



**Wirral University  
Teaching Hospital**  
NHS Foundation Trust



2018 - 2019

# Annual Report and Accounts



WUTHnhs

wuth.nhs.uk



**Wirral University Teaching Hospital NHS Foundation Trust  
Annual Report and Accounts 2018/19**

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



## Contents

	<b>Page</b>
<b>Performance Report</b>	
• Message from the Chairman and Chief Executive	6
• Overview of Performance	7
• Financial Overview	12
• Performance Analysis	19
<b>Accountability Report</b>	
• Directors' Report	32
• Remuneration Report	44
• Staff Report	54
• NHS Foundation Trust Code of Governance Disclosures	62
• Single Oversight Framework	78
• Statement of Accounting Officer's Responsibilities	79
• Annual Governance Statement	81
<b>Quality Report</b>	99
<b>Annual Accounts 2018/19, including Independent Auditor's Report</b>	157

## Performance Report

---

### Message from the Chairman and Chief Executive

---

Welcome to our annual review of 2018/19 – a year characterised by stabilising leadership, rebuilding governance arrangements, improving quality of care and developing organisational culture and stakeholder relationships.

The operating environment remains challenging and our efforts have been focussed on ways to ease pressure on urgent care facilities during periods of high demand. We recognise this is difficult. We are working closely with Partners across the Wirral to promote patient flow through the health and social care system. We have therefore been working to enhance standards within the Emergency Department and acute services, alongside interventions to enable prompt discharge when medically fit, and taking an active part in the Healthy Wirral Programme.

We have made good progress to stabilise and develop leadership during the year. We pay tribute to our dedicated staff and volunteers who have contributed positively to the improvements that have been made. Their unstinting focus on improving safety management, specifically working on serious incidents, has reduced exposure for patients to serious harm. One example of that has been learning to use technology to minimise risk for patients at risk of developing a blood clot. We are now using the same innovative techniques to manage how nutrition and hydration needs are met.

We have redesigned our governance arrangements to provide greater visibility, support and challenge. This has enabled the Board of Directors to understand the risks and focus more directly on control, assurance and accountability. Confidence has grown as these arrangements have been introduced and embedded in practice.

It is pleasing to reflect on the improvements in a wide range of areas including falls prevention, venous thromboembolism prevention and medicines management. We have maintained lower than expected mortality rates, delivered high levels of inpatient satisfaction; and performed strongly on cancer waiting times. We know these are important for service users.

We also understand and prioritise the importance of minimising risks of healthcare associated infections, maintaining patient flow, improving waiting times and addressing financial sustainability as we go forward into 2019/20 and beyond.

*David Henshaw*

**Sir David Henshaw  
Chair**

*Janelle Holmes*

**Janelle Holmes  
Chief Executive**

---

## Overview of Performance

---

This section gives an overview of the Trust. It sets out the purpose and key activities of Wirral University Teaching Hospital as well highlighting what Foundation Trust status enables us to do.

We also use this opportunity to highlight other key achievements and recognition over the past year including a snapshot of some of the Trust's key figures and what we delivered in 2018/19.

### The purpose of the Trust and its key activities

Wirral University Teaching Hospital NHS Foundation Trust (WUTH) is not only the largest employer in Wirral but is also one of the largest and busiest acute trusts in the North West of England. It was formed under the provisions of the Health and Social Care (Community Care and Standards) Act 2003 (consolidated in the National Health Service Act 2006). The Trust received its Terms of Authorisation from Monitor, the regulator of NHS funded healthcare, on 1<sup>st</sup> July 2007. In April 2013 this was superseded with a Trust Licence by the regulator, NHS Improvement.

The status of Foundation Trust (FT) enables us to:

- Provide and develop healthcare according to the core NHS principles of free care based on need and not ability to pay
- Have greater freedom to decide our own strategy and the way we run our services
- Retain any financial surplus at the end of the year to reinvest in services and care provision
- Borrow to invest in new and improved services for patients and service users. We have a key accountability to our local community through our public members and governors.

We are also accountable to our commissioners (through contracts), Parliament and NHS Improvement. Providing a comprehensive range of high quality acute care services, our 6,187 strong workforce serves a population of approximately 400,000 people across Wirral, Ellesmere Port, Neston, North Wales and the wider North West footprint. Our principal activities during 2018/19 centred on contracts placed by primary care organisations and specialist commissioning bodies.

We operate from two main sites:

- Arrowe Park Hospital, Upton – delivering a full range of emergency (adults and children) and acute services for adults in the main hospital building. The Wirral Women's and Children's Hospital provides Maternity, Neonatal, Gynaecology, Children's inpatient, day case and outpatient units.
- Clatterbridge Hospital, Bebington – undertaking planned surgical services, dermatology services, breast care and specialist stroke and neuro rehabilitation services.

We also provide a range of outpatient services from community locations:

- St Catherine's Health Centre, Birkenhead – providing x-ray, community paediatric services, paediatric audiology and a range of outpatient clinics
- Victoria Central Health Centre, Wallasey – providing X ray, some outpatient services and antenatal clinic
- Other locations – a range of outpatient services are provided from GP practices, schools and children's centres. The full range of our services includes:
  - accident & emergency services for adults and children
  - a diverse range of acute and non-acute specialties
  - outpatients services
  - day surgery services
  - maternity including a midwifery led unit
  - neonatal level 3 unit
  - diagnostic and clinical support services
  - specialist services, such as:
    - renal medicine
    - dermatology
    - orthopaedics (hip & knee revisions)
    - ophthalmology (retinal)
    - urology (cancer centre)
    - stroke (hyper-acute unit)
    - gynaecology (advanced laparoscopic endometriosis centre)
    - neonatal level 3 unit and Ronald McDonald House: charity home away from home accommodation for parents of sick children and premature babies.

We are also a tertiary centre providing specialist services to a wider population in Merseyside, Cheshire and North Wales.

Our clinical work is also complemented by corporate services, which comprise:

- patient and public involvement
- quality and safety
- corporate nursing and midwifery
- operations and performance
- strategy and partnerships
- finance and procurement
- human resources and organisational development
- executive office
- information and IT services
- facilities and estates management

The Trust continues its work as a Global Digital Exemplar, funded by NHS Digital for our use of technology in enhancing patient safety, improving safety and increasing efficiency. We are due to complete the programme in 2019/20.



In 2018/19 the Trust provided the following:



**90,524** A&E Attendances



**56,577** Emergency Admissions\*



**354,827** Diagnostic Examinations Performed



**8591** Elective Inpatient Admissions



**110,203** Outpatients Attendances



**45,032** Elective Day Case\*\*  
Admissions



**3090** Total Births

\* Including maternity emergencies but excluding births  
\*\* Excludes Nephrology  
Outpatient data excludes GUM clinic.

As one of the largest employers locally Wirral University Teaching Hospital take its responsibilities for its staff's health and wellbeing seriously and this is a key priority for the Trust.

There has been a strong focus on cultural change in the Workforce Directorate supported by an Organisational Development (OD) work programme that sets out key objectives against which we monitor and report progress through our workforce governance arrangements. The purpose of this programme is to develop organisational culture and thereby improve the quality and safety of patient care as well as patient and staff experience. There are seven key themes described in the programme, which are:

- leadership
- values and behaviours
- engagement
- valuing our workforce
- learning organisation
- healthy workforce and
- inclusivity.

Considerable progress has been made in all of these areas including the introduction of a Leadership at Every Level Framework; Top Leaders Programme; leadership masterclasses; coaching and people management courses which have been well received and supported. In addition the Trust has made improvements in relation to the equality, diversity and inclusivity agenda and strengthened the resource in relation to health and wellbeing.

There has been extensive engagement with our workforce and patients around the development of the Trust's new vision, values and behaviours which are due to be finalised in June 2019. The Trust has engaged with the wider community and to establish a community reference group to assist the organisation in shaping its Equality Delivery System.

In September 2018 the organisation produced a volunteer strategy which set the ambition to double the number of registered volunteers over the next two years. In addition it has been promoting work experience as a way of encouraging individuals to consider the Trust for employment.

During 2018 the Trust revisited its mandatory training to ensure that it aligned with other NHS Providers across the region by using the core skills framework for health. Out of the 10 subject areas 7 of them are delivered by national e-learning packages making this less time consuming than classroom based learning. Compliance with mandatory training is monitored through the Trust Board performance dashboard as well as through other governance meetings and committees.

Earlier this year the organisation initiated a comprehensive review of its education and training function. This was focused not just on the delivery of education but how our education is supporting the improvements in patient care. The findings and any actions will be progressed through the organisation's workforce governance arrangements.

Our focus for 2019/20 will be on areas such as the production of the Trust's Workforce Strategy, strengthening good people management skills across the trust, embedding the new vision, values and behaviours, implementing the health and wellbeing offering for our employees, refreshing the Trust's induction process and taking the workforce recommendations of the NHS Plan. We will also continue to build on our improvements around inclusion and the Trust is planning its first Transgender conference in July 2019.

We are fortunate to have clinicians at our Trust who are national clinical leads on a programme to improve the quality of care across the NHS. Dr Deborah Lowe is national lead for Stroke as part of the Getting It Right First Time (GIRFT) programme, while Dr Beverley Oates, Consultant Physician and Gastroenterologist is the GIRFT lead for Gastroenterology.

There are a number of other lead clinicians who have national strategic and advisory roles.

The key issues and risks which could affect the Foundation Trust in delivering its objectives are covered within the Annual Governance Statement within this Annual Report.

## Financial Overview

The Trust set a financial plan for 2018/19 which budgeted for a £25.3m deficit, dependent upon the delivery of £11.0m efficiency savings. This planned deficit included the Trust's inability to access Provider Sustainability Fund (PSF) income of £12.5m in 2018/19, which arose because the Trust did not accept its target control total (£11.0m surplus) issued by NHSI.

The Trust's budgets are expressed in a single document held and reviewed by NHS Improvement (NHSI).

This document is known as the Trust's *financial plan*.

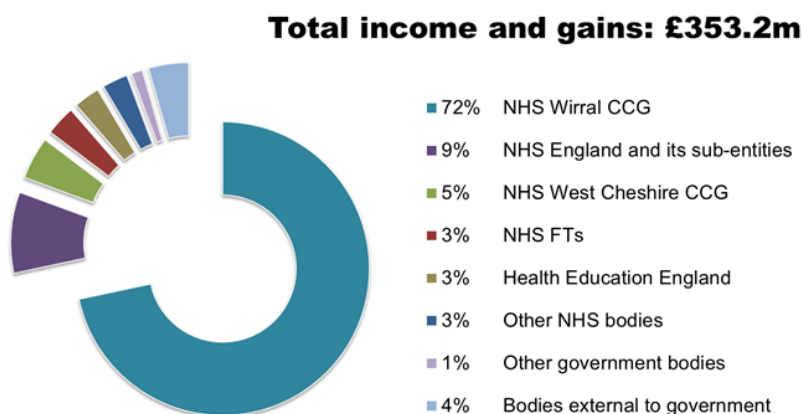
Due to the scale of challenge facing the Trust, it delivered a year-end deficit of £37.5m, which exceeded the planned deficit by £12.2m. The deficit contained unplanned, non-recurring net expenditure totalling £6.2m, relating to impairments from revaluation and the creation of new provisions, which were both substantially affected by the ongoing under-occupancy of the Trust's staff accommodation blocks. These items aside, the Trust's underlying deficit was £31.3m, which exceeded plan by £6.0m. Despite the deficit, the Trust maintained cash balances through a combination of prudent internal working capital measures, and £24.0m net loan support from the Department of Health and Social Care (DHSC), with the Trust ending 2018/19 with a cash balance of £6.5m.

The following commentary provides more detail on the Trust's key financial results, which are formally reported in the Trust's annual accounts, with particular and additional reference to performance against the 2018/19 financial plan.

### Income

The Trust has generated income and gains of £353.2m in the year, which is £16.5m higher than planned. This variance includes a technical adjustment to deferred income relating to PFI accounting, resulting in additional income of £6.0m, and central funding for Agenda for Change pay reform (£4.1m). As mentioned above, PSF income of £12.5m was not achieved, and was not included in the 2018/19 plan.

The chart (right) depicts the Trust's total income and gains for 2018/19, split by customer or commissioner type.



Wirral Clinical Commissioning Group (Wirral CCG) remains the largest commissioner of services from the Trust, generating £253.1m (72%) of the Trust's overall income, which is broadly consistent with 2017/18. The Trust and Wirral CCG agreed to a 'cost per case' (Payment by Results (PbR)) contract for 2018/19 as opposed to the 'block' arrangement which was last adopted in 2016/17.

Commissioner-funded delivery of patient care activities remains the largest source of Trust income (£314.0m). Elective and day-case activity, Outpatients attendances and follow-ups, and non elective activity were all below plan in 2018/19. The Trust's activity plan for 2018/19 was very ambitious, and learning from this has informed 2019/20 planning.

The table to the right details the Trust's 2018/19 income from patient care activities ('clinical income').

It is split by the broad admission type, known as 'point of delivery'.

<b>Clinical income by point of delivery</b>	<b>2018/19 £000</b>	<b>2017/18 £000</b>
Elective income	49,999	48,175
Non elective income	103,519	100,856
First outpatient income	15,889	15,962
Follow-up outpatient income	17,340	17,200
A & E income	13,134	12,886
High cost drugs income from commissioners	16,247	14,687
Other NHS clinical income	92,494	84,331
Private patient income	388	349
Agenda for Change central funding	4,065	0
Other clinical income	965	927
<b>Total income from activities</b>	<b>314,040</b>	<b>295,373</b>

The Trust has met the requirements of section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012), in that the income from the provision of goods and services for the purposes of the health service in England (principal) has exceeded income from the provision of goods and services for any other purposes (non-principal). Non-principal income is used to provide additional funding for the Trust. It is directly reinvested in the delivery of high quality NHS services.

## Expenditure

Total expenditure incurred by the Trust during 2018/19 was £390.7m (£354.3m 2017/18), which is an increase of £36.4m or 10% on 2017/18. Total expenditure exceeded plan by £28.8m. £23.2m of this variance is attributable to non-pay costs including impairments, and pay costs were £5.6m above plan.

Pay is the largest expenditure category at £253.5m, which is 65% of the Trust's total expenditure. Within this pay figure, the amount spent on substantive staff was £226.1m, with £16.9m on bank staff and a further £9.4m on agency staff. Including bank and agency staff, the Trust spent £71.4m on medical staff and £68.8m on qualified nursing. The level of qualified nurse vacancies across the Trust has been a major challenge again this year, and work continues to recruit nurses to substantive positions.

Overall pay expenditure was £5.6m higher than planned. However, £4.1m of this variance comprised centrally-funded Agenda for Change pay reform, which was therefore offset within income. The remaining variance (£1.5m) relates to the creation of a provision for unforeseen agency VAT charges. At £9.4m, the Trust's agency pay spend was £1.9m higher than the 2018/19 target figure set by NHS Improvement ('the NHSI ceiling'), and the majority of this variance relates to the aforementioned VAT provision.

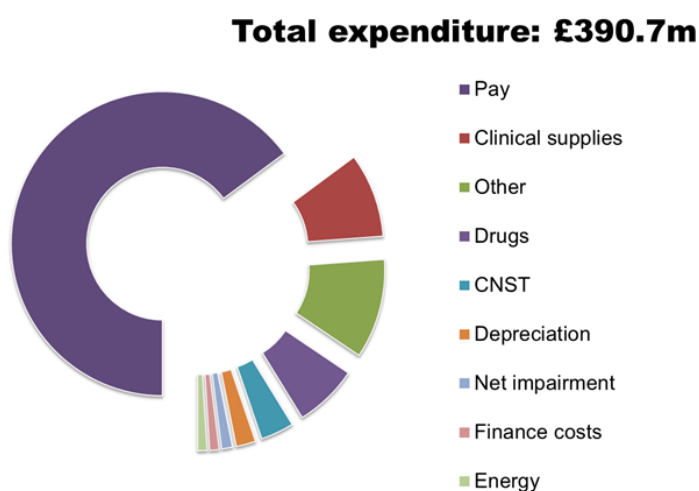
Non-pay and financing costs (£137.2m) represent 35% of the Trust's expenditure. Some notable expenditure items in 2018/19 are as follows.

- £35.0m on clinical supplies
- £26.5m on drugs
- £14.4m on premises
- £13.8m for the Trust's clinical negligence insurance (CNST) premium
- £3.9m on finance costs, including PDC dividend to DHSC.

Depreciation and amortisation of £8.2m is included in the overall expenditure figure. This is a non-cash item, which is charged annually to reflect the usage and consumption of capital assets which were purchased in this and previous years. Net impairment of £4.5m was also recorded, and largely reflects a reduction in the estimated 'service potential' of PFI assets. This expenditure was not contained within the Trust's plan.

The chart (right) depicts the main categories within total reported expenditure for 2018/19.

'Other' includes premises, training, leasing and IT-related costs.



## Cash

The cash balance held at 31 March 2019 was £6.5m. This was £4.7m higher than planned, primarily due to positive working capital activity in the final weeks of the year.

Within the Directors' report, the Trust's performance in 2018/19 on the *Better Payment Practice Code (BPPC)* targets is disclosed. Although the Trust is borrowing from DHSC to maintain liquidity, prompt supplier payments have been generally maintained. Whilst the Trust did not achieve its payment targets this year, there was an across-the-board improvement on the previous year's figures.

## Capital investment

Capital expenditure for the year totalled £11.5m (£11.9m in cash terms), which reflects the Trust's plan to invest in its estate and infrastructure, as well as leading-edge technologies. This expenditure underpins safety management, patient experience, service delivery, and the achievement of efficiencies in the medium and long-term.

The Trust's schemes for 2018/19 were as follows:

<ul style="list-style-type: none"> <li>• <b>£2.6m Digital Wirral investment</b> in the Trust's patient care systems funded by the DHSC's Global Digital Exemplar (GDE) programme.</li> <li>• <b>£4.3m Medical equipment and facilities improvements</b>, including  £1.5m MRI scanner; and £0.5m refurbished X-ray rooms.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>£3.2m Improvements to the Trust's built estate</b> including work to increase capacity over a number of wards.</li> <li>• <b>£1.4m Information technology improvement</b> schemes and a replacement telephony switchboard.</li> </ul>
--	---

## Reference costs

The Reference Cost Index is a measure of the relative cost difference between NHS providers. The national average score is 100 and the Trust scored 94 for the 2017/18 collection which was submitted in August 2018. This means the Trust is 6% more efficient than the national average, demonstrating the Trust's commitment to deliver value for money in a challenging health economy.

## Use of Resources rating (UoR rating)

The table (right) shows the Trust's 2018/19 UoR rating.

NHSI assesses financial risk through the UoR rating. It is measured from 1 to 4 using a number of financial metrics, with 1 being the highest rating.

The Trust's overall UoR rating was 4 for 2018/19, which was worse than planned.

	UoR financial metric		
	Actual	Plan	
Financial sustainability	Liquidity	Rating 4	Rating 3
	Capital service capacity	4	4
Financial efficiency	I&E margin	4	4
	Distance from financial plan	3	1
Financial controls	Agency spend	3	1
	<b>Overall UoR financial rating</b>	<b>4</b>	<b>3</b>

The UoR deterioration was generally caused by the effect of the Trust's overall deficit (which exceeded the planned deficit) across the ratings. The £1.5m VAT provision described within the *Expenditure and losses* section led to *Agency spend* very narrowly missing a rating of 2. This in turn led to the overall UoR rating dropping from 3 to 4.

## Cost improvement plans (CIPs)

The CIP requirement is a national DHSC strategy requiring all NHS staff to seek to improve productivity whilst maintaining high quality standards.

The Trust again set a challenging CIP target for 2018/19 of £11.0m, representing 3% of total planned expenditure. The 2018/19 delivered CIP was actually £9.6m for the year, leaving a shortfall of £1.4m.

	Actual £m	Plan £m	Variance £m	Variance %
2018/19	9.6	11.0	-1.4	-12.7%
Percentage of total income	2.7%	3.3%		
2017/18	8.4	15.0	-6.6	-44.0%
Percentage of total income	2.5%	4.4%		

Only 74% of the total delivered CIP was considered to be recurrent. Looking ahead, the Trust is planning to deliver a challenging CIP of £13.2m in 2019/20.

## Countering fraud and corruption

The Trust's *Bribery Policy* and *Fraud & Corruption Policy*, as well as the *Standards of Business Conduct policy* document, are available to, and binding on, all Trust staff. Through Mersey Internal Audit Agency, the Trust receives a local counter fraud service which prevents and detects fraud, and reports activities and findings to the Trust's Audit Committee.

The Trust's Standing Financial Instructions (SFIs), which detail the financial responsibilities applicable to all Trust staff, are subject to annual review and training cycles. All senior budget managers are expected to sign a declaration confirming their awareness of the SFIs, which outline their duties with regards to financial governance.

## Future outlook

During 2019/20, the Trust will continue on its journey towards financial sustainability.

The Trust has agreed to NHSI's break-even *control total*, which means that PSF and other support of £18.8m will be available in 2019/20. The control total is closely related to (but not the same as) the deficit, and these factors mean that the Trust is planning to deliver a broadly break even position in 2019/20.

The financial plan is challenging, including as it does a CIP plan of £13.2m, but is supported by positive contractual agreements reached with both NHS Wirral CCG and NHS England. The Trust has also set a more deliverable activity plan for 2019/20 than in previous years.



The following factors are key to the delivery of the Trust's 2019/20 plan.

- Transformation of care within the Wirral health economy and close management of costs across the Trust, to deliver the activity plan within agreed budgets.
- The management of demand during the winter season will again be a significant challenge for the Trust, and will require continuing close-working with our social care partners.
- Development and delivery of detailed and transformational efficiency plans which achieve in-year CIP savings of £13.2m, and which lay the foundations for further savings into future years.
- Continued access to borrowings from the Department of Health and Social Care.

Looking further forwards, the Trust continues to be fully engaged with Health & Care Partnership (HCP) processes, working closely with other health and social care providers in Cheshire and Merseyside, with the aim of delivering financially sustainable services for the local health economy and the region beyond 2019/20 and into the medium and long-term.

The key financial elements of the Trust's 2019/20 plan are detailed in the following table.

2019/20 Plan	£m
<b>Deficit per planned Statement of Comprehensive Income</b>	<b>(0.2)</b>
Assumed CIP achievement within the above deficit	13.2
<b>Capital expenditure</b>	<b>9.1</b>
Capital expenditure on a cash basis	15.8
<b>Closing cash balance</b>	<b>2.0</b>
DHSC loans to support liquidity	10.2
<b>Overall financial UoR rating</b>	<b>3</b>
UoR rating comprises the following planned ratings	
Liquidity	4
Capital service capacity	2
I&E margin	2
Variance from control total	1
Agency spend	1

## Going concern disclosure

The Trust is judged to be a going concern if it is to continue in operation for the foreseeable future. There is no presumption of going concern status for NHS foundation trusts. Directors must decide each year whether or not the Trust is a going concern, and whether it is appropriate for the Trust to prepare its accounts on the going concern basis.

In forming a view, the directors have considered key factors captured in the Trust's 2019/20 plan and beyond. This assessment covers a period of at least 12 months from the date of approval of the financial statements.

In particular, the directors have noted the following factors:

- No major losses of commissioner income are anticipated, contracts with the main commissioners are signed, and the list of commissioner-requested services remains unchanged.
- The Trust's challenging 2019/20 plan is to financially break even. This means that the Trust has no overall planned borrowing requirement, in support of continued operations and liquidity, relating to 2019/20 performance. However, the Trust is planning to draw down 'unapproved' borrowings from DHSC (£10.0m) relating to the 2018/19 quarter 4 deficit, and the scheduled delays in cash receipts from the Provider Sustainability Fund and Financial Recovery Fund. These borrowings are 'unapproved' as specific contracts for each planned draw of cash have not been signed, which is consistent with DHSC's ongoing borrowing regime.

Further relevant factors considered in relation to borrowings are listed below:

- The Trust anticipates implicit approval of the 'unapproved' borrowings through DHSC and NHSI's acceptance of the Trust's plans.
- There is uncertainty relating to material loan repayments due in 2020/21 and 2021/22, as refinancing arrangements are not in place. The maturity profile of loans is disclosed in Note 26.5 to the accounts. However, the Trust has not identified any short-term risk of an inability to repay borrowings when they fall due – all treasury activity is included in the Trust's planning models and all borrowings are intra-governmental – ultimately, if required, terms may be renegotiated.

In summary, the directors have identified that the following factors represent material uncertainty that may cast significant doubt about the Trust's ability to continue as a going concern, in line with DHSC guidance:

- Reliance on 'unapproved' borrowings in 2019/20, relating to 2018/19 performance.
- The challenges presented by delivery of the 2019/20 plan without deficit or recourse to deficit-related borrowings, and the levels of non-recurrent funding within the 2019/20 plan which are not expected to be available in 2020/21 and beyond.
- Uncertainties relating to loan repayments due in 2020/21 and 2021/22.

Nevertheless, and notwithstanding the present and forecast sector-wide challenges discussed within this Annual Report and Accounts, the directors have noted that the Trust intends to continue to operate for the foreseeable future, and has not been informed by any relevant national body of any intention related to the dissolution of the Trust. For this reason, they continue to adopt the going concern basis in preparing the financial statements and the financial statements do not include the adjustments that would result if the Trust was unable to continue as a going concern.

## Performance Analysis

### Performance against Single Oversight Framework Targets

The primary process for foundation trusts to assure themselves on governance and performance is the NHS Improvement Single Oversight Framework which came into effect on 1<sup>st</sup> October 2016, and performance against the key metrics is detailed below.

<b>National targets and regulatory requirements</b>	<b>Target</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
Maximum waiting time of two weeks from urgent GP referral to first outpatient appointment for all urgent suspect cancer referrals	Minimum 93%	94.26%	94.14%	94.11%	93.26%
Maximum waiting time of two weeks from urgent GP referral to first outpatient appointment for all breast symptom referrals	Minimum 93%	96.43%	100%	100%	n/a
Maximum waiting time of 31 days from diagnosis to treatment for all cancers	Minimum 96%	96.44%	96.93%	96.75%	96.86%
Maximum waiting time of 31 days from decision to treat to start of subsequent treatment for cancer (surgery)	Minimum 94%	100%	100%	98.08%	98.36%
Maximum waiting time of 31 days from decision to treat to start of subsequent treatment for cancer (drugs)	Minimum 98%	100%	100%	100%	100%
Maximum waiting time of 62 days from urgent referral to treatment for all cancers	Minimum 85%	86.89%	86.38%	85.52%	85.83%
Maximum waiting time of 62 days from screening referral to treatment for all cancers	Minimum 90%	98.44%	98.80%	94.59%	100%
Referral to treatment time – incomplete pathways < 18 weeks	Minimum 92%	74.87%	77.25%	79.47%	79.15%
Maximum waiting time of four hours in A&E from arrival to admission, transfer or discharge	Minimum 95%	82.45%	82.40%	76.01%	74.92%
Maximum number of avoidable cases of C difficile (cumulative)	Maximum 28 for the year	8	12	21	43

## **Access to Cancer Care**

The Trust again consistently achieved the Cancer care access targets for all quarters and for all metrics across the whole of 2018/19. The continued dedication of staff across many disciplines and departments in ensuring these most vulnerable patients experience as few delays as possible and access high quality treatment at every step of their clinical pathways is to be commended.

## **Access to Elective Care**

The focus of Referral to Treatment (RTT) is on the incomplete standard, with the national threshold set at a minimum 92% of patients waiting to be at 18 weeks or less. The Trust is judged externally by the total waiting time across all specialties.

The Trust did not achieve the RTT standard of 92% during any month in 2018/19. A trajectory for improved performance across 2018/19 had been agreed with NHS Improvement at the start of the year, and the Trust achieved each monthly milestone up to 80% compliance by March 2019. Also achieved was the commitment to reduce the number of patients waiting longer than 52 weeks for treatment to zero by 31<sup>st</sup> March 2019.

The overarching national requirement to return to March 2018 total waiting list levels is expected to be achieved in the Trust by the end of July 2019.

## **Access for Emergency Patients**

Despite a health economy wide focus and a range of actions put in place, performance against the emergency access standard remained below the minimum 95% throughout 2018/19.

The pressure of urgent care demand on the Arrowe Park site continues and is similar to the situation in many other health economies within the region and the national picture. Whilst not having the extreme spike of the previous year, the winter months in 2018/19 continued to bring the most pressure and a corresponding deterioration in performance against the 4-hour standard.

The Trust continues to work closely with health and social care partners across Wirral, and has again agreed a trajectory to improve performance for the Arrowe Park site up to 92% by December 2019, a slight reduction in January and February, before achieving the national 95% standard in March 2020.

## Avoidable Cases of *Clostridium difficile*

The Trust has a robust programme for managing and monitoring *Clostridium difficile* (*C diff*).

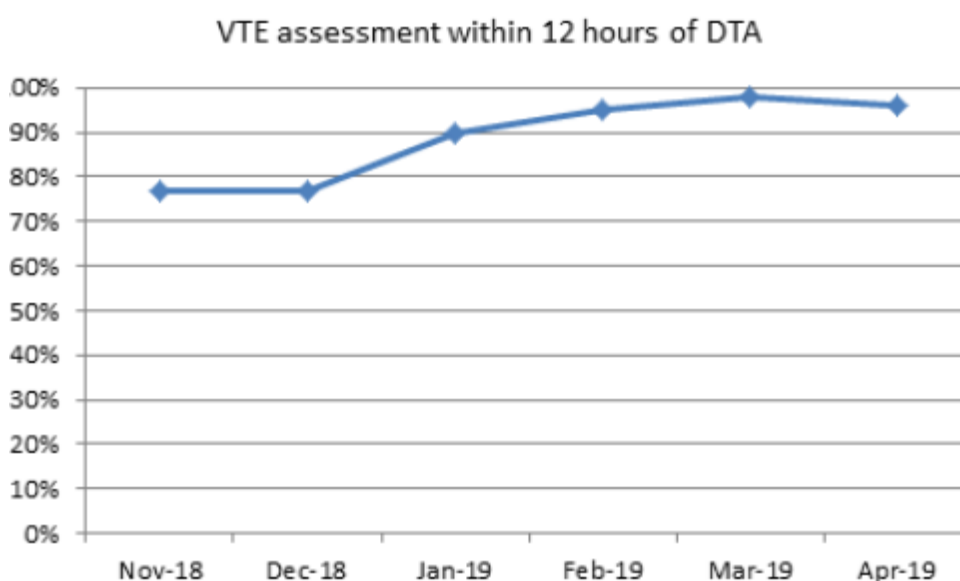
The Trust has seen an increase in the number of *C diff* infection. Each incident has a thorough post infection review undertaken by the Director of Infection Prevention and Control to understand where there have been lapses in care. The threshold for 2018/19 was set by NHS Improvement as 28 avoidable cases (where lapse in care has been identified). The Trust had a year end performance of 43 avoidable cases.

Key issues and risks facing the Trust in-year and in the future are described in detail in the Annual Governance Statement later in this report. The Annual Governance Statement also outlines how the Board uses the Board Assurance Framework to link risks, performance against objectives and key performance targets with a view to being able to triangulate information from various sources. The newly developed integrated quality dashboard also seeks to link risks and performance from the entire spectrum of CQC standards including financial performance.

## Venous thromboembolism

A VTE 'Alert' flag has been built into the Trust's electronic patient record (Wirral Millennium) to ensure appropriate day case and inpatients receive their VTE Risk Assessment/Bleeding Assessment in a timely manner and in accordance with NICE standards. The new system went live in January 2019 and this development together with dedicated clinical leadership in the management of VTE risk has led to a significant improvement in VTE performance.

The graph below demonstrates improvement in compliance since the implementation of the improve process to prompt appropriate VTE assessment.



## **Management of Serious Incidents**

When serious incidents occur the Trust has a responsibility to ensure there are systematic measures in place for safeguarding people, property, NHS resources and reputation. This includes the responsibility to learn from the incidents to minimise the risk of reoccurrence. All potential serious incidents are reviewed weekly by the Trust's Serious Incident Review Group (SIRG) for decision using the NSHE Serious Incident Framework (2015). In August 2018 the Trust implemented a tracking system for the management of declared serious incident and since this date have maintained a 100% compliance for sign-off of SI reports (zero breaches of the 60 day completion target).

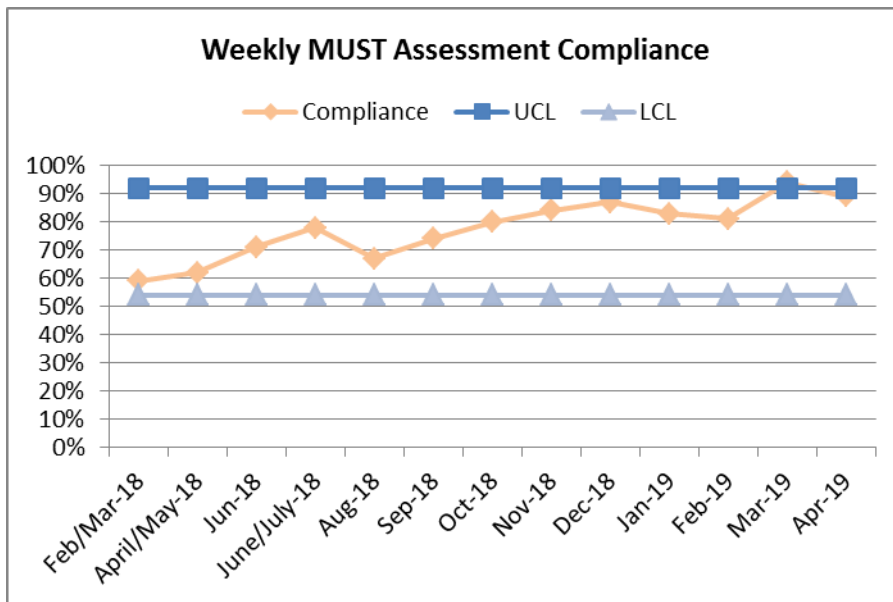
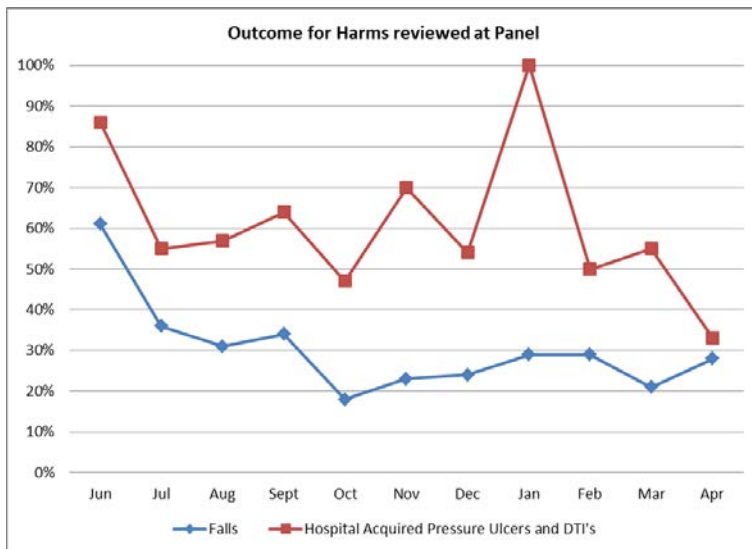
## **Duty of Candour – CQC Regulation 20**

Since September 2018 the Trust has strengthened its governance arrangements around incident management. This includes adopting a system that positively ensures Duty of Candour (DOC) is undertaken in accordance CQC Regulation 20. This process is managed by the Governance Support Unit (GSU) and ensures that appropriate discussions and written comments are undertaken with the patient or their representative within ten days. The GSU will not consider the DOC discharged until a copy of the written letter has been attached to the incident on the Trust's risk management system. Compliance is monitored weekly through the serious incident review group (SIRG) meeting tracker and through standing agenda reporting to the monthly PSQB meeting. Internal audit has recently reviewed the incident management system and provided substantial assurance. In addition since September the Trust has been 100% compliant with standards in the discharge of its duties under CQC Regulation 20.

## **Combined Harms Panel**

To ensure a continuous improvement focus on reducing Hospital Acquired Harms WUTH has established a weekly Combined Harms Review panel. The panel enables identification of learning outcomes to reduce harm and to sustain improvement. Each harm is reviewed in detail against set criteria to classify the harm as "Avoidable" where there is a clear lapse in care and "Unavoidable" where all possible measures have been implemented to prevent harm. The Harms panel currently reviews, Falls, Hospital Acquired Pressure Ulcers & Deep Tissue Injuries and compliance with MUST weekly assessments. Learning is used to drive quality improvement and reduce harm to patients.

Learning from harms panels has led to a reduction in avoidable falls reviewed at panel from 61% in June 2018 to 28% in April. For those Hospital Acquired Pressure Ulcers and DTI's that have been reviewed at the panel 86% were classified as avoidable in June 2018 compared with 33% in April 19. Compliance with weekly MUST assessments indicated a 59% compliance in June 2018 compared with 89% in April 19. It is acknowledged that WUTH has further improvement work to achieve in relation to the prevalence of hospital acquired Harms but has established clear processes and care bundles to support the improvement as demonstrated in the above results.

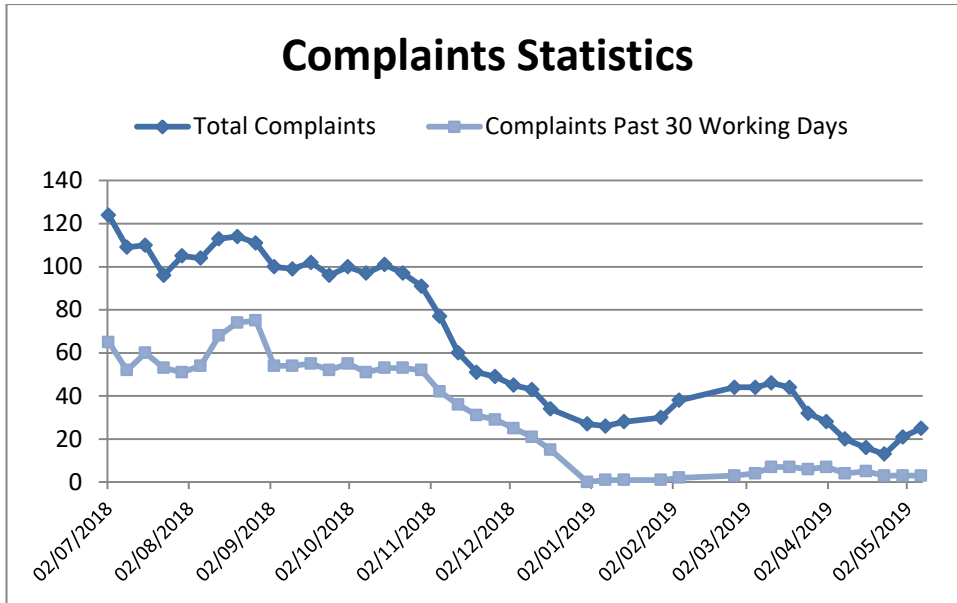


**Complaints**

Also in line with continuous improvement a review of the patient experience strategy has been undertaken not creating a more focused view on listening and learning from concerns and ensuring early resolution of concerns is managed effectively.

A full review of systems and processes has been undertaken and implemented from October 2018 enabling a 30 per cent reduction in formal complaints over the past six months, compared with the same period last year. (October – March 17/18, compared to March 18/19).

Response times have also reduced from an average response time of 76 working days (April 18 - December 2018) to an average of 27 working days (January - March 2019).



**Perfect Ward™**

WUTH have successfully implemented and established Perfect Ward™ across the organisation with full staff engagement and development. This has been a significant achievement providing the Trust with real time, high visibility assurance audits with ward / department ownership. Approximately 5800 audits have been completed, over 42 different inspection / audit tools since go live with results forming the basis for continuous improvement as part of local and divisional action planning.

**Ward Accreditation**

Delivering high quality individualised, safe care to patients is a key priority of WUTH. In order to support this and provide the Trust with assurance it has developed a ward accreditation process WISE = W – Wirral, I – Individual, S - Safe Care, E - Every time. The accreditation process is based on a successful ward accreditation model currently being used in other NHS hospitals with additional elements included to ensure local policies are accurately referenced as well as including questions to monitor compliance with newly developed “Harm Free Care Bundles”.

Wards are scored using the Ward Accreditation scoring matrix with those wards achieving consistent and consecutively high scores being awarded WISE Ward status. To date all general inpatient areas have been through the ward accreditation process and where results have indicated a re-audit due to improvement action planning requirements, these have been completed with a recognised improvement in results.



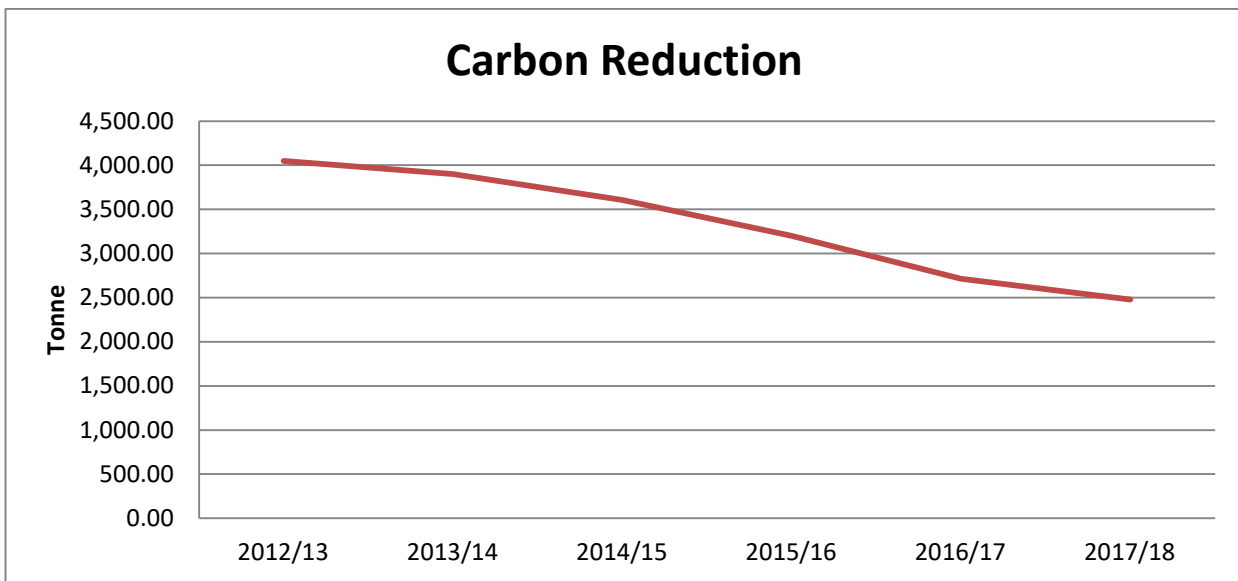
## Environmental Matters

### Sustainability Report

**Corporate Vision** - The Chief Operating Officer has executive responsibility for Estates and is executive lead for sustainability. During 2018 the Chief Operating Officer has worked with the Associate Director of Estates & Facilities to close the gap with regards to a Board approved strategy. With the Trusts being committed to the sustainability agenda it has made significant progress in this area with the strategy due to be submitted for Board approval in early 2019.

**Energy** – In 2018 the Trust employed a dedicated Energy & Sustainability Technician to help promote energy awareness and actively monitor the energy consumption across our sites. The Trust’s Combined Heat and Power (CHP) Energy centres continue to provide efficient heat and energy supplies and our reliance on electricity from the grid has reduced.

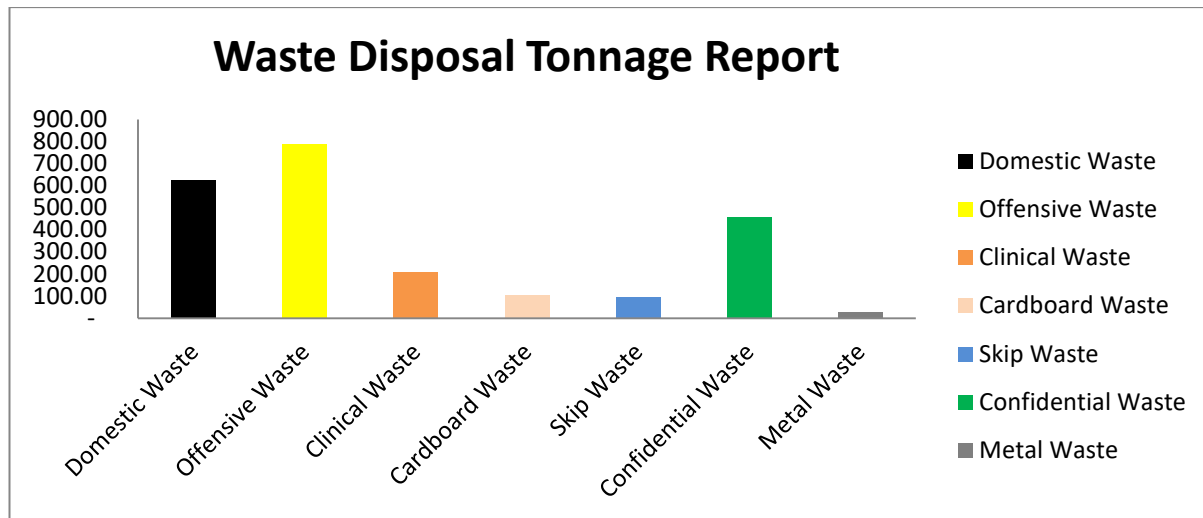
**Carbon** – The Trust trend for carbon emissions continued to demonstrate a downward profile which is clearly shown in the carbon reduction graph below.



**Travel and Transport** – The Trust is developing a green travel plan and in June 2018, a staff travel survey was conducted in order to assess current modes of travel and to help shape an action plan for travel and transport. Our internal transport is in the process of being reviewed to provide greater efficiencies and increased utilisation, and further promotion of public transport, cycling, walking and car share options are currently being looked into to help reduce the impact of our carbon from vehicular traffic from staff, patients and visitors.

**Waste** - We are currently retendering our waste contract, with a focus on innovative working and increased recycling; this will be in place by August 2019.

Wirral University Teaching Hospital disposes of 2,298.16 tonnes of waste per year, this includes Domestic Waste, Offensive Waste, and Cardboard Waste, using 7.5 tonne waste compacters Clinical Waste using 770litre containers, Skip Waste, Confidential waste, and Metal Waste below is a graph breakdown of all waste streams.



All waste is disposed of under the guidelines of HTM-07-01 Safe Management of Healthcare Waste. The segregation of waste at the point of production into suitable colour – coded Bags or Containers is vital; all Wards and Departments have disposable method charts, which indicate the correct colour coded receptacles to be used.

The Trust currently recycles the following recyclable items:

- Black Bag Waste **(99% of this waste is recycled)**
- Confidential Waste **(100% of this waste is recycled)**
- Clinical Waste for Incineration **(100% of this waste is recycled)**
- Cardboard boxes are recycled in ‘cardboard only’ bins placed throughout Hospital. **(100% of this waste is recycled)**
- Skip Waste **(99%)** & Metal Waste **(100%)**

The Trust disposes of electrical waste under WEEE regulations and is logged as a separate waste stream.

**Leadership Engagement and Development** - The Trust has re-launched its environmental action group with a view to improving environmental matters using the NHS Sustainable Development Unit Guidance and assessment documentation. We have used the NHS Sustainable Development Unit’s Sustainable Development Assessment Tool in order to gain a score of where we were at currently in terms sustainable development within our Trust and to help us create actions for the Trust’s Sustainable Development Management Plan (SDMP) for 2019/20. The Trust’s SDMP will aim to reduce the Trust’s carbon footprint even further with plans which focus on reducing energy and waste and increasing sustainable modes of travel amongst staff, patients and visitors.

**Healthy Sustainable and Resilient Communities** - The Trust is heavily involved in the Healthy Wirral Initiatives around the community. The Trust is also part of the Cool Wirral

Partnership, which is supported by Wirral council, and promotes and co-ordinates local actions on climate change.

**Metrics** – The Trust use Model Hospital and the Estates return Information Collection (ERIC) to benchmark comparative performance.

**Social Value** - The Trust is unable to evidence use of the Public Service Act to leverage any environmental improvements, local social capital or economic value currently, but this will form part of the Trust's strategy when developed.

**Sustainable Food & Sustainable Procurement** – Our aim is to support the Department of Health (DOH) in its initiatives to raise awareness of the Government Buying Standards for food and catering services to NHS procurers in order to drive improvements in the standard of food in the NHS. The standards were developed by the DOH Department of Environment, Food and Rural Affairs (DEFRA) in 2014 and cover the following areas of sustainable procurement:

- Foods produced to higher sustainability standards – higher environmental standards, fish from sustainable sources, seasonal fresh food, animal welfare and ethical trading considerations.
- Procurement of catering operations to higher sustainability standards – including equipment, waste and energy management.

We support the overarching commitment that good procurement is sustainable procurement. To back this we are undertaking a programme to engage with both suppliers and customers to raise awareness of the Government Buying Standards on food, and have committed to include information of compliant products within all future food purchases.

In 2016 the NHS Sustainable Development Unit released a statement that organisations should aim to reduce their carbon emissions by 28% by 2020/21, from a 2013/14 baseline. WUTH has exceeded this target as from 2013/14 – 2017/18 we have reduced our emissions by 34% from 18,275 tonnes of CO<sub>2</sub> to 11,976 tonnes of CO<sub>2</sub>.

**Recent sustainable developments include:**

- We source fair-trade and sustainable alliance products
- We introduced more effective and more energy efficient equipment in patient and visitor catering areas – including low energy regeneration ovens, new generation trolleys and other equipment.
- We replaced all the plastic based cutlery and take away items and replace with items that are made from recycled materials and compostable cups.
- We use our purchasing power to procure foods from sustainable sources. One of our third party food suppliers supports the British food and farming industry and their policy is to buy from British (and Irish) sources provided it represents the best value (in terms of quality, cost, food safety and sustainability).

In conjunction with a third party food supplier who has been working to develop the UK's most sustainable and distribution system, thereby reducing and minimising the impact on the environment. The achievements are:

- 33% reduction in carbon
- 43% reduction in water usage
- The returnable crate system has removed 1.2m cardboard boxes per annum
- 50% reduction in food waste with all remaining diverted from landfill into anaerobic digestion
- 40% reduction on diesel usage
- 75% reduction in Nitrous Oxide levels compared with current Euro V standard.

### **Social, Community, Anti-bribery and Human Rights Issues**

The Trust has policies in line with national guidance regarding *Bribery, Fraud & Corruption*, as well as the *Standards of Business Conduct policy* (Managing Conflicts of Interest) which are available to, and binding on, all Trust staff.

The organisation has ensured its compliance with key reporting requirements, including Workforce Race Equality Standards (WRES) and is working in new ways to try and understand how things can be further improved within the Trust. Over the past year the Trust has established a series of staff network groups for Black, Asian and Minority Ethnic staff (BAME), Lesbian, Gay, Bisexual and Transgender (LGBT)+ and also those who have a disability or long-term health condition. The network groups will assist the organisation in shaping the interventions in relation to inclusivity.

Key findings of the 2018 WRES data highlight that the percentage of BAME staff employed at WUTH continues to remain greater than the population of Wirral as a whole (6.8% compared to 5.5%, 2011 Census). However, that said BAME clinical staff make up a higher percentage of the workforce (9.5%) as opposed to only 1.5% non-clinical.

