a valued resource to the Trust.

#### **2. Recruitment and Retention**

The responsibility for recruiting a diverse workforce is an important part of ensuring that the values of new employees are aligned with organisational values and behaviours.

Recruitment and Selection training has been reviewed to include greater emphasis on unconscious bias. This has incorporated reviewing the values based recruitment element of the recruitment process to tap into inclusive behaviour more directly.

The Trust currently holds Disability Confident Employer Status which aims to help employers make the most of the opportunities provided by employing disabled people.

Non-medical recruitment processes continue to improve. Time taken to recruit for these groups has reduced by just under one month from since the introduction of the electronic recruitment system (TRAC) in 2016. The average time to recruit was 52.4 days in December 2018.

There remains a focus on continuing to streamline recruitment processes for both Agenda for Change and medical recruitment, to ensure all processes remain efficient, effective and safe.

### **2.1 EEA Staff – EU Exit**

To support our valued EEA staff, the Trust has actively engaged with employees on the changes to the way in which EEA nationals can continue to live in the UK following the UK's potential exit from the EU.

Following the launch of the EU Settlement Scheme pilot phases, the Trust produced a number of communications; from direct emails to EEA staff, to general information in the Trust's weekly newsletter; to ensure that our staff were aware of how to access the pilot, the eligibility criteria to apply and when the scheme would open nationally.

The HR teams continue to work with their services to ensure EEA staff feel supported during this period of transition.

### **2.2 Agenda for Change Contract Refresh**

Following negotiations between the government, NHS Employers and trade unions a 3-year pay deal for NHS staff in England, covering the years 1 April 2018 to 31 March 2021, was agreed and successfully implemented from 1 July 2018.

The 3-year pay deal included reform of the pay scales (increasing starting salaries, reducing the number of pay points and shortening the amount of time it takes to reach the top of the pay band for most staff) as well as some minor changes to terms and conditions.

To ensure Trust staff were kept up-to-date on the initial proposals and subsequent deal a number of drop in sessions, facilitated by Human Resources and staff side representatives were arranged for staff. This was accompanied by a variety of regular communication.

A new national pay progression system was introduced from 1 April 2019 as part of the reforms. This is underpinned by the mandatory annual appraisal process and is intended to ensure that all staff within each pay band have the appropriate knowledge and skills they need to carry out their roles, enabling them to make the greatest possible contribution to patient care.

Pay for Casual Workers was subsequently reviewed to broadly reflect the new 2018/2019 pay rates.

### **2.3 Employee Relations**

In 2017 a refreshed Disciplinary Policy was introduced. This incorporated both informal and formal Accepted Responsibility, through which the Trust encourages individuals to take full responsibility for their actions and allows an agreement to be reached whereby they and witnesses do not need to go through a potentially stressful situation such as a panel hearing. This also facilitates a quicker process for those cases that do require a full disciplinary hearing by ensuring management time is dedicated to only the most serious cases or those in dispute.

Robust data collection including type of cases, length of time cases have taken to conclude together with workforce demographic data has been developed. Analysis of 2018 data compared to 2017 data has demonstrated performance has improved, with the length of time taken to conclude cases reduced. The changes and improvements deliver a number of benefits to staff, allowing issues to be quickly addressed, potentially more informally with associated reduction in stress/anxiety. The provision of a reflective statement demonstrates lessons learnt and changed behaviour which in turn helps deliver improved patient care. The Trust also gains, with reduced time spent on managing cases, and more positive interactions with staff on performance management issues.

### **3. Reserve Forces Training and Mobilisation**

Following the success of the Trust receiving a Silver Award under the Employer Recognition Scheme (ERS) for its work supporting the Armed Forces, we have now been nominated for the Gold award.

We have a growing number of Armed Forces Champions across the Trust who help disseminate information and support team members. The Champions work with external charities and the CCG to contribute to supporting pathways for Veterans who attend the Hospital.

The Trust has supportive policies in place for staff who are Reservists, alongside a number of e-learning packages which help staff understand the specialised needs of current and ex Armed Forces personnel whether a patient or an employee.

### **4. Health and Wellbeing**

The Trust takes seriously its responsibility to provide a wellbeing programme for staff, but at the same time, it is also important that staff take responsibility to look after themselves and each other and we will enable this by promoting and communicating best practice via our Health and Wellbeing programme. By 2022 the Trust will have a proactive health and wellbeing culture where managers actively promote healthy lifestyles and where staff have a good work/life balance.

### **5. Equality, Diversity and Inclusion**

The Trust continues to be committed to eliminating discrimination and encouraging diversity amongst its workforce. The following provides an overview of work undertaken over the last year to support this principle.

#### **5.1 Equality, Diversity and Human Rights Training**

In 2017 the Trust agreed that Equality Training would become a part of the suite of mandatory and statutory training. As at 31 March 2019, 91% of staff are compliant with the requirement to complete this training.

#### **5.2 Gender Pay Reporting**

New regulations that took effect on 31 March 2017 (Equality Act 2010 [Specific Duties and Public Authorities] Regulations 2017) required all public sector organisations in England employing 250 or more staff to publish gender pay gap information.

The Trust's overarching Gender Pay Gap Report for 2018, the second since the regulations were introduced, has been published.

The Trust is committed to ensuring all staff are treated and rewarded fairly irrespective of gender.

The Trust is using the workforce gender pay gap figures to help understand the underlying causes for its gender pay gap and to identify suitable steps to minimise it.

The Trust gender pay gap data for the period including 31 March 2018, which shows the difference in average pay between men and women in the workforce, reflects that the Trust has a majority of men in higher-paid roles, predominantly medical staff.

The Trust's mean gender pay gap at 30.74% has reduced since the 2017 report (32.85%) but remains higher than the average national figure of 17%. The Trust's median gender pay gap has reduced significantly (from 22.89% to 15.12%) to below the national average of 17.9%. Excluding medical and dental staff these figures would be 3.61% and 0.32% respectively. The Trust's bonus data (excluding long service awards) remains high, but is comparable to other large Acute Trusts with a high proportion of Medical staff, who have paid CEAs.

