

ANNUAL REPORT 2015/16

Countess of Chester Hospital NHS Foundation Trust Annual Report and Accounts 2015/16

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

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THE PERFORMANCE REPORT



PERFORMANCE OVERVIEW

> STATEMENT FROM THE CHAIRMAN AND CHIEF EXECUTIVE

Welcome to the 2015/16 Annual Report of the Countess of Chester Hospital NHS Foundation Trust. Our vision is to deliver NHS care locally that makes our staff and our community proud by being safe, kind and effective in everything that we do. The Countess has set out to achieve this vision through three key strategic programmes.

- Countess 20:20 is how we review our core services to make sure they deliver the outcomes and quality our patients deserve. This is our internal approach to innovating and improving. The *'Model Hospital'* will support the delivery of this programme.
- Integrated Specialist Services sees our hospital developing services as either a specialist centre in its own right, or through clinical networks in partnership with neighbouring hospitals. Our acute care collaboration with Wirral will support the delivery of this programme.
- The West Cheshire Way sees us working with local healthcare partners to redesign services so they are more joined up and easier for patients to access. The Multi-Specialty Community Provider 'vanguard' project will support the delivery of this programme.

The next year will be an important one for stabilising and rebalancing the West Cheshire health system. As a workforce, The Countess demonstrates an approach to caring, leadership and stewardship that will see this hospital emerge as the front runner for defining what a *'Model Hospital'* should be. Many of us have worked here for years and we care deeply about the place and our professions, but most of all about our patients. We have reached a point in time when we have to face answering a truly difficult question. Why is what we are doing in the NHS just not good enough anymore?

Working at The Countess means we are stewards of this hospital, our patients rely on us. None of us will be here forever. If we were to hand over the keys to the hospital front doors tomorrow, what would be found? As NHS workers when we each leave this place and the care of our patients to the people that follow us, we have a responsibility to leave the NHS in a better way than we found it.

Our work to date supporting 'The Carter Review' into NHS productivity as commissioned by The Department of Health has raised our national profile as pioneers in this field. We have been chosen as the test-bed site to become The *'Model Hospital'*. This has opened our door to some of the most informed, experienced and highly regarded efficiency experts in the country.

Within the next two years, The Countess needs to transform itself and reduce its annual running costs by £20million. Between now and the end of this year, we will embed the value of a dedicated programme office for the involvement, planning, governance and ownership of 10 change projects. The principle here is about gaining momentum, getting The *'Model Hospital'* off the ground in a supportive way that does not disrupt staff focus on patient care and safety. However, at some point it will impact on our time at all levels through what we prioritise, the way we work and what we do here at The Countess.

This year we have again had an extremely difficult winter period, placing pressures on beds and delays in treatment. It is well recognised in the NHS that Accident and Emergency performance reflects how effectively the local health and social care system is functioning. This covers primary care, the hospital, community services and social care – including nursing homes. We are concentrating on reducing inappropriate use of Accident and Emergency (A&E) and having to admit people who do not need hospital care. At the same time we are working with social and community care to discharge patients in a timely way when they are ready to leave hospital. If we can resolve this key issue then we should see a better flow of patients through the hospital which will in turn improve our A&E performance.

Learning from and improving both patient experiences and staff experiences remains integral to our future success.

› PATIENT EXPERIENCES

We have continued to respond to the challenges of the NHS and our ageing population in 2015/16. The stroke care we provide is currently among the best in the country. The Chester stroke team is one of only 14 Trusts nationally to achieve an 'A' score from the Royal College of Physicians as part of its audit programme, known as SSNAP. We have made a number of simple, practical and effective changes. We have invested further in clinical staff with expertise in stroke care – including having the first advanced neuro vascular practitioner in the country following training in the United States. Patients now have more time with therapists especially at weekends, ensuring a faster recovery and earlier discharge home. We are getting smarter about monitoring real-time stroke performance information on a weekly basis, so we can respond to making service improvements and changes quickly. In addition, we have established closer working links with The Walton Centre allowing patients rapid access to their specialist services when needed.

