Together Towards World Class

University Hospitals Coventry and Warwickshire NHS Trust

2015 - 2016
ANNUAL REPORT

We Care, We Achieve, We Innovate

Content

PART 1 : Welcome

Welcome to our Annual Report. The year 2015-16 has once again been an exciting year for the Trust and we have much good news to report. Although we have continued to face challenges through ever increasing pressures on our services, we continue to strive to provide the best quality care possible to our patients, and we are extremely proud of our staff who work tirelessly to do this, and of our two hospitals.

We know that these pressures have meant that we have not always treated patients as quickly as they would like, but the work that we have undertaken during the year will put us in good stead to improve our performance going forwards and achieve national and local standards.

Like many NHS hospitals, our financial position is challenging and the financial climate within which we currently operate, and will continue to operate going into 2016/17 is unprecedented. Whilst we performed better financially than we had anticipated at the year end and have exceeded our Cost Improvement Plan target, we remain in a deficit position and we will therefore, need to continue to focus our efforts during 2016/17.

Although meeting financial targets will be challenging, the economic climate does present us with the opportunity to fundamentally redesign the way that we deliver services across Coventry & Warwickshire through the development of a health economy-wide Sustainability & Transformation Plan. We are delighted to be leading the Plan for the local health economy and we are working hard with partner organisations across health and social care and with colleagues from Healthwatch to ensure that the Plan that we are developing provides clinically and financially sustainable services for our patients and wider population.

The development of the Plan will enable us to build upon the work that we have done with our partners during 2015/16, as we know that we are reliant upon other organisations to deliver services that enable patients to receive the care that they need, in the right setting and at the right time. It is only through working in partnership that we will ensure that our patients and population receive the high quality, safe and timely care that they deserve.

Despite the challenges that the year has presented, we have achieved a lot once again and we have listed just some of the highlights from the year against our mission – 'Care Achieve Innovate':

Care:

- Proud to launch the #hellomynameis campaign as one of the steps to help ensure that patients get the best experience
- Signed a collaborative partnership agreement with South Warwickshire NHS Foundation Trust to develop sustainable health services across Coventry and Warwickshire
- Welcomed the Care Quality Commission report which rated the Trust as 'good' for the effective services and care it gives to its patients across Coventry and Rugby

Achieve:

- The Trust was selected as one of five out of 92 organisations to participate in an international development programme with Virginia Mason Hospital and Medical Centre in Seattle
- Our Maternity Unit has been awarded UNICEF baby friendly accreditation at level 2
- Named as one of the best NHS organisations in the country to work according to a national survey
- Brand new blood taking unit opened at the Hospital of St Cross in Rugby thanks to an outstanding appeal by the Friends of St Cross and the people of Rugby

Innovate:

- Specialist cardiac nurses trained to implant state-of-the-art tiny heart monitoring device, which monitors abnormalities in a patient's heart rhythm. Every day, information is sent wirelessly from the implant to a base station in the patient's home before being transmitted directly to the hospital

- One of the first hospitals in the UK to introduce new digital pathology technology that could revolutionise how some cancers are diagnosed. The Omnyx® Precision Solution™, can help pathologists read samples more quickly than before, allowing them to make sound decisions on many aspects of cancer diagnosis

- Named NHS Clinical Research Site of the Year 2015, at the prestigious PharmaTimes Awards

In March 2015, we underwent a full Chief Inspector of Hospitals inspection at our University Hospital and Hospital of St Cross, Rugby sites. The Care Quality Commission Comprehensive Inspection Report rated the Trust as "Requires Improvement". There were 14 "must do" and compliance actions identified within the report, against which we were required to implement a remedial plan of action.

Whilst we were disappointed to have received this rating, we have used the findings of the report to positively drive up standards and reinvigorate the organisation, and our staff have risen to the challenge admirably. Our Care Quality Commission Action Plan that was produced in response to the report was structured around the main themes identified and responds to the "must do" actions and compliance actions from the Care Quality Commission Report. The report highlighted the following themes, which require additional work to improve quality standards in the Trust:

- Medical Equipment and Medical Supplies
- Patient Flow in the Emergency Department
- Mental Capacity Act
- Medicines Management
- Infection Control
- Do Not Attempt Cardiopulmonary Resuscitation (DNACPR) Forms
- Sufficient Suitably Skilled Staff

The Care Quality Commission identified an additional compliance action regarding Risk Management processes within the Trust. Although this did not appear in the "must do" actions in the report, associated actions have been identified within the action plan and we have made good progress against these during the year.

Progress against the actions identified in the plan has been monitored by the Chief Inspector of Hospital Programme Board that we established, with additional oversight and scrutiny provided by our Quality Governance Committee and Trust Board. Externally, our progress has been monitored by the NHS Trust Development Authority (now NHS Improvement) and the Care Quality Commission and we are pleased to report that all 109 actions identified have been completed and closed. This evidences the hard work that has taken place across the organisation to drive up standards and stands us in good stead for the next inspection.

Our vision is to become a world class provider of healthcare and we have continued to work hard in implementing our Together Towards World Class (TTWC) five-year Organisational Development Programme, which focuses on five workstreams that are designed to support us achieving this ambition, in partnership with our staff.

March 2016 symbolised the second anniversary of TTWC, which was marked by a series of celebrations for staff in recognition of all their hard work but we also took the opportunity to seek feedback, which we used to help us to shape the TTWC programme going into its third year.

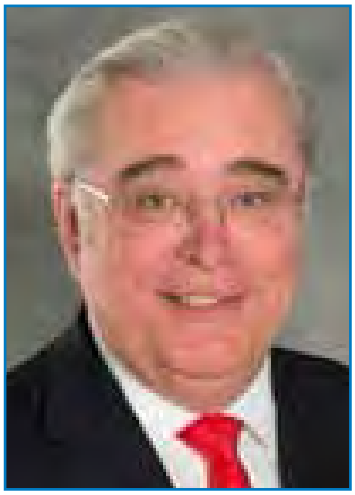
The 'Leading Together' programme as part of our World Class Leadership work-stream has become a mandatory requirement for all staff in formal leadership roles, as part of our approach to structured leadership development. The programme has now entered its second phase, reaching out to service and team leaders throughout the organisation and is helping to build leadership capacity and capability at all levels of the Trust.

Coupled with this, we were also selected via a rigorous process to partner with the Virginia Mason Partnership in the USA and have embarked upon a five-year programme that is aimed at changing the way that we work. Participation in the programme is very much in keeping with our world class aspirations and our TTWC programme, and we are delighted to be in a position to learn from what is regarded as one of the world's safest hospitals and to transform our services for the benefit of our patients and staff.

None of what we have achieved during the year would have been possible without our hard-working and dedicated staff, who continually strive to deliver our goal to be a World Class provider of healthcare, and we would

wholeheartedly thank them for their efforts, commitment and hard work 24 hours per day, 365 days per year. We would also like to thank our loyal volunteers who have continued to provide us with unfaltering support during the year and in so doing, have improved the experience of our patients and staff. We are grateful to each and every one of you for your dedication and support to our organisation and to the patients that we serve.

Professor Andrew Hardy



Andrew Meehan

The Year in Pictures

April 2015

A team of Dutch obstetricians and midwives from Elisabeth-TweeSteden Hospital in the south of The Netherlands visited University Hospital to see the Lucina Birth Centre and Labour ward as the visitors were planning to merge their two obstetric units to create a new ward.

May 2015

Two care homes in Coventry became the first in the country to sign up to new standards for protecting their residents against pressure ulcers. Arden Park in Wyken and Charnwood House in Radford were awarded their accreditation at the second annual Coventry and Rugby React to Red Skin pressure ulcer conference.

June 2015

Patients from Rugby who suffered from a common eye condition could now choose to be treated in the £2m specialist macular unit at the Hospital of St Cross in Rugby.This included patient Bob Dawson (pictured with staff). Wet age-related macular degeneration (AMD) is an eye condition that, while painless, generally leads to the gradual loss of central vision, and can sometimes cause a rapid reduction in vision as a whole.

July 2015

The Trust was named as one of the top employers in the NHS. UHCW was one of only four West Midlands hospital Trusts to make the Health Service Journal's (HSJ) Best Places to Work list. The 120 strong list was compiled using data from the most recent national NHS staff survey and looked at a number of areas including corporate culture and employee engagement and satisfaction. This was also the month we were announced as one of five Trusts that had successfully bid to work with the Virginia Mason hospital in Seattle, named one of the safest hospitals in the world, over an ambitious five year programme.

August 2015

A husband was able to give his wife the gift of life because of a technique pioneered at UHCW. Simon King gave his wife Nicola his own kidney, due to a trailblazing technique called plasmapheresis, which helps the body accept a kidney that doesn't match correctly. The technique, which strips the blood of antibodies which could attack the new kidney, was pioneered by UHCW Renal Consultant, Professor Robert Higgins. This allows a donor kidney which isn't a match for the patient to be accepted by their body.

September 2015

UHCW doctor Tim Robbins was a finalist for the Rising Star of 2015 category in the E-Health Insider (EHI) Awards.The award recognised the work of health informatics staff under the age of 30 who are achieving xcellent results and making an outstanding contribution to healthcare. This was also the same month where patients could now go to the Hospital of St Cross in Rugby for certain Ear, Nose and Throat (ENT) operations.

October 2015

The Children's Outpatients Department at the Hospital of St Cross moved to its own dedicated building on the hospital's site. As well as having a building solely dedicated to children and their families, the new location offers four new clinic rooms, compared to two in the department's previous location, and a health advisor's room. The unit can now offer one-stop services for certain conditions, such as allergy.

November 2015

We held our special event on November 13, to celebrate our colleagues' long service to the NHS.Eighty six loyal colleagues clocked up an incredible 2,150 years of NHS service between them.

December 2015

The lung cancer nursing team at UHCW celebrated after being named 'Lung Cancer Nurse Team of the Year 2015' by the Roy Castle Lung Cancer Foundation. The team scooped the prize after being put forward by their patients and their carers. The people who nominated the team praised them for the support they provided to patients and families at a difficult time. Rugby's brand new blood-taking unit also opened thanks to an appeal by the Friends of St Cross. The Friends raised an incredible £120,000 to help build the new Friends Blood Taking Unit, which is located on the site of the old Mulberry Ward, next to the Chapel in the Hospital of St Cross.

January 2016

A new mum who almost gave up hope of having a baby after suffering from three miscarriages welcomed news that the largest research centre into the cause of early miscarriage would be in Coventry. It was announced that doctors, researchers and their teams from UHCW and the University of Warwick had been selected to be partners in The National Early Miscarriage Centre funded by the leading pregnancy charity, Tommy's. It is the largest of its kind in Europe and opened in April 2016. It will help patients like new mums Nicola from Nuneaton who suffered the heartbreak of losing three pregnancies in just 18 months before Professor Quenby and her team based at University Hospital, Coventry were able to give her hope.

February 2016

Specialist cardiac nurses at UHCW implanted a tiny heart monitoring device.The state-of-the-art device called an ‘implantable loop recorder’ sits just under the skin and monitors abnormalities in a patient’s heart rhythm. Doctors, Nurses and Cardiac Physiologists can then remotely monitor any irregularities in the patient’s heart rhythms, meaning they can keep a close eye on patients without them needing to come in to hospital for regular appointments. Traditionally cardiac devices like these would have been implanted by a Consultant Cardiologist or Registrar but new technology means the miniature implant can now be inserted by a specialist cardiac nurse in around 15 minutes.

March 2016

A patient returned to Ward 52 and thanked staff at University Hospital, Coventry, after a fall which meant that she couldn’t walk for six months. Ljudmilla Harina, from Coventry, had a serious fall down stairs in her home which led to her breaking her ankle. She spent two weeks in the hospital and then underwent rehabilitation in the months following to help her walk again. Ljudmilla brought chocolates in to meet the team and to say her thank yous face to face.

Awards

We are pleased to report that we have had another award winning year and have much to celebrate:

The Together Towards World Class project was shortlisted for an HSJ Award 2015 in the Staff Engagement category.

Cardiology Research Registrar Dr Chris McAloon was awarded the **Royal College of Physicians (RCP) and National Institute of Health Research (NIHR) Clinical Research Network Clinical Trainees Award** in recognition of his outstanding contribution to research in the NHS.

The Mortuary Team was shortlisted for **Mortuary Assistant (APT) Team or Individual category of the Good Funeral Award** by a member of Warwickshire Police for their service and compassion shown when working with bereaved families.

Macmillan Gynae-Oncology Advanced Nurse Practitioner Vikki Jones was awarded the **Macmillan Henry Garnett Award**.

Chief Nursing Officer Professor Mark Radford was recognised as one of the top leaders in nursing and made the list of the **Nursing Times Inspirational Leaders 2015**.

Healthcare Assistant Pharbinder Athwal won a **British Journal of Midwifery Practice Award for Midwife or Peer Supporter in Improving Breastfeeding**.

Midwife Lyndsey Prue won the **Pure Angel Award at the Tommy's Awards 2016**.

Wendy Trodden, Tissue Viability Assistant Practitioner in the Radiotherapy Department won second place for **Patient Wellbeing in the Journal Wound Care Awards 2016**.

Professor of Medical Oncology Christopher Poole and Consultant Clinical Oncologist Dr Jane Worlding won the **National Institute of Health Research (NIHR) Industry Principal Investigator Awards**.

The Patient Experience Team and Maternity Services were both shortlisted in **NHS England's Friends and Family Test Awards 2016**.

The Trust's Hospital Radio team has been shortlisted for four categories in the **National Hospital Radio Awards**.

Charity Report

University Hospitals Coventry and Warwickshire NHS Charity funds equipment, research and facilities for University Hospital, the Hospital of St Cross and learning disability, mental health and community services for the Coventry and Warwickshire Partnership NHS Trust.

The aim of the Charity is for patients and their families to receive world class care and pioneering treatments, both now and in the future. This is achieved by raising funds and investing in projects that require funding that is above and beyond that available in the NHS.

In order to identify how best to help, and ensure that every penny spent has the greatest impact for patients, their families and carers and for staff, the Charity:

- works in partnership with the organisations that it supports in order to identify projects to invest in;
- keeps abreast of innovation and achievements in healthcare through a significant network of expert health professionals;
- understands the issues faced by patients and their needs through working closely with patient liaison services and patient forums, and by using information and feedback gained through patient and staff surveys; and
- consults with NHS Executive Management Teams to ensure that the projects that it invests in are in keeping with priorities and aspirations for care provision.

The strategic aims of the Charity are to:

- fund projects that are “above and beyond” the NHS;
- support innovation in the care and treatment of patients;
- provide grants for state-of-the-art equipment and facilities, patient comfort and environmental improvements and innovative research programmes;
- build and sustain a significant annual income to support the strategic priorities of partner NHS organisations;
- deliver effective grant making, which is transparent and maximise the value of every donation;
- maximise the value of income by an effective investment management strategy;
- develop an appeals fundraising programme, working with Trusts to identify funding needs and deliver appeal objectives promptly; and
- build awareness/profile in Coventry and Warwickshire to become one of the leading healthcare charities in the region.

In 2015/16 the Charity spent over £0.3m enhancing care; amongst the funding that was provided was the following:

- new treatment room and toilet in the Haematology Unit on the University Hospital site - £125,000;
- 37 wheelchairs for use across University Hospital £19,000;
- support for cancer research pro-rehabilitation programme £13,000;
- a specialist chair that supports patients who need to remain immobile £15,000; and
- healing arts – visual arts, storytelling and music sessions for patients £5,000.

In addition, £400,000 was set aside for the new Breast Screening Unit that was funded by the Charity's Breast Cancer Unit Appeal.

2015/16 Objectives and Achievements

The main objective of the Charity was to continue to support the work of University Hospitals Coventry and Warwickshire NHS Trust (UHCW NHS Trust), and Coventry and Warwickshire Partnership NHS Trust, in delivering high quality healthcare to the local population, and indeed to patients from further afield.

This was achieved by the Charity continuing to actively fundraise to raise public awareness and increase the amount of money available to allow the Charity to fulfil its aims.

During 2015/16 the Charity:

- surpassed the Breast Cancer Unit Appeal target - UHCW NHS Trust has now started to deliver the project;
- achieved the fundraising target to create a new treatment room in the Haematology Unit - the room was opened Christmas 2015;
- created a library of four funding applications that can be used for corporate, trust and foundation fundraising; and
- ran the most successful Christmas events to date in 2015.

A further objective for the Charity during the year was to achieve independent status by the end of the year. We are delighted that this objective was achieved and the new, independent Charity was established on the 1st April 2016. The new Charity is called the 'University Hospitals Coventry and Warwickshire Charity' and is a Charitable Company Limited by Guarantee. It will continue to support both UHCW NHS Trust and the Coventry & Warwickshire Partnership NHS Trust and has the same objectives and the assets held by the UHCW Charity have transferred over to the new Charity.

The new Charity has nine trustees; five of which are from the local community with the remaining four comprising members of the UHCW Trust Board. We believe that the new Charitable Trustee Board, together with the new governance arrangements that we have in place will make:

- a greater difference to patient care as the new Charity as a body that is independent of the NHS Trusts that it benefits should raise more money and award more grants; and
- a rapid difference to patient care as the new Charity aims to reduce the level of bureaucracy in order to provide funding more quickly.

We are very proud of our achievements during the year and would like to thank everyone that has supported us to help provide the best services to patients.

For more information about the work of University Hospitals Coventry and Warwickshire Charity and a copy of their annual report go to www.uhcwcharity.org

Support Our Charity

University Hospitals
Coventry & Warwickshire Charity
For your health

There are many ways you can support University Hospitals Coventry and Warwickshire Charity

- **By joining our weekly lottery** - you will be providing valuable regular income to support patients in our hospitals – as well as having a chance to win £25,000 each week!
- **Organising your own event** - you may be a seasoned fundraiser or this could be your very first event - it doesn't matter, we're delighted to have you on board! Your support really matters and we believe that our patients deserve the best care. Events are a wonderful way to have fun, achieve an ambition or to celebrate a loved one, including:
    - Cycling
    - Running
    - Parachuting and Skydiving
    - Challenge Events - treks etc
- **Leaving a gift in your will** - any contribution that you feel you can make, whether it be £5 or £50,000, will help us create a future where we have treatments for life threatening illnesses, where we have revolutionary equipment to save lives and help us to continue to look into ways to reduce the pain and suffering of tomorrow's patients.
- **Making an accolade to a loved one** - be it upon their birth or upon the loss of a loved one. Our Celebrate a Life Scheme is a unique scheme named after your loved one that family and friends can contribute to in a variety of ways and at a time of their choice. 'Blooms of Love' is a scheme in which we plant spring flower bulbs in the hospital grounds to celebrate the life of a family member or friend. In bloom they are a wonderful symbol of many loving relationships.
- **Making a regular donation** - regular monthly gifts allow us to plan for the future because we know that we will have a steady income stream.

To read more about the ways you can support University Hospitals Coventry and Warwickshire Charity go to www.uhcwcharity.org

The Friends of the Hospital of St Cross

In 2015 we celebrated the Diamond Jubilee with an appeal, which surpassed our hopes for raising at least £60,000 to fund the relocation of the Blood Taking Unit at the Hospital and to raise the profile of the Charity.

The actual amount raised in 18 months was £128,038 and this came from all corners of the community including donations from individuals, clubs, societies and businesses.

The new Blood Taking Unit became operational on the 14th December and has made a significant difference to the patient experience. Staff are enjoying working in a much improved facility and have delivered a reduction in patient waiting times, whilst seeing an increase in demand.

This has been a great team effort with:

- the Trust funding the major building works;
- the Friends donating £100,000 towards the internal refurbishment and a further £33,240 for the new equipment used in the unit; and
- the staff adapting to new ways of working, enabled by the project.

As well as the appeal, we have income from a number of regular sources which continue to go from strength to strength. These include the tea bar, outpatient book sales and the donation from the Coventry Building Society (£18,163 this year) in respect of the Hospital of St Cross Saver account.

The success of the appeal also meant that we were able to continue to fulfil a number of requests throughout the year costing another £51,100. We have provided a video camera for ophthalmology operations, which has helped expand the range of operations undertaken at St Cross, equipment for the children's outpatient clinics, various beds and chairs which improve patient comfort as well as sensory mats to alert staff if a patient is trying to get out of a chair or bed unaided.

A full list of all the gifts is published with the accounts in this report.

The Friends of the Hospital of St Cross
Brookfield House,
Hospital of St Cross
Barby Road,
Rugby.
CV22 5PX

This year our regular fundraising activities led by Tracey Lennard and Doris Froggatt have been supplemented by working with the Rotary Club of Rugby Dunsmore and the Rugby Male Voice Choir on a number of occasions. One of the highlights of the year was the Gala Proms Concert, held in the Temple Speech Room in October, at which the Rugby Choir was joined by Male Voice Choirs from Coventry, Northampton and Wigston as well as the Bilton Silver Band.

The volunteering side of the Charity continues to be well supported with more volunteer applications coming from new contacts. This, we suspect, is due to the increased profile of the Charity in the local media thanks to the efforts of our Communications Officer Willy Goldschmidt. Our volunteers, totalling over 200 people, serve at the tea bar, on the help desks and with speech and language therapy, patient feeding, patient views, helping hands and be-frienders.

Income from the tea bar covers all of our administration, publicity and insurance costs and leaves a large surplus. This means that 100% of all donations and gifts is spent on equipment for the Hospital and for Community Health and Mental Health services.

The Trustee Board now consists of 15 members each having a specific role in areas such as governance, finance, fundraising or volunteering.

We continue to have an excellent working relationship with UHCW NHS Trust and in particular with Juliet Starkey, the Group Manager at the Hospital of St Cross. We have also supported the Community Service based at the Orchard Centre, and look forward to another year of making a difference for the patients who use these services in Rugby.

Further details of all the activities of the Friends can be found on our website www.Friendsofstcross.org.uk which includes links to our donation website and Facebook page.

Overall the year has been eventful, very rewarding and successful.

The Trust at a Glance
Services provided at University Hospital

General Acute Services:

Acute Medicine
Accident and Emergency
Age Related Medicine and Rehabilitation
Anaesthetics
Assisted Conception
Audiology
Breast Surgery
Cardiology Critical Care
Colorectal Surgery
Dermatology
Diabetes and Endocrinology
Ear, Nose and Throat
Gastroenterology
General Medicine
General Surgery
Gynaecology
Haematology
Hepatobiliary and Pancreatic Surgery
Upper Gastrointestinal Surgery
Maxillo Facial Surgery
Neurology and Neurophysiology
Obstetrics
Ophthalmology
Optometry
Orthodontics
Orthopaedics Trauma
Orthoptics
Outpatient Services
Paediatrics
Pain Management
Plastic Surgery
Renal Medicine
Reproductive Medicine
Respiratory Medicine
Rheumatology
Urology
Vascular Surgery

Specialised Services:

Bone Marrow Transplantation
Cardiothoracic Surgery
Clinical Physics
Haemophilia
Invasive Cardiology
Neonatal Intensive Care and Special Care
Neuro Imaging
Neurosurgery
Oncology and Radiotherapy
Plastic Surgery
Renal Dialysis and Transplantation

Diagnostic and Clinical Support Services:

Biochemistry
Dietetics
Echo Cardiography
Endoscopy
Haematology
Histopathology
Medical Physics/Nuclear Medicine
Microbiology
Occupational Therapy
Pharmacy
Physiotherapy
Respiratory Function Testing
Ultrasound
Vascular Investigation

Other services based on University Hospital site but provided by other organisations:

BMI Meriden
Caludon Centre
Myton Hospice

Services provided at Hospital of St Cross

Acute Medicine:

Acute Surgery
Ambulatory Care
Breast Screening
Colorectal Cancer Screening Centre
Day Surgery, Overnight Stay / 23 hour Surgery
Endoscopy
Laboratory Services
Macular Unit
Magnetic Resonance Imaging (MRI) Scanning
Outpatients Services
Retinal Screening Centre
Satellite Renal Dialysis Unit
Scanning, Bone Density
Urgent Care Centre
X-ray including Ultrasound
Inpatient Medical Services
Inpatient Elective Surgery
Inpatient Rehabilitation Service
Intermediate Care
Screening

Other services based on the Hospital of St Cross site, but provided by other organisations:

Myton Hospice
Mental Health Unit
Social Services
Recompression Chamber
GP (Out of Hours service)
Walk-in-Centre

PART 2 : Performance Report

1. AN OVERVIEW

1.1 About us

University Hospitals Coventry & Warwickshire NHS Trust (UHCW) was established in 1992 under the National Health Service & Community Care Act 1990 and expanded to include the Hospital of St Cross in Rugby in 1998.

We operate from two sites; University Hospital Coventry and the Hospital of St Cross in Rugby and maintain a strong focus on the provision of high quality, safe and effective patient care. We provide both emergency and elective care and specialise in cardiology, neurosurgery, stroke, joint replacements, in vitro fertilisation (IVF) and maternal health, diabetes and kidney transplants. We are also a designated major trauma and cancer centre.

We employ over 8,000 staff and deliver acute healthcare to the population of Coventry & Rugby as well as more specialist services to that population and regionally. Clinical care is delivered by 16 Clinical Groups that are led by a triumvirate comprising a Clinical Director, Modern Matron/Midwife and a Group Manager and support to the Groups is provided by a number of corporate services.

Our University Hospital site is one of the most modern healthcare facilities in Europe with 1,005 beds and 26 operating theatres. We are equally proud of our facility in Rugby which has 110 beds and six operating theatres, including one mobile theatre. The St Cross site is an important part of our future strategy and features strongly in our plans going forward.

Some of our key statistics are set out in the table below:

1.2 Vital Statistics for 2015/16

	2015/16	2014/15	2013/14	2012/13	2011/12
Number of people attending an outpatient appointment	628,452	608,288	574,242	534,718	531,774
Number of outpatient appointments	681,609	657,870	619,438	577,548	577,802
The number of people attending Accident & Emergency (A&E) including those in specialist Children's A&E	184,979	183,440	176,485	175,349	173,177
The number of inpatients and day cases (based on admissions)	158,189	149,949	142,389	138,588	135,633
Babies delivered	6,254	6,078	5,995	6,031	6,046
Patients operated in theatres	42,786	41,095	41,157	40,564	42,343
Number of staff working in our hospitals (based on whole time equivalent)	Circa 6,679	Circa 6,313	Circa 6,262	Circa 6,121	Circa 6,090

1.3 Our Strategy

Our vision is to become a national and international leader in healthcare and we have continued to work towards achieving this during 2015/16. Our vision is underpinned by our mission 'Care Achieve Innovate' and our five-year strategic objectives, which are:

- To deliver excellent patient care and experience
- To be an employer of choice
- To deliver value for money
- To be a research based healthcare organisation
- To be a leading training and education centre

Each year we develop a series of annual objectives that we continually measure our progress against, that are aimed at furthering our journey towards achieving our longer term strategic objectives.

We pride ourselves on being clinically led and understand that truly world class services are driven by the clinical frontline, supported by management and corporate functions. During 2015/16, we have continued to embed our values and behaviours framework, which were developed through extensive consultation with our staff and therefore represent what is important to those that are delivering care to our patients. Our six values are:

- Compassion
- Openness
- Learn
- Improve
- Pride
- Partnership

We made good progress in delivering against our annual and longer term objectives in 2015/16. Whilst our performance against national standards and internal targets are set out later in this report, the section below provides detail on some of our achievements against our five-year objectives:

To deliver excellent patient care and experience	Our scores against the Family and Friends Test have remained high indicating that many of our patients would recommend our hospital.
To be an employer of choice	We have rolled out our bespoke Leadership Programme to our service and team leaders to ensure that we have the capacity and skills to develop our services.
To deliver value for money	We exceeded our Cost Improvement Plan target for the year.
To be a research based healthcare organisation	We have made excellent progress in relation to the number of peer reviewed publications that have been written by our staff.
To be a leading training and education centre	We have continued to work closely with the University of Warwick and Coventry University and have developed strategies for closer alignment between our organisations.

1.3.1 Together Towards World Class

Our Together Towards World Class programme is our overarching Trust-wide organisational development programme, which is designed to support and realise our vision to be a national and international leader in healthcare.

We are very proud of the continuing progress that we have made with this programme, which celebrated its second birthday in March 2016. The Programme is led by our Chief Executive Officer and focuses on the following five work-streams, each of which is led by a Chief Officer:

- World Class Experience
- World Class Services
- World Class Leadership
- World Class Conversations; and
- World Class People

In 2015/2016, key achievements across the programme include:

(a) The piloting of a new Health Information Prescription Service – As part of our commitment to improving access to information and involving patients in their care, we have launched a patient information prescription service for patients with dementia. This allows clinicians to provide a prescription for patients, relatives and visitors about the condition, with individuals able to pick up their personalised information prescription from our in-house Health Information Centre.

(b) World Class Services – The completion of a rota reconfiguration across our Theatres speciality. This project focused on transferring surgical procedures from our Main Theatres to our Day Case Unit, ensuring the effective and efficient use of our theatre capacity and that our patients receive their treatment in the most appropriate location.

(c) Leadership Development - The launch of a new flagship leadership development programme, aimed at improving leadership capacity and capability across the organisation. Our Top Leaders commenced the programme in the first year and our 300 Service and Team Leaders will now be participating.

(d) The implementation of our Trust values and behaviours framework into our recruitment and induction programmes. This will ensure that new employees are aligned to the values and behaviours of the organisation and we are working with existing teams to ensure they are demonstrating our values when caring for patients, communicating with patients, relatives and visitors and working with colleagues. We will continue to embed the framework and develop a values based culture during 2016/17 with the launch of a values based appraisal for all staff.

(e) The launch of a new employee recognition scheme, World Class Colleagues, to recognise the dedication and hard work of our staff, in additional to our existing annual Outstanding Service and Care Awards (OSCAs).

1.3.2 Virginia Mason Institute Development Programme

In July 2015, an opportunity for NHS Trusts to work in a long-term partnership arrangement with the Virginia Mason Partnership in the USA was announced. All Acute Trusts had the opportunity to apply as part of a competitive process and of the 62 applications that were made; we were one of only five Trusts chosen to take part. This was a very rigorous process where a panel tested the prospective organisations for Board level commitment, engagement and urgency for change.

Virginia Mason is a non-profit Hospital based in Seattle in the USA, which was founded in 1920 and has an international reputation as being one of the safest hospitals in the world. In 2008 the Virginia Mason Institute was established as a means to sharing the learning that arose from its journey to an organisation of international repute and the Institute is providing intensive support with a range of coaching and mentoring for leaders and staff in the Trust, in how Virginia Mason have applied lean management successfully in a healthcare setting. They have provided us with formal training in lean methodology and access to licensed materials, which will allow us to bring about sustainable and lasting culture change, which links to our Together Towards World Class Programme.

Our Chief Officers are personally committed to the programme and to leading it from the top, and have received intensive training, which will allow them to lead the Value Streams (areas of work) and start to apply the methodology and techniques throughout the organisation. The first value streams are as follows:

- Ophthalmology Outpatients
- Patient Safety Incidents and Theatres

The patient is at the very heart of the Virginia Mason ethos and the value streams will aim to ensure that every step in the patient journey is of benefit to the patient from a clinical and patient experience perspective. Any part of that journey that does not add value will be eliminated and processes will be reworked and redefined accordingly. Work has already commenced in the first two of these areas and alongside this, training in Lean for Leaders and the development of a Leadership Compact represents the first stages in this five year programme, that will enhance the services that we provide to our patients and the working environment for our staff, and move us towards our goal to be a world class organisation.

2 PERFORMANCE ANALYSIS

2.1 National and Local Targets

We strive towards the provision of high quality care, whilst embracing innovation to ensure that we deliver applicable local and national targets and standards and enhance productivity.

We continued to monitor performance against local targets and national standards through a balanced performance scorecard approach, which reflects the quality, governance and financial indicators outlined in the Trust Development Authority (TDA) Accountability Framework for NHS Trust Boards 2015/16. The scorecard underpins the Integrated Quality & Performance Report that is submitted to the Trust Board each month and provides a rounded view of performance across the organisation. Local contract targets and standards, including progress against the 2015/16 Commissioning for Quality and Innovation (CQUIN) schemes that are determined by our commissioners have also continued to be monitored throughout the year.

2.2 TDA Accountability Framework

The quality, governance and financial indicators as outlined in the TDA Accountability Framework are included in our Trust-wide balanced scorecard. Performance monitoring of a range of defined local internal and external indicators are also included within the scorecards at service level and form a key part of our Performance Management Framework.

Figure 1 on page 23 shows the Trust Board scorecard as at March 2016. As of the 1st April 2016, the TDA forms part of NHS Improvement, which sees the merger of Monitor, TDA, Patient Safety and Intensive Support Teams. Changes to the Trust scorecard have been made to align key performance metrics from all of the above, thereby ensuring that we are monitoring performance effectively throughout 2016/17.

2.3 TDA Monthly Self Certification Requirements

It was previously a requirement of the TDA regulatory regime for the Trust Board approved submission against Board Statements and the Monitor Provider License Compliance statements, to be submitted on the last working day of each month. The regime was introduced as a forerunner to NHS Trusts becoming licensed as Foundation Trusts (FT) because Monitor required that the Board of Directors of each Foundation Trust considers compliance against these on a monthly basis as a core component of the FT governance framework.

Up until February 2016, when the requirement was discontinued by the TDA, the Trust Board considered and submitted Board Statements and Licence Compliance statements, which confirmed our delivery against fundamental deliverables; clinical quality, patient experience, national/local standards and targets within the available financial envelope. We reported compliance against all 14 of the Board Statements as well as the 12 conditions of the Monitor licence up until the point that the requirement to do so was removed.

2.4 Performance against 2015/16 Acute Contract Targets

Our 2015/16 Acute Contract with Clinical Commissioning Groups required delivery against 65 standards that are agreed as part of the contract. In addition to these, we are also required to deliver against the indicators agreed in the 2015-16 CQUIN Schemes. We have experienced some significant performance challenges throughout 2015/16 as we will highlight later in this report, but despite this, we are very proud that we have delivered against the very demanding infection control standards, as we know that this target is very important to patients in terms of their safety when coming into one of our hospitals.

2.5 Performance Exceptions and Risks

We have underperformed against the following targets set out within the 2015/16 TDA Accountability Framework:

Total time in A&E (95%, four hour wait target): - Our performance at year end 2015/16 for this target was 89.17%, which equates to 20,040 patients out of a total of 185,010 attendances at A&E being seen outside of the 4 hour standard. This is 5.83% below the national 95% target.