Both the mean and median hourly pay gap percentages across the health sector are significantly affected by the presence of the Medical consultant body due to both their high base wage and the Clinical Excellence Awards bonus scheme (that follows national guidance).

### **5.3 Race Equality**

The NHS Workforce Race Equality Standard (WRES) was commissioned in 2015 to ensure employees from black and minority ethnic (BME) backgrounds have equal access to career opportunities and receive fair treatment in the workplace. The Trust can demonstrate some improvements against a number of the WRES indicators including an increase in BME representation in each of the AfC Bands 1-9 and VSM within the non-clinical and clinical (non-medical) groupings; however they are still under-represented in the higher pay bandings in comparison to White staff. There has been improvement in the relative likelihood of BME staff entering a formal disciplinary process compared to White staff. In 2015/16 BME staff were twice as likely to enter the process, where as in 2017/18, BME staff were less likely than White staff to enter a formal disciplinary process. The data shows a shift during the year from a position where White staff were more likely to access non-mandatory training and CPD than BME staff, to one where White staff are now marginally less likely to access these opportunities. The number of staff reporting that they had experienced discrimination at work from their manager/team leader or colleagues in the last 12 months has improved for both White and BME staff.

The Trust has also developed a workspace for BME staff on the Trust Intranet to encourage discussion and sharing of information, which includes links to NHS Leadership Academy work on Equality and Inclusion and information on the Stepping Up and Ready Now Programmes for BME staff.

### **5.4 World Food Event**

In May 2018 a number of staff joined together to celebrate their heritage through their love of food. The World Food Event enabled staff to try dishes they had never sampled before. It also provided an opportunity for the sharing of recipes whilst socialising with staff from a wide and diverse range of cultures. A great time was had by all.

### **5.5 Hull Pride**

In 2018 Hull and East Yorkshire Hospitals NHS Trust were one of the key sponsors of Hull Pride. Staff, whether LGBT or not, joined in the celebrations.

### **5.6 Job Matching Training**

To ensure that job roles are evaluated (banded) fairly and equitably, in partnership with Trade Union colleagues, within the organisation, the Trust adheres to the national NHS Job Evaluation Scheme.

The Job Evaluation Scheme ensures consistency and compliance with the National Agenda for Change Agreement, with particular reference to compliance with current equal pay legislation.

Working with the Yorkshire and Humber Social Partnership Forum, the Trust commissioned NHS Employers to deliver a 2-day Job Matching training course in February 2019. The Trust hosted staff from neighbouring NHS organisations, in addition to a number of internal employees who also attended the training.

Following this, the Trust has a further 7 employees (5 management representatives and 2 staff side representatives) who are trained job matchers.

## **6. Remuneration Policies**

The majority of staff are covered by national terms and conditions for employment, including remuneration. For those staff covered by Agenda for Change, the Consultants contract and the

junior doctors contract, recruitment and remuneration is undertaken in accordance with these national requirements.

The remuneration for Executive Directors and those reporting directly to the Chief Executive is set by the Remuneration Committee, with terms of reference set through the Scheme of Delegation in Standing Orders. The work of the Remuneration Committee in 2018/19 is set out within this annual report. A summary of the Remuneration Committee minutes is received by the Trust Board.

The remuneration for Very Senior Managers who do not fall under the Remuneration Committee or national terms and conditions is set by the Pay, Terms and Conditions Group, with agreed terms of reference, and who oversee the application of the Trust's Very Senior Managers contracts, terms and conditions. The minutes of the Pay, Terms and Conditions Group are received for information by the Remuneration Committee.

The Trust has in place relevant policies for the processes of recruitment and remuneration of all staff.

<b>Consultancy Fees 2018/19</b>	Description	Supplier	£	Percentage
	Financial consultancy	Prodacapo	11,940	29%
	Legal and financial consultancy	KPMG	19,154	47%
	Financial consultancy	KPMG	10,000	24%
			41,094	100%

### **Off payroll engagements**

From time to time the Trust uses the services of individuals who are self-employed or who trade through a personal services company. At 31 March 2019 the Trust received services from 3 such individuals. These 3 individuals charged an equivalent daily rate of £245 or more and had been engaged by the Trust for more than 6 months. Those engagements are set out in the table below.

The Trust requested assurances and issued contracts for service to individuals in May 2018, sought assurances on tax and indemnity and assessed these against the Trust's obligations. These 3 individuals have a formal contract for service which is clear on the Trust's expectations in relation to paying tax in the UK and sets out the Trust's right to receive assurances that taxes have been paid appropriately.

	<b>Number</b>
Number of existing engagements at 31 March 2019	3
Of which, the number which have existed:	
For less than 1 year at the time of reporting	0
For between 1 and 2 years at the time of reporting	0
For between 2 and 3 years at the time of reporting	2
For between 3 and 4 years at the time of reporting	0
For 4 years or more at the time of reporting	1

There have been 0 new engagements during the 2018/19 financial year.

No Board members were engaged on an off-payroll basis during 2018/19

The Trust adopts best practice with corporate governance norms and codes: it is compliant with all NHS staffing employment requirements, including relevant disclosures in this annual report. The Trust follows all required national terms and conditions of employment, with good relationships with the Local Negotiating Committee and Joint Negotiating Committee for local terms and conditions; this annual report details the workforce position, the staffing policies applied as well as best governance practice adopted: with the trust aiming to further increase staff engagement and staff satisfaction, which in turn impact positively in patient care, this is best governance practice in respect of not just applying with the letter of guidance, specifically the UK Code of Governance, but the spirit of it – to be a good employer, to care for staff and use resources wisely.