We have also launched a new kind of NHS care service to get elderly and frail patients out of hospital and back on their feet. Hospital doctors, nurses and therapists have teamed up with partners from social care and GPs to develop an alternative recuperation facility for the area – The Emerald Unit. A revamped 16 bed facility at our Ellesmere Port Hospital is now providing a safer alternative to help get these patients the care they need, with extra help from therapists and nursing staff who can focus on keeping them

moving and hopefully getting them home within three weeks, with support where appropriate. The model is based on current best practice within the NHS, known nationally as 'Discharge to Assess'. It marks a step change in how West Cheshire NHS providers and social care work together to wrap a package of support around these vulnerable patients.

The Council of Governors continues to keep us focused on the issues that matter to our patients and we are extremely grateful for their time and the contribution they make. Following an increase in the grumbles and frustrations from visitors who found it difficult to navigate the place, this year our public governors asked that 'wayfinding' was a priority area for the Trust to review. With their input we have introduced a new signage system. It is based on the simple principle of a numbered junction system similar to what you might find on the motorway network. It uses black print on a yellow background in keeping with best practice to help those who may be visually impaired, and is backed up with new eye-catching maps and location directories.



> STAFF EXPERIENCES

This year has seen us welcoming a visit from #HelloMyNameIs founder Kate Granger MBE. The Hello My Name Is campaign has really struck a chord with us here at The Countess. The principles of the campaign, making a connection between patients and staff and building trust are ones that we value. Yes, we are all under pressure and there is always another job that needs to be done but by taking the time to introduce ourselves properly we begin to build that valuable bond to reassure patients and make them feel safe in our care.

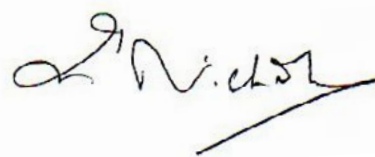
We have changed the way in which we celebrate staff achievements, with the development of three Outstanding Achievement Award events and a revamped annual Celebration of Achievement ceremony. This has seen us involving patients for their feedback and recognising the remarkable in more than 400 members of Team Countess. Outside of the organisation, many colleagues have also received national recognition for their pioneering work with patient safety, catering, tackling dementia, improving stroke services, procuring equipment and supporting best practice in equality and diversity.

The personal development support we have provided for staff has also been an area of focus for 2015/16. The number of employees

receiving annual appraisals is at its highest rates in years. Both our work with the Advancing Quality Alliance (AQuA) and our High Quality Care Costs Less initiative has improved team work across the Trust, with professionals from different backgrounds coming together to address a problem while applying skills in quality improvement methodology. New bespoke leadership programmes for clinical leaders and senior managers has released the potential of a new pool of talent within our workforce. Our most recent NHS staff survey results now demonstrates Countess colleagues feel more empowered to suggest and get involved in making improvements happen at work.

In February when the Trust had its formal visit from the Care Quality Commission, inspectors were impressed by the camaraderie of the people working here. There was overwhelmingly positive feedback regarding the commitment felt by colleagues towards each other and the Countess – inspectors found our staff do not wish to work anywhere else or have their loved ones cared for by anyone else.

Our people, Team Countess, are fundamental to our continued success in delivering safe, kind and effective services that can transform to meet the needs of the future. We acknowledge and thank them for their ongoing commitment and support.



Sir Duncan Nichol CBE
Chairman



On behalf of
Tony Chambers
Chief Executive
24th May 2016

ABOUT THE COUNTESS OF CHESTER HOSPITAL NHS FOUNDATION TRUST

The Trust comprises the Countess of Chester Hospital, a 600 bed hospital, providing the full range of acute and a number of specialist services, and also Ellesmere Port Hospital, a rehabilitation, intermediate care and outpatient facility. The Trust was authorised as a Foundation Trust by Monitor in 2004.