Medical and dental BAME staff constitutes a significantly high percentage, with 55% career grade doctors and 34.3% Consultants. Although the proportion of BAME staff in our non-clinical grades is low, the proportion of BAME staff in higher bands is slightly greater.

Other WRES statistics highlight that BAME staff are less likely to be disciplined than non-BAME staff and more likely to receive non-mandatory training opportunities than non-BAME colleagues. However, the trust is in the process of ensuring that the data capture and analysis robust.

The Trust launched its new Diversity and Inclusion Strategy for 2018 – 2022, identifying key outcomes including:

- equality analysis being used to make informed decisions
- improved patient and staff experience and accessibility

- staff engagement with the equality agenda
- compliance with equality legislation and national standards
- high performing well-led teams.

The gender pay gap legislation introduced in April 2017 requires that UK employers with 250 employees or more publish data about their gender pay gap on an annual basis. The Trust published its second report based on data as at March 2018 and is compliant with the relevant legislation.

The 2018 gender pay gap report highlights a very slight improvement in the overall pay gap between male and female colleagues, although it still remains high with a mean gender pay gap of 22.9% in favour of male employees (from 23.9% in 2017). The mean gender pay gap is 17.9% and 17.5% for public sector.

Overall the Trust has 79% female and 21% male employees. In the highest pay quartile the percentage of female employees has increased from 71.4% to 73.2%.

A lower proportion of female employees (0.6%) have accessed bonus pay (Consultant Clinical Excellence Awards) as opposed to 6.2% for male employees. 2018 data shows a significant increase in the mean bonus pay gap of 33.3% (as opposed to 7.8% in 2017), therefore highlighting that the average bonus pay of relevant male employees (taken as a single group) is 33.3% more than that of the average of bonus pay of relevant female employees (again taken as a single group). The Trust is undertaking work to understand the reasons behind this difference.

The Trust continues to enjoy well established working relationships and engagement activities with a range of local stakeholder groups and organisations which represent patients with protected characteristics including the Wirral Older People's Parliament, Wirral Independent Resource for Equality and Diversity (WIRED - Carers Association), the Alzheimer's Society and Healthwatch, the independent consumer champion, a network made up of individuals and organisations working to positively influence Wirral health and social care services.

Committed to sharing and encouraging both knowledge and implementation of human rights approaches in healthcare, the Trust has been further developing the excellent working relationships that we have successfully established with many other community partners including Wirral Mencap, Cheshire and Wirral Partnership (CWP), Age UK, Citizens Advice Bureau (CAB) and Department of Adult Social Services (DASS). Many representatives from these organisations attend several hospital groups including the Trust's Learning Disabilities Group and the newly established Patient and Family Experience Group so that the Trust is informed and aware of service user and local community views on health and social care related issues, enabling these to be incorporated into service delivery that will support improvements in patient and family/carer experience.

The Trust has undergone an internal review of its performance against key equality and diversity indicators, as laid down within the Equality Delivery System (EDS2) under 4 key goals:

- better health outcomes
- improved patient access and experience

- a representative and supported workforce
- inclusive leadership.

The Trust has engaged with staff to provide an honest reflection of its current performance and in doing so captured numerous examples of good practice. The review also identified developmental areas and future reviews will focus on specific areas, commencing with LGBT+ and disability and long-term health conditions.

The Trust is currently working with local community partners to further review performance and identify areas for improvement. The Trust has also launched new patient focus groups, which will focus on individual areas or patient groups, the first being held within outpatient services and planning is underway for an LGBT+ group.

The Trust has developed functionality within its Millennium computer systems that supports the roll out of the Accessible Information Standard, this captures patient communication or information needs. Where a need is identified, details of the required support can be recorded and the system then flags an “alert” within the patient’s record. Any subsequent review therefore, of a patient who has a communication or information need will be more easily identifiable to staff.

The policy approval process has been amended so as to include an equality analysis form. Therefore where a policy is subject to renewal or is new – this form is completed and submitted through the approval process along with the policy itself. This ensures that the Trust is complying with its public sector duties defined in the Equality Act 2010. Over the coming 12 months an audit will be undertaken of the process.

The Trust has also developed a number of LGBT+ staff and staff who have a disability or long-term health condition to become mentors, specifically for those who also share the same protected characteristic.

The Trust has an Information Bank which was renamed ‘Patient Experience Hub’ in March 2019 following the feedback from patients and their families. It is staffed by members of the Patient Experience Team, together with representatives from Healthwatch and volunteers. The Patient Experience Hub continues to provide a highly visible and easily accessible location for patients, families, visitors and staff to access support. The “Hub” has an emphasis on timely local resolution of concerns to avoid concerns escalating to formal complaints and to ensure issues are managed in a timely manner. It is also a main focal point for hospital users to feedback on their experience within the hospital and our services. The Patient Experience Hub’ has an average daily footfall of 54 visitors (in addition to telephone and written contacts), with enquiries ranging from basic signposting to the resolution of informal (Level 1) concerns and patient experience feedback.

The Trust has a comprehensive Standards of Business Conduct policy which is issued to all new starters upon commencement of employment (this policy is to be replaced during 2019 by the Managing Conflicts of Interest policy, in line the NHS England guidance). All staff are reminded of their duties under this policy with a particular emphasis to offences under the Bribery Act 2010. The Trust maintains records of all declarations of gifts, hospitality, outside employment, private practice and sponsorship at both Divisional and Corporate Levels. The Board of Directors, Governors and Senior Managers declare on

annual basis any potential conflicts of interest and this is published on the Trust's public website.

Annual audits of compliance are undertaken by the Trust Secretary and Mersey Internal Audit Service (MIAA).

*Janelle Holmes*

**Janelle Holmes  
Chief Executive**

**Date: 28<sup>th</sup> May 2019**

---

## Accountability Report - Directors' Report

---

### Board of Directors - Role and Composition

The Board of Directors has collective responsibility for all aspects of the Trust's performance. The specific responsibilities of the Board include:

- setting the organisation's strategic aims, taking into consideration the views of the Council of Governors, and ensuring the necessary financial and human resources are in place to deliver the Trust's plans
- ensuring compliance with the Trust's Provider Licence, constitution, mandatory guidance and contractual and statutory duties
- providing effective and proactive leadership of the Trust within a robust governance framework of clearly defined internal controls and risk management processes
- ensuring the quality and safety of services, research and education, and application of clinical governance standards including those set by NHS Improvement, the Care Quality Commission, NHS Litigation Authority and other relevant bodies
- setting and maintaining the Trust's vision, values and standards of conduct and behaviour, ensuring that its obligations to stakeholders, including patients, members and the local community are met
- actively promoting the success of the organisation through the direction and supervision of its affairs.

The Board of Directors has established a governance structure which sets out how assurance and performance management is organised. This is supported by the Standing Orders, Standing Financial Instructions and a Scheme of Reservation and Delegation. Together they define the governance arrangements and decisions reserved for the Board, its Assurance Committees and those further delegated to management throughout the Trust.

In 2018/19 the Board comprised a non-executive chair, six independent non-executive directors and seven executive directors one of which is non-voting.

Non-executive directors are generally appointed to a three-year term of office, with appointments staggered where possible.

The unitary nature of the Board of Directors means that non-executive and executive directors share the same responsibility and engage to constructively challenge decisions and help to develop proposals on strategy.

There is a clear division of responsibilities between the Chair and the Chief Executive. The Chair is responsible for the leadership and effectiveness of the Board of Directors and the Council of Governors, ensuring that members of both bodies receive information that is timely, accurate and appropriate for their respective duties. It is also the role of the Chair to facilitate the effective contribution of all Directors, and for ensuring that constructive relationships exist between the Board of Directors and the Council of Governors. The



Chief Executive is responsible for the performance of the Executive Directors, the day-to-day running of the Trust and the implementation of approved strategy and policies.

The section in this report on the NHS Foundation Trust Code of Governance outlines how the Trust discloses registers of interest for the Board of Directors together with the commitments of the Chair. The Trust, was required by NHSI, to appoint an interim Chair following the resignation of Mr Michael Carr in February 2018. The Trust accepts that it was in breach of the additional licence condition under section 111 of the Health and Social Care Act. Subsequent to this the Trust undertook a recruitment process for a substantive Chair, Sir David Henshaw was appointed with effect from February 2019.

## **Non-Executive Directors**

### ***Sir David Henshaw Chair***

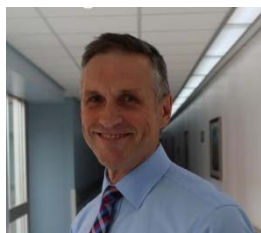


Sir David took up post as Chair from February 2019, prior to this he was interim Chair from March 2018. During his time as interim Chair Sir David was also the Chair of Alder Hey Children's Hospital.

Alongside his valuable experience within the health arena, Sir David has worked extensively in local government. He spent ten years at Knowsley Borough Council before being appointed as Chief Executive of Liverpool City Council, a role which he occupied for seven years. Sir David has undertaken a number of Non-Executive Director roles for a number of other public and private organisations including the Chair of Manchester Academy for Health Sciences and Non-Executive Director for Albany Investment PLC. He has various charitable Trustee roles.

In February 2012 Sir David was asked by Monitor to take on the role of Interim Chair at University Hospitals of Morecambe Bay NHS Foundation Trust. He has subsequently been Interim Chair at Dorset HealthCare University NHS Foundation Trust and St George's University Hospitals NHS Foundation Trust. He was appointed Chair of National Museums Liverpool early in 2017.

### ***John Sullivan Non-Executive Director, Deputy Chairman and Chair of Workforce Assurance Committee***



John was appointed as a Non-Executive Director in July 2015.

He has extensive international manufacturing, business change and HR experience at senior levels in ICI, Texaco Canada Inc, Ineos Chlor Ltd, Sanofi Aventis Ltd and Novartis Vaccines & Diagnostics Ltd. Recently he also founded ICTAN Limited, providing management consultancy and executive coaching support to senior manufacturing and general management leaders in various industries.

John has been a Chartered Chemical Engineer for over 30 years and holds an MBA from York University, Toronto, Canada.

**Steve Igoe**

***Non-Executive Director, Senior Independent Director and Chair of Audit Committee***



Steve Igoe was appointed as Non-Executive Director at WUTH in 2018 and brings a wealth of experience to the Organisation. He was previously a Non-Executive Director and Senior Independent Director at Alder Hey Children's NHS Foundation Trust.

Steve is also the Deputy Vice-Chancellor of Edge Hill University where he has responsibility for the operational areas of Capital Projects, Financial Services, Human Resources, IT Services, Learning Services, Strategic Policy & Planning, and Facilities Management. He is also a Director of a number of Edge Hill's commercial enterprises.

He graduated with a first degree in Law from the University of Liverpool, he subsequently qualified as a Chartered Accountant in 1988 and went on to become a senior manager at PricewaterhouseCoopers, with specific expertise in project management and advising listed PLCs on Corporate Governance and Risk Management.

**Sue Lorimer**

***Non-Executive Director and Chair of Finance Business Performance and Assurance Committee***



Sue was appointed as a Non-Executive Director in July 2017. She has spent most of her career in NHS Finance, mainly in the provider sector and is an associate member of the Chartered Institute of Management Accountants. She took up her first Finance Director post in 1990 and has held Board level posts in a variety of NHS providers including ambulance, community and specialised services. She joined the NHS Trust Development Authority, (later NHS Improvement) when it was formed in 2013, taking the lead on provider Finance across the north of England.

Sue is a keen supporter of training and development and was a trustee of the Healthcare Financial Management Association for 9 years, taking the role of president in 2015.

**John Coakley**

***Non-Executive Director and Chair of Quality and Safety Committee***



John was appointed as a Non-Executive Director in July 2017. John retired in 2014 as Medical Director and Deputy Chief Executive of Homerton University Hospital NHS Foundation Trust, which he had held for 16 and 10 years respectively. Prior to that John was a Consultant Physician in Intensive Care Medicine.

John set up the first ICU follow up and bereavement clinic in London

and was awarded the OBE for contribution to the NHS in the Queen's Birthday Honours list in 2014.

He was also awarded a national Silver Clinical Excellence Award by ACCEA in 2007 and renewed in 2011. John was an active researcher before his Consultant appointment and for several years after.

**Chris Clarkson**  
**Non Executive Director**



Chris was appointed Non-Executive Director in July 2018 and brings with him great knowledge and experience of technology developments and project management from his career in the Aerospace Industry.

Having held a number of senior executive level positions with BAE Systems, Chris has worked both nationally and internationally. His primary talents and interest are within the areas of technology development, project management and leadership where he has made many notable achievements.

Chris has a strong wish to support the community and the NHS through sharing his wealth of experience supporting the organisation and its dedicated workforce.

**Jayne Coulson**  
**Non Executive Director**



Jayne was appointed Non-Executive Director in July 2018 and brings with her great knowledge and business executive insight having worked in several blue chip organisations including BT, HSBC and Marks and Spencer.

She has held a number of executive level positions across differing operational areas: HR, customer service and people development. Jayne's primary talents and interest sit within the areas of transformation and leadership, where she has made many notable achievements across several business areas.

Jayne has a strong ability to effectively respond to change and to communicate at all levels. She is looking forward to sharing this wealth of experience with the Trust and its dedicated workforce.

## Executive Directors

### **Janelle Holmes** **Chief Executive**



Janelle was appointed as Chief Executive in June 2018, having already spent two years at the Trust as Chief Operating Officer.

Before joining the Trust, Janelle was the Director of Operations and Performance at Salford Royal Foundation Trust. Janelle has worked in the NHS since qualifying as a Registered General Nurse in 1991. During her nursing career she worked in a variety of clinical areas, moving into operational management in 2004 following a spell as a 'health economy' service transformation lead.

Janelle is passionate about service improvement, staff development and whole system working to improve patient outcomes and experience. In 2011 she successfully integrated Salford Community Adult and Children's Services with the acute hospital as Managing Director for Salford Health Care. In 2015 she established the Better Care at Lower Cost programme as Director for Productivity and Efficiency with the specific focus of improving patient quality and safety to drive cost reduction.

### **Nicola Stevenson** **Medical Director**



Dr Nicola Stevenson joined WUTH in 2007 as a Consultant Physician in Respiratory & General (Internal) Medicine. In 2015 she became Clinical Service lead for Respiratory Medicine, and in 2018 was appointed Associate Medical Director for Medical and Acute Specialities

She joined the Executive Team as Medical Director in October 2018. She continues to undertake respiratory outpatient clinics and participates in the acute general (internal) medicine on-call rota.

Nikki is a trained mentor and coach with a keen interest in education, research and quality improvement.

### **Anthony Middleton** **Chief Operating Officer**



Anthony was appointed as Chief Operating Officer in June 2018 having previously held the post of Director of Operations. Prior to joining the Trust, Anthony had spent 30 years working in the Warrington and Manchester health systems.

Having started working in Finance through contracting and

performance before transitioning into Operational management, including directing the day to day operations of some of Manchester's biggest hospitals.

**Gaynor Westray**  
**Chief Nurse**



In early 2016 Gaynor was appointed as Chief Nurse.

Gaynor joined the Trust as a student nurse back in 1984 and has spent her entire NHS career dedicated to caring for people at Wirral hospitals.

After three years of nurse training, Gaynor became a Staff Nurse on the orthopaedic wards at Arrowse Park Hospital. Her hard work and commitment to patient care resulted in her being promoted to Ward Sister initially at Arrowse Park Hospital, then transferring to Clatterbridge Hospital.

**Helen Marks**  
**Director of Workforce**



Helen has been in the HR field for over 30 years and has worked at Executive level for 18 years.

Having started in Local Authority over in Leicestershire, Helen moved into the NHS in 1999. Her health service experience spans commissioning, primary care, mental health and more recently acute provider.

As a qualified HR professional, Helen was awarded HR Director of the Year in 2013 at the Healthcare People Management Association (HPMA) Awards.

**Paul Moore**  
**Director of Quality & Governance (Non voting)**



Beginning as a registered nurse in emergency care, Paul Moore joined the organisation as the Director of Governance and Quality in July 2018.

Paul has spent many years in risk and quality, working at Sherwood Forrest, St. George's University Hospitals, Leeds Teaching Hospitals and South Manchester University Hospitals.

Paul has a track record of improving safety management and intends to transform the organisation's approach to quality and governance, making WUTH an exemplar site.

**Karen Edge**  
**Acting Director of Finance**



Karen was appointed Acting Director of Finance on 1<sup>st</sup> February 2019.

Karen has over 14 years NHS experience and previously spent 13 years working at Mid Cheshire Hospitals NHS FT in senior finance positions. She sees the role as ensuring that the Trust has the right controls and processes in place to manage the public finances, as well as working with our clinical services and health economy partners to seek out continuous improvements for the patients that we serve.

**Board Resignations / Interim Post holders**

**Graham Hollick**  
**Non Executive Director and Chair of Audit Committee**

Graham was appointed as a Non-Executive Director on 1<sup>st</sup> July 2013 and was appointed for a second term during 2015/16 up until 31<sup>st</sup> October 2018.

**Susan Gilby**  
**Medical Director**

Dr Susan Gilby joined Wirral University Teaching Hospital as Medical Director at the start of January 2017. Formerly the Medical Director at Wye Valley NHS Trust, she brought with her a wealth of experience that is of great benefit to patients and colleagues at our Trust.

Susan was Medical Director January 2017 to May 2018.

**David Jago**  
**Acting Chief Executive / Director of Finance**

David joined Wirral University Teaching Hospital in June 2016. He was previously Director of Finance at Liverpool Heart and Chest Hospital before being appointed as Deputy Chief Executive/Chief Finance Officer in September 2013. He was Acting Chief Executive December 2017 to June 2018.

David went on secondment to another NHS provider in February 2019.



***Natalia Armes***  
***Director of Transformation & Partnerships***

Natalia joined Wirral University Teaching Hospital in May 2016 as Associate Director of Transformation. She was seconded to the post of Director of Transformation & Partnerships in September 2018 until February 2019.

***Mark Lipton***  
***Acting Medical Director***

Dr Lipton took up the post of Interim Medical Director in June 2018 following the departure of Dr Gilby. Dr Lipton is also a consultant Interventionalist and GI Radiologist joining WUTH in May 1993.

***Gareth Lawrence***  
***Acting Director of Finance***

Gareth was appointed Acting Director of Finance on 15<sup>th</sup> December 2018.

Gareth has over 12 years NHS experience and previously spent five years working at St Helens and Knowsley NHS Trust in senior finance positions. He sees the role as ensuring that the Trust has the right controls and processes in place to manage the public finances, as well as working with our clinical services to seek out continuous improvements for the patients that we serve.

## **Board, Management and Clinical Leadership, Capacity and Capability**

Following the Breach of the Trust's Provider Licence in 2015 with the additional licence condition - section 111 in relation to Senior Management and Board leadership and capability, the Trust in March 2018 formally agreed to a revised set of enforcement undertakings. The rationale for the change was due to some of the original 2015 undertakings not being fully complied with or no longer being effective as a means of securing compliance due to the passage of time and intervening events. NHS Improvement also decided to take further regulatory action in the form of undertakings as outlined below.

NHS Improvement found the Trust to be in breach of conditions FT4 (5)(a), (d) and (f) and CoS3(1) in relation to financial sustainability and in breach of condition FT4 (5)(c) in relation to A & E Performance.

As the Chair resigned from his post on 27 February 2018 and a permanent replacement had not yet been identified, NHSI determined that the Trust breached its additional licence conditions under section 111 of the Act. The Trust appointed an interim Chair, as specified by NHSI. The process for the substantive position completed in February 2019, see Council of Governors, Nominations Committee section.

The Trust agreed the timeline and processes for appointing substantively to a number of interim positions during 2018/19 and are outlined in the Annual Governance Statement.

## **HM Treasury cost allocation and charging guidance**

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

## **Policy on the payment of suppliers**

It is the Trust's policy to follow the Better Payment Practice Code (BPPC), which gives NHS organisations a target of paying 95% of invoices within 30 calendar days of the receipt of either goods or a valid invoice (whichever is later), unless other payment terms have been agreed.

BPPC performance, including invoices with 'other payment terms', is shown below.



	2018/19		2017/18	
	Number	£000	Number	£000
<b>Non-NHS</b>				
Trade invoices paid in the period	87,346	209,541	90,345	176,448
Trade invoices paid within target	69,430	180,853	71,391	136,841
<b>Percentage of trade invoices paid within target</b>	<b>79.5%</b>	<b>86.3%</b>	<b>79.0%</b>	<b>77.6%</b>
<b>NHS</b>				
Trade invoices paid in the period	2,620	41,522	2,678	40,918
Trade invoices paid within target	1,831	35,773	1,613	26,343
<b>Percentage of trade invoices paid within target</b>	<b>69.9%</b>	<b>86.2%</b>	<b>60.2%</b>	<b>64.4%</b>

The Trust also discloses performance based solely on invoices with '30 calendar days' terms, as follows.

	2018/19		2017/18	
	Number	£000	Number	£000
<b>Non-NHS</b>				
Trade invoices paid within 30 days	45,965	110,439	62,011	132,638
Trade invoices paid or should have been paid within that 30 day period	63,313	138,604	79,558	173,252
<b>Percentage of trade invoices paid within 30 days</b>	<b>72.6%</b>	<b>79.7%</b>	<b>77.9%</b>	<b>76.6%</b>
<b>NHS</b>				
Trade invoices paid within 30 days	1,831	35,773	1,613	26,343
Trade invoices paid or should have been paid within that 30 day period	2,620	41,522	2,678	40,918
<b>Percentage of trade invoices paid within 30 days</b>	<b>69.9%</b>	<b>86.2%</b>	<b>60.2%</b>	<b>64.4%</b>

There has been an across-the-board improvement on the previous year's BPPC performance. When suppliers present invoices for payment which do not reference a PO (purchase order) number, payment is necessarily delayed in line with the Trust's best practice 'No PO, No Pay' policy, which therefore contributes to continuing BPPC underperformance. Nevertheless, BPPC continues to be a focus of continued attention in 2019/20.

There has been one payment of interest in 2018/19 (one in 2017/18) under the Late Payment of Commercial Debts (Interest) Act 1998, as disclosed in Note 9.2 to the accounts. This payment was for £735 (£360 in 2017/18). For both 2017/18 and 2018/19, the debts were not paid within 30 days, no compensation was paid, and no amounts related to NHS payables.

## Fees and charges (income generation)

During the year, the Trust received income in relation to fees charged for car parking and catering, against which costs were incurred, and the full cost exceeded £1 million.

Totals relating to these arrangements are disclosed in the table (right).

	2018/19	2017/18
	£000	£000
Income	3,139	3,254
Full cost	(3,113)	(3,225)
Surplus	26	29

## Income for the purposes of the health service in England

Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) requires that the income from the provision of goods and services for the purposes of the health service in England (principal) must be greater than its income from the provision of goods and services for any other purposes (non-principal). The Trust has met this statutory requirement.

Non-principal income is used to provide additional funding for the Trust. It is directly reinvested in the delivery of high quality NHS services.

## Quality Governance Reporting

The Trust has a quality governance and assurance structure which has been formally approved its Board of Directors. The Quality and Safety Committee is recognised as the key Board Assurance Committee which monitors performance in quality, safety and patient experience. This Annual Report also outlines how the Trust has managed a range of quality and safety issues/initiatives as follows:

**Performance Analysis** – this section outlines how the Trust performed against key access targets and where this was not achieved, the actions being taken to improve performance in 2019/20.

**The Staff Report** – this section highlights the work undertaken to improve engagement, the key results from the NHS Staff Survey 2018 and the response by the Trust and key performance data and metrics.

**The Annual Governance Statement** – this outlines how the Trust has maintained a sound system of internal control.

The Board of Directors also received the outcomes of a medical engagement survey in 2017 and as a result has implemented a new clinical leadership model from April 2018. A repeat medical engagement survey will be undertaken in summer 2019.

Following two unannounced inspections by the Care Quality Commission in March 2018, the Trust reviewed its leadership, management and culture as part of the “Well Led” domain the CQC assessment framework in May 2018. NHSI also commissioned an

external investigation into the allegations of cultural, behavioural and governance issues in the Trust in March 2018.

**Quality Performance Dashboard** – this outlines Trust performance against its agreed quality priorities for 2018/19. It also articulates the focus of attention for 2019/20 and outlines the rationale for this.

### **Statement of disclosure to auditors**

Each of the Trust Directors (excluding those who have resigned during the financial year):

- is not aware of any relevant audit information of which the Trust's auditors are unaware
- has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

*Janelle Holmes*

**Janelle Holmes**  
**Chief Executive**

**Date: 28<sup>th</sup> May 2019**

---

## Remuneration Report

---

### Annual Statement on Remuneration

The Remuneration and Appointments Committee met on 5 occasions during 2018/19. The Committee sought external advice where necessary in order to discharge its duties.

### Senior Managers' Remuneration Policy

The definition of 'senior managers' is *'those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS foundation trust'*.

Executive Directors of the Trust are employed on contracts of service and are substantive members of the Trust. Their contracts are open ended employment contracts, which can be terminated by either party with up to six months' notice. The Trust's disciplinary policies apply to Executive Directors, including the sanction of summary dismissal for gross misconduct.

No senior manager is entitled to severance payments or termination payments beyond those accruing for redundancy, in line with Trust policy, or for pay in lieu of notice. The Committee has no plans to introduce incentive payments or rewards to executive directors.

The Committee reviews on a regular basis the remuneration of Directors reporting to the Chief Executive using a variety of benchmarking tools and performance appraisal.

The Trust had 1 senior managers whose salary was above the threshold of £150,000, used in the Civil Service, during 2018/19. In determining the salary levels, the Trust took into account the market rates for equivalent roles: its ability to secure the skills it required and the risks posed in not recruiting into these positions. The Trust also sought and received advice and guidance from NHS Improvement before appointing to this post.

### Annual Report on Remuneration

#### *Remuneration and Appointments Committee*

This Committee comprises the Non-Executive Directors and is chaired by the Trust Chair. Its purpose is to decide the pay, allowances and other terms and conditions of the of the Executive Directors and of staff who are not on national terms as well as consider the appointments of Executive Directors as their posts fall vacant.

Members of the Committee had no financial interest in the matters to be decided. The Chief Executive, Director of Workforce and the Trust Secretary normally attended meetings in 2018/19, except where their own salaries or performance were discussed.

## Attendance at Remuneration and Appointments Committee Meetings in 2018/19

	<b>Meeting Attendance Actual / Possible 1<sup>st</sup> April 2018 – 31<sup>st</sup> March 2019 (% Attendance)</b>
Sir David Henshaw, Chair (Interim Chair from 2 <sup>nd</sup> March 2018, substantive February '19)	5/5 (100%)
John Coakley	5/5 (100%)
Graham Hollick (until 31 <sup>st</sup> October 2018)	2/3 (66.6%)
Sue Lorimer	4/5 (80%)
John Sullivan	5/5 (100%)
Chris Clarkson (from 1 <sup>st</sup> July 2018)	3/3 (100%)
Jayne Coulson (from 1 <sup>st</sup> July 2018)	3/3 (100%)
Steve Igoe (from 1 <sup>st</sup> October 2018)	2/2 (100%)
David Jago (Acting Chief Executive 15 <sup>th</sup> December 2017 – 24 <sup>th</sup> June 2018)	0/1 (0%)
Janelle Holmes (Chief Executive from 25 <sup>th</sup> June 2018)	3/3 (100%)
Helen Marks (Director of Workforce)	4/5 (80%)

### Directors' and governors' expenses

Expenses paid to directors and governors include all business expenses arising from the normal course of business of the Trust and are paid in accordance with Trust policy. The total amount of expenses reimbursed to 13 directors during the year was £7,500 (6 directors, £4,000 in 2017/18). In 2018/19, 23 directors and non-executive directors were in office (17 in 2017/18).

The total amount of expenses reimbursed to 6 governors during the year was £1,100 (5 governors, £700 in 2017/18). In 2018/19, 21 governors were in office (26 in 2017/18).

### Remuneration disclosures which are subject to audit

The following disclosures up to and including *Hutton review of fair pay* are subject to audit.

## Salaries and benefits of senior managers

	2018/19				2017/18			
	Salary & fees (in bands of £5,000) £000	Taxable benefits (to the nearest £100) £	Pension-related benefits (in bands of £2,500) £000	Total (in bands of £5,000) £000	Salary & fees (in bands of £5,000) £000	Taxable benefits (to the nearest £100) £	Pension-related benefits (in bands of £2,500) £000	Total (in bands of £5,000) £000
<b>Janelle Holmes</b> Chief Executive (from June 2018) Chief Operating Officer (to June 2018)	160 - 165	4,000	155 - 157.5	320 - 325	130 - 135	4,000	17.5 - 20	155 - 160
<b>David Jago</b> <sup>1 3</sup> Director of Finance (from June 2018 to January 2019) Acting Chief Executive (from December 2017 to June 2018) Director of Finance (to December 2017)	115 - 120	3,400	n/a	120 - 125	140 - 145	4,000	62.5 - 65	205 - 210
<b>Dr Nicola Stevenson</b> Medical Director (from October 2018)	75 - 80	0	147.5 - 150	225 - 230	n/a	n/a	n/a	n/a
<b>Dr Mark Lipton</b> Acting Medical Director (from June 2018 to October 2018)	70 - 75	0	n/a	70 - 75	n/a	n/a	n/a	n/a
<b>Dr Susan Gilby</b> <sup>2</sup> Medical Director (to May 2018)	30 - 35	700	35 - 37.5	65 - 70	185 - 190	4,000	22.5 - 25	215 - 220
<b>Gaynor Westray</b> Director of Nursing and Midwifery	115 - 120	3,800	0	115 - 120	105 - 110	4,000	87.5 - 90	195 - 200
<b>Gareth Lawrence</b> Acting Director of Finance (from December 2017 to April 2018)	5 - 10	0	30 - 32.5	40 - 45	30 - 35	0	62.5 - 65	95 - 100
<b>Karen Edge</b> Acting Director of Finance (from May to June 2018) Acting Director of Finance (from February 2019)	30 - 35	0	47.5 - 50	75 - 80	n/a	n/a	n/a	n/a
<b>Anthony Middleton</b> Chief Operating Officer (from June 2018) Director of Operations (from May 2017 to June 2018)	125 - 130	4,000	172.5 - 175	300 - 305	95 - 100	4,000	12.5 - 15	115 - 120

<sup>1</sup> This officer was no longer deemed to be a 'senior manager' beyond the stated dates. They remained employed by the Trust thereafter, and they were employed by the Trust as at 31 March 2019.

<sup>2</sup> This officer was no longer deemed to be a 'senior manager' beyond the stated dates. They remained employed by the Trust thereafter, but they were not employed by the Trust as at 31 March 2019.

<sup>3</sup> This officer opted out of the pension scheme in January 2018. They made no contributions to the scheme in 2018/19.

<sup>4</sup> This officer opted out of the pension scheme in February 2018 but was refunded contributions within the current financial year. They made no contributions to the scheme in 2018/19.

Continued on the next page

## Salaries and benefits of senior managers

	2018/19				2017/18			
	Salary & fees (in bands of £5,000) £000	Taxable benefits (to the nearest £100) £	Pension-related benefits (in bands of £2,500) £000	Total (in bands of £5,000) £000	Salary & fees (in bands of £5,000) £000	Taxable benefits (to the nearest £100) £	Pension-related benefits (in bands of £2,500) £000	Total (in bands of £5,000) £000
<b>Helen Marks</b> <sup>4</sup> Director of Workforce (from August 2018) Interim Director of Workforce (from February 2018 to July 2018)	115 - 120	10,700	n/a	125 - 130	15 - 20	1,700	0	15 - 20
<b>Paul Moore</b> Director of Governance and Quality Improvement (from July 2018)	75 - 80	0	47.5 - 50	125 - 130	n/a	n/a	n/a	n/a
<b>Paul Charnley</b> <sup>1</sup> Director of IT and Information (to June 2018)	20 - 25	1,000	25 - 27.5	45 - 50	100 - 105	4,000	22.5 - 25	125 - 130
<b>Carole Self</b> Director of Corporate Affairs (to May 2018)	60 - 65	700	0	60 - 65	95 - 100	4,000	27.5 - 30	125 - 130
<b>Terry Whalley</b> Director of Strategy (to May 2018)	15 - 20	0	52.5 - 55	70 - 75	95 - 100	0	20 - 25	115 - 120
<b>Natalia Armes</b> <sup>1</sup> Director of Transformation and Partnerships (from September 2018 to February 2019)	40 - 45	0	n/a	40 - 45	n/a	n/a	n/a	n/a
<b>David Allison</b> Chief Executive (to December 2017)	n/a	n/a	n/a	n/a	140 - 145	3,900	65 - 67.5	210 - 215
<b>Chris Oliver</b> Director of Operations (to May 2017)	n/a	n/a	n/a	n/a	10 - 15	0	15.0 - 17.5	25 - 30
<b>Denise Price</b> Interim Director of Nursing (from September 2017 to December 2017)	n/a	n/a	n/a	n/a	50 - 55	0	n/a	50 - 55
<b>James Mawrey</b> Director of Workforce (to February 2018)	n/a	n/a	n/a	n/a	80 - 85	3,400	17.5 - 20	100 - 105

<sup>1</sup> This officer was no longer deemed to be a 'senior manager' beyond the stated dates. They remained employed by the Trust thereafter, and they were employed by the Trust as at 31 March 2019.

<sup>2</sup> This officer was no longer deemed to be a 'senior manager' beyond the stated dates. They remained employed by the Trust thereafter, but they were not employed by the Trust as at 31 March 2019.

<sup>3</sup> This officer opted out of the pension scheme in January 2018. They made no contributions to the scheme in 2018/19.

<sup>4</sup> This officer opted out of the pension scheme in February 2018 but was refunded contributions within the current financial year. They made no contributions to the scheme in 2018/19.

Continued on the next page

## Salaries and benefits of senior managers

	2018/19						2017/18					
	Salary & fees (in bands of £5,000) £000	Taxable benefits (to the nearest £100) £	Pension-related benefits (in bands of £2,500) £000	Total (in bands of £5,000) £000	Salary & fees (in bands of £5,000) £000	Taxable benefits (to the nearest £100) £	Pension-related benefits (in bands of £2,500) £000	Total (in bands of £5,000) £000	Salary & fees (in bands of £5,000) £000	Taxable benefits (to the nearest £100) £	Pension-related benefits (in bands of £2,500) £000	Total (in bands of £5,000) £000
<b>Sir David Henshaw</b> Chairman (from March 2018)	60 - 65	0	n/a	60 - 65	0 - 5	0	n/a	0 - 5	n/a	0	n/a	0 - 5
<b>John Coakley OBE</b> Non-Executive Director (from July 2017)	10 - 15	0	n/a	10 - 15	10 - 15	0	n/a	10 - 15	n/a	0	n/a	10 - 15
<b>Christopher Clarkson</b> Non-Executive Director (from July 2018)	10 - 15	0	n/a	10 - 15	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Jayne Coulson</b> Non-Executive Director (from July 2018)	10 - 15	0	n/a	10 - 15	n/a	n/a	n/a	10 - 15	n/a	n/a	n/a	n/a
<b>Steve Igoe</b> Non-Executive Director (from October 2018)	5 - 10	0	n/a	5 - 10	n/a	n/a	n/a	5 - 10	n/a	n/a	n/a	n/a
<b>Susan Lorimer</b> Non-Executive Director (from July 2017)	10 - 15	0	n/a	10 - 15	10 - 15	0	n/a	10 - 15	n/a	0	n/a	10 - 15
<b>John Sullivan</b> Non-Executive Director	15 - 20	0	n/a	15 - 20	10 - 15	0	n/a	15 - 20	n/a	0	n/a	10 - 15
<b>Graham Hollick</b> Non-Executive Director (to November 2018)	5 - 10	0	n/a	5 - 10	15 - 20	0	n/a	5 - 10	n/a	0	n/a	15 - 20
<b>Michael Carr</b> Chairman (to February 2018)	n/a	n/a	n/a	n/a	40 - 45	0	n/a	n/a	n/a	0	n/a	40 - 45
<b>Catherine Bond</b> Non-Executive Director (to June 2017)	n/a	n/a	n/a	n/a	0 - 5	0	n/a	n/a	n/a	0	n/a	0 - 5
<b>Andrea Hodgson</b> Non-Executive Director (to March 2018)	n/a	n/a	n/a	n/a	10 - 15	0	n/a	n/a	n/a	0	n/a	10 - 15
<b>Catherine Maddaford</b> Non-Executive Director (to March 2018)	n/a	n/a	n/a	n/a	10 - 15	0	n/a	n/a	n/a	0	n/a	10 - 15
<b>Dr Jean Quinn</b> Non-Executive Director (to December 2017)	n/a	n/a	n/a	n/a	10 - 15	0	n/a	n/a	n/a	0	n/a	10 - 15



Unless otherwise indicated, all of the listed senior managers were in post for the twelve month period to 31 March 2019. The tables include remuneration only for the period during which each individual was deemed to be a senior manager, and includes remuneration for duties that are not specifically part of the senior management role.

The Director of Finance's period in the remuneration tables ends on 31 January 2019 as he was no longer a 'senior manager' as defined by the NHS Foundation Trust Annual Reporting Manual 2018/19 (*FT ARM 2018/19*), due to outward secondment to another NHS provider. He remains on the same salary and on the Trust's payroll and is expected to leave the Trust's employment in July 2019.

The element of the Medical Director's remuneration which relates to their clinical role is not currently separable from remuneration for their management role. It is therefore not possible to additionally disclose the element of the Medical Director's total remuneration that relates to their non-managerial role.

Taxable benefits relate to a vehicle scheme which forms part of some executives' remuneration, and the payment of accommodation costs for the Director of Workforce. No annual performance-related bonuses or long term performance-related bonuses were paid during the period.

There has been one exit package agreed with a senior manager within 2018/19, which is disclosed in the *Exit packages* section of the *Staff report*. No payments were made to past senior managers other than those related to ongoing employment, where applicable.

## Pension benefits of senior managers

	2018/19						2017/18							
	(a) £000	(b) £000	(c) £000	(d) £000	(e) £000	(f) £000	(g) £000	(a) £000	(b) £000	(c) £000	(d) £000	(e) £000	(f) £000	(g) £000
<b>Janelle Holmes</b> Chief Executive (from June 2018) Chief Operating officer (to June 2018)	5 - 7.5	30 - 32.5	45 - 50	150 - 155	687	215	946	0 - 2.5	2.5 - 5	35 - 40	115 - 120	611	70	687
<b>David Jago</b> <sup>1, 3</sup> Director of Finance (from June 2018 to January 2019) Acting Chief Executive (from December 2017 to June 2018) Director of Finance (to December 2017)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.5 - 5	0	50 - 55	145 - 150	906	95	1,010
<b>Dr Nicola Stevenson</b> Medical Director (from October 2018)	2.5 - 5	5 - 7.5	40 - 45	100 - 105	533	70	755	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Dr Mark Lipton</b> Acting Medical Director (from June 2018 to October 2018)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Dr Susan Gilby</b> <sup>2</sup> Medical Director (to May 2018)	0 - 2.5	0 - 2.5	50 - 55	155 - 160	1,037	16	1,219	0 - 2.5	5 - 7.5	45 - 50	145 - 150	939	89	1,037
<b>Gaynor Westray</b> Director of Nursing and Midwifery	0 - 2.5	0 - 2.5	45 - 50	135 - 140	821	92	955	2.5 - 5	12.5 - 15	40 - 45	130 - 135	689	126	821
<b>Gareth Lawrence</b> Acting Director of Finance (from December 2017 to April 2018)	0 - 2.5	0	15 - 20	30 - 35	181	3	235	0 - 2.5	0 - 2.5	15 - 20	30 - 35	136	13	181
<b>Karen Edge</b> Acting Director of Finance (from May to June 2018) Acting Director of Finance (from February 2019)	0 - 2.5	0 - 2.5	15 - 20	30 - 35	250	9	333	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Anthony Middleton</b> Chief Operating Officer (from June 2018) Director of Operations (from May 2017 to June 2018)	7.5 - 10	17.5 - 20	50 - 55	125 - 130	632	221	890	0 - 2.5	0	40 - 45	100 - 105	602	21	632

(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 March 2019 (bands of £5,000)

(d) Lump sum at pension age related to accrued pension at 31 March 2019 (bands of £5,000)

(e) Cash equivalent transfer value (CETV) at 1 April 2018 (to the nearest £1,000)

(f) Real increase in CETV (to the nearest £1,000)

(g) CETV at 31 March 2019 (to the nearest £1,000)

(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 March 2018 (bands of £5,000)

(d) Lump sum at pension age related to accrued pension at 31 March 2018 (bands of £5,000)

(e) Cash equivalent transfer value (CETV) at 1 April 2017 (to the nearest £1,000)

(f) Real increase in CETV (to the nearest £1,000)

(g) CETV at 31 March 2018 (to the nearest £1,000)

<sup>1</sup> This officer was no longer deemed to be a 'senior manager' beyond the stated dates. They remained employed by the Trust thereafter, and they were employed by the Trust as at 31 March 2019.

<sup>2</sup> This officer was no longer deemed to be a 'senior manager' beyond the stated dates. They remained employed by the Trust thereafter, but they were not employed by the Trust as at 31 March 2019.

<sup>3</sup> This officer opted out of the pension scheme in January 2018. They made no contributions to the scheme in 2018/19.

<sup>4</sup> This officer opted out of the pension scheme in February 2018. They made no contributions to the scheme in 2018/19. As their contributions had not been vested, they were refunded their contributions within 2018/19. As a consequence, the 2017/18 figures have been restated to nil.

Continued on the next page

## Pension benefits of senior managers

		2018/19							2017/18						
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(a)	(b)	(c)	(d)	(e)	(f)	(g)		
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		
<b>Helen Marks</b> <sup>4</sup> Director of Workforce (from August 2018) Interim Director of Workforce (from February 2018 to July 2018)	n/a	n/a	n/a	n/a	n/a	n/a	0	0	0	0	0	0	0		
<b>Paul Moore</b> Director of Governance and Quality Improvement (from July 2018)	0 - 2.5	0 - 2.5	35 - 40	95 - 100	547	553	n/a	n/a	n/a	n/a	n/a	n/a	n/a		
<b>Paul Charnley</b> <sup>1</sup> Director of IT and Information (to June 2018)	0 - 2.5	0	0 - 5	0	34	67	0 - 2.5	0	2.5 - 5	0	6	27	33		
<b>Carole Self</b> Director of Corporate Affairs (to May 2018)	0	0	15 - 20	45 - 50	298	338	0 - 2.5	5 - 7.5	15 - 20	45 - 50	249	50	302		
<b>Terry Whalley</b> Director of Strategy (to May 2018)	0 - 2.5	0	10 - 15	0	86	140	0 - 2.5	0	5 - 10	0	66	16	86		
<b>David Allison</b> Chief Executive (to December 2017)	n/a	n/a	n/a	n/a	n/a	n/a	2.5 - 5	0 - 2.5	30 - 35	70 - 75	491	54	574		
<b>Chris Oliver</b> Director of Operations (to May 2017)	n/a	n/a	n/a	n/a	n/a	n/a	0 - 2.5	0 - 2.5	15 - 20	40 - 45	186	3	210		
<b>James Mawrey</b> Director of Workforce (to February 2018)	n/a	n/a	n/a	n/a	n/a	n/a	0 - 2.5	0	20 - 25	45 - 50	247	28	282		

(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 March 2019 (bands of £5,000)

(d) Lump sum at pension age related to accrued pension at 31 March 2019 (bands of £5,000)

(e) Cash equivalent transfer value (CETV) at 1 April 2018 (to the nearest £1,000)

(f) Real increase in CETV (to the nearest £1,000)

(g) CETV at 31 March 2019 (to the nearest £1,000)

(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 March 2018 (bands of £5,000)

(d) Lump sum at pension age related to accrued pension at 31 March 2018 (bands of £5,000)

(e) Cash equivalent transfer value (CETV) at 1 April 2017 (to the nearest £1,000)

(f) Real increase in CETV (to the nearest £1,000)

(g) CETV at 31 March 2018 (to the nearest £1,000)

<sup>1</sup> This officer was no longer deemed to be a 'senior manager' beyond the stated dates. They remained employed by the Trust thereafter, and they were employed by the Trust as at 31 March 2019.

<sup>2</sup> This officer was no longer deemed to be a 'senior manager' beyond the stated dates. They remained employed by the Trust thereafter, but they were not employed by the Trust as at 31 March 2019.

<sup>3</sup> This officer opted out of the pension scheme in January 2018. They made no contributions to the scheme in 2018/19.

<sup>4</sup> This officer opted out of the pension scheme in February 2018. They made no contributions to the scheme in 2018/19. As their contributions had not been vested, they were refunded their contributions within 2018/19. As a consequence, the 2017/18 figures have been restated to nil.

Non-executive directors do not receive pensionable remuneration. Other directors disclosed in the *Salaries and benefits* table, who do not appear in the *Pensions benefits* table, are not in receipt of workplace pension benefits. All pension benefits relate to the NHS Pension Scheme.

### **Cash equivalent transfer values**

A cash equivalent transfer value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's (or other allowable beneficiary's) pension payable from the scheme. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

### **Real increase in CETV**

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

### **Hutton review of fair pay**

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce. In this context, the median is defined as the total remuneration of the staff member who lies in the middle of the linear distribution of staff, excluding the highest paid director. The highest paid director is, at 31 March, a 'senior manager' as defined previously in this *Remuneration report*.

The banded remuneration of the Trust's highest paid director (Chief Executive) in the financial year 2018/19 was £175k to £180k (2017/18 £190k to £195k). This was 6.5 times (2017/18 7.4 times) the median remuneration of the workforce, which was £27,127 (2017/18 £26,135).

In 2018/19, 22 employees received remuneration in excess of the highest paid director (2017/18 12 employees). Their remuneration in 2018/19 ranged from £177k to £374k (2017/18 £198k to £330k). In both years, these employees were all medical staff and the pay figures do not reflect actual paid salary, but rather, the calculated annualised, full-time equivalent salary as described below.

Total remuneration includes salary, non-consolidated performance-related pay if applicable and benefits-in-kind. It does not include severance payments, employer pension contributions or the cash equivalent transfer value of pensions. As in previous years, temporary agency staff are excluded from the calculations. The calculation methodology is kept the same so that the 2018/19 results are comparable with those in previous years.

In this *Fair pay* section, remuneration figures are based on the annualised, full time equivalent remuneration at 31 March, and they therefore may vary from *actual annual pay* per individual. In particular, the actual 2018/19 salary and taxable benefits of the senior manager who held the office of Chief Executive as at 31 March 2019 is disclosed within the *Salaries and benefits* table of the *Remuneration report* as being lower than the banded remuneration within this disclosure, as their pay at the start of the year related to a senior manager role with a lower salary.

The year-on-year decrease in the ratio is driven by the effect of Agenda for Change pay reform (a national pay award in 2018/19) which increased median pay, combined with a decrease in the highest paid director's pay band. Summary results are included in the table below.

	2018/19	2017/18
Band of highest paid director's remuneration (£000)	175 - 180	190 - 195
Median total (£)	27,127	26,135
Ratio	6.5	7.4

*Janelle Holmes*

**Janelle Holmes**  
**Chief Executive**

**Date: 28<sup>th</sup> May 2019**

## Staff Report

The actions from the cultural review in our Emergency Department are beginning to have impact and for the first time the department has a full complement of nursing staff. An anti-bullying and harassment campaign was introduced in April 2018 and will continue into the coming year.

### The Trust's Employees

The number of whole time equivalents (WTE) employed by the Trust during 2018/19 (as at March 2019) was 5154.84 WTE and the total number of employees was 6187 (Headcount). The following table provides a more detailed breakdown of our employees by WTE and Headcount for 2018/19 (as at March 2019). This is broken down by the number of male and female employees and by staffing groups.

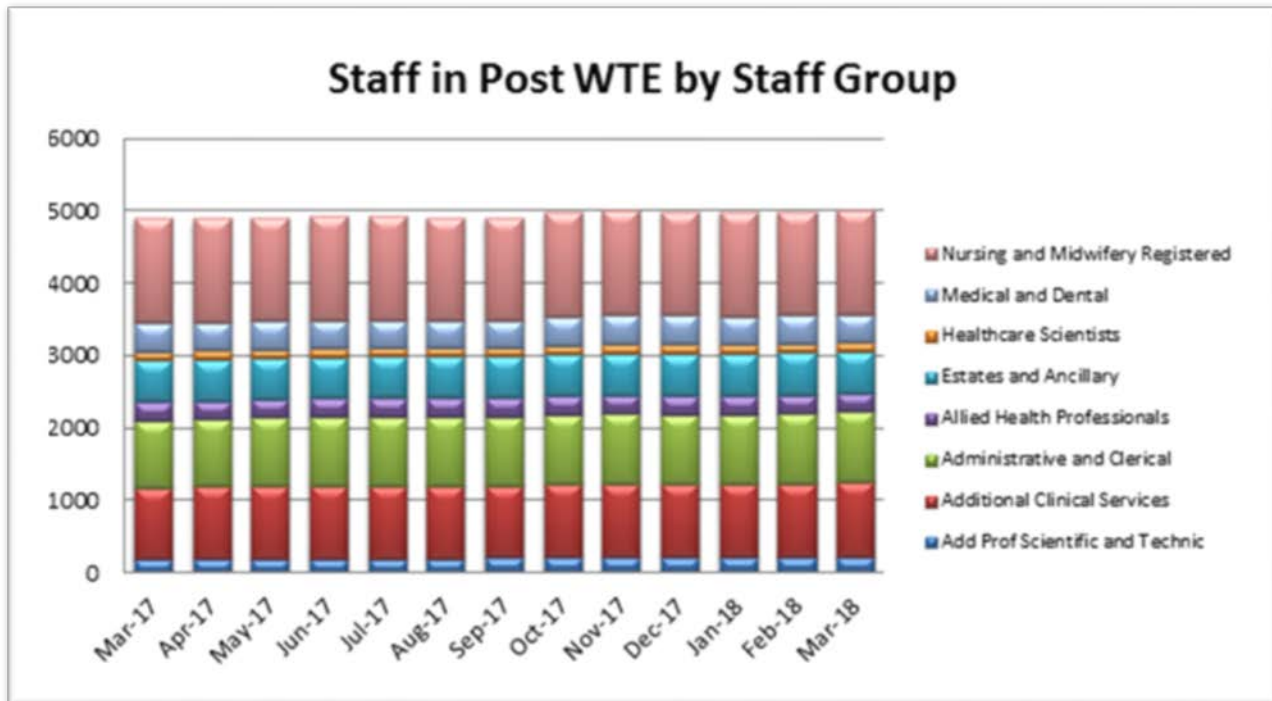
Staff Group	Female		Male		Total WTE	Total Headcount
	WTE	Headcount	WTE	Headcount		
Add Prof Scientific and Technic	165.19	182	63.98	71	229.17	253
Additional Clinical Services	911.08	1098	157.47	169	1068.55	1267
Administrative and Clerical	761.92	893	238.72	250	1000.64	1143
Allied Health Professionals	234.90	301	51.06	56	285.96	357
Estates and Ancillary	334.72	610	243.21	300	577.93	910
Healthcare Scientists	81.77	95	41.75	43	123.52	138
Medical and Dental	170.67	190	227.24	239	397.91	429
Nursing and Midwifery Registered	1344.39	1554	126.79	136	1471.17	1690
<b>Grand Total</b>	<b>4004.64</b>	<b>4923</b>	<b>1150.21</b>	<b>1264</b>	<b>5154.84</b>	<b>6187</b>

### Analysis of average staff numbers

Employee category	Permanently employed	Other	2018/19 Total	2017/18 Total
Medical and dental	402	216	618	591
Administration and estates	684	29	713	939
Healthcare assistants and other support staff	1,971	148	2,119	1,779
Nursing, midwifery and health visiting staff	1,450	76	1,526	1,544
Scientific, therapeutic and technical staff	380	17	397	421
Healthcare science staff	242	7	249	136
Other	-	6	6	7
<b>Total average staff numbers</b>	<b>5,129</b>	<b>499</b>	<b>5,628</b>	<b>5,417</b>
of which				
Number of employees engaged on capital projects	27	-	27	-

The average number of employees is calculated as the whole time equivalent number of employees under contract of service in each week of the financial year, divided by the number of weeks in the financial year. Staff on outward secondments are not included in the table above.