The Trust takes seriously its corporate governance role to be a good steward of public funds, and this annual report details many ways in which these are discharged: detail on financial management and disclosure of financial risks being taken in to next financial year, reporting senior salaries and pension benefits in full and changes between this year and the pay gap in the organisation; the detail on the work of the Trust Board to manage delivery of the Trust's strategy and related risk through its Board Assurance Framework; that the Board and its Committees have met the requisite numbers of time, been quorate and considered the wide range of business required to be good stewards of public funds and be open and accountable as to how these duties have been discharged. Specifically, the above sections on Corporate Governance, remuneration and staffing figures show that the Trust is a growing organisation, managing short- and long-term risks and, as captured in the Annual Governance Statement. The Trust's internal auditors have returned an opinion of 'substantial' assurance, in that the Trust has good systems of internal control in place, in line with corporate governance norms and codes, as well as national NHS governance requirements, to discharge its duties.

**Chris Long**  
**Chief Executive**  
**Date**

**Appendix 1 – annual accounts**

**Appendix 2 – Audit report**

## Hull University Teaching Hospitals NHS Trust

### Trust Board

**Thursday 23 May 2019**

<b>Title:</b>	NHS Improvement Self-Assessments 2018-19
<b>Responsible Director:</b>	Carla Ramsay – Director of Corporate Affairs
<b>Author:</b>	Carla Ramsay – Director of Corporate Affairs

<b>Purpose:</b>	The purpose of this report is to present two self-assessments required by NHS Improvement and supporting evidence to the Trust Board for review and approval	
<b>BAF Risk:</b>	N/A	
<b>Strategic Goals:</b>	Honest, caring and accountable culture	✓
	Valued, skilled and sufficient staff	
	High quality care	
	Great clinical services	
	Partnership and integrated services	
	Research and Innovation	
	Financial sustainability	
<b>Summary of Key Issues:</b>	<p>Each year, The Trust Board is required to provide two self-assessment declarations covering 2018-19; this is a requirement from NHS Improvement and mirrors the self-assessment process and standards that applied previously to NHS Foundation Trusts. With the merger of NHS regulators, these self-assessments apply the same requirements across the acute provider sector. These require Trust Board review and approval.</p> <p>The Board is able to declare compliance against all requirements in these two self-assessment, which cover corporate governance and assurance processes within the organisation.</p>	
<b>Recommendation:</b>	The Trust Board is asked to approve the two attached self-assessments covering 2018-19.	

## Hull University Teaching Hospitals NHS Trust

### NHS Improvement Self-Assessments 2018-19

#### 1. PURPOSE OF THIS REPORT

The purpose of the report is to present two self-certification templates and an assessment of supporting evidence to enable the Trust to self-certify against NHS improvement requirements that have just been brought in for year-end 2018/19.

#### 2. BACKGROUND

Monitor, when it was the regulator of NHS Foundation Trusts, put in place a self-assessment process against the Monitor licence conditions. Although NHS trusts are exempt from needing the provider licence, directions from the Secretary of State require the NHS Improvement to ensure that NHS trusts comply with conditions equivalent to the licence as it deems appropriate.

As stated by NHS Improvement:

*[The Trust is subject to] the Single Oversight Framework, which bases its oversight on the NHS provider licence. NHS trusts are therefore legally subject to the equivalent of certain provider licence conditions (including Condition G6 and Condition FT4) and must self-certify under these licence provisions.*

All Trusts are required to complete two self-certifications and have these confirmed by their Trust Boards. One is due for completion by end May 2019 and one by end June 2019. Both are being completed and presented to the Board today. NHS Improvement will then select a number of Trusts for spot-check audits of these self-certifications in July 2019. The Trust is also required to publish one of the self-certification declarations. The Trust last year published both for openness and transparency and will do the same this year.

#### 3. SELF-ASSESSMENT REQUIREMENTS

The Trust needs to self-certify the following after the financial year-end that:

- The provider has taken all precautions necessary to comply with the [Monitor] licence, NHS Acts and NHS Constitution (Condition G6(3))
- The provider has complied with required governance arrangements (Condition FT4(8))

The Trust undertook the process for the first time at the end of the 2016/17 financial year and is undertaking the same process for the third year for this year just ended.

The template declarations are included at Appendix 2 and Appendix 3.

The Director of Corporate Affairs has reviewed these requirements and the Trust's evidence against these and recommends that the Trust Board is able to self-certify as meeting the requirements of both self-certifications.

##### 3.1 Condition G6

- The provider has taken all precautions necessary to comply with the [Monitor] licence, NHS Acts and NHS Constitution (Condition G6(3))

##### NHS licence

Attached at Appendix 1 is a review of the Trust's position against the Monitor provider licence. Some of these requirements are specific to NHS Foundation Trusts and reference the previous Monitor regime; where this is the case, the spirit and equivalent requirements in non-Foundation Trusts have been applied in the Trust's evidence.

The Trust meets all the requirements of the licence.

### NHS Acts

For all its NHS services, the Trust has in place the NHS Standard Contract. This requires the Trust to act in accordance with relevant NHS Acts in the delivery of its services. These safeguard the public to receive NHS services free of charge at the point of delivery (except for charges agreed by Parliament, such as NHS prescription charges) and also require the Trust to act in accordance with relevant legislation (safeguarding, mental capacity act requirements, mental health act requirements, etc) and be subject to NHS regulatory requirements, including CQC registration requirements. These requirements are embedded in the daily delivery of the Trust.

Through delivery of services via the NHS Standard Contract, the Trust is compliant with relevant NHS Acts. The Trust is not currently under notice by its commissioners or regulators of any significant breach of contractual requirements relating to a specific NHS act.

### NHS Constitution

The Trust is required to have regard of the NHS Constitution in the delivery of NHS services. This is designed to ensure equity of service access to all patients, and that providers must strive to deliver high quality services and provide value for money to the taxpayer. The Trust is able to demonstrate it has regard of the NHS Constitution and that it is continually working to further improve quality and efficiency.