Patient attendances

450,000

The Trust employs over 3,900 people and provides acute emergency and elective services, primary care direct access services and obstetric services to a population of approximately 260,000 residents mainly in Chester and surrounding rural areas, Ellesmere Port and Neston and also to patients from the Deeside area of Flintshire which has a population of approximately 152,000. More than 450,000 patients attend the hospital for treatment every year, ranging from a simple outpatient appointment to major cancer surgery.

Foundation Trusts operate as independent public institutions which are not subject to direction by the Secretary of State for Health or the performance management requirements of the Department of Health. As a Foundation Trust we set our own strategy within the framework of contracts with our commissioners and other regulatory regimes to continually improve the quality and safety of patient care.

The Trust is arranged into three clinical divisions: Urgent Care, Planned Care and Diagnostics and Pharmacy Division, plus support services.



Employees

3,900

We are the main Trust, serving West Cheshire, and provide services to Welsh patients covered by Betsi Cadwaladr University Local Health Board. Welsh patients represent approximately one fifth of the workload of the Trust.



1/5
patients are
Welsh

> URGENT CARE DIVISION

The Urgent Care Division includes:

- Accident and Emergency
- Acute medicine
- Care of the Elderly
- Respiratory medicine
- Cardiology
- Gastroenterology
- Rheumatology
- Clinical Haematology
- Diabetes & Endocrinology
- Chemical Pathology
- Palliative Care
- Paediatrics and HIV services
- Cardiac Catheter Lab
- Cardio Respiratory & Vascular Department
- Therapies
- Stroke Early Supported Discharge Service
- Extensive Rapid Response Service
- Respiratory Early Supported Discharge Service

The paediatric department also provides school health and community paediatrics alongside Neonatal Unit, complex care packages and hospital at home. The Northwest Human Milk Bank provides donor milk across the country and is housed at the Food Innovation Centre, Chester University. The Accident & Emergency Department provides a Primary Care Unit and is also an accredited Trauma Unit.

The division has six specialty medical wards, Acute Stroke Unit, Acute Frailty Unit, Medical Assessment Unit and Ambulatory Care Unit. There is also a day care facility for Haem-oncology. At Ellesmere Port Hospital, there are two wards and an Intermediate Care Unit working in collaboration with GP enhanced services.



> PLANNED CARE DIVISION

The Planned Care Division provides a wide range of surgical services, including:

- Urology
- Bariatrics
- Pain Service
- Dermatology
- Orthotics
- Plastic Surgery
- Obstetrics
- Gynaecology
- Fertility Services
- Breast Service
- Critical Care
- Endoscopy
- Trauma & Orthopaedics
- Anaesthetics
- Outpatient Services
- Ear, Nose & Throat
- Audiology
- Oral & Maxillo Facial
- Orthodontics
- Ophthalmology
- Orthoptics
- Optometry
- Nephrology
- Dialysis Unit
- Vascular (Arterial Centre)
- General Surgery (Upper & Lower Gastro Intestinal)

Trauma & Orthopaedics incorporates the Osteoporosis and Trauma nurse teams. Orthodontics includes a dental lab on site. Our South Mersey Arterial Centre serves Chester, Wirral and Warrington, alongside a local vascular service. Critical Care and Endoscopy services are based in the new Haygarth building, with state-of-the-art facilities.

There are seven wards within the Planned Care Division, one of which is a new dedicated Women's Unit which houses female gynaecology, breast and plastic surgery patients.

> DIAGNOSTIC AND PHARMACY DIVISION

The Diagnostic and Pharmacy Division's services are provided within three main areas:

- Radiology
- Pathology
- Pharmacy

The Radiology Department provides both hospital and community based diagnostic services to inpatients, outpatient and GP direct access patients across a range of modalities including: plain X-ray, CT, MRI, Ultrasound, Nuclear Medicine, Interventional Radiology and breast services including both symptomatic and breast screening.

The Pathology Department provides laboratory medicine services to hospital and GP patients. On site there is a blood sciences laboratory consisting of chemical pathology, haematology, immunology and transfusion services and also a cellular pathology laboratory for histology and cytology services. Mortuary services are also provided within the hospital. Microbiology laboratory services are provided in collaboration with Wirral University Teaching Hospital NHS Foundation Trust via a joint lab located in Bromborough.