The *Other* category (row) in the above tables includes non-executive directors. The *Other* category (column) includes engagements without a permanent employment contract, including agency / temporary staffing and inward secondments from other organisations.



## Analysis of staff costs

	Permanently employed £000	Other £000	2018/19 Total £000	2017/18 Total £000
Salaries and wages	194,780	10,092	204,872	191,253
Social security costs	17,830	12	17,842	16,949
Apprenticeship levy	890	-	890	842
Employer's contributions to NHS Pensions	21,441	-	21,441	20,119
Employer's contributions to National Employment Savings Scheme (NEST)	39	-	39	18
Agency / contract staff	-	9,352	9,352	6,704
<b>Total staff costs</b>	<b>234,980</b>	<b>19,456</b>	<b>254,436</b>	<b>235,885</b>

## Staff policies and actions applied during the financial year

The Trust has various workforce policies and procedures in place which are reviewed and updated on a regular basis. In 2018 the organisation commenced work on developing a refreshed attendance policy. This includes the use of the Bradford Factor tool which assists in identifying intermittent sickness absence.

In addition we work closely with agencies such as the Mersey Internal Audit Agency (MIAA) to audit our policies and processes and publicise countering fraud.

## Staff Engagement

The Trust provides many opportunities for staff to get involved in decision making and implementing change. A major piece of work around staff engagement began in late 2018 as part of the refresh of WUTHs vision, values and behaviours. Nearly 2000 staff took part in this face to face engagement to offer feedback.

The organisation has refreshed the approaches to engaging with the workforce through the weekly In Touch brief, an online 'Ask the Senior Team, Big debates. In addition the executive team have shadowed a number of roles across the organisation. The Trust will be building upon this in 2019/20 with a new leaders forum being established and regular pulse checks being undertaken Trust wide.

The Trust works closely in partnership with Staff Side to ensure staff views are captured and acted upon. Our employees continue to use the Freedom to Speak Up facility, which has been in place since 2015. There are currently three Freedom to Speak Up Guardians with a fourth commencing from the medical body.

## 2018 National Staff Survey Results

The NHS Staff Survey, undertaken by independent external organisation Quality Health, took place between September and November 2018.



This was an all staff survey for 2018 rather than a sample survey as undertaken the previous year. The Trust had a response rate of 45.4% which was **above** the national rate for acute trusts (44%).

It is important to note that there has been considerable change in the reporting of the results. There are now 10 themes by which trusts are measured and the 10 themes are scored 0-10.

	2018/19		2017/18		2016/17	
	Trust	Benchmarking Group	Trust	Benchmarking Group	Trust	Benchmarking Group
Equality, diversity and inclusion	9.2	9.1	9.2	9.1	9.4	9.2
Health and wellbeing	5.6	5.9	6.0	6.0	6.2	6.1
Immediate managers	6.4	6.7	6.5	6.7	6.7	6.7
Morale	5.9	6.1	NA	NA	NA	NA
Quality of appraisals	5.1	5.4	5.0	5.3	5.2	5.3
Quality of care	7.3	7.4	7.3	7.5	7.6	7.6
Safe environment – bullying and harassment	7.7	7.9	8.2	8.0	8.1	8.0
Safe environment – violence	9.4	9.4	9.4	9.4	9.4	9.4
Safety culture	6.3	6.6	6.5	6.6	6.5	6.6
Staff engagement	6.7	7.0	6.9	7.0	6.9	7.0

It is disappointing that in eight of the themes we fell below the national average with the exception of Equality and Diversity where the Trust was above the national average and in the domain for Safe Environment Theme was equal to the national average.

The organisation has committed to its staff to feedback the results and what the Trust is doing to improve in all areas, specifically targeting the following:

1. Equality / Diversity and Inclusion  
Diversity and inclusion management will continue to deliver on aims set out in the Diversity and Inclusion Strategy to include staff network groups, collaborative working and engagement in local events.
2. Health and Wellbeing  
We have strengthened our health and wellbeing resource as well as pulling together the health and wellbeing offer to our workforce over the next 12 months. This will include fast track services, health and wellbeing clinics and an employee assistance programme. 84.5% of the trusts staff providing direct patient care had a flu vaccination (the Trust achieved 81% in 2017). The ambition for the Trust is to improve on this year on year.

3. Immediate Managers  
Investment in leadership, 360 degree feedback, coaching and management development have commenced with a view to developing stronger leadership and management skills throughout the Trust.
4. Morale  
We are reviewing our reward and recognition schemes which will be rolled out in 2019 aligned with the new vision and values. We already have a number of schemes in place and held a very successful annual staff awards in October 2018. We are having a greater focus on promoting clearer career structures and supporting education and development.
5. Quality of Appraisals  
A new approach to appraisals has been developed and will be rolled out from June 2019. New ways of developing staff and a strong focus on leadership development this year has been driven via a refreshed organisational development Plan.
6. Quality of Care  
There have been many measures introduced around the Quality agenda. Areas of good practice such as regular patient and staff story feedback at Board and Committee meetings. The Ward Accreditation Programme was launched in November 2018. The aim of the programme is to improve patient experience, quality and safety outcomes. This programme has been supported by the introduction of the perfect ward app which is an intuitive tool that facilitates the carrying out of ward inspections.
7. Safe Environment – Bullying & Harassment  
The Trust operates a zero tolerance approach to any form of bullying and harassment and anti-bullying training is in place for all staff. The Trust actively encourages all staff to report any incidences.
8. Safe Environment – Violence  
The Trust operates a zero tolerance approach in relation to violence and aggression towards its staff. There is an incident reporting system that records and monitors actions taken in relation to these incidents. In addition there is conflict resolution training which covers de-escalation.
9. Safety Culture  
Active monitoring of Duty of Candour to patients has resulted in 100% Compliance since launch in September 2018. The Trust has developed a Quality strategy which is to be approved at Trust Board in May 2019. The Trust is will be joining forces with an internationally recognised improvement partner to educate, train and develop the skills of our improvement pioneers so that they can make a difference to our safety culture.
10. Staff Engagement  
Regular communication such as a monthly staff magazine, active staff social media channels, proactive media releases are all being embedded within the organisation.

## Exit packages

Foundation trusts are required to disclose summary information of staff exit packages which have been agreed in the year. This section is subject to audit.

Exit package cost band (including any special payment element)	2018/19	2018/19	2018/19	2017/18	2017/18	2017/18
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
	Number	Number	Number	Number	Number	Number
< £10,000	-	21	21	-	20	20
£10,001 - £25,000	-	3	3	-	2	2
£25,001 - £50,000	-	2	2	-	-	-
£50,001 - £100,000	1	-	1	-	-	-
<b>Total number of exit packages by type</b>	<b>1</b>	<b>26</b>	<b>27</b>	<b>-</b>	<b>22</b>	<b>22</b>
<b>Total resource cost</b>	<b>76</b>	<b>198</b>	<b>274</b>	<b>-</b>	<b>104</b>	<b>104</b>

There was a single compulsory redundancy in 2018/19, and no compulsory redundancies in 2017/18.

In 2018/19, 9 of the 'other departures' were as a result of dismissal, and a further 7 were voluntary resignation. In 2017/18, 14 of the 'other departures' were as a result of dismissal, and 4 were as a result of voluntary resignation. A further 4 cases comprised pay in lieu of notice relating to ill-health retirement. Ongoing costs related to ill-health retirements are met by NHS Pensions and are not included in this disclosure.

The following table details the number and value of non-compulsory exit packages agreed in the year. The expense associated with these departures may have been recognised in part or in full in a previous period.

	2018/19	2018/19	2017/18	2017/18
	Agreements	Total value of agreements	Agreements	Total value of agreements
	Number	£000	Number	£000
Voluntary redundancies including early retirement contractual costs	1	33	-	-
Contractual payments in lieu of notice	25	148	22	104
Non-contractual payments requiring HM Treasury approval	1	17	-	-
<b>Total</b>	<b>27</b>	<b>198</b>	<b>22</b>	<b>104</b>

A single exit package can be made up of several components, each of which will be counted separately in the above table, whereas the first table details individual departures.

Non-contractual exit packages require HM Treasury pre-approval. No such payments were made in 2017/18, and Treasury approval was secured in 2018/19, although it related to a non-contractual payment which ultimately did not exceed twelve months of the individual's salary.

The tables above include a single payment in lieu of notice totalling £42k to the former Director of Corporate Affairs. This senior manager's overall remuneration is disclosed within the *Remuneration report* of this *Accountability report*, with the payment in lieu of notice being included under *Salary & fees*.

### **Expenditure on consultancy**

Total expenditure on consultancy for 2018/19 has been £0.2m (£0.1m 2017/18).

### **Off-payroll arrangements**

The Trust is required to report on its highly paid and/or senior off-payroll engagements. The tables below meet the disclosure requirements.

**Table 1** : For all off-payroll engagements as of 31 March 2019, for more than £245 per day and that last for longer than six months

<b>Number of existing engagements as at 31 March 2019</b>	23
Of which	
Number that have existed for less than one year at time of reporting	14
Number that have existed for between one year and two years at time of reporting	9
Number that have existed for between two years and three years at time of reporting	0
Number that have existed for between three years and four years at time of reporting	0
Number that have existed for between four or more years at time of reporting	0

The Trust has robust contractual agreements with agencies and intermediaries, through which it engages off-payment workers. These contracts confer an explicit obligation on the agencies to undertake an assessment, and calculate and deduct tax.

**Table 2:** All new off-payroll engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019, for more than £245 per day and that lasted longer than six months

<b>Number of new engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019</b>	15
Of which	
Number assessed as within the scope of IR35	10
Number assessed as not within the scope of IR35	5
Number engaged directly (via PSC contracted to Trust) and are on the Trust's payroll	0
Number of engagements reassessed for consistency/assurance purposes during the year	0
Number of engagements that saw a change to IR35 status following the consistency review	0

**Table 3:** For any off-payment engagements of Board members, and/or senior officials with significant financial responsibility, between 1 April 2018 and 31 March 2019

Number of off-payroll engagements of Board members, and/or senior officials with significant financial responsibility, during the year	0
Number of individuals that have been deemed 'Board members and/or senior officials with significant financial responsibility' during the financial year, including both off-payroll and on-payroll engagements	0

There have been no off-payroll engagements of Board Members in 2018/19.

---

## NHS Foundation Trust Code of Governance Disclosures

---

The Directors of Wirral University Teaching Hospital NHS Foundation Trust are responsible for the preparation of the annual report and accounts. It is their consideration that the annual report and accounts, taken as a whole, are fair, balanced and understandable and contain the information necessary for patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy.

The Wirral University Teaching Hospital NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a *comply or explain* basis. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.

The Board of Directors accepts that resignations in 2017/18 were higher than normal and therefore impacted stability during 2018/19. The Board also accepts that the issues raised in the investigation report undertaken by NHS Improvement were not raised or formally recorded in the Board minutes however the Investigation Report was made public and available to all staff.

The Trust, as part of its legal duties, ensures that appropriate insurance is arranged to cover the risk of legal action against any of its Directors.

The Chair met on several occasions with the non-executives without the executives present as recommended under the Code of Governance.

All Board members and Governors on the Council meet the "fit and proper" persons test as described in the Trust's provider licence.

To ensure that Executive Directors continue to fulfil the requirements of the Trust and work to support the Trust in achieving its strategic objectives, appraisals are conducted annually by the Chief Executive.

The Chair has ensured that the Board of Directors and Council of Governors work effectively together, through the provision of timely and appropriate information; the convening of joint workshops and attendance of Board members at Council of Governors meetings; and through a programme of joint workshop sessions. These are structured opportunities, particularly for the Non-Executive Directors, to obtain the views of the governors and, through them, the membership. Non-Executive Directors are also invited to public events where they can meet members, such as the Annual Members Meeting. The lead Governor is a member of the Quality & Safety Committee and all Governors are welcomed at the Board of Directors meetings.

The Chairman reviews the performance of the Chief Executive and of the Non-Executive Directors annually and reports Non-Executive Director performance to the Governors Nominations Committee and Council of Governors. This includes any recommendations for professional development relevant to individual or collective Non-Executive duties. The Governors undertake an annual appraisal of the Chairman which is led by the Senior Independent Director in conjunction with the lead Governor.

All Non-Executive Directors are considered independent in respect of the criteria of independence as set out in the Code of Governance.

The Trust Constitution sets out the procedures for the removal of the Chair or another Non-Executive Director. Any proposal for removal must be proposed by a Governor and seconded by a specified number of Governors with the ultimate decision by the Council of Governors.

Members of the Board attend the quarterly meetings of the Council of Governors in order to present information and respond to any questions raised by governors. The Non-Executive Directors who chair Board Committees present an overview of the work of their committee to Governors on a rotational basis.

Governors have been actively engaged in developing the Trust's forward plans through discussions and presentation both at the Council of Governors meetings and Governors' workshops.

The Trust maintains a Register of Interests and the Board of Directors and Council of Governors review their respective registers on an annual basis to identify any potential conflicts of interest affected their day to day responsibilities. No such conflicts of interest have been identified. In 2018/19 the Chair had no significant commitments outside of the Trust that conflict or impact upon his ability to meet his responsibilities of the Trust.

The Registers of Interest for the Board of Directors and Council of Governors are available to the public and can be accessed on request by writing to the Trust Secretary, Executives' Offices, Wirral University Teaching Hospital NHS Foundation Trust, Arrowe Park Hospital, Arrowe Park Road, Upton, Wirral, CH49 5PE.

The way in which the Board applies the principles and provision is described with the various sections of the Report and the Directors consider that, for the 2018/19 year, the Trust has been compliant with the code as detailed for declaration within the Annual Reporting Manual.

## **Board of Directors**

The Board of Directors undertakes regular reviews to ensure that the Trust maintains a robust committee structure which enables it to fulfil its purpose and, as such, the Board delegates specific functions to its committees as outlined within their terms of reference.

In 2018 a "*Better Control and Assurance*" review was undertaken which outlined changes to the approach to governance. In order to move the Trust forward, the Board supported the recommendations to help strengthen:

- the approach to developing the model of assurance;
- the Board's committee structure which gives visibility to executive groups and Ward to Board line of sight;
- the capacity to handle risk; and
- serious incident handling.

Assurance Committee Chair's Reports are presented to the Board of Directors following every committee meeting to provide a summary of the key areas of discussion and any resultant actions to be monitored by the committee.

The attendance records for Board of Directors and all Committees detailed below reflect the in-year changes within the Board of Directors and therefore include any interim arrangements.

The Board of Directors met on 10 occasions in 2018/19 in order to discharge its duties. All meetings were quorate.

<b>Director</b>	<b>Meeting Attendance Actual/ Possible 1<sup>st</sup> April 2018 – 31<sup>st</sup> March 2019 (% Attendance)</b>
Sir David Henshaw Chair (Interim from March 2018, substantive from February 2019)	10/10 (100%)
Steve Igoe Senior Independent Director (from Oct 2018)	5/5 (100%)
John Coakley	9/10 (90%)
John Sullivan Deputy Chair (from September 2018)	10/10 (100%)
Graham Hollick (until October 2018)	6/6 (100%)
Sue Lorimer	8/10 (80%)
Chris Clarkson (from 1 <sup>st</sup> July '18)	6/7 (86%)
Jayne Coulson (from 1 <sup>st</sup> July '18)	7/7 (100%)
Janelle Holmes Chief Executive from June 2018 /Chief Operating Officer until May 2018	10/10 (100%)
David Jago Acting Chief Executive until May 2018 /Director of Finance June 2018 – January 2019	7/9 (78%)
Gaynor Westray Director of Nursing and Midwifery	9/10 (90%)
Nikki Stevenson Medical Director (from October 2018)	5/5 (100%)
Anthony Middleton Chief Operating Officer (from July 2018)	7/7 (100%)
Helen Marks Director of Workforce (from August 2018)	5/6 (83%)
Paul Moore Director of Quality & Governance (from July 2018) – Non Voting	6/7 (86%)
Karen Edge Acting Director of Finance May '18 and from January '19	1/1 (100%) 1/1 (100%)



Susan Gilby Medical Director until May 2018	2/2 (100%)
Mark Lipton Acting Medical Director (June – September 2018)	3/3 (100%)
Gareth Lawrence Acting Director of Finance (until April '18)	1/1 (100%)
Terry Whalley Director of Strategy & Transformation	0/1 (0%)

## Board Assurance Committees

During 2018/19 the Board had the following Assurance Committees:

- Audit Committee
- Finance Business Performance and Assurance Committee
- Quality and Safety Committee
- Workforce Assurance Committee
- Charitable Funds Committee
- Remuneration and Appointments Committee

All Assurance Committees have access to legal services and resources required to discharge their respective responsibilities.

## Audit Committee

The Audit Committee is established as an Assurance Committee of the Board of Directors and is a Non-Executive led Committee. Its purpose is to scrutinise the Trust's risk and assurance structure and processes to ensure they are effective and support all aspects of the Trust's business.

The Committee determined that the following areas required action:

The Terms of Reference of the Committee were reviewed and updated in January 2019 in line with the Audit Handbook and the Audit agenda was framed around the Committee Terms of Reference in order to provide assurance to the Board of Directors across a range of activities including corporate, clinical, financial risk, governance and management.

The Audit Committee met 5 times during 2018/19 in order to discharge its duties, all meetings have been quorate and a Chair's report submitted to the Board of Directors following each meeting to outline the key areas of discussion and actions to be undertaken to address any issues identified.

Audit Committee members have met in private with both internal and external auditors and are committed to continuing with this practice.

The Audit Committee work programme for 2018/19 covered the following:

- Review of the effectiveness of the revised Board Assurance Framework management processes
- Review of the Risk Management System and Processes
- Review and recommendation of the Annual Report, Annual Accounts and Annual Governance Statement to the Board
- Review of compliance against the Trust's Provider Licence
- Review of risks and controls around financial management, including losses, special payments and financial assurance
- External Audit Reports including the review of effectiveness of the service which was undertaken as part of the private meetings with auditors and the constant review of the challenges facing the Trust and how Audit partners could support this
- Internal Audit Reports and follow up actions
- Anti-fraud work plans and performance data.

The significant internal control issues identified as part of the Audit Committee's work together with the actions to address these are described in the Annual Governance Statement.

The Audit Committee in conjunction with the Council of Governors last tendered for external audit services in 2015/16. Grant Thornton UK LLP was awarded the contract based on recommendations from peer organisations and their demonstration of value for money. The length of the original tenure was 3 years extended by a further 2 years as per the original tender contract.

External auditors have not undertaken any non-audit work during the reporting period.

### **Specific significant issues discussed by the Audit Committee during 2018/19**

The Committee discussed a number of significant accounting issues for the year ended 31 March 2019. These included the following matters identified by the external auditor.

- Revenue recognition.
- Management override of controls.
- Going concern material uncertainty disclosures.
- Valuation of land and buildings.

The first 2 items represent audit risks which are inherent to most, if not all, reporting organisations, and the Committee was content to rely on the reports of auditors, with no adverse findings arising in relation to the 2018/19 financial statements.

Going concern papers were presented and approved at the Committees held in January and April 2019. They set out the basis for management's going concern presumption, including the interpretation of the requirements of the accounting standards and manuals, and management's resulting judgements. As identified in the going concern disclosures in this Annual Report, a material uncertainty was identified, and mitigations were discussed and approved.

The Trust's land and buildings (including dwellings) at 31 March 2019 are valued at £135.5m, representing a significant balance on the Statement of Financial Position. As discussed in Note 1 to the accounts, valuation is an area of critical judgement and estimation uncertainty. The Audit Committee discussed and approved the Trust's annual cycle of revaluation (with full revaluation every 5 years), and reviewed the Trust's policy on depreciation in some detail. A full valuation exercise was carried out for the Trust by Cushman and Wakefield, independent experts in the field.

During the year and in addition to the above, the Committee critically addressed the appropriateness of the accounting policies adopted (Note 1 to the Annual Accounts) and was satisfied that the policies were reasonable and appropriate. This included reviewing and approving areas of judgement, the consistency of policy application from year to year, and any changes to accounting standards. The compilation and submission timetable for the Annual Report and Accounts was also considered and approved.

### **Other financial assurance**

A number of Internal Audits were undertaken during the year around the core financial records and processes, in particular concerning the operation of the General Ledger, and the outcomes from that work have also provided the committee with assurance as to the figures for the year that have been included within the financial statements.

### **Value for Money Conclusion**

The Committee reviewed the risk based review of the Trust's value for money arrangements undertaken by the external auditor. The auditor was satisfied that the Trust has proper arrangements to secure economy, efficiency and effectiveness in its use of resources, except in relation to sustainable resource deployment. In relation to informed decision making which was the subject of a prior year qualification (item 1 below) the external auditors were satisfied that the Trust had made sufficient improvements during the year to confirm that the Trust had put in place improved Governance arrangements and resolved the issues concerning the Board. The external auditor issued a qualified 'except for' value for money conclusion as a result of the sustainable resource deployment issue as set out in 2 below:

#### **1. Informed decision making – Governance Arrangements**

During the year, CQC undertook a comprehensive inspection of the Trust in 2018 and rated the Trust as 'Requires Improvement' overall, and 'Inadequate' in the well-led domain in particular. A wide ranging CQC action plan was established with implementation monitored by the Board of Directors at each formal public meeting thereafter. Good progress has been made to stabilise the Board and senior leadership team, the appointment of a substantive Chair has concluded, and the Board are satisfied that actions in response to CQC concerns have been or are being implemented and embedded in practice as planned.

## **2. Sustainable resource deployment – Financial resources and future sustainability**

The Trust delivered a £37.5m deficit in 2018/19 compared with a planned deficit of £25.3m. This planned deficit included the Trust's inability to access Provider Sustainability Fund (PSF) income of £12.5m in 2018/19, which arose because the Trust did not accept its target control total (£11.0m surplus) issued by NHS Improvement.

The Board approved the updated 2019/20 Operational Plan and the acceptance of the control total of 'break-even'. In arriving at the agreed plan the Trust requires £10.0m of revenue support loans from DHSC which are not yet formally agreed.

### **Operations**

There is a standing item on the Audit Committee agenda to consider matters of escalation from other Assurance Committees of the Board of Directors.

### **Compliance**

The Audit Committee reviews on a quarterly basis compliance against the Provider Licence and each licence provision is RAG rated. In year the review identified two provisions rated as RED, G6 and FT(4). This relates to the NHS Improvement 'undertakings' identified in February 2018 and the breach of Section 111(5)(A) of the Health & Social Care Act 2012.

### **Conclusion**

The Annual Governance Statement outlines how the Trust plans to mitigate a range of significant issues going into 2019/20 and beyond. This includes the work of the Audit Committee as outlined below.

The Committee has framed its work programme for 2019/20 to address the risks outlined above including the sustainable resource deployment issue which led to the qualified "except for" Value for Money Conclusion.

#### **The Committee has agreed that its priorities for 2019/20 will be:**

- Monitor progress towards "true" financial sustainability
- Seek greater assurance from the Finance Business Performance and Assurance Committee on the outcome of the Use of Resources Assessment and the Value for Money Conclusion
- Revision of the Trust's review of compliance with its Provider Licence,
- Review how the Trust begins to embed a streamlined Board Assurance Framework across the organisation and thereby improve its ability to mitigate risk
- Obtain assurance on the implementation of the General Data Protection Regulations (GDPR) from May 2018
- Ensure that the clinical audit programme has the same gravitas for the Committee as the internal audit plan

- Review the Trust’s risk management arrangements particularly focusing on the management and mitigation of risks at an operational level .
- Oversight of the effectiveness of the Trust’s Governance arrangements
- Procurement processes
- Quality matters particularly focusing on infection prevention and control.

The Committee met on 5 occasions as outlined below:

	<b>Meeting Attendance Actual / Possible 1<sup>st</sup> April 2018 – 31<sup>st</sup> March 2019 (% Attendance) Non-Executive Directors</b>
Steve Igoe, Chair (from October 2018)	2/2 (100%)
Graham Hollick, Chair (until October 2018)	2/3 (66.6%)
Sue Lorimer	5/5 (100%)
John Sullivan	4/5 (80%)

## **Council of Governors**

### ***Role and Composition***

The Council of Governors has responsibility for representing the interests of our members and partner organisations in discharging its statutory duties which are:

- to appoint and, if appropriate, remove the chairman
- to appoint and, if appropriate, remove the other non-executive directors
- to decide the remuneration and allowances, and other terms and conditions of office, of the chairman and other non-executive directors
- to approve the appointment of the chief executive
- to appoint, and if appropriate, remove the external auditor
- to receive the annual accounts, any report on these provided by the auditor, and the annual report.

In addition,

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

The Health and Social Care Act 2012, has brought additional powers and duties for the Council of Governors. Those that came into force on 1<sup>st</sup> October 2012 were:

- governors must decide whether the Trust's private patient work would significantly interfere with the Trust's principal purpose, which is to provide goods and services for the health service in England
- The Council of Governors must approve any proposed increase in non-NHS income of 5% or more in any financial year.

The 2012 Act sets out some further powers and duties for governors which came into force in 2013/14:

- holding non-executive directors, individually and collectively to account for the performance of the Board of Directors
- representing the interests of the members of the Trust as a whole and the interests of the public
- approval of 'significant transactions'.

The Trust's constitution sets out how the Council of Governors will discharge its duties and this includes processes for the appointment and removal of non-executive directors.

The Council of Governors comprises:

- 13 public governor seats
- 5 staff governor seats
- 4 seats assigned to nominated partner organisations

The names of those who served as Governors during 2018/19 are listed in the attendance report at the end of this section. This also details the name of the Lead Governor.

Our governors hold office for terms of three years and may serve up to a maximum of nine years if they are successfully re-elected / re-appointed and provided they continue to reside in the area of their constituency (public governors); continue to be in employment at the Trust (staff governors); and continue to be nominated by the organisation they represent (appointed governors).

The Council of Governors approved the policy for removal from the Council of any governor who consistently and unjustifiably fails to attend the meetings of the Council or has an actual or potential conflict of interest which prevents the proper exercise of their duties. This policy is appended to the Trust's Constitution.

The Council of Governors traditionally undertakes an annual review of its collective performance; this was not undertaken in 2018/19 although actions to improve performance and understanding have been undertaken as part of the Council of Governors workshops throughout the year.

## Governor Elections

A total of eight seats were available on the Council of Governors in 2018/19, six of which were for Public Governors and two for Staff Governor.

The Trust successfully elected to six public and two staff governor seats with two public seats remaining vacant, Bebington & Clatterbridge and Heswall, Pensby & Thingwall. An Election process for these two constituencies will be undertaken in 2019.

## Governor attendance at Council of Governor Meetings 2018/19

The following tables list the governors who have served on the Council of Governors during 2018/19 and individual attendance by governors and directors at Council of Governors meetings. Four meetings of the Council of Governors were held in 2018/19.

<b>Governor</b>	<b>Constituency / Class</b>	<b>Meeting attendance Actual / Possible 1<sup>st</sup> April 2018 – 31<sup>st</sup> March 2019 (% attendance)</b>
<b>Public</b>		
Rohit Warikoo	Bidston and Claughton	1/4 (25%)
Frieda Rimmer	Birkenhead, Tranmere and Rock Ferry	4/4 (100%)
Steve Evans	Bromborough and Eastham	4/4 (100%)
Eileen Hume	Greasby, Frankby, Irby, Upton and Woodchurch	4/4 (100%)
Allen Peters	Leasowe, Moreton and Saughall Massie	2/2 (100%)
Derek Hampson	Liscard and Seacombe	0/4 (0%)
Ian Linford	Neston, Little Neston, Parkgate, Riverside, Burton, Ness, Willaston and Thornton	2/4 (50%)
Sheila Hillhouse	New Brighton and Wallasey	2/4 (50%)
Angela Tindall (Lead Governor)	North West and North Wales	4/4 (100%)
Paul Dixon	Oxton and Prenton	0/2 (0%)
John Fry	West Wirral	2/4 (50%)
<b>Staff</b>		
Richard Latten	Registered Medical Practitioners and Registered Dentists	1/1 (100%)
Paula Clare	Registered Nurses and Registered Midwives	1/4 (25%)
Carol Skillen	Registered Nurses and Registered Midwives	2/4 (50%)
Anne Taylor	Registered Nurses and Registered Midwives	2/2 (100%)
Amrit Kang	Other Healthcare Professionals	0/4 (0%)
Norman Robinson	Other Trust Staff	4/4 (100%)
<b>Stakeholder Governors</b>		
Fadil Hannan	University of Liverpool	0/3 (0%)
Mandy Duncan	Wirral Third Sector Assembly	2/4 (50%)
Kathy Hodson	Wirral Metropolitan Borough Council	1/4 (25%)
Tony Jones	Wirral Metropolitan Borough Council	0/4 (0%)

## Director Attendance at Council of Governor Meetings 2018/19

Name	Role	Meetings attended (% attendance)
Sir David Henshaw	Chair	4/4 (100%)
John Coakley	Non-Executive Director	2/4 (50%)
Steve Igoe	Non-Executive Director/ Senior Independent Director	2/2 (100%)
Graham Hollick	Non-Executive Director	1/2 (50%)
Sue Lorimer	Non-Executive Director	2/4 (50%)
Jayne Coulson	Non-Executive Director	1/3 (33.3%)
John Sullivan	Non-Executive Director/ Deputy Chair	4/4 (100%)
Chris Clarkson	Non-Executive Director	2/3 (66.6%)
Janelle Holmes	Chief Executive	4/4 (100%)
Paul Charnley	Director of IT and Information	1/4 (25%)
Anthony Middleton	Chief Operating Officer	3/4 (75%)
David Jago	Director of Finance	3/3 (100%)
Helen Marks	Director of Workforce	4/4 (100%)
Paul Moore	Director of Quality & Governance	2/3 (66.6%)
Gaynor Westray	Director of Nursing and Midwifery	3/4 (75%)
Nikki Stevenson	Medical Director	1/2 (50%)
Mark Lipton	Acting Medical Director	1/2 (50%)
Karen Edge	Acting Director of Finance	2/2 (100%)

## Council of Governor Committees

### Nominations Committee

Governors are invited to participate in the Nominations Committee, the membership of which is set out below. Its purpose is to identify appropriate candidates for Non-Executive Director posts, including Trust Chairman, as and when the terms of office provide, for appointment or re-appointment by open competition. The Committee makes recommendations to the Council of Governors for appointment. The Committee met 4 times during the year.

### Nominations Committee Membership & Attendance 2018/19

Name	Role	Meetings attended (% attendance)
Sir David Henshaw	Chair	2/2(100%)*
Steve Igoe	Senior Independent Director	2/2 (100%)*
Steve Evans	Public Governor	4/4 (100%)
Richard Latten	Staff Governor	4/4 (100%)
Angela Tindall	Lead Governor	4/4 (100%)
Frieda Rimmer	Public Governor	3/4 (75%)
Kathy Hodson	Stakeholder Governor	1/4 (25%)

\*indicates the number of available Committees the Chair and Senior Independent Director were required to attend.



The Nominations Committee sought and used the services of an external recruitment agency in respect of 3 Non-Executive appointments these being Mr Clarkson, Mrs Coulson and Mr Igoe. The Nominations Committee sought external independent advice from the Chair of the The Walton Centre as part of this appointment process, although this individual did not have any voting rights. The Council of Governors at its meeting on 20<sup>th</sup> June 2018 approved the three appointments with Mr Clarkson and Mrs Coulson commencing on 1<sup>st</sup> July 2018 and Mr Igoe from 1<sup>st</sup> October 2018.

In addition the Nominations Committee sought and used the services of an external recruitment agency in respect of Chair appointment. The Nominations Committee sought external independent advice from the Chair of East Cheshire NHS Trust along with the Delivery & Improvement Director for Greater Manchester and Lancashire representing NHS Improvement, as part of this appointment process, although these individuals did not have any voting rights. The Council of Governors at its meeting on 19<sup>th</sup> February 2019 approved the recommendation to appoint Sir David Henshaw with immediate effect for an initial period of three years.

Terms of Reference for the Nominations Committee are reviewed on a regular.

## **Strengthening excellent relationships with governors and members**

### ***Council of Governors***

The Trust considers the input of the Council of Governors to be invaluable in representing the local population and helping put the voice of patients into our decision-making processes.

During 2018/19 as well as Governors being instrumental in membership and engagement and the development of the annual plan they have also been involved in a range of Governor workshops, the topics for which have been determined by the Council. The workshops this year have included Trust Strategy, Nutrition and Hydration, Diabetes, Discharge Hospitality Centre and Surgical Elective Admissions Lounge – Our Patients Journey and a number of others.

Governors continue to play an active role in the Friday Back to the Floor Walkabouts (B2F) along with the Quality Bus, informing staff and patients of a number of key messages.

Governors took an active role in the Annual Members Meeting in September 2018, at which they were presented with the Annual Report and Accounts.

### ***Members of the Trust***

Our members continue to play a vital role in influencing the way we serve our local communities and we are committed to ensuring that our membership is representative of the population we serve. We currently have 8,696 public members plus an additional 6,187 staff members.

They have supported us in a variety of ways, including:

- voting in governor elections
- acting as a yardstick of public opinion about our plans
- receiving and giving feedback on newsletters and other documents
- volunteering.

## **Membership**

We are committed to ensuring that our membership is representative of the population we serve.

The Trust welcomes members from the age of 11 and they are eligible to stand in an election to become a governor from the age of 16.

The public constituency divided into 13 geographical areas:

- Bebington and Clatterbridge
- Bidston and Claughton
- Birkenhead, Tranmere and Rock Ferry
- Bromborough and Eastham
- Greasby, Frankby, Irby, Upton and Woodchurch
- Heswall, Pensby and Thingwall
- Leasowe, Moreton and Saughall Massie
- Liscard and Seacombe
- Neston, Little Neston, Parkgate and Riverside, Burton, Ness, Willaston and Thornton
- New Brighton and Wallasey
- North West and North Wales
- Oxtun and Prenton
- West Wirral

Our staff membership is open to anyone employed by the Trust under a contract of employment which has no fixed term, or has a fixed term of at least 12 months; or has been continuously employed for at least 12 months. Staff members are automatically recruited and may 'opt out' on request, though to date, no members of staff have opted out of membership.

The classes within the staff constituency are as follows:

- Registered Medical Practitioners and Registered Dentists
- Registered Nurses and Registered Midwives
- Other Healthcare Professional Staff
- Other Trust Staff.

## **Membership Strategy**

We believe that our membership makes a real contribution to improving the health of our communities and now that we have recruited an optimum number of members, our emphasis will be upon ensuring good representation and encouraging an active and engaged membership.

We plan to maintain membership at around its current level during the year ahead and will manage 'churn' by targeting recruitment activity towards under-represented groups within the communities we serve.

Throughout 2018/19, we continued to maintain and improve our engagement with our members.

The Trust maintains its links with established groups on the Wirral such as Healthwatch and the Older Peoples Parliament as a way of engaging with members and members are invited to events such as the Annual Members Meeting, Special Members Meetings and the Council of Governors meetings. Our Annual Members Meeting, held in September 2018, provided an opportunity for members, local people, staff and other stakeholders to hear how the organisation performed during the year, and to meet members of the Board of Directors and Council of Governors.

## **Membership Profile**

<b>Membership size and movements</b>		
<b>Public constituency</b>	<b>2017/18</b>	<b>2018/19</b>
At year start (1 <sup>st</sup> April)	8,824	8,759
New members	76	75
Members leaving	141	138
At year end (31 <sup>st</sup> March)	8,759	8,696
<b>Staff constituency</b>	<b>2017/18</b>	<b>2018/19</b>
At year start (1 <sup>st</sup> April)	5,893	6,048
New members	749	716
Members leaving	594	577
At year end (31 <sup>st</sup> March)	6,048	6187
<b>Patient constituency</b>	There is no Patient Constituency	

<b>Analysis of membership 2018/19</b>				
<b>Public constituency</b>	<b>Number of members</b>	<b>%</b>	<b>Eligible membership</b>	<b>%</b>
<b>Age (years)</b>			2016 figures collated by CACI Ltd, except for ethnicity, which is 2011 Census, ONS	
0 - 16	4	0.05	1,579,329	20.01
17 - 21	49	0.56	468,192	6.02
22+	7,718	88.75	5,835,258	73.97
Not stated	926	10.61	N/A	N/A
Total	8,696	100.00	7,900,779	100.00
<b>Ethnicity</b>				
White	8,200	92.30	6,957,053	90.79
Mixed	40	0.46	115,212	1.50
Asian or Asian British	96	1.10	445,546	5.81
Black or Black British	24	0.28	99,230	1.29
Other	10	0.11	46,012	0.60
Not stated	326	3.75	N/A	N/A
<b>Socio-economic groupings*</b>				
AB	2,259	26.16	458,745	19.08
C1	2,489	28.82	722,279	30.04
C2	1,864	21.58	507,325	21.10
DE	2,024	23.43	716,214	29.79
<b>Gender analysis</b>			(2016 figures collated by CACI Ltd)	
Male	3,167	36.42	3,894,691	49.38

Female	5,324	60.19	3,991,805	50.62
Unspecified	205	2.38	N/A	N/A
<b>Patient constituency</b>	There is no patient constituency			

The analysis section of this report excludes:

925 public members with no stated dates of birth, 326 members with no stated ethnicity and 205 members of unspecified gender.

'ABC' data is only available from 2011 census information and collected from the working population aged 16 - 64; therefore the 'eligible membership' numbers are significantly less than the total local population shown in the age profile.

Any member who wishes to communicate with governors and / or directors should contact:

The Membership Office

Arrowe Park Hospital

Arrowe Park Road

Upton

Wirral

CH49 5PE

☎ 0800 0121 356 or email [wih-tr.foundation@nhs.net](mailto:wih-tr.foundation@nhs.net)

---

## NHS Improvement's Single Oversight Framework

---

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

- Quality of Care
- Finance and Use of Resources
- Operational Performance
- Strategic Change
- Leadership and Improvement Capability (Well Led)

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

The Single Oversight Framework applied from Quarter 3 of 2016/17. Prior to this, Monitor's *Risk Assessment Framework* (RAF) was in place.

### *Segmentation*

Wirral University Teaching Hospital NHS Foundation Trust has been placed in Segment 3 of the Single Oversight Framework following breach of the Trust's provider licence in 2015 with the additional licence condition – Section 111.

The Trust agreed to a revised set of enforcement undertakings in March 2018 in relation to financial sustainability and A & E Performance. Full details of this can be found in the Annual Governance Statement.

### *Finance and Use of Resources*

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

Area	Metric	2018/19 Scores				2017/18 Scores			
		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial Sustainability	Capital Service Capacity	4	4	4	4	4	4	4	4
	Liquidity	4	3	3	3	3	4	4	4
Financial Efficiency	I&E Margin	4	4	4	4	4	4	4	4
Financial Controls	Distance from Financial Plan	3	3	2	3	4	4	4	2
	Agency Spend	3	2	1	1	1	1	1	1
<b>Overall Scoring</b>		<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>

---

## **Statement of the Chief Executive's responsibilities as the accounting officer of Wirral University Teaching Hospital NHS Foundation Trust**

---

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

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

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

- observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *NHS Foundation Trust Annual Reporting Manual* (and the *Department of Health and Social Care Group Accounting Manual*) have been followed, and disclose and explain any material departures in the financial statements;
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance;
- confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS foundation trust's performance, business model and strategy and
- prepare the financial statements on a going concern basis.

The accounting officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Wirral University Teaching Hospital NHS Foundation Trust, and to enable them to ensure that the accounts comply

with requirements outlined in the above mentioned Act. The accounting officer is also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

*Janelle Holmes*

**Janelle Holmes**  
**Chief Executive**

**Date: 28<sup>th</sup> May 2019**



---

## Annual Governance Statement

---

### Annual Governance Statement 2018/19

#### 1. *Scope of responsibility*

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

#### 2. *The purpose of the system of internal control*

2.1 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 Wirral University Teaching Hospital NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Wirral University Teaching Hospital NHS Foundation Trust for the year ended 31 March 2019 and up to the date of approval of the annual report and accounts.

#### 3. *Capacity to handle risk*

3.1 The Board of Directors provides leadership on the overall governance agenda. The Board of Directors is supported by a range of sub-committees that scrutinise and review assurances on internal control; such sub committees include the Audit, Quality, Finance Business Performance & Assurance and Workforce Assurance committees. A Risk Management Committee (RMC) was established in 2018, it reports to the Trust Management Board (an Executive Committee) and provides assurance to the Audit Committee. Going forward the RMC will oversee all risk management activity to ensure: (a) the correct strategy is adopted for managing risk; (b) controls are present and effective; and (c) action plans are robust for those risks that remain intolerant. The RMC is chaired by myself as Chief Executive and comprises all of the Executive Directors, Senior Managers, Chair of Audit Committee and specialist advisors routinely attend each meeting. The Trust has kept under review and updated the Risk Management Policy that clearly describes the process for managing risk and the roles and responsibilities of staff. While the RMC reports directly to the Trust Management Board through me, it also works closely with front line Divisions and all Committees of the Board in order to anticipate, triangulate and prioritise risk - working together to continuously enhance the effective management of risk.

- 3.2 Training is made available to relevant staff on risk assessment, incident reporting and incident investigation. In addition, the Board has set out the minimum requirements for mandatory and other role specific training required to control key risks. A training needs analysis informs the Trust's statutory and other training requirements and has been kept under review; this sets out the training requirements for all members of staff and includes the frequency of training in each case.
- 3.3 Incidents, complaints, claims and patient feedback are routinely analysed to identify risks, lessons for learning and improve internal control. Lessons for learning are disseminated to staff using a variety of methods.
- 3.4 I have ensured that all significant risks of which I have become aware are reported to the RMC. All new significant risks are escalated to me as Chief Executive and subject to validation by the Executive Team and RMC. The movement of risk is currently governed by the residual risk score (i.e. the net risk remaining after recognising the benefits of any mitigating controls). Going forward the escalation and de-escalation of risk will be governed more directly by the Board's risk appetite.
- 3.5 The Board of Directors recognise its responsibility to promote organisational success and to keep risk under appropriate levels of control at all times. The Board of Directors established a convention in 2018 for horizon scanning in order to identify and consider new/emergent risks. The Board identified and have kept under review a range of risk scenarios which could, if not mitigated, impact adversely upon delivery of corporate objectives.

#### 4. *The Risk and Control Framework*

- 4.1 The risk management process follows the British Standard Code of Practice for Risk Management, set out in 6 key steps as follows:

**(i) Determine Priorities**

The Board of Directors determines corporate objectives annually and these establish the priorities for Executive Directors and clinical services.

**(ii) Risk Identification**

Risk is identified in many ways. We identify risk proactively by assessing corporate objectives, work related activities, analysing adverse event trends and outcomes, and anticipating external possibilities or scenarios that may require mitigation by the Trust.

**(iii) Risk Assessment**

Risk assessment involves the analysis of individual risks, including analysis of potential risk aggregation where relevant. The assessment evaluates the severity and likelihood of each risk and determines the priority based on the overall level of risk exposure.

**(iv) Risk Response (Risk Treatment)**

For each risk, controls are ascertained (or where necessary developed), documented and understood. Controls are implemented to *avoid risk*; *seek risk* (take opportunity); *modify risk*; *transfer risk* or *accept risk*. Gaps in control are subject to action plans which are implemented to reduce residual risk. In 2018/19 the Board of Directors has taken steps to develop a consensus on its appetite for taking risk. In the year ahead the Board of Directors intend to further develop and communicate its risk appetite statement, through the mechanism of the Board Assurance Framework, to guide the management of risk throughout the Trust.

**(v) Risk Reporting**

Significant risks are reported at each formal meeting of the Board of Directors and Risk Management Committee. In addition, in the event of a significant risk arising, arrangements are in place to escalate a risk to the Chief Executive and Executive Team. The level at which risk must be escalated is clearly set out in the Risk Management Policy. The risk report to the RMC also details what action is being taken, and by whom, to mitigate the risk and monitor delivery. The Audit Committee and Board of Directors have reviewed assurance on the effective operation of controls to manage potential significant risk. The Board of Directors has in place an up-to-date Board Assurance Framework, which has been kept under review by the Committees of the Board. In 2018/19 the Board of Directors identified a need to strengthen the Board Assurance Framework to the extent that it incorporates more directly: (i) the risk scenarios identified by the Board; the specific risk vectors which could, if not mitigated, lead to a risk scenario arising; (iii) risk tolerance; and (iv) the three lines of defence methodology for assuring the operation of control.

**(vi) Risk Review**

- a. Those responsible for managing risk regularly review the output from the risk register to ensure it remains valid, reflects changes and supports decision making. In addition risk profiles for all Divisions remain subject to detailed scrutiny as part of a rolling programme by the RMC. The purpose of the Trust's risk review is to track how the risk profile is changing over time; evaluate the progress of actions to treat material risk; ensure controls are aligned to the risk; risk is managed in accordance with the Board's appetite; resources are reprioritised where necessary; and risk is escalated appropriately.
- b. Incident reporting and investigation is recognised as a vital component of risk and safety management. It is key to the success of a learning organisation. An electronic incident reporting system is operational throughout the organisation and is accessible to all colleagues. Incident reporting is promoted through induction and routine mandatory training programmes, regular communications, patient safety walk rounds or other visits and inspections that take place. In addition, arrangements are in place to raise any concerns at work confidentially and anonymously if necessary.

## 4.2 Significant in-year matters<sup>1, 2</sup>

- (i) The provision of care in a safe, clean clinical environment has been a priority for the Trust to reduce the risk of infection to patients. The Board of Directors recognise there has been insufficient improvement throughout the year to regain overall control of risks associated with Infection Prevention Control (IPC). The Trust has established remedial actions to address concerns across a range of indicators with a particular focus on areas such as: *Clostridium difficile*, MRSA bacteraemia and hand hygiene. The Trust sought and received support from NHS England and NHS Improvement. In conjunction with the clinical divisions the IPC team have developed an improvement plan and oversight of progress monitored through the Patient Safety Quality Board. Areas of non compliance are subsequently escalated to the Quality Committee and the Board of Directors within the Quality Performance Dashboard.
- (ii) Assessment of patient hydration and nutrition status is a key element of the provision of safe care, therefore compliance with the Malnutrition Universal Screen Tool (MUST) is essential. Performance against this measure did not meet the Board's compliance requirements and a focused improvement plan was developed and is currently being implemented. This entailed the use of digital technology to remind staff when reassessment was required. Following this intervention, performance has significantly improved.
- (iii) The Trust is compliant with national standards requiring  $\geq 95\%$  of admitted adult patients to be assessed for risk of venous thromboembolism (VTE). However, in order to monitor more clinically relevant standards, the Trust set an internal target that  $\geq 95\%$  eligible patients should have a VTE risk assessment within 12 hours of decision to admit to hospital. The Trust did not meet the Board's compliance requirement in quarters 1-3. After new systems were introduced in January, this led to a significant improvement in compliance in Quarter 4. Progress is monitored through the Quality Performance Dashboard.
- (iv) The Trust did not meet the requirement to achieve zero breaches of same sex accommodation. Breaches occurred within the critical care unit where, once a patient becomes fit for stepdown care, and an appropriate bed is not available when required, this is classified as a breach. All breaches are reported. The Trust has taken action to introduce additional side rooms within the Critical Care Unit to reduce the number of breaches encountered.

<sup>1</sup> Matters highlighted in section 4.2 have been identified in accordance with 2018/19 *Annual Governance Statement Guidance (Annex B)* issued by NHS Improvement, and also using the qualifying criteria below, developed by the Trust.

<sup>2</sup> A qualifying significant breach of internal control has been evaluated using the following criteria: *a significant breach of internal control is a breach where the Directors are satisfied that the issue was directly relevant to: (i) a failure to achieve a corporate objective; (ii) put the achievement of corporate objectives at significant risk of failure; or (iii) put any Licence to operate at significant risk (i.e. CQC Registration/NHSI Provider licence).*

- (v) The Trust agreed a £25.0m deficit plan for 2018/19. The actual outturn position was £31.3m excluding technical year-end adjustments. The key variances to plan were under-delivery of the Trust elective activity plan and costs of outsourcing activity as a result of the increase in waiting patients following winter 2017/18. In addition, a shortfall against the Cost Improvement Programme (CIP) target related to slippage in scheme identification and delivery. The plan for 2019/20 has consolidated these pressures where they are recurrent and the Trust has agreed to the control total as advised by NHSI.
- (vi) There were 56 events reported during the year that crossed the seriousness threshold and were declared a Serious Incident in accordance with NHS England's Serious Incident Framework. Each case has been thoroughly investigated and reported to local commissioners. Detailed action plans were developed and implemented or being implemented in response to specific cases. In addition, actions initiated by the Board in year to improve control over serious incident handling have reduced mean exposure to serious incidents by 40% for the remainder of 2018/19 (n=8.4 per month 2017/18 to 5 per month 2018/19). A Quality Strategy has been developed which includes a specific goal to achieve year on year reductions in exposure to serious incidents going forward.
- (vii) There was one incident which qualified for reporting as a Never Event. This concerned the misplacement of a nasogastric tube in July 2018. The event was fully investigated, reported to local commissioners and action taken in response. At the time of report the Trust had achieved 8 consecutive months without a Never Event.
- (viii) There was one formal *Prevention of Future Death Report* (formerly known as *Rule 43*) issued by the Coroner. At the time of report, the Trust has addressed the concerns raised by the Coroner and responded accordingly.
- (ix) There were 34 events that met the criteria for reporting to the Health & Safety Executive under the provisions of the *Reporting of Injuries, Diseases or Dangerous Occurrences* (RIDDOR) Regulations. The Board has raised the profile of safety management during the year, and has reviewed and is making changes to the Safety Management System.
- (x) The CQC undertook a comprehensive inspection of the Trust in 2018 and rated the Trust as 'Requires Improvement' overall, and 'Inadequate' in the well-led domain in particular. The reasons why the Trust was rated inadequate in the well-led domain are documented elsewhere in the CQC inspection report. The CQC's conclusion followed: (i) disruptive changes at Board level in 2017/18 which led to the appointment of an Interim Chair by NHSI and subsequent changes to the Executive Team; (ii) ongoing difficulties in emergency care performance and financial control; and (iii) concerns regarding the effectiveness of oversight, compliance and control in respect of regulated activities regulations. A wide ranging CQC action plan was established with implementation monitored by the Board of Directors at

each formal public meeting thereafter. Good progress has been made to stabilise the Board and senior leadership team, the appointment of a substantive Chair has concluded, and the Board are satisfied that actions in response to CQC concerns have been or are being implemented and embedded in practice as planned.