The NHS Constitution consists of two rights and a number of pledges around NHS care. The Trust has published its performance data bi-monthly with Board papers during 2018/19 against these rights and pledges and the Board holds the Trust to account during the year on delivery.

More broadly, the Trust is expected to report against the Single Oversight Framework, which includes the NHS Constitution rights and pledges. The Trust Board receives this information each meeting through the Integrated Performance Report, which includes all Single Oversight Framework data requirements, and the Trust's year-to-date performance in all areas. A more detailed exception report is received and explored in more depth each month at the Performance and Finance Committee.

As reported to the Board and Performance and Finance Committee, the Single Oversight Framework data 2018-19 show that Trust has not consistently met one of the waiting time standards that are included as rights to NHS patients in the NHS Constitution: the 18-weeks Referral to Treatment standard. The reasons for this have been detailed during Trust Board and Performance and Finance Committee meetings during the year.

The requirement is that the Trust has *taken all precautions necessary to comply with the licence, NHS Acts and NHS Constitution (Condition G6(3))*

Whilst the Trust has not met the full suite of Constitutional targets, the Trust has complied with this requirement to take all precautions necessary: it has built its reporting framework around giving visibility of all NHS Constitution requirements and the broader suite of Single Oversight Framework requirements to the Trust Board to provide an accurate and honest account of meeting its requirements and obligations, and has enacted this throughout the year.

### **Condition FT4**

- The provider has complied with required governance arrangements (Condition FT4(8))

Condition FT4 is a more detailed governance self-certification for NHS Trusts. The attached appendix self-certification confirms that the Trust can confirm it meets all standards, with supporting information included, for Trust Board review and confirmation.

**4. RECOMMENDATION**

The Trust Board is recommended to review and approve the self-certification for GC6 and FT4 and to approve publication of the same by 31 May 2019.

**Carla Ramsay**

Director of Corporate Affairs

May 2019

## Appendix 1 - Actions to ensure compliance with the Monitor licence

Condition	Action	Evidence	Completed	Party responsible
G1 provision of information	Monitor will request information from time to time which must be accurate, complete and not misleading.	All requests for documents and information submitted as required to regulators – e.g. evidence to CQC, information to support NHS Improvement discussions	Per request	Executive Team
G2 publication of information	As directed by Monitor the Trust must publish information	The Trust has published all required information on its website: <ul style="list-style-type: none"> <li>• Trust Board papers</li> <li>• Annual Reports</li> <li>• Quality Accounts</li> <li>• Modern Slavery Statement</li> <li>• Eliminating Mixed Sex Accommodation Statement</li> <li>• Safer Staffing</li> <li>• Public Sector Equality Duty, Workforce Race Equality Standard and Workforce Disability Equality Standard</li> <li>• Gender Pay Gap data</li> <li>• Publication Scheme</li> <li>• CQC rating and link to report</li> <li>• Freedom of Information Request guidance</li> </ul>	Per requirement	Director of Corporate Affairs
G3 payment of fees	Trust must pay Monitor fee as required within 28 days of it becoming payable	Trust not required to pay a Monitor fee as it is not an NHS Foundation Trust however the Trust has paid all relevant fees as an acute Trust: CQC fees, NHS Litigation Authority contributions, registration costs with external agencies	Per invoice	Chief Nurse Officer Director of Corporate Affairs

<b>Condition</b>	<b>Action</b>	<b>Evidence</b>	<b>Completed</b>	<b>Party responsible</b>
G4 Fit and proper person	All those with the title of Director or equivalent shall complete the fit and proper person test and a register will be kept. This includes the Governors. This will be updated on an annual basis as part of the year end process.	Fit and Proper Persons Test updated and presented to the Trust Board May 2019 – no issues raised  As a non-FT, the Trust does not have any Governors	May 2019	Director of Corporate Affairs / Trust Board
G4 Fit and proper person	Term to be added to all Directors' employment contracts to state that a Director will have their employment as a Director summary terminated in the event of not being able to satisfy the fit and proper person test. This should be extended to those considered to be equivalent to a director, but not using the title.	Clause included in the updated Very Senior Manager contracts, agreed by the Remuneration Committee in April 2016; contract applicable to the most senior tier of trust management (not just Executive Directors)	April 2016	Director of Workforce and Organisational Development
G5 Monitor guidance	When Monitor releases guidance, the Trust is required to comply with that guidance or explain why it cannot comply.  On the release of guidance a review will be undertaken and if there are any areas where the Trust cannot comply they will be reported to the Board. Where necessary a statement will be sent from the Board to Monitor to explain why the Trust is not complying with the guidance.	The Trust has applied this to NHS Improvement guidance and, before this, to Trust Development Authority guidance  No issues raised with compliance to date; most recent changes have been use of the Single Oversight Framework, which form the basis of the Trust's Integrated Performance Report, reviewed and published at each Trust Board meeting, and used on a monthly basis by Performance and Finance Committee	As per new guidance	Director of Corporate Affairs / Trust Board

Condition	Action	Evidence	Completed	Party responsible
G6 System for compliance	<p>The Trust is required to take reasonable precautions against the risk of failure to complying with the licence and the conditions imposed under the NHS acts and required to have regard to the NHS Constitution</p> <p>No later than 2 months from the end of the financial year, the Trust must prepare and submit to Monitor a certificate to the effect that the Trust during the previous financial year has complied with the conditions in the licence.</p> <p>Trust must publish each certificate within 1 month of submission to Monitor in such a manner as would bring to the attention of anyone who may be interested.</p>	<p>This self-assessment is being completed within the two month timescale – see cover paper for summary of compliance</p> <p>The Trust's Annual Governance Statement identifies risks to compliance with the NHS Contracts it has in place and to NHS Constitution rights</p> <p>The Trust will complete and publish its annual report including annual financial statements by end May 2018</p>	May 2019	Director of Corporate Affairs
G7 Registration with the CQC	Trust must at all times be registered with the CQC	The Trust has remained registered with the CQC at all times	In place	Chief Medical Officer
G7 Registration with the CQC	Trust to advise Monitor if the Trust does not maintain the CQC registration - the Trust must notify Monitor within 7 days	Not applicable – Trust has retained registration		
G8 Patient eligibility and selection criteria	<p>Set transparent eligibility and selection criteria and apply those criteria in a transparent way to persons who, having a choice of person from whom to receive health care services.</p> <p>Publish the criteria in such a manner as will make them accessible to those that are interested.</p>	The Trust has the standard NHS Contract in place for all NHS services; patient choice arrangements are managed via local commissioners. The Trust provides a service to all patients referred under the NHS Contracts in place with commissioners. The Trust makes appointments available via Choose and Book at the point of choice and referral.	In place	<p>Director of Corporate Affairs</p> <p>Chief Operating Officer</p>