The Pharmacy Department supplies inpatient and outpatient medicines and a clinical pharmacist service

integral to the delivery of patient care. This includes a manufacturing unit to support clinical services such as haematology and oncology services on site.

We provide facilities to other Trusts for neurology, psychiatric liaison, community dental services and oncology.

> SUPPORT SERVICES

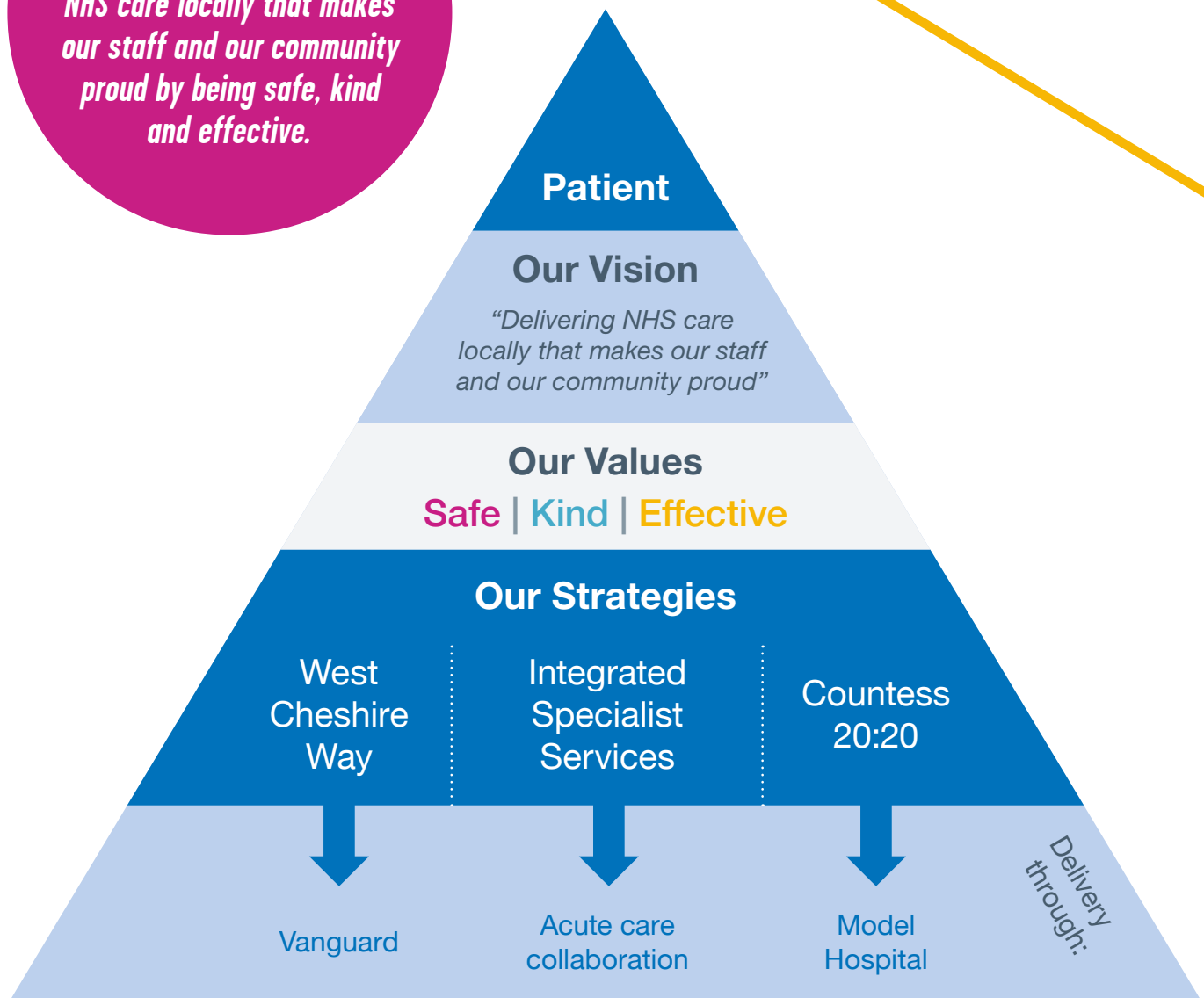
The Estates and Facilities Division provides what are traditionally called the 'hard' and 'soft' facilities management services to the Trust.