Amongst a number of actions that we have taken during the year to improve our emergency department performance, there has been a renewed focus on our 'FREED' principles, which focus on:

- **F**acilitation of effective discharges
- **R**ight person, right place
- **E**arly specialist input
- **E**limination of unnecessary diagnostics
- **D**aily senior reviews

We believe that these principles provide for a better patient experience in addition to helping us to work together across the Trust to improve performance, and they are underpinned by a set of safety standards that ensure we provide the safest care possible.

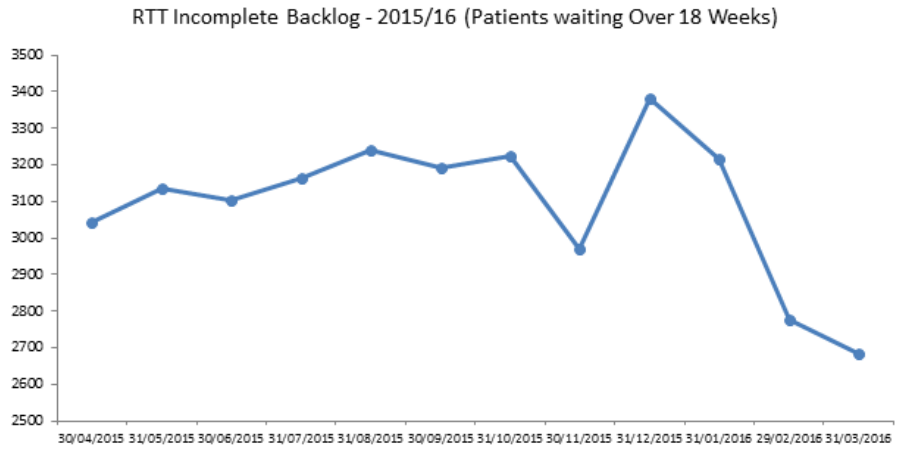
In September 2015, the GP Assessment Unit (GPAU) and Ambulatory Emergency Care (AEC) Unit joined together to create the Medical Decisions Unit (MDU). MDU sees approximately 50 patients per week-day and 20 at the weekends, which is a 20% increase in throughput when compared to the previous structure of separate GPAU and AEC. 40% of patients that attend the MDU are admitted onto a ward and a further, more specific 10% of patients are admitted to the wider acute medicine footprint.

Whilst we know that the MDU has positively aided patient flow throughout the Trust, we also know that we have further work to do to improve the number of patients that we discharge each day, as this is better for our patients and means that we will have more beds available for patients that require them. This will continue therefore to be an area of focus as we move into 2016/17.

Referral to Treatment (RTT) - On October 1st 2015, the national RTT priorities changed to focus on a single RTT measurement - incomplete pathways. The standard that we are required to meet is 92% of patients on our total waiting list being treated within 18 weeks.

Unfortunately, our performance challenges meant that there were a number of patients waiting longer than 18 weeks and during quarter four, we agreed a plan to reduce this. This plan included weekly patient level tracking and setting clear targets for each of our Clinical Groups and monitoring performance against these.

We are very pleased that as a result of these actions, there was a significant reduction in the backlog at the end of March (697 patients), resulting in the best level of performance (89.7%) since December 2014.



Other areas of performance to note within the TDA Accountability Framework indicators or Acute Contract targets include;

Never events - Unfortunately, we reported three never-events during 2015/16 against a target of zero. All of the events were categorised as wrong site surgery and this led to patient safety incidents and theatres being identified as a work-stream in the Virginia Mason programme. Following each event, a full root cause analysis investigation has been conducted with the findings being reported and reviewed at the Serious Incident Group (SIG).

Action plans have been developed to address the recommendations arising and these are being carefully monitored to ensure that they are being implemented.

Delayed transfers of care (DTOC) - As indicated above, this indicator remains challenging to deliver due to the complexity of discharges and the number of partner organisations that are involved in discharge processes. The indicator is measured at a snapshot in time within the reporting month, and the number of acute patients (aged 18 and over) whose transfer of care was delayed, over the number of occupied beds at the month end is recorded.

We have consistently maintained closer scrutiny of our DTOC position than is prescribed because of the impact that this has on our patients and flow through the organisation. As a consequence, we have continually engaged with community partners to ensure that patients are transferred to more appropriate settings in a timely fashion. However, there is limitation within the community in terms of both capacity and staffing and this has resulted in the level of DTOCs remaining high and exceeding the national standard.

As an illustrative example, during March 2016, there were 73 patients that were awaiting transfer to another setting out of 1,102 occupied bed days, which equates to 6.62% against a target of less than or equal to 3.5%. At the year end the figure was 6.67% which is a deterioration from the 2014/15 position.

Breaches of the 28 day treatment guarantee following elective cancellation - This indicator measures the number of patients that are not treated within 28 days following last minute cancellation of their surgery. The failure of this indicator is a consequence of pressure in the emergency care pathway, which has an impact on the availability of our beds and consequently on our ability to admit patients for elective surgery. Regrettably, in 2015/16 there have been a number of reported breaches of the 28 day treatment guarantee following an elective cancellation, with the trends over the year following similar patterns to last year.

There are processes in place to scrutinise and challenge the re-scheduling of any patient that has had a cancelled procedure, which are overseen by the twice weekly Patient Access Team, chaired by our Director of Operations. Twice daily reviews of the planned operating lists are also undertaken with each specialty in order to provide a high degree of rigour and ensure that no patient is cancelled for a second time. No urgent operations were cancelled for a second time during the year.

Cancer 62 day standard - The standard states that 85% of patients will wait a maximum of 62 days for their first cancer treatment from the point of GP referral for suspected cancer.

The 85% target has been an area of challenge throughout the year, largely due to operational pressures and unfortunately, we only delivered the 85% target in July, August and March, resulting in a year-end performance of 82.7%. This figure is different to that reported in the balanced scorecard on page 23 as this target is reported one month in arrears because of the need for a robust data validation process.

A number of actions have been taken to improve our performance during the year including revisions to relevant pathways, additional support for tracking patients on an urgent suspected cancer pathway and reviews of all patients with no comprehensive plan in place.

This year has also seen an increase in breaches of the standard resulting from late referrals (after 62 days) from other Trusts. These are categorised as shared breaches between the referring organisation and the Trust, and we will continue to work with partners to ensure that late referrals are eradicated.

Figure 1: Trust Performance Scorecard

Trust Board Scorecard							
Measure	Previous Position	Latest Position	DoT	YTD Plan	Annual Target	Annual FOT	Trend
National Standards							
18 Weeks Referral to Treatment Time - Incomplete (1 month in arrears)	87.2%	89.0%	↑	92%	92%	92%	
18 Week Referral to Treatment Time - Admitted (1 month in arrears)	75.0%	73.6%	↓	90%	90%	90%	
18 Week Referral to Treatment Time - Non-admitted (1 month in arrears)	87.9%	88.2%	↑	95%	95%	95%	
Diagnostic Waiters - 6 Weeks and Over	0.57%	0.59%	↓	1%	1%	0.59%	
Cancer 2 Week Wait GP Referral to OP Appointment (1 month in arrears)	96.46%	98.05%	↑	93%	93%	93%	
Cancer 31 Day Diagnosis to Treatment (1 month in arrears)	98.82%	98.97%	↑	96%	96%	96%	
Cancer 62 Day Urgent Referral to Treatment (1 month in arrears)	82.12%	83.80%	↑	85%	85%	85%	
A&E 4 Hour Wait	86.23%	84.36%	↓	95%	95%	89.17%	
12 Hour Trolley Waits in A&E	0	0	→	0	0	0	
Corporate Objectives							
Chief Workforce and Information Officer							
Vacancy Rate Compared to Funded Establishment	12.83%	12.48%	↑	10%	10%	12.48%	
Staff Survey - Recommending as a Place of Treatment	87.15%	87.15%	→	74.52%	74.52%	74.52%	
Staff Survey - Recommending as a Place of Work	71.39%	71.39%	→	57.8%	57.8%	57.8%	
Enrolled on Leading Together Programme	97	116	↑	125	125	116	
Succession Plan	Yes	Yes	→	Yes	Yes	Yes	
Chief Operating Officer							
Bed Occupancy Rate - Basket of Wards	94.25%	93.55%	↑	93%	93%	93.55%	
Number of Medical Outliers - Average per Day	69	65	↑	50	50	65	
Delayed Transfers as a Percentage of Admissions	7.01%	6.62%	↑	3.5%	3.5%	6.62%	
Length of Stay - Average	7.36	7.09	↑	5.96	5.96	7.09	
Emergency Admissions - Local Definition	2774	2978	↓	2729	2729	2978	
Last Minute Non-clinical Cancelled Operations - Elective	1.14%	0.75%	↑	0.8%	0.8%	0.75%	

Figure 2: Trust Performance Scorecard (March position below)

Trust Board Scorecard							
Measure	Previous Position	Latest Position	DoT	YTD Plan	Annual Target	Annual FOT	Trend
Corporate Objectives							
Chief Medical Officer							
NCE POD Categorised E Deaths - Cumulative (3 months in arrears)	3	3	→	11	15	15	
HSMR - Basket of 56 Diagnosis Groups	91.40	79.95	↑	RR	RR	RR	
SHMI - Quarterly (6 months in arrears)	105.40	105.40	→	RR	RR	RR	
Patients Recruited into NIHR Portfolio - Cumulative (2 months in arrears)	3394	3721	↑	4179	5015	3721	
Peer Reviewed Publications - Calendar Year Cumulative (3 months in arrears)	239	274	↑	172	283	283	
Chief Nursing Officer							
Hand Hygiene – Non clinical - Initial	96.06%	96.53%	↑	95%	95%	96.53%	
Hand Hygiene – Clinical - Annual	86.85%	86.72%	↓	95%	95%	86.72%	
Cannula - Full Compliance	92.98%	92.08%	↓	90%	90%	92.08%	
Central Venous Catheter (CVC) Compliance				90%	90%		
MRSA Decolonisation Score	93.75%	100.00%	↑	95%	95%	100.00%	
MRSA - Elective Screening	91.36%	89.08%	↓	95%	95%	95%	
MRSA Bacteremia - Trust Acquired - Cumulative	0	0	→	0	0	0	
Clostridium Difficile - Trust Acquired - Cumulative	36	38	↓	42	42	38	
Harm Free Care	94.99%	95.71%	↑	95%	95%	95.71%	
Chief Finance and Strategy Officer							
Forecast Income & Expenditure Compared to Plan - £'000	-9499	-9129	↑	-9129	-9129	-9129	
Forecast Recurrent and Non Recurrent Efficiency Compared to Plan - £'000	34729	34683	↓	34000	34000	34683	
YTD Income & Expenditure Compared to Plan Trust - £'000	-6714	-9129	↓	-6714	-9653	-9129	

RR = Relative Risk : The target for this indicator uses the relative risk as calculated by Dr Foster. The performance is classed as achieving target if the UHCW value is either below or within the expected range.

2.6 Forward Look - main trends and factors likely to affect our future performance

2.6.1 Overview

We continue to work hard to realise our vision and deliver the high quality care that our patients deserve, but we are operating in an increasingly difficult environment. Demand for the services that we provide continues to grow and our financial position, although significantly improved on the previous year, remains challenging, particularly against a backdrop of the requirement to continually improve the quality of care that we offer.

Our partners in health and social care are facing similar challenges and we are working very hard to deliver a Sustainability and Transformation Plan across Coventry & Warwickshire. The Plan is led by our Chief Executive Officer on behalf of the local health economy and is intended to radically transform the way that we deliver services. Collectively, as partners within the health economy we know that we cannot continue to deliver to expected standards and within the current financial envelope, if we continue working as we are at present. The plan will develop over the 2016/17 financial year and we expect that this will have a positive impact on our performance in terms of finance, quality and delivery against national standards and local priorities.

At the same time as working with our external partners, we continue to pride ourselves on being a clinically led organisation and internally, we welcome and indeed rely upon our clinical and non-clinical staff to bring ideas to the fore that will enable us to improve both the patient and staff experience and deliver safe, efficient and high quality care, each and every time. We have continued our focus on recruitment and retention during 2015/16 to ensure that we have the skilled workforce that we need to take the organisation forward and reduce our requirement to use agency staff. We remain committed to maintaining this relentless focus moving into 2016/17.

Based on our performance at year-end, we will face similar challenges during 2016/17 to those that we faced in the previous year, which are as follows:

Managing capacity - we did not meet the A&E 4-hour standard and we know that this impacts on other parts of the organisation. The year-on-year growth in emergency admissions has continued in 2015/16 and we anticipate that this will continue into 2016/17. Although we have taken positive steps during the year that have seen improvements to the way that we process our patients through the emergency pathway, we have more to do and the current operational pressures are likely to continue in line with the national picture.

We believe that the work that we are doing with our partners to develop the Sustainability and Transformation Plan will aide our emergency performance, although this is a longer term piece of work. At the same time as working with our external partners we will also continue to focus upon what we can do internally to ease the pressure and offer our patients a better experience.

Financial Performance - we were very disappointed to have reported a deficit of £16.9m in 2014/15. In order to recover this position, we developed a Financial Recovery Plan and have worked hard during 2015/16 to improve our financial position. Although our year-end financial performance was £0.5m better than we had anticipated, and we exceeded our Cost Improvement Programme target, making £34.7m of cost savings, we start 2016/17 with a deficit of £9.1m and we will need to maintain significant effort and focus to ensure that we return to financial balance. Our spend on agency staff remains higher than we would like, which is in part linked to the requirement to open additional beds to deal with the pressure on our emergency pathway. This pressure has in turn impacted on our ability to deliver elective care and consequently upon our income and ability to meet national standards.

These issues are likely to continue going into 2016/17 but the plans that we are putting into place, both internally and with our external partners, coupled with continuing tight financial control should set us on a path to financial stability on a sustainable basis.

Further detail on our financial performance is provided later in this report.

Meeting required targets and standards – in summary, our ability to meet key national targets such as the A&E 4-hour standard and the RTT target continue to be hampered by operational pressures and this is likely to continue in the short term.

All aspects of our performance will continue to be closely monitored internally through our performance management framework and externally by our commissioners through Contract Performance Meetings.

2.7 Clinical Quality & Quality Account

The Trust Board is ultimately accountable for the quality of services that are provided and the Chief Medical & Quality Officer and Chief Nursing Officer are jointly accountable to the Trust Board for the delivery of the quality agenda across the Trust. Quality of care and putting the patient at the heart of everything that we do is our driving force and runs through our mission, vision, objectives and values, and we have a Quality Strategy in place, which has been reviewed during the year.

The Directors of the Trust have a statutory duty under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare and publish a Quality Account for each financial year.

The Quality Account summarises quality governance performance and priorities for improvement and is an important part of the Trust's governance framework in terms of public accountability.

The 2015/16 Quality Account builds on the 2014/15 Quality Account and the quality priorities for 2016/17 were selected with input from the Task and Finish Group, which includes representation from our local authority colleagues and from Healthwatch.

Throughout 2015/16 we have continued to work towards achieving our quality priorities, which for 2015/16 were as follows:

- Patient Safety – Ensuring effective handover between healthcare professionals
- Clinical Effectiveness – Ensuring appropriate End of Life Care Practices
- Patient Experience – Implementation of 'Always Events'

We choose our quality priorities by reviewing information that we gather throughout the year from various sources, including clinical incidents and complaints and listening to feedback.

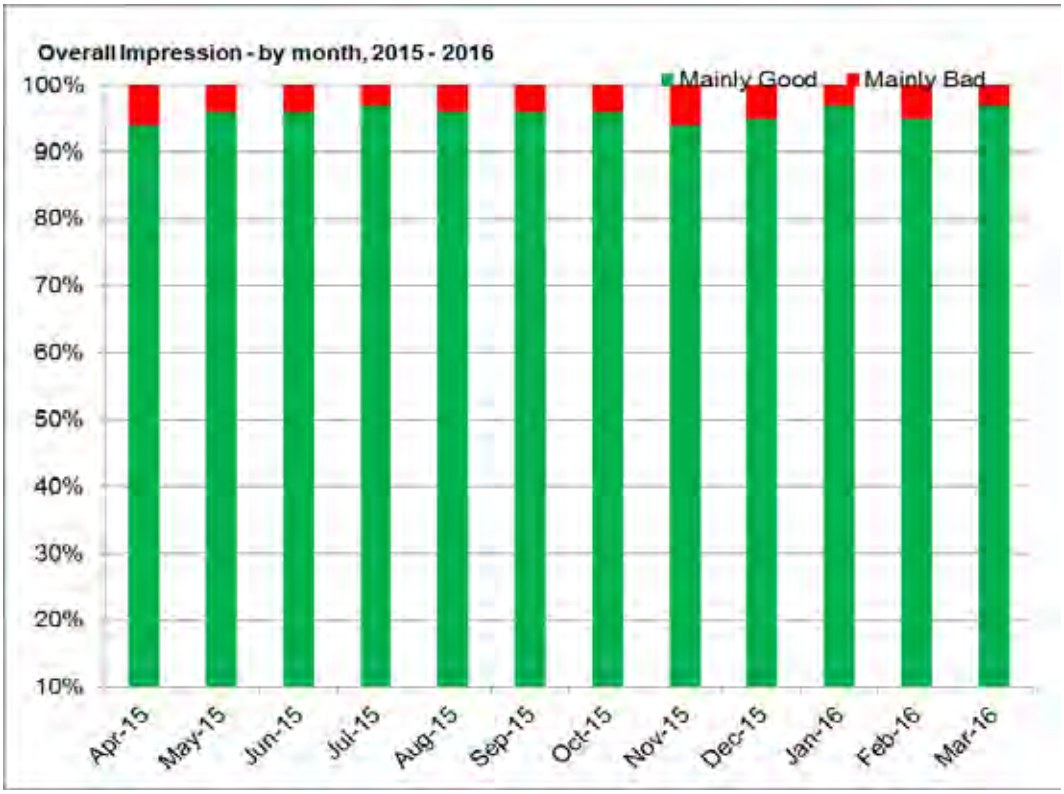
Further detail of the progress that we have made towards achieving these priorities during 2015/16 is contained within our Quality Account document, available at www.uhcw.nhs.uk/about-us/quality together with our chosen quality priorities for 2016/17, which are:

- Patient Safety Priority - Reducing and improving medication errors
- Clinical Effectiveness Priority - Improving Care Bundle Compliance
- Patient Experience Priority - Care Contact Time Project

2.7.1 Patient Experience and Engagement

Patient experience is a key component of our quality agenda and we understand that gathering feedback from our patients and acting upon this where we can is central to continually improving their experience. We have continued to demonstrate our commitment to actively seeking feedback from patients, carers and relatives and putting Listening into Action in 2015-2016. We have set out below the methods by which we obtain feedback, the results of that feedback and more importantly, examples of the improvements that we have made in response to the feedback that we have received.

Impressions -The Trust's real time feedback system, Impressions, has continued to capture feedback about our services from patients, relatives, carers and visitors. Amongst the variety of questions, the survey asks respondents whether they had a mainly good or mainly bad impression of the Trust and its services. The results for this question for 2015/2016 are shown on next page:



We are delighted that over 90% of patients each month said that their impression of the Trust was mainly good but in addition to asking this question, we also ask patients to feedback in their own words about their experiences and suggestions for improvements. These comments/ suggestions are sent to relevant ward, department or members of staff on a daily basis and we take action wherever we can to make improvements in line with what our patients want.

Friends and Family Test - The Trust has implemented the Friends and Family Test (FFT) in line with national guidance and 2015/16 has been the first full year that it has been utilised across all services.

Patients responding to the Friends and Family Test indicated the highest and lowest levels of satisfaction as follows:

Highest:

- Staff respecting [the patient's] privacy and dignity
- Staff treating [the patient] with kindness and compassion
- Feeling safe in our care

Lowest:

- Parking
- The standard of food and drink
- Doing things on time

We are Listening: You Said, We Did 2015/2016 - In response to the feedback that we have received from patients, relatives and carers during the year we have implemented the following:

Parking - On our University Hospital site, on and off site developments have continued to improve site access and parking, as this is a source of many patient complaints. Changes to the access roads leading to the site have been made, together with the re-design of onsite roads and re-routing of traffic and work will be undertaken during 2016/17 in conjunction with our private finance initiative (PFI) partner to increase the number of parking spaces that are available.

Food and Drink - Work has continued with ISS, one of our PFI partners, to improve the menu that we offer to our patients and the way in which food ordering is carried out across the Trust. A menu review resulted in new menus being introduced in April 2015 with a greater meal and snack choice and the implementation of a seven day menu cycle.

Increase in Birthing Partners - In response to requests from women, two birthing partners are now allowed to accompany them during labour and childbirth.

WiFi access - WiFi access is now available for patients at the Hospital of St Cross.

The Launch of the #hellomynameis Campaign- The #hellomynameis campaign was successfully launched within the Trust during Patient Experience Week in February. The international #hellomynameis campaign, created by Dr Kate Granger MBE, is a campaign to improve communication between NHS staff and patients, and their relatives starting with one simple step – just introducing themselves. Kate founded the campaign following her own experience as an in-patient.

This launch saw over 85,000 people interact with the campaign over Facebook and Twitter as well as over 1,000 staff across both sites engage in pledging support. A short video has been made to use with staff to highlight the importance of introductions and the campaign team presented at Grand Round and the Trust Board and received overwhelming support and positive feedback. To support and measure the success of this campaign the Trust will amend its on-line version of patient impressions questionnaire and a working group has been set up to ensure awareness of the campaign continues.

Patient Story Programme - The Patient Story Programme is an integral part of a 'ward to board' culture and involves sharing positive and negative patient stories with the Trust Board on a monthly basis. This programme also aims to share positive initiatives that have been introduced in the Trust that have impacted on the experience of our patients.

The following formed part of the Patient Story Programme during 2015/2016:

- Healing Arts Update
- Complainant story
- You Said, We Did update
- Equality and Diversity initiative
- A Volunteer's Tale
- Positive story about Neonatal care
- Positive nursing story
- Relative's perspective
- Feedback from a patient who benefited from the Trust's Da Vinci Robot
- Update on the Hello My Name Is campaign

Patient Story Programme for 2016/2017:

The stories and themes which make up the programme for the coming year include:

- Positive Story about the Paediatric Oncology Unit
- Healing Arts Update
- New 'You Said, We Did' initiatives
- Care Contact Time Project
- Positive Nursing Story
- Update on Equality and Diversity initiatives
- Update on Ward Profile Reports project
- Complainant story
- Positive Medical Story
- Staff Story- from a patient perspective
- Story from a carer's perspective
- Update about developments of the Heath Information Team and Patient and Advices Liaison Service

Improving the patient experience for blind/ visually impaired and deaf /hearing impaired patients - We recognised that the hospital experience for patients who are blind/visually impaired and deaf/hearing impaired needed to be improved. This could only be achieved if staff were equipped with the knowledge and understanding of the needs of this group of patients and we have produced a video to raise awareness and for training purposes.

The video was developed by the Equality and Diversity Team, Patient Experience Manager and the Head of Volunteers and illustrates the correct and incorrect way of communicating and of providing care, thereby providing staff with with invaluable bite-sized pieces of information, which will help them feel more confident when caring for blind/visually impaired or deaf/hearing impaired patients. This training was offered and delivered to all wards, across our two hospital sites this year.

To complement the video, a communications box has been funded by the Volunteers Service, which contains equipment to help and support staff to meet the specific needs of this group of patients, which in turn will ensure their hospital stay is improved.

More information about what the Patient Experience Team has achieved this year can be found in the Trust's Quality Account which can be found at: www.uhcw.nhs.uk

2.8 Research, Development and Innovation

Research, Development and Innovation Research is an integral component of providing world class services, which is a key work stream in our Together Towards World Class programme. It enables us to lead innovation and development, which in turn enables us to provide the highest quality and most effective patient management. It ensures that we are a leader rather than a follower within healthcare provision and enables us to attract and maintain highly skilled and motivated staff.

We are also committed to implementing the national 'Innovation, Health and Wealth' agenda. Our Research and Development (R&D) strategy continues to evolve to reflect the changing priorities and our R&D Team has been restructured to incorporate responsibility for 'Innovation'. Our major research themes include Metabolic and Cardiovascular Medicine, Reproductive Health, Musculoskeletal and Orthopaedics and Cancer. These are complemented by additional areas of clinical research activity, a growing amount of which is being led by our nurses, midwives and allied health professionals. We are both delighted and proud that research is extending beyond more traditional boundaries and we are developing infrastructure to support this.

In this section we will explore some of research activity that has taken place in 2015/16.

2.8.1 Collaborations

Supporting Our Staff - The Research, Development and Innovation Team has two key roles. The first is to develop a portfolio of leading-edge research focused on the needs of our patients that is conducted to the highest standards. The second is to support our staff in discovering and developing innovations to benefit our patients. All our staff have access to the support provided by the team, which includes identifying funding, helping with grant applications, providing training, statistics and project design and innovation idea identification and development.

We are committed to supporting nurses, midwives, allied health professionals (NMAHPs) and health care scientists to develop as the research leaders of the future. In 2015, we launched a bespoke training programme, developed with Coventry University, to develop and support the researchers of the future amongst these staff groups. The 'INCA' (Internships for Non-Medical Academics) programme ranges from monthly informal sessions to a formalised support programme (Bronze, Silver and Gold) whereby staff can be released from their clinical duties to develop their own research.

This year, seven NMAHPs secured places on the West Midlands Clinical Academic Internship Programme compared with five last year. In addition, two attained Health Education England/ National Institute for Health Research (NIHR) funding to study for the Masters in Clinical Research studentships at Coventry University and a further seven embarked on the INCA Silver programme, with the Gold programme launching in May 2016.

NMAHP-led research has attracted funding for a number of projects this year, ranging from funding to run patient focus groups and undertake pilot work towards an NIHR fellowship application to better meet the care needs of patients with kidney disease, to funding for a project to enhance training and facilities to reduce risk and improve the experience of pregnant women and babies.

Research led by our medical staff has attracted significant external funding this year, in areas as diverse as endometrial function in women with diabetes, hydration regimens to prevent acute renal injury after surgery, improving the wellbeing of people taking medication for chronic pain; evaluating urine and breath testing as novel means to diagnose disease, identifying biomarkers in heart failure patients and next generation proton therapy systems in CT-scanning.

Nationally, the support for Medical Academic careers is more established and we have a number of staff pursuing higher degrees. We have also launched Research, Development & Innovation Fellowships for Consultant Medical Staff to enable them to be released from clinical activities to develop their own research projects.

National Centre for Miscarriage Research established - Our Biomedical Research Unit started on 1st April 2012 with the explicit aim of becoming the National Centre for Research in Implantation in Pregnancy and to improve the management and outcome of prevalent pregnancy-associated disorders, particularly recurrent miscarriage. A team of doctors, midwives, practitioners and administrators conduct clinical studies that are underpinned by innovative, basic and translational research. The Unit integrates the clinical strengths of our Department of Obstetrics and Gynaecology with the scientific expertise available within Warwick Medical School and the University of Warwick. There is also a developing midwifery-led research portfolio which focuses on patient experience.

This year, in a partnership with the University of Birmingham, the University of Warwick and Imperial College London, we were awarded 'National Centre for Miscarriage Research' status by Tommy's Charity. This is Europe's largest miscarriage research centre and will bring doctors, scientists and patients together to research early miscarriage, to understand why miscarriage happens, if it is likely to happen again, how to prevent it, and how to provide appropriate aftercare. The centre opened in April 2016 and is a clear demonstration of the world class care that we offer.

Participation in Research Trials - During 2015/16, over 4,000 patients entered research studies at the Trust. We have a developing portfolio of complex interventional studies which are funded by the National Institute of Health Research, Association of Medical Research Charities and the pharmaceutical industry.

Publications - Our staff published widely in 2015, recording 171 publications, books and abstracts including presentations at national and international meetings and publications in high impact factor journals such as the Lancet, the British Medical Journal and the Journal of American College of Cardiology.

Funding - The National Institute of Health Research (NIHR) funds patient focussed research and so is a key research funder for the NHS. For every £1 of National Institute of Health Research income secured, each Trust receives additional 'Research Capability Funding'. We have prioritised this funding stream, with the result that Research Capability Funding has grown from £80k to over £1m in four years. Funding is based on previous year's performance and so we will receive £1.14million in 2016/17 (national ranking 22nd) compared to £938,000 in 2015/16 (ranking 26th).

Facilities - Human tissue in research plays a vital role in developing a deeper understanding of human disease processes and their underlying mechanisms. Our Arden Tissue Bank aims to provide researchers with access to a diverse range of high quality human tissue, whilst complying with national legislation. During 2015/16, we expanded our facilities to provide additional storage space and a bespoke centrifuge area for our research staff. We now house three national tissue collections and provide collection, processing and storage services to other local NHS Trusts, Trials Units, commercial companies and a number of Universities.

This year, we have developed our service to provide wider access to our Trials Treatment Centre, so that we can treat research patients from other local NHS Trusts to enable them to offer more complex treatments to their patients.

Innovation - The development of an innovative culture is a key component of our World Class aspirations. We have developed robust systems to identify, protect and exploit any intellectual property that we create and recent investments into promoting innovation and capturing ideas have resulted in an increased number of new ideas disclosed. This year we have consulted on, and formalised, a recognition and award structure for those staff developing Intellectual Property. As part of our commitment to supporting the adoption of new ideas within the NHS, we are active contributors to the West Midlands Academic Health Science Network Meridian Innovation Platform, which was launched this year to share opportunities and challenges regionally.

Awards - We are establishing our reputation as a leading institution for Research and Innovation. We are both delighted and proud that our Research, Development and Innovation team won the 'NHS Clinical Research Site of the year' award for the second year running at the PharmaTimes International Clinical Researcher of the Year 2015. Seven NHS research sites were finalists in this category which is sponsored by the Department of Health and the Association of the British Pharmaceutical Industry. We had two teams in the finals, the Research, Development and Innovation Team and the Cardiology Research Nurse Team

Lyndsey Prue (Research Midwife) won a Tommy's 'Angel' Award for excellent patient care. Doctors Christopher Poole and Jane Worlding were nominated for NIHR national awards for recruiting patients into oncology research trials. Supported by Monica Mabbett, Equality & Diversity Executive Assistant, Sean James, Arden Tissue Bank Manager was finalist in NIHR photography competition, demonstrating 'Equality and Diversity' in research. Deborah Griggs (Research Portfolio Development Manager) was 'Highly Commended' by the University of Warwick in their Public Engagement Awards for working between University of Warwick and the Trust.

We are extremely proud of our achievements during the year and aim to build upon our successes in 2016/17.

2.9 Sustainability Report

Sustainability is at the heart of our business and we regard it as a vehicle to make us stronger and more resilient. We first developed a sustainability strategy in 2010 with the understanding that it must develop and grow with the business. In furtherance of this, 2015/16 saw the emergence of our Sustainable Development Management Plan (SDMP), which reinforces our commitment to a sustainable health future.

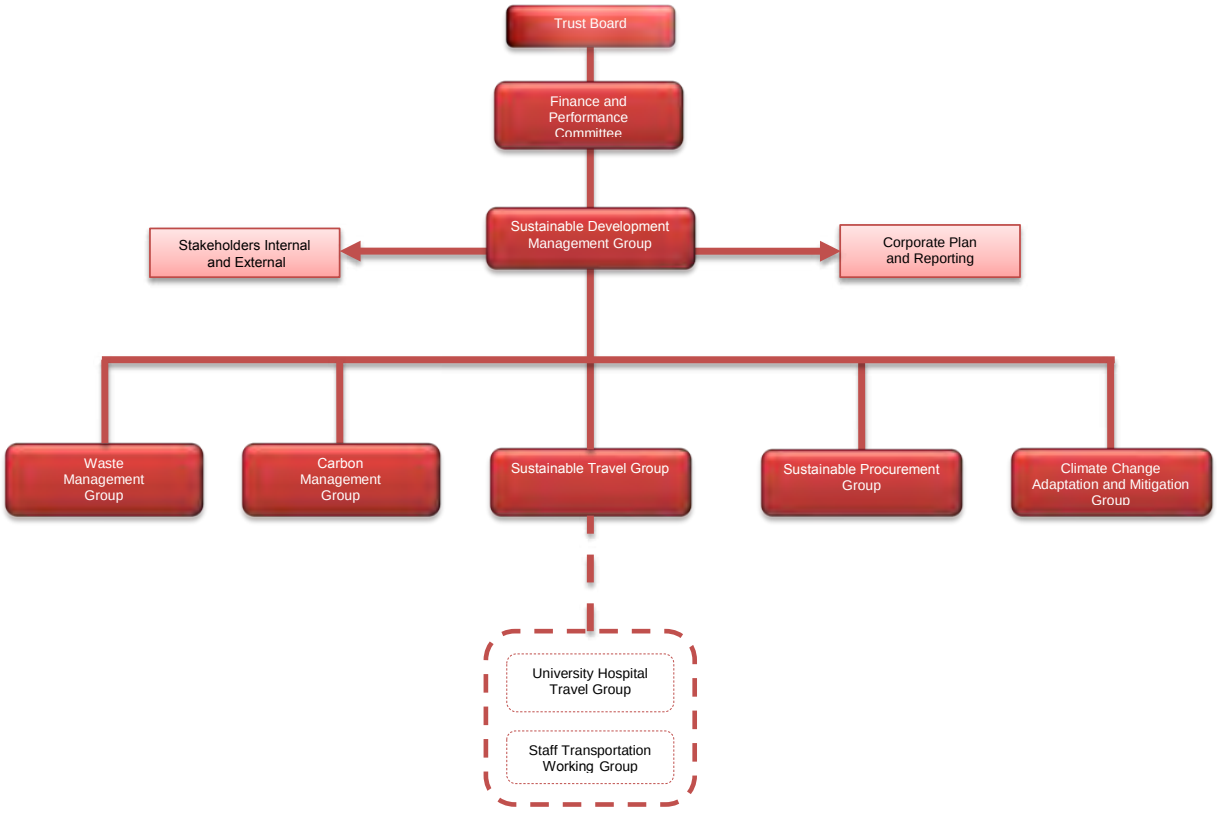
The diagram shows how the Trust is rooted in the community and its growth will continue to build its connection with that community.

2.9.1 Sustainability Structure

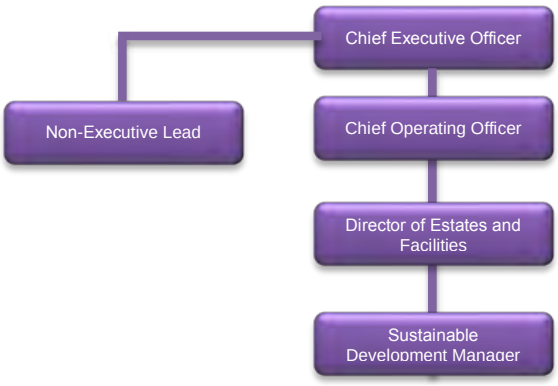
Sustainable development must be embedded into the future of healthcare and strengthening the sustainable healthcare model will become increasingly important as we work within tighter financial constraints. We are aware of the vulnerabilities of climate change; not only to the built environment but to the people that we serve and this has led to the adoption of national targets for CO2 reduction and working within environmental limits, whilst adapting and mitigating climate risk. Underpinning the SDMP is a raft of documentation that provides a more detailed understanding of specific sustainability related subjects; this year has seen the former Healthy Travel Plan be developed into the Active Travel Plan in line with national guidance.