- (xi) The Trust did not meet the requirement to ensure at least 95% of patients attending the Emergency Department (ED) are admitted, transferred or discharged within four hours. An improvement trajectory was agreed with NHSI. Changes are being made to the management of urgent care demand to improve this position.
- (xii) The Trust did not meet the requirement to ensure that no patient should wait longer than 12 hours before they are admitted to a ward, if that is required. There were two breaches of this standard in 2018/19 arising from a need to minimise a clinical risk of cross contamination. Changes are being made to the management of urgent care demand to improve this position.
- (xiii) The Trust improved its position in respect of cases exceeding 52 weeks from referral to treatment. Efforts to enhance control over waiting list management led to there being no patients waiting more than 52 weeks for treatment at the close of 2018/19.
- (xiv) The Trust did not meet the national requirements to undertake 99% of diagnostic tests within six weeks of referral by GP for the year overall. The target was met for 6 months out of 12 months, and was fully compliant in quarter 4.

### 4.3 *Anticipated future risks*

4.3.1 As at 31<sup>st</sup> March 2019, Wirral University Teaching Hospital NHS Foundation Trust has identified a range of risks, which are currently being mitigated, whose impact could have a direct bearing on compliance, CQC registration or the achievement of corporate objectives in the following areas should the mitigation plans be ineffective. In summary, the risk profile captures risk in the following risk scenarios:

- (i) **Demand that overwhelms capacity to deliver care effectively** (compliance with national access standards – namely 4-hour ED performance, 18-week Referral to Treatment Times (RTT), 52-week waits, 6-week diagnostic waits, extended length of stay and adequacy of patient flows through the health system). This risk scenario is currently being mitigated by a combination of interventions to improve patient flow through the wider health system including hospital flow, and emergency escalation arrangements to deal with any unforeseen surges in demand for urgent care or shortfalls in staffing. Performance is monitored by the Board at each formal meeting.
- (ii) **Critical shortage of workforce capacity and capability** (clinical staff vacancy rates, unsustainable levels of sickness/absence, staff

satisfaction, loss of discretionary effort). This risk is currently being mitigated through a range of staff engagement initiatives alongside specific interventions designed to address recruitment, retention, training needs and job planning. In addition, emergency preparedness arrangements have been put in place to deal with an unforeseen critical shortage of staff. The Workforce Assurance Committee oversees and monitors progress, identifying risks for escalation to the Board of Directors.

- (iii) Failure to achieve and maintain financial sustainability** (insufficient delivery of Cost Improvement Plans (CIP)) to deliver agreed control total, expanding financial deficit. This risk is currently being mitigated using a range of core financial policies and procedures, budget controls and detailed cost improvement initiatives. In addition, contingency controls have been developed to provide access to working capital should the need arise. Financial controls are audited to monitor their effectiveness. Financial performance is overseen by the Finance Business Performance & Assurance Committee, which in turn provides assurance to the Board of Directors.
- (iv) Catastrophic failures in standards of care** (adequacy of infection prevention and control, impact of insufficient patient flows on patient care and experience). This risk is currently being mitigated using a wide range of policies and standard operating procedures, staff training, workforce plans at service level, and clearly documented standards of care to be achieved. Practices are audited to monitor implementation. In addition, contingency plans are in place to address critical shortages of staff and/or surges in demand both of which could compromise the standard of care if not mitigated. Specifically, in order to achieve prudent control over infection risk, the Trust has developed and is implementing Infection Prevention & Control (IPC) policies and procedures. Care quality performance is overseen by the Quality Committee who in turn provide assurance to the Board of Directors.
- (v) Major disruptive event** (such as cyber-security, fire, unserviceable estate, loss of utilities for prolonged period). This risk is being controlled using a combination of planned preventative maintenance and operational checks, alongside detailed emergency preparedness plans, which are tested periodically, for those foreseeable emergencies which could lead to rapid and severe operational instability. These controls are assured externally by NHS England, who are satisfied that there is substantial compliance with emergency preparedness requirements. Performance is overseen by the Risk Management Committee.
- (vi) Fundamental loss of stakeholder confidence** (breaches of CQC regulated activities, regulations in the safe, effective, responsive and well-led domains; potential breaches of safety management regulations). This risk is currently being mitigated by building of stakeholder relationships between the Trust, other local providers, commissioners, inspectors, service user groups and regulators. The Board of Directors

takes account of the strength of stakeholder relationships and any action required as part of its engagement activities and meetings.

4.3.2 Detailed risk registers have been developed. These set out the risk, risk treatment and further mitigating actions planned. The Board of Directors established conventions in 2018/19 to ensure the analysis and review of the Board Assurance Framework at each formal meeting of a Committee of the Board of Directors. Outputs from those reviews are examined periodically by the Audit Committee and have been used to underpin this Statement.

4.3.3 The risk scenarios outlined in 4.3.1 above reflects, to the best of the Board of Directors knowledge and assessment, the primary risks facing the organisation in 2019/20 and beyond. These remain the focus of the Board's risk management endeavours going forward.

#### 4.4 *Quality Governance and Performance Assessment*

4.4.1 The key elements of the quality governance arrangements include:

- (i) a clear separation between management and assurance responsibilities within the Board's committee structure;
- (ii) a clear management structure to drive and deliver the Boards' objectives and performance priorities;
- (iii) a wide range of policies, procedures and guidelines to govern operational practices and training requirements;
- (iv) an accountability framework expressed within clear Standing Financial Instructions, that are kept under review by the Audit Committee;
- (v) a Board Assurance Framework (BAF) incorporating the three lines of defence method of assurance, with a clear link established to key performance/risk indicators;
- (vi) a clearly articulated set of performance measures which are reviewed and used by the Board to drive accountability for performance and delivery;
- (vii) engagement with the wider stakeholder community through which the Trust is held to account for performance.

#### 4.5 *Data security*

4.5.1 The Trust has identified and evaluated the risks associated with data security and has taken the following steps to enhance control and resilience:

- (i) appointed a 'Director' as the Senior Information Risk Officer (SIRO);
- (ii) established clear information governance policies and procedures to protect confidential information;
- (iii) provided training to raise awareness of information governance and control with employees;
- (iv) installed access controls, fire walls, continuously updating anti-virus software and other software to minimise risk of cyber attack;



- (v) developed and regularly tests detailed business continuity plans, should they be needed, to maintain organisational resilience in the event of system downtime; and
- (vi) participated as a pilot site in the development of a unified cyber risk framework.

#### 4.6 *Care Quality Commission Registration*

4.6.1 Compliance with the provisions of the Health & Social Care Act 2008 (Registration Regulations) 2010 is co-ordinated by the Director of Quality & Governance. The Director of Quality & Governance oversees compliance by:

- reporting and keeping under review matters highlighted within the Care Quality Commission's Insight Tool and inspections;
- liaising with the Care Quality Commission and local services to address specific concerns;
- engaging with the Care Quality Commission on the inspection process, co-ordinating the Trust's response to inspections and recommendations/actions arising from this;
- analysing trends from incident reporting, complaints, and patient and staff surveys to detect potential non-compliance or concerns in services;
- reviewing assurances on the effective operation of controls;
- receiving details of assurances provided by Internal Audit, and being notified of any Clinical Audit conclusions which indicate potential problems with the operation of internal controls; and
- challenging assurances or gaps in assurance by attending meetings of Risk Management Committee, Trust Management Board, Patient Safety & Quality Committee, Quality Committee, Finance Business Performance & Assurance Committee, Workforce Assurance Committee, Audit Committee, Council of Governors, and Board of Directors.

4.6.2 The Trust is registered with the Care Quality Commission. Following a comprehensive inspection of services in 2018/19 the Trust is required to make improvements in the safe, effective, responsive and well-led domains. The Board accepted the recommendations in full and initiated a wide-ranging programme of actions to deliver the required improvements. These actions are being implemented. The Trust's progress is being monitored by the Board of Directors, NHS Wirral, Wirral Health & Care Scrutiny Committee and overseen by a System Improvement Board chaired by NHS Improvement and comprising of NHS England, Care Quality Commission, Healthwatch and other NHS providers.

#### 4.7 *Compliance with the Provider Licence*

4.7.1 Following the Breach of the Trust's Provider Licence in 2015 with the additional licence condition - section 111 in relation to Senior Management and Board leadership and capability, the Trust in March 2018 formally agreed to a revised set of enforcement undertakings. The rationale for the change was due to some of the

original 2015 undertakings not being fully complied with or no longer being effective as a means of securing compliance due to the passage of time and intervening events. NHS Improvement also decided to take further regulatory action in the form of undertakings as outlined below.

- 4.7.2 NHS Improvement found the Trust to be in breach of conditions FT4 (5)(a), (d) and (f) and CoS3(1) in relation to financial sustainability and in breach of condition FT4 (5)(c) in relation to A & E Performance.
- 4.7.3 As the Chairman resigned from his post on 27 February 2018 and a permanent replacement had not been identified, NHSI determined that the Trust breached its additional licence conditions under section 111 of the Act. The Trust appointed an Interim Chair, as specified by NHSI, and subsequently undertook a process for the substantive position. The substantive Chair was appointed with effect from February 2019.
- 4.7.4 As delegated by the Board of Directors the Audit Committee reviews compliance against the Trust's provider licence on a regular basis, this ensures the submission of timely and accurate information to assess risks to compliance with the Trust's licence. The outcome of each review has and will continue to be reported to the Board in the Audit Committee Chair's Report.
- 4.7.5 The responsibilities of Directors are reviewed through individual performance review and through the review and process for the appointment of Non-Executive Directors.
- 4.7.6 The responsibilities for each of the Board of Directors committees are clearly defined in the terms of reference. These are reviewed on an annual basis along with a review of committee effectiveness and the outcomes subsequently reported to the Board of Directors.
- 4.7.7 The Board of Directors will continue to undertake an annual review of its corporate governance statements, reviewing a range of evidence to support the validity of each of these, as required under NHS FT Condition 4(8)b.

#### 4.8 *Well Led Framework*

- 4.8.1 The Board of Directors has set out the governance arrangements including the committee structure within the Standing Orders. In summary, the Board's committee structure comprised of the following: (i) Finance Business Performance & Assurance Committee; (ii) Audit Committee, (iii) Quality Committee; (iv) Workforce Assurance Committee; (v) Remuneration Committee; supported by (vii) an executive Risk Management Committee and (viii) Trust Management Board. Chairs of the Board's Assurance Committees report to the Board of Directors at the first available meeting after each Committee meeting. Urgent matters are escalated by the Committee Chair to the Board of Directors as deemed appropriate.
- 4.8.2 CQC inspected the Trust in 2018. The Trust was rated as 'requires improvement' overall, and 'inadequate' in the well-led domain.

4.8.3 Steps were taken to stabilise the Board, making the following appointments in year:

- (i) **Chairman** – interim February 2018 to February 2019, substantive Chair appointed February 2019.
- (ii) **Non-Executive Appointments** – 3 appointments – 2 in July 2018 and 1 in October 2018
- (iii) **Chief Executive** – Acting December 2017 to June 2018, substantive Chief Executive appointed June 2018
- (iv) **Medical Director** – interim June – October 2018, substantive Medical Director appointed October 2018
- (v) **Director of Workforce** – interim position March to July 2018, substantive post appointed August 2018.
- (vi) **Director of Quality & Governance** – July 2018

4.8.4 A Board development programme has been commissioned and is underway. In addition, the Trust has invested during 2018/19 in the development of its top leaders. Development programmes will be extended in 2019/20 as part of the Leadership Development Strategy and Organisational Development Work Programme.

#### 4.9 *Workforce strategies*

4.9.1 The Board has concluded that there is a significant risk, which is currently being mitigated, concerning a potential critical shortage of workforce capacity and capability. The control framework established by the Board of Directors to keep this risk under prudent control involves the use of deep employee engagement, rota management, leave and absence management, regular establishment review, and contingencies to enable continuity of service provision in the event of an unanticipated shortage of staff. Alongside recruitment and retention interventions and action plans these combine to reflect the short to medium term workforce plans.

4.9.2 The Board of Directors anticipate that this risk is likely to intensify going forward as:

- (i) more people become eligible for retirement and/or activate their pension; and
- (ii) the demand for new recruits exceeds the Trust's ability to fill all vacancies from local, national and international recruitment initiatives.

4.9.3 A longer term approach for the Workforce Strategy, to be finalised by the Board of Directors in due course, will involve six building blocks:

- (i) Culture & Values, the way we do things around here. The measure of success for this priority will focus on values and behaviours work, accountability and employee contributory framework and coaching conversations.
- (ii) Leadership and development at every level. The measure of success for this priority will focus on developing leadership at every level, developing our managers, talent pipelines, action learning sets.

- (iii) Engagement, creating the employee voice. The measure of success for this priority will focus on creating the employee voice, engaging with our workforce through various channels, exec and non-exec visibility, sharing good practice, temperature testing at regular intervals rather than just wait for the National Staff Survey, recognition and celebration.
- (iv) Recruitment, Retention and planning for a sustainable workforce. The measure of success for this priority will focus on looking after our workforce from application to retirement, the employee journey, recruitment and links with universities, new roles, retention workforce planning, volunteers.
- (v) Securing the health and wellbeing of our workforce. The measure of success for this priority will focus on developing health and wellbeing interventions that keep our employees healthy, creating a health and wellbeing department, focus on mental health
- (vi) Promoting inclusion. The measure of success for this priority will focus on developing networks, springboard leadership programmes, community links.

4.9.4 The Workforce Strategy outcome measures are to be aligned to a 'Basic, Better, Best' trajectory and will be monitored by the Workforce Assurance Committee and performance reported to the Board of Directors.

4.9.5 The Board of Directors has kept under review the staffing governance arrangements. A comprehensive review of nursing staffing requirements was undertaken using National Quality Board tools, professional judgement supported by peer review and outcomes via e-roster. The Board of Directors has received the outcome of the nursing staffing review and in response agreed changes to the nursing establishment in clinical areas.

#### 4.10 *CQC Registration*

The Foundation Trust is fully compliant with the registration requirements of the Care Quality Commission, however there are improvements required, which are currently being implemented, in order to enhance compliance with regulated activity regulations.

#### 4.11 *Register of Interests*

The Foundation Trust has published an up-to-date registers of interests for decision-making staff within the past twelve months, as required by the 'Managing Conflicts of Interest' in the NHS guidance.

#### 4.12 *Pensions*

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within

the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

#### *4.13 Equality, Diversity & Human Rights*

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. Additional steps have also been taken to ensure focus on specific areas of the public sector equality duty; with particular attention on fostering good relations and advancing equality of opportunity between people who share a protected characteristic and those who do not.

The Trust has developed a Diversity and Inclusion Strategy and key objectives for 2018-2022, with an underpinning action plan to ensure achievement.

The Trust has integrated Inclusivity as a theme within the new workforce and Organisational Development plan and is working with staff and community stakeholders to review performance and identify further areas of improvement.

#### *4.14 Carbon Reduction*

The Foundation 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 ensure that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

### *5. Review of economy, efficiency and effectiveness of the use of resources*

- 5.1 The Trust's resources are managed within a financial governance framework that incorporates systems of financial control, budgetary control and the financial responsibilities for individuals outlined within the Trust's Standing Financial Instructions. Financial governance arrangements are supported by internal and external audit to ensure economic, effective and efficient use of resources.
- 5.2 The Trust is committed to ensuring value for money and delivering on the efficiency challenge required to meet its financial objectives whilst ensuring continued improvements in quality of care and service transformation.
- 5.3 Performance is monitored by the Board of Directors, with more detailed scrutiny taking place at the Finance Business & Performance Assurance committee. The performance of individual divisions and directorates is measured through the Trust's performance management arrangements on a monthly basis.
- 5.4 The Trust has achieved improvements in the use of resources in 2018/19, including:

- (i) **Clinical Services** – The Trust acting as prime provider for Musculoskeletal (MSK) services commenced delivery of new pathways in July 2018. Significant savings have been achieved in addition to improvements in the efficiency of the clinical pathway and patient experience. The Trust successfully achieved compliance with new maternity quality indicators that led to receipt of incentive payments in respect of its CNST premium. The Trust continues to work with the Countess of Chester Hospital NHS Foundation Trust on an integrated pathology service that is reducing cost and improving efficiency.
- (ii) **People** - The Trust is operating within its agency ceiling of £7.8m with £7.8m spent at the end of the year (excluding VAT changes). The Trust continues to have one of the lowest usage of qualified nursing agency staff in the region with 3% fill rate of non-core shifts. Further improvements have been made in other staff groups with Radiographer agency spend reducing from £26k to £3k per month.
- (iii) **Clinical Support Services** – The Trust’s pathology services are benchmarked by NHSI and continue to have the lowest cost per test across the Cheshire and Merseyside footprint. The Trust shares non-urgent pathology services with the Countess of Chester Hospital NHS Foundation Trust for microbiology, immunology and cytology. There is also an on-going project that aims to merge blood sciences and histology to form one overall joint service.
- (iv) **Corporate services, procurement, estates and facilities** – the Trust has top quartile performance in the Model Hospital ranking for Procurement and is also an early adopter of the national procurement model to achieve purchasing at scale. The Trust is also rated green for efficiency in Estates & Facilities, Finance and HR under the Model Hospital framework.
- (v) **Finance** – the Trust has historically delivered circa 3% cost improvement programmes per year however despite this the Trust has not delivered the required financial out-turn as agreed to at the beginning of the year. The Trust had agreed with the regional NHS Improvement team a revised forecast adjusted financial performance deficit (AFPD) of (£33.0m); this shows a year end AFPD variance of (£8.0m) against the agreed Financial Plan of (£25.0m) deficit.

## 6. *Information Governance*

During 2018/19 the Trust reported two breaches of confidentiality to the Information Commissioner’s Office (ICO). These concern: (i) theft of a patient’s record (deemed by the ICO to require no further action); and (ii) an overheard private conversation (currently under review by the ICO).

## 7. *Annual Quality Report*

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

7.2 The Annual Quality Report 2018/19 has been developed in line with national guidance, with regular reporting on the performance of key quality metrics to the Quality Committee and to the Board of Directors. The work is led by the Director of Quality & Governance in partnership with the Medical Director and Chief Nurse. Quality and compliance is overseen by the Patient Safety & Quality Board (PSQB) which has strong clinical engagement from representation of all clinical divisions. The scrutiny of PSQB followed by independent review of the Quality Committee with input from Healthwatch, Local Authority Overview & Scrutiny Committee, Commissioners and Governors enables the Board of Directors to obtain a balance view on the Quality Account.

In addition, the Board of Directors have commissioned independent testing of clinical coding in order to provide assurance on the accuracy of information. Specific tests are undertaken in accordance with the Quality Account regulations and as determined by the Board of Directors. The Board of Directors at each formal meeting reviews its progress against priority performance indicators including those that form the NHSI Single Oversight Framework.

7.3 The Quality Committee, independently chaired by a Non-Executive Director and comprising both Non-Executive and Executive Directors, receives reports and assurances on the quality report metrics. All data and information within the Quality Report is reported to this Committee. The Committee is active in ensuring that quality remains at the heart of all Trust business. The Quality Report within this Annual Report describes the quality improvements achieved in 2018/19.

7.4 In 2018/19 the Trust established a Governance Support Unit (GSU) with all the relevant skills and experience to support patient safety and quality improvement work across the organisation.

7.5 The Trust has a system in place to review and update policies to ensure these control documents support high quality care. This process is managed by the GSU. All new policies and revised policies that change are subject to a defined consultation process with staff prior to ratification through PSQB or designated senior meeting for HR and finance policies. Policies include key performance indicators that are audited in line with the policy requirements.

7.6 The Quality Report has been reviewed by external audit. Comments have been provided by local stakeholders including local commissioners, Healthwatch, and Wirral Borough Council Oversight and Scrutiny Committee. A limited scope

assurance report is provided by external audit on the content of the quality account and selected key performance indicators.

## 8. *Review of effectiveness*

- 8.1 As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the quality report within this Annual Report and other performance information available to me. My review is also informed by comments made by the external auditor 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 of Directors, the Audit Committee, Quality Committee and Risk Management Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.
- 8.2 In reviewing the effectiveness of internal control, the Board of Directors has taken account of reports received from the Audit Committee, Quality Committee, Finance & Business Performance Assurance Committee, Workforce Assurance Committee and the Trust Management Board. The Board of Directors has concluded that the actions taken to stabilise the Board, reconstruct governance arrangements, improve CQC compliance and build more productive stakeholder relationships has been effective in year. The Board of Directors also recognise and understand the challenges that remain relating to financial sustainability at system level, and managing demand for care more effectively. These are priorities embedded in organisational objectives for the year ahead.
- 8.3 The Trust's system of control is based upon an ongoing process designed to identify principal risks to the achievement of policies, aims and objectives. This has been further strengthened this year by the continuing work on the Board Assurance Framework and risk management systems. As with all Internal control systems they are designed to manage rather than eliminate the risk of failure and can therefore only provide reasonable and not absolute assurance of effectiveness against material mis-statement or loss. The Audit Committee is not aware of any material issues regarding fundamental failures which directly stem from a failure of the control environment or internal controls which comprise that environment.

## 9. *Internal Audits*

- 9.1 During 2018/19 thirteen formal internal audits were undertaken. No reviews received 'high assurance', seven received 'substantial assurance', three received 'moderate assurance' and three received 'limited assurance'. None of the reviews had 'no assurance'.



Limited assurance opinions were received in respect of:

- Consent
- Activity Data Capture – Diagnostics 6 weeks
- Activity Data Capture – 62 day cancer target

9.2 The Trust reported back to the Audit Committee that the required actions have now been completed and that the Audit Committee were satisfied that those actions taken have addressed the risks identified.

9.3 The Audit Committee introduced a revised set of controls to ensure Executive input, scrutiny of findings and oversight of the management response.

9.4 I refer to the conclusions reached by the independent Head of Internal Audit who has provided me with the following assurances:

- (i) that the Trust's assurance framework is structured to meet the NHS requirements, is visibly used by the organisation and clearly reflects the risks discussed by the organisation;
- (ii) that Internal Audit awarded satisfactory (substantial or moderate) assurance for the majority of audit assignments undertaken in year; and
- (iii) that, overall moderate assurance can be given that there is an adequate system of internal control. In some areas there are weaknesses in design and/or inconsistent application of controls which places the achievement of some of the organisations objectives at risk.

## 10. *Conclusion*

10.1 As Accounting Officer with responsibility for maintaining a sound system of internal control at Wirral University Teaching Hospital, I have reviewed the system of internal control and have, to the best of my knowledge and belief, highlighted the in-year significant control issues in this Statement as outlined in section 4.2. These relate to a number of key quality and performance indicators that the Trust is currently not meeting and taken as a whole, they represent a single significant internal control issue.

10.2 Those control issues highlighted in this Statement have been or are currently being addressed. I confirm that there are no other significant breaches of internal control that have been brought to my attention in respect of the financial year ended 31<sup>st</sup> March 2019 and up to the date of approval of the annual report and accounts.

*Janelle Holmes*

**Janelle Holmes**  
**Chief Executive**

**Date: 28<sup>th</sup> May 2019**



# Quality Report 2018/19

## Contents

Part 1: Foreword

Part 2: Priorities for improvement and Statements of assurance from the board

Review 2018/19 priorities:

- Patient Flow
- Nutrition and Hydration
- Pressure Ulcers

Priorities set for 2019/20:

- Patient Flow
- Nutrition and Hydration
- Pressure Ulcers

Assurance statements on:

- Relevant Health services provided
- National Clinical Audit
- External reviews
- Research
- CQUIN
- CQC regulation
- Health Records submitted for Hospital Episode Statistics
- Information Governance
- Clinical coding
- Learning from deaths
- Summary Hospital Level Mortality Indicator
- Patient Reported Outcomes
- Responsive to personal needs of patients in the Trust
- Staff Recommendation Rate
- Venous thromboembolism
- Clostridium Difficile Rate
- Patient safety Incidents

Part 3. Overview of Quality

- National Performance and Quality indicators
- Quality Dashboard
- Staff Survey and Engagement

Appendix 1 Statements from Third Parties

Appendix 2: Statement of Directors' responsibilities in respect of the quality report

*To be provided*

Appendix 3: 2018/19 Limited Assurance Report on the Content of Quality Report

*To be provided*

Appendix 4: Care Quality Commission ratings for this Trust

Appendix 5: Services provided by the Trust

## Part 1: Foreword

2018/19 has been a year of consolidation and building robust plans to achieve sustainable improvements for the future. Over the last year, we like the rest of the NHS, have experienced significant pressure and demand for our services but I am continuously amazed by the resilience of our staff and their strong desire to deliver quality care for all our patients and service users.

We have made great strides in our improvement journey following a CQC Inspection in 2018 in which we were rated as “Requires Improvement”. Since then our teams have worked tirelessly to ensure we improve our services. These improvements were recognised in March 2019 during a follow-up re-inspection.

The Trust’s Maternity Services were rated as “good” overall by the CQC. We launched the Seacombe Birth Unit enabling women to choose a community setting for their births. The success of the service has seen the team of midwives deliver 66 babies over the past 12 months. Our Maternity Service was shortlisted for the Royal College of Midwifery Maternity Service of the Year Award 2019 and the Highfield Midwifery Team also won the 2018 Midwifery Achievement category at the Northern Maternity Festival.

We recognise that working with all system partners is critical to the delivery of safe, sustainable, high quality patient focussed services. We are a key partner in the Healthy Wirral Place Programme. In July 2018 our Musculoskeletal (MSK) integrated service was launched, which was shortlisted in the Acute Service Redesign category of the HSJ Value Awards.

Empowering our staff to deliver great patient care alongside leadership development is a core pillar of our improvement agenda. We are in the process of developing the organisations long term service strategy. We have consulted with staff on the refresh of the organisational values and behaviours to ensure we are the best place to both give and receive care. In addition 2600 staff (45%) completed the NHS staff survey which was a fantastic response rate when compared nationally. This feedback will now help shape improvements around staff engagement, health and wellbeing, morale of staff and enhancing our safety culture.

The benefits of the GDE programme to patient safety have been numerous. On an international level we were also named as one of the “Most Wired” hospitals in the world by the College of Healthcare for our use of digital technology. In addition our Health Information Exchange went live, allowing sharing of the Electronic Patient Record (EPR) with our partners across the health economy.

We are continuing to enhance the quality of service for our patients. We have invested in improved nutrition and hydration, offering a full range of International Dysphagia Diet Standardisation Initiative (IDDSI) options to improve patient safety. We have launched NEWS2 which is a national standardised assessment and response to acute illness, such as Sepsis. This year we have launched our Ward Accreditation programme to ensure we reliably deliver high standards of care, patient safety, cleanliness and management on our wards. The aim is for all our wards and services

to be accredited, giving confidence to our patients that the quality of care being delivered is of the highest standard.

Finally I am pleased to confirm that the Board of Directors has reviewed the 2018/19 Quality Account and can confirm that it is an accurate and fair reflection of our performance. I hope that this Quality Account provides you with a clear picture of how important quality improvement, safety and service user and carer experience is to us at Wirral University Teaching Hospital.

On behalf of the Board I want to thank all our staff for their continued contribution on our improvement journey.

*Janelle Holmes*

Janelle Holmes  
Chief Executive

## **Part 2: Priorities for improvement and Statements of assurance from the board**

### **2.1 Review of the Priorities for Improvement 2018/19**

This section of the report tells you how we performed against the priorities that we set ourselves in 2018/19. In 2018/19, we identified 3 priorities focused on improving patient safety, clinical effectiveness and patient experience.

#### **Priority 1 - Implement the SAFER bundle to improve patient flow and ensure safe discharges**

The Trust has found it challenging to ensure that patient flow through the hospital is always smooth, with the effect that people may remain in hospital even though they are medically fit to be discharged and are keen to return home. The Trust aimed for 33% of all medical discharges to be completed before noon, from wards areas. This improvement target was not met and has resulted in delays for ward admissions for people entering the hospital through the Emergency Department. In view of this shortfall in our targets for patient flow, the Trust launched a number of improvement initiatives in Quarter 4:

- Launched SHOP (sick patients , home, other patients) review of patients on Medicine & Acute wards commencing 2<sup>nd</sup> Jan 2019;
- Launched 10 by 10 (10 discharges by 10 am) on Surgical Wards on 2nd March;
- Conducted a deep dive and audits on Medicine & Acute wards;
- Started a four week flow trial to provide further impetus for our improvement.

#### **Priority 2 - Ensuring our patients nutritional needs were met**

The Trust targets for patients were as follows:

- Achieve 95% compliance with Malnutrition Universal Screening Tool (MUST) assessments at seven days, by the end of quarter 4;
- 95% of patients with a MUST score of 2 or higher will have been referred to a dietician, by the end of quarter in 2018.

The Trust undertook a 'deep dive' review of our patients nutritional hydration needs focusing on our national patients experience survey data. As a result of this the Trust developed a detailed improvement programme based on focusing on MUST compliance, improving patient's menus and improved focus on our patients with dementia.

The Trust has signed up to the NHS England initiative '*Always Events*'. Always Events® are defined as "*...those aspects of the patient and family experience that should always occur when patients interact with healthcare professionals and the health care delivery system: Always Events® is a co-production quality improvement methodology which seeks to understand what really matters to patients, people who use services, their families and Carers and then co-design changes to improve experience of care*".



The Trust has made significant improvement on our Always Event, linked to improving patients experience at mealtimes, based on feedback from patients working to improve the environment and ensure patients have the opportunity to sit out and are well prepared for mealtimes.

The Trust uses the Malnutrition Universal Screening Tool (MUST) to assess patients’ nutritional needs and make referrals to dieticians where necessary. Although The Trust has not met the target, we have seen a significant improvement in MUST assessment as set out in Table1.

Table 1

Nutrition and Hydration	2017/18 QTR 3	2017/18 QTR 4	2018/19 QTR 1	2018/19 QTR 2	2018/19 QTR 3	2018/19 QTR 4
MUST Assessment at 7 days	44%	59%	50%	72%	82%	86%

Improvement work included investment in improved menus and resources delivering food to our wards from January 2019. Initial feedback from patients has been extremely positive with over 85% of patients surveyed indicating that they felt the food was either “Excellent” or “Good” compared with 45% in the pre new menu survey. The menus have included new options of finger food to ensure patients with dementia are better catered for.

During quarter 1 we automated the referral system to dieticians. This allowed automated referral to a dietician when a MUST assessment had indicated this requirement.

**Priority 3 - The Trust aimed to reduce harm to patients, particularly in relation to newly formed pressure ulcers.**

Target: Our targets were as follows:

- Zero tolerance of avoidable pressure ulcers at grades 3 and 4
- The Trust aimed for a 50% reduction in the total number of hospital-acquired, avoidable grade 2 pressure ulcers, compared to the 2017/18 year end position

During 2018/19 the Trust undertook a deep dive review of pressure sore identification and management. From this work we developed an improvement programme that included increased surveillance, increased staff knowledge and awareness of prevention and management, and the provision of additional equipment to prevent occurrences of pressure ulcers. Through our improvement work we have identified that a key contributing factor to pressure ulcer prevalence is patients experiencing a long wait in the Emergency Department. The Trust has increased surveillance and education in this area and we are ensuring that appropriate mattresses are available for those patients identified as at risk.

Although the Trust has not met our target of zero tolerance of grade 3 and 4 pressure ulcers, we have seen a reduced number of grade 2 pressure ulcers and Deep Tissue Injuries.

Table 2.

Pressure Ulcer/Injury	2017/18	2017/18	2018/19	2018/19	2018/19	2018/19
	QTR 3	QTR 4	QTR 1	QTR 2	QTR 3	QTR 4
Grade 4	0	0	1	0	0	0
Grade 3	3	0	2	2	0	0
Grade 2	40	50	48	46	45	23
Deep Tissue Injury	37	51	46	52	31	22

## 2.2 Looking forward to 2019/20: What our priorities are, and how we are planning to achieve on these.

The Trust is in the process of developing our new Quality Strategy (2019/22). The Quality strategy has three overall objectives: enhanced patient experience; no avoidable harms; and consistent and reliable care. Sitting beneath these objectives are nineteen topics which the Trust believe will support these objectives. The strategy sets out clear expectations about quality improvement with measurable achievements to monitor our progress. In light of this, we have reviewed our Quality Account priorities for 2019/20 to support making this vision a reality and have chosen to focus on the following three priorities;

### Priority 1 - Patient Flow through the Trust

#### Our Targets

- Reduce bed occupancy to 93% by October 2019
- Reduce Length of stay (using model hospital definition of Length of stay)
- Reduce the numbers of medically optimised patients not discharged

The Trusts aim is to optimise working on wards to admit, treat and discharge patients in the most efficient manner possible, supported by the reduction of avoidable delays to reduce length of stay and increase the number of discharges earlier in the day. Consultants and Ward Managers working together are responsible for providing the essential leadership and direction that is needed for this work to succeed. We want to enable our patients and teams caring for them to know what care is being delivered and to enable them to get home as soon as possible. The following work streams will support this:

- a) Implementation of an Improved Trust Flow Model
- b) Earlier Discharges: Reducing Length of Stay and Discharging Earlier in the Day- Embedding our Shop model. Embedding morning and afternoon huddles

## **Priority 2 - Improve our patient's nutrition and hydration**

Our targets

- 95% compliance with MUST assessments at seven days, by the end of quarter 4
- Establish Baseline metric with regard to fluid balance assessment

The continued focus on embedding our patients MUST assessments will ensure that progress made in 2018/19 is fully embedded in practice. Establishing baseline assessment early in 2019 will allow us to focus on improvements in regard to fluid balance. Following on from our deep dive, and increased surveillance we anticipate higher focus on those patients who have experienced a greater than expected weight loss.

## **Priority 3 - Reduce Pressure ulcers in patients who are cared for in the Trust**

Our targets:

- Zero tolerance of avoidable pressure ulcers at grades 3 and 4
- 50% reduction in the number of grade 2 pressure ulcers, compared to the 2018/19 year end position.

We will continue our focus on improvement from 2018/19.

## **2.3 Statements of assurance**

During 2018/19 WUTH provided and /or subcontracted the 74 relevant health services. The Trust has reviewed all data available to them on the quality of care in all of these health services. The income generated by the relevant health services reviewed in 2018/2019 represents 100% of the total income generated from the provision of relevant health services by The Trust for 2018/2019. This position reflects the latest information available to date.

### **National Audits**

During 2018/19 44 national audits and national confidential enquiries covered relevant health services that Wirral University Teaching hospital provides. During that period WUTH participated in 40 (91%) national clinical audits and 66% national confidential enquiries, which it was eligible to participate in.

The national clinical audits and national confidential enquiries that WUTH was eligible to participate in, and participated in, are listed below alongside the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry.

WUTH intends to take the following actions to improve the quality of healthcare provided, identified where audit reports are available and have been reviewed, as detailed in the table below.

Table 3

<b>Name of Audit/Confidential Enquiry</b>	<b>Participation (18/19) Number Percentage</b>	<b>Learning/ outcomes</b>
Adult Community Acquired Pneumonia	No participation	NA
BAUS Urology Audit - Cystectomy	Continuous data collection	The national report does not provide Trust specific performance, only recommendations. The service has outcomes matching or exceeding national benchmark standards. The Trust has invested in a laparoscopic ultrasound machine, allowing robotic partial nephrectomy for more difficult tumours.
BAUS Urology Audit - Nephrectomy	Continuous data collection	
BAUS Urology Audit - Percutaneous Nephrolithotomy (PCNL)	Continuous data collection	
BAUS Urology Audit – Radical Prostatectomy	Continuous data collection	
Cardiac Rhythm Management (CRM)	TBC	Awaiting Results in June 2020
Case Mix Programme (CMP) (INARC)	Continuous data collection	Report due December 2019
Elective Surgery (National PROMs Programme)	Continuous data collection	Participation rates have risen. Health gain remains as expected; no action plan required
Falls and Fragility Fractures Audit Programme (FFFAP)*	Data submission on going	Report due December 2019
Feverish Children (care in emergency departments)	67 cases	Awaiting Results in Spring 2019
Inflammatory Bowel Disease programme / IBD Registry	No participation	NA
Learning Disability Mortality Review Programme (LeDeR)	9 cases referred to LeDer	Awaiting Results
Major Trauma Audit	Continuous data collection	Results currently being reviewed
Mandatory Surveillance of Bloodstream Infections and Clostridium Difficile Infection	Completed Continuous surveillance/ data collection	Metrics reported via Quality dashboard and reviewed contemporaneously

<b>Name of Audit/Confidential Enquiry</b>	<b>Participation (18/19) Number Percentage</b>	<b>Learning/ outcomes</b>
Maternal, New-born and Infant Clinical Outcome Review Programme	23 cases	Report due June 2019
Myocardial Ischaemia National Audit Project (MINAP)	TBC	Utilising IT to support care bundles; reviewing education with Emergency department and cardiac rehab.
National Adult Community Acquired Pneumonia (CAP) Audit	Full Participation	Data collection date due May 19
National Adult Non-Invasive Ventilation (NIV) Audit	Full Participation	Audit closes June 19
National Asthma and COPD Audit Programme*	TBC	Launches continuous clinical data collection in June 2019
National Audit of Breast Cancer in Older People	Utilised existing sources of data	Utilised existing sources of data
National Audit of Care at the End of Life (NACEL)	100%	Report due May 2019
National Audit of Dementia	Full Participation	Report due Summer 2019
National Audit of Seizures and Epilepsies in Children and Young People	18 cases	Due to be presented March 2021
National Bowel Cancer Audit (NBOCA)	Full Participation	Awaiting results
National Cardiac Arrest Audit (NCAA)	No participation	NA
National Diabetes Audit – Adults*	No participation	NA
National Early Inflammatory Arthritis Audit (NEIAA)	TBC	Report Due June 19
National Emergency Laparotomy Audit (NELA)	219/258	Reduction in 30 day mortality (WUTH 7.9%, national 9.5%). Increase in patients admitted to ICU post operatively, though still remains below audit standard. Care of Elderly reviews for all patients over 70 undergoing emergency laparotomy in place, previously the Trust was falling short of the national standard.
National Gastro-intestinal Cancer Programme	No participation	NA
National Heart Failure Audit	408/718 57%	Results under review

<b>Name of Audit/Confidential Enquiry</b>	<b>Participation (18/19) Number Percentage</b>	<b>Learning/ outcomes</b>
National Joint Registry (NJR)	100%	Awaiting review of results
National Lung Cancer Audit (NLCA)	Full Submission	Awaiting review of report published May 2019
National Maternity and Perinatal Audit (NMPA)	3259 cases	Awaiting review of results
National Mortality Case Record Review Programme	Mortality reviews completed Quarter 4	1 avoidable death
National Neonatal Audit Programme (NNAP)	369 cases	Report due August 2019
National Oesophago-gastric Cancer (NAOGC)	172 cases	Awaiting review of results
National Ophthalmology Audit	874 cases	Continuous data collection
National Paediatric Diabetes Audit (NPDA)	157 cases	Report due July 2019
National Prostate Cancer Audit	Monthly data collection	Awaiting review of results
Reducing the impact of serious infections (Antimicrobial Resistance and Sepsis)*	Full participation	Results reviewed as part of National CQUIN
Sentinel Stroke National Audit programme (SSNAP)	Continuous data collection	Awaiting Results
Serious Hazards of Transfusion (SHOT): UK National Haemovigilance	Data submission on going	Awaiting Results
Seven Day Hospital Services	Participated in Qtr. 1. On hold nationally	
UK Cystic Fibrosis Registry	39 cases	Results due in June 2019
Vital Signs in Adults (care in emergency departments)	125 cases	Awaiting Results
VTE risk in lower limb immobilisation (care in emergency departments)	103 cases	Awaiting Results

The Trust has undertaken a number of local priority audits. Examples of improvements are listed below:

Name of Audit	Learning/ outcomes
Measuring Nutritional Care: screening, nutritional care processes, outcomes and patient experience	We have made Improvements in technology and education to increase surveillance of patients nutrition needs and deliver appropriate support
Audit of NICE Guideline 83 Rehabilitation after critical illness	An Arterial Blood Gases Point of Care machine was installed which was immensely beneficial for timely management of patients
NG 52 Non-Hodgkin's lymphoma diagnosis and management (NG52, QS150)	We have reduced the number of core biopsies reduced. We have improved our gene testing and improved our diagnostic pathways
Audit of The Safe Use Of Intrathecal Chemotherapy	100% compliant with national requirements for the safe administration of intrathecal chemotherapy.
Neonatal Abstinence Syndrome (NAS)	We have updated our clinical guidance for symptom management. The length of stay for these babies has been reduced from 5 days down to 3 days.
Preterm Surveillance Clinic Audit	The audit identified that 91% of high risk women referred to Preterm Surveillance Clinic went on to deliver after 34 weeks gestation.
AMU Red Flag Sepsis Audit	As a result of this and several other work streams supporting the deteriorating patient pathway we are revising and relaunching the sepsis alert and pathways in Qtr1 2019/20
NAPs Perioperative Anaphylaxis UK	The Trust has introduced packs to emergency trolleys and improved patient pathways continuous review of patients who suffer anaphylaxis intraoperatively.
National Joint Registry	Await outcomes
National Hip Fractures	The trust data submission were all within the expected range
Theater Infection Prevention society Quality Improvement	An outcome of this we are seeking an in-depth review by our internal Infection Prevention control team.
Acute heart failure audit	Awaiting results
Chest pain audit	Pathway for patients who present with chest pain reviewed and updated.

### National Confidential Enquiries in to Patient Outcome and Death (NCEPOD)

We have participated, or are currently participating, in the following NCEPOD:

Child Health Clinical Outcome Review Programme Long term ventilation

Acute Heart Failure

Acute Bowel Obstruction

We have not participated in the following NCEPOD:

Perioperative diabetes

Pulmonary embolism

## **External Reviews**

### **Getting It Right First Time (GIRFT)**

The Getting It Right First Time (GIRFT) programme is delivered in partnership with the Royal National Orthopaedic Hospital NHS Trust and NHS Improvement. The National programme was designed to improve the quality of care within the NHS by reducing unwarranted variations.

By tackling variations in the way services are delivered across the NHS, and by sharing best practice between trusts, GIRFT identifies changes that will help improve care and patient outcomes, as well as delivering efficiencies such as the reduction of unnecessary procedures and cost savings.

Importantly, GIRFT is led by frontline clinicians who are expert in the areas they are reviewing. This means the data that underpins the GIRFT methodology is being reviewed by people who understand those disciplines and manage those services on a daily basis. The GIRFT team visit every trust carrying out the specialties they are reviewing, investigating the data with their peers and discussing the individual challenges they face.

The following services in the Trust have been reviewed in 2018/19 as part of the GIRFT programme;

### **Paediatric General Surgery**

The review noted some potential changes to our Trust policies and to consider further links with our regional peers to ensure long term service sustainability. The review noted evidence based practice with good outcomes, as well our anaesthetic team being linked in with Alder Hey, being good practice for training. Following the review we were invited to a regional GIRFT event demonstrating the importance of working closely with regional specialist providers to deliver the best outcomes.

### **Trauma and Orthopaedics**

There was notable good practice in this area. The Trust has developed an action plan which includes review of areas within the patient pathway. This has included standardisation of protocols utilised by anaesthetists and surgeons, direct referral to trauma clinic (in trauma clinic hours) rather than admit to assess.



## **Renal Medicine Review**

The team reviewed the presence of a dedicated Acute Kidney Injury nurse, reduction in line bacteraemia, no staffing concerns. The setup of an ambulatory clinic to support patient flow as well as a home therapies team, positive links with interdependency services and good use of data was commended. The team advised on further service development opportunities such as development of specialised clinics and development of home therapies cohort. The team advised review of data accuracy and utilisation as well as some product procurement review which may provide financial improvements. The Trust is reviewing the findings of the review and will utilise this to explore service developments:

## **Further External Reviews Accreditation;**

### **Pharmacy Services**

The Trusts Pharmacy Aseptic Service has received its annual assessment of Dispensed Aseptic Services. Following an external visit to the Trust in September the following feedback was received; there is a well-developed, robust and effectively reviewed Pharmaceutical Quality System in place. Staffs are knowledgeable and committed in delivering a quality service. There were some minor gaps identified which are currently being addressed. The trust was pleased to receive an overall risk rating for this service as low.

### **Royal College of Physicians Child health (RCPCH) diabetic peer review**

The trust is awaiting formal feedback but initial feedback highlighted good practice around transition to services, and immediate action has seen the Trust link with a specialised regional centre to gain input from a clinical psychologist.

### **Antenatal & New-born Screening Department (ANNB Screening)**

The team noted that the local coordinator has a high profile in the clinical setting. The appointment of the failsafe officer and dedicated role of the screening coordinator provides assurance that the screening programmes can be delivered safely. It was noted that staff are enthused and motivated to drive quality improvement within screening.

### **Endometriosis Centre**

Reaccreditation was achieved.

### **Women's Oncology Service**

The trust was 87% compliant with the Annual Peer review. The lack of Clinical nurse resource which was identified is being addressed.

### **Endoscopy**

Received JAG Re-accreditation (Joint Advisory Group) in 2018

## Royal College of Physicians

The Trust invited The Royal College of Physicians to undertake an invited service review of the acute medical service in the trust. This was undertaken in October and the report has recently been reviewed and its findings currently being reviewed

## Participation in Clinical Research

During 2018/19 864 participants receiving NHS services provided Trust were recruited to participate in research approved by a research ethics committee. This demonstrates the Trust's continued commitment to research in order to provide evidence to improve treatment and the quality of care for our patients.

Research within the Trust is supported by a small administrative team (3 WTE), 10 Research Nurses (7 WTE) and a Research Midwife (0.7 WTE). Much of the research involves collaboration Trust consultants and with key support services. The Research Department works closely with pharmacy, pathology and radiology to ensure that the Trust has the capacity and capability to set up and effectively run our studies.

The research portfolio continues to be clinically diverse including: anaesthetics, cancer, critical care, gastroenterology, haematology, neonatal, orthopaedic, paediatric, physiotherapy, reproductive health, renal, respiratory, rheumatology, stroke, surgery and vascular studies.

In 2018/19 30 new articles written by WUTH staff, published in professional journals were identified (as listed on PubMed, Medline and EMBASE). New publications are recorded and disseminated across the organisation in order to share new knowledge. This shows the Trust's commitment to improving outcomes for patients, staff professional development and also to making a wider contribution to healthcare on a national level.

## CQUIN

Commissioning for Quality and Innovation (CQUIN) is a mandated sum of money set aside by Commissioners to fund quality improvement, with providers earning the income by delivering agreed quality targets. The table below summarises progress against our CQUIN targets and Service Delivery Improvement Priorities. The final year end position has not yet been fully agreed with commissioners and the information below is based on what we have reported to them regarding our progress.

Indicator for 2018/19	Current position
<b>CQUINS</b>	
<b>1a. Staff Health and Wellbeing</b> The Trust should aim to achieve a 5% improvement in 2 out of 3 NHS National Staff Survey questions relating to health and wellbeing, musculoskeletal injuries, and stress	The Trust did not achieve this target. Please see section 3.3

Indicator for 2018/19	Current position
<p><b>1b. Healthy Food</b> The Trust should reduce the amount of foods on sale at its premises which are high in fat, sugar or salt, and should make healthier options available for staff, especially for those working out of hours. More low-calorie pre-packaged foods such as sandwiches should be on sale.</p>	<p>Performance against this target is still awaiting confirmation</p>
<p><b>1c. Flu Prevention</b> The Trust should achieve an uptake of flu vaccinations of 75% by frontline clinical staff.</p>	<p>The Trust has exceeded the target , achieving flu vaccinations of 84.5% of frontline clinical staff</p>
<p><b>2a. Timely identification of Sepsis in the Emergency Department and acute inpatient settings</b> This target measures the percentage of patients who met the criteria for sepsis screening and were screened for sepsis.</p>	<p>Achievement was achieved in Q1, 2 and 3 Achievement in Q4 is based on 90% of patients being assessed using NEWS2. Currently waiting for NHSE to issue formal guidance to Commissioners requesting leniency for Providers who have experienced difficulties with IT systems outside of their control.</p>
<p><b>2b. Timely treatment of Sepsis</b> Measurement of those who were found to have sepsis and received Antibiotic delivery within an hour</p>	<p>Partial compliance was achieved full compliance being missed by a finite margin</p>
<p><b>2c. Antibiotic Review</b> There should be an assessment of clinical antibiotic review between 24-72 hours of patients with Sepsis who are still inpatients at 72 hours.</p>	<p>Data submitted to Public Health England suggests that the milestone of 75% was achieved although this is awaiting confirmation by NHS England.</p>
<p><b>2d. Reduction in Antibiotic Consumption</b> This target measures: Total antibiotic usage (for both in-patients and out-patients) per 1,000 admissions. Total usage (for both in-patients and out-patients) of carbapenems per 1,000 admissions. Increase the proportion of antibiotic usage (for both in-patients and out-patients) within the Access group of the AWaRe* category.</p>	<p>The Trust has submitted the monthly data to PHE. The Trusts Commissioner unfortunately did not agree to continue with the local variation that had been agreed for 2017/18. The year to date data therefore indicates that the Trust will not achieve the total reduction in antibiotic consumption or the increase in the proportional use of Access Antibiotics. The Trust could potentially achieve the reduction in carbapenem consumption</p>
<p><b>3. Improving services for people with mental health needs to present to the Emergency Department</b> The rear two targets were: Where a 20% reduction in attendances to A&amp;E was achieved in year 1, maintain this reduction Where a 20% reduction was not achieved for</p>	<p>20% reduction in attendances target met. Due to recording issues it is likely that we will not achieve targets.</p>

Indicator for 2018/19	Current position
<p>the cohort, to achieve a 20% reduction in A&amp;E attendances from the 16/17 baseline number of attendances.</p> <p>Building on the work in year 1, identify a new cohort of frequent attenders to A&amp;E during 17/18 that could benefit from psychosocial interventions and work to reduce by 20%, their attendances to A&amp;E during 2018/19. In year 2, it is expected that the cohort will include groups who experience particular inequalities in access to mental health care. Ensure that mental health attendances to A&amp;E are recorded and submitted to the Emergency Care Dataset. This will be done by ensuring that attendances to A&amp;E have a valid chief complaints, diagnosis and injury intent recorded</p>	
<p><b>4. Improve GP access to Consultant advice prior to referring patients in to secondary care</b></p>	<p>We have improved our patient triage/advice systems for primary care</p>
<p><b>5. Preventing ill health by risky behaviours</b> Year two targets include: <b>Tobacco Screening -</b> <b>Alcohol Screening</b> .</p>	<p>The Trust is still awaiting for Commissioner guidance to identify a baseline</p>
<p><b>6. (Local CQUIN) Working to Reduce the inappropriate hospitalisation of people with learning disabilities</b></p>	<p>We are on track to achieve awaiting confirmation</p>
<p><b>7. (Local CQUIN) Sepsis Pathway development with Wirral Community Foundation Trust and WUTH</b></p>	<p>We are on track to achieve awaiting confirmation</p>

The amount of income in 2018/19 conditional on achieving quality improvement and innovation goals is £6.887m. For the year 2017/18, the total associated payment was £6.454m (actual amount paid).

Looking forward, NHS England's national CQUIN guidance was published on 7 March 2019

From 1 April 2019, both the CCG and Prescribed Specialised Services (PSS) schemes are being reduced in value to 1.25% with a corresponding increase in core prices, allowing more certainty around funding to invest in agreed local priorities. A maximum of 5 indicators will be prescribed nationally for each contract.