<b>Condition</b>	<b>Action</b>	<b>Evidence</b>	<b>Completed</b>	<b>Party responsible</b>
G9 Application of Continuity of Services	Condition applies whenever the trust is subject to a contractual or other legally enforceable obligation to provide a service which is a Commissioner Requested Service	The Trust has Commissioner Requested Services included in contracts with local commissioners	In place	Chief Financial Officer
G9 Application of Continuity of Services	The Trust shall give Monitor not less than 28 days' notice of the expiry of any contractual obligation pursuant to which it is required to provide a Commissioner Requested Service to which no extension or renewal has been agreed.	The Trust would inform NHS Improvement if this were enacted – no such action taken for 18-19 contracts	If required	Chief Financial Officer
G9 Application of Continuity of Services	The Trust shall make available free of charge to any person a statement in writing setting out the description and quality of service which it is under a contractual or other legally enforceable obligation to provide as a Commissioner Requested Service (CRS).	The Trust publishes bi-monthly such statements through its Trust Board papers, and also through publications such as the Quality Accounts, all of which are available free of charge on line.  The Trust has in place the NHS Standard Contract, including description of service and quality standards, in place for all NHS services provided	In place	Director of Corporate Affairs / Trust Board
G9 Application of Continuity of Services	Within 28 days of a change to the description or quantity of services which the Trust is under a contractual obligation to provide as Commissioner Requested Services, the Trust shall provide to Monitor in writing a notice setting out the description and quantity of all services it is obliged to provide as CRS.	The Trust would inform NHS Improvement if this were enacted	In place	Chief Financial Officer

<b>Condition</b>	<b>Action</b>	<b>Evidence</b>	<b>Completed</b>	<b>Party responsible</b>
P1 Recording of information	<p>If required by Monitor the trust shall obtain, record and maintain sufficient information about the cost which it expends in the course of providing services for the purpose of the NHS and other relevant information.</p> <p>The Trust will establish, maintain and apply such systems and methods for the obtaining, recording and maintaining of such information about those costs and other relevant information.</p>	<p>The Trust publishes its accounts annually, which are subject to audit. The Trust can provide more detailed information on expenditure on request (and has done, for example, for commissioners).</p> <p>The Trust has in place relevant systems to upload and provide information to NHS Digital, used by commissioners and regulators.</p>	In place	Chief Financial Officer
P1 Recording of information	The Trust is required to use the cost allocation methodology and procedures relating to other relevant information set out in the Approved Guidance.	The Trust is compliant with relevant guidance, for example, application of PbR and new HRG+ requirements	In place	Chief Financial Officer
P1 Recording of information	If the Trust sub contracts to the extent allowed by Monitor the Trust shall ensure the sub-contractors obtains, records and maintains information about the costs which it expends in the course of providing services as a sub-contractor, and establishes, maintains and applies systems and methods for the obtaining, recording and maintaining of information. The sub-contractor will supply that information to Monitor as required within a timely manner.	The Trust has relevant processes in place for the sub-contracting it undertakes (i.e. using elective capacity in the private sector). The Trust, as a non-FT, does not submit this information to Monitor or NHS Improvement but provides information as required	In place	Chief Operating Officer  Chief Financial Officer
P1 Recording of information	The Trust will keep the information for not less than six years	All relevant Trust information available for more than six years – the Trust applies NHS Records Management Guidance to document and information retention	In place	Director of Corporate Affairs
P2 Provision of information	As G1 The Trust will supply Monitor with information as required.	Will do as and when required	In place	Chief Financial Officer

Condition	Action	Evidence	Completed	Party responsible
P3 Assurance report on submissions to Monitor	<p>If Monitor requires the Trust to provide an assurance report in relation to a submission of information under P2 or by a third party.</p> <p>An Assurance Report must be completed by a person approved by Monitor or qualified to act as an auditor.</p>	Will do as and when required	In place	Chief Financial Officer
P4 Compliance with the National Tariff	The Trust shall only provide healthcare services for the purpose of the NHS at prices which comply with, or are determined in accordance with, the national tariff published by Monitor.	The Trust's contract management arrangements in place with local and specialised commissioners and the Trust's audited accounts confirm this is in place	In place	Chief Financial Officer
P5 Constructive engagement concerning local tariff modifications	The Trust is required to engage constructively with Commissioners, with a view to reaching agreement as provided in section 124 of 2012 Act (around price).	In place – local tariff agreed as part of NHS contracts in place	In place	Chief Financial Officer
C1 The right of patients to make choices	<p>The Trust shall ensure that at every point where a patient has a choice under the NHS Constitution or a choice of provider conferred locally by commissioners, the patient is notified of that choice and told where they can find that information.</p> <p>The information provided must not be misleading. The information cannot prejudice any patient.</p> <p>Note: The Trust is strictly prevented from offering or giving gifts, benefits in kind or pecuniary or other advantage to clinicians, other health professionals, Commissioners or their administrative or other staff as inducement to refer patients to commissioned services.</p>	<p>Choice is primarily lead by commissioners and choice is offered at the point of referral – the Trust is in receipt of the referrals after choice has been made</p> <p>The Trust includes information on the NHS Constitution on its website and information on choice in information provided to patients following receipt of referral also</p>	In place	Chief Operating Officer