This is a significant time in our travel journey because the agreement that we entered into with Coventry City Council when University Hospital was constructed, which provided for accessibility by bus to University Hospital, with a requirement to have a travel co-ordinator and to have a Green Travel Plan with associated targets is drawing to an end. As a new era arrives, the Trust must now drive its own plan forward and we have made significant statements in our work this year.

2.9.2 Sustainability Governance Architecture



2.9.3 Accountable People for Sustainable Development



2.9.4 Healthy Sustainable Travel

We have been fully engaged as an enabler for active healthy travel for many years both locally and regionally and this year has seen the completion of many major pieces of infrastructure work to improve healthy travel options.

We have continued to be part of the Network West Midlands Smart Network Smarter Choices campaign (SNSC), which is a fantastic project that enables and supports business to develop active travel initiatives. We have positively benefitted from participation in this scheme over the years, and this year, it was time to give something back. The work that we have done on active travel was used as a case study for the SNSC and our Sustainable Development Manager Clive Robinson, shared the improvements that the programme had brought to the organisation, with the detail being filmed to promote the work of the SNSC.

The programme provided many exciting initiatives that have inspired staff to move to active travel. One such initiative is the loan of bikes to staff. We were given loan bikes for six months, which we in turn loaned to staff free of charge to encourage cycling to work, and we are delighted that many staff have now made the move to cycling permanently.

Case Studies

1 - An office of five procurement workers all had loan bikes; after a month, three had purchased their own bikes and made the switch to cycling permanently.

2 - A consultant at University Hospital got the cycling bug thanks to loan bikes paid for through the Cycle Coventry Grant Scheme.

Dr Soma Mukherjee took advantage of free cycle training and loan of a bike and has started cycling to work instead of using her car and has handed back her car park pass.

Dr Mukherjee said:

"I hadn't ridden a bike since school so I wasn't sure if I'd be able to ride it. I started cycling to work 2 or 3 times a week. I found it worked out really well, even on wet days. I then applied for a bike through the Cycle to Work Scheme. I'm happy to cycle, it's a great way to be fit in a different way."

Following on from the success of the loan bikes, Cycle Coventry supported us to obtain our own loan bikes with a £5,000 grant. During the year, new cycle storage has been installed on our University Hospital site, which was funded by SNSC, together with secure cycle storage for staff at the Hospital of St Cross and extra patient cycle storage outside the Outpatient Department.

There were many events over the year supported by SNSC to promote healthy travel including:

- Healthy Travel Events including - free try before you buy bus passes.
- Dr Bike
- Health and Well Being Events
- Awareness Events
- SNSC Event Box Give Away Event with £500 of freebies

Our sustainability team is always visible at induction for new starters to help promote the healthy travel choice for the work commute.

2.9.5 Other Developments

The bus stop at the Hospital of St Cross was upgraded and a new route was created for buses to exit the site. A new stop was also placed outside the new Phlebotomy Department.

The University Hospital site has been undergoing major on site road developments to improve traffic flows for ambulances and buses, culminating in the doubling of the number of bus stops and the creation of a bus interchange, which is one of the biggest in the region. This has improved facilities for passengers as the whole interchange is covered and provides real time travel information at each stand.

Another step forward is the partnership with FAXI as the preferred car sharing system; this has seen a marked uptake of the system that is used for car share, cycle and walking planning, helping those that are new to the area to find a healthy travel companion on their commute

2.9.6 Partnership

Coventry City Council

centro
transforming public transport

The route to a sustainable future is through partnership working and we have continued to work towards extending our sustainability partnerships and to increase learning and sharing. As part of our commitment to Corporate Social Responsibility, we work with our partners on collaborative strategies for public engagement, particularly when that contact can impact on the wider determinants of health.

Working with Centro and Cycle Coventry we have surpassed the modal shift target for 2015, whilst making significant improvements to the sustainable travel infrastructure. Through the promotion of cycling we are occasionally faced with abandoned bicycles that are in a state of disrepair, but through a new working partnership with Coventry Mission, we have found a way to give these bicycles a new lease of life whilst reducing waste. Coventry Mission repairs the bicycles and gives them to those who need them, thereby recycling and improving health.

2.9.7 Water Management

We have signed up to AquaMark, Britain's fully-funded Water Benchmarking Scheme which is offering the NHS the opportunity to receive:

- A benchmarking toolkit to reduce cost and consumption by a third
- Three year's free bill validation services
- Monthly monitoring reports
- Preparation for deregulation of the water market in 2017

This service provides billing assurance; whilst identifying cost saves through water reduction.

2.9.8 Biodiversity Action Plan

University Hospital is well known for the Jubilee Nature Reserve with its collection of wildflowers and native animals within the confines of 2.5 acres. The site also boasts a ridge and furrow field which is managed as a wildflower and wildlife habitat and it has long been our ambition to enhance this work through an apiary. Bees are a natural progression and will benefit the environment and provide a site for Warwick and Leamington Beekeepers to host bees on the site.

We have worked in partnership with Coventry University for many years and the link between the natural environment and health are well known. We offer students the chance to use the Arden Cancer Centre garden as their final year project and they have developed an amazing design that transforms the existing space for the benefit of patients, visitors and staff.

2.9.9 Sustainable Procurement

Procurement is a complicated issue within a PFI environment but must be tackled as it is the largest producer of CO2 within our carbon footprint. However, procurement is spread over several teams and organisations, so the work that we have undertaken to date has focused on bringing those teams into the discussion and moving forward. Their expertise and ideas have brought about some quick wins and a new Sustainable Procurement Policy that aligns with the Trust SDMP has been developed.

As part of this work, we are developing a tool, based on procure for carbon reduction (P4CR) tools, to make visible the CO2 and other environmental aspects of purchases during the decision making process.

2.9.10 Energy Management

Energy is a significant cost to our organisation and every aspect is continually reviewed to examine reduction opportunities. This year has seen a review of utilities procurement and the best route forward for procurement and resilience assurance.

We have invested in LED lighting, replacing all external lighting at the Hospital of St Cross improving the lux levels and appearance of the site, whilst at the same time reducing CO2, energy consumption and cost.

2.9.11 Waste Management

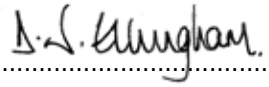
We have been following the waste hierarchy in reducing waste from our activities and this has resulted in the need to expand the infrastructure that supports the many waste streams that we wish to segregate. This has led to a systematic review of all waste holds and the connectivity to the central waste compound on both sites, which in turn has resulted in waste hold design improvements to allow increased segregation and reduced waste to landfill.

Food waste is significant in a hospital environment and we are trialling new methods of segregating waste food and recycling it, rather than maceration.

This year we introduced Sharpsmart to the University Hospital site, replacing 95% of disposal sharps bins with reusable ones. This reduces cost and CO2, whilst at the same time reducing needlestick injuries and will save 207,113 kg of CO2e annually.

2.9.12 Executive Endorsement

As Chief Operating Officer at the Trust, I am responsible for the sustainability agenda and I am very proud of the work that we have undertaken during 2015/16 to progress towards a more sustainable future. Sustainability is a key driver for our future, both in terms of the environment and the wider health of our population, and I would endorse the approach that has been taken in terms of embedding the agenda as a key element of our business plans going forwards.



David Eltringham, Chief Operating Officer

Greenhouse Gas Emissions

	2012-13	2013-14	2014-15	2015-16
Non-financial indicators				
Total Gross emissions for Scope 1 kg CO2e	9,474	10,664	12,408	12,678
Total net emissions for Scope 2 kg CO2e	17,114	18,931	16,419	16,293
Gross emissions scope 3 kg CO2e (business travel)	100,619	109,198	73,604	70,753
Gross Total emissions	127,207	138,793	102,431	99,724
Other scope 3 emissions measured	0	0	0	0
Related Energy Consumption (KWh				
Electricity Non-renewable	41,152,562	36,856,886	37,486,308	35,250,830
Electricity renewable	0	0	0	0
Gas	44,750,805	50,573,991	45,540,174	43,603,752
Oil	305,109	248,238	614,130	488,876
Other	0	0	0	0
Financial Indicators				
Expenditure on Energy	3,915,173	4,845,986	4,543,857	4,809,065
CRC Licence Expenditure	1,290	1,290	0	0
Expenditure from accredited offsets	0	0	0	0
Expenditure on official business travel	341,602	335,145	388,296	322,036

Performance Commentary (including Measures)

The Trust has met its target for 10% carbon reduction by 2015 , the future target to reduce carbon emissions by 34% by 2020 in line with the national target.

Controllable Impacts Commentary

The main impacts from UHCW NHS Trust are from electricity and gas consumption. Strategies are in place to reduce this through investment in energy reduction technologies.

Overview of Influenced Impacts

The carbon footprint saw a rise over previous years, that trend is now stopped and continual carbon reduction continues.

Waste

Non- Financial Indicators (tonnes)		2012-13	2013-14	2014-15	2015-16
Hazardous Waste					
Total		1,384	1,285		1,291
Clinical		997	1,262	1,301	
Cytotoxic/Cytostatic		10.4	8.8	16.5	
Medicine		4.6	4.4	3.5	
Other		0	0	0	0
Non-Hazardous Waste					
Landfill		992	814	1,087	
Reused/recycled		42%	61%	%	33%
Incinerated		0	0	0	0
Financial Indicators (£)					
Total Disposal Cost		736,075	997,086	699,086	672,644
Hazardous Waste – Total Disposal Cost		521,047	501,389	496,183	460,319
Non-Hazardous total disposal cost	Landfill	170,666	119,851	119,970	167,386
	Reused/Recycled	28,475	64,071	41,911	44,939
	Composted	0	0	0	0
	Incinerated with energy recovery	0	0	0	
	Incinerated without energy recovery	0	0	0	0

Performance Commentary (including Targets)

We have a target of a 5% reduction in waste sent to landfill over the next 3 years.
We have improved segregation which is shown in increased figures.

Controllable Impacts Commentary

There is more to be done in waste reduction, new procedures are being put in place during 2015/16 that will improve segregation and improve on targets.

Overview of Influenced Impacts

The improved segregation has given a clearer picture of waste opportunities which we will capitalise on during the next 12 months.

Finite Resource Consumption –Water		2012-13	2013-14	2014-15	2015-16
Non- Financial Indicators (M^3)					
Water consumption	Supplied	299,588	302,856	288,876	281,530
	Abstracted	0	0	0	0
Financial Indicators (£)					
Water Supply Cost		522,484	522,484	535,417	462,202

Performance Commentary (including Targets)

We have set a target of 7% water reduction target over three years which is on target, water usage continues to fall.

Controllable Impacts Commentary

The Trust has signed up to the ADSM water bench marking scheme providing assurance that the Trust receives best value for its water usage

Overview of Influenced Impacts

The work in 2015/16 has shown a reduction, there is more work to be done, however the trend is reduction.

Note:

The above report has been prepared in accordance with guidelines laid down by HM Treasury “Public Sector Annual reports: Sustainability Reporting Guidance for 2013-14 Reporting” published at www. financial-reporting.gov.uk, The NHS Sustainable Development Unit Guidance: A Guide to Reporting on Sustainability in Annual Reports..

Emissions accounting includes all scope 1 and 2 emissions along with separately identified emissions related to official travel. DEFRA conversion rates have been used as directed in Environmental Reporting Guidelines: Including mandatory greenhouse gas emissions reporting guidance.

2.10 Financial Performance Overview 2015/16

2.10.1 Statement from David Moon, Chief Finance & Strategy Officer

The year has been extremely financially challenged across the whole of the NHS particularly within the provider sector; the Trust's opening plan reflected the level of this challenge at a local level. Positively, set against this backdrop the Trust delivered £34.7m of cost improvement schemes ending the year with a £9.1m deficit; a £0.5m positive position against the plan.

This section sets out the key features of the Trust's financial performance in 2015/16.

A full set of accounts is attached including:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Taxpayers' Equity
- Statement of Cash Flows

The Trust plan did not assume compliance against the key financial duty to breakeven against the statement of comprehensive income, ending the year at £9.1m deficit after a number of technical adjustments which are described in the review of key financial targets below.

The financial performance reflects a challenging operational position. Bed capacity both within the Trust and its community partners has remained pressured with continuing high levels of emergencies and high acuity. This has left delivery of elective activity to be challenging.

The delivery of the cost improvement target is a significant achievement that could not have been achieved without the efforts of all staff groups throughout the organisation and on behalf of the Trust Board, I should like to place on record our thanks and appreciation for their hard work for this. This focus needs to be maintained into the new year.

2.10.2 Key financial targets

It is important to understand how performance against the breakeven duty is calculated to assess performance against key targets. In its Statement of Comprehensive Income, the Trust recorded a deficit for the year of £27.9 million which the Department of Health requires to be adjusted for the following:

- The impact of the impairment (or reversals of impairments) of non-current assets is excluded from the breakeven duty calculation;

- With the introduction of International Financial Reporting Standards (IFRS) in 2009/10, the majority of NHS PFI schemes needed to be accounted for within the Statement of Financial Position. However, in order to comply with HM Treasury Consolidated Budgeting Guidance, the incremental revenue impact of the accounting changes should be excluded from the financial performance of NHS Trusts; and

- HM Treasury guidance on the interpretation of IFRS concerning accounting for donated assets required the removal of the donated assets reserve in 2011/12; however, in order to comply with HM Treasury Consolidated Budgeting Guidance, the impact of this accounting change should also be excluded from the financial performance of NHS Trusts. This can result in either a positive or negative adjustment.

The table on the next page reconciles the position reported in the Trust's Statement of Comprehensive Income to its performance against its breakeven duty:

Retained surplus/(deficit) for the year	**-£27,895k**
IFRIC 12 adjustment (including IFRIC 12 impairments)	£18,720k
Impairments (excluding IFRIC 12 impairments)	-£23k
Adjustments in respect of donated gov't grant asset reserve elimination	£69k
Adjusted retained surplus/(deficit)	**-£9,129k**

The table below shows the Trust's performance against each of its key financial duties:

Duty	Target	Performance	Target Met
Break-even on its Statement of Comprehensive Income (this requires the Trust to ensure that total expenditure does not exceed the total income it receives)	**Break-even**	**£9.1 deficit** (after allowable adjustments) Financial duty missed (although the Trust did outturn better than its planned deficit)	
Remain within its approved External Financing Limit (EFL) (this requires the Trust to remain within the borrowing limits set by the Department of Health)	**£10.396 million** (this required the Trust to ensure that net borrowing plus decreases in cash balances did not exceed this sum)	**£6.885 million** **£3.511 million undershoot** Target achieved (the Trust is permitted to undershoot its EFL)	
Achieve a capital cost absorption rate of 3.5% (this requires the Trust to pay a dividend to the Department of Health equal to 3.5% of the average value of its net relevant assets)	**3.5%**	**3.5%** **Target achieved**	
Remain within its approved Capital Resource Limit CRL) (this requires the Trust to keep its net capital expenditure within the limits set by the Department of Health)	**£26.415 million** (this required the Trust to spend no more than this sum after adjusting for asset disposals and the receipt of donated assets)	**£23.783 million** **£2.632 million under spend** **Target achieved** (the Trust is permitted to under spend against its CRL)	

2.10.3 Key financial challenges

The Trust commenced 2015/16 with five major financial challenges:

- To identify and deliver £34 million of savings in order to ensure the planned deficit of £22.4 million in year was not exceeded;
- To secure external financing support to cover the cash shortfall arising from the Trust's deficit plan;
- To secure external financing to support the Trust's capital expenditure programme;
- To develop and implement a financial recovery plan; and
- To seek to improve the very poor liquidity position the Trust has.

2.10.4 NHS financial framework – savings requirement

All NHS organisations are expected to identify and deliver cash releasing efficiency savings each year which given the economic climate and the overall need to reduce public sector expenditure, required the delivery of savings programmes of at least 3.5% in this financial year (the Trust opted for the enhanced tariff option). In reality; however, the level of savings required in any one organisation will vary from the national target dependent upon a number of factors including the differential impact of changes to the national tariff, organisation specific costs pressures (including inflation) and other changes to income resulting from contract negotiations with commissioners.

After taking into account the Trust's specific circumstances, its savings requirement was calculated to be £34 million which equates to approximately 6% of the Trust's turnover. The Trust fully delivered the planned cost improvement target albeit with over £12m of non-recurrent savings.

2.10.5 Revenue deficit – financing support

In order to address the cash shortfall arising from the Trust's deficit for the year, an application for financing support was made to the Independent Trust Financing Facility (ITFF) in December 2015. The financing application was approved in the form of an Interim Revenue Support Loan for £12.479m, which was drawn down in March 2016 and is repayable in December 2017.

This loan has ensured that the Trust has sufficient cash resources available to continue to meet its financial obligations as they fall due.

2.10.6 Capital programme – external financing requirement

Whilst a significant proportion of the Trust's annual capital investment requirement is covered by the lifecycle replacement programme for equipment provided under the PFI contract, there remains a significant proportion of medical equipment, ICT hardware and software and the reconfiguration or upgrading of hospital buildings that fall outside of the PFI contract. For 2015/16, the Trust's non-PFI capital investment programme exceeded the amount of internally generated funds available and therefore the Trust was again reliant upon the receipt of external financing to fund the programme.

The Trust submitted an application to the Independent Trust Financing Facility (ITFF) in February 2015 for a capital investment loan of £13.838 million to finance its capital programme for 2015/16. The financing was approved in March 2015 in the form of an interest bearing loan (repayable over ten years).

However, during the course of the year the Department of Health requested organisations to review the extent to which capital schemes could be deferred in order to facilitate a national level transfer of resources from capital to revenue budgets. As the Trust had a large capital programme with a number of schemes which had incurred some delays because of the need to agree specifications, finalise business cases or resolve contractual issues, the Trust was able to reduce its capital loan drawdown in 2015/16 to £0.988 million with the balance of £12.85m to be drawn down in 2016/17.

The deferral of the capital loan drawdown also meant that the Trust was able to benefit from the national capital to revenue budget transfer and received £12.85 million of non-recurrent income which helped to improve the Trust's revenue position.

2.10.7 Financial Recovery Plan

The last two financial years have been particularly challenging for the Trust with deficits recorded in both years of £16.9 million (2014/15) and £9.1 million (2015/16). This situation has required the Trust to develop a financial recovery plan in order to return to recurrent financial balance.

During 2015/16 the first stage of the recovery plan successfully delivered around £3 million of savings but for 2016/17, significantly higher savings of £15.7 million need to be secured, and this is in addition to the Trust's cost improvement plan of £21 million for that year.

The recovery plan for 2016/17 is largely identified and robust arrangements for monitoring and managing the delivery of each element of the plan have been established.

2.10.8 Improvement of the Trust's liquidity position

The liquidity metric measures the number of days the Trust could continue to operate without any income coming into the organisation. The metric was changed in 2013/14 with the introduction of the Continuity of Service Risk Rating (CoSRR) which replaced the Financial Risk Rating (FRR) system and takes into account the cash in the bank, the value of invoices raised but not yet paid and the amount of money the organisation owes to its creditors and for loans (under FRR the metric also included a theoretical working capital facility).

During 2015/16 the Trusts liquidity metric stood at approximately -18.2 days under CoSRR against a plan of -16 days. Despite this, improved treasury management performance (and the receipt of revenue financing support) meant that the Trust was able to maintain good performance against the better payments practice code (93% of invoices by value were paid with 30 days of receipt of a valid invoice) and maintain a year end cash balance of £2.8 million.

Discussions with the NHS Trust Development Authority around options for improving the Trust's underlying liquidity position have confirmed that in the short term working capital requirements will be met in year through the Independent Trust Financing Facility process, a long term solution to improving the Trust's underlying liquidity position is unlikely to be agreed in the short-term however will be included as one of the financial issues within the Sustainability and Transformation Planning work across Coventry and Warwickshire.

2.10.9 Financial highlights

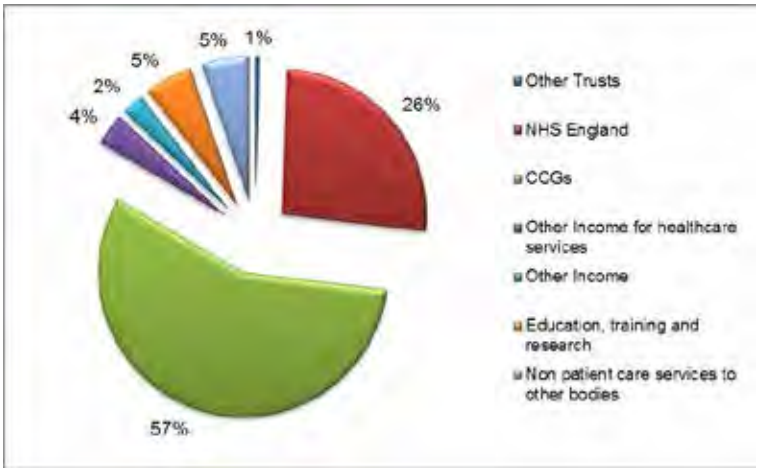
The year saw a continued growth in income, operating expenditure (excluding impairments) and capital investment (on the Trust's estate, medical equipment and IT infrastructure). The summary headline financial information for 2015/16 (compared with 2014/15) is shown in the table below:

Key figures	2015/16	2014/15
	£'000	£'000
Revenue accounts		
Operating income (turnover)	585,157	550,196
Retained surplus / (deficit) for the year	-27,895	-9,460
Breakeven performance (after technical adjustments for impairments, PFI and donated assets)	-9,129	-16,900
Efficiencies achieved	34,700	33,800
Assets		
Total assets	438,884	455,446
Cash and cash equivalents	2,760	655
Capital Investment	23,990	21,251
Borrowing		
Long term borrowing – PFI liabilities	264,172	263,885
Long term borrowing – other	24,705	14,078
Short term borrowing – PFI liabilities	-287	5,929
Short term borrowing - other	2,904	2,863

2.10.10 Where does the Trust's income come from?

During 2015/16 the Trust recorded total revenue of £585 million. This represents an increase of 6% when compared with total revenue of £550 million in 2014/15. This increase was primarily due to the increased activity levels for in-patients (4.7%) and out-patients (3.0%) experienced during 2015/16. As described above this also includes a capital to revenue transfer of £12.85m.

The chart on page 42 shows the key sources of income for the Trust in 2015/16. The combined proportion of income from Clinical Commissioning Groups and NHS England for the provision of care and treatment to patients is 83%.



2.10.11 How does the Trust spend the money it earns?

The Trust's operating expenditure for 2015/16 totalled £588.4 million and represents an 11% increase over total operating expenses of £529.7.8 million in 2014/15. If impairments (and impairment reversals) are excluded, operating expenses for 2015/16 would be £569.8 million compared with £538.1 million in the prior year – an increase of 6%.

The largest cost element continues to relate to salaries and wages with the average number of people employed during the year being 7,267 whole time equivalents with a total cost of £346.9 million which equates to 59% of total operating expenditure. This compares with 6,918 whole time equivalents and with a cost of £325.8 million in 2014/15. A number of factors have contributed to this including a 1% pay award, staff pay increments, an increased use of agency staff (up £3.3 million from 2014/15), changes in skill mix and a significant investment in staffing to support the delivery of emergency care services.

Clinical supplies and services (including drugs and other medical/surgical consumables) are also a significant cost element and amounted to £110.7 million which equates to approximately 19% of day-to-day operating expenses. This compares with expenditure of £101.2 million in 2014/15 and represents an increase of 9%, which can be directly attributed to the increases in both in-patient and out-patient activity seen during the last year, including an increase in high cost drugs of £3.8m.

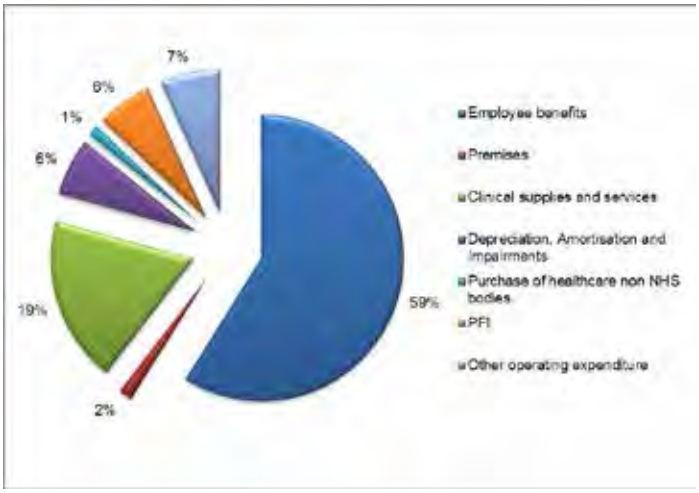
The total charged in year to operating expenditure in respect of the service element of the private finance initiative hospital was £36.7 million and continues to represent around 6% of total operating expenditure.

Charges relating to the depreciation, amortisation and impairment of property, plant and equipment and intangible assets totalled £38.1 million compared with £9.8 million in the previous year. This was primarily driven by a change in treatment of the hospitals PFI valuation which was the major factor in net impairments of £18.6 million being recorded in 2015/16 compared with a reversal of impairments of £8.4 million – a movement between years of £27.1 million. As explained in the section on key financial targets, impairments are excluded from the assessment of the Trust's financial performance.

Other operating expenditure totalled £56.0 million in 2015/16 and included the following key items of expenditure:

- General supplies and services £3.8 million
- Establishment expenses £8.9 million
- Insurance costs £8.4 million
- Research and development £5.8 million
- Healthcare purchased from non-NHS organisations £7.1 million
- Premises £8.9 million

The chart on page 43 compares expenditure by category – the breakdown of costs remains broadly similar to that in the previous year (with the exception of depreciation, amortisation and impairment charges).



2.10.12 Other costs

Due to continuing low interest rates, the Trust continued to earn only very modest levels of interest on its cash balances during the past year (£0.1 million).

The Trust also incurs significant financing costs which totalled £25.6 million in 2015/16 – this represents a decrease of approximately £1.5 million (6%) from the previous year. The most significant element of the Trust's finance costs is the interest paid in relation to the PFI contract which amounted to £25.2 million in 2015/16, a decrease of around £1.4 million (6%) compared to the previous year. The Trust also paid interest on its loans from the Department of Health – this amounted to £0.3 million during the year.

In addition to the above costs, the Trust is also required to pay a dividend to the Department of Health equivalent to 3.5% of the average of its opening and closing net relevant assets for the year. The dividend payable for 2015/16 is £2.4 million.

2.10.13 Capital expenditure

The Trust is required to contain capital expenditure within its annual Capital Resource Limit (CRL) which is agreed with NHS Trust Development Authority. This limit is informed by the Trust's long-term capital plan which must ensure that sufficient resources are generated from its operating activities and borrowing to finance the Trust's future capital investment programme. Surpluses of income over expenditure can also be used to finance the Trust's strategic capital investment needs.

The Trust's CRL for 2015/16 was expected to be £39.3 million but was reduced to £26.4m following the agreement to defer £12.85m of its capital investment loan into 2016/17.

At the end of the year, the Trust had invested £23.8 million in new or replacement capital assets (including £10.1 million of capital additions received by the Trust under the PFI contract) generating an underspend of £2.6 million against its CRL. In addition, the Trust also benefitted from £0.2 million of donated capital assets. Underspends from the capital programme are expected to be carried forward into 2016/17.

Key capital investments during the year included the following:

- PFI assets lifecycling - £10.1 million;
- University Hospital roads and car parking improvements - £1.6 million;
- Replacement endoscopes and stack systems £2.8 million;
- IT hardware and software £3.7 million; and
- Other equipment and building works £5.8 million.

2.10.14 Cash and working capital

The Trust's cash balance at the year-end was £2.8 million as at 31st March 2016 which compares with £0.6 million at the end of the previous year.

In order to address a cash shortfall arising from the Trust's revenue deficit for 2015/16, the Department of Health provided the Trust with a revenue loan (in addition to the capital loan detailed previously) of £12.5 million which is repayable in 2017/18.

The Trust has met all of its loan repayments due in year and has a balance of £26.7 million remaining on a capital investment loan. This is comprised of three capital investment loans (with a total balance of £14.2 million) and the revenue loan of £12.5 million). Loan repayments of £2.5 million are due in 2016/17.

The Trust's management of its cash balances, loans and PDC during the year ensured that the Trust met its statutory duty to remain within its External Financing Limit (EFL) which had been set at £10.4 million. The Trust's outturn against its EFL was £6.9 million which meant that the Trust recorded an underspend of £3.5 million.

2.10.15 Paying suppliers on time

In addition to its key financial duties, the Trust is also required to comply with the better payment practice code. This requires the Trust to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later. The Trust's performance against this target is summarised into the table below

The Trust's performance shows a marginal overall improvement from the previous financial year both in volume and value terms. The volume of invoices processed has increased by 9% compared with 2014/15 (which itself had increased by 43% over 2013/14). The increase is mainly attributable to continuing high levels of agency staff usage.

2.10.16 Financial outlook

The financial pressures on the NHS are set to continue with significant levels of efficiency savings being required for the foreseeable future. The negotiation of healthcare contracts for 2016/17 has been completed and the associated income and activity agreed. These agreements have though been very challenging and there is increasing financial pressure in the system with the Trust's main Commissioner, Coventry and Rugby CCG, also starting to experience financial difficulty.

The Trust has in place a three year financial recovery plan, the target for which is £15.7m in 2016/17 (equating to 2.6% of turnover). The delivery is focused on the reduction in premium workforce cost and ensuring resources are utilised in the most productive manner.

In addition to the planned recovery plan the Trust must deliver efficiencies of £21m; 3.5% of turnover driven by the required national efficiency target.

To enable this, the Trust has strengthened its planning processes, increased the level of leadership development through its in house programme "Together Towards World Class", and is working collaboratively across the health economy to break down historic delivery boundaries.

The Trust is a very active participant in the Coventry and Warwickshire Sustainability and Transformation Plan (STP). Without a number of pathway changes coupled with some service rationalisation it is difficult to see how the local health economy will be able to deliver the required level of provision within the resources available to it over the current Parliament.

Better payment practice code	2015/16		2014/15	
	Number	£'000	Number	£'000
Total non-NHS trade invoices paid in year	128,705	381,765	117,822	348,221
Total non-NHS trade invoices paid within target	120,241	356,602	106,387	315,592
% of non-NHS trade invoices paid within target	93%	93%	90%	91%
Total NHS trade invoices paid in year	2,993	77,095	3,044	81,704
Total NHS trade invoices paid within target	1,537	72,174	1,664	76,288
% of NHS trade invoices paid within target	51%	93%	55%	93%
% of all invoices paid within target	92%	93%	89%	91%

2.10.17 Conclusion

The 2015/16 position is a symptom of the rising challenges faced by the NHS. Critical areas are:

The level of premium cost workforce driven in part for the need to create short term capacity.

The recovery plan, together with the cost improvement programme sets to address this.

2.10.18 Financial Accounts

The full set of Accounts is included within this report.

The accounts have been prepared on a going concern basis and in accordance with International Financial Reporting Standards (IFRS) and the Trust's accounting policies. Their preparation has been guided by the 2015/16 Manual for Accounts.

2.10.19 Accounting policies

The Trust's accounting policies are in accordance with directions provided by the Secretary of State for Health and follow International Financial Reporting Standards and HM Treasury's Government Financial Reporting Manual to the extent that they are meaningful and appropriate to the NHS.

2.10.20 Statement of the Chief Executive's Responsibility as the Accountable Officer

The Statement of the Chief Executive's responsibility as the Accountable officer of the Trust is printed in full in the Trust's 2015/16 Annual Accounts.

2.10.21 Statement of Accounting Officers' Responsibility

The Statement of Accounting Officers' Responsibility is printed in full in the Trust's 2015/16 Annual Accounts.

2.10.22 Annual Governance Statement

The Annual Governance Statement is also printed in full in the Trust's 2015/16 Annual Accounts.

2.10.23 Disclosure of Information to Auditors

The directors confirm that as far as they are aware there is no relevant audit information of which the NHS body's auditors are unaware and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the NHS body's auditors are aware of that information.

2.10.24 External Auditor

Prior to its dissolution at the end of March 2015, the Audit Commission appointed KPMG LLP as the external auditor to the Trust for two years from 2015/16.

The auditors perform their work in accordance with the Audit Commission's Code of Practice and there are two key elements to their work:

- The audit of the annual accounts including a review of the Statement on Internal Control; and
- Further assurance services – this refers to services unrelated to the statutory audit where the NHS body has discretion whether or not to appoint an auditor.

The total external audit fees/remuneration recorded in the accounts for 2015/16 is £136,000 including VAT (and includes £12,000 for fees paid to the Trust's previous auditor not accrued in prior years).

2.10.25 Auditors' Opinion

Audit opinion is supplied by KPMG and is included within Part 4 "Financial Statements"

PART 3 : Accountability Report 2015/16

1. CORPORATE GOVERNANCE REPORT

1.1 Overview

It is the responsibility of the Directors of the Trust to prepare the Annual Report and Accounts. The Trust Board considers that the Annual Report and Accounts, taken as a whole are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy.

1.2 Disclosure of Information to Auditors

The directors confirm that as far as they are aware there is no relevant audit information of which the NHS body's auditors are unaware and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the NHS body's auditors are aware of that information.