Both the 2019/20 CCG and PSS CQUIN schemes comprise indicators, aligned to 4 key areas, in support of the Long Term Plan:

- Prevention of Ill Health
- Mental health
- Patient Safety
- Best practice Pathways

### **Care Quality Commission**

Wirral University Teaching Hospital NHS Foundation Trust is required to register with the Care Quality Commission for both its sites at Arrowe Park Hospital and Clatterbridge Hospital. The Trust registered with the Care Quality Commission in April 2010. It is registered without conditions to undertake the following activities;

- Treatment of disease, disorder or injury
- Surgical Procedures
- Diagnostic and Screening Procedures
- Transport Services, triage and medical advice provided remotely
- Maternity and Midwifery Services
- Termination of Pregnancy
- Nursing Care
- Family Planning Services
- Assessment or medical treatment for persons detained under the Mental Health Act

The responsible person for these regulated activities is the Director of Quality Governance and the Care Quality Commission has not taken enforcement action against either Arrowe Park Hospital or Clatterbridge Hospital during this reporting period.

Wirral University Teaching Hospital NHS Foundation Trust has participated in two unannounced inspections by the Care Quality Commission during this reporting period; one within the Radiology Department regarding compliance with the Ionising Radiation (Medical Exposure) Regulations 2017 (IRMER) and an unannounced core service inspection for the Emergency Department, Emergency Department Review Unit, Ambulatory Care Unit and the Acute Medical Unit. The IR(ME)R inspection took place at the Arrowe Park site on 21 August 2018. This inspection was undertaken regarding concerns around the progress of investigations of notifications made under Regulation 8 of IR(ME)R 2017. Good practice was noted during this inspection, including:

- A well-established preceptorship training package for all new starters in plain film and evidence of periodic sign-off for competency in the use of equipment and procedures.
- Quality assurance of equipment was undertaken monthly in CT, and a completed record was provided to support this.
- A good working understanding of procedures and policies by employees was observed and these were consistently applied across plain film and CT.

A number of breaches of the regulations were identified during this inspection; however the inspectors felt that these breaches did not justify regulatory action. The Trust has now addressed all of the recommendations identified during this inspection and provided the Care Quality Commission with a robust action plan and supporting evidence. The following action has been taken by the Trust:

- Employer's procedures have been ratified and disseminated to all relevant staff
- The Employer's procedures for patient ID have been revised to allow ease of use by staff
- A quality assurance programme has been developed for written procedures and written protocols
- All incidents of exposure are fully investigated
- The relevant enforcement authority is now notified in a timely manner of the outcome of the investigation and any corrective measures that have been adopted.

The unannounced core service inspection for the Emergency Department, Emergency Department Review Unit, Ambulatory Care Unit and the Acute Medical Unit took place on the 4 March 2019; this was a focused inspection to check the safety, responsiveness and leadership of the service during a specific period. The report is currently under accuracy check and review.

### **Hospital Episode Statistics**

The Trust submitted records during 2018-19 to the Secondary Uses Service for inclusion in the Hospital Episode Statistics which are included in the latest published data.

The percentage of records in the published data which included the patient's valid NHS number was:

99.9% for admitted patient care  
99.9% for outpatient care and  
99.2% for accident and emergency care.

The percentage of records in the published data which included the patient's valid General Medical Practice Code was:

99.9% for admitted patient care;  
99.9% for outpatient care; and  
99.9% for accident and emergency care.

### **Information Governance**

Information Governance (IG) ensures the necessary safeguards for, and appropriate use of, personal data. Risks relating to IG are contained within the Trust monitoring and reporting mechanisms. An Information, Information Governance and Clinical Coding Group (IIGCCG) oversees that the Trust maintains compliance with relevant legislation and good practice.

The Trust achieved 'Substantial Assurance' in February 2019 for our audit by Mersey Internal Audit Agency of the new Data Security & Protection Toolkit. Our 2018/19 submission of the Toolkit shows that all standards have been met.

Information risks are managed in the same way as all other risks identified in the Trust. They are reviewed by the Information Governance and Clinical Coding Group (IGCCG), which reports to the Risk Management Committee.

Highlights from the work programme for this year will focus on embedding new processes required by the General Data Protection Regulation (GDPR) and the new Toolkit and ensuring that the patient and staff data going out of the organisation has the correct controls in place.

## **Clinical Coding**

Accurate clinical coding is essential to the provision of effective healthcare at local and national level. It drives financial flows, informs payments and is critical to intelligent commissioning through the provision of epidemiological data that truly reflects the health and care needs of the nation.

In 2018/19 the Trust continued to commission an external audit programme from the Clinical Coding Academy at Merseyside Internal Audit Agency (MIAA). Three audits have been conducted by MIAA across the year. This provided significant assurance.

The first of these was an audit of mortality coding performed in October 2018 with overall accuracy of our coded data reported as:

- 95% for primary diagnosis
- 96.14% for secondary diagnosis
- 100% for primary procedure
- 92.08% for secondary procedures

A second audit was performed on Respiratory Medicine in November of 2018. The overall accuracy of our coded data is reported as:

- 92% for primary diagnosis
- 94.83% for secondary diagnosis
- 94.92% for primary procedure
- 88.06% for secondary procedures

The third audit was performed on Trauma and Orthopaedics and Urology. The overall accuracy of the Trauma and Orthopaedic coded data is reported as:

93.33% for primary diagnosis  
95.88% for secondary diagnosis  
98.21% for primary procedure  
96.26% for secondary procedures

The overall accuracy of our coded Urology data is reported as:

83.33% for primary diagnosis  
82.89% for secondary diagnosis  
93.18% for primary procedure  
96.23% for secondary procedures

These external audits were supplemented with additional internal audits throughout the year. Our two auditors successfully completed formal audit training from NHS Digital and are now Approved

Clinical Coding Auditors. The Trust was not subject to the Payment by Results clinical coding audit during 2018/19.

The Trust will be taking the following actions in 2019/2020 to continue to improve data quality:

- Work with colleagues throughout the trust to improve the quality of our coded data with particular emphasis on clinician engagement and the improvement of documentation.
- Continue to commission external clinical coding audits with expansion of our internal audit programme.
- Ensure the continual development of clinical coding staff, as well as ensuring all staff receives relevant feedback at individual and team level as appropriate.

Our trainer successfully completed NHS Digital training requirements and is now an Approved Experienced Clinical Coding Trainer capable of delivering the entire suite of training courses. The department has trained four trainee staff throughout the year and appointed an experienced team leader in August 2018. Two members of staff passed the National Clinical Coding Qualification (UK) in September 2018 and a further two sat the Qualification in March 2019. Trained clinical coders are a scarce resource and their recruitment continues to be challenging for the service as a whole.

### **Learning from deaths**

Admitted patients discharged deceased from 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019 by quarter is as follows: (Excludes still births/Excludes died in ED)

18/19 Q1 = 404

18/19 Q2 = 352

18/19 Q3 = 440

18/19 Q4 = 439

The trust has been reviewing deaths in accordance with the National framework for learning from deaths. For the first nine months of the year the trust reviewed an average of completing 25% primary mortality reviews. The Trust implemented a strengthened and improved system for supporting mortalities reviews in quarter 4. This resulted in 63% of deaths being reviewed during quarter 4. This is an underestimate given that Clinicians have 60 days to complete a mortality review. The full data for March will not be available until end of May.

Table 5 provides an analysis of patients and reviews undertaken since the new improved system was introduced:

Table 5.

<b>Learning from deaths</b>	<b>January 2019</b>	<b>February 2019</b>	<b>March 2019</b>	<b>2018/19 QTR 4</b>
<b>Mortality Reviews Completed</b>	83%	66%	39%	63%



The HSMR for the Trust remains within the expected range for the population the Trust serves indicated in Table 6.

Table 6

<b>February 2018 – January 2019</b>		
	<b>WUTH</b>	<b>Expected range</b>
<b>HSMR(most recent data available December 2018)</b>	98	93.3-103.2

The Trust has noted a change in HSMR values from previous reporting year (2017-18). This brings our mortality rate closer to our expected range; the trust is currently investigating the drivers for this outturn.

Within all cases reviewed, one patient death has been identified to have included some avoidable factors. This judgement was reached utilising The Royal College of Physicians structured judgement review tool.

Utilising a more robust system of review we have seen an increase in mortality reviews, which is demonstrated within our quality dashboard. Work is underway to strengthen and maximise learning utilising bulletins, newsletters and safety summits.

The Trust has identified through the mortality review process, the need to improve communication with patients and those important to them. We need to be proactively managing care that ensures appropriate levels of intervention, with due regard to benefit and burden. We need to be more proactive in communication within clinical teams particularly on agreeing ceilings of care; our new End of life Care Strategy 2019-22 focuses on the communication needs of patients and those important to them.

We utilise the perinatal mortality review tool (PMRT) in the Trust and jointly work with the Healthcare Safety investigation Branch (HSIB) jointly undertaking maternity investigation.

The Trust have appointed a learning disabilities liaison Nurse who partakes in reviews of patients with a learning disability as part of the LEDER programme process of investigation for a defined group of maternity related incidents.

As part of our mortality review process locally we participate in confidential enquiries such as MBRACE, adoption of Each Baby Counts. The MBRACE report rated WUTH as amber when scored against comparative groups. Since 2017 we have been one of the first Trusts to use national initiatives to reduce stillbirth. GROW is a stillbirths care bundle introduced by the National Perinatal Institute to reduce still births. In 2016 we had 13 still births but in 2017 following the use of GROW; this had reduced to 4 cases.

### **Core Indicators (Prescribed)**

The following core indicators are mandated for reporting. The information listed is available from NHS digital; the most up to date data is provided and controlled from NHS Digital.

Care core indicator- SHMI /Palliative

Wirral University Hospital Trust considers that this data is as described for the following reasons:

- This data is extracted directly from the Trust's Electronic patient record
- The Trust's data is audited externally for accuracy

SHMI calculation model has been changed within this reporting period so values cannot be directly compared to previous values. The latest data indicates the trust is slightly above average.

	January 2017 – December 2017				January 2018 – December 2018			
	National Average	WUTH	Low	High	National Average	WUTH	Low	High
<b>SHMI(most recent data available December 2018)</b>	1.00	0.95	0.72	1.21	1.00	1.03	0.69	1.22
<b>% Deaths coded for palliative</b>	32.3%	39.3%	11.7%	60.3%	34.7%	43%	15%	60%

Core indicator -Patient Reported Outcome Measure

Wirral University Hospital Trust considers that this data is as described for the following reasons:

- The Trust's data is audited externally for accuracy

	April 2017 - March 2018				April 2018 – September 2018			
Patient Reported Outcome measures	National Average	WUTH	Low	High	National Average	WUTH	Low	High
<b>Primary Hip replacement Surgery</b>	1.023	0.407	0.376	0.566	0.490	*	0.406	0.564
<b>Primary Knee Replacement Surgery</b>	1.118	0.327	0.233	0.416	0.344	0.302	0.227	0.426

\*Case mix-adjusted figures not calculated where there are less than 30 modelled records

Core Indicator - Percentage of emergency admissions to any hospital in England occurring within 30 days of the most recent discharge from hospital after admission

Wirral University Hospital Trust considers that this data is as described for the following reasons:

- This data is extracted directly from the Trust's Electronic patient record
- The Trust's data is audited externally for accuracy

	April 2016 – March 2017				April 2017 – March 2018			
	National Average	WUTH	Low	High	National Average	WUTH	Low	High
<b>0 to 15</b>	11.9	16	1.6	68.4	11.6	16.9	1.3	32.9
<b>16 or over</b>	12.8	13.8	0.9	121.5	12.2	13.4	1.8	46.4

Core indicator –The Trusts Responsiveness to personal needs of its patients

Wirral University Hospital Trust considers that this data is as described for the following reasons:

- The Trust's data is audited externally for accuracy

	April 2016 – March 2017				April 2017 – March 2018			
	National Average	WUTH	Low	High	National Average	WUTH	Low	High
<b>Responsiveness to personal needs of its patients (indicator value)</b>	68.1	69.7	60	85.2	68.6	68.3	60.5	85.0

Core indicator – Staff recommend the Trust as a provider of care to their family and Friends

Wirral University Hospital Trust considers that this data is as described for the following reasons:

- The Trust's data is audited externally for accuracy

	Staff Survey 2017				Staff Survey 2018			
	National Average (All Acute Trusts)	WUTH	Low	High	National Average (All Acute Trusts)	WUTH	Low	High
<b>% of Staff employed by the trust who would recommend the trust as a provider of care to their friends and family</b>								
<b>Agree / Strongly agree (%)</b>	70.8%	67.4%	46.7%	85.3%	71.3%	65.8%	39.8%	87.3%

Core indicator – Venous thromboembolism Risk assessment

Wirral University Hospital Trust considers that this data is as described for the following reasons:

- This data is extracted directly from the Trust's Electronic patient record
- The Trust's data is audited externally for accuracy

	Quarter 2 2018/19				Quarter 3 2018/19			
	National Average	WUTH	Low	High	National Average	WUTH	Low	High
<b>% of patients who were admitted to hospital and who were risk assessed for venous thromboembolism</b>	95.44%	95.32%	68.67%	100%	95.60%	95.36%	54.86 %	100%

Core indicator – Clostridium Difficile

Wirral University Hospital Trust considers that this data is as described for the following reasons:

- This data is extracted directly from the Trust's Electronic patient record
- The Trust's data is audited externally for accuracy

	April 2016 – March 2017				April 2017 – March 2018			
	National Average	WUTH	Low	High	National Average	WUTH	Low	High
<b>Clostridium difficile (rate per 100,000 bed days) aged 2 or over</b>	13.2	15.8	0	82.6	13.7	21.6	0	91

Core indicator – Rate of patient Safety Incidents

Wirral University Hospital Trust considers that this data is as described for the following reasons:

- This data is extracted directly from the Trust's Electronic patient record
- The Trust's data is audited externally for accuracy

	April 2017 – September 2017				October 2017 – March 2018			
	National Average	WUTH No. Rate	Low	High	National Average	WUTH No. Rate	Low	High
<b>Patients safety incidents</b>	5,226	5,413 44.8%	1,133	15,228	5,449	4,344 33.2%	1,311	19,897
<b>Serious incidents</b>	The Trust reported 11 incidents that resulted in severe harm or death				The Trust reported 21 incidents that resulted in severe harm or death			

When serious incidents occur the Trust has a responsibility to ensure there are systematic measures in place for safeguarding people, property, NHS resources and reputation. This includes the responsibility to learn from the incidents to minimise the risk of reoccurrence. Since September 2018 the Trust has strengthened its governance arrangements around incident management. This

includes adopting a system that positively ensures Duty of Candour (DOC) is undertaken in accordance CQC Regulation 20. This process is managed by the Governance Support Unit (GSU) and ensures that appropriate discussions and written comments are undertaken with the patient or their representative within ten days. The GSU will not consider the DOC discharged until a copy of the written letter has been attached to the incident on the Trust's risk management system. Compliance is monitored weekly through the serious incident review group (SIRG) meeting tracker and through standing agenda reporting to the monthly PSQB meeting. Internal audit has recently reviewed the incident management system and provided substantial assurance. In addition since September the Trust has been 100% compliant with standards in the discharge of its duties under CQC Regulation 20.

## Part 3

### 3.1 Overview of the Quality of Care and Performance

The Trust is continually striving to deliver the best quality, and safest, patient care. Our new Quality Improvement Strategy is currently being finalised and aligned to the ten year NHS Plan. The Trust quality improvement objectives reflect the Trust's Vision and Values, which were agreed in collaboration with the Trust's Council of Governors and the Board of Directors. Within the past year there has been an excellent level of engagement from staff, which demonstrates their enthusiasm to help shape and include local priorities as part of the appraisal process.

During 2018/19 the Trust has implemented strengthened governance arrangements, as part of the revised governance framework for the Trust. The quality dashboard has been developed (section 3.2) to include key performance indicators on Quality that are managed and monitored at a local and corporate level. Several of the core and national indicators are reviewed through the Trust's reporting arrangements for quality ensuring close scrutiny of performance at operational and Board level.

We are utilising the Perfect Ward Mobile App which is a digital method of undertaking quality inspections that makes inspections easier to conduct, removes the need for a clerical resource and allows clinical staff to see inspection results in real time; this innovative approach is a major driver to improved standards of quality care for our patients.

Currently we have over 150 staff registered to undertake inspections with 36 different types of inspections available across 46 discrete clinical areas; typically this translates to over 600 digital audits per month. The internal Business Intelligence Team have constructed a Perfect Ward Portal that allows clinical and managerial teams to see and filter results for all audits – this portal is updated every 30 minutes and captures all auditing activity in one place.

In November 2018 WUTH developed the

**WISE WARD** Accreditation Programme.

W	Wirral
I	Individual
S	Safe Care
E	Every Time

This accreditation process has been designed to review all inpatient areas at least once per year and assess them against a set of questions contained within 14 standards. The overall aim of the programme is to improve patient experience and quality / safety outcomes.

A team of experienced clinical staff review individual patient care / pathways and assess how the area is managed over a two day inspection visit. At the end of the inspection the areas receives 14 separate audit outcomes via The Perfect Ward App and an overall score of either Red, Amber or Green – based on the outcome of each of the individual reviews.

## Further detail on some of our quality indicators

### **Reducing the risk of our patients falling**

The trust is committed to reducing the number of inpatients falls resulting in harm; we have taken the following measures to reduce avoidable falls

- Weekly harm review panel to review all falls to assess where gaps have been, and areas for learning
- Strengthened care bundles for those at risk of falls
- Developed delirium assessment within Electronic Patient Record (Confusion Assessment Method (CAM )
- Improved Mental capacity assessments
- Reduced our bed moves at night for those at higher risk of falls (Patients with Dementia)
- launched a falls strategy in Quarter3
- Strengthened our monitoring process through the Perfect ward and the Quality dashboard

This has resulted in our avoidable falls rate being significantly lower than the National Average

Our Year average is 0.17 which is significantly below than the National Average

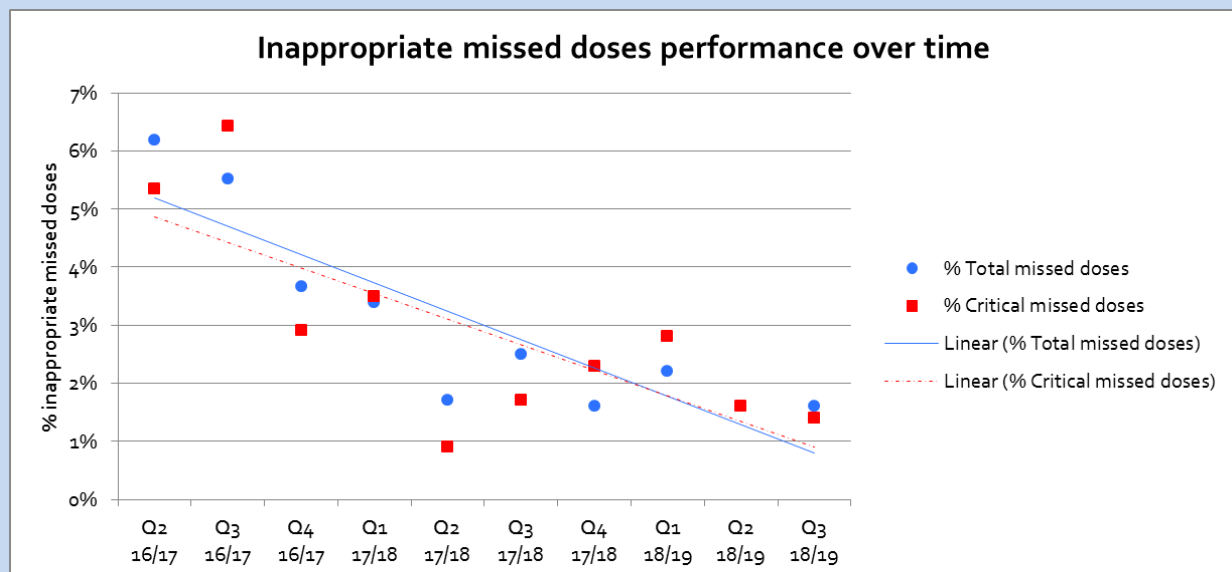
### **Ensuring our End of life care is patient centred**

Following our CQC inspection in 2018, the Trust was delighted that End of Life Care in WUTH was rated as GOOD across all key lines of enquiry. This provided recognition of significant investment in our clinical and educational resource, and targeted quality improvement work focused on care in the last days of life. The Trust now provides an opportunity for all bereaved caregivers to feedback their experience of care in last days of life, and has embedded a framework of care to support clinicians to deliver care in keeping with national guidance. The Trust has strengthened our learning from incidents, mortality reviews and patient/carer experience so that any service development is patient centred. A digital 'Supportive Care Registry' is under development within Wirral Millennium, with the aim of delivering a consistent approach to high quality care for patients anticipated to be in the last year of life across Wirral. We are undergoing Wirral-wide service redesign of Palliative Care, with the aim of having stable hospital and community services with strong integration between them. There will be a shift towards proactive care, focused on preventing crises rather than responding to them. This will enable patients to have the best possible quality of life at this important time, with an emphasis on what matters most to them.

## Maximising our patients medicines

The Trust have seen a continued improvement in missed doses reduction as demonstrated below

- Key actions during the first three quarters of 2018/19 and have helped to maintain the Trust compliance against the threshold targets.
- We have developed a policy setting out the 'near patient' model for supply and administration of medicines has been agreed and was launched at the end of quarter 2 2018/19. This is part of the medicines optimisation strategy to streamline supply processes, reduce waste, reduce administration errors and enhance how staff communicates with patients about their medicines.
- We have reviewed our reporting metrics and maximised the use of IT to highlight missed doses This has allowed us to investigate missed doses in real time and gather intelligence learning. Our staff has welcomed this and they feel this is driving an increase and sustained performance in reduced missed doses.
- Our Pharmacy has reviewed the transportation of medicines via the POD system to ensure that it is fully maximised to reduce potential for missed doses when the medicines have been ordered. This review has allowed delivery of medication to our patient areas before standard medication rounds





## Care for Deteriorating Patient

- The Trust has had modified national early warning score (mNEWS) in place since September 2017. This was an upgrade of NEWS (and a significant improvement on our former MEWS) and pre-empted NEWS2. As expected it improved our sensitivity in detecting deteriorating patients and we had a substantial increase in MET calls.
- As a result of above, additional Medical Registrar cover has been put permanently in place.
- During the year we have looked to address issues with inappropriate MET calls, including introducing "trending". We are also establishing links with the End of life Care team to improve care when escalation is not appropriate.
- Despite presenting a case to NHSE to continue with mNEWS, as it is very similar to NEWS2 and is established within the Trust (and also that we had already addressed some of the issues associated with NEWS2), this was rejected and we have been in the process of transitioning (to NEWS 2) to align with national guidance. There have been some IT technical delays associated with this.
- We have introduced an updated Electronic Sepsis alert to align with the current screening systems and national guidance. We have identified issues with this new system and work is ongoing to upgrade and significantly improve it. Effectively it triggers to identify patient deterioration. It should then prompt a sepsis screen and appropriate intervention for the underlying cause (whether Sepsis or not). When established it may help to reduce MET calls.
- We have been running targeted staff education events, but have yet to introduce mandated Trust wide education.
- We have been establishing links with Wirral Community Trust to help deliver a Wirral wide approach.
- We have been exploring ways to expand the Critical Care Outreach Team to a 24/7 service.

### Next Steps:

- Start to deliver the AIMS course across the Trust
- Introduce Trust wide staff eLearning package for deterioration (and Sepsis)
- Roll out new deteriorating patient alert with prompts for Sepsis screening. Should be more user friendly and increase compliance.
- Expand outreach service
- Introduce ward based champions
- Resolve long term issues with Vitals link (IT)
- Introduce NEWS2 - planned 1st May 2019
- Improve data collection (including comparing the new NEWS2 system to outgoing mNEWS - NHSE deterioration lead aware and interested in this data)

## **Infection Prevention and Control**

Unfortunately we have breached our Trust Trajectory of avoidable Clostridium difficile cases and have had 3 MRSA Bacteraemia this year. In response to these measures, routine IPC requirements and other intelligence relating to IPC we have;

- Undertaken Environmental reviews of the ward areas and identified equipment which requires replacing and identified estate priorities. We have taken this opportunity to declutter our clinical areas.
- Increased education in care bundles to support infection control
- Started the process of reviewing our domestic and housekeeping staff roles and responsibilities to support adequate cleaning of the ward environments.
- Identified that the high capacity/ bed occupancy within the Trust has impacted on the ability to utilise its hydrogen peroxide vapour system for stringent cleaning
- Utilised perfect ward to improve audit data, timeliness of review and learning

During this year;

There has been Positive uptake of the flu vaccination by staff in the trust.

The Trusts monthly Antibiotic Safe Prescribing Indicators Report (ASPIRE) data demonstrates good adherence to national Antimicrobial Stewardship standards.

As part of the Wirral Wide IPC forum we have identified with our partners the following 3 priorities for next year

- A reduction of gram negative bloodstream infections;
- A development of a system wide approach to outbreak management;
- Reinvigorate the 'back to basics,' including education and training.

### 3.3 Quality Performance dashboard

	Indicator	Director	Threshold	Set by	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	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	Trend		
Safe	Falls resulting in moderate/severe harm per 1000 occupied bed days reported on Ulysses (*)	DoN	≤0.24 per 1000 Bed Days	WUTH	1.00	1.40					0.27	0.17	0.27	0.22	0.18	0.18	0.13	0.04	0.13	0.17	0.14	0.13	0.17			
	Eligible patients having VTE risk assessment within 12 hours of decision to admit (**)	MD	≥95%	WUTH							76.3%	77.0%	83.3%	84.8%	80.1%	82.9%	81.6%	76.7%	80.3%	89.9%	95.0%	98.1%	96.6%			
	Percentage of adult patients admitted who were assessed for risk of VTE on admission to hospital.	MD	≥95%	SOF	95.9%	96.0%	95.4%	95.3%	95.6%	95.2%	95.3%	95.3%	94.7%	95.3%	95.0%	95.6%	95.2%	95.6%	95.3%	96.6%	96.8%	96.9%	95.6%			
	Harm Free Care Score (Safety Thermometer)	DoN	≥95%	National	95.0%	92.7%	94.3%	97.0%	95.0%	96.0%	95.6%	95.6%	95.4%	95.2%	95.0%	96.3%	97.0%	95.9%	95.3%	95.5%	97.1%	96.6%	95.9%			
	Serious Incidents declared	DQ&G	≤4 per month	WUTH	12	16	11	6	10	6	6	14	13	3	2	1	3	2	4	2	4	2	5			
	Never Events	DQ&G	0	SOF	1	0	0	0	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1		
	CAS Alerts not completed by deadline	DQ&G	0	SOF	1	0	1	1	3	0	0	1	5	1	0	0	0	0	0	0	1	0	0	8		
	Clostridium Difficile (avoidable)	DoN	≤28 for FY18-19, as per mthly trajectory	SOF	3	1	2	1	1	3	4	1	3	1	3	0	3	4	2	7	10	4	42			
	E.Coli infections	DoN	≤42 pa (Max 3 per mth)	WUTH	6	7	2	4	1	2	4	2	6	7	2	3	5	4	2	3	4	2	44			
	CPE Colonisations/Infections	DoN	To be split	WUTH	16	21	20	16	13	10	11	14	17	18	18	15	13	23	9	10	6	5	159			
	MRSA bacteraemia - hospital acquired	DoN	0	National	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	2	3			
	Hand Hygiene Compliance (*)	DoN	≥95%	WUTH	94%	93%	94%	89%	94%	99%	95.0%	97%	88%	89%	90%	81%	87.0%	85.0%	76.0%	83.0%	86.0%	83.0%	86.7%			
	Medicines Storage Trust wide audits - % compliance against standards of areas reporting (**)	DoN	≥90%	WUTH	78%	74%	-	52%														98%	99%	99%		
	Protecting Vulnerable People Training - % compliant (Level 1) (*)	DoN	≥90%	WUTH	89.2%	91.2%	90.9%	90.6%	89.9%	89.5%	89.2%	-	-	87.4%	-	85.6%	90.4%	91.5%	91.4%	91.6%	92.8%	93.9%	93.9%			
	Protecting Vulnerable People Training - % compliant (Level 2) (*)	DoN	≥90%	WUTH	80.0%	80.3%	81.1%	81.3%	80.7%	82.5%	84.8%	-	-	82.7%	-	82.2%	86.0%	87.2%	87.1%	87.6%	88.7%	90.7%	90.7%			
	Protecting Vulnerable People Training - % compliant (Level 3) (*)	DoN	≥90%	WUTH	80.8%	83.5%	84.6%	83.6%	83.8%	85.2%	85.6%	-	-	85.6%	-	86.5%	87.2%	91.7%	91.4%	93.6%	92.6%	93.5%	93.5%			
	Nursing Vacancy Rate	DHR	≤6.5%	WUTH	6.48%	5.96%	6.09%	6.50%	6.89%	6.83%	6.57%	7.11%	7.20%	10.24%	10.20%	9.25%	7.90%	7.90%	7.47%	8.97%	9.07%	9.16%	9.16%			
	Consultant Vacancy Rate %	DHR	≤6.5%	WUTH	5.30%	7.71%	7.75%	7.47%	8.26%	9.68%	6.95%	6.93%	6.58%	7.62%	6.87%	6.45%	6.88%	7.90%	6.48%	6.61%	6.43%	6.73%	6.73%			
	Sickness absence % (12-month rolling average)	DHR	≤4%	SOF	4.55%	4.58%	4.61%	4.69%	4.71%	4.77%	4.78%	4.82%	4.84%	4.84%	4.87%	4.91%	4.94%	4.93%	4.94%	4.95%	5.02%	5.10%	5.10%			
	Short-term sickness (in month rate)	DHR	TBC	WUTH	2.21%	2.43%	1.92%	2.42%	2.19%	2.20%	1.79%	2.04%	2.04%	2.03%	2.24%	2.35%	2.43%	2.19%	2.36%	2.93%	2.80%	2.54%	2.31%			
Long-term sickness (in-month rate)	DHR	TBC	WUTH	2.18%	2.32%	2.88%	2.97%	2.10%	2.19%	2.18%	2.33%	2.65%	2.95%	2.79%	2.55%	2.76%	2.81%	3.09%	2.79%	2.82%	2.72%	2.70%				
Care hours per patient day (CHPPD)	DoN	TBC	WUTH	7.5	7.5	7.1	7.1	7.2	7.1	7.2	7.3	7.4	7.6	7.5	7.1	6.9	7.1	7	7.3	7.2		-				

### 3.3 Quality Performance dashboard

	Indicator	Director	Threshold	Set by	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	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	Trend	
Effective	SHMI	MD	≤100	SOF	-	-	95.56	-	-	94.7	-	-	97.06	-	-	97.22	-	-	-	-	-	-	97.22		
	HSMR	MD	≤100	SOF	91.0	73.0	89.0	88.0	88.0	88.0	88.7	93.0	93.0	95	95	92	92	97	97	-	-	-	97		
	Mortality Reviews Completed. Monthly reporting finalised 3 months later	MD	≥75%	WUTH				-	-	-	-	-	-	-	-	-	-	-	-	-	83%	66%	39%	63%	
	Nutrition and Hydration - MUST completed at 7 days	DoN	≥95%	WUTH	-	-	-						44%	59%	71%	78%	67%	74%	84%	87%	83%	81%	94%	74.7%	
	SAFER BUNDLE: % of discharges taking place before noon	MD / COO	≥33%	National	13.7%	14.0%	15.0%	14.3%	14.8%	14.6%	14.9%	14.3%	13.9%	12.9%	14.1%	13.1%	15.4%	16.4%	14.6%	14.2%	15.3%	14.9%	14.5%		
	SAFER BUNDLE: Average number of stranded patients at 10am (in hospital for 7 or more days) - actual	MD / COO	≤156 (WUTH Total)	WUTH	370	369	369	412	417	436	418	405	409	386	387	411	409	408	397	437	457	438	414		
	Length of stay - elective (actual in month)	COO	TBC	WUTH	4.0	4.4	5.0	3.9	7.4	4.0	3.8	4.3	3.8	5.2	4.1	4.2	4.3	3.8	4.8	3.0	4.4	8.8	4.5		
	Length of stay - non elective (actual in month)	COO	TBC	WUTH	4.8	5.0	5.2	5.1	5.2	5.4	5.1	5.2	5.1	5.4	5.0	4.9	5.3	5.1	5.0	5.2	5.6	5.2	5.2		
	Emergency readmissions within 28 days	COO	TBC	WUTH	880	884	891	849	840	814	886	923	873	913	961	888	936	925	917	903	788	914	902		
	Delayed Transfers of Care	COO	TBC	WUTH	25	15	14	11	12	9	13	12	13	13	6	18	12	17	14	10	16		11.4		
	% Theatre Utilisation	COO	≥85%	WUTH	86.8%	89.3%	82.9%	78.3%	79.1%	79.8%	85.9%	86.6%	88.6%	86.7%	92.3%	89.2%	88.9%	87.1%	86.0%	81.7%	83.6%	85.7%	86.9%		

Mortality data is collected from 90 days post month of death (i.e. January data is closed in April). As such cells will remain grey for 3 months, after which the performance level will be locked and rated.

	Indicator	Director	Threshold	Set by	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	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	Trend	
Caring	Same sex accommodation breaches	DoN	0	SOF	15	9	16	12	18	16	18	22	10	8	16	14	19	18	15	20	14	13	187		
	FFT Recommend Rate: ED	DoN	≥95%	SOF	91%	92%	88%	92%	87%	82%	85%	90%	91%	89%	89%	86%	87%	84%	92%	85%	87%	87%	88%		
	FFT Overall Response Rate: ED	DoN	≥12%	WUTH	14.0%	12.0%	11.0%	12.0%	13.0%	12.0%	13.0%	9.0%	8.0%	11.0%	12.0%	11.0%	10.0%	11.0%	10.0%	11.0%	11.0%	13.0%	11%		
	FFT Recommend Rate: Inpatients	DoN	≥95%	SOF	97%	98%	98%	98%	97%	97%	98%	97%	98%	98%	98%	98%	97%	98%	98%	98%	98%	97%	97%	98%	
	FFT Overall response rate: Inpatients	DoN	≥25%	WUTH	23.0%	19.0%	17.0%	15.0%	18.0%	18.0%	15.0%	15.0%	20.0%	25.0%	14.0%	22.4%	24.0%	18.0%	18.0%	19.0%	15.0%	13.0%	18%		
	FFT Recommend Rate: Outpatients	DoN	≥95%	SOF	94%	95%	95%	95%	94%	94%	95%	95%	94%	95%	94%	94%	94%	94%	95%	94%	95%	94%	95%	94.5%	
	FFT Recommend Rate: Maternity	DoN	≥95%	SOF	100%	93%	93%	97%	98%	100%	97%	97%	99%	96%	100%	100%	96%	100%	100%	99%	98%	96%	98%		
	FFT Overall response rate: Maternity (point 2)	DoN	≥25%	WUTH	30%	27%	30%	15%	54%	35%	31%	54%	46.0%	37.0%	17.0%	28.2%	11.0%	19.0%	37.0%	27.0%	36.0%	44.0%	32%		

### 3.3 Quality Performance dashboard

	Indicator	Director	Threshold	Set by	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	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	Trend	
Responsive	4-hour Accident and Emergency Target (including Arrow Park All Day Health Centre)	COO	NHSI Trajectory for 2018/19	SOF	87.8%	85.7%	78.4%	78.5%	78.3%	74.4%	80.3%	83.5%	83.4%	85.6%	83.6%	77.8%	77.8%	75.2%	75.0%	74.0%	74.0%	76.7%	78.9%		
	Patients waiting longer than 12 hours in ED from a decision to admit.	COO	0	National	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0	2		
	Ambulance Handovers >30 minutes	COO	TBC		268	252	651	528	427	623	414	327	291	213	326	474	371	440	393	379	323	273	352		
	18 week Referral to Treatment - incomplete pathways < 18 Weeks	COO	NHSI Trajectory for 2018/19 (80% by 31 March 2019)	SOF	80.9%	80.9%	77.7%	76.4%	75.6%	77.3%	74.3%	74.6%	75.7%	76.3%	77.2%	78.3%	78.98%	79.34%	80.08%	78.32%	79.12%				
	Referral to Treatment - cases exceeding 52 weeks	COO	NHSI Trajectory for 2018/19 (zero by 31 March 2019)	National	1	9	11				66	67	79	57	56	40	43	30	28	28	19	0	0		
	Diagnostic Waiters, 6 weeks and over - DM01	COO	≥99%	SOF	99.1%	99.5%	98.7%	98.8%	99.2%	99.2%	99.0%	98.2%	97.9%	98.5%	97.9%	99.2%	99.4%	98.9%	98.6%	99.1%	99.7%	99.9%	98.9%		
	Cancer Waiting Times - 2 week referrals	COO	≥93%	National	98.3%	98.8%	97.4%	97.0%	96.9%	94.9%	94.2%	93.4%	95.2%	95.7%	92.3%	94.5%	95.2%	93.9%	93.1%	87.8%	93.1%	98.1%	93.9%		
	Cancer Waiting Times - % receiving first definitive treatment within 1 month of diagnosis	COO	≥96%	National	96.9%	96.6%	97.0%	97.0%	99.1%	97.0%	96.5%	96.4%	95.5%	98.2%	96.3%	96.2%	96.8%	96.7%	96.9%	97.1%	96.7%	97.0%	96.7%		
	Cancer Waiting Times - 62 days to treatment	COO	≥85%	SOF	86.4%	85.5%	85.9%	85.8%	86.4%	88.1%	87.0%	86.1%	87.8%	85.4%	87.9%	85.7%	85.1%	85.3%	86.2%	85.4%	86.4%	85.6%	86.2%		
	Patient Experience: Number of concerns received in month - Level 1 (informal) (**)	DoN	TBC	WUTH	87	117	68	123	134	144	118	134	110	140	123	155	119	165	118	178	153	157	1670		
	Patient Experience: Number of complaints received in month - Levels 2 to 4 (formal) (**)	DoN	TBC	WUTH	20	22	21	43	31	30	34	23	36	24	25	22	19	13	13	27	28	17	281		
	Complaint acknowledged within 3 working days (*)	DoN	≥90%	National	75%	95%	100%	96%	100%	97%	32%	81%	95%	72%	75%	80%	100%	100%	100%	100%	100%	100%	86.2%		
Number of re-opened complaints	DoN	≤5 pcm	WUTH	5	2	6	4	4	1	2	2	7	5	0	4	2	3	2	2	1	3	33			

	Indicator	Director	Threshold	Set by	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	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	Trend		
Well-led	Staff Friends and Family Test - overall engagement score	DHR	≥3.88	National	3.70	-	-	3.75	-	-	3.60	-	-	3.72	-	3.63	-	-	-	-	6.7		3.65			
	Live employee relations cases	DHR	≤30	WUTH	-	-	-	25	22	29	30	33	35	36	32	29	23	30	32	35	33	35	32			
	Duty of Candour compliance (for all moderate and above incidents)	DQ&G	100%	National	-	-	-	-	-	-	-	-	-	-	-	100%	100%	100%	100%	100%	100%	100%	100.0%			
	Number of patients recruited to NIHR research studies (*)	MD	650 for FY18/19 (ave min 55 per month until year total achieved)	National	-	-	-	-	-	-	-	53	39	336	70	48	42	38	57	38	43	41	54	859		
	% of staff that completed all core MAST in the preceding 12 months	DHR	≥95%	WUTH	-	-	-					73.0%		74.8%	75.1%	82.0%	81.4%	82.2%	82.8%	81.5%	81.8%	84.1%	85.3%	85.3%		
	% Appraisal compliance	DHR	≥88%	WUTH	86.8%	88.2%	85.5%	84.3%	83.4%	83.3%	84.9%			81.1%	79.7%	78.2%	77.5%	78.4%	83.8%	84.5%	84.6%	85.7%	88.2%	88.2%		

### 3.3 Quality Performance dashboard

	Indicator	Director	Threshold	Set by	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	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	Trend	
Use of Resources	I&E Performance	DoF	On Plan	WUTH	-2.039	-1.402	-3.712	-2.315	-1.614	6.485	-4.259	-2.337	-2.659	-3.139	-3.426	-2.334	-1.246	-1.445	-4.038	-1.755	-4.037	-5.402	-36.077		
	I&E Performance (Variance to Plan)	DoF	On Plan	WUTH	-2.219	-1.639	-2.898	-2.624	-0.424	0.162	-0.296	-0.103	-0.340	-0.184	-0.515	-0.319	-0.121	-0.761	-1.127	-1.002	-1.338	-4.690	-10.796		
	NHSI Risk Rating	DoF	On Plan	NHSI	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	
	CIP Forecast	DoF	On Plan	WUTH	-38.6%	-38.1%	-38.4%	-41.6%	-44.0%	-43.8%	-34.1%	-36.3%	-27.2%	-22.1%	-15.4%	-11.7%	-10.6%	-5.4%	-6.1%	-13.9%	-13.5%	-13.0%	-13.0%	-13.0%	
	NHSI Agency Ceiling Performance	DoF	NHSI cap	NHSI	36.9%	14.8%	19.6%	4.3%	15.7%	21.8%	17.8%	1.1%	20.7%	-28.8%	-5.4%	8.7%	-11.1%	-7.4%	-0.5%	11.9%	-22.1%	-44.0%	-1.4%		
	Cash - liquidity days	DoF	NHSI metric	WUTH	-20.3	-22.3	-17.5	-19.6	-19	-11.7	-15.5	-12.5	-13.3	-13.5	-14.4	-12.7	-12.0	-13.0	-12.5	-12.9	-12.8	N/A	N/A	N/A	
	Capital Programme	DoF	On Plan	WUTH	66.3%	65.5%	68.6%	53.1%	51.2%	3.9%	-25.3%	9.8%	32.9%	45.0%	4.9%	5.2%	35.8%	41.4%	50.3%	62.3%	56.6%	N/A	N/A	N/A	

**(\*) Updated Metrics**

**Metric Change**

Eligible patients having VTE risk assessment within 12 hours of decision to admit.	Previously >= 90% within 6 hours
Pressure Ulcers - hospital acquired grade 2 and above	Removed
IPC Audit of Practices and Procedures (random areas)	Removed
First written response within policy timescale	Removed
Patient Experience: Number of concerns received in month - Level 1 (informal)	Added 'informal'
Patient Experience: Number of complaints received in month - Levels 2 to 4 (formal)	Added 'formal'
Medicines Storage Trust wide audits - % compliance against the standards of those area	Previously % of wards achieving 100%, now average compliance for those wards reporting

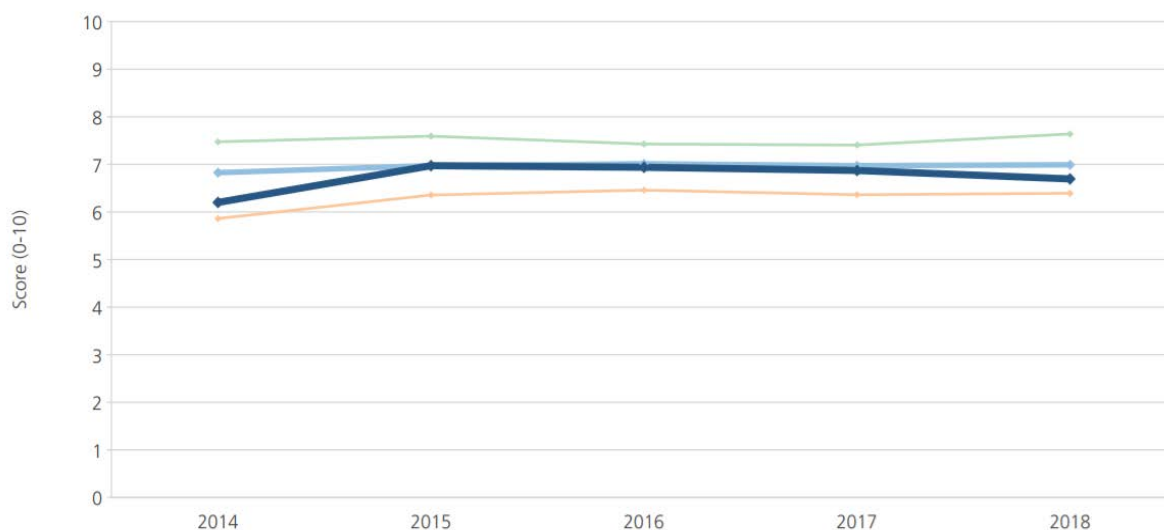
**(\*) Updated Thresholds**

**Threshold Change**

Falls resulting in moderate/severe harm per 1000 occupied bed days reported on Ulysses	Previously <= 0.19 per 1000 Bed Days
Hand Hygiene Compliance	Previously = 100%
Protecting Vulnerable People Training - % compliant (Level 1)	Previously >= 95%
Protecting Vulnerable People Training - % compliant (Level 2)	Previously >= 95%
Protecting Vulnerable People Training - % compliant (Level 3)	Previously >= 95%
Complaint acknowledged within 3 working days	Previously = 100%
Number of patients recruited to NIHR research studies	Previously min 55 per month

### 3.3 Staff Survey and Engagement

The Trusts NHS Staff Survey Results 2018 were released in Qtr4 and the survey was completed by over 2660 members of staff, which represented a 45% response rate, this was above the national average.



<b>WUTH score</b>	<b>6.2</b>	<b>7.0</b>	<b>6.9</b>	<b>6.9</b>	<b>6.7</b>
<b>Best acute score</b>	<b>7.5</b>	<b>7.6</b>	<b>7.4</b>	<b>7.4</b>	<b>7.6</b>
<b>Average acute score</b>	<b>6.8</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>
<b>Worst acute score</b>	<b>5.9</b>	<b>6.4</b>	<b>6.5</b>	<b>6.4</b>	<b>6.4</b>

The 2018 survey results are presented this time in 10 themes which are:

- Equality and Diversity
- Health and Wellbeing
- Immediate Managers
- Morale
- Quality of Appraisals
- Quality of Care
- Safe Environment - Bullying & Harassment
- Safe Environment – Violence
- Safety Culture
- Staff Engagement

The Trust is disappointed that in 8 of the themes we fell below the national average. The exceptions for this are Equality and Diversity where the Trust was above the national average and in the Safe Environment Theme where the Trust was equal to the national average.

The Trust has committed to our staff, through various forums, to feedback the results and what the Trust can learn and is committed to improving in all areas, specifically targeting the following:

1. Equality / Diversity and Inclusion  
Diversity and inclusion management will continue to deliver on aims set out in the Diversity and Inclusion Strategy to include staff network groups, collaborative working and engagement in local events.
2. Health Wellbeing  
We have reviewed our position with regard to health and wellbeing and a new health and wellbeing plan will be developed to focus our actions particularly around mental and physical health which will support the overall staff engagement agenda. A communications plan will enable this agenda to be delivered effectively.
3. Immediate Managers  
Investment in leadership, 360 degree feedback, coaching and management development have commenced with a view to developing stronger leadership and management skills throughout the Trust.
4. Morale  
We are reviewing our reward and recognition schemes which will be rolled out in 2019 aligned with the new vision and values. We already have a number of schemes in place and held a very successful annual staff awards this year
5. Quality of Appraisals  
  
New approach to non-medic appraisals has been developed and will be rolled out in line with the new Trust Vision, Strategy, Values and behaviours. New ways of developing staff and a strong focus on leadership development this year has been driven via a refreshed organisational development Plan. We are strengthened our processes around developing Talent Pipelines and promoting clear career structures.
6. Quality of Care  
There are many measures introduced to further develop Quality of Care. Areas of good practice are being shared in programmes such as the 'Quality Bus' which tours wards and departments every week offering face to face engagement to our frontline staff. Other measures include regular patient and staff story feedback at Board and Committee meetings. The Wirral Individual Safe care Every time (WISE) Ward Accreditation Programme launched in November 2018. The aim of the programme is to improve patient experience and quality / safety outcomes.



7. Safe Environment – Bullying & Harassment

The Trust operates a zero tolerance approach to any form of bullying and harassment, demonstrated by a new campaign in 2018. The Trust actively encourages all Staff to report any incidences and can be assured they will be acted upon. These policies form part of all of the Staff's Role Specific Training Requirements along with on-going communications.

8. Safe Environment – Violence

The Trust operates a zero tolerance approach in relation to violence and aggression towards its staff. The incident reporting system records and monitors actions taken against incidents.

9. Safety Culture

Active monitoring of Duty of Candour to patients has resulted in 100% Compliance since launch in September 2018.

10. Staff Engagement

WUTH is committed to enhancing all aspects of staff engagement with its workforce. Although this remains a challenging period around staff engagement, there is much work taking place in preparation for the launch of the organisations new vision, values and behaviour in mid-2019. In addition to this, regular communication such as a monthly staff magazine, active staff social media channels, proactive media releases and an evolving staff awards programme are all being embedded within the organisation

In 2018/19 there were three specific targets in the national Commissioning for Quality and Innovation (CQUIN) programme which related to employee health and wellbeing. These are listed below, along with WUTH's performance against each of them.

**Indicator 1a: Improvement of health and wellbeing of NHS Staff**

This target required the Trust to achieve a set percentage of positive responses, and/or improved results, for any two of the following three questions in the 2018 NHS National Staff Survey, in comparison with the 2016 survey:

- Does your organisation take positive action on health and well-being?
- In the last 12 months have you experienced musculoskeletal problems as a result of work activities?
- During the last 12 months have you felt unwell as a result of work-related stress?

The amount of funding available would partly depend on the size of the improvement – a 5% improvement in at least two of the questions was required in order to access the full funding.

We did **not** achieve this target. Overall, the Trust scored 5.6 out of 10 for the section of the survey relating to health and wellbeing, against the national average of 5.9 for comparable NHS organisations, and performance deteriorated for each of the three questions listed above.

Question	Target	2016 Result	2017 Result	2018 Result
Organisation takes positive action on health & wellbeing of staff	85% responding 'Yes Definitely'	32.5%	29.7%	22.5%
Suffering musculoskeletal problems due to work	75% responding 'No'	74.6%	72.1%	70.1%
Suffering work-related stress	75% responding 'No'	65.2%	63.1%	58.4%

Some of the actions which the Trust is taking to improve the health and wellbeing of its workforce include:

- Appointment of a Health and Wellbeing Manager
- Launching a new Attendance Policy, with a focus on supporting the employee back to work
- Training staff to provide Mental Health First Aid to colleagues in distress
- Developed a staff rest area at Arrowe Park
- Promotion of physical activity and healthy lifestyles, for example through discounted gym memberships and participation in the NHS North West Games

#### **Indicator 1b: Healthy food for NHS staff, visitors and patients**

This target requires us to achieve the following:

- There should be no price promotions on sugary drinks and foods high in fat, sugar or salt (HFSS)
- No advertisements of HFSS food and drink should be displayed on Trust premises
- No HFSS food and drink should be on sale at checkouts
- Healthy options should be available at any point including for those staff working night shifts
- Each outlet should be signed up to the SSB reduction scheme to reduce the sale of sugary drinks, and total litres of sugar sweetened beverages sold are 10% or less of all litres of drinks sold in 2018/19.
- At least 75% of pre-packed sandwiches and other savoury pre-packed meals (wraps, salads, pasta salads) available should contain 400kcal (1680 kJ) or less per serving and should not exceed 5.0g saturated fat per 100g

It also applies to shops and cafes run by other organisations on NHS premises – in our case this includes the shop run by the League of Friends at Arrowe Park Hospital and the WRVS Tea Bar in the Outpatient Department.

In recent years the Catering Department have reduced the amount of fried food on the menu in favour of jacket potatoes, rice and salads. The emphasis is on providing diners with healthy options rather than forcing them to make a particular choice. The Trust has not provided out-of-

hours dining facilities for staff for several years, although there are thirty vending machines, and each contains at least one healthy option. It is notable that the Trust only sells diet versions of soft drinks in its retail outlets and vending machines.