The Estates Department is responsible for the day to day maintenance of the Trust estate and infrastructure. This includes routine and backlog maintenance, statutory compliance and energy management as well as equipment maintenance and technical support.

The Facilities Department provides a wide range of services which support and complement the clinical service across the Trust. These include domestic and cleaning, portering, transport and waste management, catering, including patient and staff meals as well as a number of retail outlets, security and car parking, chaplaincy, accommodation services and the equipment and decontamination library.

OUR VISION

Our vision is to deliver NHS care locally that makes our staff and our community proud by being safe, kind and effective.



The Trust has set out to achieve this vision through three key strategic programmes:

- Countess 20:20 – The ‘Model Hospital’
- Integrated Specialist Services – Acute Care Collaboration
- West Cheshire Way – Multi Specialty Community Provider (MSCP) Vanguard

The next year will continue the work of 2015/16 and will be an important one for stabilising and rebalancing the West Cheshire health system and the Trust will see the hospital emerge as the front runner for defining what a ‘Model Hospital’ should be. Our work to date supporting ‘The Carter Review’ into NHS productivity as commissioned by The Department of Health has raised our national profile as pioneers in this field. We have been chosen as a test-bed site to become The ‘Model Hospital’. This has opened our door to some of the most informed, experienced and highly regarded efficiency experts in the country.

There remain risks and pressures that have the potential to impact on our ability to deliver the 'Model Hospital'. We know that we need to act quickly, so this means that we need to dedicate time, people and money to make these changes happen. Within the next two years, the Trust needs to transform itself and reduce its annual running costs by £20million. We will 'invest to save' and are clear that spending money on planned changes will be supported by effective systems for measurement, evaluation and understanding return on investment.

We will embed the value of a dedicated programme office for involvement, planning, governance and ownership of ten change projects we will introduce to achieve operational excellence, organisational renewal and to embed a performance culture:

Change 1:

Acuity based workforce – matching staffing levels to patient need;

Change 2:

Bureaucracy busting – stopping doing the things that don't add any value;

Change 3:

Operational dashboard – responding to real time feedback on hospital status;

Change 4:

Operational blueprints – reviewing and setting clear standards for service;

Change 5:

Stock management – improving how we buy, store and handle equipment and supplies;

Change 6:

Reimagining supply – reducing delays for patients and freeing up hospital beds;

Change 7:

Acute care collaboration – exploring new partnerships with neighbouring hospitals;

Change 8:

Care coordination and navigation – making it easier for patients to use our services;

Change 9:

Performance, culture and management – ensuring personal accountability and team camaraderie to help us be successful;

Change 10:

Medical management – enabling leaders to be leaders.

> IMPROVING THE PATIENT EXPERIENCE AND THE QUALITY OF PATIENT CARE

A series of major service developments and achievements have come to fruition this year, energising our optimism and ambition for the future.

These include:

- Welcoming #hellomynameis campaign founder Kate Granger MBE to the Trust to meet with nursing and medical staff supporting her campaign to get basic introductions right for patients
- Partnering with the British Red Cross for a new discharge service to help patients get home safely and more quickly from hospital
- Supporting a national educational project for the British Association of Day Case Surgery with film crews working with Trust surgeons and anaesthetists in our Jubilee Day Centre
- Holding an official opening ceremony to celebrate having a new state-of-the-art CT scanner in Radiology that takes high quality images to support faster diagnostics
- Piloting new models of GP assessment and elderly medicine consultants based in A&E to ease pressures with patient flow and demands for beds
- Running a range of community events to secure feedback on services, offer career advice to local secondary school children about NHS opportunities, raise awareness of Diabetes and help older people get advice on keeping warm over winter
- Showcasing pioneering work linking audits to incident reporting at national healthcare patient safety forums
- Supporting North West Ambulance's #findthedefib campaign to highlight availability of equipment in public areas, in order to support resuscitation
- Starting the New Year by providing a range of new fitness initiatives to support staff wellbeing and resilience in work – ranging from fitness classes to mindfulness sessions
- Unveiling a new memorial feature, to raise awareness and pay tribute to the significance of organ donation at the Trust
- Starting interactive 'Show Me the Money' sessions, led by our finance team to raise awareness about how the NHS is funded

Disappointingly, this year we have had two “never” events. It is clear from the reviews that lessons need to be learned. The Trust continues to focus upon reflective learning targeting more rigorous standardisation of checks, using tools such as the World Health Organisation (WHO) safety check list. We will continue to monitor the action plan that we have in place supported by the campaign work from ‘Sign up to Safety’ which the Trust has joined to support the reduction of patient harm.

Full detail of the delivery of the 2015/16 quality priorities can be viewed in the **Quality Report**.

Summary Hospital Mortality Indicator (SHMI)

The SHMI values published in the last year are:

Year	SHMI
Oct 14-Sep 15	1.04
Jul 14-Jun 15	1.06
Apr 14-Mar 15	1.05
Jan 14-Dec 14	1.10

These values were all within the “as expected” range.

The most recent available hospital standardised mortality ratios (HSMR) is for the period January – December 2015 and is 95.81. Within this, the HSMR for weekday admissions was 96.42 and for weekend admissions 93.81. We have, therefore, successfully eradicated the gap that saw weekend admission mortality, as evidenced by HSMR, being significantly worse than that for weekday admissions.

It was reported in the Quality Accounts 2014/15 that the Trust had been required to compile a response to the Care Quality Commission following notification of a mortality outlier alert for ‘epilepsy, convulsions’. Following the response to this alert and the progress made with implementing the action plan our local CQC inspector confirmed that they were satisfied that sufficient action has been taken to reduce the risks to patients in relation to issues identified by our review of the alert. As a result, this outlier case has now been closed.



> COLLABORATION WITH THE UNIVERSITY OF CHESTER

The Trust is working closely with the University of Chester to create the Centre for Integrated Healthcare Science based at Bache Hall in Chester.

Our objective is to bring together clinical research, innovation, and initially postgraduate medical education, together in one place, for the benefit of our patients and local population.

We will work closely with other local healthcare partners also, including Cheshire and Wirral Partnership NHS Foundation Trust, and Wirral University Teaching Hospital NHS Foundation Trust from a research perspective.

We are supported in our aims by the North West Coast Clinical Research Network, and the North West Coast Academic Health Science Network in innovation. Our other main aim is to support the University of Chester in its aim to develop a new medical school in Chester by 2019.

> PRINCIPAL RISKS FACED BY THE TRUST

2015/16 has been a very demanding year for the Trust, struggling to maintain the emergency standards access measure of four hours. With slow development of capacity outside the hospital this continues to be a risk and concern into 2016/17.

A key risk for the Trust in 2016/17 continues to be the levels of activity not aligning with commissioning intentions and the ability of the community health and care services to respond, together with the ability for the aspiration of the West Cheshire Way to deliver at pace a shift in care to stem the ever increasing emergency activity pressures.