1.3 Members of the Trust Board

In accordance with our NHS Trust establishment order our Trust Board comprises:

- A Non-Executive Chairman
- Six Non-Executive Directors
- Five Executive Directors

The members of our Trust Board during 2015/16 were as follows:

Chairman
Andrew Meehan

Chief Executive Officer
Andrew Hardy

Chief Medical and Quality Officer/Deputy CEO
Meghana Pandit

Chief Finance & Strategy Officer
David Moon

Chief Nursing Officer
Mark Radford

Chief Operating Officer
David Eltringham

Interim Chief Human Resources Officer
Ken Hutchinson (left the Trust May 2015)

Chief Workforce & Information Officer
Karen Martin (joined the Trust May 2015)

Non-Executive Directors

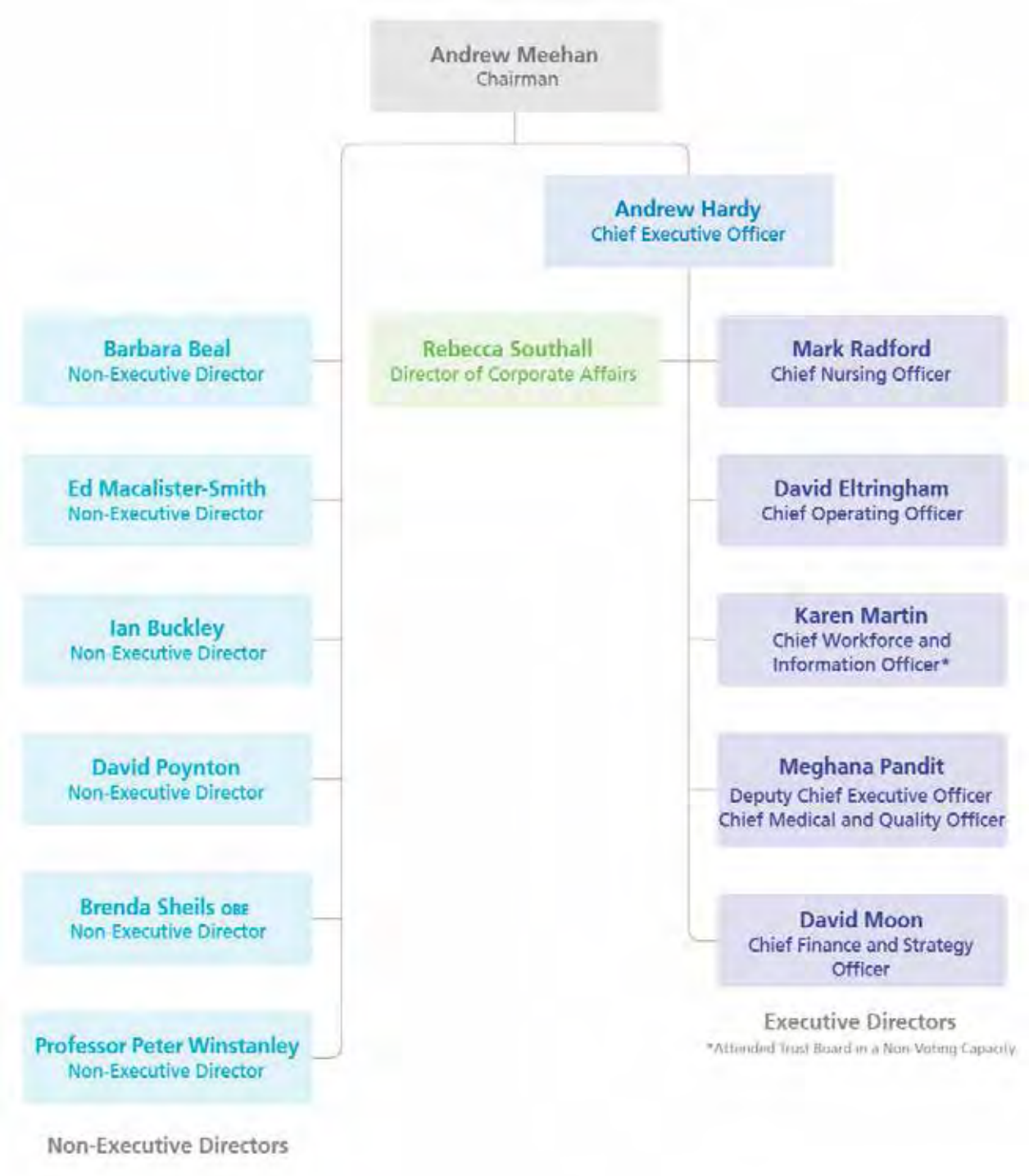
Barbara Beal
Ian Buckley
Ed Macalister-Smith
David Poynton (joined the Trust June 2015)
Trevor Robinson (left the Trust June 2015)
Brenda Sheils
Peter Winstanley

1.4 Members of the Audit Committee

The Audit Committee comprises the following Non-Executive Directors:

Trevor Robinson	*Chair (until June 2015)*
David Poynton	*Chair (from July 2015)*
Peter Winstanley	*Vice Chair*
Ed Macalister-Smith	
Ian Buckley	

1.5 Trust Board Structure as at 31st March 2016



1.6 Meet Our Board

Andy Meehan – Chairman

Date of appointment as Board Member:
February 2014

Professional qualifications: MA ACA

Experience: Andy Meehan is an Oxford graduate and Chartered Accountant with more than 30 years' experience in the retail and consumer product sectors. He has been Finance Director of Selfridges, Olympus Sports and Mothercare. Subsequently he was Managing Director of Storehouse International, responsible for the overseas franchise businesses of BHS and Mothercare in some 35 countries, and Chief Executive Officer of Co-operative Retail Services. Thereafter, he was European Chief Executive of Gordon Brothers International, the US owned consultancy specialising in turnaround and restructuring of retail companies.

Since 2006 he has built a portfolio of Non-Executive Director and Chairman roles across retail, consumer products, charity and health organisations including GHD, and Fortnum & Mason and Myton Hospice. He is currently chairman of Ramsdens Group Financial Services business and a charity trustee at CVQO.

Prior to taking up his appointment here at UHCW, he was a Non-Executive Director at the Royal Orthopaedic Hospital NHS Foundation Trust in Birmingham.

He is also treasurer for his parish church and a member of the Audit Committee for the Coventry Diocesan Board of Finance for the Church of England.

Professor Andrew Hardy – Chief Executive Officer

Date of Appointment as a Board Member:
Chief Finance Officer - June 2004, Deputy Chief Executive – July 2008, CEO - June 2010

Professional Qualifications: BA(Hons) Economics, Chartered Institute of Public Finance & Accountancy, MBA

Experience: Professor Hardy is immediate past President and a National Board Member of the Healthcare Financial Management Association and chair of Arden Local Education Training Council (Member West Midlands Local Education Training Board). He chaired the West Midlands AHSN Development Board and now chairs the West Midlands AHSN Southern Spoke. He is also chair of Central Newborn Network, a Council Member of the Charted Institute of Public Finance and Accountancy, past Chair of the Finance Director's Group of the Association of United Kingdom University Hospitals. A Director of Right Step, a careers advisory service, and Board Director of Albany Theatre, Coventry.

Professor Hardy is the Lead overseeing the development of a health economy-wide Sustainability and Transformation Plan in Coventry and Warwickshire to deliver clinically and financially sustainable services for our patients and the wider population.

1.6 Meet Our Board

Professor Meghana Pandit – Chief Medical Officer/Deputy CEO

Date of Appointment as a Board Member:
May 2012 as Chief Medical Officer; December 2014 as Deputy Chief Executive Officer

Professional Qualifications: FRCOG, MBA

Experience: Professor Pandit trained in Obstetrics & Gynaecology in the Oxford Deanery and was Visiting Lecturer in Urogynaecology at University of Michigan, Ann Arbor, USA. She was Consultant Obstetrician and Gynaecologist, Clinical Director and then Divisional Director at Milton Keynes before joining UHCW. Since joining UHCW, Professor Pandit has completed an MBA from Oxford Brookes University. As Chief Medical Officer she has led the development of the clinical strategy and has responsibility for Clinical Quality, Risk, Education and Training and Research, Development and Innovation. She is also Responsible Officer for over 450 doctors and continues to undertake clinical office based Gynaecology

David Moon – Chief Finance and Strategy Officer

Date of Appointment as a Board Member:
August 2013 as Chief Strategy Officer; December 2014 as Chief Finance and Strategy Officer

Professional Qualifications: Chartered Institute of Public Finance & Accountancy, MBA

Experience: Mr Moon has a wealth of experience in the NHS including Director posts at South Worcestershire PCT, Solihull PCT, Worcestershire Acute Hospitals NHS Trust and Director of Finance and Deputy Chief Executive at South Warwickshire NHS Foundation Trust. Most recently he has been a Director at the National Audit Office.

1.6 Meet Our Board

Professor Mark Radford – Chief Nursing Officer

Date of Appointment as a Board Member:
June 2012

Professional Qualifications: BSc (Hons) Nursing, Registered General Nurse, PGDip (ANP), MA (Medical education & Leadership), PhD (Research), Fellow of the Higher Education Academy.

Experience: Professor Radford qualified as nurse in 1994 and has previously worked in anaesthetics, pre-operative assessment, critical care and A&E. Prior to joining UHCW in 2009 he was a Consultant Nurse in Perioperative Emergency Care at Heart of England Foundation Trust. He has also worked as an advisor to the Department of Health, NCEPOD, MHRA, NICE on a range of areas including perioperative hypothermia, emergency management and nurse prescribing. He has published widely on advanced practice nursing and perioperative care. Professor Radford has worked at UHCW as an Associate Director of Nursing for surgery before being promoted to Deputy Director of Nursing. From June 2012 he has been Chief Nursing Officer with a responsibility for nursing and midwifery, infection control and safeguarding.

David Eltringham – Chief Operating Officer

Date of Appointment as a Board Member:
September 2012

Professional Qualifications: MBA - Open University, BAEd (Hons) - University College, Worcester; Registered Nurse (Adult); Diploma in Nursing Science, DNSc – Sunderland School of Nursing/Newcastle Upon Tyne Polytechnic

Experience: From 1991 onwards worked in a number of nursing roles at University Hospitals Birmingham. Mr Eltringham spent two years working in the private healthcare sector and joined West Midlands Ambulance Service in 2001 as Education and Professional Development Manager then Clinical Lead for NHS Direct (Birmingham the Black Country and Solihull). He joined Birmingham Children's Hospital in 2004, becoming Chief Operating Officer in November 2009, then joined UHCW as Chief Operating Officer in September 2012.

1.6 Meet Our Board

Karen Martin – Chief Workforce and Information Officer

Date of Appointment as a Board Member:
May 2015

Professional Qualifications: MSc Public Sector Management Aston Business School, Fellow Chartered Institute of Personnel & Development, Institute of Leadership & Management qualified Executive Coach

Experience: Karen has worked in the NHS for over 30 years. She has 13 years' experience as an Executive Board Director, including Deputy Chief Executive Officer. She has a wealth of experience in human resources, organisational development, leadership, communications, corporate affairs and change management. Her career has spanned a range of health organisations including health authority and both acute and mental health. Karen chairs the West Midlands Streamlining Programme, is a member of Healthcare People Management Association and a Trustee with Foxford Schools.

Ian Buckley – Vice Chair

Date of appointment as a Board Member:
Non-Executive Director - October 2013,
Vice Chair - September 2014

Experience: Mr Buckley has worked as Chief Executive for a number of UK and US businesses and served on both PLC and private company boards.

Trained as an engineer in Birmingham, moved into finance and leasing and became the UK Chief Executive of the US leasing giant GELCO (Now a division of GE). He was part of the management buyout and the subsequent public flotation at Evans Halshaw PLC serving as a main board director.

In 1999 he joined Advanced Communication and Information Systems as CEO, a venture capital backed, telematics business specialising in providing real time passenger information for, airports, buses and trams.

He was Deputy Chair and Non-Executive director of Birmingham Community Healthcare NHS Trust.

Currently he is a Business Angel investor, business coach and facilitator for Leadership Trust and guest lectures at Bristol Business School.

1.6 Meet Our Board

David Poynton – Non-Executive Director

Date of Appointment as a Board Member:
June 2015; Chair of Audit Committee since July 2015

Professional Qualifications: MA, DMS, IPFA, FHFMA.

Experience: Born in Coventry, David has a wealth of experience in both the public and private sectors, starting his career with Coventry City Council.

David has worked as a Finance Director and Chief Executive for a number of NHS Trusts and health authorities. He has also previously held the position of national Chair of the Healthcare Financial Management Association (HFMA).

More recently he has been Chairman at Public Sector Consultants Ltd and Summit Healthcare (Dudley) Ltd, and currently is part-time Chair of In-Form Solutions Ltd.

David also works as an independent coach to individual executives as well as boards.

Trevor Robinson – Non-Executive Director

Date of Appointment as a Board Member:
December 2008; Chair of Audit Committee since April 2009 – June 2015; Associate Non-Executive Director since July 2015

Professional Qualifications: Degrees in Physics (BSc) and Economics, Maths and Systems Theory (BA). Currently studying for a BSc in Astrophysics. Member of Chartered Institute of Public Finance & Accountancy, Fellow of the Royal Astronomical Society and Fellow of the Royal Society of Arts.

Experience: Mr Robinson has over 40 years experience in public sector finance and was Finance Director of Hillingdon London Borough Council for 10 years. He was the first Finance Director of the newly formed Greater London Authority in 2000, and then Resources Director of Centro (West Midlands Passenger Transport Executive) until 2007 and former Treasurer to the West Midlands Passenger Transport Authority and Financial Advisor to the Association of London Government. Also a member of the Audit and Risk Committee of Ofqual (Office of Qualifications and Examinations Regulation).

1.6 Meet Our Board

Professor Peter Winstanley – Non-Executive Director

Date of Appointment as a Board Member:
August 2012 – April 2016

Professional Qualifications: Graduated from Liverpool Medical School in 1979

Experience: Dean of Warwick Medical School. After spells in the General Infirmary at Leeds and the University of Liverpool, was awarded an MRC Training Fellowship, and spent three years working in Kenya (with the University of Oxford) on the treatment of severe malaria. In 1995 Professor Winstanley and colleagues won support to establish a Wellcome Trust Tropical Centre (WTTC) at Liverpool, and he worked with Professors Malcolm Molyneux and (more recently) Robert Heyderman to develop the unit in Malawi into a Wellcome Trust Major Overseas Programme. As Director of the WTTC 1995 to 2009 Peter oversaw 27 Clinical Fellowships and the retention of 10 of these scientists by Liverpool. Since 2007 Professor Winstanley has directed the Liverpool Biomedical Research Centre (supported by the National Institute of Clinical Research (NIHR)). He left his position as Head of the School of Clinical Sciences at the University of Liverpool to join Warwick Medical School at the beginning of May 2010.

Ed Macalister-Smith – Non-Executive Director

Date of Appointment as a Board Member:
October 2013

Professional Qualifications: MBA Bath University, MSc Oxford University, BSc London University

Experience: Ed Macalister-Smith has 25 years of NHS experience including Chief Executive at NHS Wiltshire and Bath PCT Cluster, Chief Executive at NHS Buckinghamshire, Chief Executive at Isle of Wight NHS PCT, Chief Executive of Nuffield Orthopaedic Centre Oxford. He retired from the NHS in November 2012 and offers a portfolio of coaching, strategy and Board governance in the NHS. He is also a Board Member of the Cotswolds Area of Outstanding Natural Beauty, and Chair for the National Institute of Health Research Health Services and Delivery Research Priorities Panel.

1.6 Meet Our Board

Brenda Sheils OBE – Non-Executive Director

Date of Appointment as a Board Member:
July 2014

Professional qualifications: B.Ed (Hons) Reading University, Post Graduate Certificate in Executive Coaching , Chartered Fellow of the Chartered Institute of Personnel and Development, Fellow of the Royal Society of Arts

Experience: Appointed in 2003 as Principal and Chief Executive of Solihull College, providing education and training to over 12,000 students. Brenda played a pivotal role in improving the skills of the local and regional workforce through the development of partnerships with major employers including Birmingham Airport ,National Exhibition Centre and Jaguar Landrover and with key universities including with Warwick, Coventry and Oxford Brookes. She also has significant experience of community engagement, local regeneration and multi-agency work.

During her 39 years in education, she has worked in schools, community and adult education and colleges in Cambridgeshire, Devon, Cheshire, Coventry and Gloucestershire. She was recently awarded the OBE for services to further education and, following her retirement in March 2014, is currently an executive coach/mentor for the sector.

Barbara Beal – Non-Executive Director

Date of Appointment as a Board Member:
July 2014

Experience: Barbara is married with two children and two grandchildren aged 6 years and 10 months, and lives locally residing in a village near Rugby.

Barbara qualified and practiced as a nurse and midwife at the Trust and continues to maintain her registration. She subsequently became a former Head of Midwifery, Executive Director of Nursing, Qua Quality, Patient Safety, Patient Experience Infection Prevention and Control, Governance and Risk, Interim Operations Director, Turnaround Director, Human Resource Director and Acting Deputy Chief Executive in the Acute Healthcare Sector.

Since her early retirement in 2008 she has had significant experience as a clinical advisor, healthcare consultant, and executive coach mentor in the NHS (Acute, primary care, commissioning, mental health and learning disability care sectors), Independent Health Care Sector, GP, Clinical Commissioning Groups, Clusters, Area Teams and Clinical Commissioning Support Units.

Barbara is absolutely committed to contributing to the provision of leadership and support to all of our front line staff, senior leaders and all members of the multi-disciplinary team to improve the quality, safety, delivery and assurance of standards of clinical care, and continue to improve and enhance the patient experience, clinical and service outcomes experienced by patients, carers and their families.

1.7 Register of Interests

As a public body, we are committed to being open and transparent in our dealings. All board members are required to disclose any interests that they have that might conflict with their role within the Trust upon appointment and on an on-going basis. Any such interests that are declared are recorded in a Register of Interests and reported in public. The register for 2015/16 is as follows:-

Register of Interests April 2015 - March 2016

Name	Job Title	Directorships	Ownership	Shareholding	Charity or Voluntary	NHS Service	Research	Pooled	Paid employment,
Moon, David	Chief Finance & Strategy Officer	Parent Governor Trinity Catholic School Leamington Spa until 7th October 2015 then Associate Governor	None	None	Trustee of UHCW Charity	None	None	None	Very occasionally lectures on MSC courses at Warwick University (max twice per annum).
Robinson, Trevor	Non-Executive Director	None	None	None	Unpaid Independent Member of the Audit and Risk Committee of Ofqual (the examinations regulator)	None	None	None	Worked as a senior adviser to the Gambling Commission on a fixed term paid contract from October 2013 to October 2015
Radford, Mark	Chief Nursing Officer	Holly Medical Services Ltd (GP Surgery) Parent Governor - Sutton Coldfield Girls Grammer School	None	None	Trustee of Myton Hospice Trustee of UHCW Charity	None	NHS England Research Grant (staffing £100k)	None	Visiting Professor of Nursing at Birmingham City University and Coventry University
Martin, Karen	Chief Workforce & Information Officer	Director of QGOV Consultancy Services Ltd	None	None	Trustee of UHCW Charity	None	None	None	None
Macalister-Smith, Ed	Non-Executive Director	None	None	None	Trustee of UHCW Charity	None	None	None	Chair, NIHR HS&DR Priorities Panel, and Board Member, Leadership Coaching, occasional sessional basis, HEE Thames Valley, Oxford Deanery PSU, CQC, occasional daily work as Independent Reviewer of Ratings (NHS Trusts)
Eltringham, David	Chief Operating Officer	None	None	None	Trustee of UHCW Charity	None	None	None	None
Buckley, Ian	Non-Executive Director	None	None	None	Trustee of UHCW Charity Leadership Trust, consultancy and advisor Chelsea Group, consultancy Does not hold shares in either company	None	None	None	None
Meehan, Andrew	Chairman	Lanthorne Ltd - Business Consultancy and Ramsdens Financial Ltd	Lanthorne Ltd - Business Consultancy	None	CVQO -Trustee of charity providing vocational education Trustee of UHCW Charity Trustee Mayday Trust	None	None	None	None
Poynton, David	Non-Executive Director	In-form Solutions Ltd - Consultancy, Healthcare and Government Poynt One Enterprises	Poynt One Enterprises Ltd - Coaching and Consultancy (paid employment)	None	Trustee of UHCW Charity	None	None	None	Coaching and mentoring; occasional lecturing University of Birmingham HSMC
Pandit, Meghana	Chef Medical Officer	Nominal director of JJ and M J Pandit Ltd - a company registered to receive private practice income	None	None	Trustee of UHCW Charity	None	None	None	Director of MSc at Warwick Manufacturing Group (paid to UHCW, not Professor Pandit)
Hardy, Andrew	Chief Executive Officer	None	None	None	Trustee Health Link Malawi Trustee of UHCW Charity	Trustee-Healthcare Financial Management Association Trustee - Right Step Trustee - Albany Theatre Trust	None	None	None
Winstanley, Peter	Non-Executive Director	None	None	None	Trustee of UHCW Charity	None	None	None	None
Sheils, Brenda	Non-Executive Director	Sheils Associates Ltd	None	None	Trustee of UHCW Charity	None	None	None	None
Beal, Barbara	Non-Executive Director	Griffiths Beal Healthcare Consultancy Ltd	Griffiths Beal Healthcare Consultancy Ltd	None	Trustee of UHCW Charity	None	None	None	NHS and CQC Adviser but do not undertake employment this work in the Coventry and Warwickshire area as advised to the NHS TDA on employment at UHCW.

1.8 Trust Board

The role of our Trust Board is to govern the organisation and ensure that it is well managed. Its primary functions are:

- Setting the overall strategic direction of the Trust within the context of NHS priorities and policy;
- Regularly monitoring performance against objectives;
- Providing financial stewardship through value for money, financial control and financial planning;
- Ensuring high quality, safe and effective services and patient focused service provision through clinical and quality governance;
- Ensuring high standards of corporate governance, personal conduct and compliance with statutory duties; and
- Promoting effective dialogue with the local communities we serve.

We aspire to the highest standards in corporate governance and our corporate governance framework is set out in our Standing Orders, Standing Financial Instructions and Scheme of Reservation and Delegation, which we have reviewed in 2015/16. A Code of Conduct and Statement of Responsibility has also been in place for the year and was reviewed by the Trust Board at its February meeting. To demonstrate our on-going commitment to abiding by its provisions, members of the Trust Board re-confirm their commitment on an individual and collective basis annually.

1.9 Board Committees

The work of our Trust Board is supported by our Board Committees, all of which are chaired by a Non-Executive Director. The Trust Board delegates a number of functions to the Committees that it formally establishes and their purpose is to provide an additional level scrutiny and assurance around the most important aspects of our business.

Each committee operates to clear terms of reference that are defined and approved by our Trust Board. In addition to receiving the approved minutes of Committee meetings, a summary report from the Committee Chair that covers the main agenda items is submitted to the meeting of the Trust Board that follows the Committee meeting, to ensure that there is a mechanism in place for issues to be escalated to the Trust Board in a timely way where necessary.

We are required by statute to establish an Audit Committee and a Remuneration Committee but we have also established two additional Committees to support the Trust Board in carrying out its duties.

Our Committee structure is as follows:

1.10 Audit Committee

The Audit Committee comprises four Non-Executive Directors and is responsible for:

- Reviewing systems of integrated governance, risk management and internal control;
- Approving the annual work plans for the Trust's internal and external auditors and monitoring progress against these;
- Monitoring the performance of the Trust's management in responding to agreed actions;
- Reviewing the draft Annual Report, draft Quality Account and financial statements before submission to the Trust Board;
- Ensuring adequate arrangements in place for counter fraud and security that meet the standards set by NHS Protect;
- Reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process;
- Monitoring the integrity of the financial statements of the Trust and any formal announcements relating to its financial performance;
- Reviewing the effectiveness of the arrangements in place for allowing staff to raise (in confidence) concerns and ensure that any such concerns are investigated proportionately and independently; and

- Ensuring that policies, procedures, systems and processes are in place to ensure effective clinical and corporate governance.

1.11 Remuneration Committee

The Remuneration Committee is responsible for determining the remuneration and terms of service of the Trust's Executive Directors and a small number of senior managers. It comprises all the Non-Executive Directors of the Trust and its principle areas of responsibility are:

- To determine Trust policy on all aspects of salary, including any performance related elements and bonuses;
- To review the provision of other benefits including pensions and lease cars; and
- To determine contractual arrangements including severance packages for directors in the event of termination of their employment.

1.12 Quality Governance Committee

The Quality Governance Committee provides a principal source of additional assurance to the Board that the Trust is delivering high quality, safe services to patients. The Committee oversees and monitors the corporate delivery of patient safety, clinical effectiveness, patient experience, risk management, education and training, information governance and regulatory standards to ensure that the Trust has the appropriate strategies, processes, systems, policies, and procedures in place to deliver the necessary standards of care by:

- Providing a forum for scrutiny of any of the Trust's quality indicators or priorities at the request of the Board;
- Providing assurance to the Board that arrangements are in place for identifying, prioritising and managing risk and that risks are escalated to the Board as appropriate;
- Promoting safety, quality and excellence in patient care;
- Ensuring the effective and efficient use of resources through the evidence-based clinical practice;
- Protecting the safety of employees and all others to whom the Trust owes a duty of care; and
- Ensuring that effective systems and processes are in place to support high quality care through an effectual training and education and ICT infrastructure.

The Committee receives reports from its sub-committees as detailed below on a regular basis:

- Patient Safety Committee
- Risk Committee
- Patient Experience and Engagement Committee
- Workforce and Engagement Committee
- Training, Education and Research Committee
- Information Governance Committee

1.13 Finance and Performance Committee

The Finance and Performance Committee plays a key role in supporting the Board in their responsibilities for effective financial management by:

- Ensuring that a robust financial strategy and strong financial management systems are in place in order to meet statutory financial duties;
- Providing an objective review of performance against key operational and contractual targets;
- Ensuring a comprehensive budgetary control framework that accords with guidance and legislation;
- Reviewing monthly financial performance against revenue and capital budgets including savings programmes and ensuring corrective action is taken;
- Monitoring delivery of the Trust's annual efficiency programme; evaluating performance against cost improvement programmes, QIPP programmes and CQUIN targets; and

- Monitoring key workforce information and scrutinising action taken to address any areas of underperformance.

1.14 Corporate Trustee Board

Members of our Trust Board are also members of the University Hospitals Coventry & Warwickshire NHS Trust Charity Corporate Trustee Board and are responsible for overseeing the management, investment and disbursement of charitable and other funds held on Trust by the Charity.

During 2015/16, the Trust Board resolved to establish the Charity as an independent Charity and agreed that the appropriate corporate vehicle for the Charity was a Charitable Company Limited by Guarantee. Arrangements were made to register and incorporate the new Charity with the Charity Commission and Companies House. Trustee appointments were made and the Trustee Board comprises members of our Trust Board and members from the local community. The new independent Charity became established on 1st April 2016 and the statutory and working relationship between the Trust and the new Charity are set out in the Memorandum and Deed of Understanding.

1.15 Attendance at Meetings

In accordance with our Code of Conduct, attendance at Board and Committee meetings is monitored and forms part of the appraisal process for members of the Trust Board. Further detail on the attendance of individual board members can be found in our Annual Governance Statement, which forms part of the Annual Report.

1.16. External Auditor Remuneration

The Audit Commission appointed KPMG as the external auditor to the Trust as of 1st April 2015.

The auditors carry out their work in accordance with the Audit Commission's Code of Practice and their work comprises two key elements:

- The audit of the annual accounts including a review of the Annual Governance Statement; and
- Further assurance services – this refers to services unrelated to the statutory audit where the NHS body has discretion whether or not to appoint an auditor.

The total external audit fees/remuneration recorded in the accounts for 2015/16 is £136,000 including VAT (after adjusting for rebates and other adjustments to fees relating to prior years) and includes £12,000 for fees paid to the Trust's previous auditor not accrued in prior years.

1.17 Disclosures

1.17.1 Equality & Diversity

Relevant disclosures regarding disabled employees and equal opportunities and also in relation to how we inform and engage with our staff are included within the Staff Report section of this document on page 87.

1.17.2 Employee Consultation

We have provided commentary on how we consult with our staff within the Staff Report on page 85.

1.17.3 Sickness Absence Data

We have included this information within the Staff Report on page 84.

1.18 Cost of Information

We comply with HM Treasury Guidance on setting charges for information. We do not generally make any charge for information requested under the Freedom of Information Act and will generally provide information in hard copy or media e.g. a CD without cost. There is however provision within the legislation for us to refuse a request if the cost of providing the information is in excess of £450 or the equivalent in staff time that would be needed to retrieve and collate it. For further information please see our website: http://www.uhcw.nhs.uk/about-us/freedom-of-information-act

Patients and in some cases their representatives are entitled to request copies of their healthcare record and in accordance with the Data Protection Act we will charge a maximum of £50 to provide these. This covers our copying charges and postage fees.

1.19 Information Governance (including Serious Untoward Incidents relating to data loss or confidentiality breaches

We submitted version 13 of the Information Governance Toolkit to the Health and Social Care Information Centre on 31st March 2016, having achieved level 2 or above in 45 requirements. Our performance improved from 78% last year to 81% this year, which gives us an overall rating of 'Satisfactory'.

The Chief Operating Officer is the Trust's Senior Information Risk Owner and the Chief Medical and Quality Officer and Director of Quality are joint Caldicott Guardians.

There have been four Information Governance breaches in 2015/16 that have required reporting to the Information Commissioner. These are as follows:

Number of incidents	Breach Type	Summary of Incident
Three	Disclosed in Error	1. Patient list contained within discharge information given to a patient. 2. Patient notes disclosed in error to a firm of solicitors for a subject access request. 3. Theatre list inadvertently given to patient.
One	Unauthorised Access/Disclosure	An employee of a contracted out service provider was inappropriately accessing information.

1.20 Better Practice Payments Code

We are required to comply with the code and achieved a compliance rate of 93% during 2015/16. We have commented further on our performance in this regard within the finance section of this annual report.

1.21 Emergency Preparedness

The Civil Contingencies Act (2004), Health and Social Care Act, (2012) and the NHS England Emergency Preparedness Framework 2013 require NHS organisations to show that they can deal with a wide range of Significant and Major Incidents and Emergencies, such as major transport accidents, extreme weather, industrial accidents, or large scale outbreaks e.g. Pandemic Flu; while maintaining services.

Emergency Preparedness, Resilience and Response (EPRR) is a fundamental part of the Trusts ability to meet these challenges, and focuses upon several areas in order to allow the Trust to maintain services to patients at all times:

Emergency Preparedness - we continue to draw on both internal and external support to deliver training. External consultants have provided Loggist training and Executive (Gold command) and Senior Manager (Silver command) Emergency Preparedness training in the last year. Internal training programmes are being further developed and enhanced and are supplemented by regular major incident table top exercises, to ensure that the Business Continuity Plans and procedures that are in place deliver services effectively, when required under Emergency conditions. Our Emergency Planning Department continues to work in collaboration and liaise with local and regional partners to ensure robust plans are in place to deal with emerging threats, such as Ebola, and Major Incident / Mass Casualty events.

Resilience - We continue to participate in multiagency exercises in order to test our response procedures, such as Pandemic Flu and Flooding. This last year has also seen the need to plan for and mitigate against the Industrial Action taken by the Junior doctors on several occasions. This has been delivered successfully.

Response - We have successfully responded to several incidents across the year, including a number of internal incidents. These have included water supply issues and capacity and safety challenges, which have resulted in Black alerts being called. Externally the organisation responded to the nationally reported Coventry bus crash with several fatalities in September 2015, demonstrating that EPRR arrangements are well tried and tested.

1.22 Care Quality Commission (CQC) Registration

We are registered with the CQC to provide nine regulated activities at our two sites and we have maintained registration throughout 2015/16 without any compliance conditions being imposed.

The Chief Nursing Officer is the CQC nominated named responsible person for the services.

In order to maintain registration, we are required to demonstrate compliance with the CQCs Fundamental Standards of Quality and Safety. CQC assesses compliance with the standards through Intelligent Monitoring and inspection.

The CQC continues to make unannounced responsive inspections where they have concerns about quality or safety and thematic reviews to evaluate the quality of a care pathway or a specific area of service provision.

The CQC has inspected Trust services once during 2015-16, as part of a multi-agency review of services for Safeguarding and Children Looked after in Coventry. Led by Coventry and Rugby Clinical Commissioning Group, an action plan has been developed in response to the published report and submitted to the CQC for comment.

1.23 NHS Litigation Authority

The NHS Litigation Authority (NHSLA) is a Special Health Authority that was set up to handle negligence claims made against its member organisations. We are a member of the following NHSLA schemes:

- Clinical Negligence Scheme for Trusts (CNST)
- Liabilities to Third Parties Scheme (LTPS)
- Property Expenses Scheme (PES)

All NHS organisations can apply to become scheme members and pay an annual contribution that is based upon a number of criteria. All of our Clinical Groups receive regular reports detailing the claims that have been made against them alongside complaints information which allows them to triangulate and identify areas for improvement. A claims report is also submitted to our Trust Board.

1.24 Principles for Remedy

We take all complaints very seriously and continue to manage them in accordance with the NHS Complaints Regulations 2009 and the Parliamentary and Health Service Ombudsman's Principles for Good Complaints Handling, and we have a Complaints Policy in place.

Each complaint that we receive is highlighted to the individuals concerned and with those responsible for the service or department, to ensure that our staff are aware of the issues that have been raised and can learn from them. Learning from complaints takes place at both corporate level and within our Clinical Groups. Our emphasis very much remains on resolving the complaint and we held eight local resolution meetings with patients, relatives and carers in the last 12 months in order to try and achieve this.

In the period April 2015 to March 2016, the Trust received 574 formal complaints against 479 in the previous year. Although there are no specific timescales to respond to complaints set out within the current regulations, we recognise the importance of responding in a timely way and have set an internal target of doing so within 25 working days.

In 2015/16, 83% of complaints received were responded to within our internal target and we upheld 39% of the complaints that were made.

During this same period, the Parliamentary and Health Service Ombudsman (PHSO), which is the second stage in the complaints process, requested 25 files for review, 25 of which went forward for investigation.

Signed .....

Professor Andrew Hardy,
Chief Executive Officer

The Directors Report

Statement of the Chief Executive's Responsibility as the Accountable Officer of the Trust

The Chief Executive of the NHS Trust Development Authority has designated that the Chief Executive Officer should be the Accountable Officer to the Trust. The relevant responsibilities of Accountable Officers are set out in the Accountable Officers Memorandum issued by the Chief Executive of the NHS Trust Development Authority. These include that:

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance;
- value for money is achieved from the resources available to the trust;
- the expenditure and income of the trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them;
- effective and sound financial management systems are in place; and
- annual statutory accounts are prepared in a format directed by the Secretary of State with the approval of the Treasury to give a true and fair view of the state of affairs as at the end of the financial year and the income and expenditure, recognised gains and losses and cash flows for the year.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an Accountable Officer.

I confirm that, as far as I am aware, there is no relevant audit information of which the Trust's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

I confirm that the annual report and accounts as a whole is fair, balanced and understandable and that I take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

Signed .....

Professor, Andrew Hardy

Chief Executive Officer

Date 1st June 2016

STATEMENT OF ACCOUNTING OFFICERS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The Accounting Officers are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of the Treasury, directs that these accounts give a true and fair view of the state of affairs of the trust and of the income and expenditure, recognised gains and losses and cash flows for the year. In preparing those accounts, Accounting Officers are required to:

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;
- make judgements and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and

The Accounting Officers are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

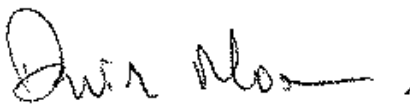
The Accounting Officers confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the accounts.