### **Indicator 1c: Improving the uptake of flu vaccinations for front-line clinical staff**

In order to obtain the full CQUIN funding, the Trust had to vaccinate at least 75% of its front-line health care workers against flu by the end of February 2019. This definition includes non-clinical workers who have contact with patients, for example porters or ward clerks, but does not include the small minority of employees who exercise their right to decline the vaccination.

The Trust met this target in full, attaining a vaccination rate of 84.5% among the relevant staff. This was achieved by means of a high-profile staff information campaign, a flu vaccination clinic based at Arrowe Park Hospital, and using nurses from different wards and departments as 'peer vaccinators' to administer the vaccine to their work colleagues.

### **Freedom to Speak Up Guardians**

WUTH developed the role of FTSUG in 2015 prior to the guidance being issued by Sir Robert Francis and has been significantly involved in shaping national policy and guidance around this agenda. Where a member of staff does not feel able to raise a concern through normal management channels, they are encouraged to contact a Freedom to Speak Up Guardian.

The profile of the FTSUG in the Trust remains prominent, with the Trust's approach forming part of the staff induction process (including junior doctors) and FTSU training being rolled out across the organisation. Leaflets and posters are available and have been refreshed. Work is ongoing to add to the three FTSUG roles by recruit a guardian from the medical body as well as now having a Non-Executive director to oversee the FTSU process.

The service is well used – during 2018/19; between Q1 2018/19 to the end of Q4 2018/19 the FTSUGs received 47 concerns, which is a reduction on the 56 from the previous year. Some concerns have multiple themes, 18 were related to bullying and harassment and 16 related to patient safety.

When a concern is raised with the Guardian, they document the information provided by the employee and it will be independently investigated by a senior and suitably trained person from elsewhere in the organisation. They feed back the results to the person who raised the concern. If further actions are required to deal with the problem, the Guardians keep a record of them so that their implementation can be checked in future.

The Guardians also provide the Trust Board with regular reports which give an overview of the common themes from concerns and which areas of the organisation they came from, although there is no discussion of individual cases, in order to maintain confidentiality. Members of staff can contact the Guardians anonymously if they prefer.

There are also other sources of advice and support for staff who have concerns. These include: tutors (for students and trainees); Practice Education Facilitators; the Human Resources department; Trade Unions and professional bodies; and the Occupational Health and Wellbeing Service. Whilst, these services might not necessarily be able to investigate the concerns themselves, they can, for example, advise the employee about their rights, or support them if

they are suffering stress because of the issue, so employees may wish to involve them in addition to contacting the Guardians.

Finally, staff has the right to raise issues with external regulatory bodies if they still do not feel comfortable to go through internal channels. These include: the Care Quality Commission (for issues about patient safety and the quality of clinical services); NHS Improvement (for issues about finance and corporate governance); Health Education England (for education and training issues) and NHS Protect (where there are suspicions of fraud and corruption).

### 3.4 National Performance and Quality indicators

The indicators in this section have been identified by the Trust Board in consultation with stakeholders or are a national requirement and are monitored throughout the year indicated in table below:

<b>Quality Account 2018/19 – Performance Metrics</b>		
<b>Performance Indicators</b>	<b>Target</b>	<b>Full year</b>
Maximum time of 18 weeks from point of referral to treatment (RTT) in aggregate – patients on an incomplete pathway	Minimum 92%	77.68%
A&E: maximum waiting time of 4 hours from arrival to admission/transfer/discharge( Arrowe Park site )	Minimum 95%	78.90%
A&E: maximum waiting time of 4 hours from arrival to admission/transfer/discharge (WUTH ED only )	Minimum 95%	70.14%
All cancers: 62-day wait for first treatment from: Urgent GP referral for suspected cancer	Minimum 85%	86.16%
NHS Cancer Screening Service referral	Minimum 90%	97.96%
C. difficile: variance from plan	Maximum 28 cases p.a.	15 cases above maximum
Maximum 6-week wait for diagnostic procedures	Minimum 99%	98.86%
Venous thromboembolism (VTE) risk assessment	Minimum 95%	95.70%

## Appendix 1: Statements from Third Parties



Wirral University Teaching Hospital NHS Foundation Trust Quality Account 2018/19

### Statement from Wirral Metropolitan Borough Council

The Adult Care and Health Overview & Scrutiny Committee are responsible for the discharge of the health scrutiny function at Wirral Council. The Committee established a task and finish group in May 2019 in order to review the Quality Account of the Wirral University Teaching Hospital NHS Foundation Trust for 2018/19 and were grateful for the opportunity to comment on the draft report.

Members are disappointed to note that the Trust has fallen short of achieving its priority targets for 2018/19 in a number of quality areas, although it is appreciated that high patient demand for services has continued to provide a challenge for the Trust this year. Members are concerned with the failure to fully meet the target of '95% compliance with MUST assessments at 7 days' given the importance of nutrition and hydration for inpatients. However, it is encouraging to find that steps are being taken towards improvements in this area, with the uptake of initiatives such as placing white lids on water jugs to visually highlight additional patient needs and encourage closer monitoring. Members are also pleased to observe that perceptible action is being taken to tackle the ongoing issue of patient flow within the Trust, with a particular focus on timely patient discharge. The challenging target set by the Trust to eradicate 'corridor care' by October 2019 is welcomed, with Members looking forward to the realisation of this objective later in the year.

Members note that targets that have not been met in 2018/19 remain as priorities for the forthcoming year and look forward to implementation of the Trust's Quality Strategy 2019-22 impacting on next year's performance.

It is appreciated that workforce issues currently face many NHS Trusts nationally, and Members welcome the innovative approach to this challenge that the Trust have adopted – particularly the use of pharmacists to undertake medication rounds thus reducing pressures on nursing staff. It is noted that this has also resulted in a reduction in missed doses since 2016/17. In addition, it is recognised that use of the Perfect Ward Mobile App and WISE WARD Accreditation Programme has been a success and established a valuable series of data, with 600 digital audits carried out per month. Members welcome this programme as an advanced and inclusive way to improve standards of care.

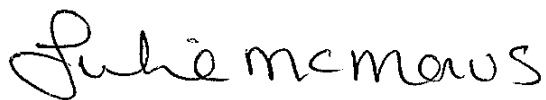
Members are pleased to observe that mortality rates at the Trust are below the national average for comparable Trusts as measured by the Hospital Standardised Mortality Ratio (HSMR) and are assured that there are adequate measures in place to ensure sufficient learning from deaths

in accordance with the national framework. Members also welcome the notable good practice and accreditation from external reviews particularly in the fields of paediatric general surgery, trauma and orthopaedics and renal medicine.

The Adult Care and Health Overview & Scrutiny Committee have taken a close interest in the Trust's CQC improvement journey following the disappointing rating of 'Requires Improvement' as a result of its last inspection. Although Members are confident that the Trust is taking all necessary measures to address the 'must do' and 'should do' actions highlighted by the CQC report, it is expected that there will be a rating improvement following the next inspection to confirm the effectiveness of these quality goals.

There is some concern for Members in relation to the needs of staff, with the Trust failing to perform against the CQUIN target of a 5% improvement in 2 out of 3 'NHS Staff Survey' questions relating to staff health and wellbeing – along with below average survey feedback within the areas of staff engagement and morale. Members are aware of the introduction of a number of Trust initiatives to improve in these areas; including improved reward and recognition schemes, staff magazines and media channels, and a new action plan focussing on mental and physical health. In order to ensure that staff are content and ultimately providing the best quality of care, it is important that these strategies are embedded effectively, and Members would expect to see improved staff feedback in the forthcoming year. Alongside this, Members welcome the prominence of the 'Freedom to Speak Up' (FTSU) campaign within the Trust and are reassured to learn that there are a number of channels available for raising concerns across the organisation. Although Members are pleased to see that the campaign is well used by staff, with 47 concerns received in 2018/19, we note the importance of those concerns being properly acted upon and contributing to a positive culture across the Trust.

The Adult Care and Health Overview & Scrutiny Committee look forward to continued partnership working with the Trust during the forthcoming year and note its priorities for 2019/20.



**Councillor Julie McManus**

Chair, Adult Care and Health Overview & Scrutiny Committee  
Wirral Borough Council

**Quality Account Commentary  
For Wirral University Teaching Hospital NHS Foundation Trust  
Provided by Healthwatch Wirral CIC  
May 2019**

Healthwatch Wirral (HW) would like to thank the Trust for the opportunity to comment on the Quality Accounts for 2018/19. This review was undertaken by associate members of the HW Working Group.

**Priorities for 2019/20**

HW noted that the priorities were the same as for the previous year and would appreciate clarification on whether this was because priorities had not been achieved.

HW was disappointed that progress updates had not been provided to HW during the year as requested.

**Review of Priorities for Improvement for 2018/19**

**Priority 1: Implement the SAFER bundles to improve patient flow & ensure safe discharges.**

Various procedures and targets have been introduced this year.

In last year's HW commentary, progress updates were requested but these have not been received. Therefore it is not clear what has been achieved, especially in Quarter 4.

**Priority 2: Ensuring our patients nutritional needs were met.**

HW noted the improvements over the year, from 50% in Quarter 1 to 86% in Quarter 4. The input of the dietician in Quarter 1 appears to be instrumental in achieving this improvement. The improvements to the range of food offered, including finger food to people with dementia were noted. The continuing improvements in nutrition and hydration were noted and it is hoped that the compliance target of 95% will be met by the end of the year.

**Priority 3: The Trust aimed to reduce harm to patients, particularly in relation to newly formed pressure ulcers.**

It was reassuring to see that patients waiting for long period of time in A&E are to be assessed regularly during their stay in the department but HW was surprised that this had not been seen as a normal procedure. It appears that the Trust is lowering the incidence of Grade 2 but hopes that the A&E assessments will contribute to a continuing reduction next year. This priority was not met for the second year but does seem to have improved in Quarter 4.

**Looking forward to 2019 /20: What our priorities are and how we are planning to achieve on these:**

**Priority 1: Patient Flow though the Trust**

To understand this section more fully, HW would appreciate further details of some of the baseline facts. There seem to be various procedures in place (SHOP etc) but no obvious clarity to the lay reader. Although HW noted a positive review of Pharmacy services later in the accounts, there is no mention of potential delays in medications delaying discharges that could be identified. HW hopes that the implementation of Improved Trust Flow Model and embedding of SHOP Model will help to address the problems experienced in Priority 1.

**Priority 2: Improve our patients' nutrition and hydration**

The Trust is still trying to achieve 95% compliance with MUST assessments (86%) after two years. They have carried out an audit and have implemented improved technology in relation to this priority.

**Priority 3: Reduce Pressure Ulcers in patients who are cared for by the Trust**

Zero tolerance of avoidable pressure ulcers at grades 3 & 4 is welcomed as is a reduction of grade 2 pressure ulcers. The provision of specialist beds / trolleys in A&E is also welcomed and hopefully improvements will continue.

**National Audits and local priority audits:** An impressive range of audits were undertaken and the learning outcomes resulted in improvements for patient care.

**External Reviews:** Getting it Right First Time [GIRFT] resulted in 3 areas being reviewed.

**Further External Reviews Accreditation:** These were noted.

**Commissioning for Quality & Innovations [CQIN]:** HW is not able to make many comments as many appear to have either failed or indicator results have not yet been finally agreed. However, Flu prevention and Improved Services Mental Health Needs at A&E have been achieved.

**Learning from deaths:** It is reassuring to see that End of Life Strategy has been introduced for 2019 – 2022 and that the Trust is using a national initiative to reduce still births.

**Core Indicators:** Amongst the positive steps taken, it was noted that some staff issues are reoccurring despite all the processes already in place, and that the Trust reported that they have breached the trajectory of avoidable cases, e.g. Clostridium Difficile.

**Overview of the Quality of care and performance:** it will be interesting to see how the new strategy progresses over the next year. It was reassuring to read that the reduction in falls is well below the national average and that missed medications had reduced.

Healthwatch were interested to learn that the Trust is moving to the NEWS2 early warning score system for patients (this is the national standardised assessment and response to acute illness) Healthwatch also noted that the Trust has established links with Wirral Community Trust to provide a Wirral wide approach in 'Care for the Deteriorating Patient' Healthwatch look forward to hear how this approach progresses.



**Staff Survey and Engagement:** The Survey results were presented in 10 themes and it was noted that the Trust fell below the national average in 8 of them. The actions that the Trust is taking to improve the health and wellbeing of its workforce were noted and Healthwatch would be interested to learn how these matters improve over the coming year.

To conclude, HW appreciates the opportunity to comment as a critical friend and would welcome regular quarterly updates of the Quality Accounts.

*Karen Prior*

**Chief Officer - Healthwatch Wirral  
On behalf of Healthwatch Wirral**

## Appendix 1

### Statement from NHS Wirral Clinical Commissioning Group

#### Quality Account 2018/19

NHS Wirral Clinical Commissioning Group (CCG) is committed to commissioning high quality services from Wirral University Teaching Hospital NHS Foundation Trust. We take seriously our responsibility to ensure that patients' needs are met by the provision of safe, high quality services and that the views and expectations of patients and the public are listened and acted upon.

We welcome the opportunity to comment on this account and believe it reflects accurately quality performance in 2018/19 and clearly sets out the direction regarding the forthcoming priorities for 2019/20.

We acknowledge that this has been another challenging year for the Trust; however we are disappointed that expected progress has not been made during 2018/19 in a number of priority areas in particular:

**SAFER-** This is the third year where this care bundle has not been robustly implemented and embedded across all areas within the trust. This remains an area of concern for NHS Wirral CCG, as this approach promotes patient safety by enabling patients to be admitted to the appropriate ward and to be discharged safely and earlier in the day. A Service Development Improvement Plan (SDIP) was established for the 2018/19 contract to monitor delivery against this priority, whilst there has been some progress made, this has not met the ambition set.

**Nutrition and Hydration-** This priority has been in place for three years. Assistance with Eating and drinking is a measure of good quality care and supports recovery. Although the target was not met, performance has shown improvement against the 59% compliance achieved in 2017/18 Q4. It is pleasing to see that of the 74% of patients who were assessed 10% of these patients were reviewed by a dietitian. As it is acknowledged that further work needs to be undertaken, NHS Wirral CCG supports this being a priority for 2019/20, and will be reviewing this as part of the contractual process.

It is pleasing to see that the Trust continues to undertake a large amount of work in relation to pressure ulcers and continues to set challenging targets to ensure that no harm is caused to patients. It is therefore disappointing to see the increase in grade 2 pressure ulcers. We welcome the refocus that the trust are putting to this priority and are confident that focus on this and improvement in nutrition and hydration will result in a reduction in grade 2 pressure ulcers in 2019/20 and achievement of zero tolerance for all avoidable pressure ulcers at grade 3 and 4.

Patient safety and preventing harm remains of paramount importance to NHS Wirral CCG, there has been one Never Event recorded in 2018/19, these are the most serious events that cause harm to patients. This is an improvement on previous years.

Whilst acknowledging the operational pressures associated with patient flow, this has led to challenges with Infection Prevention and Control, including the Trust having 'breached their trajectory' of avoidable Clostridium difficile cases, as well as not meeting the threshold for cases of E.coli and hospital acquired MRSA bacteraemia.

It is pleasing to see the how the Trust intends to improve quality at ward level including:

- The Perfect Ward Mobile App
- WISE Ward Accreditation Programme; a review of all inpatient areas with assessment against 14 standards.

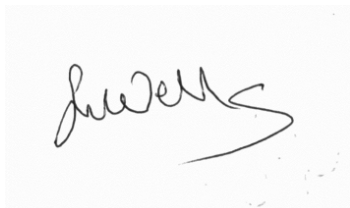
With these programmes in place NHS Wirral CCG expects that this will increase Hand Hygiene Compliance to 95%

It has been noted that the trust have participated in a number of external reviews and audits. We note that results are awaited for many audits. The CCG would like to congratulate the Trust on the outcome of these reviews including the JAG accreditation which assures quality in clinical care and patient experience.

We congratulate the Trust on inviting the Royal College of Physicians to undertake a service review of the acute medical service in the trust and look forward to improved outcomes from implementation of their recommendations.

The Trust is to be congratulated regarding good uptake of influenza vaccination by its staff population.

We believe that this quality account gives a true reflection of performance against the priorities set in 2018/19. NHS Wirral CCG will continue to work in partnership with the Trust to assure the quality of services commissioned for the population over the forthcoming year.

A handwritten signature in black ink, appearing to read 'Sue Wells', is written over a light blue rectangular background.

Sue Wells  
Chair- NHS Wirral Clinical Commissioning Group

## Appendix 2: Statement of Directors' responsibilities in respect of the quality report

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations to prepare Quality Accounts for each financial year.

NHS Improvement has issued guidance to NHS foundation trust boards on the form and content of annual quality reports (which incorporate the above legal requirements) and on the arrangements that foundation trust boards should put in place to support the data quality for the preparation of the quality report.

In preparing the quality report, directors are required to take actions to satisfy themselves that:

- the content of the quality report meets the requirements set out in the NHS Foundation Trust Annual Reporting Manual 2018/19 and supporting guidance
- the content of the Quality Report is not inconsistent with internal and external sources of information including:
  - Board minutes and papers for the period April 2018 –March 2019
  - Papers relating to quality reported to the Board over the period April 2018 –March 2019;
  - Feedback from the commissioners dated May 2019
  - Feedback from governors dated February 2019
  - Feedback from local Healthwatch; dated May 2019
  - Feedback from Overview and Scrutiny Committee dated May 2019
  - the Trust's complaints report published under regulation 18 of the Local Authority Social Services and National Health Service Complaints (England) Regulations 2009, dated September 2018 (2017-2018)
  - The latest national inpatient survey, published June 2017
  - The latest national staff survey, published 2019
  - The Head of Internal Audit's annual opinion over the trust's control environment dated May 2019
  - The most recent Care Quality Commission Inspection Report, published 13 July 2018
- the Quality Report presents a balanced picture of the NHS foundation trust's performance over the period covered;
- the performance information reported in the Quality Report is reliable and accurate;
- there are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report, and these controls are subject to review to confirm that they are working effectively in practice;
- the data underpinning the measures of performance reported in the Quality Report is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review;
- and the Quality Report has been prepared in accordance with NHS Improvement's annual reporting guidance (which incorporates the Quality Accounts regulations) (published at: <https://improvement.nhs.uk/resources/nhs-foundation-trust-annual-reporting-manual-201718/>) as well as the standards to support data quality for the preparation of the Quality Report.

The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the Quality Report.

By order of the Board

*David Henshaw*

*Janelle Holmes*

Chair

Date: 28<sup>th</sup> May 2019

Chief Executive

Date: 28<sup>th</sup> May 2019

## **Appendix 3: 2018/19 Limited Assurance Report on the Content of Quality Report**

### **Independent Practitioner's Limited Assurance Report to the Council of Governors of Wirral University Teaching Hospital NHS Foundation Trust on the Quality Report**

We have been engaged by the Council of Governors of Wirral University Teaching Hospital NHS Foundation Trust to perform an independent limited assurance engagement in respect of Wirral University Teaching Hospital NHS Foundation Trust's Quality Report for the year ended 31 March 2019 (the "Quality Report") and certain performance indicators contained therein against the criteria set out in the 'NHS foundation trust annual reporting manual 2018/19' and additional supporting guidance in the 'Detailed requirements for quality reports 2018/19' (the 'Criteria').

#### **Scope and subject matter**

The indicators for the year ended 31 March 2019 subject to the limited assurance engagement consist of the national priority indicators as mandated by NHS Improvement:

- Percentage of patients with a total time in A&E of four hours from arrival to admission, transfer or discharge: selected from the subset of mandated indicators in line with the NHSI guidance order of indicator priority
- Maximum waiting time of 62 days from urgent GP referral to first treatment for all cancers: selected from the subset of mandated indicators in line with the NHSI guidance order of indicator priority

We refer to these national priority indicators collectively as "the indicators".

#### **Respective responsibilities of the directors and Practitioner**

The directors are responsible for the content and the preparation of the Quality Report in accordance with the criteria set out in the 'NHS foundation trust annual reporting manual 2018/19' and supporting guidance issued by NHS Improvement.

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that:

- the Quality Report is not prepared in all material respects in line with the Criteria set out in the 'NHS foundation trust annual reporting manual 2018/19' and supporting guidance;
- the Quality Report is not consistent in all material respects with the sources specified in NHS Improvement's 'Detailed requirements for external assurance for quality reports 2018/19'; and
- the indicators in the Quality Report identified as having been the subject of limited assurance in the Quality Report are not reasonably stated in all material respects in accordance with the 'NHS foundation trust annual reporting manual 2018/19' and supporting guidance and the six dimensions of data quality set out in the "Detailed requirements for external assurance for quality reports 2018/19".

We read the Quality Report and consider whether it addresses the content requirements of the 'NHS foundation trust annual reporting manual 2018/19' and supporting guidance, and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the Quality Report and consider whether it is materially inconsistent with:

- Board minutes for the period 1 April 2018 to May 2019;
- papers relating to quality reported to the Board over the period April 2018 to May 2019;

- feedback from commissioners dated May 2019;
- feedback from local Healthwatch organisations dated May 2019;
- feedback from the Overview and Scrutiny Committee dated May 2019;
- the national inpatient survey dated June 2017;
- the national staff survey dated February 2019;
- the Head of Internal Audit's annual opinion over the Trust's control environment dated May 2019;
- the Care Quality Commission's inspection report dated 13/07/2018.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with these documents (collectively the "documents"). Our responsibilities do not extend to any other information.

The firm applies International Standard on Quality Control 1 (Revised) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are in compliance with the applicable independence and competency requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics. Our team comprised assurance practitioners and relevant subject matter experts.

This report, including the conclusion, has been prepared solely for the Council of Governors of Wirral University Teaching Hospital NHS Foundation Trust as a body, to assist the Council of Governors in reporting Wirral University Teaching Hospital NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2019, to enable the Council of Governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicators. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors as a body, and Wirral University Teaching Hospital NHS Foundation Trust for our work or this report, except where terms are expressly agreed and with our prior consent in writing.

### **Assurance work performed**

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('ISAE 3000'). Our limited assurance procedures included:

- evaluating the design and implementation of the key processes and controls for managing and reporting the indicators;
- making enquiries of management;
- limited testing, on a selective basis, of the data used to calculate the indicators tested against supporting documentation;
- comparing the content requirements of the 'NHS foundation trust annual reporting manual 2018/19' and supporting guidance to the categories reported in the Quality Report; and
- reading the documents.

A limited assurance engagement is narrower in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

### **Limitations**

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw allows for the selection of different, but acceptable, measurement techniques that can result in materially different measurements and can affect comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision of these criteria, may change over time. It is important to read the Quality Report in the context of the criteria set out in the 'NHS foundation trust annual reporting manual 2018/19' and supporting guidance.

The scope of our limited assurance work has not included governance over quality or non-mandated indicators, which have been determined locally by Wirral University Teaching Hospital NHS Foundation Trust.

Our audit work on the financial statements of Wirral University Teaching Hospital NHS Foundation Trust is carried out in accordance with our statutory obligations and is subject to separate terms and conditions. This engagement will not be treated as having any effect on our separate duties and responsibilities as Wirral University Teaching Hospital NHS Foundation Trust's external auditors. Our audit reports on the financial statements are made solely to Wirral University Teaching Hospital NHS Foundation Trust's members, as a body, in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006. Our audit work is undertaken so that we might state to Wirral University Teaching Hospital NHS Foundation Trust's members those matters we are required to state to them in an auditor's report and for no other purpose. Our audits of Wirral University Teaching Hospital NHS Foundation Trust's financial statements are not planned or conducted to address or reflect matters in which anyone other than such members as a body may be interested for such purpose. In these circumstances, to the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than Wirral University Teaching Hospital NHS Foundation Trust and Wirral University Teaching Hospital NHS Foundation Trust's members as a body, for our audit work, for our audit reports, or for the opinions we have formed in respect of those audits.

## **Conclusion**

Based on the results of our procedures, as described in this report, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2019:

- the Quality Report is not prepared in all material respects in line with the Criteria set out in the 'NHS foundation trust annual reporting manual 2018/19' and supporting guidance;
- the Quality Report is not consistent in all material respects with the sources specified in NHS Improvement's 'Detailed requirements for external assurance for quality reports 2018/19'; and
- the indicators in the Report identified as having been subject to limited assurance have not been reasonably stated in all material respects in accordance with the 'NHS foundation trust annual reporting manual 2018/19' and supporting guidance.

*Grant Thornton (UK) LLP*

Grant Thornton UK LLP  
Chartered Accountants  
Manchester

28 May 2019



## Appendix 4: CQC Ratings. Inspection 13.5.18/ Report published 13.7.18

### Rating for acute services/acute trust

	Safe	Effective	Caring	Responsive	Well-led	Overall
Arrowe Park Hospital	Requires improvement ↔ May 2018	Requires improvement ↓ May 2018	Good ↔ May 2018	Requires improvement ↔ May 2018	Inadequate ↓ May 2018	Requires improvement ↔ May 2018
Clatterbridge Hospital	Requires improvement Sept 2015	Good Sept 2015	Good Sept 2015	Good Sept 2015	Requires improvement Sept 2015	Requires improvement Sept 2015
<b>Overall trust</b>	Requires improvement ↔ May 2018	Requires improvement ↔ May 2018	Good ↔ May 2018	Requires improvement ↔ May 2018	Inadequate ↓ May 2018	Requires improvement ↔ May 2018

### Ratings for Arrowe Park Hospital

	Safe	Effective	Caring	Responsive	Well-led	Overall
Urgent and emergency services	Requires improvement ↔ May 2018	Requires improvement ↓ May 2018	Good ↔ May 2018	Requires improvement ↔ May 2018	Inadequate ↓ May 2018	Requires improvement ↔ May 2018
Medical care (including older people's care)	Inadequate ↓ May 2018	Requires improvement ↓ May 2018	Requires improvement ↓ May 2018	Requires improvement ↔ May 2018	Inadequate ↓ May 2018	Inadequate ↓ May 2018
Surgery	Requires improvement ↔ May 2018	Requires improvement ↓ May 2018	Good ↔ May 2018	Requires improvement ↓ May 2018	Requires improvement ↓ May 2018	Requires improvement ↓ May 2018
Critical care	Requires improvement ↔ May 2018	Good ↔ May 2018	Good ↔ May 2018	Good ↑ May 2018	Requires improvement ↔ May 2018	Requires improvement ↔ May 2018
Maternity	Requires improvement May 2018	Good May 2018	Good May 2018	Good May 2018	Good May 2018	Good May 2018
Services for children and young people	Requires improvement Sept 2015	Good Sept 2015	Good Sept 2015	Requires improvement Sept 2015	Requires improvement Sept 2015	Requires improvement Sept 2015
End of life care	Good ↑ May 2018	Good ↑ May 2018	Good ↔ May 2018	Good ↑ May 2018	Good ↑↑ May 2018	Good ↑ May 2018
Outpatients	Requires improvement Sept 2015	Not rated	Good Sept 2015	Requires improvement Sept 2015	Requires improvement Sept 2015	Requires improvement Sept 2015
<b>Overall*</b>	Requires improvement ↔ May 2018	Requires improvement ↔ May 2018	Good ↔ May 2018	Requires improvement ↔ May 2018	Inadequate ↓ May 2018	Requires improvement ↔ May 2018

## Ratings for Clatterbridge Hospital

	Safe	Effective	Caring	Responsive	Well-led	Overall
Medical care (including older people's care)	Requires improvement Sept 2015	Good Sept 2015	Good Sept 2015	Good Sept 2015	Requires improvement Sept 2015	Requires improvement Sept 2015
Surgery	Requires improvement Sept 2015	Good Sept 2015	Outstanding Sept 2015	Good Sept 2015	Good Sept 2015	Good Sept 2015
Outpatients	Requires improvement Sept 2015	Not rated	Good Sept 2015	Requires improvement Sept 2015	Requires improvement Sept 2015	Requires improvement Sept 2015
<b>Overall*</b>	Requires improvement Sept 2015	Good Sept 2015	Good Sept 2015	Good Sept 2015	Requires improvement Sept 2015	Requires improvement Sept 2015

## Appendix 5 Services provided by the Trust

### ACUTE AND MEDICAL SPECIALTIES DIVISION (14)

Emergency Department	Respiratory
Acute Medicine	Rheumatology
Critical Care	Haematology
Department of Medicine for the Elderly	Endoscopy
Cardiology	Stroke
Gastroenterology	Rehabilitation
Diabetes	Nephrology

### DIAGNOSTICS AND CLINICAL SUPPORT DIVISION (11)

Pathology	Radiology
Bed Management	Therapies
Integrated Discharge Team	Sterile Services
Booking and Outpatients	Pain Management
Limb Centre	Pharmacy
Cancer Pathway Management	

### SURGICAL DIVISION (13)

Surgical Elective Admissions Lounge	Oral and Maxillofacial
Pre-operative Assessment	Dermatology
Surgical Assessment	Trauma and Orthopaedics
Surgical Day Case	Ear, Nose and Throat
Colorectal	Theatres and Anaesthetics
Ophthalmology	Urology
Upper Gastro-intestinal	

## WOMEN'S AND CHILDREN'S DIVISION (9)

Paediatrics (Children's Ward)	Community Paediatrics
Obstetrics and Maternity Services	Community Midwifery
Neonatal Unit	Gynaecology
Termination of Pregnancy	Fertility Service
Sexual Health (jointly with Wirral Community Trust)	

## CORPORATE SERVICES (25)

Corporate Governance and Foundation Trust Membership Office	Information Technology
Finance and Procurement	Informatics
Clinical Coding	Information Governance
Programme Management Office	Medical Records
Quality and Safety	Equipment Services
Corporate Nurse Management (including End of Life Care)	Switchboard
Chaplaincy	Strategy and Partnerships
Bereavement Office	Communications
Infection Prevention and Control	Human Resources
Complaints and Patient Experience	Learning and Development
Safeguarding	Occupational Health
Hotel Services	Health and Safety
Estates	

# Independent auditor's report to the Council of Governors of Wirral University Teaching Hospital NHS Foundation Trust

## Report on the Audit of the Financial Statements

### Opinion

#### **Our opinion on the financial statements is unmodified**

We have audited the financial statements of Wirral University Teaching Hospital NHS Foundation 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 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 Accounts Directions issued under the National Service Act 2006, the NHS foundation trust annual reporting manual 2018/19 and 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;
- 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.

### Material uncertainty related to going concern

We draw attention to note 1.3.1 in the financial statements, which indicates that the Trust is planning to draw down borrowings of £10.0 million from the Department of Health and Social Care (DHSC) in 2019/20. These borrowings are "unapproved" as specific contracts for each planned draw of cash have not been signed. Additionally, the Trust has identified that refinancing arrangements of material loan repayments due in 2020/21 and 2021/22 are not in place.

These events or conditions, along with the other matters set forth in note 1.3.1, indicate that a material uncertainty exists that may cast significant doubt about the Trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **Overview of our audit approach**

##### **Financial statements audit**

- Overall materiality: £6,327,000 which represents 1.8% of the Trust's gross operating income (consisting of operating income and other income);
- Key audit matters were identified as:
  - Valuation of land and buildings

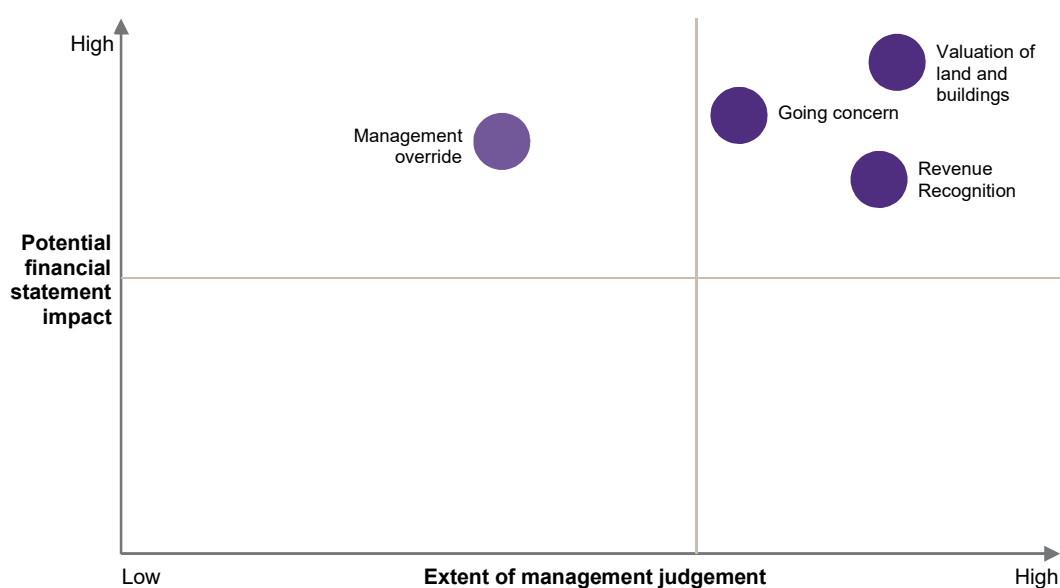
- Revenue recognition

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

- We identified two significant risks in respect of the Trust’s arrangements for securing economy, efficiency and effectiveness in its use of resources (see report on other legal and regulatory requirements section). The significant risks we identified relate to financial resources and future sustainability and the governance arrangements at the Trust.

**Key audit matters**

The graph below depicts the audit risks identified and their relative significance based on the extent of the financial statement impact and the extent of management judgement.



Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

**Key Audit Matter**

**How the matter was addressed in the audit**

**Risk 1 - Valuation of land and buildings**

The Trust revalues its land and buildings on a five yearly basis to ensure the carrying value in the Trust’s financial statements is not materially different from its current value in use at the financial statements’ year end date.

A full revaluation of the Trust’s land and buildings was undertaken in 2018/19. The valuation of land and buildings (including dwellings) at 31 March 2019, of £135.5 million, represents a significant balance on the Statement of Financial Position.

Our audit work included, but was not restricted to:

- Evaluating management’s processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work
- Evaluating the competence, capabilities and objectivity of the Trust’s valuation expert
- Discussing with the Trust’s valuer the basis on which the valuations were carried out and challenging the key assumptions applied
- Testing the information used by the valuer to assess its completeness and consistency with our understanding

## Key Audit Matter

The impact of the 2018/19 valuation was an impairment of £4.5 million and an overall fall in the valuation of the Trust's estate of £0.5 million as at 31 March 2019.

This valuation represents a significant estimate by management in the financial statements. We therefore identified valuation of land and buildings as a significant risk, which was one of the most significant assessed risks of material misstatement.

## Risk 2 – Revenue recognition

The Trust's significant income streams are operating income from patient care activities and other operating income.

89% of the Trust's income is from patient care activities and contracts with NHS commissioners. These contracts include the rates and activity to be undertaken by the Trust.

The Trust recognises patient care activity income during the year based on the completion of these activities. This includes the initial contract, which is agreed in advance at a fixed price, and income for additional patient care activity.

Patient care activities provided that are additional to those incorporated in the initial contracts (activity-based contract variations and non-contract activity income) are subject to verification and agreement by the commissioners. As such, there is a risk that income is recognised in the financial statements for these additional services that is not subsequently agreed by the commissioners. Due to the nature of the agreed contracts we have not identified a significant risk of material misstatement in relation to the initial contracts.

The Trust also receives other income which is predominantly in respect of, education and training, non-patient care services and other contract income. The risk around other operating revenues is related to the improper recognition of revenue.

We therefore identified the occurrence and accuracy of activity-based patient care contract income, non-contract activity income and other operating income and the existence of associated receivables as a significant risk, which was one of the most significant assessed risks of material misstatement.

## How the matter was addressed in the audit

- Testing, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Trust's asset register

The Trust's accounting policy on Property, Plant and Equipment shown in note 1.8.2 to the financial statements and related disclosures are included in note 12.

The Audit Committee identified this risk as a significant issue in its report on page 66, where the Audit Committee also described the action that it has taken to address this risk.

## Key observations

We obtained sufficient audit evidence to conclude that:

- the basis of the valuation of land and buildings was appropriate, and the assumptions and processes used by management in determining the estimate were reasonable;
- the valuation of land and buildings disclosed in the financial statements is reasonable.

Our audit work included, but was not restricted to:

- Evaluating the Trust's accounting policy for recognition of income from patient care activities and other operating income for appropriateness and compliance with the DHSC group accounting manual 2018-19
- Updating our understanding of the Trust's system for accounting for income from patient care and other operating income, and evaluating the design of the associated controls

## Patient Care Income

- Using the DHSC mismatch report, investigated unmatched income and receivable balances over £300,000, corroborating the unmatched balances used by the Trust to supporting evidence;
- Agreeing, 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;
- Evaluating the judgments made by management on contract variation estimates.

## Other Operating Income

- Agreeing, on a sample basis, income and year end receivables from other operating income to invoices and cash payment or other supporting evidence.

The Trust's accounting policies on income recognition is shown in note 1.4 to the financial statements and related disclosures are included in notes 2 and 3.

The Audit Committee identified this risk as a significant issue in its report on page 65, where the Audit Committee also described the action that it has taken to address this risk.

## Key observations

We obtained sufficient audit evidence to conclude that:

- the Trust's accounting policies for income recognition comply with the DHSC group accounting manual 2018-19 and have been properly applied; and
- activity-based patient care contract income, non-contract activity income and other operating income and the associated receivables are not materially misstated.

## Our application of materiality

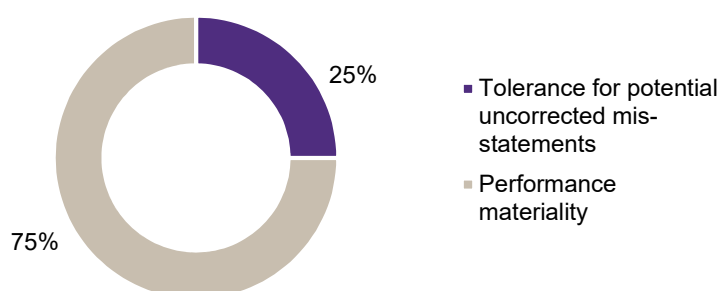
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality Measure	Trust
Financial statements as a whole	£6,327,000 which is 1.8% of the Trust's gross operating income. This benchmark is considered the most appropriate because we consider users of the financial statements to be most interested in how the Trust has expended its revenue and other funding. Materiality for the current year is 0.2% less than the percentage level which we determined for the year ended 31 March 2018 due to the financial position of the trust and its deficit outturn.
Performance materiality used to drive the extent of our testing	75% of financial statement materiality
Specific materiality	Disclosure of senior managers' remuneration in the Remuneration Report £20,000 based on 2% of the total senior managers' remuneration.
Communication of misstatements to the Audit Committee	£300,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

### Overall materiality – Trust



## An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the Trust's business. It included an evaluation of the Trust's internal controls environment including relevant IT systems and controls over key financial systems.

The scope of our audit included:

- undertaking an interim audit visit in January 2019 where we:
  - completed walk through tests of the Trust's controls operating in key financial systems where we consider that there is a risk of material misstatement to the financial statements;
  - performed testing, on a sample basis, of operating expenses and income for the months up to December 2019.
- undertaking a final visit in May 2019 where we tested, on a sample basis:
  - all of the Trust's material income streams;
  - all of the Trust's operating expenses
  - 89% of the Trust's current and non-current assets
  - 97% of the Trust's current and non-current liabilities



### Other information

The Accounting Officer is 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.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable in accordance with provision C.1.1 of the NHS Foundation Trust Code of Governance – the statement given by the directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy, is materially inconsistent with our knowledge of the Trust obtained in the audit; or
- Audit Committee reporting in accordance with provision C.3.9 of the NHS Foundation Trust Code of Governance – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

### 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 meet the disclosure requirements set out in the NHS foundation trust annual reporting manual 2018/19 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.

#### **Our opinion on other matters required by the Code of Audit Practice is unmodified**

In our opinion:

- the parts of the Remuneration Report and the 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 NHS foundation trust annual reporting 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 Schedule 10 (3) of the National Health Service Act 2006 in the course of, or at the conclusion of the audit; or
- we refer a matter to the regulator under Schedule 10 (6) of the National Health Service Act 2006 because we have reason to believe that the Trust, or a director or officer of the Trust, is about to make, or has made, a decision which involves or would involve the incurring of expenditure that was unlawful, 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.

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

### **Responsibilities of the Accounting Officer and Those Charged with Governance for the financial statements**

As explained more fully in the Statement of the Chief Executive's responsibilities as the accounting officer, the Chief Executive, as Accounting Officer, is responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions included in the NHS foundation trust annual reporting manual 2018/19, for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines 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 Accounting Officer is 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 the Accounting Officer has been informed by the relevant national body of the intention to dissolve the Trust without the transfer of the Trust's 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**

### **Qualified conclusion**

On the basis of our work, having regard to the guidance issued by the Comptroller & Auditor General in November 2017, except for the effects of the matters described in the basis for qualified conclusion section of our report, we are satisfied that, in all significant respects that Wirral University Teaching Hospital NHS Foundation Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

### **Basis for qualified conclusion**

Our review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources identified the following matters:

- The 2018/19 financial plan which the Trust submitted to NHS Improvement in April 2018 included a planned £25 million deficit and an £11 million cost improvement savings programme (CIP).

- During 2018/19 the Trust's financial performance worsened due to the non-delivery of £1.4 million of planned CIP savings and also the need to account for two provisions arising late in the year which totalled £7.1million, resulting in an outturn position of a £33.8 million deficit.

These matters identify weaknesses in the Trust's arrangements for setting a sustainable budget with sufficient capacity to absorb emerging cost pressures and deliver savings plans. They are evidence of weaknesses in proper arrangements for sustainable resource deployment in planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.

### Significant risks

Under the Code of Audit Practice, we are required to report on how our work addressed the significant risks we identified in forming our conclusion on the adequacy of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. Significant risks are those risks that in our view had the potential to cause us to reach an inappropriate conclusion on the audited body's arrangements. The table below sets out the significant risks we have identified. These significant risks were addressed in the context of our conclusion on the Trust's arrangements as a whole, and in forming our conclusion thereon, and we do not provide a separate opinion on these risks.

Significant risks forming part of our qualified conclusion	How the matter was addressed in the audit
<p><b>Risk 1 - Financial resources and future sustainability</b></p> <p>For 2018/19, the Trust were given an £11 million surplus control total by NHS Improvement (NHSI). The Trust did not accept this control total and submitted a financial plan to NHSI forecasting a deficit of £25.0 million. This included a savings plan (CIP) of £11.0 million.</p> <p>During the year the Trust's financial performance drifted from the planned deficit of £25 million. As at December 2018 the Trust reported a forecast deficit position of £27.5 million to NHSI.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> <li>• Assessing the Trust's arrangements for agreeing and reporting progress upon the 2018/19 financial plan including progress on achieving CIP savings.</li> <li>• Scrutinising financial performance reports to Board and Finance Business Performance Assurance Committee (FBAC) to understand why the financial position deteriorated from plan and management's response</li> <li>• Meeting with senior management to understand their plans to control the deficit</li> <li>• Assessing the Trust's arrangements for identifying a sustainable future service configuration in the medium term, including the process for agreeing a budget for 2019/20.</li> </ul> <p>The Audit Committee identified this risk as a significant issue in its report on page 66, where the Audit Committee also described the action that it has taken to address this risk.</p> <p><b>Key findings</b></p> <p>We have qualified our conclusion in respect of this risk, as set out in the basis of qualified conclusion section of the report.</p>

Significant risks not forming part of our qualified conclusion	How the matter was addressed in the audit
<p><b>Risk 2 - Governance Arrangements</b></p> <p>An independent review by NHS Improvement of the Trust's governance arrangements in January 2018 identified cultural, behavioural and governance issues at the Trust.</p> <p>The above findings of this review and several resignations from the Trust's Board, adversely impacted the Trust's leadership capacity and capability. In March 2018, NHSI invoked an additional license condition on the Trust under section 111 of the Health and Social Care Act 2012 in response to these issues.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> <li>• Evaluating the outputs from the published reports and further correspondence or reports with NHSI and the CQC during the year</li> <li>• Meeting with senior management to understand the plans to address the concerns raised and the extent to which the concerns of staff are addressed at the Trust.</li> <li>• Discussing with management the actions taken to date to address the concerns raised in the NHSI report and the further plans in place to develop the culture at the Trust</li> </ul>

### Significant risks not forming part of our qualified conclusion

In July 2018, the CQC gave WUTH an overall rating of requires improvement and a rating of inadequate in relation to the Well-led dimension. The quality improvement action plan has 221 specific actions/work-plans for implementation by August 2019. Performance against the action plan has been reported to the board monthly which has tracked the progress made to implement and embed the actions required. As at the end of 2018/19, 169 actions have been embedded, 50 are on target and 2 are overdue.

### How the matter was addressed in the audit

- Assessing the action plan developed to address the findings made in the CQC report. For a sample of the most significant findings we also performed a detailed evaluation of the sufficiency of evidence used in determining that actions have been met and embedded at the Trust.

The Audit Committee identified this risk as a significant issue in its report on page 67, where the Audit Committee also described the action that it has taken to address this risk.

### Key findings

Our review of the progress made against the action plans found that considerable steps have been taken to ensure that the majority of actions have been implemented and embedded at the Trust. The Trust has put in place improved governance arrangements and resolved the issues concerning the Board.

### Responsibilities of the Accounting Officer

The Accounting Officer is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

### 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 paragraph 1 of Schedule 10 of the National Health Service Act 2006 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 Wirral University Teaching Hospital NHS Foundation Trust in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

### Use of our report

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Trust's Council of Governors 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 Council of Governors, as a body, for our audit work, for this report, or for the opinions we have formed.

*Andrew Smith*

**Andrew Smith, Key Audit Partner**

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

**Manchester**

**28 May 2019**

**Wirral University Teaching Hospital NHS Foundation Trust**

**Annual accounts for the year ended 31 March 2019**

## FOREWORD TO THE ACCOUNTS

### Wirral University Teaching Hospital NHS Foundation Trust

These accounts, for the year ended 31 March 2019, have been prepared by Wirral University Teaching Hospital NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

They are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) (a) of the National Health Service Act 2006.

**Signed** *Janelle Holmes*

Janelle Holmes  
**Chief Executive Officer**

**Date** **28 May 2019**

## Statement of Comprehensive Income (SoCI)

	Note	2018/19 £000	2017/18 £000
Operating income from patient care activities	2	314,040	295,373
Other operating income	3	38,906	37,605
Operating expenditure	5, 6	(386,763)	(350,245)
<b>Operating surplus / (deficit)</b>		<b><u>(33,817)</u></b>	<b><u>(17,267)</u></b>
Finance income	8	130	47
Finance expenditure	9	(1,740)	(1,124)
PDC dividend payable		(2,192)	(2,967)
<b>Net finance costs</b>		<b><u>(3,802)</u></b>	<b><u>(4,044)</u></b>
Other gains / (losses)	10.2	75	3,946
<b>Surplus / (deficit) for the year</b>		<b><u>(37,544)</u></b>	<b><u>(17,366)</u></b>
<b>Other comprehensive income</b>			
<b>Items which will not be reclassified to income and expenditure</b>			
Impairments	10.1	3,503	7,868
Revaluations	14	740	191
<b>Total comprehensive income / (expenditure) for the period</b>		<b><u>(33,301)</u></b>	<b><u>(9,307)</u></b>

The notes on pages 172 to 217 form part of these accounts.

All income and expenditure is derived from continuing operations.



## Statement of Financial Position (SoFP)

		31 March 2019 £000	31 March 2018 £000
	Note		
<b>Non-current assets</b>			
Intangible assets	11	14,225	12,763
Property, plant and equipment	12	161,213	159,754
Receivables	17	877	903
<b>Total non-current assets</b>		<b>176,315</b>	<b>173,420</b>
<b>Current assets</b>			
Inventories	16	3,973	4,171
Receivables	17	14,197	18,423
Cash and cash equivalents	18	6,515	7,950
<b>Total current assets</b>		<b>24,685</b>	<b>30,544</b>
<b>Current liabilities</b>			
Trade and other payables	19	(35,213)	(32,538)
Borrowings	21	(1,276)	(1,074)
Provisions	23	(2,951)	(547)
Other liabilities	20	(2,881)	(3,225)
<b>Total current liabilities</b>		<b>(42,321)</b>	<b>(37,384)</b>
<b>Total assets less current liabilities</b>		<b>158,679</b>	<b>166,580</b>
<b>Non-current liabilities</b>			
Borrowings	21	(73,223)	(49,258)
Provisions	23	(7,786)	(2,318)
Other liabilities	20	(2,788)	(8,812)
<b>Total non-current liabilities</b>		<b>(83,797)</b>	<b>(60,388)</b>
<b>Total assets employed</b>		<b>74,882</b>	<b>106,192</b>
<b>Financed by</b>			
Public dividend capital		79,587	77,575
Revaluation reserve		44,597	40,876
Income and expenditure reserve		(49,302)	(12,259)
<b>Total taxpayers' equity</b>		<b>74,882</b>	<b>106,192</b>

The notes on pages 172 to 217 form part of these accounts.

The primary financial statements on pages 168 to 171 and the notes on pages 172 to 217 were approved by the Trust's Board of Directors on 28 May 2019 and signed on its behalf by Janelle Holmes, Chief Executive Officer.

Signed *Janelle Holmes*

28 May 2019

Janelle Holmes  
Chief Executive Officer

## 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
Taxpayers' equity at 1 April 2018 - brought forward	77,575	40,876	(12,259)	106,192
Impact of implementing IFRS 9 on 1 April 2018	-	-	(21)	(21)
Surplus/(deficit) for the year	-	-	(37,544)	(37,544)
Other transfers between reserves	-	(515)	515	-
Impairments	-	3,503	-	3,503
Revaluations	-	740	-	740
Transfer to income and expenditure reserve on disposal of assets	-	(7)	7	-
Public dividend capital received	2,012	-	-	2,012
<b>Taxpayers' equity at 31 March 2019</b>	<b>79,587</b>	<b>44,597</b>	<b>(49,302)</b>	<b>74,882</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
Taxpayers' equity at 1 April 2017 - brought forward	72,525	33,349	4,575	110,449
Surplus/(deficit) for the year	-	-	(17,366)	(17,366)
Other transfers between reserves	-	(415)	415	-
Impairments	-	7,868	-	7,868
Revaluations	-	191	-	191
Transfer to income and expenditure reserve on disposal of assets	-	(117)	117	-
Public dividend capital received	5,050	-	-	5,050
<b>Taxpayers' equity at 31 March 2018</b>	<b>77,575</b>	<b>40,876</b>	<b>(12,259)</b>	<b>106,192</b>

## Information on reserves

**Revaluation reserve**

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenditure, in which case they are recognised in operating expenditure - net impairments. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

**Income and expenditure reserve**

The balance of this reserve is the accumulated surpluses and deficits of this NHS foundation trust.

**Public dividend capital**

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS trust. Additional PDC may also be issued to trusts by the Department of Health and Social Care (DHSC). A charge, reflecting the cost of capital utilised by this trust, is payable to DHSC as the public dividend capital dividend (PDC dividend).

In 2018/19, the Trust received additional PDC totalling £2,000k for the *Urgent and Emergency Care* capital scheme and £12k for *Pharmacy Infrastructure Investment* (£4,986k for the *Global Digital Exemplar Programme (GDE)* and £64k for the *Cancer Transformation Programme* in 2017/18).