Condition	Action	Evidence	Completed	Party responsible
C2 Competition oversight	The Trust shall not enter into any agreement or arrangement that prevents or distort competition in the provision of healthcare.	No such arrangements in place; NHS Standard Contract in place for all NHS services		Trust Board
IC1 Provision of Integrated Care	<p>The Trust shall not do anything that would be regarded as against the interests of people who use healthcare services.</p> <p>The Trust shall aim to achieve the objectives as follows:</p> <ul style="list-style-type: none"> <li>- Improving the quality of health care services <ul style="list-style-type: none"> <li>- Reduce inequalities between persons with respect to their ability to access services and the outcomes achieved for them.</li> </ul> </li> </ul>	<p>The Trust has in place a Quality Improvement Plan to make specific improvements in services across the Trust</p> <p>The Trust complies with the Public Sector Equality Duty in respect of access to services</p>	In place	<p>Chief Medical Officer</p> <p>Chief Operating Officer</p>
CoS1 Continuing provision of Commissioner Requested Services	<p>The Trust is not allowed to materially alter the specification or means of provision of any CRS services except:</p> <ul style="list-style-type: none"> <li>• By agreement in writing from the Commissioner</li> <li>• If required to do so by, or in accordance with its terms of authorisation.</li> </ul>	NHS Standard Contract in place, including clauses as to how amendments to the contract are made in agreement with commissioners	In place	Chief Financial Officer
CoS2 Restriction on the disposal of assets	<p>Keep an asset register up to date which shall list every relevant asset used by the Trust.</p> <p>The Trust shall not dispose of or relinquish control over any relevant asset except with consent of Monitor.</p> <p>The Trust will supply Monitor with a copy of the register if requested.</p>	<p>[Assets taken as Estates in this context]</p> <p>The Trust would inform commissioners and NHS Improvement if any action on estates were being taken that would prevent the continuation of an NHS services</p>	In place	Chief Financial Officer

Condition	Action	Evidence	Completed	Party responsible
CoS3 Standards of corporate governance and financial management	Trust is required at all times to maintain, adopt and apply systems and standards of corporate governance and of risk management which reasonably would be regarded as: Suitable for a provider of the CRS provided by the Trust Providing reasonable safeguards against the risk of the Trust being able to carry on as a going concern	<p>Audit Committee and Trust Board have oversight of governance.</p> <p>Audit Committee and Trust Board signed off preparation of accounts on a going concern basis</p> <p>Trust Board has oversight and sign-off of Annual Governance Statement, confirming adequate governance arrangements are in place</p> <p>Head of Internal Audit Opinion gives “substantial assurance” for 18-19 year-end position</p>	May 2018	Chief Executive
CoS3 Standards of corporate governance and financial management	The Trust shall have regard to: Guidance from Monitor Trust rating using risk rating methodology Desirability of that rating being not less than the level regarded by Monitor as acceptable	The Trust has regard for NHS Improvement requirements and publishes its risk rating based on this methodology with each set of Trust Board papers, including explanatory notes	Bi-monthly	Chief Financial Officer
CoS4 Undertaking from the ultimate controller	The Trust shall procure from each company or other person which the trust knows or reasonably ought to know is at any time its ultimate controller	Not applicable		

Condition	Action	Evidence	Completed	Party responsible
CoS5 Risk pool levy	The Trust shall pay to Monitor any sums required to be paid in consequence of any requirement imposed on providers, including sums payable by way of levy imposed and any interest payable. If no date given then within 28 days	Will be managed in line with the NHS standard contract, if applicable		Chief Financial Officer
CoS6 co-operation in the event of financial stress	<p>If Monitor gives notice in writing to the Trust that it is concerned about the ability of the Trust to carry on as a going concern,</p> <p>The Trust shall:  Provide information as Monitor my director to commissioners and to such other persons as Monitor may direct  Allow such persons as Monitor may appoint to enter premises  Cooperate with such persons</p>	<p>Such information exists and can be provided to NHS Improvement if such a concern was raised</p> <p>The Trust has a requirement under the NHS Standard contract to allow commissioners and regulators access to the Trust if significant concerns were formally raised</p>	<p>April 2019</p> <p>In place</p>	<p>Chief Financial Officer</p> <p>Chief Executive</p>
CoS7 Availability of resources	<p>The Trust will at all times act in a manner calculated to secure the required resources</p> <p>Trust not later than 2 months after the year end shall submit to Monitor a certificate as to the availability of the required resources for the period of 12 months commencing on the date of the certificated using one of the following statements:</p> <p>After making enquires the Directors of the Licensee have a reasonable expectation that the Licensee will have the Required Resources available to it after taking account distributions which might reasonably be expected to be declared or paid for the period of 12 months referred to in this certificate.</p>	<p>Going concern review submitted and accepted by the Audit Committee April 2019</p> <p>Draft annual accounts shared with Audit Committee April 2019 and audited accounts shared May 2019</p> <p>On track for review and acceptance by Trust Board May 2019</p> <p>Annual report includes annual governance statement, including use of resources and anticipated risks to service delivery and resources</p>	May 2019	Chief Executive / Trust Board