By order of the Board

Professor Andrew Hardy

Chief Executive Officer

Date 1st June 2016



David Moon

Chief Finance & Strategy Officer

Date 1st June 2016

ANNUAL GOVERNANCE STATEMENT 2015/16

1. Scope of Responsibility

As Accountable Officer of University Hospitals Coventry & Warwickshire NHS Trust, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Trust's policies, aims and objectives, whilst safeguarding quality standards and the public funds and departmental assets for which I am personally responsible.

I am also responsible for ensuring that the Trust is administered prudently and economically, that resources are applied efficiently and effectively and for ensuring the highest standards of regularity and probity. I acknowledge my responsibilities as assigned to me in the NHS Accountable Officer Memorandum.

2. The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can only therefore provide reasonable and not absolute assurance of effectiveness.

The system of internal control is an on-going process designed to identify and prioritise risks to the achievement of the Trust's objectives, evaluating how likely these risks are to materialise, assessing their impact and managing them efficiently, economically and proportionately.

The system of internal control has been in place in University Hospitals Coventry & Warwickshire NHS Trust for the year ended 31st March 2016 and up to the date of approval of the annual accounts and annual report.

3. Trust Governance Framework

3.1 Corporate Governance

As part of the Trust's vision to become a national and international leader in healthcare, the Trust's Board of Directors ("Trust Board") aspires to world-class governance. Members of the Trust Board have continued to be signatories to a formalised Code of Conduct and Statement of Responsibilities. This document incorporates the requirements of the NHS Code of Accountability and the Nolan principles and describes the Trust's Corporate Governance Framework in terms of the role and function of the board and the individual members thereof. It also sets out the structures that are in place to ensure that the responsibilities of the Trust Board as a corporate body are effectively executed and that the Board conducts its business with the level of openness and transparency commensurate with a public sector body.

Coupled with this, the document also describes expectations in terms of conducting business in accordance with the Trust's values and within an expected set of behaviours. Finally, the document acknowledges the Trust's responsibilities under the Bribery Act and describes the approach taken to meet the requirements of the Fit and Proper Persons Test, Duty of Candour and the Offence of False and Misleading Information.

A register of interests and of Hospitality and Gifts for the Trust has been in place and maintained for the year and has been reported publicly in line with requirements. Board members are also invited to declare any real or potential relevant interests that they may have at each board and board committee meeting in order to ensure that the Trust Board conducts its business with optimal transparency.

The key governing corporate governance documents have been reviewed by the Board during 2015/16. The Standing Orders, Standing Financial Instructions and Scheme of Delegation were revised and updated to ensure that they continued to meet changing requirements. These were approved by the Audit Committee in February 2016. I confirm that these overarching documents have been in place for the 2015/16 year.

The structure of the Trust Board in terms of its supporting committees has not changed during 2015/16 although an external review of the Trust's Quality Governance Committee and Finance & Performance Committee has been undertaken. Several of the actions arising have already been agreed and work is continuing on longer term actions that will see the continuing strengthening of these key committees in terms of the assurance that they provide to the Trust Board.

Membership of the Board Committees has changed during 2015/16 to reflect changes in Trust Board membership as set out on the next few pages.

3.2 Board Effectiveness

The Trust Board has seen some changes during the year following the resignation of two members. A new Non-Executive Director who has assumed the role of Audit Committee Chair and a new Chief Workforce and Information Officer have both commenced in post in the year and bring a wealth of NHS experience in their areas.

The Board has continued to hold Board Seminars throughout the year to allow dedicated time to focus on issues of key strategic import, such as planning for the next financial year and beyond, and developing the Board Assurance Framework. In recognition of the importance of continuing to strive for excellence, a programme of Board Development that aims to assess and improve the impact and effectiveness of the Board has been commissioned during the year and this work will commence in early 2016/17.

In terms of Organisational Development, the Together Towards World-Class programme has continued into its second year and the Trust was successful in its application to take part in the Virginia Mason Programme, which over the five -year period and beyond will bring about new ways of working through lean techniques.

4 Trust Board and Supporting Committee Structure

The Trust Board operates under the principle of a unitary board where all members carry equal responsibility and corporate accountability for decisions made. It is responsible for:

- **Leadership** - defining the vision and values and setting the strategic direction for the Trust;
- **Oversight** - setting and agreeing targets and receiving regular reports on finance, quality and performance and requiring action where deviation occurs;
- **Accountability** - holding management to account for the delivery of agreed plans; and
- **Sustainability** - ensuring that the Trust is fit for purpose for the future by appointing suitable executives to manage the Trust and by approving plans in furtherance of the vision.

The Trust Board has met in public each month with the exception of August. Due to the nature of some items of business, the Trust Board has resolved to exclude members of the public and the press from meetings and has continued the meeting in private. In order to meet expectations around transparency and openness, the Chairman has provided a high level overview of the agenda items and key decisions made at the next available public Trust Board meeting.

An additional extraordinary meeting was held in June to consider the Annual Accounts 2014/15 and these were presented, together with the Annual Report for the period at an Annual General Meeting in July 2015.

4.1 Committee Structure

The work of the Trust Board is supported by the following formal statutory committees that it has established. These are subject to clear terms of reference which have been approved by the Trust Board and are chaired by a Non-Executive Director.

Committee	Chair
Remuneration Committee	Andrew Meehan
Corporate Trustee Board	Andrew Meehan
Audit Committee	David Poynton

The following non-statutory committees are also in place and chaired by a Non-Executive Director:

Committee	Chair
Finance and Performance Committee	Ian Buckley
Quality Governance Committee	Ed Macalister-Smith

The Chair of each Board Committee reports to the Trust Board and outlines the most important aspects of the agenda and any issues that properly need bringing to the attention of the Trust Board as a whole. Formal minutes of the meetings are also received by the Trust Board following approval.

A formal record of attendance at meetings is kept and attendance at meetings is an expectation that is laid out within the Code of Conduct and Statement of Responsibilities. The following section sets out key details of the main duties of the Board Committees and attendance at meetings thereof during 2015/16.

Trust Board Attendance

Name	Position	Possible Meetings	Meetings Attended	Attendance Rate %
Non-Executive Directors				
Mr T Robinson[1]	Non-Executive Director	2	2	100
Mr I Buckley	Vice Chair	11	10	91
Mr E Macalister-Smith	Non-Executive Director	11	10	91
Mr D Poynton[2]	Non-Executive Director*	9	8	89
Prof P Winstanley	Non-Executive Director	11	9	82
Mr A Meehan	Chairman	11	11	100
Mrs B Beal	Non-Executive Director	11	8	73
Mrs B Sheils	Non-Executive Director	11	11	100
Executive Directors				
Mr A Hardy	Chief Executive Officer	11	9	82
Mrs M Pandit	Chief Medical and Quality Officer	11	11	100
Mr D Moon	Chief Finance & Strategy Officer	11	11	100
Mr D Eltringham	Chief Operating Officer	11	10	91
Prof M Radford	Chief Nursing Officer	11	9	82
Mrs K Martin[3]	Chief Workforce and Information Officer*	10	9	90
In Attendance				
Mr K Hutchinson[4]	Interim Chief HR Officer*	1	1	100
Mrs R Southall	Director of Corporate Affairs	11	9	82

1. Trevor Robinson left the Trust in June 2015
2. David Poynton joined the Trust in July 2015
3. Karen Martin joined the Trust in May 2015
4. Ken Hutchinson (Interim post) left the Trust in May 2015

4.1.1 Audit Committee

The Audit Committee comprises exclusive Non-Executive Director membership and is chaired by a Non-Executive Director with a formal accountancy qualification. It has also benefitted from the inclusion within the membership of a NED with a clinical background during 2015/16. The Committee meets six times per year and considers the financial statements at an extraordinary meeting in June of each year. Membership of the committee changed during 2015/16 owing to changes in the Trust Board outlined above and the new Chair assumed the Chair as of the July 2015 meeting.

Name	Position	Possible Meetings	Meetings Attended	Attendance Rate %
Non-Executive Directors				
Mr T Robinson	Non-Executive Director (out-going Chair)	1	1	100
Mr D Poynton	**CHAIR**	4	3	75
Mr E Macalister-Smith	Non-Executive Director	5	4	80
Mr I Buckley	Non-Executive Director	5	5	100
Prof P Winstanley	Non-Executive Director	5	4	80
Executive Directors				
Mr D Moon	Chief Finance & Strategy Officer	5	4	80
In Attendance				
Mr Alan Jones	Associate Director of Finance	5	4	80
Mrs R Southall	Director of Corporate Affairs	5	3	60

The Committee is responsible via its terms of reference for focusing upon establishing and ensuring the effectiveness of over-arching systems of integrated governance, risk management and internal control and to provide assurance to the Board thereon. It executes this duty through:

- Reviewing systems of integrated governance, risk management and internal control;
- Approving the annual work plans of the internal and external auditors and monitoring performance against those plans;
- Approving the work plan for the Local Counter Fraud Specialists and receiving update reports;
- Monitoring the performance of Trust management in responding to issues raised by auditors;
- Reviewing the draft annual report, draft Quality Account, Annual Report and financial statements before submission to the Board;
- Ensuring that policies, procedures, systems and processes are in place to ensure effective clinical and corporate governance; and
- Ensuring that a robust Board Assurance Framework (BAF) is in place.

During the course of the year the Audit Committee has:

- Received a number of reports from Internal Audit arising out of the Annual Internal Audit Plan for the year and an ad hoc report relating to pay arrangements for Private Practice in Theatres at the request of management;
- Had an improved focus on Counter Fraud Issues following the appointment of a new Local Counter Fraud Specialist;
- Overseen improvement in the number of outstanding actions arising out of internal audit recommendations;
- Approved proposals for the write-off of debt following scrutiny and challenge;
- Reviewed and monitored progress against the Clinical Audit Plan;
- Approved arrangements for the appointment of the Trust's External Auditors from 2017/18 onwards; and
- Monitored the effectiveness of the Board Assurance Framework.

During the course of the year, Internal Audit issued limited assurance reports on the following areas:

- Outpatients – Follow Up Appointments
- Cardiopulmonary Resuscitation decisions
- Consent Procedures (Radiology)
- Waiting List Management

Moderate assurance reports in relation to:-

- Consent – Theatres
- Pay Arrangements for Private Practice in Theatres
- Data Quality - Accident and Emergency 4 hour wait

Significant assurance reports in relation to:

- Financial Ledger
- Treasury Management
- Creditor Payments
- Income and Debtors
- Payroll

Full assurance reports in relation to:

- Data Quality - Venous Thromboembolism (VTE)

Actions for improvement are agreed by management following each internal audit exercise and progress against these actions is monitored by the Committee through the Tracker Report, which is received at each ordinary meeting.

4.1.2 The Remuneration Committee

The Remuneration Committee comprises all of the Non-Executive Directors with the Chair taking the Committee Chair. Membership has changed commensurate with the changes to the aforementioned changes to the Trust Board and attendance is as follows:

Name	Position	Possible Meetings	Meetings Attended	Attendance Rate %
Non-Executive Directors				
Mr T Robinson	Non-Executive Director	1	1	100
Mr D Poynton	Non-Executive Director	2	2	100
Mr I Buckley	Non-Executive Director	3	3	100
Mr E Macalister-Smith	Non-Executive Director	3	2	67
Mrs B Beal	Non-Executive Director	3	2	67
Mrs B Sheils	Non-Executive Director	3	3	100
Prof P Winstanley	Non-Executive Director	3	3	100
Mr A Meehan	**Chairman**	3	3	100
In Attendance				
Mr A Hardy	Chief Executive Officer	3	2	67
Mr K Hutchinson	Interim Chief HR Officer	1	1	100
Ms K Martin	Chief Workforce and Information Officer	2	2	100
Mrs R Southall	Director of Corporate Affairs	3	3	100

The Committee is responsible for determining the remuneration and terms of service of the Trust's executive directors. The principle areas of responsibility include:

- All aspects of salary, including any performance related elements and bonuses;
- Provisions of other benefits including pensions and lease cars; and
- Contractual arrangements, including severance packages for directors in the event of termination of employment.

During the course of the year the Remuneration Committee has:

- Considered proposals for an uplift in Chief Officer Remuneration;
- Received a report relating to the Succession Planning and Talent Management in the Trust;
- Approved the proposed rating for the Chief Executive Officer for 2014/15 and the objectives for 2015/16; and
- Approved the Remuneration Statement for inclusion within the Annual Report.

4.1.3 Corporate Trustee Board

- The Corporate Trustee Board comprises the Board of Directors of the NHS Trust acting in the capacity as Trustees of the University Hospitals Coventry and Warwickshire NHS Trust Charity. Membership of the Corporate Trustee Board has changed over the year commensurate with the changes to the Trust Board that have been described.

- The Corporate Trustee Board sets the strategy for the Charity and approves: key policies and procedures; the annual report and financial statements; investments; spending plans; and the scheme of delegation within which nominated fund managers and charity managers operate. In addition it selects the Charity's fundraising appeals and approves its fundraising strategy.

- It has also received reports on: the Charity's financial position; charitable spending; legacies and bequests; fundraising activities; and governance arrangements and has approved the annual accounts for the Charity. Work will now be undertaken to wind-up the former UHCW Charity and to approve the final set of accounts. The Corporate Trustee Board will then cease to exist.

Attendance for the year at Corporate Trustee Board meetings is as follows:

Name	Position	Possible Meetings	Meetings Attended	Attendance Rate %
Non-Executive Directors				
Mr I Buckley	Non-Executive Director	4	4	100
Mr E Macalister-Smith	Non-Executive Director	4	1	25
Prof P Winstanley	Non-Executive Director	4	1	25
Mr A Meehan	Chairman	4	4	100
Mrs B Beal	Non-Executive Director	4	1	25
Mrs B Sheils	Non-Executive Director	4	4	100
Mr D Poynton	Non-Executive Director	3	1	33
Executive Directors				
Mr A Hardy	Chief Executive Officer	4	1	25
Mrs M Pandit	Chief Medical and Quality Officer	4	1	25
Mr D Eltringham	Chief Operating Officer	4	3	75
Prof M Radford	Chief Nursing Officer	4	2	50
Mr D Moon	Chief Finance & Strategy Officer	4	1	25
Ms Karen Martin	Chief Workforce and Information Officer	3	1	33
In Attendance				
Mr Ken Hutchinson	Interim Chief HR Officer	1	0	0
Mrs Adela Appleby	Head of Charity	4	4	100
Mr Alan Jones	Associate Director of Finance	4	4	100
Mrs R Southall	Director of Corporate Affairs	4	3	75

4.1.4 The Finance and Performance Committee

The Finance and Performance Committee comprises executive and non-executive director membership and is chaired by a Non-Executive Director with recent and relevant financial and commercial expertise. The Committee has benefited from the attendance of a further Non-Executive Director with extensive experience of NHS finance.

Attendance at meetings is as follows:

Name	Position	Possible Meetings	Meetings Attended	Attendance Rate %
Non-Executive Directors				
Mr I Buckley	Non-Executive Director / **CHAIR**	10	9	90
Mrs Barbara Beal	Non-Executive Director	10	7	70
Mrs Brenda Sheils	Non-Executive Director	10	9	90
Mr David Poynton	Non-Executive Director	2	2	100
Chief Officers				
Mr D Eltringham	Chief Operating Officer	10	6	60
Ken Hutchinson	Interim Chief Human Resources Officer	1	1	100
Ms Karen Martin	Chief Information and Workforce Officer	9	5	56
Mr D Moon	Chief Finance & Strategy Officer	10	7	70
In Attendance				
Su Rollason	Director of Finance	10	8	80
Mrs R Southall	Director of Corporate Affairs	10	1	10

The Committee is responsible for reviewing the Trust's performance against key financial and operational targets and for reviewing the key financial strategies and policies.

During the course of the year, the Finance and Performance Committee has:

- Received regular reports from the Trust's executive directors on key aspects of financial and operational performance within an integrated reporting framework;
- Received briefings on the Trust's financial planning and contracting arrangements;
- Evaluated a number of projects and business cases; and
- Commissioned and received a number of reports and 'deep dive' analysis reports into areas of concern arising out of financial and operational performance including: activity and income, elective and emergency capacity, cash and liquidity, capital and PFI and a mid-year CIP review.

Key areas of concern for the Committee during 2015/16 included:

- Financial performance;
- Spend on agency and temporary staffing; and
- Meeting operational performance targets.

4.1.5 The Quality Governance Committee

The Quality Governance Committee comprises executive and non-executive membership with a NED chair. Membership of the committee has changed during 2015/16 as a result of changes to the Trust Board, with the Chief Workforce and Information Officer now having joined.

Work has been undertaken to streamline and focus the work of the Committee in response to the recommendations arising from the external review that was commissioned and a revised work-plan for 2016/17 has been developed.

The purpose of the Committee is to support the Trust Board in assuring that the Trust delivers high quality, safe services to patients through:

(a) Promoting safety, quality and excellence in patient care;

(b) Ensuring the effective and efficient use of resources through the evidence-based clinical practice;

(c) Protecting the safety of employees and all others to whom the Trust owes a duty of care;

(d) Ensuring that effective systems and processes are in place to support high quality care through an effectual training and education and ICT infrastructure; and

(e) Ensuring appropriate arrangements across the Trust are in place for identifying, prioritising and managing risk.

The Committee oversees and monitors the corporate delivery of patient safety, patient experience, risk management, education and training, information and information technology and regulatory standards to ensure that the Trust has the appropriate strategies, processes, systems, policies, and procedures in place to deliver the necessary standards of care.

It acts as the principal source of advice and assurance to the Trust Board on patient safety and quality governance.

The Committee is responsible for receiving reports from its following sub-committees on a scheduled and regular basis:

- Patient Safety Committee
- Risk Committee
- Patient Experience and Engagement Committee
- HR, Equality and Diversity Committee
- Training, Education and Research Committee
- Information Governance Committee[5]

Attendance for the year is as set out on the next page:

[5] Included following disbandment of Information & ICT Committee to ensure that sight of the Information Governance agenda is not lost.

Name	Position	Possible Meetings	Meetings Attended	Attendance Rate %
Non-Executive Directors				
Mr T Robinson	Non-Executive Director	2	0	0
Mr E Macalister-Smith	Non-Executive Director / **CHAIR**	11	9	82
Prof P Winstanley	Non-Executive Director	9	4	44
Barbara Beal	Non-Executive Director	11	10	91
Brenda Sheils	Non-Executive Director	11	11	100
Executive Directors				
Mrs M Pandit	Chief Medical Officer	11	9	82
Mr D Eltringham	Chief Operating Officer	11	6	55
Prof M Radford	Chief Nursing Officer	11	9	82
Mr K Hutchinson	Interim Chief HR Officer	2	1	50
Ms Karen Martin	Chief Information & Workforce Officer	9	7	78
In Attendance				
Mrs Rita Stewart	Trust Board Adviser	11	6	55
Mrs Jenny Gardiner	Director of Quality	11	8	73
Mr Andrew Phillips[6]	Deputy Chief Medical & Quality Officer	11	1	9
Mrs Karen Bond[7]	Divisional Nurse Director	1	0	0
Elaine Clarke	Interim Associate Director of Nursing	10	8	80
Mrs R Southall[8]	Director of Corporate Affairs	11	2	18
Mrs P Young	Corporate Affairs Manager	11	6	55
Richard De Boer	Deputy Chief Medical Officer	11	7	64

6. Andrew Phillips is on secondment; Richard de Boer now attends the Committee
7. Karen Bond is on secondment; Elaine Clarke now attends in her place
8. Either Rebecca Southall or Paula Young attend the meeting

During the course of the year the Quality Governance Committee has received reports relating to the following:

- The Risk Register and details of the actions that are being undertaken to strengthen risk management arrangements across the Trust
- Serious Incidents and Never Events
- Mortality Data
- Infection Control
- Patient Safety Thermometer performance
- Intelligent Monitoring Reports issued by the CQC
- Action Plan arising out of Chief Inspector of Hospitals inspection.
- Safeguarding Adults & Children
- Reports and action plans following Deanery visits
- Emergency Planning

5. Quality Governance

The Trust Board is accountable for the quality of the services that are provided. Executive responsibility for quality rests with the Chief Medical Officer and Chief Nursing Officer. Quality Governance arrangements have been strengthened through the appointment of a Director of Quality and the Trust's Quality Strategy has been reviewed and refreshed during the year. The Quality Strategy continues to detail the principles that drive improvements and the delivery of high quality care is also a driving force within the Trust's Clinical Strategy.

A combination of structures and processes are in place to ensure effective quality governance. These arrangements allow the Trust Board to discharge its duties in relation to quality and underpin the production of the Quality Account in terms of providing the requisite assurance.

The following section provides a high level summary of these structures and processes under the three quality domains. Further information can be found in the Quality Account that the Board of Directors is required to produce each year under the Health Act 2009.

5.1 Clinical Effectiveness

5.1.1 Clinical Audit

The Trust has a comprehensive plan of clinical audit in place, which is presented to the Audit Committee for assurance; progress against the plan is then monitored at the Quality Governance Committee. The plan comprises nationally mandated audits and audits that are determined by the Trust, and a summary Clinical Audit and Effectiveness report is produced each year as a supplement to the Quality Account. This details the benefits derived from participation in audits and a summary of the key actions arising out of clinical audit exercises.

5.2 Safety

Patient safety is a fundamental responsibility of the Trust Board and an established Patient Safety Committee that reports to the Quality Governance Committee is in place. In addition to receiving a regular committee report, the Quality Governance Committee also receives patient safety related reports and data as set out in section (4.1.5). The Trust Board receives a report from the Quality Governance Committee Chair at each meeting and approved minutes from the Committee.

The Patient Safety Walk-Round programme has been refreshed during the year to ensure that quality issues are identified, escalated and captured and the Patient Story Programme has continued at Trust Board. These sources of softer intelligence add richness to the quality related data and reports that the Trust Board receives and allows for better triangulation.

The Trust has mechanisms in place to act upon alerts received from relevant central bodies and a Raising Concerns Policy has been in place for the year, which clearly sets out how concerns can be raised. The Policy has taken into account the recommendations arising out of the Francis Report and gives guidance on how and where to raise concerns, from formal incident reporting through to raising concerns directly with members of the Trust Board where necessary.

Extensive work has also been undertaken around further enhancing a culture whereby staff are aware of their responsibilities to raise concerns and have varied and appropriate means to do so. A network of Confidential Contacts has been established, who are points of reference for staff to go to when they have concerns. The role of the contacts is to signpost staff to the most appropriate route and to provide support and guidance.

5.2.1 Never Events

The Trust has reported three never events during 2015/16 comprising:

1. Two episodes of wrong level spinal surgery
2. One Wrong site surgery

Never Events are a high priority for the Trust Board and form part of the Performance Framework, with monitoring taking place month via the balanced scorecard. A thorough root cause analysis (RCA) has taken place following each Never Event. The report and associated action plans are presented to the Chief Executive Officer and action plans are followed up to ensure that all actions are completed. In line with the Trust's commitment to ensure that learning is derived, the following mechanisms have been

put in place to ensure that Trust wide learning takes place:

- Presentations at the Grand Round
- Speciality Group Newsletters
- Innovation workshops
- Human factors training for the areas in which never events have occurred

Specific actions that have followed Never Events include changes to clinical guidelines to prevent a similar occurrence and the development of a Theatre Safety Action Plan led by the Chief Medical Officer.

5.2.2 Serious Incidents

Serious Incidents form part of the Trust's Performance Framework and incidents are a key performance indicator on the balanced scorecard that is reported to the Trust Board. A more detailed report is received by the Trust Board twice a year, which contains trend analysis and the Quality Governance Committee receives a more detailed report each month detailing all serious incidents that have taken place, together with a summary of the actions that have been taken in response.

All serious incidents are subject to a root cause analysis and the associated investigation report and actions plans are presented to the Significant Incident Group (SIG) that meets weekly. Incidents that are classified as Serious Incidents Requiring Investigation (SIRI) are reported to commissioners in line with requirements. A total of 182 SIRIs were reported during 2015/16.

Incident reporting is openly encouraged across the Trust as part of a patient safety culture and where an incident has affected a patient, he or she and their family members where appropriate are kept informed in line with the Duty of Candour and assurance is provided that lessons have been learned.

5.3 Experience

The Trust utilises a bespoke patient, carer, and relative satisfaction questionnaire which can be accessed via the Trust's website, as hard copy questionnaires, via a QR Code and via hand held devices used by volunteers on the wards in real time. The questionnaire allows respondents to give feedback in their own words and includes the Friends and Family question. Verbatim comments are emailed to wards and departments and to Chief Officers on a daily basis in order that timely action can be taken where required; this includes contacting patients or relatives where necessary. Responses for 2015/16 demonstrate a 96% 'mainly good impression' of the Trust which is an increase on the previous year.

In 2015/16, 89% (47,113 respondents) of those who answered the FFT said that they would recommend the Trust to a friend or family member if they needed similar care or treatment. The Trust also participates in the national survey programme.

Patient experience is a keen area of focus for the Trust Board and the FFT is part of the performance framework that is reported each month. Complaints are also featured in the performance framework in terms of numbers and a more detailed quarterly report that draws patient experience information from a number of sources provides a more in-depth assessment of complaints.

5.4 CQC registration

The Trust has been registered with the CQC to provide nine Regulated Activities at two locations (University Hospital, Coventry and Hospital of St Cross, Rugby) since 1 April 2010.

The Trust underwent a formal inspection by the Chief Inspector of Hospitals in March 2015 and was given an overall rating of 'requires improvement' when the report was published in August 2015. A Chief Inspector of Hospitals Programme Board was established and an action plan developed in response to the issues identified. Good progress has been made and all of the 'must do' actions have been implemented. Both the Quality Governance Committee and the Trust Board have been kept appraised of progress and a programme of internal assessment against CQC standards, 'Getting the Basics Right' is underway.

6. Performance Management Framework

The Trust's performance is assessed through a suite of Key Performance Indicators (KPIs) at a Trust, Group and Specialty level.

These KPIs support the delivery of safe, high quality and evidenced patient care and helps the Trust to determine whether its key strategies are being realised. Performance is reported to the Trust Board each month via a balanced scorecard, which comprises national and locally set KPIs, each of which are allocated to an executive director.

The Trust has put into place measures to ensure the accuracy and quality of the data that it reports including mapping the data flow for all indicators contained within the balanced scorecard. All information is processed and reported via a single source; the Trust's Performance and Programme Management Office (PPMO) and data relating to each national target is signed off by an appropriate officer of the Trust prior to submission.

In order to provide additional assurance to the Audit Committee and Trust Board around data quality, the Trust's Internal Auditor has undertaken audit exercises during 2014/15 in relation to:

- Data Quality – VTE risk assessment
- Acute Medicine activity

A rolling programme of data quality continues as part of the Internal Audit programme going forward.

The Trust has also received assurance around its Referral to Treatment (RTT) Data as part of the National RTT Data Validation Programme and the conclusion reached is that the Trust can be assured that the current patient tracking list is of sound quality, and there have been no concerns highlighted requiring the programme to escalate these internally or externally.

6.1 Performance Against the NHS Trust Development Authority Accountability Framework 2015/16

A&E 4 Hour Standard -The Trust's outturn performance against the 95% A&E four hour standard for 2015/16 was 89.17% and the target was not therefore achieved.

The Trust's Emergency Department has continued to face significant pressure during the year in line with the national position. Further changes to the way that the emergency pathway operates during the year, including the establishment of an Acute Medical Unit have taken place. There has been a continued focus on the 'Getting Emergency Care Right' initiative, which is aimed at embedding safety standards and a series of Perfect Week initiatives have been undertaken to try and identify improvements that can be made on a more long-standing basis.

It is disappointing that the target has not been met but work continues to improve the position and the Trust Board has been kept appraised of the situation and the contributing factors throughout the year.

(RTT) - Increasing pressure on the 18 week referral to treatment pathways over the past year has continued as a consequence of both pressure on the emergency care pathway and growth in demand in certain specialities.

The Trust agreed trajectories for RTT standards with the Clinical Commissioning Group (CCG) and NHS TDA, which were aimed at achieving the best performance possible against the standard, at the same time as reducing the backlog. The Trust has not met the national standard but the backlog has continued to steadily decrease, and this will remain an area of focus during 2016/17.

Cancer – 62 day wait for first treatment from GP referral for suspected cancer - The 85% target was first breached in April and was only achieved in July, August and March. This was contributed to by an increase in late referrals (after 62 days) from other Trusts, which are categorised as shared breaches.

A number of actions were taken to improve performance for this indicator including the development of a planned recovery trajectory, progress against which was monitored by the Chief Officers' Group and the Trust Board. The Trust achieved performance of 82.7% against the target for the year.

Clostridium difficile - The Trust had a challenging Clostridium-Difficile (Trust acquired) target of 42 cases for the year but performed well against this with 38 cases being recorded against the target.

MRSA - The Trust had a challenging target of zero incidences of MRSA in 2015-16. At the year-end, no cases were reported, which meant that the target was achieved.

6.2 Data Quality

The Trust participated in the National RTT Data Validation Programme and whilst there were a number of areas where improvement could be made, the patient tracking list was found to be of sound quality and the Trust was recommended as demonstrating best practice in a number of areas. A rolling programme of Data Quality audits is carried out as part of the Internal Audit Programme each year and the reports are submitted to the Chief Officers' Group and to the Trust's Audit Committee. The programme of DQ audits for 2016/17 has been identified as:

- Cancer waiting times
- RTT
- Safer staffing system
- Activity recording

6.3 Information Governance

The Chief Operating Officer is the Trust's Senior Information Risk Owner (SIRO) and the Caldicott Guardian post is jointly held by the Director of Quality and the Chief Medical Officer.

The Trust submitted version 13 of the Information Governance Toolkit to the Health and Social Care Information Centre at the end of March 2016, having achieved level 2 or above in all 44 requirements. There has been an increase in the Trust's performance from 78% last year to 81% this year (version 12), giving the Trust an overall 'Satisfactory' level on the Toolkit.

The Information Commissioner has not taken any regulatory action against the Trust during 2015/16 but there have been four Information Governance breaches that have required reporting as detailed below. To ensure that necessary learning takes place, root cause analysis is carried out in respect of each incident and a report and action plan is developed and monitored. IG incidents are also discussed at the Information Governance Committee, which reports to the Quality Governance Committee.

Number	Breach Type	Summary of Incident
3	Disclosed in Error	1) Patient list contained within discharge information given to a patient. 2) Patient notes disclosed in error to a firm of solicitors for a subject access request. 3) Theatre list inadvertently given to patient.
1	Unauthorised Access/Disclosure	An employee of a contracted out service provider was inappropriately accessing information.

7. Risk Management

I am accountable for risk management across all activities within the Trust and have delegated this responsibility to the Chief Medical and Quality Officer, who has overall responsibility at Board level.

A Risk Management Strategy has been in place for the year ended 31st March 2016, which is aimed at providing a clear framework for managing risk across the organisation. It sets out a systematic approach to the identification and management of risks in order to ensure that risk assessment is an integral part of clinical, managerial and financial decision making. It also sets out the role of the Trust Board and its standing committees, together with individual responsibilities.

The Trust's Risk Management Policy provides guidance on the implementation of the Risk Management Strategy and contains details on operational risk management. It provides guidance for managers in assessing and evaluating risks. A review of the Trust's Risk Management arrangements has been undertaken during the year and the majority of the actions that were identified to strengthen the existing arrangements have been completed.

7.1 The Risk and Control Framework

Effective risk management requires the involvement of all staff, and all staff have a role in the identification and management of risk. The risk management team is responsible for providing risk management training and the training programme has been revised and refreshed for 2016/17. The Trust also provides staff with training in incident investigation as well as root cause analysis programmes for risk assessors.

The risk management process starts with risk assessments that are carried out at all levels of the organisation; these risks are then documented on the risk register. A single risk register is in place and is utilised across theorganisation to capture risks at Specialty Group and Corporate Service level. A 5 x 5 risk matrix is utilised as a means of assessing risk, which provides guidance around the boundaries of exposure to consequences and impact should the risk be realised.

In order to promote accountability and autonomy, low scoring risks are managed within the area in which they arise, whilst higher scoring risks are managed at either Speciality Group level or through the corporate meeting structure commensurate with their score. Greater focus is placed on the control and management of higher scoring risks in order to reduce the potential for harm.

The Quality Governance Committee that comprises executive and non-executive membership receives and monitors the Corporate Risk Register at each meeting. It also considers whether any individual risk has the potential to affect delivery of the strategic objectives and should therefore be considered for inclusion on the Board Assurance Framework (BAF). The Chair of the Committee can escalate any risk to the Trust Board through the Chair's Committee Report, to ensure that the directors are kept aware of potential risks to quality.

The Trust's Risk Committee has been significantly strengthened during the year and is now chaired by the Chief Executive Officer. Specialty Groups attend the meetings on a rotational basis to provide details of the risks in their areas, together with assurance in relation to their management and mitigation. Chief Officers also present the risks relating to their portfolios at the Committee in order that the same assurances can be given.

Risks are also discussed at Specialty Group level as part of the Quality Improvement and Patient Safety (QIPS) meetings that take place each month and are also an area of focus in the Trust's performance framework. Information obtained from the QIPS meetings is collated centrally by the Quality Department.

The Trust Board is responsible for the identification and management of risks to the achievement of the objectives that it has agreed and produces a BAF each year that is then monitored on a quarterly basis. This includes:

- Definition of the risk
- Assessment of potential likelihood and impact
- Key controls by which the risk is managed
- Gaps in controls and assurance
- Action plans to ensure improvement in controls and assurances

The Audit Committee also has oversight of the BAF in line with its responsibility for assessing the overall system of internal control. The Internal Audit Annual Plan, which is risk driven and provides independent assurance around the effectiveness of the key controls that are in place across the Trust, is reviewed in light of any changes to the BAF, to assess whether additional audit activity is required. A number of contingency days are held each year to accommodate changes to the risk profile.

The Trust Board has monitored the BAF on a quarterly basis and has approved proposed changes in scores as mitigating actions take effect, and the addition of a new risk that arose in year, which evidences that the BAF is a live document.

Independent assurance in relation to the rigour of the BAF is provided by Internal Audit, who undertake both an interim and full review of the BAF each year and the overall conclusion is that the 2015/16 BAF meets year end requirements (level A*) and provides reasonable assurance that there is an effective system of internal control to manage the risks identified by the Trust.