## Wirral University Teaching Hospital NHS Foundation Trust - Annual Accounts 2018/19

### Statement of Cash Flows (SoCF)

	Note	2018/19 £000	2017/18 £000
<b>Cash flows from operating activities</b>			
Operating surplus / (deficit)		(33,817)	(17,267)
<b>Non-cash income and expenditure</b>			
Depreciation and amortisation	5.1	8,187	6,604
Net impairments	10.1	4,492	(27)
Income recognised in respect of capital donations	3	(165)	(965)
Amortisation of PFI deferred income	3	(6,348)	(342)
(Increase) / decrease in receivables and other assets		4,513	(2,281)
(Increase) / decrease in inventories		198	(290)
Increase / (decrease) in payables and other liabilities		2,978	(1,977)
Increase / (decrease) in provisions		7,869	(31)
<b>Net cash generated from / (used in) operating activities</b>		<b>(12,093)</b>	<b>(16,576)</b>
<b>Cash flows from investing activities</b>			
Interest received		124	43
Purchase of intangible assets		(2,578)	(585)
Purchase of property, plant and equipment		(9,286)	(8,662)
Sales of property, plant and equipment		218	4,350
Receipt of cash donations to purchase capital assets		130	346
<b>Net cash generated from / (used in) investing activities</b>		<b>(11,392)</b>	<b>(4,508)</b>
<b>Cash flows from financing activities</b>			
PDC received		2,012	5,050
Movement on loans from the Department of Health and Social Care		24,027	22,357
Capital element of finance lease rental payments		(60)	(59)
Interest on loans		(1,583)	(1,057)
Other interest		(1)	-
Interest paid on finance lease liabilities		(10)	(12)
PDC dividend paid		(2,335)	(2,635)
<b>Net cash generated from / (used in) financing activities</b>		<b>22,050</b>	<b>23,644</b>
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>(1,435)</b>	<b>2,560</b>
<b>Cash and cash equivalents at 1 April</b>		<b>7,950</b>	<b>5,390</b>
<b>Cash and cash equivalents at 31 March</b>	18.1	<b>6,515</b>	<b>7,950</b>

## **Note 1 Accounting policies**

NHS Improvement, in exercising the statutory functions conferred on Monitor, is responsible for issuing an accounts direction to NHS foundation trusts under the NHS Act 2006. NHS Improvement has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the *Department of Health and Social Care Group Accounting Manual (DHSC GAM)*, which shall be agreed with HM Treasury and which therefore meets the requirements of HM Treasury's *Financial Reporting Manual (FReM)*.

Consequently, the following financial statements and associated notes have been prepared in accordance with the *DHSC GAM 2018-19* issued by the Department of Health and Social Care (DHSC). The accounting policies contained in the manual follow International Financial Reporting Standards (IFRS) 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 *DHSC 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 the accounts.

### **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, and certain financial assets and financial liabilities, to *fair value* as determined by the relevant accounting standards, and subject to the interpretations and adaptations of those standards made in the *FReM*.

These accounts have been prepared on a going concern basis, as explained under *Critical accounting judgements*, below.

The financial statements are presented in pounds sterling, stated in thousands unless expressly stated otherwise.

Assets and liabilities are classified as current if they are expected to be realised within, or where they have a maturity of less than, twelve months from the Statement of Financial Position (SOFP) date. All other assets and liabilities are classified as non-current.

### **1.2 Joint operations accounting**

Joint operations (Note 15) are collaborative arrangements over which the Trust has joint control with one or more other entities, which typically involves the pooling of assets and the sharing of expenditures rather than the establishment of a separate entity. The Trust has the rights to particular assets or a share of certain assets, and obligations for particular liabilities or a share of certain liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement. Where material, the Trust includes within its financial statements its share of each operation's assets, liabilities, income and expenditure.

### **1.3 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Trust's accounting policies, management is required to make various judgements, estimates and assumptions which create a risk of material uncertainty.

These judgements, estimates and assumptions are based on historical experience and other factors considered of relevance. Actual results may differ from those estimates, and underlying assumptions are regularly reviewed. Revisions to estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

### 1.3.1 Critical accounting judgements

Listed below are areas where management has made judgements, apart from those involving estimations (see 1.3.2), in the process of applying the Trust's accounting policies, which are deemed most significant to the amounts recognised in the financial statements.

#### **Going concern**

The Trust is judged to be a going concern if it is to continue in operation for the foreseeable future. There is no presumption of going concern status for NHS foundation trusts. Directors must decide each year whether or not the Trust is a going concern, and whether it is appropriate for the Trust to prepare its accounts on the going concern basis.

In forming a view, the directors have considered key factors captured in the Trust's 2019/20 plan and beyond. This assessment covers a period of at least 12 months from the date of approval of the financial statements.

In particular, the directors have noted the following factors.

- No major losses of commissioner income are anticipated, contracts with the main commissioners are signed, and the list of commissioner-requested services remains unchanged.
- The Trust's challenging 2019/20 plan is to financially break even. This means that the Trust has no overall planned borrowing requirement, in support of continued operations and liquidity, relating to 2019/20 performance. However, the Trust is planning to draw down 'unapproved' borrowings from DHSC (£10.0m) relating to the 2018/19 quarter 4 deficit, and the scheduled delays in cash receipts from the Provider Sustainability Fund and Financial Recovery Fund. These borrowings are 'unapproved' as specific contracts for each planned draw of cash have not been signed, which is consistent with DHSC's ongoing borrowing regime.

Further relevant factors considered in relation to borrowings are listed below.

- The Trust anticipates implicit approval of the 'unapproved' borrowings through DHSC and NHSI's acceptance of the Trust's plans.
- There is uncertainty relating to material loan repayments due in 2020/21 and 2021/22, as refinancing arrangements are not in place. The maturity profile of loans is disclosed in Note 26.5 to the accounts. However, the Trust has not identified any short-term risk of an inability to repay borrowings when they fall due – all treasury activity is included in the Trust's planning models and all borrowings are intra-governmental – ultimately, if required, terms may be renegotiated.

In summary, the directors have identified that the following factors represent *material uncertainty that may cast significant doubt about the Trust's ability to continue as a going concern*, in line with DHSC guidance.

- Reliance on 'unapproved' borrowings in 2019/20, relating to 2018/19 performance.
- The challenges presented by delivery of the 2019/20 plan without deficit or recourse to deficit-related borrowings, and the levels of non-recurrent funding within the 2019/20 plan which are not expected to be available in 2020/21 and beyond.
- Uncertainties relating to loan repayments due in 2020/21 and 2021/22.

Nevertheless, and notwithstanding the present and forecast sector-wide challenges discussed within this Annual Report and Accounts, the directors have noted that the Trust intends to continue to operate for the foreseeable future, and has not been informed by any relevant national body of any intention related to the dissolution of the Trust. For this reason, they continue to adopt the going concern basis in preparing the financial statements and the financial statements do not include the adjustments that would result if the Trust was unable to continue as a going concern.

#### **Segmental reporting**

IFRS 8 *Operating Segments* requires additional annual accounts disclosures for certain significant business streams ('reportable segments') which engage in distinct business activities and whose operating results are regularly and separately reviewed by the entity's 'chief operating decision maker' (CODM).

As the Trust's CODM, the Trust's Board of Directors does regularly review the performance of the Trust's operational divisions, whilst reviewing the financial position of the Trust as a whole, in its decision-making framework. However, these divisions are not judged to comprise distinct reportable segments, as they share similar economic characteristics, having similar locations, outputs and customers, and operating within the same funding and regulatory environment. At an operational level, the workforce is flexibly deployed and assets are shared across the divisions in providing services and delivering the Trust's objectives.

The accompanying financial statements have consequently been prepared under one single reporting segment, that is, 'the provision of acute healthcare'.

### ***Interests in other entities and joint arrangements***

Reporting bodies are required to assess whether they have interests in subsidiaries, associates, joint ventures or joint operations, prior to accounting for and disclosing these arrangements according to the relevant accounting standards. This assessment involves making judgements and assumptions about the nature of collaborative working arrangements, including whether or not the Trust has control over those arrangements per IFRS 10 *Consolidated Financial Statements*.

The Trust has assessed its existing contracts and collaborative arrangements for 2018/19, and has determined that the only arrangements which would fall within the scope of IFRS 10, IFRS 11 *Joint Arrangements* or IFRS 12 *Disclosure of Interests in Other Entities*, are the Trust's subsidiary charity and its joint operations (Note 15).

### ***Consolidation***

Wirral University Teaching Hospital NHS Foundation Trust is the corporate trustee of Wirral University Teaching Hospital NHS Foundation Trust Charitable Fund ('the Charity'). The Trust has assessed its relationship with the Charity and determined it to be a subsidiary, as it has the power to both gain and affect economic returns and other benefits from the Charity.

The Trust has reviewed the value of the Charity's fund balances at 31 March 2019 and does not consider these to be material to the Trust. Consequently, consolidated financial statements, incorporating the accounts of both the Trust and the Charity ('group accounts') have not been prepared for the year ended 31 March 2019.

### ***'Service concession' asset***

In 2010, the Trust recognised one 'service concession' asset (as at 31 March 2008). A staff accommodation block, built and operated by Frontis Homes Limited (Your Housing Group Limited) on the Trust's Arrowe Park site, is an infrastructure asset used in the delivery of public services. The Trust controls the residual interest in the asset and the services to be provided. Consequently, the arrangement is accounted for as outlined in 1.10 *Private Finance Initiative (PFI) transactions and service concessions* and Note 20 to the accounts.

### ***Finance leases***

The Trust has a number of different lease arrangements, and follows IAS 17 *Leases* in classifying those leases as either finance leases or operating leases at the point of recognition. This classification leads to different accounting treatments, and different transaction values and balances for each reporting period within the Statement of Comprehensive Income (SOI) and the SOFP as outlined under 1.14 *Leases*, below. In following the applicable lease standards, an element of judgement is required in deciding whether an arrangement is a lease, and, in particular, determining a lease's classification.

### ***Asset valuation, lives and depreciation***

The *DHSC GAM* requires that the valuation of the Trust's specialised buildings is based on a modern equivalent asset (MEA) with the same productive capacity as the property being valued. The Trust has opted to interpret the MEA basis as pertaining to a single combined hospital facility ('single site model') wholly located at the Trust's Clatterbridge site, and this fundamentally affects valuation processes, generally reducing asset carrying values.

The Trust has judged that this single combined hospital model is effectively a single asset for the purposes of applying IAS 16 *Property, Plant and Equipment*, with each significant building 'sub-asset' as a separately

depreciating component. The component parts of each building 'sub-asset' are not themselves judged to have sufficient cost in relation to the single combined facility to require separate depreciation under the standard. This judgement affects the overall depreciation of the Trust's estate.

Additionally, the valuation of buildings requires decisions as to whether assets or groups of assets are specialised or non-specialised, which can lead to significantly different valuations, as described under *1.8 Property, plant and equipment*.

### **1.3.2 Key source of estimation uncertainty**

The following is a key source of estimation uncertainty at the end of the reporting period that presents significant risk of causing a material adjustment to the carrying amount of assets or liabilities within the next financial year.

#### ***Asset valuation, lives and depreciation***

The value and remaining useful lives of land and building ('estate') assets are estimated by the Trust's valuers, Cushman & Wakefield. Valuations are carried out annually and are performed in accordance with the Royal Institute of Chartered Surveyors' *RICS Valuation - Global Standards* (the 'Red Book') and other relevant RICS guidance notes, primarily on the basis of depreciated replacement cost for specialised operational property and existing use value for non-specialised operational property. In particular, land and building assets are valued as a single combined hospital facility ('single site model'), as described in the previous section. This alternative replacement model requires the operation of significant levels of judgement by the valuer.

Where assets are of low value and/or have short useful economic lives, such as operational equipment, they are carried at depreciated historical cost (cost less any accumulated depreciation) as this is not considered to be materially different from fair value. The lives of equipment assets are estimated using historical experience of similar equipment lives with reference to national guidance and consideration of the pace of technological change. Intangible software licences are depreciated over the shorter of the term of the licence and the useful economic life.

Because the Trust undertakes annual revaluations of estate assets, estimation uncertainty relating to asset lives and depreciation does not present significant risk of causing material adjustments. However, the Trust's reliance on valuation methods does present a risk relating to the carry amount of non-current assets. The total balance of intangible and tangible fixed assets as at 31 March 2019 is £175m, of which £136m relates to estate assets.

### **1.3.3 Other sources of estimation uncertainty**

The following are other sources of estimation uncertainty that are not currently judged to cause a significant risk of material adjustment to the carrying amount of assets and liabilities within the next financial year. This is primarily because the related carrying values are judged to be not individually material.

- Provisions such as those for employer and public liability legal claims.
- Provisions for early retirements that took place before the NHS pension scheme was modified in 1995, incorporating inflation and the relevant discount rate. Where the effect of the time value of money is material, the estimated risk-adjusted cash flows are discounted using the Treasury's discount rate of 0.29% (0.10% 2017/18) in real terms.
- Allowance for credit losses, including 21.89% (22.84% 2017/18) of accrued Injury Cost Recovery (ICR) income to reflect the average value of claims withdrawn as advised to DHSC by the Compensation Recovery Unit (CRU) of the Department for Work and Pensions.
- Income accruals for clinical episodes not yet fully completed as at the end of the reporting period ('partially completed spells'), as the calculation involves an average specialty-specific tariff per episode.

Inventory balances which are measured by counting stock, and attributing values to that inventory. There is an estimation uncertainty related to the timing of the Trust's stock counts, because they cannot operationally be undertaken simultaneously at close of play on 31 March.

## 1.4 Income

### 1.4.1 Contract income – service delivery

#### Recognition and measurement

All contract income in respect of services provided is recognised in accordance with IFRS 15 *Revenue from Contracts with Customers*. That is, income is recognised to the extent that collection of consideration is probable. Income is recognised when (or as) contractual performance obligations are satisfied, by delivering promised goods and services to the customer, and is measured at the amount of the transaction price allocated to those performance obligations.

The *DHSC GAM* expands the definition of a contract to include legislation and regulations, which enable an entity to receive cash or another financial asset, not classified as tax by the Office of National Statistics. Where permitted to retain such taxes, fines and penalties, the income is also deemed to fall in scope of IFRS 15.

At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional, a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. When income is received for a specific performance obligation that is to be satisfied in the following year, that income is deferred and held on-SOFP as a contract liability. If, and to the extent that, a contract specifies entitlement to consideration in advance, but performance obligations are not yet satisfied, a contract receivable is recognised and the corresponding income is deferred through the recognition of a contract liability.

#### Income from NHS contracts

The main source of income for the Trust is contracts with commissioners in respect of healthcare services. A performance obligation relating to delivery of a spell of healthcare is generally satisfied over time, as healthcare is received and consumed simultaneously by the customer as the Trust performs it. Clinical coders capture the clinical activity within the Trust and in most cases, payment is received/receivable within a month of service delivery.

Where the Trust is aware of a penalty based on contractual performance, the Trust reflects this in the transaction price for income recognition; income is reduced by the value of the penalty. This occurs for readmissions, whereby the Trust foregoes income in cases where a patient is readmitted within 30 days of discharge from a previous planned stay. The Trust receives income from commissioners under Commissioning for Quality and Innovation (CQUIN) schemes. The Trust agrees schemes with its commissioner but they affect how care is provided to patients. That is, the CQUIN payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the contract.

Where a patient care spell is incomplete at the year end, income relating to the partially complete spell is accrued in the same manner as other income, and this accrued income is agreed with the commissioner. The income for patients admitted before 31 March but not discharged before midnight 31 March is calculated on the basis of average length of stay for the admitting speciality less the patient's length of stay at midnight 31 March.

In the case of maternity pathways, the performance obligation is deemed to be satisfied over time and income is deferred in proportion with the expected length of treatment time outstanding.

#### Transition to IFRS 15 *Revenue from Contracts with Customers*

Consistent with *DHSC GAM*, the following approach has been adopted.

- The transition has been completed in accordance with IFRS 15 paragraph C3(b), with retrospective application, recognising the cumulative effects at the date of initial application (1 April 2018).
- A number of practical expedients offered in IFRS 15 have been employed. These are as follows.
  - Retrospective restatement relating to contract modifications has not been undertaken.
  - Per IFRS 15 paragraph 121, the Trust does not disclose the additional information regarding performance obligations required by IFRS 15 paragraph 120 in the following cases.



- i. When the performance obligation is part of a contract that has an original expected duration of one year or less.
- ii. Where the right to consideration corresponds directly with value of the performance completed to date, in line with IFRS 15 paragraph B16.

#### **1.4.2 Injury Cost Recovery (ICR) income**

The Trust receives income under the NHS ICR Scheme, which is designed to recover the costs to NHS providers of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer in relation to a road traffic accident (RTA).

The DH GAM interprets ICR income as being within the scope of IFRS 15. The Trust recognises ICR income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit (CRU) that the individual has lodged a compensation claim, and once the Trust has verified the details of the treatments provided. This confirmation constitutes the performance obligation for this income stream.

The income is measured at the agreed tariff for the treatments provided to the injured individual, less a *loss allowance* for unsuccessful compensation claims and doubtful debts. This allowance is as advised by CRU to DHSC, and is in line with the requirement of IFRS 9 *Financial Instruments* to measure and recognise expected credit losses over the lifetime of the asset.

#### **1.4.3 Government and other grants**

Where a grant is conditional and to be used to fund revenue expenditure, it is taken to the SOCI to match that expenditure, consistent with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*. Recognition of grant income relating to an asset is addressed in 1.9 *Donated and grant-funded assets*.

#### **1.4.4 Apprenticeship income**

The value of the benefit received when accessing training funds related to the government's apprenticeship service is recognised as income in accordance with IAS 20, that is, at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider, non-cash income and corresponding non-cash training expenditure are both recognised, both equal to the cost of the training funded.

#### **1.4.5 Sale of assets**

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and disposal gains are measured as the net sums due under the sale contract.

### **1.5 Expenditure on goods and services**

Expenditure on goods and services is recognised when and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in the SOCI except where it results in the creation of assets such as inventory or property, plant and equipment.

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

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

Salaries, wages and employment-related expenditures, including social security (national insurance) costs and costs related to the apprentice levy, are recognised in the period in which the service is received from employees, including non-consolidated performance pay earned but not yet paid.

The cost of annual leave entitlement 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 by Trust policy to carry untaken leave forward into the following period.

## 1.6.2 NHS Pensions

### ***The schemes***

Past and present employees are covered by the provisions of two NHS schemes administered by NHS Pensions. Both are unfunded, defined benefit schemes that cover NHS employers, GP practices and other bodies allowed under the direction of the Secretary of State in England and Wales. The schemes are not administered in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as though it was a defined contribution scheme.

Details of the benefits payable and rules of the schemes can be found on the NHS Pensions website at <https://www.nhsbsa.nhs.uk/nhs-pensions>.

### ***Pension costs***

The cost to the Trust of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period. That is, employer's pension costs of contributions are charged to operating expenditure as and when they become due.

For early retirements other than those due to ill-health, the additional pension liabilities are not funded by the NHS pension schemes. The full liability for the additional costs is charged to Trust expenditure at the time the Trust commits itself to the retirement, regardless of the method of payment.

### ***Accounting valuation***

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, HM Treasury's *FReM* requires that 'the period between formal valuations shall be four years, with approximate assessments in intervening years'. An outline of these assessments follows.

A valuation of scheme liability is carried out annually by the scheme actuary (currently, the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes.

The valuation of the schemes' liabilities as at 31 March 2019 is based on the valuation data as at 31 March 2018, updated to 31 March 2019 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant *FReM* interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the schemes is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

### ***Full actuarial (funding) valuation***

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account their recent demographic experience), and to recommend the contribution rates to be paid by employees and employers.

The latest actuarial valuation undertaken for the schemes was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019. The Department of Health and Social Care has recently laid scheme regulations, confirming that the employer contribution rate will increase to 20.6% of pensionable pay from this date.

The 2016 funding valuation was also expected to test the cost of the schemes relative to the 'employer cost cap' set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018, HM Government announced a pause to that part of the valuation, pending the conclusion of a continuing legal process.

## National Employment Savings Trust (NEST)

NEST is a defined contribution pension scheme that was created as part of the government's workplace pensions reforms under the Pensions Act 2008. This alternative scheme is provided under the Trust's 'automatic enrolment' duties to the small number of employees who choose this scheme or do not contribute to the NHS pension schemes.

NEST levies a contribution charge and an annual management charge which is paid for from employee contributions. There are no separate employer fees levied by NEST. The Trust is legally required to make a minimum contribution for opted-in employees who earn more than the qualifying earnings threshold, and the cost to the Trust of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period. That is, employer's pension costs of contributions are charged to operating expenditure as and when they become due.

### 1.7 Intangible assets

IFRS 13 *Fair Value* is adopted in full. However, IAS 38 *Intangible Assets* has been adapted and interpreted for the public sector context, which limits the circumstances in which a valuation is prepared under IFRS 13.

#### 1.7.1 Recognition

Intangible assets are non-current, non-monetary assets without physical substance which are capable of sale separately from the rest of the Trust's business or which arise from contractual or other legal rights. An intangible asset is recognised only where it is probable that future economic benefits will flow to, or service potential will be provided to, the Trust, the asset is expected to be used for at least one financial year, and where the cost of the asset can be measured reliably and is at least £5,000 including irrecoverable VAT.

IAS 23 *Borrowing Costs* requires borrowing costs incurred in connection with the acquisition or construction of an intangible asset which is measured at *current value in existing use* to be capitalised and included within the cost of the asset.

Software which is integral to the operation of hardware, e.g. an operating system, is capitalised as part of the related item of property, plant and equipment. Software which is not integral to the operation of hardware, e.g. application software, may be capitalised as a distinct intangible asset.

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets. Expenditure on research is not capitalised, and is recognised in operating expenditure in the period it was incurred.

Expenditure on development is capitalised only when all of the following conditions are met.

- The project is technically feasible to the point of completion, and will result in an intangible asset for sale or use.
- The Trust intends to complete the asset and sell or use it.
- The Trust has the ability to sell or use the asset.
- There is a demonstrable way for the intangible asset to generate probable future economic or service delivery benefits e.g. there is a market for it or its output, or where it is to be used for internal use, the usefulness of the asset can be shown.
- The Trust has adequate financial, technical and other resources to complete the development and sell or use the asset.
- The Trust can measure reliably the expenditure attributable to the asset during its development.

#### 1.7.2 Measurement

##### ***Valuation – carrying amount***

Intangible assets are recognised initially at cost, comprising borrowing costs where relevant, and all directly attributable costs needed to create, purchase, produce and prepare the asset to the point that it is capable of operating in the manner intended by management. Subsequently, intangible assets are measured at *current value in existing use*, by reference to an active market (market value in existing use). Where no active market

exists, intangible assets are valued at the lower of amortised replacement cost (modern equivalent assets basis) and the *value in use* where the asset is income-generating.

### **Amortisation**

Intangible assets are amortised over their expected useful economic lives on a straight-line basis consistent with the consumption of economic or service delivery benefits.

The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. This is an accounting estimate and may prove to be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis.

Expected useful economic lives at point of first recognition are usually as follows.

Software 1 to 14 years.

***Intangible assets under construction, surplus assets, assets held for sale, revaluation gains and losses, impairments and disposals are treated in the same manner as for property, plant and equipment.***

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

IFRS 13 *Fair Value* is adopted in full. However, IAS 16 *Property, Plant and Equipment* has been adapted and interpreted for the public sector context, which limits the circumstances in which a valuation is prepared under IFRS 13.

### **1.8.1 Recognition**

Property, plant and equipment is capitalised where the following conditions are met.

- The item is held for use in delivering services or for administrative purposes.
- It is probable that future economic benefits will flow to, or service potential be provided to, the Trust.
- The item is expected to be used for more than one financial year.
- The cost of the item can be measured reliably.
- The cost meets at least one of the following three criteria.
  - For single assets, the cost is at least £5,000, including irrecoverable VAT.
  - For grouped assets, where the assets are functionally interdependent (e.g. networked IT equipment), their collective cost is at least £5,000, they have broadly simultaneous purchase dates and anticipated disposal dates, are under single managerial control, and each individual cost exceeds £250, including irrecoverable VAT.
  - The cost forms part of the initial equipping and setting-up, or refurbishment, costs of a building, ward or unit, and each individual asset exceeds £250 including irrecoverable VAT, provided that the refurbishment work would qualify as subsequent expenditure in IAS 16 terms (described below).

IAS 23 *Borrowing Costs* requires borrowing costs incurred in connection with the acquisition or construction of an asset measured at *current value in existing use* to be capitalised and included within the cost of the asset.

### **1.8.2 Measurement**

#### ***Valuation – carrying amount***

All property, plant and equipment assets are measured initially at cost, comprising borrowing costs where relevant, and all 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. The carrying amount in the period between initial recognition and any revaluation is this initial cost less any subsequent accumulated depreciation and impairment.

Generally, assets that are held for their service potential and are in use are measured subsequently (revalued) at their *current value in existing use*. Assets that were most recently held for their service potential but are surplus are measured at fair value where there are no restrictions preventing access to the market at the reporting date.

Valuation by asset category is further detailed below.

Surplus assets, which are non-operational assets with no clear plans to be brought back into use, are valued at *fair value – highest and best use* under IFRS 13 *Fair Value Measurement*, if they do not meet the requirements of IAS 40 *Investment Property* or IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, and there are no restrictions on the Trust or the assets which would prevent access to the market at the reporting date. If access to the market is prevented, such assets are valued at *current value in existing use*.

Assets re-classified as held-for-sale under IFRS 5 are measured at the lower of their *carrying amount* or *fair value less costs to sell*, and are not depreciated.

Property, plant and equipment assets which are not part of the Trust's estate (neither property nor land assets, e.g. medical equipment, IT equipment, vehicles, furniture and fittings) should be held at *current value in existing use*. However, these equipment assets are not revalued, but are held at depreciated historical cost (DHC), net of impairments. This is because DHC is not considered to be materially different from *current value in existing use*, for short-life low-value assets.

Assets under construction, for service or administrative purposes, are measured at the cost of construction less any impairment loss. The cost of construction includes relevant professional fees, and, where capitalised in accordance with IAS 23 *Borrowing Costs*, borrowing costs. Assets are reclassified to the appropriate category when they are brought into use, and depreciation commences. For an asset that is newly-constructed, a formal revaluation should only be necessary if there is an indication that the initial cost is significantly different from the potential revalued amount. Otherwise, the asset is only revalued on the next occasion when all assets of that class are revalued.

Property, plant and equipment assets comprising the Trust's estate (property and land) are professionally revalued as follows.

- Specialised buildings – *current value in existing use*, which is taken to be equivalent to depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis.
- Land and non-specialised buildings – *current value in existing use*, which is interpreted as market value for existing use, which is defined in the Royal Institute of Chartered Surveyors' 'Red Book' (*RICS Valuation – Professional Standards*) as existing use value (EUV).

Professional independent revaluations of property and land assets are performed with sufficient regularity to ensure that carrying amounts are not materially different from *current value in existing use* at the end of the reporting period. They are carried out as mandated by management by a qualified valuer, who is a member of the Royal Institute of Chartered Surveyors (RICS) and in accordance with the Practice Statements contained within *RICS Valuation – Global Standards* (the 'Red Book') and other relevant RICS guidance notes.

Cushman & Wakefield has performed a full revaluation of the Trust's land and buildings as at 31 March 2019. Interim professional 'desktop' revaluations are currently carried out annually, between the full revaluations which take place every 5 years, in line with *DHSC GAM*. Between revaluation exercises, the carrying amount of an asset is the value at the date of previous revaluation less any subsequent accumulated depreciation, and less any subsequent accumulated impairment losses.

Prior to 31 March 2009, the depreciated replacement cost of specialised buildings was based on an exact replacement of the asset in its present location, whereas HM Treasury has since required that the MEA basis also includes an alternative site valuation basis, provided that the location requirements of the service are met. The MEA concept generally requires that replacement cost is based on the cost of a modern replacement asset that has the same productive capacity as the property being valued. From 2017, the Trust has opted to interpret the MEA basis as pertaining to a single combined hospital facility ('single site model') wholly located at the Trust's Clatterbridge site.

The accounting entries for revaluation gains and losses are detailed below. Where an individual asset is revalued, then all the assets within its class must be revalued at the same time.

### ***Subsequent expenditure***

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred will flow to the Trust, and the cost of the item can be determined reliably. That is, only subsequent expenditure which enhances an asset beyond its original specification can be capitalised.

Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part which has been replaced is de-recognised and charged to expenditure in the SOCI.

Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance intended to restore an asset to its original specification, is charged to the SOCI in the period in which it is incurred.

### ***Depreciation***

Depreciation is charged to write down the costs or valuation of certain items of property, plant and equipment, less any residual value, over their remaining useful economic lives on a straight-line basis. It is an operating expenditure within the SOCI.

The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. This is an accounting estimate and may prove to be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis.

Freehold land is considered to have an infinite life and is not depreciated. Property, plant and equipment which is reclassified as held-for-sale under IFRS 5 ceases to be depreciated at the point of reclassification. Assets under construction are not depreciated until the assets are brought into use.

Finance-leased assets are depreciated over the shorter of the useful economic life or the lease term, unless the Trust expects to acquire the asset at the end of the lease term. If this is the case, the asset is depreciated in the same manner as owned assets.

Property is usually depreciated over the following useful economic lives.

- Buildings excluding dwellings                      1 to 80 years.
- Dwellings    1 to 80 years.

Equipment is usually depreciated over the following useful lives.

- Plant and machinery                                      1 to 17 years.
- Transport equipment                                      1 to 10 years.
- Furniture and fittings                                      1 to 13 years.
- Information technology equipment                      1 to 7 years.

These useful economic lives reflect the total life of an asset at the point of first recognition, and not its remaining life.

### ***Revaluation gains and losses***

Revaluation gains / increases are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease / impairment that has previously been recognised in operating expenditure, in which case they are credited to expenditure to the extent of the decrease previously charged there.

Revaluation losses / decreases that do not result from a loss of economic value or service potential are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to expenditure.

Gains and losses recognised in the revaluation reserve are reported in the SOCI as an item of 'other comprehensive income'.

### **Impairments**

At each reporting period end, the Trust checks whether there is any indication that any of its property, plant and equipment or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

In accordance with the *DHSC GAM*, impairments that arise from a clear consumption of economic benefits or service potential are charged to operating expenditure. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of:

- the impairment charged to operating expenditure; and
- the balance in the revaluation reserve attributable to that asset before impairment.

An impairment arising from a clear consumption of economic benefit or service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss are reversed. Reversals are recognised as a credit to operating expenditure and capped to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments, such as losses due to changes in market price, are treated as revaluation losses. Reversals of these 'other impairments' are treated as revaluation gains, as described above.

### **1.8.3 De-recognition**

A non-current asset intended for disposal is reclassified under IFRS 5 as held-for-sale once all of the following criteria are met.

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

Following reclassification, the asset is measured at the lower of its carrying amount and fair value less costs to sell. Depreciation ceases to be charged. The asset is then fully de-recognised when all material sale contract conditions have been met.

It is possible for assets to be disposed of directly from operational property, plant and equipment categories, without revaluation or reclassification as surplus or held-for sale, should the conditions for reclassification not be met for an appreciable period. Any property, plant and equipment asset which is to be scrapped or demolished does not qualify for recognition as held-for-sale, and instead is retained as an operational asset with an adjustment to the asset's economic life. The asset is de-recognised when scrapping or demolition occurs.

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

Donated and grant-funded property, plant and equipment assets are capitalised at *current value in existing use*, if they will be held for their service potential, or otherwise at fair value on receipt, with a matching credit to income. If received to fund the purchase of a specific asset, the donation / grant is credited to income when received, unless the donor imposes a condition that the future economic benefits embodied in the grant are to be consumed in a

manner specified by the donor (for example, a grant is conditional on the future purchase or construction of the asset). When such a condition is imposed, the donation/grant is held as deferred income within liabilities in the SOFP, 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.

### **1.10 Private Finance Initiative (PFI) transactions and service concessions**

Certain PFI transactions are accounted for as 'on Statement of Financial Position' or 'on SOFP' by the Trust, when they meet the definition of a service concession, as defined by IFRS Interpretations Committee (IFRIC) 12 *Service Concession Arrangements*, interpreted in HM Treasury's *FReM*. In accordance with IAS 17 *Leases*, the underlying assets are recognised as property, plant and equipment when they come into use, together with an equivalent liability. Subsequently, the assets are accounted for as property, plant and equipment.

There are no annual contract payments ('unitary fees') or service charges payable in relation to the Trust's single 'service concession' asset, as the operator's income derives from charges to users. As outlined in Note 20, a deferred income balance has been created which is released each year as income which offsets, but does not necessarily match, the straight line depreciation charge incurred over the asset's useful economic life.

### **1.11 Inventories**

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method or the weighted average cost method.

### **1.12 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 date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash and bank balances are recorded at the current values of these balances in the Trust's cash book. These balances exclude monies held in the Trust's bank account belonging to patients (see *Third party assets*, below).

### **1.13 Financial instruments**

#### **1.13.1 Recognition**

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items (*such as goods or services*), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements, are recognised when, and to the extent that, performance occurs i.e. when receipt or delivery of the goods or services is made. For financial assets, recognition is therefore aligned with *1.4 Income*, with regard to IFRS 15 and the expansion of the definition of a contract.

Financial assets or financial liabilities in respect of *assets acquired or disposed of through finance leases* are recognised and measured in accordance with the accounting policy for leases (*1.14 Leases*), and provisions are recognised and measured in accordance with *1.15 Provisions*.

*All other* financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

#### **1.13.2 De-recognition**

All financial assets are de-recognised when the rights to receive cash flows from the assets have expired, the Trust has transferred substantially all of the risks and rewards of ownership, or the Trust has not retained control of the asset.



Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

### 1.13.3 Classification and measurement

The classification of financial instruments is determined by their cash flow and business model characteristics, as set out in IFRS 9 *Financial Instruments*, and is determined at the time of initial recognition. The only categories of financial assets and financial liabilities held by the Trust are 'Financial assets / liabilities held at amortised cost'.

#### Financial assets held at amortised cost

These are financial assets which are held with the objective of collecting contractual cash flows, where the cash flows are solely payments of principal and interest. They are included in non-current assets and current assets.

The Trust's *financial assets held at amortised cost* comprise cash and cash equivalents, and parts of the Trust's trade receivables, accrued income and other receivables balances.

They are recognised initially at fair value, net of transaction costs, and are measured subsequently at amortised cost, using the effective interest method, less any impairment / loss allowance. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount (before adjusting for any loss allowance) of the financial asset.

Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques. For current receivables, both fair value and amortised cost usually equate to invoice value.

#### Financial liabilities held at amortised cost

Other financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the liability to the amortised cost of the financial liability.

The Trust's *financial liabilities held at amortised cost* comprise parts of the Trust's trade payables, accruals and other payables, provisions under contract, and DHSC loans balances for which the effective interest rate is the nominal rate of interest charged on the loan.

Financial liabilities are included in current liabilities except for any amounts payable more than 12 months after the Statement of Financial Position date, which are classified as non-current liabilities.

Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques. For current payables, both fair value and amortised cost usually equate to invoice value.

### 1.13.4 Impairment of financial assets

The term 'impairment' refers both to the permanent 'write-off' of a debt, and the creation of a 'loss allowance' balance for a debt or group of debts. Other than ICR receivables (1.4.2 *Injury Cost Recovery (ICR) income*), the only financial assets impaired by the Trust, in this and the previous year, have been trade receivables.

The ICR allowance is calculated at a rate of 21.89% (22.84% 2017/18), and this percentage reflects the average value of claims withdrawn as advised to DHSC by the Compensation Recovery Unit (CRU) of the Department for Work and Pensions. This percentage is updated by the CRU, and reflects expected rates of collection across the NHS.

In accordance with IFRS 9, the Trust adopts the 'simplified approach' to non-ICR receivables impairment. The Trust recognises a loss allowance at an amount equal to lifetime expected credit losses. This balance is generated through the use of 'provision matrices' to calculate lifetime expected credit losses for groups of receivables in different customer segments. They are based on the observed loss rates (%) over the lifetime of Trust debt, for different debt 'age' categories in 30 day time-bands, adjusted for any relevant forward-looking factors. These percentage loss rates are directly applied to balances held in the different age categories as at 31 March, to create the allowance. This activity is referred to as 'stage-2' impairment in *DHSC GAM*.

HM Treasury has ruled that central government bodies may not recognise 'stage 2' impairments against other government departments, their executive agencies, the Bank of England, Exchequer Funds, and Exchequer Funds' assets where repayment is ensured by primary legislation. The Trust therefore does not recognise loss allowances for 'stage 2' impairments against these bodies. Additionally, DHSC provides a guarantee of last resort against the debts of its arm's length bodies and NHS bodies (excluding NHS charities), and the Trust therefore does not recognise 'stage 2' loss allowances against these bodies.

For individual financial assets for which there exists objective evidence of credit impairment since initial recognition, such that the Trust anticipates it is unable to collect amounts due ('stage 3' impairment), credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. This normally equates to the difference between the invoice value and expected receipts, for the Trust's trade receivables, due to standard payment terms. When there is no reasonable expectation of recovery, a 'write-off' adjustment is recognised in the SOCI as an impairment gain or loss, and the carrying amount of the asset is reduced directly.

## **1.14 Leases**

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

Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases.

In applying IFRIC 4 *Determining whether an Arrangement Contains a Lease*, collectively significant rental arrangements that do not have the legal status of a lease but convey the right to use an asset for payment are accounted for under the Trust's lease policy, where fulfilment of the arrangement is dependent on the use of specific assets.

### **1.14.1 Finance leases – Trust as lessee**

At the commencement of the lease, the asset is recorded as property, plant and equipment, and a corresponding liability is recognised. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease, with any initial direct costs of the lessee added to the amount recognised as an asset only. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

Thereafter, the asset is accounted for as an item of property, plant and equipment.

The annual rental is split between the repayment of the liability and a finance cost, which is calculated by applying the implicit interest rate to the outstanding liability, so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to finance costs in the SOCI. The lease liability is de-recognised when the liability is discharged, cancelled or expires.

In summary, the various charges apply as follows.

- The finance charge is allocated across the lease term on a straight line basis.
- Depreciation is charged on the asset as per the Trust's property, plant and equipment policy.
- Contingent rents (e.g. variable costs based on usage) are recognised as operating expenditure in the period in which they are incurred.
- Any lease rental expenditure that would otherwise have been charged to expenditure under an operating lease is fully de-recognised.

### **1.14.2 Finance leases – Trust as lessor**

At the commencement of the lease, the asset is de-recognised from property, plant and equipment, and a 'finance lease debtor' balance is recognised within 'other receivables', which is calculated as the aggregate of future minimum lease payments receivable and the unguaranteed residual value accruing to the Trust, discounted at the interest rate implicit in the lease.

The interest rate implicit in the lease is the discount rate that, at the inception of the lease, causes the aggregate present value of both the minimum lease payments and the unguaranteed residual value to be equal to the sum of the fair value of the leased asset and any initial direct costs of the lessor.

The annual rental inflows are split between repayment of the Trust's receivable, and finance income in the SOCI. Finance income is calculated by applying the implicit interest rate to the outstanding receivable, so as to achieve a constant rate of finance over the life of the lease.

### **1.14.3 Operating leases**

Operating leases are any leases which are not classified as finance leases. Operating lease rental expenditure, net of incentives, is charged to operating expenditure on a straight-line basis over the lease term.

Operating lease rental income broadly mirrors the treatment of lease expenditure, and is credited to operating income, in the SOCI, on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as expenditure on a straight-line basis over the lease term.

### **1.15 Provisions**

The Trust recognises a provision where it has a present legal or constructive obligation, as a result of a past event, of uncertain timing or amount, for which the following conditions are true.

- It is probable that there will be a future outflow of cash or other resources.
- A reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision in the SOFP is the best estimate of the expenditure required to settle the obligation, taking into account risks and uncertainties. Where a provision is measured using the estimated risk-adjusted cash flows required to settle the obligation, and where the effect of the time value of money is significant, its carrying amount is the present value of those cash flows using HM Treasury's discount rates.

For post-employment benefits including early retirement provisions and injury benefit provisions, HM Treasury's pension discount rate in real terms of 0.29% (0.10% 2017/18) is used.

All other provisions are subject to three separate discount rates according to the expected timing of cash flows from the Statement of Financial Position date.

- The nominal short-term rate is 0.76% (real terms: -2.42% 2017/18) for inflation-adjusted expected cash flows up to and including 5 years.
- The nominal medium-term rate is 1.14% (real terms: -1.85% 2017/18) for inflation-adjusted expected cash flows over 5 years up to and including 10 years.
- The nominal long-term rate is 1.99% (real terms: -1.56% 2017/18) for inflation-adjusted expected cash flows over 10 years.

All 2018/19 percentages are expressed in nominal terms, with 2017/18 being the last financial year that HM Treasury provided real general provision discount rates. Nominal rates do not take account of inflation and therefore the Trust inflates the cash flows relating to general provisions accordingly in a manner prescribed by DHSC.

#### **1.15.1 Clinical negligence costs**

NHS Resolution (NHSR) operates a risk pooling scheme under which the Trust pays an annual contribution to NHSR, which, in return, settles all clinical negligence claims. This contribution is charged to expenditure. Although 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 the NHSR on behalf of the Trust is disclosed in Note 23.2 but is not recognised in the Trust's accounts.

### 1.15.2 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 NHR 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 expenditure when the Trust is notified that they are due.

### 1.16 Contingencies

Contingent assets (that is, possible assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the Trust's control) are not recognised as assets, but are disclosed in Note 24 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 24, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Trust's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

### 1.17 Public dividend capital (PDC)

PDC is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of predecessor NHS trust(s), with the addition of subsequent further investment by DHSC in the Trust and its predecessors. It expresses the DHSC's total investment in the 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.

HM Treasury has determined that, being issued under statutory authority rather than under contract, PDC is not a financial instrument within the meaning of IAS 32 *Financial Instruments: Presentation*.

An annual charge, reflecting the forecast cost of capital utilised by the Trust, is payable to DHSC as PDC dividend. The charge is calculated at the real rate set by the Secretary of State with the consent of HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year.

Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for the following.

- Donated assets (including lottery funded assets).
- Average daily cash balances held with the Government Banking Service (GBS) and National Loan Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility.
- Any PDC dividend balance receivable or payable.

In accordance with the requirements laid down by DHSC, as the issuer of PDC, the dividend for the year is calculated on the actual average relevant net assets as set out in the 'pre-audit' version of the annual accounts. The dividend thus calculated is not revised should any adjustment occur as a result of the audit of the annual accounts.

### 1.18 Value added tax (VAT)

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. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets.

### **1.19 Corporation tax**

As an NHS foundation trust, Wirral University Teaching Hospital NHS Foundation Trust is specifically exempted from corporation tax through the Corporation Tax Act 2010. The Act provides that HM Treasury may dis-apply this exemption only through an order via a statutory instrument (secondary legislation). Such an order could only apply to activities which are deemed commercial, and arguably much of the Trust's other operating income is ancillary to the provision of healthcare, rather than being commercial in nature. No such order has been approved by a resolution of the House of Commons. There is therefore no corporation tax liability in respect of the current financial year.

### **1.20 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. However, they are disclosed in Note 18.2, as required by HM Treasury's *FReM*.

### **1.21 Foreign currencies**

The functional and presentational currency of the Trust is pounds sterling, presented in thousands unless expressly stated otherwise. A transaction which is denominated in a foreign currency is translated into sterling at the spot exchange rate on the date of the financial transaction.

At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Exchange gains or losses (arising on settlement of the transaction or on retranslation on 31 March) are recognised in income or expenditure in the period in which they arise.

### **1.22 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 each individual case is handled.

Losses and special payments are charged to several relevant functional headings in expenditure on an accruals basis, with the exception of provisions for future losses, and include losses which would have been made good through insurance cover had the Trust not been bearing its own risks (with insurance premiums then being included as normal revenue expenditure).

### **1.23 Gifts**

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value. The Trust has not issued any gifts with the exception of occasional ad hoc collaborative gestures with NHS partners of a trivial nature.

### **1.24 Early adoption of standards, amendments and interpretations**

No new accounting standards or revisions to existing standards have been 'early adopted' in 2018/19.

### **1.25 Accounting standards issued but not yet effective or adopted**

HM Treasury, via the *FReM*, applies EU-adopted IFRS with adaptations and interpretations. DHSC group bodies must apply IFRS as adopted by HM Treasury in the *FReM*, except where additional departures and interpretations have been agreed by DHSC, as specified in *DHSC GAM*.

European Union (EU) adoption is always subsequent to the publication of IFRS by the IASB. Where a new standard or interpretation has been issued by the IASB, but has not yet been implemented, IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* requires disclosure in the accounts of this fact, and the known or reasonably-estimated impact that application will have in the period of initial application.

In each case below, the new standards have not been adopted by the EU for financial years up to and including 2018/19. Therefore, they are not yet adopted in the *FReM* (and therefore *DHSC GAM*). In each case, the financial year in which the change is expected to become effective in the Trust's accounts is disclosed after the standard's name.

**IFRS 14 Regulatory Deferral Accounts:** [new standard] – this standard is not applicable to DHSC group bodies.

**IFRS 16 Leases:** [new standard] (2020/21) – this standard replaces IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement contains a Lease*, and is expected to have a significant impact on accounting by lessees. The standard will re-specify the recognition, measurement, presentation and disclosure of leases. Rather than applying a distinction between operating leases ('off balance sheet (SOFP)') and finance leases ('on SOFP'), lessees will be required to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' ('on SOFP') for virtually all lease arrangements, excepting small-value contracts or those with a lease term not exceeding 12 months. Reliable quantitative estimates of the financial impact of application of the standard are not possible as full and final application instructions through *DHSC GAM 20-21* and subsidiary guidance is neither issued nor definitive.

**IFRS 17 Insurance Contracts:** [new standard] (2021/22) – This standard is not expected to affect the Trust's accounts as it does not issue insurance contracts.

**IFRIC 23 Uncertainty over Income Tax Treatments:** (2019/20) - This interpretation will have no impact on the Trust's accounts.

In addition, the IASB has issued a revised *Conceptual Framework for Financial Reporting*. Whilst early adoption is permissible under the *FReM*, for consistency, all DHSC group bodies will continue to apply the current *Conceptual Framework*, issued in 2010, until the 2020/21 financial year. This is unlikely to significantly affect the Trust's accounts.

IASB – International Accounting Standards Board - the independent, accounting standard-setting body of the IFRS Foundation.

IFRS - International Financial Reporting Standard.

IFRIC - Interpretations issued by the IFRS Interpretations Committee (IFRS IC, previously IFRIC).

IAS - International Accounting Standard, issued by the predecessor International Accounting Standards Committee (IASC) and subsequently adopted by the IASB.

## Wirral University Teaching Hospital NHS Foundation Trust - Annual Accounts 2018/19

### Note 2 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with Note 1.4.

#### Note 2.1 Income from patient care activities (by nature)

	2018/19	2017/18
	£000	£000
<b>Acute services</b>		
Elective income	49,999	48,175
Non elective income	103,519	100,856
First outpatient income	15,889	15,962
Follow-up outpatient income	17,340	17,200
A & E income	13,134	12,886
High cost drugs income from commissioners (excluding pass-through costs)	16,247	14,687
Other NHS clinical income <sup>1</sup>	92,494	84,331
<b>Additional income</b>		
Private patient income	388	349
Agenda for Change pay award central funding	4,065	-
Other clinical income <sup>2</sup>	965	927
<b>Total income from activities</b>	<b>314,040</b>	<b>295,373</b>

<sup>1</sup> Other NHS clinical income includes income received in respect of critical care and neo-natal units, maternity care, rehabilitation and renal services, diagnostic services, community medicine and elderly care services.

<sup>2</sup> Other clinical income relates largely to ICR income, described in Note 2.2, below.

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

	2018/19	2017/18
	£000	£000
CCGs and NHS England	302,318	290,965
Department of Health and Social Care	4,066	-
Other NHS providers	1,412	1,124
NHS other	58	-
Local authorities	1,072	1,002
Other non-NHS		
Private patients	388	349
Overseas patients (chargeable to patient)	6	27
Injury cost recovery (ICR) scheme (also known as RTA income) <sup>1</sup>	965	927
Other <sup>2</sup>	3,755	980
<b>Total income from activities</b>	<b>314,040</b>	<b>295,373</b>

<sup>1</sup> ICR income represents the recovery of costs from insurers, in cases where personal injury compensation is paid, such as after a road traffic accident (RTA). The scheme is administered by the Compensation Recovery Unit (CRU) of the Department for Work and Pensions. The Trust's ICR debt is subject to a loss allowance (Note 17.2).

<sup>2</sup> Other - includes services provided to Welsh health bodies.

#### Note 2.3 Income from activities arising from commissioner requested services

Under the terms of its provider licence, the Trust is required to analyse the level of income from activities arising from *commissioner requested* and *non-commissioner requested* services. Commissioner requested services are defined in the provider licence and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below.

	2018/19	2017/18
	£000	£000
Income from services designated as commissioner requested services	283,345	270,955
Income from services not designated as commissioner requested services	30,695	24,418
<b>Total operating income from patient care activities</b>	<b>314,040</b>	<b>295,373</b>

# Wirral University Teaching Hospital NHS Foundation Trust - Annual Accounts 2018/19

## Note 2.4 Overseas visitors (patients charged directly by the Trust)

	2018/19	2017/18
	£000	£000
Income recognised	6	27
Cash payments received	4	23
Amounts written off	1	-

## Note 3 Other operating income

	2018/19	2017/18
	£000	£000
<b>Other operating income from contracts with customers</b>		
Research and development (contract)	796	530
Education and training (excluding notional apprenticeship levy income)	10,051	10,050
Non-patient care services to other bodies	8,855	9,652
PSF / STF income <sup>1</sup>	-	3,403
Other contract income <sup>2</sup>	11,585	11,549
<b>Other non-contract operating income</b>		
Education and training - notional income from apprenticeship fund	363	51
Receipt of capital grants and donations	165	965
Charitable and other contributions to expenditure	248	320
Rental income from operating leases	495	743
Amortisation of PFI deferred income <sup>3</sup>	6,348	342
<b>Total other operating income</b>	<b>38,906</b>	<b>37,605</b>

<sup>1</sup> Provider Sustainability Fund (PSF) / Sustainability and Transformation Fund (STF) income has been made available to support NHS providers in gaining a sustainable financial footing, and receipt may be conditional on the achievement of specific targets.

<sup>2</sup> Other contract income of £11.6m (£11.5m 2017/18) includes car parking income, catering income and other miscellaneous income recharged to other NHS bodies.

<sup>3</sup> There was a significant amortisation of deferred income in 2018/19 due to under-occupancy of the staff accommodation blocks at the Trust's Arrowe Park site (Note 20).

## Note 4.1 Income from contracts with customers recognised in the period

	2018/19
	£000
Income recognised in the reporting period that was included within the SOFP (contract liabilities per Note 20) at the previous period end	1,352
Income recognised from performance obligations satisfied (or partially satisfied) in previous periods	2,323

## Note 4.2 Transaction price allocated to remaining performance obligations

The Trust has exercised the practical expedients permitted by IFRS 15 paragraph 121. This means that income from neither (i) contracts with an expected duration of one year or less nor (ii) contracts where the Trust recognises income directly corresponding to work done to date require disclosure. The Trust has no other significant contracts to disclose.