	<p><b>or</b></p> <p>after making enquires the Directors of the Licensee have a reasonable expectation, subject to what is explained below, that the Licensee will have the Required Resources available to it after taking into account in particular (but without limitation) and distribution which might reasonably be expected to be declared or paid for the period of 12 months referred to in the certificate. However, they would like to draw attention to the following factors which may cast doubt on the ability of the Licensee to provide CRS.</p> <p><b>or</b></p> <p>In the opinion of the Directors of the Licensee, the Licensee will not have the Required Resources available to it for the period of 12 months referred to in this certificate.</p> <p>The Trust shall submit to Monitor with that certificate a statement of the main factors which the Director of the Trust have taken into account in issuing that certificate.</p> <p>The certificate must be approved by a resolution of the BoD and signed by a Director the Trust pursuant to that resolution.</p> <p>Trust must tell Monitor immediately the Directors become aware of circumstances that cause them to no longer have the reasonable expectation referred</p>			
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Condition	Action	Evidence	Completed	Party responsible
FT1 Information to update the register of NHSFT	<p>Trust must supply to Monitor or make sure they are available to Monitor the following:</p> <p>Current version of the Constitution Most recent published accounts and auditor report on them Most recent annual report</p> <p>Amended Constitutions must be supplied within 28 days</p> <p>Comply with any Direction given by Monitor</p> <p>When submitting documents to Monitor Trust must provide a short written statement describing the document and specifying its electronic format and advising that the document is being sent for the purpose of updating the register.</p>	<p>No such equivalent exists for non-Foundation Trust</p> <p>The Trust publishes its annual report and accounts shortly after approval – this includes description of the Trust, its use of resources and audit opinion</p> <p>The Trust has published its key strategy documents</p> <p>The Trust publishes monthly performance, quality and financial information via Trust Board papers</p>	In place	Trust Board
FT2 Payment to Monitor	Not applicable – equivalent requirements noted and evidenced above			
FT3 provision of information to advisory panel	Trust must comply with any request from Monitor	The Trust complies with requests from regulators (NHS Improvement, CQC) as and when received	In place	Chief Executive

Condition	Action	Evidence	Completed	Party responsible
FT4 NHSFT governance arrangements	<p>Trust will apply the principles, systems and standards of good corporate governance</p> <p>The Trust will have regard to such guidance as Monitor may issue.</p> <p>Comply with the following conditions - Trust will establish and implement:</p> <ul style="list-style-type: none"> <li>• An effective Board and committee structure</li> <li>• Clear responsibilities for its Boards and committees reporting to the Board and for staff reporting to the Board and those committees.</li> <li>• Have clear lines of accountabilities throughout the organisation</li> </ul> <p>The Trust shall establish and effectively implement systems and processes to:</p> <ul style="list-style-type: none"> <li>• Ensure compliance with the duty to operate efficiently, economically and effectively</li> <li>• For timely and effective scrutiny and oversight by the Board of the Trust's operations.</li> <li>• Ensure compliance with health care standards binding on the trust including but not restricted to standards specified by the SoS, the CQC and NHS Commissioning Board and statutory regulators of health care professionals</li> <li>• To identify and manage material risks to compliance.</li> </ul>	<p>The Trust's Annual Governance Statement and Annual Report set out the Trusts' governance structure, which includes a Board and committee structure that meets statutory and good governance requirements, clear reporting lines up to the Trust Board through Standing Orders, and a triumvirate system for Health Group management, with Executive oversight of Health Groups and corporate services</p> <p>The Trust has Standing Orders, Standing Financial Instructions and other relevant policies, such as the Managing Business Interests policy and financial management policies</p> <p>The Trust meets regularly and has a supporting committee structure in place for the scrutiny and management of quality in services, performance and financial oversight and accountability</p> <p>The Trust has in place policies and processes for financial management, deployment and management of human resources, which are subject to scrutiny by the Trust's internal and external auditors</p>	In place	Chief Executive/ Trust Board

	<ul style="list-style-type: none"> <li>• To generate and monitor delivery of business plans.</li> <li>• To ensure compliance with all applicable legal requirements</li> <li>• To obtain and disseminate accurate, comprehensive, timely and up to date info for BoD and Committee decision making</li> <li>• For effective financial decision-making, management and control</li> </ul> <p>The Trust shall submit to Monitor within 3 months of the year end:</p> <ul style="list-style-type: none"> <li>• A corporate governance statement by and on behalf of its Board confirming compliance with this condition as at the date of the statement and anticipated compliance with this Condition for the next financial year, specifying any risks to compliance with this condition in the next financial year and any action it proposed to take to manage such risks.</li> <li>• If required by Monitor a statement from the External Auditors will be included.</li> </ul>	<p>The Trust updated its Risk Policy in April 2017 to include a more robust 'ward to board' process for the management or organisational risk</p> <p>The Trust has in place a process to generate and monitor business plans, whether these are the annual operational plan for the organisation, individual business cases for capital or revenue equipment, a rolling capital programme or Trust strategies.</p> <p>The Trust's monitoring of quality and finance includes compliance with legal and regulatory requirements</p> <p>The Board and Committee timings are set in advance to receive the most current data available</p> <p>The Trust will have completed and published its annual report, including its annual governance statement and assessment of risks for the coming financial year by the end of May 2019, and will publish this to be available to the public, stakeholders and regulators</p>		
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## **Self-Certification Template - Condition FT4** **Hull And East Yorkshire Hospitals NHS Trust**



Foundation Trusts and NHS trusts are required to make the following declarations to NHS Improvement

*Corporate Governance Statement - in accordance with Foundation Trust condition 4 (Foundations Trusts and NHS trusts)*  
*Certification on training of Governors - in accordance with s151(5) of the Health and Social Care Act (Foundation Trusts only)*

These Declarations are set out in this template.

### **How to use this template**

- 1) Save this file to your Local Network or Computer.
- 2) Enter responses and information into the yellow data-entry cells as appropriate
- 3) Once the data has been entered, add signatures to the document.