The Local Counter Fraud Specialist undertakes a programme of work for the Trust which includes awareness/deterrence training; fraud detection and prevention; and investigations. The Audit Committee receives regular reports relating to the Counter Fraud Annual plan and the Trust actively seeks redress and legal sanctions where appropriate.

7.2 Risk Profile

The major risks that the Trust has faced in 2015/16 were as follows:

1. Poor patient experience, reputational and financial impact of failing key national performance indicators and inspections

2. Patient Flow; inability to create the required flow of patients across the Trust as a result of increased delayed transfers of care (DTOC).

3. Staffing Levels; continued high levels of bank and agency staff usage across the Trust

4. Financial position; failing to meet the statutory duty to break-even as a result of increasing operational pressures.

5. Never Events; the Trust reported three Never Events in 2015/16

8. Review of Effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of internal auditors, clinical audit and the executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control. It is also informed by reports from external auditors, Trust committees and the overall performance management framework. The opinion of the Head of Internal Audit for 2015/16 in relation to the system of internal control is one of significant assurance.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Audit Committee, the Finance and Performance Committee, the Quality Governance Committee and the Chief Officer's Group. Plans to address weaknesses and ensure continuous improvement of the systems are in place.

The BAF itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. Internal Audit provides me with an opinion about the effectiveness of the BAF and the internal controls reviewed as part of the internal audit plan. Work undertaken by internal audit is reviewed by the Chief Officers Group and by the Audit Committee. The BAF is reviewed by the Trust Board four times a year and it provides me with and the Trust Board with evidence of the effectiveness of the controls in place to manage risks.

My review is also informed by external audit opinion, inspections carried out by the CQC and other external inspections, accreditations and review. Based upon these inspections, reviews and the opinions issued by internal and external audit on the effectiveness of the system of internal control, I confirm that the arrangements that the Trust has in place for the discharge of statutory functions are legally compliant.

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

- Board review of the BAF
- Audit Committee scrutiny of controls in place
- Review of serious incidents, learning, risk management and clinical effectiveness by the Committees of the Trust Board
- Internal audits of the effectiveness of the systems of internal control.

9. Conclusion

My review confirms that the Trust has a generally sound system of internal control that supports the achievement of its policies, aims and objectives.

The Trust has however identified the following issues that require declaration for 2015/16:

- The Trust did not meet the following performance targets for 2015/16:
  - The A&E four hour standard
  - The 18 week referral to treatment target (incomplete)
  - The Cancer 62 day wait for first treatment from GP referral for suspected cancer
- The Trust reported three never events during 2015/16
- Although good progress has been made during the year with regards to the Trust's financial position, the obligation to achieve a break-even position was not met.

Detailed actions are in place aimed at addressing these issues.

Professor Andrew Hardy, Chief Executive Officer

Date: 1st June 2016

REMUNERATION AND STAFF REPORT 2015/16

2. REMUNERATION REPORT

2.1 Senior Managers' Remuneration and Pensions

The Chief Executive Officer (as the Trust's accountable officer) has confirmed that those officers and non-executive directors who regularly attend Trust Board meetings should be regarded as the Trust's senior managers for the purpose of disclosing remuneration and pensions in the annual report.

The senior managers' remuneration disclosures for 2015/16 (and 2014/15) and pensions disclosures are included within the next few pages of this section of the report.

2.2 Remuneration Policy

The Remuneration Committee, which comprises exclusively Non-Executive Director membership, has reviewed the Remuneration Policy for the Executive Directors and has determined that national benchmarking will be used as a determinant for Executive Pay and that remuneration will, as a principle, be set in the upper quartile to reflect the aspirations of the organisation.

2.3 Pay Multiples

NHS organisations are required to disclose the relationship between the annualised remuneration of the highest-paid director in their organisation and the median annualised remuneration of the organisation's workforce as at the end of the financial year. The table below compares these figures as at the end of March 2016 and March 2015:

	31/3/16	31/3/15
Mid-point of the banded annualised remuneration of the highest paid director	£202,500	£202,500
Median annualised remuneration of the workforce	£28,956	£29,102
Pay multiples (ratio of highest paid director to median salary)	7.0	7.0

The pay multiples ratio for 2015/16 has remained the same as in 2014/15, although the median annualised remuneration of the workforce has reduced by £146 to £28,956. This is due to an increase in the number of staff employed at band 5 or below at the end of March 2016 compared to the previous year – the main reason for this was a recruitment drive for band 3 healthcare assistants during the year.

The following table compares the range of annualised remuneration for the Trust's workforce for the past two years:

	31/3/16	31/3/15
Lowest annualised remuneration	£5,240	£5,240
Highest annualised remuneration	£248,014	£239,282
Number of employees with annualised remuneration in excess of the highest paid director	4	5

Total remuneration for the Trust's workforce is based upon the annualised cost of salaries and wages paid on the Trust's payroll during March 2016 for staff who remained employed at the end of the financial year (31st March). It excludes bank and agency staff for whom annualised costs are not readily available. It also excludes employer pension contributions and the cash equivalent transfer value of pensions.

Senior Managers' Remuneration 2015/16 APPENDIX A

Name	Title	Salary Bands of £5,000 £'000	Benefits in Kind (to nearest £100) £'000	Performance Pay and Bonuses Bands of £5,000 £'000	Long Term Performance Pay and Bonuses Bands of £5,000 £'000	All pension-related benefits (bands of £2,500) £'000	TOTAL (bands of £5,000) £'000
Andrew Hardy	Chief Executive Officer	200 - 205	1.8	0	0	47.5 - 50.0	250 - 255
Meghana Pandit	Chief Medical Officer/Deputy Chief Executive Officer	200 - 205	0.1	0	0	77.5 - 80.0	280 - 285
David Eltringham	Chief Operating Officer	120 - 125	0	0	0	17.5 - 20.0	135 - 140
Mark Radford	Chief Nursing Officer	125 - 130	0	0	0	15.0 - 17.5	140 - 145
David Moon	Chief Finance and Strategy Officer	150 - 155	0.2	0	0	0	150 - 155
Karen Martin	Chief Workforce and Information Officer (from 05/05/15)	130 - 135	0.1	0	0	0	130 - 135
Andrew Meehan	Chairman	35 - 40	1.6	0	0	0	40 - 45
Trevor Robinson	Non Executive Director (to 03/06/15)	0 - 5	0	0	0	0	0 - 5
Ian Buckley	Non Executive Director	5 - 10	2.1	0	0	0	5 - 10
Edward Macalister-Smith	Non Executive Director	5 - 10	3	0	0	0	5 - 10
Peter Winstanley	Non Executive Director	5 - 10	0	0	0	0	5 - 10
Brenda Sheils	Non-Executive Director	5 - 10	1.6	0	0	0	5 - 10
Barbara Beal	Non-Executive Director	5 - 10	0	0	0	0	5 - 10
David Poynton	Non-Executive Director (from 03/06/15)	5 - 10	0.7	0	0	0	5 - 10
Ken Hutchinson	Interim Chief Human Resources Officer (to 06/05/15)	15 - 20	0	0	0	0	15 - 20

1. The Trust is recharged by Warwick University for the services of Peter Winstanley and he is not therefore paid directly by the Trust
2. Ken Hutchinson was engaged off-payroll (an arrangement approved by the Chief Executive Officer) - costs shown above include agency commission but exclude irrecoverable VAT
3. Meghana Pandit's salary includes sums payable in respect of clinical duties in addition to her duties as a director of the Trust
4. In certain circumstances pension related benefits may be negative in which case they are recorded above as nil.

Senior Managers' Remuneration 2014/15

Name	Title	Salary Bands of £5,000 £'000	Benefits in Kind (to nearest £100) £'000	Performance Pay and Bonuses Bands of £5,000 £'000	Long Term Performance Pay and Bonuses Bands of £5,000 £'000	All pension-related benefits (bands of £2,500) £'000	TOTAL (bands of £5,000) £'000
Andrew Hardy	Chief Executive Officer	200 - 205	0.8	0	0	22.5 - 25.0	225 - 230
Gail Nolan	Chief Finance Officer (to 31/12/14)	105 - 110	0	0	0	0	105 - 110
David Eltringham	Chief Operating Officer	120 - 125	0	0	0	0	120 - 125
Mark Radford	Chief Nursing Officer	125 - 130	0	0	0	37.5 - 40.0	160 - 165
Meghana Pandit	Chief Medical Officer	195 - 200	0.1	0	0	15.0 - 17.5	210 - 215
Ian Crich	Chief Human Resources Officer (to 19/10/14)	65 - 70	0.1	0	0	0	65 - 70
David Moon	Chief Finance and Strategy Officer	135 - 140	0.3	0	0	42.5 - 45.0	180 - 185
Andrew Meehan	Chairman	35 - 40	3	0	0	0	40 - 45
Trevor Robinson	Non Executive Director	5 - 10	0.3	0	0	0	5 - 10
Samantha Tubb	Non Executive Director (to 31/07/14)	0 - 5	0	0	0	0	0 - 5
Edward Macalister-Smith	Non Executive Director	5 - 10	2.9	0	0	0	5 - 10
Ian Buckley	Non Executive Director	5 - 10	2.1	0	0	0	5 - 10
Peter Winstanley	Non Executive Director	5 - 10	0	0	0	0	5 - 10
Brenda Sheils	Non-Executive Director (from 01/07/14)	0 - 5	1.5	0	0	0	5 - 10
Barbara Beal	Non-Executive Director (from 01/08/14)	0 - 5	0	0	0	0	0 - 5
Ken Hutchinson	Interim Chief Human Resources Officer (from 20/10/14)	80 - 85	0	0	0	0	80 - 85

1. The Trust is recharged by Warwick University for the services of Peter Winstanley and he is not therefore paid directly by the Trust
2. David Moon was originally appointed as Chief Strategy Officer on 1st August 2013 but became Chief Finance and Strategy Officer on 1st January 2015
3. Ken Hutchinson is engaged off-payroll (an arrangement approved by the Chief Executive Officer) - costs shown above include agency commission but exclude irrecoverable VAT
4. Meghana Pandit's salary includes sums payable in respect of clinical duties in addition to her duties as a director of the Trust
5. In prior years pension related benefits may have been reported as negative for some directors but following clarification of reporting requirements, negative values are reported as nil.

Senior Managers' Pensions 2015/16

Name	Title	Real Increase in pension at pension age (bands of £2,500) £'000	Real Increase in pension lump sum at pension age (band of £2,500) £'000	Total accrued pension at pension age at 31 March 2016 (bands of £5,000) £'000	Lump sum at pension age related to accrued pension at 31 March 2016 (bands of £5,000) £'000	Cash Equivalent Transfer Value at 1 April 2015 £'000	Real Increase in Cash Equivalent Transfer Value £'000	Cash Equivalent Transfer Value at 31 March 2016 £'000	Employers Contribution to Stakeholder Pension £'000
Andrew Hardy	Chief Executive Officer	2.5 - 5.0	0.0 - 2.5	50 - 55	145 - 150	768	41	818	0
Meghana Pandit	Chief Medical Officer	5.0 - 7.5	2.5 - 5.0	45 - 50	130 - 135	705	69	783	0
David Eltringham	Chief Operating Officer	0.0 - 2.5	0	35 - 40	100 - 105	562	18	587	0
Mark Radford	Chief Nursing Officer	0.0 - 2.5	0	30 - 35	90 - 95	455	16	477	0
David Moon	Chief Finance and Strategy Officer	0.0 - 2.5	0	45 - 50	130 - 135	715	0	722	0
Karen Martin	Chief Workforce and Information Officer (from 05/05/15)	0.0 - 2.5	0.0 - 2.5	55 - 60	165 - 170	1,031	17	1,062	0

Non-Pensionable Directors

Non-executive directors are not in pensionable employment and therefore are excluded from the above disclosure. Similarly, executive directors not in pensionable employment are also excluded.

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 in accordance with the Occupational Pension Schemes (Transfer Values) Regulations 2008.

On 16 March 2016, the Chancellor of the Exchequer announced a change in the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate from 3.0% to 2.8%. This rate affects the calculation of CETV figures in this report. Due to the lead time required to perform calculations and prepare annual reports, the CETV figures quoted in this report for members of the NHS Pension scheme are based on the previous discount rate and have not been recalculated.

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 scheme or arrangement) and uses common market valuation factors for the start and end of the period.

STAFF REPORT

2.4 Our Staff

Our staff are our most valuable resource and are at the heart of the excellence that we provide in our services. We employ a wide range of clinical and non-clinical staff that are committed and dedicated to working together for the benefit of our patients.

We invested in more staff in 2015/16 and we are planning a further increase of approximately 6.6% to our workforce in 2016/17. This will support some of the service developments that are designed to enhance patient experience and will also help us to meet our priorities of reducing our agency spend and substantively recruiting to posts that are difficult to fill.

Average staffing numbers are included in note 10.2 of the Annual Accounts

2.5 Exit Packages

Details of exit packages are included in notes 10.4 and 10.5 to the Annual Accounts. The table below summarises exit packages agreed in 2015/16 (and 2014/15):

Exit package cost band	2015/16 Number	2014/15 Number
Less than £10,000	1	1
£10,000 - £25,000	0	1
> £200,000	1	0
	2	**2**
Cost	**£2,291,663**	**£17,446**

** Note the table excludes ill-health retirements and payments in lieu of notice for ill health terminations*

For each of the exit packages recorded above for both 2015/16 and 2014/15:

- All exit packages in 2014/15 related to contractual payments in lieu of notice; and
- In 2015/16, one related to contractual payments following a remedy hearing and one involved a special payment requiring HM Treasury approval.

None of the exit packages related to senior managers covered by the remuneration report disclosures.

2.6 Off Payroll Engagements

In common with most other NHS bodies the Trust engages staff on an "off-payroll" basis. The main reasons for this are as follows:

- Recharges from other bodies (mainly other NHS organisations or universities) for staff who hold joint appointments; and
- Temporary workers to cover vacant positions or staff absences.

The Trust is required to disclose certain information in connection with such arrangements as set out in the three tables below. The information provided in these tables is not subject to audit and specifically excludes those staff recharged from other NHS bodies*.

** Other NHS bodies are also responsible for seeking assurances around workers engaged on an "off-payroll" basis. The exclusion of workers recharged from other NHS bodies avoids "double counting" of the information provided.*

For all off-payroll engagements as of 31 March 2016, for more than £220 per day and that last longer than six months:

	Number
Number of existing engagements as of 31 March 2016	115
Of which, the number that have existed:	
for less than one year at the time of reporting	22
for between one and two years at the time of reporting	53
for between 2 and 3 years at the time of reporting	20
for between 3 and 4 years at the time of reporting	5
for 4 or more years at the time of reporting	15

Of the 115 off-payroll engagements existing as of 31st March 2016, 21 were joint appointments with the University of Warwick, with staff being paid on the University payroll and recharged to the Trust.

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

	Number
Number of new engagements, or those that reached six months in duration, between 1 April 2015 and 31 March 2016	77
Number of new engagements which include contractual clauses giving the Trust the right to request assurance in relation to income tax and National Insurance obligations	50
Number for whom assurance has been requested	77
Of which:	
assurance has been received	2
assurance has not been received	75
engagements terminated as a result of assurance not being received	0

The Trust seeks assurance from all of its off-payroll workers (earning more than £220 per day and engaged for over six months) around their tax and national insurance arrangements. This work has involved liaising with the individual workers, their accountants, recruitment agencies, HM Revenue and Customs (HMRC) and the Department of Health and examining tax returns and other documentation.

Evidence obtained by the Trust indicates that in the majority of cases, such workers are not strictly complying with the rules. However, rather than terminate such contracts (and in all likelihood replace them with a worker operating in the same manner), the Trust requests workers to voluntarily seek a contract review by HMRC under the “Intermediaries Regulations” (IR35).

The tables below provide further information regarding the status of those cases where assurance has not yet been received as at 31st March 2016:

For the 75 new off-payroll engagements for which assurance was requested but to date has not been received:

	Number
No response has been received	23
A response has been received but insufficient / no evidence provided	22
Evidence provided showing PAYE not operated on all income, so the Trust requested an HMRC IR35 Contract Review	12
After attempts to gain evidence, the individual has completed the engagement or voluntarily terminated the engagement with the Trust and we have subsequently reported to HMRC	18

For the 30 ongoing off-payroll engagements (from prior years) for which assurance was requested but to date has not been received:

	Number
No response has been received	0
A response has been received but insufficient / no evidence provided	9
Evidence provided showing PAYE not operated on all income, so the Trust requested an HMRC IR35 Contract Review	21

The table below provides information on board members who have been engaged under an off-payroll arrangement:

For any board members, and/or senior officers with significant financial responsibility:

	Number
Number of off-payroll engagements of board members, and/or senior officers with significant financial responsibility, during the year	2
Number of individuals that have been deemed "board members, and/or senior officers with significant financial responsibility" during the year. This figure includes both off-payroll and on-payroll engagements	15

The two "off-payroll" engagements of board members and/or senior officers with significant financial responsibility during the year related to the following:

- One of the Trust's non-executive directors - assurance has been received that the individual concerned is employed on the payroll of Warwick University and is subject to PAYE. The arrangement has been reviewed and approved by the Trust's Chief Executive Officer; and

- An interim executive director covering a board level position pending the commencement of a new permanent postholder. Assurance around the tax arrangements for this individual was sought but never received, so was subsequently reported to HMRC.

2.7 Consultancy Services

During 2015/16, the NHS Trust Development Authority introduced controls over expenditure on consultancy services which included the requirement for NHS bodies to seek approval before signing contracts for consultancy projects over £50,000.

The Trust complied with these new controls and during 2015/16 spent £62,000 on consultancy services compared with £1.1 million in 2014/15.

2.8 Staff Costs

Our pay bill represents the highest proportion of our expenditure and equated to £346,397,200 in 2015/16. Staffing costs are therefore a key consideration for the Trust Board and each Group Management Team. Our workforce is categorised into those that we substantively employ, those that work flexibly through our internal Temporary Staffing Service (TSS) and those engaged through external staffing agencies.

2.9 Staff Wellbeing

We recognise the importance of employee well-being and have a Health & Well-Being Group in place. During 2015/16 we supported a number of successful health and well-being events for our staff with an emphasis on a healthy lifestyle and we offered a number of health checks.

We now have a fast track physiotherapy service, counselling service and a psychologist employed to offer bespoke support to teams and/or individuals where this is required.

We continue to review the support on offer to our staff to improve their emotional, physical and financial well-being, and we are actively exploring new initiatives that will support our staff in future.

2.10 Staff Sickness

The year began well in terms of attendance management with levels of sickness absence at 3.88%. Sickness absence levels began to rise steadily throughout the year; however, reaching a high of 4.86% in December 2015. However; we are pleased to report that there has been a steady decline in the sickness absence rate over the last quarter of the year, reaching 4.25% in March. Although we have not met our target of 4%, this has been an area of continual focus and we have put into place a number of supporting actions that are aimed at meeting the target, with a view to further reducing it in the longer term.

Staff sickness levels (including average working days lost) are included in the note 10.3 of the Annual Accounts.

2.11 Celebrating Success

We celebrate our achievements and successes through our annual Outstanding Service and Care Awards (OSCAs), which are held to recognise the hard work, dedication and commitment of our staff. We also hold several events throughout the year in celebration of learning achievements, and Long Service Awards in recognition of the loyalty and dedication of our staff, both to the Trust and the wider NHS.

2.12 Staff Engagement and Consultation

2.12.1 Working with Trade Unions

We value our staff and take a partnership approach to working with them through our Partnership and Engagement Forum (PEF), Joint Consultative and Negotiating Committee (JNCC) and Medical Negotiation Committee (MNC). Both of these forums are attended by members of our Executive Team and include representatives from our staff side colleagues and trade union representatives. These meetings focus upon consulting with staff in a constructive manner in relation to key service changes across the Trust, as well as discussing and seeking approval of policies and procedures.

2.12.2 National Staff Survey

We utilise the National Staff Survey to measure levels of staff engagement. The survey is undertaken nationally by all NHS Trusts on an annual basis between October and December. Questionnaires were sent to a random sample of 850 staff and in 2015 we achieved a response rate of 39%. This is an improvement of our response rate in 2014, although is below the national average (41%). We are extremely pleased to be in the top 20% for Acute Trusts, with our overall engagement score (calculated using the response to several survey questions), which was measured at 3.91, shown in the table below.

The survey has 32 Key Findings, covering areas including patient care, communications, working in teams and supporting staff health and well-being.

We are proud that in 28 out of the 32 key finding areas, we perform better than other Acute Trusts and that we are in the top 20% of all trusts for 18 of these 32 areas. The results of the survey places us in the top 10 of University Hospital Trusts in the UK and we believe that these results are reflective of the work that we have done through our Together Towards World Class programme.

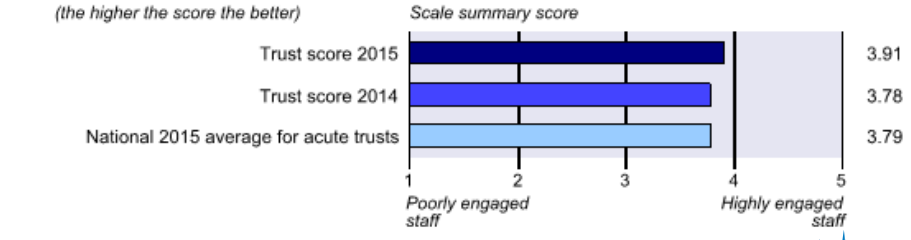
2.12.3 Staff Friends and Family Test

The Trust is required to survey all staff as part of the national staff friends and family test. This involves asking staff whether they would recommend the Trust as a place for friends and family to be treated and whether they would recommend the Trust as a place for friends and family to work.

We are only required to survey all staff once a year, whilst samples can be undertaken on a quarterly basis. However, as part of our approach is listening to staff feedback at every opportunity, we invited all of our staff to feed back their views, three times during 2015/16. Staff involved in the NHS National Staff Survey were also asked to give their views.

Our latest results show that 87% of staff would recommend the Trust as a place for their Friends and Family to be treated, which is an increase on the previous quarter's results. Meanwhile, 71% of staff would recommend the Trust as a place for their Friends and Family to work, which again represents an increase on the previous quarter's results.

OVERALL STAFF ENGAGEMENT



2.12.4 Staff Impressions

Alongside the National Staff Survey and Staff Friends and Family Test, we have continued to utilise our bespoke Staff Impressions survey. This is our own local staff survey and allows us to gain feedback from staff on a range of areas.

Our latest results, from March 2016, indicate that 90% of staff have an overall positive impression of working for the Trust, with 94% having a positive impression of the care delivered by their department and 88% having a positive impression of the Trusts culture.

This year, as part of our on-going commitment to listen to staff and to act on their feedback, we have introduced First Impressions and Last Impressions. First Impressions is sent to all new starters, to help us to understand their recruitment and induction experience, identify improvements and ensure that all new staff are supported appropriately. Meanwhile, Last Impressions is sent to all staff that leave the organisation and we use the information that we obtain from this to help us to make improvements where possible and improve our retention levels.

We also utilise the results that we receive from the National Staff Survey, Staff Friends and Family Test and Staff Impressions collectively to determine and shape the areas of focus under our Together Towards World Class programme.

2.12.5 Recruitment Monitoring

Monitoring of job applications shows that 43.2% of applications received in 2015/16 were from black and minority ethnic (BME) applicants. Of those short-listed, 38.8% were BME applicants and of those successfully appointed 30% were BME applicants.

Of the total job applicants 72.5% were female and 27.5% were male. Of those short-listed 75% were female and 25% were male; of those candidates successfully appointed, 78% were female and 22% were male.

Of the total job applications, 3% were from those declaring that they had a disability and 96% were from those declaring that they did not have a disability; 1% chose not to declare either way.

Of those short-listed, 3% declared that they had a disability against 96% who declared they did not; 1% did not declare. Of those successfully appointed 3.5% had declared that they had a disability against 95.8% who declared that they did not and 1% did not declare.

2.12.6 Internal Communications

We use several communications channels to ensure we are sharing information with our staff, which they can access easily.

This includes 'Your Week' the weekly email communication for staff. This contains the latest news and messages from across the organisation together with key successes and achievements. We also have a monthly e-magazine 'In Touch' which features a collection of our most notable news of the month.

Following suggestions from our staff, we have continued to increase the opportunities for them to meet face to face with members of the Executive Team. As part of this, we have introduced 'Chief Executive Officer Direct', where any member of staff can meet with the Chief Executive Officer and ask him any questions they may have, and this is held in wards and departments to make it easier for clinical staff to attend.

We have also developed a video round up called 'Delivery Matters', which features one of our Chief Officers explaining our Trust-wide performance for the month and any highlights or successes. This made available to the staff through the intranet and there is a link to the video in our aforementioned email newsletter.

Our Chief Officers continue to work alongside our staff through our 'Day in the Life of' programme, which involves them working a shift in different areas of the organisation and allows them to engage with staff and experience first-hand what it is like to work in the Trust.

Our 'Top Leaders' which includes Clinical Directors, Modern Matrons and Group Managers also have a monthly face-to-face briefing with the Chief Executive Officer and Chief Officer team, during which they receive key information updates and have the opportunity to ask questions.

This year has seen the introduction of our 'World Class Colleagues' scheme to recognise staff who are performing well or who have gone above and

and beyond, and an award is presented each month at the Trust Board. We are also revamping our intranet site, which should increase the opportunities to engage staff in more innovative ways going forwards.

We will continue to review and monitor the success of these methods during 2016/17 and to investigate other channels through which we can engage with our staff.

2.13 Equality & Diversity

2.13.1 Equality, Diversity and Human Rights

Equality, Diversity and Human Rights is vital to ensuring that our patients receive the most appropriate and relevant services and treatment to match their needs. It is also key to a workforce that is reflective of the communities that it serves and able to respond to those needs.

As per the requirements of the Equality Act 2010, all relevant equality data is published annually on our website; also all policies, business cases and significant changes in the Trust are assessed for impact on protected characteristic groups.

We now have in place a number of activities and new initiatives that not only progress the Equality, Diversity and Human Rights agenda but also demonstrates our ability to be exemplars of best practice.

2.13.2 Workforce Race Equality Standard (WRES)

In April 2015 the NHS Equality and Diversity Council (EDC) introduced the WRES to ensure employees from BME backgrounds have equal access to career opportunities and receive fair treatment in the work place.

Our WRES report of September 2015 identified a number of areas where action is required in order to ensure that the systems we have in place are robust enough to gather the data required for the WRES reporting template.

A small working group was convened and has worked together to ensure a joined up approach to developing a plan that is both achievable and provides relevant and appropriate outcomes to meet the needs of our BME staff.The actions identified are directly related to the WRES reporting template but also support our Together Towards World Class programme and our objectives to be an Employer of Choice and to Deliver Excellent Patient Care and Experience.

2.13.3 Ethnic Analysis (As at 30th April 2016)

Headcount				
	Board Members	Band 8+ & Clinical Directors & Medical Directors	All Others	Total
Not BME *	12	351	6522	6885
BME	1	47	1899	1947
Totals	13	398	8421	8832

Percentage				
	Board Members	Band 8+ & Clinical Directors & Medical Directors	All Others	Total
Not BME *	92%	88%	77%	78%
BME	8%	12%	23%	22%

Gender Analysis (As at 30th April 2016)

Headcount				
	Board Members	Band 8+ & Clinical Directors & Medical Directors	All Others	Grand Total
Female	4	254	6727	6985
Male	9	144	1694	1847
Grand Total	13	398	8421	8832

Percentage				
	Board Members	Band 8+ & Clinical Directors & Medical Directors	All Others	Grand Total
Female	31%	64%	80%	79%
Male	69%	36%	20%	21%

2.13.4 Equality, Diversity and Human Rights Policy

We have an Equality, Diversity and Human Rights Policy in place which states that we will seek to treat all people equally and fairly. This includes those seeking and using our services, employees and potential employees. No-one will receive less favourable treatment on the grounds of sex/ gender (including transsexual people), disability/ caring responsibilities, marital status, race/colour/ ethnicity/nationality, sexual orientation, age, religion or beliefs, pregnancy, nor will they be disadvantaged by conditions or requirements which cannot be shown to be justifiable.

All staff (part time, full time, temporary, job share or volunteer), services users and partners will be treated equitably and with dignity and respect.

2.13.5 Supporting Patients and Staff

The Equality and Diversity Team and the Independent Advisory Group Equality and Diversity (IAG) have implemented and delivered a

number of training programmes and activities to develop the knowledge, skills and understanding across the organisation. The team has worked in partnership with internal departments and external agencies, supporting staff to better understand the needs of our patients and workforce and making respect and dignity key elements in all that they do.

To achieve this we have:

- Produced a training video in partnership with the Voluntary Services department and Patient Experience team to enable staff to support in working with Blind/visually impaired and Deaf/hearing impaired patients;
- Secured funding to provide all wards with a 'Toolbox' containing resources that will enable Blind/visually impaired and Deaf/hearing impaired patients to be more independent and access important information whist staying in hospital;
- Delivered Dignity at Work training to over 300 staff, further developing their understanding of issues that can negatively impact on the working environment;
- Supported several departments in developing their own 'Staff Charter' setting out how they will behave and treat each other in line with the Trust's values;
- Provided Equality and Diversity training as part of the Trust's mandatory training programme as well other bespoke training programmes, such as the mental health, mental capacity and restraint day;
- Provided feedback regarding cultural menus for patients;
- Consulted with Coventry Refugee and Migrant Centre to identify specific needs/issues for refugees, migrants and asylum seekers;
- Organised a series of activities and events for NHS Equality, Diversity and Human Rights week; and
- Delivered Master Classes in support of the Trust's Leadership programme.

This year we have led on a major project, which exemplifies our commitment to making meaningful changes to our practice and ensure true engagement and accessibility for members of our community from Protected Characteristic groups. This project not only supports our local agenda but also aligns with national aims to address gaps and issues as they relate to specific groups.

2.13.6 Changing Futures Together

We have been working in partnership with the Employment Support Service (TESS), part of Coventry City Council's Employment Team, to develop a Supported Internship programme for young disabled people.

This initiative has provided eight young people with learning disabilities the opportunity to complete work placements in a variety of departments and settings within the organisation during a nine month programme.

The Interns work alongside staff and are supported by dedicated Job Coaches/experienced Employment Advisors. All interns are treated in the same way as employees, receiving a full induction, occupational health checks and risk assessments. The aim of Supported Internship is to enable Interns to gain work experience through on-the-job training and provide them with the skills and knowledge required for paid employment. They also work towards a nationally recognised qualification.

The Interns take on various roles to support patient care either on the wards, in administrative functions or facilities. In striving towards World Class People, this programme strengthens the social responsibility we have as one of the largest employers in Coventry and Warwickshire.

Since the start of the programme, two interns have been successful in gaining permanent employment, one in a full time role and the other part time. There will be a new intake in September 2016 and we now have an extensive range of placements to offer our interns including in ICT, catering, portering, administration, reception and elements of Healthcare Assistant duties.

PART 4 : Financial Statements

University Hospitals Coventry

And Warwickshire NHS Trust

Annual Accounts 2015/16

Contents

Part 1 Signed certificates

2015-16 Annual Accounts of University Hospitals Coventry and Warwickshire NHS Trust

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of the Treasury, directs that these accounts give a true and fair view of the state of affairs of the trust and of the income and expenditure, recognised gains and losses and cash flows for the year. In preparing those accounts, directors are required to:

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;

- make judgements and estimates which are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the accounts.

By order of the Board

01-06-16 Date.....Chief Executive

1st June 2016 Date.....Chief Finance and Strategy Officer

2015-16 Annual Accounts of University Hospitals Coventry and Warwickshire NHS Trust

STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTABLE OFFICER OF THE TRUST

The Chief Executive of the NHS Trust Development Authority has designated that the Chief Executive should be the Accountable Officer to the Trust. The relevant responsibilities of Accountable Officers are set out in the Accountable Officers Memorandum issued by the Chief Executive of the NHS Trust Development Authority. These include ensuring that:

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance;

- value for money is achieved from the resources available to the trust;

- the expenditure and income of the trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them;

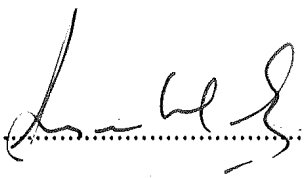
- effective and sound financial management systems are in place; and

- annual statutory accounts are prepared in a format directed by the Secretary of State with the approval of the Treasury to give a true and fair view of the state of affairs as at the end of the financial year and the income and expenditure, recognised gains and losses and cash flows for the year.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an Accountable Officer.

I confirm that, as far as I am aware, there is no relevant audit information of which the Trust's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

I confirm that the annual report and accounts as a whole is fair, balanced and understandable and that I take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

Signed.....  .....Chief Executive

Date.....1/6/16.....

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF UNIVERSITY HOSPITALS COVENTRY AND WARWICKSHIRE NHS TRUST

We have audited the financial statements of University Hospitals Coventry and Warwickshire NHS Trust for the year ended 31 March 2016 on pages 1 to 43 under the Local Audit and Accountability Act 2014. These financial statements have been prepared under applicable law and the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to NHS Trusts in England. We have also audited the information in the Remuneration and Staff Report that is subject to audit.

This report is made solely to the Board of Directors of University Hospitals Coventry and Warwickshire NHS Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Board of the Trust, as a body, 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 Board of the Trust, as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of Directors, the Accountable Officer and auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

As explained in the statement of the Chief Executive's responsibilities, as the Accountable Officer of the Trust, the Accountable Officer is responsible for the arrangements to secure economy, efficiency and effectiveness in the use of the Trust's resources. We are required under section 21(3)(c), as amended by schedule 13 paragraph 10(a), of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Section 21(5)(b) of the Local Audit and Accountability Act 2014 requires that our report must not contain our opinion if we are satisfied that proper arrangements are in place.

We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition we read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

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 2015, as to whether 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 2016.

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2016 and of the Trust's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to NHS Trusts in England.

Opinion on other matters

In our opinion:

- the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to NHS Trusts in England; and
- the other information published together with the audited financial statements in the Annual Report and Accounts is consistent with the financial statements.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the governance statement does not comply with the NHS Trust Development Authority's guidance; or
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Trust under section 24 of the Local Audit and Accountability Act 2014.

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

Other matters on which we report by exception – referral to Secretary of State

We have a duty under the Local Audit and Accountability Act 2014 to refer the matter to the Secretary of State if we have a reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency.

On 1 June 2016 we referred a matter to the Secretary of State under section 30 (1)(b) of the 2014 Act because we had reason to believe that the Trust is taking a course of action that, if

followed to its conclusion, will lead to a breach of its 'breakeven duty' set out at paragraph 2(1) of Schedule 5 to the National Health Service Act 2006.