## Wirral University Teaching Hospital NHS Foundation Trust - Annual Accounts 2018/19

### Note 5.1 Operating expenditure

	2018/19	2017/18
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	4,099	630
Purchase of healthcare from non-NHS and non-DHSC bodies	4,933	3,203
Staff costs including executive directors (Note 6)	253,313	235,738
Remuneration of non-executive directors	156	147
Supplies and services - clinical (excluding drugs costs)	34,951	34,022
Supplies and services - general	4,793	4,555
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	26,496	24,855
Inventories written down	142	11
Consultancy costs	161	107
Establishment	2,383	1,685
Premises	18,353	13,822
Transport (including patient travel)	630	1,061
Depreciation on property, plant and equipment	7,225	5,766
Amortisation on intangible assets	962	838
Net impairments (Note 10.1)	4,492	(27)
Movement in credit loss allowance: contract receivables	195	
Movement in credit loss allowance: all other receivables and investments	-	(9)
Change in provisions discount rate(s)	5	(3)
Audit fees payable to the external auditor <sup>1</sup>		
Audit services - statutory audit	46	46
Other auditor remuneration (external auditor only) (Note 5.2)	7	7
Internal audit and local counter-fraud service costs	95	96
Clinical negligence <sup>2</sup>	13,839	15,159
Legal fees	232	285
Insurance	399	378
Research and development	20	59
Education and training	1,382	637
Rentals under operating leases (Note 7.2)	1,687	1,497
Losses, ex-gratia and special payments	480	136
Other expenditure <sup>3</sup>	5,287	5,544
<b>Total</b>	<b>386,763</b>	<b>350,245</b>

<sup>1</sup> Audit fees include irrecoverable VAT. Actual sums receivable by the external auditor were £38k for statutory audit, and other remuneration of £6k (Note 5.2) (£38k and £6k 2017/18).

<sup>2</sup> Clinical negligence costs relate to the Trust's annual contribution to NHS Resolution (formerly NHS Litigation Authority) under its risk-pooling scheme.

<sup>3</sup> Other expenditure of £5.8m (£5.3m 2017/18) includes IT contracts, professional fees and other miscellaneous expenditure.

## Wirral University Teaching Hospital NHS Foundation Trust - Annual Accounts 2018/19

### Note 5.2 Other remuneration paid to the external auditor

The Trust incurred expenditure for audit-related assurance services of £7k (£7k 2017/18). This was in relation to Grant Thornton UK LLP's review of the Trust's Quality Report, which is within the Annual Report. This expenditure includes irrecoverable VAT, with the actual sum receivable by the external auditor being £6k (£6k 2017/18).

### Note 5.3 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £2m (£2m 2017/18).

### Note 6 Employee benefits

	2018/19	2017/18
	£000	£000
Salaries and wages	204,728	191,117
Social security costs	17,830	16,938
Apprenticeship levy	890	842
Employer's contributions to NHS Pensions	21,441	20,119
Employer's contributions to the National Employment Savings Scheme (NEST)	39	18
Temporary staff (including agency)	9,352	6,704
<b>Total staff costs</b>	<b>254,280</b>	<b>235,738</b>
Staff costs relating to the creation of IT assets, capitalised within non-current assets, and therefore not included above	967	-
<b>Total staff costs per Note 5.1</b>	<b>253,313</b>	<b>235,738</b>

Details regarding the remuneration of senior managers can be found in the remuneration section of the Annual Report.

### Note 6.1 Retirements due to ill-health

During 2018/19 there were 3 early retirements from the Trust agreed on the grounds of ill-health (5 2017/2018). The estimated additional pension liabilities of these ill-health retirements is £82k (£311k 2017/18). The cost of these ill-health retirements will be borne by NHS Business Services Authority.

## Wirral University Teaching Hospital NHS Foundation Trust - Annual Accounts 2018/19

### Note 7 Operating leases

#### Note 7.1 Lease income under operating leases where the Trust is the lessor

	2018/19 £000	2017/18 £000
<b>Operating lease income</b>		
Minimum lease receipts	495	743
<b>Total</b>	<b>495</b>	<b>743</b>
	<b>31 March 2019 £000</b>	<b>31 March 2018 £000</b>
<b>Analysis of future minimum lease receipts by due date</b>		
Not later than one year	144	304
Later than one year and not later than five years	130	276
Later than five years	-	-
<b>Total</b>	<b>274</b>	<b>580</b>

Operating lease income is derived from retail and other service providers who occupy premises at the Trust's sites. Not included in the above note are the following 'peppercorn' (minimal) leases, which have been entered into to create service benefit.

	From	To
Frontis Homes Ltd - underlying land related to staff accommodation blocks	June 2006	June 2046
Ronald McDonald House	December 2009	December 2034
Wirral Limb Centre - used by Ottobock in providing an outsourced prosthetics service	July 2018	July 2021

#### Note 7.2 Lease expenditure and commitments under operating leases where the Trust is the lessee

	2018/19 £000	2017/18 £000
<b>Operating lease expenditure</b>		
Minimum lease payments	1,687	1,497
<b>Total</b>	<b>1,687</b>	<b>1,497</b>
	<b>31 March 2019 £000</b>	<b>31 March 2018 £000</b>
<b>Analysis of future minimum lease payments by due date</b>		
Not later than one year	1,085	1,059
Later than one year and not later than five years	3,331	3,384
Later than five years	6,067	5,223
<b>Total</b>	<b>10,483</b>	<b>9,666</b>

The Trust holds a long-term lease for the use of car parking land at the Arrows Park Hospital site, rents off-site premises to accommodate clinics, and also leases complex medical equipment used in the delivery of healthcare for periods not exceeding 10 years.

Where applicable, break clauses in the Trust's lease contracts have been taken into account in the calculation of future minimum lease payments.

The Trust is also committed to a 15 year contract, which commenced in 2014/15, with the Carbon and Energy Fund, for the provision of a maintained energy service, including the installation of infrastructure assets at the Trust's main hospital sites. A 'lease' of the infrastructure assets is deemed to be embedded in the main service contract, through IFRIC 4 *Determining whether an Arrangement Contains a Lease*. Therefore, figures for these assets are included in the tables above.

## Wirral University Teaching Hospital NHS Foundation Trust - Annual Accounts 2018/19

### Note 8 Finance income

Finance income represents interest received on assets and investments in the period.

	2018/19	2017/18
	£000	£000
Interest on bank accounts	130	47
<b>Total finance income</b>	<b>130</b>	<b>47</b>

### Note 9.1 Finance expenditure

Finance expenditure represents interest and other charges involved in the borrowing of money.

	2018/19	2017/18
	£000	£000
<b>Interest expenditure</b>		
Loans from the Department of Health and Social Care	1,726	1,105
Finance leases	10	12
Interest on late payment of commercial debt (Note 9.2)	1	-
<b>Total interest expenditure</b>	<b>1,737</b>	<b>1,117</b>
Other finance costs - unwinding of discount on provisions	3	7
<b>Total finance expenditure</b>	<b>1,740</b>	<b>1,124</b>

### Note 9.2 The Late Payment of Commercial Debts (Interest) Act 1998 / Public Contract Regulations 2015

	2018/19	2017/18
	£000	£000
Amounts included within interest payable arising from claims under this legislation	1	-

## Wirral University Teaching Hospital NHS Foundation Trust - Annual Accounts 2018/19

### Note 10.1 Impairment of assets

	2018/19 £000	2017/18 £000
<b>Net impairments charged to operating deficit by cause</b>		
Loss or damage from normal operations	37	4
Unforeseen obsolescence	5,398	258
Changes in market price	(943)	(289)
<b>Total net impairments charged to operating deficit</b>	<b>4,492</b>	<b>(27)</b>
Impairments charged / (credited) to the revaluation reserve	(3,503)	(7,868)
<b>Total net impairments</b>	<b>989</b>	<b>(7,895)</b>

In 2018/19, the net credit to the revaluation reserve (£3.5m) represented the reversal of prior-year impairments, and was due to the full revaluation of the Trust's estate as at 31 March 2019. The revaluation also led to a £5.4m impairment charged to the operating deficit (unforeseen obsolescence), which results from the under-occupancy of the staff accommodation blocks at Arrowe Park. The impairment reflects a reduction in the 'service potential' of the assets.

In 2017/18, the credit to the revaluation reserve (£7.9m) represented the reversal of prior-year impairments, and was due to the desktop revaluation of the Trust's estate as at 31 March 2018. It included an impairment reversal relating to the main hospital block and neighbouring maternity block at Arrowe Park Hospital which totalled £4.9m.

### Note 10.2 Other gains / (losses)

	2018/19 £000	2017/18 £000
Gains on disposal of non-current assets	107	3,946
Losses on disposal of non-current assets	(32)	-
<b>Total other gains / (losses)</b>	<b>75</b>	<b>3,946</b>

All gains and losses in 2018/19 relate to individual disposals of equipment assets.

In March 2018, the Trust sold part of its Clatterbridge site to Homes England, releasing land for future housing development. The carrying value of the assets sold was £0.6m. The receipt of sales proceeds of £4.4m generated a £3.8m gain, within the total 2017/18 gain above.

## Wirral University Teaching Hospital NHS Foundation Trust - Annual Accounts 2018/19

### Note 11.1 Intangible assets - 2018/19

	Software £000	Intangible assets under construction £000	Other (purchased) £000	Total £000
<b>Gross cost at 1 April 2018 - brought forward</b>	<b>22,178</b>	<b>1,375</b>	<b>30</b>	<b>23,583</b>
Additions	857	1,554	-	2,411
Reclassifications	1,403	(1,329)	-	74
<b>Gross cost at 31 March 2019</b>	<b>24,438</b>	<b>1,600</b>	<b>30</b>	<b>26,067</b>
<b>Amortisation at 1 April 2018 - brought forward</b>	<b>10,820</b>	-	-	<b>10,820</b>
Provided during the year	962	-	-	962
Reclassifications	60	-	-	60
<b>Amortisation at 31 March 2019</b>	<b>11,842</b>	-	-	<b>11,842</b>
<b>Net book value at 31 March 2019</b>	<b>12,596</b>	<b>1,600</b>	<b>30</b>	<b>14,225</b>
<b>Net book value at 1 April 2018</b>	<b>11,358</b>	<b>1,375</b>	<b>30</b>	<b>12,763</b>

### Note 11.2 Intangible assets - 2017/18

	Software £000	Intangible assets under construction £000	Other (purchased) £000	Total £000
<b>Gross cost at 1 April 2017 - brought forward</b>	<b>21,051</b>	<b>1,089</b>	<b>30</b>	<b>22,170</b>
Additions	38	1,375	-	1,413
Reclassifications	1,089	(1,089)	-	-
<b>Gross cost at 31 March 2018</b>	<b>22,178</b>	<b>1,375</b>	<b>30</b>	<b>23,583</b>
<b>Amortisation at 1 April 2017 - brought forward</b>	<b>9,982</b>	-	-	<b>9,982</b>
Provided during the year	838	-	-	838
Reclassifications	-	-	-	-
<b>Amortisation at 31 March 2018</b>	<b>10,820</b>	-	-	<b>10,820</b>
<b>Net book value at 31 March 2018</b>	<b>11,358</b>	<b>1,375</b>	<b>30</b>	<b>12,763</b>
<b>Net book value at 1 April 2017</b>	<b>11,069</b>	<b>1,089</b>	<b>30</b>	<b>12,188</b>

The maximum actual useful economic life of intangible assets as at 31 March 2019 was 23 years, and as at 31 March 2018, it was 14 years. In both years, the minimum actual life was 2 years.

£826k of the balance held as intangible assets under construction relates to IT projects undertaken as part of the *Digital Wirral (Global Digital Exemplar)* programme. The other £774k relates to a new Picture Archive and Communication System (PACS) in Radiology.

Wirral University Teaching Hospital NHS Foundation Trust - Annual Accounts 2018/19

Note 12.1 Property, plant and equipment - 2018/19

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Gross cost at 1 April 2018 - brought forward</b>	1,497	121,718	12,850	700	42,799	96	14,363	3,850	197,873
Additions	-	1,539	-	4,424	2,488	36	600	5	9,092
Impairments	-	(6,365)	(3,203)	-	-	-	-	-	(9,568)
Reversals of impairments	-	13,071	-	-	-	-	-	-	13,071
Revaluations	-	(1,237)	(5,585)	-	-	-	-	-	(6,822)
Reclassifications	-	1,233	-	(1,234)	1,938	-	(400)	(1,611)	(74)
Transfers to <i>Assets held for sale</i>	-	-	-	-	-	-	-	-	-
Disposals / derecognition	-	-	-	-	(7,742)	(10)	(1)	(176)	(7,929)
<b>Gross cost at 31 March 2019</b>	<b>1,497</b>	<b>129,959</b>	<b>4,062</b>	<b>3,890</b>	<b>39,483</b>	<b>122</b>	<b>14,562</b>	<b>2,068</b>	<b>195,643</b>
<b>Accumulated depreciation at 1 April 2018 - brought forward</b>	-	-	-	-	27,261	81	7,961	2,816	38,119
Provided during the year	-	2,920	187	-	2,590	3	1,449	76	7,225
Impairments	-	492	5,398	-	37	-	-	-	5,927
Reversals of impairments	-	(1,435)	-	-	-	-	-	-	(1,435)
Revaluations	-	(1,977)	(5,585)	-	-	-	-	-	(7,562)
Reclassifications	-	-	-	-	729	-	336	(1,125)	(60)
Transfers to <i>Assets held for sale</i>	-	-	-	-	-	-	-	-	-
Disposals / derecognition	-	-	-	-	(7,598)	(10)	(1)	(176)	(7,784)
<b>Accumulated depreciation at 31 March 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,019</b>	<b>75</b>	<b>9,746</b>	<b>1,591</b>	<b>34,430</b>
<b>Net book value at 31 March 2019</b>	<b>1,497</b>	<b>129,959</b>	<b>4,062</b>	<b>3,890</b>	<b>16,464</b>	<b>48</b>	<b>4,817</b>	<b>477</b>	<b>161,213</b>
<b>Net book value at 1 April 2018</b>	<b>1,497</b>	<b>121,718</b>	<b>12,850</b>	<b>700</b>	<b>15,538</b>	<b>15</b>	<b>6,402</b>	<b>1,034</b>	<b>159,754</b>

Note 12.2 Property, plant and equipment - 2017/18

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Gross cost at 1 April 2017 - brought forward</b>	1,747	113,743	13,295	-	39,079	107	10,854	3,921	182,746
Additions	-	1,985	-	1,215	5,389	6	3,522	94	12,211
Impairments	-	(371)	(257)	-	-	-	-	-	(628)
Reversals of impairments	42	8,454	-	-	-	-	-	-	8,496
Revaluations	258	(2,563)	(188)	-	-	-	-	-	(2,493)
Reclassifications	-	515	-	(515)	-	-	-	-	-
Transfers to <i>Assets held for sale</i>	(550)	(45)	-	-	-	-	-	-	(595)
Disposals / derecognition	-	-	-	-	(1,669)	(17)	(13)	(165)	(1,864)
<b>Gross cost at 31 March 2018</b>	<b>1,497</b>	<b>121,718</b>	<b>12,850</b>	<b>700</b>	<b>42,799</b>	<b>96</b>	<b>14,363</b>	<b>3,850</b>	<b>197,873</b>
<b>Accumulated depreciation at 1 April 2017 - brought forward</b>	-	-	-	-	27,024	95	6,981	2,829	36,929
Provided during the year	-	2,628	188	-	1,809	2	989	150	5,766
Impairments	-	281	-	-	97	1	4	2	385
Reversals of impairments	(256)	(156)	-	-	-	-	-	-	(412)
Revaluations	256	(2,752)	(188)	-	-	-	-	-	(2,684)
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers to <i>Assets held for sale</i>	-	(1)	-	-	-	-	-	-	(1)
Disposals / derecognition	-	-	-	-	(1,669)	(17)	(13)	(165)	(1,864)
<b>Accumulated depreciation at 31 March 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,261</b>	<b>81</b>	<b>7,961</b>	<b>2,816</b>	<b>38,119</b>
<b>Net book value at 31 March 2018</b>	<b>1,497</b>	<b>121,718</b>	<b>12,850</b>	<b>700</b>	<b>15,538</b>	<b>15</b>	<b>6,402</b>	<b>1,034</b>	<b>159,754</b>
<b>Net book value at 1 April 2017</b>	<b>1,747</b>	<b>113,743</b>	<b>13,295</b>	<b>-</b>	<b>12,055</b>	<b>12</b>	<b>3,873</b>	<b>1,092</b>	<b>145,817</b>

The transfer to *Assets held for sale* in 2017/18 relates to the sale of land at the Trust's Clatterbridge site in March 2018.

The dwellings balance entirely comprises staff accommodation blocks at the Trust's Arrowe Park site which are owned and operated by Frontis Homes Limited, which is part of Your Housing Group. This accommodation is situated on land owned by the Trust, and leased to Frontis through a 'peppercorn' operating lease. The accommodation block is included in this note and accounted for as 'on-Statement of Financial Position' by the Trust, as it meets the definition of a service concession contained within IFRS Interpretations Committee (IFRIC) 12 *Service Concession Arrangements*. The impairment under *Dwellings* reflects the under-occupancy of staff accommodation blocks at Arrowe Park, as disclosed in Note 10.1.

The Trust undertook a review of its asset register during 2018/19 and identified a large number of assets that were no longer owned or in use. These were assets which had reached the end of their economic life and were therefore fully depreciated with a net book value of £nil. These have been derecognised in year, and make up the majority of the disposals / derecognition balance shown above. The review also suggested a requirement to reclassify assets, and this too is disclosed above.

The Trust replaced an MRI scanner during the year, which led to a further disposal of £0.9m. Defibrillators and ultrasound scanners, operationally replaced at the end of 2017/18, were also disposed of in 2018/19.

Wirral University Teaching Hospital NHS Foundation Trust - Annual Accounts 2018/19

Note 12.3 Property, plant and equipment financing - 2018/19

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Net book value at 31 March 2019</b>									
Owned - purchased	1,497	128,095	-	3,890	15,284	48	4,573	450	153,836
Finance leased	-	-	-	-	-	-	200	-	200
On-SoFP PFI contracts and other service concession arrangements	-	-	4,062	-	-	-	-	-	4,062
Owned - government granted	-	-	-	-	47	-	22	-	69
Owned - donated	-	1,864	-	-	1,133	-	22	27	3,046
<b>NBV total at 31 March 2019</b>	<b>1,497</b>	<b>129,959</b>	<b>4,062</b>	<b>3,890</b>	<b>16,464</b>	<b>48</b>	<b>4,817</b>	<b>477</b>	<b>161,213</b>

Note 12.4 Property, plant and equipment financing - 2017/18

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Net book value at 31 March 2018</b>									
Owned - purchased	1,497	119,859	-	700	14,313	15	6,082	994	143,460
Finance leased	-	-	-	-	-	-	262	-	262
On-SoFP PFI contracts and other service concession arrangements	-	-	12,850	-	-	-	-	-	12,850
Owned - government granted	-	-	-	-	56	-	29	-	85
Owned - donated	-	1,859	-	-	1,169	-	29	40	3,097
<b>NBV total at 31 March 2018</b>	<b>1,497</b>	<b>121,718</b>	<b>12,850</b>	<b>700</b>	<b>15,538</b>	<b>15</b>	<b>6,402</b>	<b>1,034</b>	<b>159,754</b>



## Wirral University Teaching Hospital NHS Foundation Trust - Annual Accounts 2018/19

### Note 13 Donations of property, plant and equipment

In 2018/19, the Trust recognised donated asset additions of £165k (£965k 2017/18). £130k related to cash donations (£401k 2017/18). The Trust also received assets directly, recognised at £35k (£564k 2017/18).

### Note 14 Revaluations of property, plant and equipment

The value and remaining useful lives of land and building assets are estimated by the Trust's valuers Cushman & Wakefield. Their independent valuations are carried out in accordance with the Royal Institute of Chartered Surveyors' *RICS Valuation - Global Standards* (the 'Red Book'), and other relevant RICS guidance notes, by RICS-qualified valuers. Valuations are carried out primarily on the basis of depreciated replacement cost (modern equivalent asset (MEA) basis) for specialised operational property. The Trust has opted to interpret the MEA valuation basis, which estimates the cost of a modern replacement asset with equivalent productive capacity to the asset being valued, as pertaining to a single combined hospital facility.

Revalued assets are written down to their recoverable amount within the Statement of Financial Position, with the loss charged to the revaluation reserve to the extent that there is a balance on the reserve for that asset. Thereafter, the loss is charged to operating expenditure - net impairments. Increases in value are credited to the revaluation reserve unless circumstances arise whereby a reversal of an impairment is necessary. In these circumstances this has been credited to operating expenditure - net impairments.

A full revaluation of the Trust's estate was undertaken as at the valuation date of 31 March 2019. This resulted in a net revaluation gain recorded in the revaluation reserve (within the Statement of Financial Position) of £4.2m, which is also disclosed as *Other comprehensive income*, and, aside from the staff accommodation block impairment, a net gain to income and expenditure from reversal of impairment (within the Statement of Comprehensive Income) of £0.9m (Note 10.1).

The useful economic lives of equipment assets are estimated on historical experience of similar equipment lives with reference to national guidance and consideration of the pace of technological change. The lives of assets determined at recognition are disclosed within the accounting policies (Note 1.8.2). Recorded actual useful economic lives of non-land assets as at 31 March 2019 are as follows.

Buildings excluding dwellings	27 to 69 years.
Dwellings	59 years.
Plant and machinery	1 to 28 years.
Transport equipment	5 to 10 years.
Furniture and fittings	5 to 13 years.
Information technology equipment	4 to 21 years.

The actual lives of buildings assets may exceed 69 years, but the Trust's asset register records only commenced in 1996, which limits accuracy in this disclosure.

## Wirral University Teaching Hospital NHS Foundation Trust - Annual Accounts 2018/19

### Note 15 Joint operations

The Trust has determined that, in addition to its subsidiary charity, it has interests in two joint operations. Joint operations are arrangements in which the Trust has joint control with one or more other parties and has the rights to assets, and obligations for liabilities relating to the arrangement. The Trust therefore includes within its financial statements, where material, its share of the assets, liabilities, income and expenditure relating to its joint operations.

The Trust does not attribute levels of risk significantly above 'business as usual' with these arrangements, as its joint operator is a partner NHS body, working together with the Trust within the same healthcare operating environment. In practical terms, this translates to a longstanding related party relationship based on contracts and transactions, collaborative working, shared objectives and common policies. In addition, the 'going concern' risk and credit risk associated with other NHS bodies is very low.

The Trust has no material joint operations, but collaborates in two lesser operations, as detailed below.

#### Cheshire and Wirral Microbiology Service (CWMS)

The Trust works collaboratively with Countess of Chester Hospital NHS Foundation Trust to provide microbiology laboratory services to both trusts. CWMS was established in 2012, and the intention of the arrangement is to reduce running costs through joint use of a modern site and laboratory facilities, to provide resilience in each trust's microbiology service, and to enable both trusts to respond to future market opportunities.

The majority of CWMS activity is carried out in the main combined laboratory in Bromborough, which is jointly and equally owned by the two trusts. The carrying value of the Trust's half of this asset in its Statement of Financial Position is £1.4m. Additionally, there are small satellite laboratories at each hospital site for urgent out-of-hours specimens.

The Trust retains the rights to assets contributed at the start of the arrangement. The Trust is responsible for the administration of CWMS payroll costs, and wholly recharges these costs to Countess of Chester Hospital NHS Foundation Trust.

As the financial 'host' partner, Countess of Chester Hospital NHS Foundation Trust retains the obligation to pay other suppliers' invoices, and offsets all direct and recharged costs against the income generated by CWMS for tests performed for both the trusts and new customers, using a tariff of prices. In 2018/19, the Trust's net expenditure on CWMS services was £2.7m.

#### HR and Wellbeing Business Services (HRWBS)

This arrangement was created in 2011 and is jointly operated by the Trust and Countess of Chester Hospital NHS Foundation Trust (the 'host' operator). This collaboration was designed to create savings through scale efficiencies, and provide resilience to each of the operators' HR functions, including payroll and recruitment.

Activities are carried out at the Countess of Chester Health Park, and end-user services can be accessed via intranet portal. In 2018/19, HRWBS has additionally sold services to Cheshire and Wirral Partnership NHS Foundation Trust, Wirral Clinical Commissioning Group, and Wirral Community NHS Trust.

Assets purchased are owned by the purchasing trust, with the further possibility of joint procurement of future assets. As the 'host' operator, Countess of Chester Hospital NHS Foundation Trust is responsible for HRWBS staff, and administering the payment of staff and suppliers in the first instance. Each trust is ultimately responsible for its share of HRWBS's costs, and the net charge to the Trust for 2018/19 is £0.5m.

## Wirral University Teaching Hospital NHS Foundation Trust - Annual Accounts 2018/19

### Note 16 Inventories

	<b>31 March 2019 £000</b>	<b>31 March 2018 £000</b>
Drugs	1,217	1,159
Consumables	2,727	2,983
Energy	29	29
<b>Total inventories</b>	<b><u>3,973</u></b>	<b><u>4,171</u></b>

Inventories recognised in expenditure for the year totalled £53,327k (£51,469k 2017/18). Write-down of inventories recognised as expenditure for the year totalled £142k (£11k 2017/18).

## Wirral University Teaching Hospital NHS Foundation Trust - Annual Accounts 2018/19

### Note 17.1 Receivables

	31 March 2019 £000	31 March 2018 £000
<b>Current</b>		
Contract receivables <sup>1</sup>	11,156	
Trade receivables <sup>1</sup>		11,196
Accrued income <sup>1</sup>		3,633
Allowance for impaired contract receivables <sup>1</sup>	(498)	
Allowance for other impaired receivables	-	(269)
Deposits and advances	-	132
Prepayments including capital prepayments	1,998	1,516
Interest receivable	14	8
PDC dividend receivable	100	-
VAT receivable	1,047	616
Other receivables	380	1,591
<b>Total current receivables</b>	<b>14,197</b>	<b>18,423</b>
<b>Non-current</b>		
Contract receivables <sup>1</sup>	1,050	
Allowance for impaired contract receivables <sup>1</sup>	(230)	
Allowance for other impaired receivables	-	(249)
Prepayments	57	59
Other receivables <sup>2</sup>	-	1,093
<b>Total non-current receivables</b>	<b>877</b>	<b>903</b>
<b>Total receivables from NHS and DHSC group bodies (current)</b>	<b>6,006</b>	<b>14,097</b>

<sup>1</sup> Following the application of IFRS 15 from 1 April 2018, the Trust's entitlement to consideration for work performed under contracts with customers is shown separately under *Contract receivables*. This replaces the previous analysis into *Trade receivables* and *Accrued income*. IFRS 15 is applied without restatement therefore the comparative analysis of receivables has not been restated under IFRS 15.

<sup>2</sup> The *Other receivables* balance in 2017/18 related mainly to recharge arrangements, whereby the Trust recoups costs from third parties for goods or services delivered. In 2018/19, balances were classed as *Contract receivables*.

The majority of the Trust's debt relates to the Trust's provision of healthcare.

The carrying amounts of *Receivables* approximate to fair value.

## Wirral University Teaching Hospital NHS Foundation Trust - Annual Accounts 2018/19

### Note 17.2 Allowance for credit losses - 2018/19

	Contract receivables and contract assets £000	All other receivables £000
<b>Allowance as at 1 April 2018 - brought forward</b>		<b>48</b>
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	631	(518)
New allowance arising	277	-
Changes in existing allowance	(54)	-
Reversals of allowance	(28)	-
Utilisation of allowance (write-offs)	(98)	-
<b>Allowance as at 31 March 2019</b>	<b>728</b>	<b>(470)</b>

The *Allowance for credit losses* chiefly relates to NHS Injury Compensation Recovery (ICR) scheme debts, in addition to trivial expected credit losses relating to the Trust's non-government trade debt.

The calculation of the allowance balance is detailed in Note 1.13.4.

The Trust's exposure to, and management of, credit risk is discussed in Note 26.1.

### Note 17.3 Allowance for credit losses - 2017/18

	All receivables £000
<b>Allowance as at 1 April 2017 - brought forward</b>	<b>66</b>
Increase in provision	7
Amounts utilised	(2)
Unused amounts reversed	(23)
<b>Allowance as at 31 March 2018</b>	<b>48</b>

IFRS 9 and IFRS 15 are adopted without restatement. This analysis is prepared in line with the requirements of IFRS 7 prior to IFRS 9 adoption. As a result, ICR debts are excluded, losses relating to trade debt are assessed differently, and the table differs in format from Note 17.2.

## Wirral University Teaching Hospital NHS Foundation Trust - Annual Accounts 2018/19

### Note 18.1 Cash and cash equivalents movements

	2018/19	2017/18
	£000	£000
<b>At 1 April</b>	<b>7,950</b>	<b>5,390</b>
Net change in year	(1,435)	2,560
<b>At 31 March</b>	<b>6,515</b>	<b>7,950</b>
Cash at commercial banks and in hand	114	124
Cash with Government Banking Service (GBS)	6,401	7,826
<b>Total cash and cash equivalents</b>	<b>6,515</b>	<b>7,950</b>

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

### Note 18.2 Third party assets held by the Trust

Wirral University Teaching Hospital NHS Foundation Trust has identified two types of assets of which it has physical possession, but which it does not own. Both types of asset are outlined below, and have been excluded from the Trust's Statement of Financial Position.

The Trust holds money on behalf of some inpatients as a service during their hospital stay. The Trust also holds unused consignment inventories in the normal course of business. These inventories typically comprise surgical equipment, which is held on Trust premises whilst still owned by suppliers, and the Trust is only obliged to pay for these assets when they are used or expire.

Total balances for third party assets held by the Trust are disclosed below.

	31 March	31 March
	2019	2018
	£000	£000
Monies held on behalf of patients	13	10
Consignment inventories	2,093	2,030
<b>Total third party assets</b>	<b>2,106</b>	<b>2,040</b>

## Wirral University Teaching Hospital NHS Foundation Trust - Annual Accounts 2018/19

### Note 19.1 Trade and other payables

	31 March 2019 £000	31 March 2018 £000
<b>Current</b>		
Trade payables	1,644	1,746
Capital payables	5,241	5,461
Accruals	20,125	17,599
Receipts in advance	144	61
Social security costs	2,568	2,423
Other taxes payable	2,002	1,941
PDC dividend payable	-	43
Accrued interest on loans <sup>1</sup>	-	59
Other payables <sup>2</sup>	3,489	3,205
<b>Total current trade and other payables</b>	<b>35,213</b>	<b>32,538</b>
<b>Total payables from NHS and DHSC group bodies</b>	<b>5,221</b>	<b>5,555</b>

<sup>1</sup> Following adoption of IFRS 9 on 1 April 2018, the Trust's DHSC loans are measured at amortised cost rather than being carried at historical cost net of repayments. Any accrued interest is now included in the carrying value of the relevant loans (Note 21). IFRS 9 is applied without restatement and therefore comparatives have not been restated.

<sup>2</sup> Other payables includes NHS Pensions scheme contributions to be paid over, and other arrangements whereby the Trust collects funds to be paid over to third parties.

The Better Payment Practice Code (BPPC) gives NHS organisations a target of paying 95% of undisputed invoices within 30 calendar days of the receipt of either goods or a valid invoice (whichever is later), unless other payment terms have been agreed. Information regarding the Trust's BPPC performance is within the Annual Report's *Directors' report*.

The carrying amounts of *Trade and other payables* approximate to fair value.

## Wirral University Teaching Hospital NHS Foundation Trust - Annual Accounts 2018/19

### Note 20 Other liabilities

	31 March 2019 £000	31 March 2018 £000
<b>Current</b>		
Deferred income / contract liabilities	2,772	2,883
PFI deferred income	109	342
<b>Total other current liabilities</b>	<b>2,881</b>	<b>3,225</b>
<b>Non-current</b>		
Deferred income / contract liabilities	91	-
PFI deferred income	2,697	8,812
<b>Total other non-current liabilities</b>	<b>2,788</b>	<b>8,812</b>

The non-current deferred income balance above is wholly attributable to the staff accommodation blocks which are owned and operated by Frontis Homes Limited, and which are accounted for as 'on-Statement of Financial Position' in accordance with IFRIC 12. The deferred income balance represents the benefit to the Trust of the arrangement's future 'service potential' and is released to the Statement of Comprehensive Income (SOCl) over the period of the concession. Therefore, there is a corresponding balance in current *PFI deferred income* which represents next year's income release.

In 2018/19, the Trust recognised that this 'service potential' was significantly less than originally intended due to under-occupancy of the accommodation blocks. This resulted in asset impairment (Note 10.1) and a corresponding amortisation of the deferred income balance to the SOCl (Note 3), as the deferred income balance could no longer be justified at its originally forecast level.

### Note 21 Borrowings

	31 March 2019 £000	31 March 2018 £000
<b>Current</b>		
Loans from the Department of Health and Social Care	1,215	1,015
Obligations under finance leases	61	59
<b>Total current borrowings</b>	<b>1,276</b>	<b>1,074</b>
<b>Non-current</b>		
Loans from the Department of Health and Social Care	73,093	49,066
Obligations under finance leases	130	192
<b>Total non-current borrowings</b>	<b>73,223</b>	<b>49,258</b>

The Trust has never breached loan agreement terms. Note 26 contains further details relating to the Trust's loans.



## Wirral University Teaching Hospital NHS Foundation Trust - Annual Accounts 2018/19

### Note 21.1 Reconciliation of liabilities arising from financing activities

	Loans from DHSC £000	Finance leases £000	Total £000
<b>Carrying value at 1 April 2018</b>	<b>50,081</b>	<b>251</b>	<b>50,332</b>
<b>Cash movements</b>			
Financing cash flows - payments and receipts of principal	24,027	(60)	<b>23,967</b>
Financing cash flows - payments of interest	(1,583)	(10)	<b>(1,593)</b>
<b>Non-cash movements</b>			
Impact of implementing IFRS 9 on 1 April 2018	59	-	<b>59</b>
Application of effective interest rate	1,724	10	<b>1,734</b>
<b>Carrying value at 31 March 2019</b>	<b>74,308</b>	<b>191</b>	<b>74,499</b>

### Note 22 Finance leases

#### Obligations under finance leases where the Trust is the lessee

	31 March 2019 £000	31 March 2018 £000
<b>Gross lease liabilities</b>	<b>206</b>	<b>275</b>
Analysis of gross minimum lease payments by due date		
Not later than one year	69	69
Later than one year and not later than five years	137	206
Later than five years	-	-
Finance charges allocated to future periods	(15)	(24)
<b>Net lease liabilities</b>	<b>191</b>	<b>251</b>
Analysis of net minimum lease payments by due date		
Not later than one year	61	59
Later than one year and not later than five years	130	192
Later than five years	-	-
<b>Net lease liabilities per Note 21 - Borrowings</b>	<b>191</b>	<b>251</b>

As lessee, the Trust holds a single finance lease for digital data storage, with a whole-life duration of 5 years. The Trust has the option to purchase the equipment for a nominal amount at the end of the lease term.

## Wirral University Teaching Hospital NHS Foundation Trust - Annual Accounts 2018/19

### Note 23.1 Provisions for liabilities and charges

	Pensions - early departure costs £000	Pensions - injury benefits <sup>1</sup> £000	Legal claims £000	Other £000	Total £000
<b>At 1 April 2018</b>	<b>1,520</b>	<b>1,069</b>	<b>276</b>	<b>-</b>	<b>2,865</b>
Change in the discount rate	3	2	-	-	5
Arising during the year	292	78	271	7,712	8,353
Utilised during the year	(170)	(97)	(153)	-	(420)
Reversed unused	(12)	-	(57)	-	(69)
Unwinding of discount	2	1	-	-	3
<b>At 31 March 2019</b>	<b>1,635</b>	<b>1,053</b>	<b>337</b>	<b>7,712</b>	<b>10,737</b>
<b>Expected timing of cash flows</b>					
Not later than one year	175	100	337	2,339	2,951
Later than one year and not later than five years	744	426	-	3,370	4,540
Later than five years	716	527	-	2,003	3,246
<b>Total provisions</b>	<b>1,635</b>	<b>1,053</b>	<b>337</b>	<b>7,712</b>	<b>10,737</b>

<sup>1</sup> In 2018/19 the analysis of provisions has been revised to separately identify provisions for permanent injury retirement / benefit liabilities. In previous periods, these provisions were included within *Pensions - early departure costs*. *Pensions - early departure costs* now relates wholly to the cost of early retirements. For both of these provisions, the most significant uncertainty is the life expectancy of the Trust's ex-employees.

Legal claims are primarily made up of employer's liability and public liability claims for which there is also a corresponding contingent liability of £0.2m (£0.2m 2017/18) disclosed in Note 24.

The amount provided for employer's / public liability claims is based on assessments received from NHS Resolution (NHSR) as to their value and anticipated payment date.

The *Other* provision arising in 2018/19 primarily relates to contractual obligations (£6.2m) to compensate the operator for foregone rental income, resulting from ongoing under-occupancy of the staff accommodation blocks at the Trust's Arrowe Park site, which are owned and operated by Frontis Homes Limited (within Your Housing Group). The remaining £1.5m balance is in respect of contractual VAT obligations, which the Trust became aware of in February 2019.

## Wirral University Teaching Hospital NHS Foundation Trust - Annual Accounts 2018/19

### Note 23.2 Clinical negligence liabilities

At 31 March 2019, £263.9m was included in the provisions of NHS Resolution in respect of the Trust's clinical negligence liabilities (£230.2m at 31 March 2018).

### Note 24 Contingent assets and liabilities

In addition, a quantifiable contingent liability of £198k exists at 31 March 2019 for potential third party claims in respect of employer's liability and public liability claims (£154k at 31 March 2018). A provision for the expected value of probable cases is shown in Note 23.1.

### Note 25 Contractual capital commitments

	31 March 2019 £000	31 March 2018 £000
Property, plant and equipment	813	651
Intangible assets	133	568
<b>Total capital commitments</b>	<b>946</b>	<b>1,219</b>

Contractual capital commitments relate to schemes underway to improve the Trust's estate, replacement of the main telephone switchboard, and elements of the ongoing *Digital Wirral (Global Digital Exemplar)* programme.

## Wirral University Teaching Hospital NHS Foundation Trust - Annual Accounts 2018/19

### Note 26 Financial instruments

#### Note 26.1 Financial risk management

##### Liquidity risk

The Trust's net operating costs are incurred in delivering healthcare under annual contracts with Clinical Commissioning Groups (CCGs), which are ultimately funded from resources voted annually by Parliament. The Trust usually receives this CCG income through a combination of 'block' (fixed) payments and the Payment by Results (PbR) mechanism, which bases the income received each year on the activity delivered in that year by reference to the National Tariff. Monthly payments are received from CCGs based on annual service contracts, and this national framework reduces the Trust's exposure to liquidity risk.

The Trust borrows from the Department of Health and Social Care (DHSC) for operating purposes, and actively mitigates liquidity risk by daily cash management procedures incorporating the timely initiation of loans, keeping all cash balances in an appropriately liquid form. Liquidity is monitored by the Trust's Board on a monthly basis through monthly reports on movements, variances and trends in cash-flows, and the liquidity metric measured within the NHS's Use of Resources (UoR) Rating.

The Trust may borrow from commercial organisations to support liquidity, but currently has no commercial borrowings. Fixed interest rate loan facilities are in place with DHSC for revenue support, as follows.

- Working capital facility loan of £23.3m at 3.5%, drawn down in 2016/17 and 2017/18.
- 'Uncommitted loans' of £42.6m at 1.5% and 3.5%, drawn down in 2017/18 and 2018/19 respectively.

The Trust also holds two fixed interest rate loans with DHSC which have funded past capital developments, as follows.

- 25 year loan of £6.5m at 4.32%, drawn down in 2009/10.
- 10 year loan of £7.5m at 1.96%, drawn down in 2014/15.

Repayments on the capital loans have commenced, and are paid according to a set schedule over the period of the loans. To date, £5.8m has been repaid. The working capital facility loan matures in 2021/22, and 'uncommitted loans' mature from 2020/21 onwards, with no repayment schedule in place for any of these loans. There is therefore no significant risk within 2019/20 that a number of significant borrowings could become repayable at one time, and cause unplanned cash pressures, although the Trust will need to consider arrangements from 2020/21 onwards.

The loan repayment schedule is contained within the maturity of financial liabilities table in Note 26.5.

##### Credit risk

The Trust minimises its exposure to credit risk arising from deposits with banks and financial institutions through implementing its Treasury Management procedures. Cash required for day to day operational purposes is held within the Trust's Government Banking Services (GBS) account. GBS balances are swept into the Bank of England overnight, with the specific aim of reducing credit risk exposure for bodies within government.

The Trust regularly reviews debtor balances, and has a comprehensive system in place for pursuing past-due debt. Aged debts are regularly assessed and proactive credit control is in place, including referral to debt recovery agents when internal efforts are exhausted and it is deemed potentially cost-effective to pursue. Every quarter, aged debts are individually presented to the Trust's Audit Committee for further scrutiny.

The main source of income for the Trust is from CCGs in respect of healthcare services provided under contractual agreements. The credit risk associated with such customers is minimal. Non-NHS customers (for example, private patients and prescription charges) typically have a higher rate of write-off, but represent a small proportion of income. Therefore, the Trust is not exposed to significant credit risk from its customers.

The movement in the *Allowance for credit losses* during the year is disclosed in Note 17.2. The Trust's approach to the impairment of financial assets is detailed in Note 1.13.4.

The carrying amount of financial assets represents the Trust's maximum level of credit exposure. Therefore, the maximum exposure to credit risk at the Statement of Financial Position date was £11.9m (£15.5m 2017/18), being the total of the carrying amount of financial assets excluding cash (Note 26.2). There are no amounts held as collateral against these balances.

##### Market risk

The Trust is principally a domestic organisation with the majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations and therefore has low exposure to currency rate fluctuations.

The Trust does not invest for capital appreciation. All of the Trust's financial assets and financial liabilities carry nil or fixed rates of interest other than the Trust's bank accounts which earn interest at a floating rate; the Trust is not exposed to significant interest rate risk.

## Wirral University Teaching Hospital NHS Foundation Trust - Annual Accounts 2018/19

In the following Notes 26.2 and 26.3, non-financial assets and non-financial liabilities are excluded. Therefore, the receivables and payables figures are lower than their respective balances within the Statement of Financial Position (SOFP).

Also, IFRS 9 *Financial Instruments* is applied retrospectively from 1 April 2018 without restatement of SOFP comparatives. Therefore, comparative disclosures have been prepared under the previous standard (IAS 39 *Financial Instruments: Recognition and Measurement*), and the measurement categories differ to those in the current year analyses. The most significant compilation difference is the inclusion of ICR receivables within financial assets under IFRS 9.

### Note 26.2 Financial assets

	31 March 2019 £000	31 March 2018 £000
<b>Financial assets held at amortised cost under IFRS 9</b>		
Trade and other receivables excluding non financial assets	11,872	
Cash and cash equivalents at bank and in hand	6,515	
<b>Total</b>	<b>18,387</b>	
<b>Loans and receivables under IAS 39</b>		
Trade and other receivables excluding non financial assets		15,488
Cash and cash equivalents at bank and in hand		7,950
<b>Total</b>		<b>23,438</b>

### Note 26.3 Carrying value of financial liabilities

	31 March 2019 £000	31 March 2018 £000
<b>Financial liabilities held at amortised cost under IFRS 9</b>		
Borrowings - loans from the Department of Health and Social Care	74,308	
Borrowings - obligations under finance leases	191	
Trade and other payables excluding non financial liabilities	27,356	
Provisions under contract	7,712	
<b>Total</b>	<b>109,567</b>	
<b>Other financial liabilities under IAS 39</b>		
Borrowings - loans from the Department of Health and Social Care		50,081
Borrowings - obligations under finance leases		251
Trade and other payables excluding non financial liabilities		25,093
Provisions under contract		-
<b>Total</b>		<b>75,425</b>

## Wirral University Teaching Hospital NHS Foundation Trust - Annual Accounts 2018/19

### Note 26.4 Fair values of financial assets and liabilities

The Trust has two capital loans and a number of revenue support loans with the Department of Health and Social Care. The carrying value of the borrowings liability is considered to approximate to fair value, the interest rate not being significantly different from market rate. All other financial assets and liabilities have carrying values which are not significantly different from their fair values.

### Note 26.5 Maturity of financial liabilities

	31 March 2019 £000	31 March 2018 £000
One year or less	30,970	26,167
More than one year but not more than two years	19,510	1,074
More than two years but not more than five years	53,921	44,007
More than five years	5,166	4,177
<b>Total</b>	<b>109,567</b>	<b>75,425</b>

The maturity profile of the Trust's borrowings is discussed further in the *Going concern* section of Note 1.3.1.

### Note 27 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.

The Trust made the following losses and special payments, on an accruals basis (with the exception of provisions for future losses), during the financial year.

	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	9	5	4	1
Bad debts and claims abandoned	22	3	6	1
Stores losses and damage to property	5	142	4	11
<b>Total losses</b>	<b>36</b>	<b>150</b>	<b>14</b>	<b>13</b>
<b>Special payments</b>				
Compensation under court order or legally binding arbitration award	-	-	1	8
Extra-contractual payments <sup>1</sup>	1	375	-	-
Ex-gratia payments	60	74	55	253
Special severance payments	1	17	-	-
<b>Total special payments</b>	<b>62</b>	<b>466</b>	<b>56</b>	<b>261</b>
<b>Total losses and special payments</b>	<b>98</b>	<b>616</b>	<b>70</b>	<b>274</b>

<sup>1</sup> Additional disclosures are required for cases exceeding £300k. In 2018/19, the Trust made an out-of-court special payment of £375k to a contractor, based on legal advice. This was disclosed as a contingent liability in the Trust's 2017/18 annual accounts. No losses or special payments of any type, over the disclosure threshold, were recorded in 2017/18.

## Wirral University Teaching Hospital NHS Foundation Trust - Annual Accounts 2018/19

### Note 28.1 Initial application of IFRS 9

IFRS 9 *Financial Instruments* as interpreted and adapted by the *DHSC 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 *Financial Instruments: Recognition and Measurement*. The main effects on the accounts of the Trust are the standard's revised approach to the classification and measurement of financial assets and financial liabilities (Note 26), and a new forward-looking 'expected loss' impairment model (Note 1.13.4 and Note 17.2).

Under IFRS 9, borrowings from DHSC, which were previously held at historic cost, are measured on an amortised cost basis. Consequently, on 1 April 2018, borrowings increased by £59k, and trade payables correspondingly reduced.

The calculation of the new *Allowance for credit losses* under the 'expected loss model' resulted in a £113k decrease in the carrying value of receivables.

The *DHSC GAM* expands the definition of a contract in the context of financial instruments to include legislation and regulations, except where they give rise to tax. Implementation of this adaptation on 1 April 2018 has led to the classification of the Trust's ICR receivables and a trivial receivable widow(er) pension balance as *financial assets held at amortised cost*. The carrying value of these receivables at 1 April 2018 was £1,630k.

### Note 28.2 Initial application of IFRS 15

IFRS 15 *Revenue from Contracts with Customers* as interpreted and adapted by the *DHSC 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 15 introduces a new model for income recognition, replacing IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related Interpretations. The core principle of IFRS 15 is that an entity recognises income 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 *DHSC GAM*, the Trust has applied the practical expedient offered in IFRS 15 which removes the need to retrospectively restate any contract modifications that occurred before 1 April 2018. There have been no significant changes to the Trust's accounts in applying the standard.

## Wirral University Teaching Hospital NHS Foundation Trust - Annual Accounts 2018/19

### Note 29 Related parties

#### Whole of Government Accounts (WGA) and consolidation

Wirral University Teaching Hospital NHS Foundation Trust is a public benefit corporation established under the NHS Act 2006. Monitor (operating as NHS Improvement) does not prepare group accounts, but rather, it prepares *NHS foundation trusts: consolidated accounts*, for further consolidation into the Department of Health and Social Care's accounts, and, ultimately, the Whole of Government Accounts. Monitor (operating as NHS Improvement) has powers to control NHS foundation trusts, but its financial results are not incorporated within the consolidated accounts, and it cannot be considered to be the parent undertaking for foundation trusts. The Department of Health and Social Care (DHSC) is the parent department of the foundation trust sector. Although there are a number of consolidation steps between the Trust's accounts and Whole of Government Accounts, the Trust's ultimate parent is HM Government.

#### WGA bodies

All bodies within the scope of the Whole of Government Accounts are considered to be related parties as they fall under the common control of HM Government and Parliament. The Trust's related parties therefore include other trusts, foundation trusts, clinical commissioning groups, local authorities, central government departments, executive agencies, non departmental public bodies (NDPBs), trading funds and public corporations.

During the year, the Trust has had a number of transactions with WGA bodies. Listed below are those entities other than DHSC for which the total transactions or total balances with the Trust have been collectively significant or potentially material to the other body.

Betsi Cadwaladr University Local Health Board	NHS Pension Scheme
Countess of Chester Hospital NHS Foundation Trust	NHS Professionals
Health Education England	NHS West Cheshire CCG
HM Revenue & Customs	NHS Wirral CCG
NHS England (including sub-entities)	The Clatterbridge Cancer Centre NHS Foundation Trust
NHS Resolution (formerly NHS Litigation Authority)	Wirral Community NHS Foundation Trust

#### Public dividend capital (PDC) transactions with DHSC

The Trust made PDC dividend payments to DHSC totalling £2.3m (£2.6m 2017/18), received additional PDC of £2.0m (£5.1m 2017/18), and is reporting a year-end receivable totalling £0.10m for PDC dividend payable (£0.04m payable in 2017/18).

#### Allowance for credit losses - related parties

No related party debts have been written off by the Trust in 2018/19 (none in 2017/18). The Trust's *Allowance for credit losses* is calculated such that it includes no balance in relation to its related parties (nil 2017/18).

#### Charitable related parties - WUTH Charity

Wirral University Teaching Hospital NHS Foundation Trust Charitable Fund (registered charity number 1050469, known as 'WUTH Charity') is a subsidiary of the Trust and therefore a related party. The Trust is the Charity's corporate trustee, which means that the Trust's Board of Directors is charged with the governance of the Charity. The Charity's sole activity is the funding of capital and revenue items for the benefit of the Trust's patients. Further details can be found at <https://www.wuthcharity.org/>.

The Charity's total funds balance as at 31 March 2019 was £0.6m (£0.7m 2017/18) with net expenditure of £0.02m (£0.8m 2017/18). During the year the Charity incurred expenditure of £0.2m (£0.9m 2017/18) in respect of goods and services for which the Trust was the beneficiary.

#### Other related parties

Aside from the Trust's Charity, the Trust has no subsidiaries or associates.

#### Key management personnel

Key management personnel are *related parties* to the Trust, and are defined in IAS 24 *Related Party Disclosures* as 'those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.' They are identified by the Trust as being the same individuals as the 'senior managers' which are disclosed in the remuneration section of the Annual Report, which contains details of their remuneration and other benefits.

In 2018/19, the Trust had expenditure of £17k (with a payable of £1k as at 31 March 2019) with Edge Hill University, at which Steve Igoe, a non-executive director of the Trust, is the Deputy Vice Chancellor. This expenditure is not believed to be in any way material to either party, and all dealings were undertaken on an arms-length basis.

During the financial year under review, no other member of key management personnel, and no other party closely related to these individuals outside of the NHS, has undertaken transactions with Wirral University Teaching Hospital NHS Foundation Trust.



**Note 30 Events after the reporting date**

There are no events after the reporting date which require disclosure.