Worksheet "FT4 declaration"

Corporate Governance Statement (FTs and NHS trusts)

The Board are required to respond "Confirmed" or "Not confirmed" to the following statements, setting out any risks and mitigating actions planned for each one

1	Corporate Governance Statement	Response	Risks and Mitigating actions
1	The Board is satisfied that the Licensee applies those principles, systems and standards of good corporate governance which reasonably would be regarded as appropriate for a supplier of health care services to the NHS.	Confirmed	The Trust Board has regard for good governance principles - it has adopted model Standing Orders, it has all statutory governance requirements in place and is subject to internal and external audit on the robustness of its arrangements
2	The Board has regard to such guidance on good corporate governance as may be issued by NHS Improvement from time to time	Confirmed	The Trust Board reports at each meeting against the requirements of the Single Oversight Framework and takes account of new guidance
3	The Board is satisfied that the Licensee has established and implements: (a) Effective board and committee structures; (b) Clear responsibilities for its Board, for committees reporting to the Board and for staff reporting to the Board and those committees; and (c) Clear reporting lines and accountabilities throughout its organisation.	Confirmed	The Trust has a well-established committee structure to support the Trust Board. There is a reporting process from Trust Board Committees to the Trust Board and ward to board flows on quality and risk management. There is an established senior management tier, which reports up to Trust Board level.
4	The Board is satisfied that the Licensee has established and effectively implements systems and/or processes: (a) To ensure compliance with the Licensee's duty to operate efficiently, economically and effectively; (b) For timely and effective scrutiny and oversight by the Board of the Licensee's operations; (c) To ensure compliance with health care standards binding on the Licensee including but not restricted to standards specified by the Secretary of State, the Care Quality Commission, the NHS Commissioning Board and statutory regulators of health care professions; (d) For effective financial decision-making, management and control (including but not restricted to appropriate systems and/or processes to ensure the Licensee's ability to continue as a going concern); (e) To obtain and disseminate accurate, comprehensive, timely and up to date information for Board and Committee decision-making; (f) To identify and manage (including but not restricted to manage through forward plans) material risks to compliance with the Conditions of its Licence; (g) To generate and monitor delivery of business plans (including any changes to such plans) and to receive internal and where appropriate external assurance on such plans and their delivery; and (h) To ensure compliance with all applicable legal requirements.	Confirmed	See also self-certification for G6. The Trust has sufficient skills and capacity at Board level to undertake financial decision making, management and control. The Trust Board receives timely information on the Trust's business operations and levels of performance across waiting times, finance and quality. Effective financial decision-making includes an annual position statement, scrutinised by the Trust's auditors, Audit Committee and Trust Board, on its going concern status. The Trust Board has a well-established Committee structure for more detailed review and scrutiny of financial reporting and other aspects of Trust performance. The Trust Board reviews and signs off the Trust strategies and annual operational plan. The Board Reporting Framework is structured around the Trust Board's legal requirements.
5	The Board is satisfied that the systems and/or processes referred to in paragraph 4 (above) should include but not be restricted to systems and/or processes to ensure: (a) That there is sufficient capability at Board level to provide effective organisational leadership on the quality of care provided; (b) That the Board's planning and decision-making processes take timely and appropriate account of quality of care considerations; (c) The collection of accurate, comprehensive, timely and up to date information on quality of care; (d) That the Board receives and takes into account accurate, comprehensive, timely and up to date information on quality of care; (e) That the Licensee, including its Board, actively engages on quality of care with patients, staff and other relevant stakeholders and takes into account as appropriate views and information from these sources; and (f) That there is clear accountability for quality of care throughout the Licensee including but not restricted to systems and/or processes for escalating and resolving quality issues including escalating them to the Board where appropriate.	Confirmed	The Trust Board has mix of clinical, quality and performance expertise to provide leadership across the organisation and to take account of all Board accountabilities in relation to quality (a). The Trust Board receives data at each meeting, from the preceding month or two months, on finance, performance and quality, which is subject to more detailed scrutiny by Board Committees as well as the Trust Board (b). There are specific reports monthly providing timely and accurate data on quality of care, using a variety of sources (c), which enable the Board to take an accurate, timely and accurate account of quality of care, and other reports throughout the year, which provide more comprehensive oversight of quality (for example, the Guardian of Safe Working quarterly reports) (d). The Trust Board concerns itself with quality of care at each Trust Board meeting including starting the substantive agenda with patient stories, and through its committee structure. Trust Board members 'walk the floor' regularly and speak with staff and patients about their experiences. The Trust Board receives intelligence on staff and patient experience through a number of routes during the year - annual staff survey - quarterly staff barometer, monthly Friends and Family test, monthly Patient Experience reporting (e) and (f). There is a focus on strategic risk through the Board Assurance Framework.
6	The Board is satisfied that there are systems to ensure that the Licensee has in place personnel on the Board, reporting to the Board and within the rest of the organisation who are sufficient in number and appropriately qualified to ensure compliance with the conditions of its NHS provider licence.	Confirmed	The Trust Board receives data on staffing figures regularly. The Trust reports at each meeting on nursing staff fill-rates and receives regular updates on the Trust's People Strategy. The Performance and Finance Committee review more detailed staffing information including medical staffing.

Signed on behalf of the Board of directors, and, in the case of Foundation Trusts, having regard to the views of the governors

Signature: Terry Moran CB, Chairman      Signature: Chris Long, Chief Executive

Further explanatory information should be provided below where the Board has been unable to confirm declarations under FT4.

A

Please Respond



## Worksheet "G6 & CoS7"

### Declarations required by General condition 6 and Continuity of Service condition 7 of the NHS provider licence

*The board are required to respond "Confirmed" or "Not confirmed" to the following statements (please select 'not confirmed' if confirming another option). Explanatory information should be provided where required.*

#### 1 & 2 General condition 6 - Systems for compliance with license conditions (FTs and NHS trusts)

- 1 Following a review for the purpose of paragraph 2(b) of licence condition G6, the Directors of the Licensee  OK

Signed on behalf of the board of directors, and, in the case of Foundation Trusts, having regard to the views of the governors

Signature \_\_\_\_\_

Name

Capacity

Date

Signature \_\_\_\_\_

Name

Capacity

Date

Further explanatory information should be provided below where the Board has been unable to confirm declarations under G6.

A