The Trust reported an in year deficit of £9.1 million and now has a cumulative deficit position of £5.5 million. The Trust has a financial recovery plan in place to recover a £1.1m surplus by the end of the 2016/17 financial year, and therefore to recover the deficit in year three would require the Trust to make a surplus of £4.5 million in 2017/18. To date, there is not an approved plan in place to achieve this.

Other matters on which we report by exception - adequacy of arrangements to secure value for money

Basis for qualified conclusion

In considering the Trust's arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and maintaining statutory functions we identified that the Trust has reported a deficit of £9.1 million in 2015/16, and it has failed to deliver a number of operational targets for the year, particularly the Accident and Emergency wait target.

In 2015/16 the reported deficit was reduced by a number of nonrecurrent measures, which included a significant capital to revenue transfer and gains on revaluation. In addition 37% of the Trusts cost improvement programme in 2016/17 is non-recurrent which adds to the challenge of achieving the planned £1.1 million surplus , which is also underpinned by £17.2m of Sustainability and Transformation funding.

On the basis of our work, with the exception of the matters reported in the basis for qualified conclusion paragraph above, we are satisfied that, in all material respects University Hospitals of Coventry and Warwickshire NHS Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2016.

Certificate

We certify that we have completed the audit of the accounts of University Hospitals Coventry and Warwickshire NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Andrew Bostock for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

1 June 2016

Part 2 Financial Statements

Statement of Comprehensive Income for year ended 31 March 2016

	NOTE	2015-16 £000s	2014-15 £000s
Gross employee benefits	10.1	**(346,880)**	(325,784)
Other operating costs	8	**(241,536)**	(203,932)
Revenue from patient care activities	5	**509,025**	483,670
Other operating revenue	6	**76,132**	66,526
Operating surplus/(deficit)		**(3,259)**	20,480
Investment revenue	12	**119**	84
Other gains	13	**3,235**	6
Finance costs	14	**(25,628)**	(27,177)
Deficit for the financial year		**(25,533)**	(6,607)
Public dividend capital dividends payable		**(2,362)**	(2,853)
Retained deficit for the year		**(27,895)**	(9,460)

Other Comprehensive Income

	2015-16 £000s	2014-15 £000s
Impairments and reversals taken to the revaluation reserve	**(10,004)**	5,814
Net gain on revaluation of property, plant & equipment	**2,117**	5,480
Total Other Comprehensive Income	**(7,887)**	11,294
Total comprehensive income for the year*	**(35,782)**	1,834

Financial performance for the year

Retained deficit for the year	**(27,895)**	(9,460)
IFRIC 12 adjustment (including IFRIC 12 impairments) [a]	**18,720**	(8,266)
Impairments (excluding IFRIC 12 impairments) [b]	**(23)**	799
Adjustments in respect of donated gov't grant asset reserve elimination [c]	**69**	27
Adjusted retained deficit	**(9,129)**	(16,900)

The Trust's reported financial performance is derived from its retained deficit, but adjusted for the following:

a) *The introduction of International Financial Reporting Standards (IFRS) in 2009/10 has resulted in PFI contracts being recorded in the Statement of Financial Position. However, the measurement of NHS trusts' financial performance needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure and therefore, the incremental revenue expenditure resulting from the application of IFRS to PFI is not chargeable for overall budgeting purposes. Therefore any incremental costs recognised in the Statement of Comprehensive Income are reversed.*

b) *Impairment charges relating to property, plant and equipment is not considered part of the organisation's financial performance and therefore any impairment charges (or reversals of impairments) recognised in the Statement of Comprehensive Income are removed.*

c) *The financial impact associated with the acquisition and subsequent depreciation of donated assets (see also note 1.13) is not considered part of the organisation's financial performance. Therefore any income (related to the acquisition of donated assets) and depreciation of donated assets recognised in the Statement of Comprehensive Income is reversed.*

There is a statutory requirement for NHS trusts to break even taking one year with another. The Trust's breakeven performance is shown in note 43.1

The notes on pages 102 to 140 form part of this account

Statement of Financial Position as at 31 March 2016

	NOTE	31 March 2016 £000s	31 March 2015 £000s
Non-current assets:			
Property, plant and equipment	15	**350,326**	373,568
Intangible assets	16	**5,087**	3,886
Investment property	18	**8,230**	5,007
Trade and other receivables	22.1	**29,160**	30,046
Total non-current assets		**392,803**	412,507
Current assets:			
Inventories	21	**13,274**	11,558
Trade and other receivables	22.1	**30,047**	30,726
Cash and cash equivalents	26	**2,760**	655
Total current assets		**46,081**	42,939
Total assets		**438,884**	455,446
Current liabilities			
Trade and other payables	28	**(55,301)**	(44,601)
Provisions	35	**(2,659)**	(3,013)
Borrowings	30	**(128)**	(6,402)
DH capital loan	30	**(2,489)**	(2,390)
Total current liabilities		**(60,577)**	(56,406)
Net current liabilities		**(14,496)**	(13,467)
Total assets less current liablilities		**378,307**	399,040
Non-current liabilities			
Provisions	35	**(2,355)**	(2,470)
Borrowings	30	**(264,639)**	(264,703)
DH revenue support loan	30	**(12,479)**	0
DH capital loan	30	**(11,759)**	(13,260)
Total non-current liabilities		**(291,232)**	(280,433)
Total assets employed:		**87,075**	118,607
FINANCED BY:			
Public Dividend Capital		**59,330**	55,080
Retained earnings		**(15,596)**	12,181
Revaluation reserve		**43,341**	51,346
Total Taxpayers' Equity:		**87,075**	118,607

The notes on pages 102 to 140 form part of this account

The financial statements on pages 1 to 4 were approved by the Board on 1st June 2016 and signed on its behalf bv:

Chief Executive:  Date: 1st June 2016

Statement of Changes in Taxpayers' Equity
For the year ending 31 March 2016

	Public Dividend capital	Retained earnings	Revaluation reserve	Total reserves
	£000s	£000s	£000s	£000s
Balance at 1 April 2015	**55,080**	**12,181**	**51,346**	**118,607**
Changes in taxpayers' equity for 2015-16				
Retained deficit for the year		(27,895)		**(27,895)**
Net gain on revaluation of property, plant, equipment			2,117	**2,117**
Impairments and reversals			(10,004)	**(10,004)**
Transfers between reserves		118	(118)	**0**
Reclassification Adjustments				
Permanent PDC received - cash	4,250			**4,250**
Net recognised revenue/(expense) for the year	**4,250**	**(27,777)**	**(8,005)**	**(31,532)**
Balance at 31 March 2016	**59,330**	**(15,596)**	**43,341**	**87,075**
Balance at 1 April 2014	**33,870**	**21,043**	**40,650**	**95,563**
Changes in taxpayers' equity for the year ended 31 March 2015				
Retained deficit for the year		(9,460)		(9,460)
Net gain on revaluation of property, plant, equipment			5,480	5,480
Impairments and reversals			5,814	5,814
Transfers between reserves		598	(598)	0
Reclassification Adjustments				
New temporary and permanent PDC received - cash	21,210			21,210
Net recognised revenue/(expense) for the year	**21,210**	**(8,862)**	**10,696**	**23,044**
Balance at 31 March 2015	**55,080**	**12,181**	**51,346**	**118,607**

Statement of Cash Flows for the Year ended 31 March 2016

	NOTE	2015-16 £000s	2014-15 £000s
Cash Flows from Operating Activities			
Operating surplus/(deficit)		**(3,259)**	20,480
Depreciation and amortisation	8	**19,497**	18,177
Impairments and reversals	17	**18,647**	(8,405)
Interest paid		**(25,576)**	(27,097)
PDC Dividend paid		**(2,997)**	(3,064)
Increase in Inventories		**(1,716)**	(1,265)
Decrease in Trade and Other Receivables		**2,200**	642
Increase/(Decrease) in Trade and Other Payables		**13,573**	(1,730)
Provisions utilised		**(2,009)**	(242)
Increase/(Decrease) in movement in non cash provisions		**1,505**	(245)
Net Cash Inflow/(Outflow) from Operating Activities		**19,865**	(2,749)
Cash Flows from Investing Activities			
Interest Received		**119**	84
Payments for Property, Plant and Equipment		**(25,048)**	(15,774)
Payments for Intangible Assets		**(1,769)**	(2,291)
Proceeds of disposal of assets held for sale (PPE)		**12**	679
Net Cash outflow from Investing Activities		**(26,686)**	(17,302)
Net Cash outflow before Financing		**(6,821)**	(20,051)
Cash Flows from Financing Activities			
Permanent PDC Received		**4,250**	21,210
Loans received from DH - New Capital Investment Loans		**988**	8,900
Loans received from DH - New Revenue Support Loans		**12,479**	0
Loans repaid to DH - Capital Investment Loans Repayment of Principal		**(2,390)**	(1,500)
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		**(6,362)**	(8,816)
Net Cash Inflow from Financing Activities		**8,965**	19,794
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**2,144**	(257)
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		**613**	870
Cash and Cash Equivalents (and Bank Overdraft) at year end	**26**	**2,757**	613

NOTES TO THE ACCOUNTS

1. Accounting Policies

The Secretary of State for Health has directed that the financial statements of NHS trusts shall meet the accounting requirements of the Department of Health Group Manual for Accounts, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the DH Group Manual for Accounts 2015-16 issued by the Department of Health. The accounting policies contained in that manual follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the Manual for Accounts permits a choice of accounting policy, the accounting policy which 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 by the trust are described below. They 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, inventories and certain financial assets and financial liabilities.

1.2 Acquisitions and discontinued operations

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

1.3 Movement of assets within the DH Group

The Trust did not have any assets or liabilities transferred to or from other entities within the DH Group during 2015/16, nor in 2014/15.

1.4 Charitable Funds

The Trust has considered the requirement to consolidate the Charitable Funds under its control (University Hospitals Coventry and Warwickshire NHS Trust Charity) into its financial statements (in accordance with the requirements of IFRS 10 Consolidated Financial Statements) but has determined that they are not material and therefore has not applied this policy (see also note 1.32). The Trust has however, recorded information about the Charitable Funds in note 41 - Related Party Transactions.

1.5 Pooled Budgets

The Trust has not entered into any pooled budget arrangements.

1.6 Critical accounting judgements and key sources of estimation uncertainty

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

1.6.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the NHS trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

The most significant judgement around accounting policies has been the decision to account for the Trust's PFI hospital in the Statement of Financial Position. The key accounting standards used in assessing this were IFRIC 12, IFRIC 4, IAS 16 and IAS 17.

1.6.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

- *Valuation of property, plant and equipment (see note 1.10);*
- *Accrued income for partially completed spells at the end of the financial year (see note 1.7);*
- *Provision for the impairment of receivables (see note 22.3); and*
- *The calculation of provisions (see notes 1.20 and 35).*

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.7 Revenue

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable. The main source of revenue for the trust is from commissioners for healthcare services. Revenue relating to patient care spells that are part-completed at the year end are apportioned across the financial years on the basis of *length of stay at the end of the reporting period compared to expected total length of stay.

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

The NHS trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. The NHS trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

1.8 Employee Benefits

Short-term employee benefits

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

Retirement benefit costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the [NHS body] commits itself to the retirement, regardless of the method of payment.

1.9 Other expenses

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

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.10 Property, plant and equipment

Recognition
Property, plant and equipment is capitalised if:
● it is held for use in delivering services or for administrative purposes;
● it is probable that future economic benefits will flow to, or service potential will be supplied to the [NHS body];
● it is expected to be used for more than one financial year;
● the cost of the item can be measured reliably; and
● the item has cost of at least £5,000; or
● Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
● Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

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

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

Land and buildings used for the Trust's services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any impairment.

Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:
● Land and non-specialised buildings – market value for existing use
● Specialised buildings – depreciated replacement cost

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued.

During 2015/16 the Trust used indices provided by a professional property adviser to reflect the current value of the estate at 31st March 2016. The impact of these revaluations is recorded in notes 15 and 17. The Trust's last full revaluation exercise was under taken in January 2012.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

Fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive income in the Statement of Comprehensive Income.

Subsequent expenditure
Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.11 Intangible assets

Recognition
Intangible assets are 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. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the trust; where the cost of the asset can be measured reliably, and where the cost is at least £5000.

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:
- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it
- the ability to sell or use the intangible asset
- how the intangible asset will generate probable future economic benefits or service potential
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

Measurement
The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, at amortised replacement cost (modern equivalent assets basis), indexed for relevant price increases, as a proxy for fair value. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

1.12 Depreciation, amortisation and impairments
Freehold land, properties under construction, and assets held for sale are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the NHS trust expects to obtain economic benefits or service potential from the asset. This is specific to the NHS trust and may 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. Assets held under finance leases are depreciated over their estimated useful lives.

At each reporting period end, the NHS trust checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

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

1.13 Donated assets
Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

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

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.15 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Income. On disposal, the balance for the asset on the revaluation reserve is transferred to retained earnings.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

1.16 Leases

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

The Trust as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the trust's surplus/deficit.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

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.

The Trust as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the NHS trust's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the trust's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised 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 on a straight-line basis over the lease term.

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.17 Private Finance Initiative (PFI) transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The Trust therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

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

Services received

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

PFI Asset

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the Trust's approach for each relevant class of asset in accordance with the principles of IAS 16.

PFI liability

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

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

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Income.

Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.

The Trust will review any prepayment balance annually and compare the total of the prepayment balance and remaining lifecycle contributions, to the latest agreed plan of future spend. An impairment will be recognised when the total of the prepayment balance and remaining contributions exceeds by more than 5% of the latest agreed plan of future spend.

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

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

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

Other assets contributed by the NHS trust to the operator
Assets contributed (e.g. cash payments, surplus property) by the NHS trust to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, are recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset is made available to the NHS trust, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

1.18 Inventories
Inventories are valued at the lower of cost and net realisable value using the first-in first-out cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of inventories.

1.19 Cash and cash equivalents
Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the NHS trust's cash management.

1.20 Provisions
Provisions are recognised when the NHS trust has a present legal or constructive obligation as a result of a past event, it is probable that the NHS trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate (varying between -0.8% and -1.55%) except where they are expected to be settled within one year when no discounting is applied (1.37% for employee early departure obligations).

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

A restructuring provision is recognised when the Trust has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.21 Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. The contribution is charged to expenditure. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the NHS trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the trust is disclosed at Note 35.

As the provisions for clinical negligence claims are included in the financial statements of the NHSLA, they are not included in the Trust's financial statements.

1.22 Non-clinical risk pooling

The NHS trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the NHS trust pays an annual contribution to the NHS Litigation Authority and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses as and when they become due.

1.23 Carbon Reduction Commitment Scheme (CRC)

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

1.24 Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NHS trust, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NHS trust. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value.

1.25 Financial assets

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

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

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the initial fair value of the financial asset.

At the end of the reporting period, the NHS trust assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in expenditure and the carrying amount of the asset is reduced through a provision for impairment of receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.26 Financial liabilities
Financial liabilities are recognised on the statement of financial position when the NHS trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

Loans from the Department of Health are recognised at historical cost. Otherwise, financial liabilities are initially recognised at fair value.

Other financial liabilities
After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method, except for loans from Department of Health, which are carried at historic cost. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

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

1.28 Foreign currencies
The Trust's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses for either of these are recognised in the trust's surplus/deficit in the period in which they arise.

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.29 Third party assets
Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the trust has no beneficial interest in them. Details of third party assets are given in Note 44 to the accounts.

1.30 Public Dividend Capital (PDC) and PDC dividend
Public dividend capital represents taxpayers' equity in the NHS trust. At any time the Secretary of State can issue new PDC to, and require repayments of PDC from, the trust. PDC is recorded at the value received. As PDC is issued under legislation rather than under contract, it is not treated as an equity financial instrument.

An annual charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities (except for donated assets and cash balances with the Government Banking Service). The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets.

In accordance with the requirements laid down by the Department of Health (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

1.31 Losses and Special Payments
Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had [NHS bodies] not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

1.32 Subsidiaries
Material entities over which the NHS trust has the power to exercise control are classified as subsidiaries and are consolidated. The NHS trust has control when it is exposed to or has rights to variable returns through its power over another entity. The income and expenses; gains and losses; assets, liabilities and reserves; and cash flows of the subsidiary are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the NHS trust or where the subsidiary's accounting date is not co-terminus.

Subsidiaries that are classified as 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'.

The Trust has considered the requirement to consolidate the Charitable Funds under its control (University Hospitals Coventry and Warwickshire NHS Trust Charity) into its financial statements (in accordance with IFRS 10 requirements), but has determined that they are not material and therefore has not applied this policy (see also note 1.4). The Trust has however, recorded information about the Charitable Funds in note 41 - Related Party Transactions.

1.33 Associates
There are no material entities over which the Trust has the power to exercise significant influence so as to obtain economic or other benefits.

Associates that are classified as 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'

1.34 Joint arrangements
Material entities over which the NHS trust has joint control with one or more other entities are classified as joint arrangements. Joint control is the contractually agreed sharing of control of an arrangement. A joint arrangement is either a joint operation or a joint venture.

A joint operation exists where the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement. Where the NHS body is a joint operator it recognises its share of, assets, liabilities, income and expenses in its own accounts.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint ventures are recognised as an investment and accounted for using the equity method.

The Trust does not have any arrangements with other organisations which meet the definitions detailed above. Where the Trust hosts services provided to other organisations, it records the gross value of revenue, expenditure, assets and liabilities.

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

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.36 Accounting Standards that have been issued but have not yet been adopted

The HM Treasury FReM does not require the following Standards and Interpretations to be applied in 2015-16. These standards are still subject to HM Treasury FReM interpretation, with IFRS 9 and IFRS 15 being for implementation in 2018-19, and the government implementation date for IFRS 16 still subject to HM Treasury consideration.

- IFRS 9 *Financial Instruments* – Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted
- IFRS 15 *Revenue for Contracts with Customers* - Application required for accounting periods beginning on or after 1 January 2017, but not yet adopted by the FReM: early adoption is not therefore permitted
- IFRS 16 *Leases* – Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM: early adoption is not therefore permitted.

2. Pooled budgets

Not relevant for the Trust

3. Operating segments

The Trust Board is considered to be the chief operating decision maker of the organisation. The Trust Board is of the view that whilst it receives limited financial information broken down by division, the information received does not show the full trading position of that division. Furthermore the activities undertaken by these divisions have a high degree of interdependence and therefore the Trust Board has determined that is appropriate to aggregate these divisions for segmental reporting purposes.

The rationale for determining the chief operating decision maker and for aggregating segments is as follows:

Chief operating decision maker:
International Financial Reporting Standard 8: Operating Segments; states that the chief operating decision maker will have responsibility for allocating resources and assessing the performance of the entity's operating segments.

For the University Hospitals Coventry and Warwickshire NHS Trust, responsibility for these functions is set out in the Trust's Scheme of Reservation and Delegation. This document includes (amongst others) the following key decisions which are reserved to the Trust Board:
- The approval of strategies, plans and budgets;
- The agreement of the organisational structures, processes and procedures to facilitate the discharge of business by the Trust;
- The monitoring and review of financial performance;

Consequently it has been determined that the Trust Board is the chief operating decision maker.

Operating segments:
IFRS 8 sets out the criteria for identifying operating segments and for reporting individual or aggregated segmental data. The Trust Board has considered the requirements of IFRS 8 and whilst it does receive budgetary performance information at a specialty group level based upon groups of services (including for example medical specialties, surgical specialties etc.), this information is limited in that:
- Income is not currently regularly reported by specialty;
- Costs associated with any one specialty or service provided by the Trust are split across several specialty groups;
- Cross charging for services between specialty groups is not widely undertaken; and
- Many services provided by the Trust are not operationally independent.

In addition to the above key factors, consideration has also been given to the principles around aggregation of operating segments set out in IFRS 8 which concludes that segments may be aggregated if the segments have similar economic characteristics, and the segments are similar in each of the following respects:
(a) the nature of the products and services:
The services provided are very similar in that they represent the provision of healthcare to ill/vulnerable people. Furthermore many of the services are interconnected with care for an individual being shared across different specialties and departments.

(b) the nature of the production processes:
Services are provided in very similar ways (albeit to differing extents) to the majority of patients including outpatient consultations, inpatient care, diagnostic tests, medical and surgical interventions.

(c) the type or class of customer for their products and services:
The Trust's customers are similar across all services in that they are ill/vulnerable people – whilst certain patient groups may be more susceptible to different healthcare needs, most services are provided to customers of all ages, gender etc.

(d) the methods used to distribute their products or provide their services:
The majority of services are delivered to customers through attendance at hospital as outpatients, day cases or inpatients.

(e) if applicable, the nature of the regulatory environment:
The regulatory environment in which the Trust's services are provided is NHS healthcare.

The Trust Board has therefore concluded that further segmental analysis is not appropriate and that the specialty financial information should be aggregated for the purpose of segmental reporting.

Financial Performance Reporting
The Trust Board receives reports on the Trust's financial performance based upon the Statement of Comprehensive Income (or Net Expenditure) which is adjusted in accordance with HM Treasury rules on measuring financial performance. These adjustments are set out below the Statement of Comprehensive Income (or Net Expenditure) and in note 43.1 relating to breakeven performance.

Income Sources
Key information on the Trust's sources of income is as follows:
- The total amount of income (included in the Trust's surplus/deficit) from external customers is £585.2 million (£550.2 million in 2014-15);
- The majority of the Trust's income is derived from patient care activities and totalled £509 million (£483.7 million in 2014-15);

The Trust's main commissioners of patient care activities include:
- Clinical Commissioning Groups (CCGs) from which £331.9 million (£320.9 million in 2014-15) was received; and
- NHS England from which £153.1 million (£152.4 million in 2014-15) was received.

There are no other sources of income which exceed 10% of the Trust's total revenue.

All income derives from services provided in England, although the source of a small part of this income will come from NHS bodies in other parts of the United Kingdom, the Isle of Man or from overseas visitors who are treated in the Trust's hospitals. However, income from such sources is not material.

4. Income generation activities

The Trust undertakes some minor income generation activities with an aim of achieving profit, which is then used in patient care. However, none of these activities incurred costs or income in excess of £1 million or was otherwise material.

5. Revenue from patient care activities

	2015-16 £000s	2014-15 £000s
NHS Trusts	**2,558**	2,013
NHS England	**153,080**	152,420
Clinical Commissioning Groups	**331,854**	320,874
Foundation Trusts	**414**	515
Department of Health	**87**	0
Additional income for delivery of healthcare services	**12,850**	0
Non-NHS:		
Local Authorities	**106**	659
Private patients	**1,197**	1,141
Overseas patients (non-reciprocal)	**585**	114
Injury costs recovery	**3,824**	4,155
Other	**2,470**	1,779
Total Revenue from patient care activities	**509,025**	483,670

6. Other operating revenue

	2015-16 £000s	2014-15 £000s
Recoveries in respect of employee benefits	**4,221**	3,606
Education, training and research	**31,065**	32,280
Charitable and other contributions to revenue expenditure -non- NHS	**0**	46
Receipt of donations for capital acquisitions - Charity	**207**	244
Non-patient care services to other bodies	**30,682**	23,404
Income generation (Other fees and charges)	**2,205**	2,060
Rental revenue from operating leases	**1,143**	1,125
Other revenue	**6,609**	3,761
Total Other Operating Revenue	**76,132**	66,526
Total operating revenue	**585,157**	550,196

7. Overseas Visitors Disclosure

	2015-16 £000	2014-15 £000s
Income recognised during 2015-16 (invoiced amounts and accruals)	**585**	114
Cash payments received in-year (re receivables at 31 March 2015)	**27**	54
Cash payments received in-year (iro invoices issued 2014-15)	**91**	16
Amounts added to provision for impairment of receivables (re receivables at 31 March 2014)	**41**	0
Amounts added to provision for impairment of receivables (iro invoices issued 2014-15)	**379**	92
Amounts written off in-year (irrespective of year of recognition)	**77**	18

8. Operating expenses

	2015-16 £000s	Restated 2014-15 £000s
Services from other NHS Trusts	**43**	28
Services from CCGs/NHS England *3	**9**	21
Services from other NHS bodies	**25**	13
Services from NHS Foundation Trusts	**193**	96
Total Services from NHS bodies *1	**270**	158
Purchase of healthcare from non-NHS bodies	**7,147**	9,743
Trust Chair and Non-executive Directors	**80**	82
Supplies and services - clinical	**110,707**	101,171
Supplies and services - general	**3,805**	3,864
Consultancy services	**62**	1,145
Establishment	**8,947**	9,178
Transport	**1,253**	1,181
Service charges - ON-SOFP PFIs and other service concession arrangements	**36,725**	37,673
Business rates paid to local authorities	**3,188**	2,568
Premises	**8,874**	9,399
Hospitality	**281**	277
Insurance	**411**	468
Legal Fees	**770**	365
Impairments and Reversals of Receivables	**2,027**	2,433
Depreciation	**18,929**	17,890
Amortisation	**568**	287
Impairments and reversals of property, plant and equipment	**18,647**	(8,405)
Internal Audit Fees *3	**107**	107
Audit fees	**112**	135
Other auditor's remuneration *2	**36**	98
Clinical negligence	**8,399**	8,658
Research and development (excluding staff costs)	**5,823**	4,085
Education and Training	**1,558**	1,209
Change in Discount Rate	**6**	179
Other	**2,804**	(16)
Total Operating expenses (excluding employee benefits)	**241,536**	203,932
Employee Benefits		
Employee benefits excluding Board members	**345,693**	324,493
Board members	**1,187**	1,291
Total Employee Benefits	**346,880**	325,784
Total Operating Expenses	**588,416**	529,716

*1 Services from NHS bodies does not include expenditure which falls into a category below.

*2 Other auditor's remuneration comprises of £24k for taxation services and £12k for Quality Accounts (2014/15 relates to Care Quality Commission inspection support).

*3 A new disclosure line for Internal Audit fees has been added into this note for 2015/16, the prior year comparative has therefore been restated.

9. Operating Leases

The majority of the Trust's operating leases are short term fixed price leases and include:

- Lease Cars
- Equipment (including medical and office equipment)
- Premises

9.1. University Hospitals Coventry and Warwickshire NHS Trust as lessee

	Buildings £000s	Other £000s	2015-16 Total £000s	2014-15 £000s
Payments recognised as an expense				
Minimum lease payments			**411**	349
Total			**411**	349
Payable:				
No later than one year	159	256	**415**	311
Between one and five years	636	305	**941**	817
After five years	817	0	**817**	976
Total	**1,612**	**561**	**2,173**	2,104

9.2. University Hospitals Coventry and Warwickshire NHS Trust as lessor

The Trust's operating leases as lessor relate to the leasing of buildings and land on its hospital sites.

	2015-16 £000	2014-15 £000s
Recognised as revenue		
Rental revenue	1,143	1,125
Total	**1,143**	1,125
Receivable:		
No later than one year	1,143	1,125
Between one and five years	2,126	2,098
After five years	36,312	36,284
Total	**39,581**	39,507

10. Employee benefits and staff numbers

10.1. Employee benefits

	2015-16		
	Total £000s	**Permanently employed £000s**	**Other £000s**
Employee Benefits - Gross Expenditure			
Salaries and wages	**298,191**	238,227	59,964
Social security costs	**19,906**	18,659	1,247
Employer Contributions to NHS BSA - Pensions Division	**29,030**	27,212	1,818
Termination benefits	**481**	481	0
Total employee benefits	**347,608**	**284,579**	**63,029**
Employee costs capitalised	**728**	728	0
Gross Employee Benefits excluding capitalised costs	**346,880**	**283,851**	**63,029**

Employee Benefits - Gross Expenditure 2014-15	**Total £000s**	**Permanently employed £000s**	**Other £000s**
Salaries and wages	280,419	229,234	51,185
Social security costs	18,800	17,929	871
Employer Contributions to NHS BSA - Pensions Division	27,250	25,987	1,263
TOTAL - including capitalised costs	326,469	273,150	53,319
Employee costs capitalised	685	685	0
Gross Employee Benefits excluding capitalised costs	325,784	272,465	53,319

10.2. Staff Numbers

	2015-16			2014-15
	Total Number	**Permanently employed Number**	**Other Number**	Total Number
Average Staff Numbers				
Medical and dental	**1,024**	903	121	1,005
Administration and estates	**1,214**	1,172	42	1,192
Healthcare assistants and other support staff	**1,630**	1,417	213	1,330
Nursing, midwifery and health visiting staff	**2,392**	2,087	305	2,436
Scientific, therapeutic and technical staff	**640**	601	39	614
Healthcare Science Staff	**327**	316	11	302
Other	**40**	39	1	39
TOTAL	**7,267**	**6,535**	**732**	6,918
Of the above - staff engaged on capital projects	**14**	14	0	13

10.3. Staff Sickness absence and ill health retirements

	2015-16 Number	2014-15 Number
Total Days Lost	62,662	55,087
Total Staff Years	6,436	6,183
Average working Days Lost	9.74	8.91

	2015-16 Number	2014-15 Number
Number of persons retired early on ill health grounds	**5**	6
	£000s	£000s
Total additional pensions liabilities accrued in the year	**256**	188

10.4. Exit Packages agreed in 2015-16

Exit package cost band (including any special payment element)	Number of other departures agreed	Cost of other departures agreed.	Total number of exit packages	Total cost of exit packages	Number of Departures where special payments have been made	Cost of special payment element included in exit packages
	Number	£s	Number	£s	Number	£
Less than £10,000	1	9,750	**1**	**9,750**	1	9,750
>£200,000	1	2,281,913	**1**	**2,281,913**	0	0
Total	**2**	**2,291,663**	**2**	**2,291,663**	**1**	**9,750**

Exit package cost band (including any special payment element)	Number of other departures agreed	Cost of other departures agreed.	Total number of exit packages	Total cost of exit packages	Number of Departures where special payments have been made	Cost of special payment element included in exit packages
	Number	£s	Number	£s	Number	£
Less than £10,000	1	1,750	**1**	**1,750**	0	0
£10,000-£25,000	1	15,696	**1**	**15,696**	0	0
Total	**2**	**17,446**	**2**	**17,446**	**0**	**0**

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Scheme. Exit costs in this note are accounted for in full in the year of departure (except where settlements were not agreed until after departure). Where the Trust has agreed early retirements, the additional costs are met by the Trust and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table.

This disclosure reports the number and value of exit packages agreed in the year. Note: The expense associated with these departures may have been recognised in part or in full in a previous period.

10.5. Exit packages - Other Departures analysis

	2015-16 Agreements	Total value of agreements	2014-15 Agreements	Total value of agreements
	Number	£000s	Number	£000s
Contractual payments in lieu of notice	0	0	2	17
Exit payments following Employment Tribunals or court orders	1	2,282	0	0
Non-contractual payments requiring HMT approval	1	10	0	0
Total	2	2,292	2	17

This disclosure reports the number and value of exit packages agreed in the year. Note: the expense associated with these departures may have been recognised in part or in full in a previous period.

As a single exit packages can be made up of several components each of which will be counted separately in this Note, the total number above will not necessarily match the total numbers in Note 10.4 which will be the number of individuals.

The Remuneration Report includes disclosure of exit payments payable to individuals named in that Report.

10.6. Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation
A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2016, is based on valuation data as 31 March 2015, updated to 31 March 2016 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation
The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.

The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

11. Better Payment Practice Code

11.1. Measure of compliance

	2015-16 Number	2015-16 £000s	2014-15 Number	2014-15 £000s
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	**128,705**	**381,765**	117,822	348,221
Total Non-NHS Trade Invoices Paid Within Target	**120,241**	**356,602**	106,387	315,592
Percentage of NHS Trade Invoices Paid Within Target	**93.42%**	**93.41%**	90.29%	90.63%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**2,993**	**77,095**	3,044	**81,704**
Total NHS Trade Invoices Paid Within Target	**1,537**	**72,174**	1,664	**76,288**
Percentage of NHS Trade Invoices Paid Within Target	**51.35%**	**93.62%**	54.66%	93.37%

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

11.2. The Late Payment of Commercial Debts (Interest) Act 1998

There were no charges recorded for the late payment of commercial debts (nil 2014/15).

12. Investment Revenue

	2015-16 £000s	2014-15 £000s
Interest revenue		
Bank interest	**119**	84
Total investment revenue	**119**	84

13. Other Gains and Losses

	2015-16 £000s	2014-15 £000s
Gain/(Loss) on disposal of assets other than by sale (PPE)	**12**	6
Change in fair value of investment property	**3,223**	0
Total	**3,235**	6

14. Finance Costs

	2015-16 £000s	2014-15 £000s
Interest		
Interest on loans and overdrafts	**314**	261
Interest on obligations under finance leases	**42**	52
Interest on obligations under PFI contracts:		
- main finance cost	**15,170**	15,601
- contingent finance cost	**10,067**	11,004
Total interest expense	**25,593**	26,918
Other finance costs	**0**	210
Provisions - unwinding of discount	**35**	49
Total	**25,628**	27,177

15.1. Property, plant and equipment

2015-16	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Cost or valuation:									
At 1 April 2015	30,284	296,496	513	4,870	131,177	202	28,857	155	**492,554**
Additions of Assets Under Construction				1,021					**1,021**
Additions Purchased	146	5,515	1		13,287	0	1,980	0	**20,929**
Additions - Purchases from Cash Donations & Government Grants	0	207	0	0	0	0	0	0	**207**
Additions Leased (including PFI/LIFT)	0	0	0		64	0	0	0	**64**
Reclassifications	0	338	1	(2,882)	242	0	2,301	0	**0**
Disposals other than for sale	0	(188)	0	0	(10,734)	0	0	0	**(10,922)**
Upward revaluation/positive indexation	0	2,220	28	0	0	0	0	0	**2,248**
Impairment/reversals charged to operating expenses	0	(18,756)	0	0	0	0	0	0	**(18,756)**
Impairments/reversals charged to reserves	0	(10,238)	0	0	0	0	0	0	**(10,238)**
At 31 March 2016	**30,430**	**275,594**	**543**	**3,009**	**134,036**	**202**	**33,138**	**155**	**477,107**
Depreciation									
At 1 April 2015	0	10,857	64		82,990	199	24,738	138	**118,986**
Disposals other than for sale	0	(188)	0		(10,734)	0	0	0	**(10,922)**
Upward revaluation/positive indexation	0	130	1		0	0	0	0	**131**
Impairment/reversals charged to reserves	0	(234)	0		0	0	0	0	**(234)**
Impairments/reversals charged to operating expenses	0	(312)	0		203	0	0	0	**(109)**
Charged During the Year	0	7,245	23		9,940	3	1,716	2	**18,929**
At 31 March 2016	**0**	**17,498**	**88**	**0**	**82,399**	**202**	**26,454**	**140**	**126,781**
Net Book Value at 31 March 2016	**30,430**	**258,096**	**455**	**3,009**	**51,637**	**0**	**6,684**	**15**	**350,326**
Asset financing:									
Owned - Purchased	30,430	25,448	455	3,009	19,955	0	6,684	15	**85,996**
Owned - Donated	0	1,593	0	0	1,038	0	0	0	**2,631**
Held on finance lease	0	0	0	0	482	0	0	0	**482**
On-SOFP PFI contracts	0	231,055	0	0	30,162	0	0	0	**261,217**
Total at 31 March 2016	**30,430**	**258,096**	**455**	**3,009**	**51,637**	**0**	**6,684**	**15**	**350,326**

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Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2015	20,033	25,926	79	0	5,298	9	0	0	**51,345**
Movements (specify)	0	(7,952)	27	0	(79)	0	0	0	**(8,004)**
At 31 March 2016	**20,033**	**17,974**	**106**	**0**	**5,219**	**9**	**0**	**0**	**43,341**

Additions to Assets Under Construction in 2015-16

Land	0
Buildings excl Dwellings	691
Dwellings	10
Plant & Machinery	320
Balance as at YTD	**1,021**

15.2. Property, plant and equipment prior-year

2014-15	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Cost or valuation:									
At 1 April 2014	30,284	273,190	480	4,717	118,483	202	28,052	150	**455,558**
Additions of Assets Under Construction				4,302					**4,302**
Additions Purchased	0	2,119	0		11,308	0	57	5	**13,489**
Additions - Purchases from Cash Donations & Government Grants	0	244	0	0	0	0	0	0	**244**
Additions Leased (including PFI/LIFT)	0	0	0		74	0	0	0	**74**
Reclassifications	0	0	0	(2,379)	1,744	0	748	0	**113**
Disposals other than for sale	0	0	0	(905)	(432)	0	0	0	**(1,337)**
Revaluation	0	15,129	33	0	0	0	0	0	**15,162**
Reversal of Impairments charged to reserves	0	5,814	0	0	0	0	0	0	**5,814**
At 31 March 2015	**30,284**	**296,496**	**513**	**5,735**	**131,177**	**202**	**28,857**	**155**	**493,419**
Depreciation									
At 1 April 2014	0	3,187	43	0	74,932	194	22,625	135	**101,116**
Reclassifications	0	0	0		(330)	0	330	0	**0**
Disposals other than for sale	0	0	0		(432)	0	0	0	**(432)**
Revaluation	0	9,682	0		0	0	0	0	**9,682**
Impairments/negative indexation charged to operating expenses	0	0	0	865	432	0	0	0	**1,297**
Reversal of Impairments charged to operating expenses	0	(9,682)	0	0	0	0	(20)	0	**(9,702)**
Charged During the Year	0	7,670	21		8,388	5	1,803	3	**17,890**
At 31 March 2015	**0**	**10,857**	**64**	**865**	**82,990**	**199**	**24,738**	**138**	**119,851**
Net Book Value at 31 March 2015	**30,284**	**285,639**	**449**	**4,870**	**48,187**	**3**	**4,119**	**17**	**373,568**
Asset financing:									
Owned - Purchased	30,284	23,441	449	4,870	17,373	3	4,119	17	**80,556**
Owned - Donated	0	1,323	0	0	1,263	0	0	0	**2,586**
Held on finance lease	0	0	0	0	659	0	0	0	**659**
On-SOFP PFI contracts	0	260,875	0	0	28,892	0	0	0	**289,767**
Total at 31 March 2015	**30,284**	**285,639**	**449**	**4,870**	**48,187**	**3**	**4,119**	**17**	**373,568**

15.3. (cont). Property, plant and equipment

Donated Assets
The Trust benefitted from a total of £207,000 (2014/15 £244,000) of donated property, plant and equipment.

Assets held at revalued amounts
Land and building assets are all held at revalued amount, with specialised properties valued on a modern equivalent depreciated replacement cost (DRC) basis. A full revaluation exercise was under taken in January 2012 by David Cooney MA. MRICS, an Associate within the valuation consultancy department of GVA Grimley Ltd. During 2013/14 David Cooney undertook a desktop exercise to value the estate as at 31st March 2014. During 2014/15 and 2015/16 the Trust used indicies provided by GVA Grimley to reflect the current value of the estate as at 31st March 2015 and 31st March 2016 respectively.

In addition, following clarification of the treatment of VAT in PFI assets, the Trust removed VAT from its valuation of PFI assets during 2015/16 in line with valuation and accounting standards which require recoverable VAT to be excluded from valuations.

Asset lives
The following ranges of asset lives are applied:

	Minimum Life (Years)	Maximum Life (Years)
Property, Plant and Equipment		
Buildings (excluding dwellings)	2	87
Dwellings	2	62
Plant and Machinery	5	15
Transport Equipment	7	7
Information Technology	5	5
Furniture and Fittings	5	5

Market Value of assets
Operational specialised assets such as hospitals are valued at existing use value as there is no market for such facilities and a market valuation cannot be obtained.

Other non-specialised assets such as houses are valued at market value.

Trust as lessor of assets
The Trust leases certain facilities on its sites to other NHS and non-NHS organisations. Many of these leases involve the use of rooms within the Trust's main hospital buildings and as such, their valuation cannot easily be separated from that of the main hospital building. These leases are not considered to be material.

However, there are three leases that involve the leasing of discrete areas of land on the University Hospital site and one on the Hospital of St Cross site. The value of land covered by these leases is £8.2 million (2014/15 £5 million) - these are however, disclosed as investment assets.

16. Intangible non-current assets

16.1. Intangible non-current assets

2015-16	Computer Licenses	Total
	£000's	£000's
At 1 April 2015	**4,734**	**4,734**
Additions Purchased	1,769	**1,769**
At 31 March 2016	**6,503**	**6,503**
Amortisation		
At 1 April 2015	**848**	**848**
Reclassifications	0	**0**
Charged During the Year	568	**568**
At 31 March 2016	**1,416**	**1,416**
Net Book Value at 31 March 2016	**5,087**	**5,087**
Asset Financing: Net book value at 31 March 2016 comprises:		
Purchased	4,555	**4,555**
Finance Leased	532	**532**
Total at 31 March 2016	**5,087**	**5,087**

The intangible assets of the Trust relate to computer software, which is carried at historic cost.

16.2. Intangible non-current assets prior year

2014-15	Computer Licenses	Total
	£000's	£000's
Cost or valuation:		
At 1 April 2014	1,704	1,704
Additions - purchased	2,291	2,291
Additions Leased (including PFI/LIFT)	852	852
Reclassifications	(113)	(113)
At 31 March 2015	4,734	4,734
Amortisation		
At 1 April 2014	561	561
Charged during the year	287	287
At 31 March 2015	848	848
Net book value at 31 March 2015	3,886	3,886
Net book value at 31 March 2015 comprises:		
Purchased	3,034	3,034
Finance Leased	852	852
Total at 31 March 2015	3,886	3,886

16.3. Intangible non-current assets

The Trust's intangible assets relate to computer software which is carried at historic cost. The range of asset lives applied are as follows:

	Minimum Life (Years)	Maximum Life (Years)
Intangible assets		
Software Licences	4	5

17. Analysis of impairments and reversals recognised in 2015-16

	2015-16 Total £000s
Property, Plant and Equipment impairments and reversals taken to SoCI	
Unforeseen obsolescence	21
Changes in market price	18,626
Total charged to Annually Managed Expenditure	**18,647**
Total Impairments of Property, Plant and Equipment changed to SoCI	**18,647**
Total Impairments charged to SoCI - AME	**18,647**
Overall Total Impairments	**18,647**
Donated and Gov Granted Assets, included above	
PPE - Donated and Government Granted Asset Impairments: amount charged to SOCI - DEL	(106)

The net impairments resulting from changes in market prices contain the following material amounts:
- The application of indices to the Trust's estate as at 31st March 2016 resulted in a reversal of impairments recognised in prior years (£11.5m);
- The removal of VAT from the valuation of PFI building assets resulted in an impairment of £30.0m

18. Investment property

	31 March 2016 £000s	31 March 2015 £000s
At fair value		
Balance at 1 April 2015	**5,007**	5,007
Gain from Fair Value Adjustments	**3,223**	0
Balance at 31 March 2016	**8,230**	5,007

19. Commitments

19.1. Capital commitments

Contracted capital commitments at 31 March not otherwise included in these financial statements:

	31 March 2016 £000s	31 March 2015 £000s
Property, plant and equipment	**1,118**	613
Intangible assets	**0**	325
Total	**1,118**	938

20. Intra-Government and other balances

	Current receivables £000s	Non-current receivables £000s	Current payables £000s	Non-current payables £000s
Balances with Other Central Government Bodies	0	0	6,611	0
Balances with NHS bodies outside the Departmental Group	0	0	69	0
Balances with NHS bodies inside the Departmental Group	24,302	0	6,721	24,238
Balances with Bodies External to Government	5,745	29,160	44,517	264,639
At 31 March 2016	**30,047**	**29,160**	**57,918**	**288,877**
prior period:				
Balances with Other Central Government Bodies	0	0	6,165	0
Balances with NHS bodies outside the Departmental Group	0	0	150	0
Balances with NHS bodies inside the Departmental Group	24,813	0	5,124	13,260
Balances with Bodies External to Government	5,913	30,046	41,954	264,703
At 31 March 2015	**30,726**	**30,046**	**53,393**	**277,963**

21. Inventories

	Drugs	Consumables	Total
	£000s	£000s	£000s
Balance at 1 April 2015	**3,693**	**7,865**	**11,558**
Additions	31,503	59,148	**90,651**
Inventories recognised as an expense in the period	(31,436)	(57,499)	**(88,935)**
Balance at 31 March 2016	**3,760**	**9,514**	**13,274**

22.1. Trade and other receivables

	Current		Non-current	
	31 March 2016	31 March 2015	**31 March 2016**	31 March 2015
	£000s	£000s	**£000s**	£000s
NHS receivables - revenue	**11,994**	19,862	**0**	0
NHS prepayments and accrued income	**11,565**	4,848	**0**	0
Non-NHS receivables - revenue	**3,589**	3,105	**0**	0
Non-NHS prepayments and accrued income	**2,894**	2,470	**0**	0
PDC Dividend prepaid to DH	**743**	108		
Provision for the impairment of receivables	**(4,879)**	(4,006)	**0**	0
VAT	**876**	323	**0**	0
Current/non-current part of PFI and other PPP arrangements prepayments and accrued income	**0**	0	**24,357**	25,639
Other receivables	**3,265**	4,016	**4,803**	4,407
Total	**30,047**	30,726	**29,160**	30,046
Total current and non current	**59,207**	60,772		

The great majority of trade is with key NHS bodies including CCGs and NHS England. As NHS bodies are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary.

22.2. Receivables past their due date but not impaired

	31 March 2016	31 March 2015
	£000s	£000s
By up to three months	**5,074**	2,886
By three to six months	**1,693**	531
By more than six months	**468**	0
Total	**7,235**	3,417

22.3. Provision for impairment of receivables

	2015-16 £000s	2014-15 £000s
Balance at 1 April 2015	**(4,006)**	(2,578)
Amount written off during the year	**1,154**	1,005
Amount recovered during the year	**2,184**	1,146
(Increase)/decrease in receivables impaired	**(4,211)**	(3,579)
Balance at 31 March 2016	**(4,879)**	(4,006)

The Trust's policy for the impairment of receivables is as follows:
- Injury cost recovery income: subject to a provision for impairment of receivables of 21.99% (18.9% 2014/15) as per DH guidance.
- Non-NHS receivables that are over 6 months old: subject to a provision for impairment of receivables of 100%
- Non-NHS receivables less than 6 months old: individually assessed and an appropriate provision made
- Overseas visitors invoices from 1/4/15 are subject to a 50% provision
- NHS receivables: individually assessed and an appropriate provision made (taking account of the NHS agreement of balances exercise)

23. NHS LIFT investments

Not relevant for the Trust

24.1. Other Financial Assets - Current

Not relevant for the Trust

24.2. Other Financial Assets - Non Current

Not relevant for the Trust

25. Other current assets

Not relevant for the Trust

26. Cash and Cash Equivalents

	31 March 2016 £000s	31 March 2015 £000s
Opening balance	**655**	870
Net change in year	**2,105**	215
Closing balance	**2,760**	655
Made up of		
Cash with Government Banking Service	**2,756**	651
Cash in hand	**4**	4
Cash and cash equivalents as in statement of financial position	**2,760**	655
Bank overdraft - Commercial banks	**(3)**	(42)
Cash and cash equivalents as in statement of cash flows	**2,757**	613
Third Party Assets - Bank balance (not included above)	**27**	28

27. Non-current assets held for sale

	Dwellings	Total
	£000s	£000s
Balance at 1 April 2015	0	**0**
Plus assets classified as held for sale in the year	0	**0**
Less assets sold in the year	0	**0**
Balance at 31 March 2016	**0**	**0**
Liabilities associated with assets held for sale at 31 March 2016	**0**	**0**
Balance at 1 April 2014	673	**673**
Less assets sold in the year	(673)	**(673)**
Balance at 31 March 2015	**0**	**0**

All of the Trust assets held for sale were residential properties which were surplus to requirements.
During the prior year (2014/15) six properties with a value of £673,000 were sold.
At the end of the year there no properties held for sale (2014/15 nil).

28. Trade and other payables

	Current	
	31 March 2016 £000s	31 March 2015 £000s
NHS payables - revenue	**4,146**	2,884
NHS accruals and deferred income	**167**	0
Non-NHS payables - revenue	**11,192**	5,663
Non-NHS payables - capital	**2,338**	5,229
Non-NHS accruals and deferred income	**26,470**	24,538
Social security costs	**3,204**	2,944
Accrued Interest on DH Loans	**59**	
VAT	**110**	119
Tax	**3,285**	3,102
Other	**4,330**	122
Total	**55,301**	44,601
Total payables (current and non-current)	**55,301**	**44,601**
Included above:		
outstanding Pension Contributions at the year end	**4,139**	0

The majority of payables are expected to be paid within 30 days of the year-end or in the case of accruals 30 days after receipt of a valid invoice. The main exception to this is deferred income which will be released to the Statement of Comprehensive Income over the course of the next year.

29. Other liabilities

Not relevant for the Trust

30. Borrowings

	Current		Non-current	
	31 March 2016 £000s	31 March 2015 £000s	**31 March 2016 £000s**	31 March 2015 £000s
Bank overdraft - commercial banks	**3**	42		
Loans from Department of Health	**2,489**	2,390	**24,238**	13,260
PFI liabilities:				
Main liability*	**(287)**	5,929	**264,172**	263,885
Finance lease liabilities	**412**	431	**467**	818
Total	**2,617**	**8,792**	**288,877**	**277,963**
Total borrowings (current and non-current)	**291,494**	**286,755**		

* The Trust's main hospital facility (and some equipment) is provided under a PFI contract and the asset and related liabilities are recorded in the Statement of Financial Position. The sums recorded above relate to the finance lease liability associated with this contract. Further analysis of the PFI contract is included at note 37 to these accounts.

Borrowings / Loans - repayment of principal falling due in:

	31 March 2016		
	DH £000s	**Other £000s**	**Total £000s**
0-1 Years	2,489	128	**2,617**
1 - 2 Years	14,968	5,825	**20,793**
2 - 5 Years	5,217	21,626	**26,843**
Over 5 Years	4,053	237,188	**241,241**
TOTAL	**26,727**	**264,767**	**291,494**

31. Other financial liabilities

Not relevant for the Trust

32. Deferred income

	Current	
	31 March 2016 £000s	31 March 2015 £000s
Opening balance at 1 April 2015	**3,443**	3,463
Deferred revenue addition	**6,341**	3,443
Transfer of deferred revenue	**(3,443)**	(3,463)
Current deferred Income at 31 March 2016	**6,341**	3,443
Total deferred income (current and non-current)	**6,341**	3,443

33. Finance lease obligations as lessee

The Trust has a small number of equipment finance leases which are not considered to be significant.

Amounts payable under finance leases (Other)	**Minimum lease payments**		**Present value of minimum**	
	31 March 2016 £000s	31 March 2015 £000s	**31 March 2016 £000s**	31 March 2015 £000s
Within one year	**441**	472	**412**	431
Between one and five years	**481**	851	**467**	180
After five years	**0**	0	**0**	638
Less future finance charges	(43)	(74)		
Minimum Lease Payments / Present value of minimum lease payments	**879**	1,249	**879**	1,249
Included in:				
Current borrowings			**412**	431
Non-current borrowings			**467**	818
			879	1,249

34. Finance lease receivables as lessor

Not relevant for the Trust

35. Provisions

		Comprising:			
	Total	**Early Departure Costs**	**Legal Claims**	**Other**	**Redundancy**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**
Balance at 1 April 2015	**5,483**	1,393	113	3,977	0
Arising during the year	**2,281**	35	141	1,624	481
Utilised during the year	**(2,009)**	(136)	(8)	(1,865)	0
Reversed unused	**(782)**	0	(49)	(733)	0
Unwinding of discount	**35**	18	0	17	0
Change in discount rate	**6**	6	0	0	0
Transfers to NHS Foundation Trusts on being authorised as FT	**0**	0	0	0	0
Transfers (to)/from other public sector bodies under absorption accounting	**0**	0	0	0	0
Balance at 31 March 2016	**5,014**	**1,316**	**197**	**3,020**	**481**
Expected Timing of Cash Flows:					
No Later than One Year	**2,659**	136	197	1,845	481
Later than One Year and not later than Five Years	**776**	542	0	234	0
Later than Five Years	**1,579**	638	0	941	0

Amount Included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities:

As at 31 March 2016	90,613
As at 31 March 2015	55,683

- Early departure costs are pensions relating to former staff are based upon actuarial estimates and are reviewed annually. Payments are made quarterly to the NHS Pensions Agency in respect of the Trust's liability.
- Legal claims relate to employers'/third party liability claims. Cost estimates and timings are provided by the NHS Litigation Authority.
- Other provisions include: injury benefits payable by the NHS Pensions Agency and recharged to the Trust; other employee related claims; and fines/penalties

36. Contingencies

	31 March 2016 £000s	31 March 2015 £000s
Contingent liabilities		
NHS Litigation Authority legal claims	**(97)**	(72)
Net value of contingent liabilities	**(97)**	(72)

37. PFI and LIFT - additional information

The Trust has entered into a PFI contract for the construction, operation and maintenance of a major acute hospital along with the provision of a significant proportion of medical and other equipment required for use in the hospital. The PFI contractor is also responsible for the provision of a number of services including estate maintenance, certain equipment maintenance and the provision of hotel / soft services to a required Trust specification. These services include catering, domestic, laundry / linen, portering, transport, switchboard, help desk, car parking and security. In addition as part of the PFI contract these services are also provided to the existing Hospital of St Cross.

The PFI consortium includes:

1. Principal contract party with the Trust, is Coventry & Rugby Hospital Company (CRHC)
2. Coventry & Rugby Hospital Company have contracts with:
   a. Hard FM – Vinci Facilities
   b. Soft FM – ISS Mediclean whose current contract is market tested under the PFI contract every seven years
   c. Equipment – GE Medical Systems

The PFI contract terminates on 31st December 2042 at which point ownership of the buildings and equipment provided under the contract passes to the Trust for no additional consideration.

The PFI contract is a tripartite contract involving the provision of a University Hospital for UHCW NHS Trust, and also incorporates a Mental Health facility for Coventry and Warwickshire Partnership NHS Trust, all of which are on the same NHS PFI site and jointly contracted with CRHC.

Inflation on the PFI Unitary Payment is twofold. All costs except Soft FM pay are based upon the movement in the Retail Prices Index (RPI) over the previous 12 months on a February to February basis. Soft FM pay uplift is based mainly on Agenda for Change as a result of the Retention of Employment model being used, where the majority of staff are in effect seconded by the Trust to the soft services provider but remain on NHS conditions of service.

The information below is required by the Department of Heath for inclusion in national statutory accounts.

Charges to operating expenditure and future commitments in respect of ON and OFF SOFP PFI

	2015-16 £000s	2014-15 £000s
Service element of on SOFP PFI charged to operating expenses in year	**36,725**	37,673
Total	**36,725**	37,673

Payments committed to in respect of off SOFP PFI and the service element of on SOFP PFI

No Later than One Year	**37,972**	37,673
Later than One Year, No Later than Five Years	**151,890**	150,692
Later than Five Years	**826,584**	857,910
Total	**1,016,446**	1,046,275

Imputed "finance lease" obligations for on SOFP PFI contracts due

	2015-16 £000s	2014-15 £000s
No Later than One Year	**14,635**	21,099
Later than One Year, No Later than Five Years	**84,275**	75,831
Later than Five Years	**421,892**	444,971
Subtotal	**520,802**	541,901
Less: Interest Element	**(256,917)**	(272,087)
Total	**263,885**	269,814

Present Value Imputed "finance lease" obligations for on SOFP PFI contracts due Analysed by when PFI payments are due	**2015-16 £000s**	2014-15 £000s
No Later than One Year	**(287)**	5,929
Later than One Year, No Later than Five Years	**26,984**	26,697
Later than Five Years	**237,188**	237,188
Total	**263,885**	269,814

Number of on SOFP PFI Contracts

Total Number of on PFI contracts	**1**
Number of on PFI contracts which individually have a total commitments value in excess of £500m	**1**

38. Impact of IFRS treatment - current year

The information below is required by the Department of Heath for budget reconciliation purposes.

	2015-16 Income £000s	**Expenditure £000s**	2014-15 Income £000s	Expenditure £000s
Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g PFI / LIFT)				
Depreciation charges		12,840		11,941
Interest Expense		15,170		26,605
Impairment charge - AME		18,670		(9,204)
Impairment charge - DEL		0		0
Other Expenditure		46,792		37,673
Impact on PDC dividend payable		(1,488)		(1,184)
Total IFRS Expenditure (IFRIC12)	**0**	**91,984**	**0**	**65,831**
Revenue consequences of PFI / LIFT schemes under UK GAAP / ESA95 (net of any sublease revenue)		73,264		74,097
Net IFRS change (IFRIC12)		**18,720**		**(8,266)**
Capital Consequences of IFRS : LIFT/PFI and other items under IFRIC12				
Capital expenditure 2015-16		**11,973**		10,386
UK GAAP capital expenditure 2015-16 (Reversionary Interest)		**4,906**		4,459

	2015-16 Income/ Expenditure IFRIC 12 YTD **£000s**	**2015-16** Income/ Expenditure ESA 10 YTD **£000s**
Revenue costs of IFRS12 compared with ESA10		
Depreciation charges	**12,840**	
Interest Expense	**15,170**	
Impairment charge - AME	**18,670**	
Other Expenditure		
Service Charge	**36,725**	73264
Contingent Rent	**10,067**	
Impact on PDC Dividend Payable	**(1,488)**	
Total Revenue Cost under IFRIC12 vs ESA10	**91,984**	**73,264**
Revenue Receivable from subleasing	**0**	**0**
Net Revenue Cost/(income) under IDRIC12 vs ESA10	**91,984**	**73,264**

39. Financial Instruments

39.1. Financial risk management

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

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. Trust treasury activity is subject to review by the Trust's internal auditors.

Currency risk
The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

Interest rate risk
The Trust borrows from government for capital expenditure, subject to affordability as confirmed by the NHS Trust Development Authority. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

The Trust has also borrowed from government to cover an operating deficit in 2015/16. The borrowing is repayable in two years and interest is charged at the National Loans Fund rate, fixed for the life of the loan.

Credit risk
Because the majority of theTrust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2016 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk
TheTrust's operating costs are incurred under contracts with clinical commissioning groups anf NHS England, which are financed from resources voted annually by Parliament . The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

39.2. Financial Assets

	Loans and receivables	Available for sale	Total
	£000s	£000s	£000s
Embedded derivatives			**0**
Receivables - NHS	9,635		**9,635**
Receivables - non-NHS	3,350		**3,350**
Cash at bank and in hand	2,757		**2,757**
Total at 31 March 2016	**15,742**	**0**	**15,742**
Embedded derivatives			0
Receivables - NHS	18,553		18,553
Receivables - non-NHS	2,389		2,389
Cash at bank and in hand	655		655
Total at 31 March 2015	21,597	0	21,597

39.3. Financial Liabilities

	Other	Total
	£000s	£000s
NHS payables	4,146	**4,146**
Non-NHS payables	37,989	**37,989**
Other borrowings	26,727	**26,727**
PFI & finance lease obligations	264,764	**264,764**
Other financial liabilities	2,465	**2,465**
Total at 31 March 2016	**336,091**	**336,091**
NHS payables	3,030	3,030
Non-NHS payables	31,963	31,963
Other borrowings	15,692	15,692
PFI & finance lease obligations	271,063	271,063
Other financial liabilities	3,115	3,115
Total at 31 March 2015	324,863	324,863

The Trust's main financial liabilities at 31 March 2016 are as follows:

The Trust has a large PFI contract with total future liabilities of £264 million which are due to be repaid over the next 26 years and 9 months. The repayment of this liability is factored into the Trust's Integrated Business Plan and is planned to be repaid from a combination of internally generated funds not required for future investment (depreciation) and revenue surpluses. Note 37 provides further information on this liability.

The Trust has £26.7 million of outstanding loans from the Department of Health. The repayment of these loans is factored into the Trust's Long Term Financial Model. Note 30 provides further information on these loans.

40. Events after the end of the reporting period

Not relevant for the Trust

41. Related party transactions

Professor Peter Winstanley, Non-Executive Director of the Trust holds the position of Dean of Warwick Medical School which is part of the University of Warwick - an organisation with which the Trust has significant financial transactions relating to education, training, research and staff recharges.

Professor Mark Radford, Chief Nursing Officer of the Trust is a trustee of Myton Hospices. Mr Andrew Meehan, Chair of the Trust ceased being a trustee of Myton Hospices during 2015/16. Myton Hospices is an organisation which provides hospice care and which leases land from the Trust and to which the Trust supplies goods/services.

None of the other members of the Trust Board, or parties related to them, have undertaken any material transactions with the Trust.

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£000	£000	£000	£000
University of Warwick	6,117	2,138	712	91
Myton Hospices	0	270	0	44

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

	Revenue	Expenditure	Receivable 31 March	Payable 31 March
	2015/16	2015/16	2016	2016
	£000	£000	£000	£000
Coventry And Rugby CCG	268,563	0	3,131	122
West Midlands Commissioning Hub	130,692	0	2,835	0
Warwickshire North CCG	27,419	0	208	0
Health Education England	23,812	0	833	0
South Warwickshire CCG	19,057	0	570	0
Department of Health	17,001	0	46	0
West Midlands Local Office	14,497	0	1,231	13
South Warwickshire NHS Foundation Trust	4,789	2,284	2,593	1,594
George Eliot Hospital NHS Trust	5,604	948	2,127	971
NHS Litigation Authority	245	8,782	0	3
Nene CCG	6,793	0	632	0
West Leicestershire CCG	6,212	0	824	0
Burton Hospitals NHS Foundation Trust	5,624	637	503	57
Central Midlands Commissioning Hub	3,803	0	2,542	0
East Leicestershire And Rutland CCG	3,604	0	322	0
NHS Blood and Transplant	120	3,458	0	69
Coventry and Warwickshire Partnership NHS Trust	2,235	437	533	126
Lancashire and Greater Manchester Local Office	2,857	0	0	0
Worcestershire Acute Hospitals NHS Trust	1,434	141	1,007	203
Solihull CCG	2,604	0	0	56
The Royal Wolverhampton NHS Trust	2,087	42	276	9
Cheshire and Merseyside Local Office	1,694	0	0	0
Public Health England	1,082	189	2	67
Birmingham Crosscity CCG	1,535	0	2	0
Birmingham Childrens Hospital NHS Foundation Trust	439	161	892	30
North Midlands Local Office	1,207	0	24	0
University Hospitals of Leicester NHS Trust	519	124	308	29
Redditch And Bromsgrove CCG	844	0	0	123
South East Staffs And Seisdon Peninsular CCG	764	0	140	0

In addition, the Trust has had a number of material transactions with other Government Departments and other central and local Government bodies including:

National Health Service Pension Scheme	0	29,030	0	0
HM Revenue and Customs Trust Statement	0	19,906	0	6,599
Coventry City Council	372	2,884	68	48

The Trust has also received revenue and capital payments from the University Hospitals Coventry and Warwickshire NHS Trust Charity, the Trustee of which is the Corporate Trust Board of University Hospitals Coventry and Warwickshire NHS Trust. Note the Charity also supports Coventry and Warwickshire Partnership NHS Trust. The Trust has not consolidated the Charity accounts into its accounts on the basis that they are not material. A statement of financial activities and balance sheet for the Charity are shown below:

Statement of Financial Activities	2015-16 £000
Total income resources	1,128
Resources expended with host NHS Trust	(441)
Resources expended with other organisations	(67)
Net outgoing resources	**620**
Gains on revaluation	(152)
Other fund movements	115
Net movement in Funds	**583**

Balance Sheet	31 March 2016 £000
Investments	2,200
Total fixed assets	**2,200**
Cash	1,513
Other Current Assets	30
Current Liabilities	(242)
Net assets/liabilities	**3,501**
Restricted/Endowment Funds	40
Non-Restricted Funds	3,461
Total Charitable Funds	**3,501**

42. Losses and special payments

The total number of losses cases in 2015-16 and their total value was as follows:

	Total Value of Cases £s	Total Number of Cases
Losses	119,641	82
Special payments	2,684,620	62
Total losses and special payments	2,804,261	144

The total number of losses cases in 2014-15 and their total value was as follows:

	Total Value of Cases £s	Total Number of Cases
Losses	41,348	76
Special payments	113,634	67
Total losses and special payments	154,982	143

Details of cases individually over £300,000

One case in 2015/16 exceeded £300,000 (no cases in 2014/15). This related to an employment tribunal case for which remedy was agreed in February 2016. The estimated cost of the case is £2.6m (including estimated sums for grossing up tax and national insurance contributions and employers' on costs). The figure quoted here will not be the same as that included in the exit packages note which excludes employers' on-costs).

43. Financial performance targets

The figures given for periods prior to 2009-10 are on a UK GAAP basis as that is the basis on which the targets were set for those years.

43.1. Breakeven performance

	2006-07 £000s	2007-08 £000s	2008-09 £000s	2009-10 £000s	2010-11 £000s	2011-12 £000s	2012-13 £000s	2013-14 £000s	2014-15 £000s	2015-16 £000s
Turnover	408,461	378,867	426,673	465,211	472,923	484,816	509,163	528,881	550,196	**585,157**
Retained surplus/(deficit) for the year	54	201	4,825	158	(7,010)	(18,284)	(23,565)	10,863	(9,460)	**(27,895)**
Adjustment for:										
Timing/non-cash impacting distortions:										
2007/08 PPA (relating to 1997/98 to 2006/07)	(340)									
2008/09 PPA (relating to 1997/98 to 2007/08)	0	(1,906)								
Adjustments for impairments			0	3,097	7,967	17,718	24,714	(9,717)	(8,405)	**18,647**
Adjustments for impact of policy change re donated/government grants assets						345	(508)	(932)	27	**69**
Consolidated Budgetary Guidance - adjustment for dual accounting under IFRIC12*				6,979	3,205	1,686	1,275	0	938	**50**
Absorption accounting adjustment							0	0	0	**0**
Other agreed adjustments	0	0	0	0	0	0	**0**	0	0	**0**
Break-even in-year position	**(286)**	**(1,705)**	**4,825**	**10,234**	**4,162**	**1,465**	**1,916**	**214**	**(16,900)**	**(9,129)**
Break-even cumulative position	**(562)**	**(2,267)**	**2,558**	**12,792**	**16,954**	**18,419**	**20,335**	**20,549**	**3,649**	**(5,481)**

* Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009-10, NHS trusts' financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to IFRIC 12 schemes (which would include PFI schemes), which has no cash impact and is not chargeable for overall budgeting purposes, is excluded when measuring Breakeven performance. Other adjustments are made in respect of accounting policy changes (impairments and the removal of the donated asset and government grant reserves) to maintain comparability year to year.

	2006-07 %	2007-08 %	2008-09 %	2009-10 %	2010-11 %	2011-12 %	2012-13 %	2013-14 %	2014-15 %	2015-16 %
Materiality test (I.e. is it equal to or less than 0.5%):										
Break-even in-year position as a percentage of turnover	-0.07	-0.45	1.13	2.20	0.88	0.30	0.38	0.04	-3.07	**-1.56**
Break-even cumulative position as a percentage of turnover	-0.14	-0.60	0.60	2.75	3.58	3.80	3.99	3.89	0.66	**-0.94**

The amounts in the above tables in respect of financial years 2006/07 to 2008/09 inclusive have **not** been restated to IFRS and remain on a UK GAAP basis.

43.2. Capital cost absorption rate

The dividend payable on public dividend capital is based on the actual (rather than forecast) average relevant net assets based on the pre audited accounts and therefore the actual capital cost absorption rate is automatically 3.5%.

43.3. External financing

The Trust is given an external financing limit which it is permitted to undershoot.

	2015-16 £000s	2014-15 £000s
External financing limit (EFL)	**10,396**	22,565
Cash flow financing	**6,821**	20,051
Finance leases taken out in the year	**64**	926
External financing requirement	**6,885**	20,977
Under/(over) spend against EFL	**3,511**	1,588

43.4. Capital resource limit

The Trust is given a capital resource limit which it is not permitted to exceed.

	2015-16 £000s	2014-15 £000s
Gross capital expenditure	**23,990**	21,251
Less: book value of assets disposed of	**0**	(1,578)
Less: donations towards the acquisition of non-current assets	**(207)**	(244)
Charge against the capital resource limit	**23,783**	19,429
Capital resource limit	**26,415**	24,065
(Over)/underspend against the capital resource limit	**2,632**	4,636

44. Third party assets

The Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March 2016 £000s	31 March 2015 £000s
Third party assets held by the Trust	**27**	27

If you require a translated summary
please contact **024 7696 7596**

Polish

Jeśli życzą sobie Państwo tłumaczenie streszczenia,
proszę o kontakt na numer 02476 967596

Punjabi

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ਵਿੱਚ ਚਾਹੀਦਾ ਹੈ ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਇਸ ਨੰਬਰ ਤੇ
ਸੰਪਰਕ ਕਰੋ : 02476 967596.

Kurdish

بە پێوویستیت تۆ رگەنە رگێرانیوە یکورتە منە
باسە هە یە پە ندییوە بکە بە ژمارە تە
فونیلە 02476967596 ە

Arabic

إذا تحتاج إلى مجمل مترجم الرجاء الإتصال ب
.02476967596

Farsi

در صورتی که مایل به داشتن خلاصهٔ ترجمه شده هستید لطفاً
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