The following table shows the Trust's 2015/16 strategic risks from our assurance framework:

Strategic Risk in 2015/16	Board Committee	Risk score at quarter 4*
Failure to maintain and enhance the quality and safety of the patient experience and ensure compliance with CQC standards	Quality, Safety and Patient Experience	4x2=8
Inability to effectively stabilise acute patient flow	Finance and Integrated Governance	4x4=16
Failure to maintain, innovate and transform the Trust's clinical services	Finance and Integrated Governance	4x3=12
Failure to develop and deliver the Trust's culture, values and staff engagement plan	People and Organisational Development	4x3=12
Failure to deliver in year financial plan and manage consequences of delivering a deficit budget	Finance and Integrated Governance	2x2=4
Failure to develop and deliver a robust long-term whole health economy service, workforce and financial savings and recovery plan	Finance and Integrated Governance	4x4=16
Failure to comply with Monitor's Compliance Framework - Governance	Finance and Integrated Governance	4x4=16
Failure to maintain robust corporate governance and overall assurance	Board of Directors	3x1=3
Failure to maintain Information Governance standards	Finance and Integrated Governance	3x4=12
Failure to provide appropriate Informatics infrastructure, systems and services that support the business objectives of the Trust	Finance and Integrated Governance	4x3=12
Failure to recruit and retain professional staff	People and Organisational Development	4x3=12

* The risk score is formed based on 'likelihood' and 'severity/impact rating' as follows:

Likelihood:	Severity/Impact:	The grading bands of risks are:
5 - Almost certain	5 - Catastrophic	1-5 Very low
4 - Likely	4 - Major	6-8 Low
3 - Possible	3 - Moderate	9-15 Moderate
2 - Unlikely	2 - Minor	16-25 High
1 - Rare	1 - Insignificant	



GOING CONCERN OVERVIEW

International Accounting Standard (IAS) 1 requires management to assess, as part of the accounts preparation process, the NHS Foundation Trust's ability to continue as a going concern. In accordance with the NHS Foundation Trust's Annual Reporting Manual the financial statements have been prepared on a going concern basis as we do not either intend to apply to the Secretary of State for the dissolution of the NHS Foundation Trust without the transfer of the services to another entity, or consider that this course of action will be necessary.

However, there are material uncertainties in respect of events or conditions that cast doubt upon the financial viability of the NHS Foundation Trust and these are set out below.

The Trust's performance in-year showed a deficit of £10.3m (before an impairment of £3.8m) which is in line with the original plan submitted to Monitor at the start of the year.

The current forecasts show a planned deficit of £15.6m and assume no additional funding is secured from the national Sustainability and Transformation fund, the final details of which are still to be announced, but which currently has offered £5.9m additional funding in return for a 'control total' (target deficit) of £2.1m. This offer creates a £7.6m funding gap in the current financial year.

As a result, the Trust's operating and cash flow forecasts currently identify the need for 'distressed' financial support of £7.1m to enable it to meet debts as they fall due over the coming year, and further support will be required beyond this period. This assumes the successful delivery of a challenging £6.1m recurrent cost improvement plan, equivalent to 3.7% of relevant budgets.

At the current time, the Trust continues to work with its commissioners to negotiate a service contract that will adequately support the delivery of safe and efficient patient care in 2016/17, and we are also in detailed talks with NHS Improvement in an attempt to secure sufficient additional funding from the second tranche of the national Sustainability and Transformation fund to enable us to set a plan that meets the required control total. To achieve the control total, the Trust needs to bridge the £7.6m funding gap. The Trust has, therefore, committed that, in return for the investment of an additional £3.8m from the Sustainability and Transformation fund, it will deliver matching additional efficiencies of £3.8m. If this can be achieved, then the Trust will not require any 'distress' funding to remain solvent in the current planning period.

Having considered the material uncertainties and the likelihood of securing additional financial funding to support the financial operations, the directors have determined that it remains appropriate to prepare these accounts on a going concern basis.

The accounts do not include any adjustments that would result if Countess of Chester Hospital NHS Foundation Trust was unable to continue as a going concern.

PERFORMANCE ANALYSIS

> MONITOR COMPLIANCE PERFORMANCE BY QUARTER - 2015/16

Indicator	Target	Q1	Q2	Q3	Q4
18 weeks Referral to treatment - incomplete	92%	93.80%	93.20%	91.00%	89.20%
A&E clinical quality - total time in A&E under 4 hours	95%	92.36%	95.27%	87.59%	81.13%
Cancer - 62 day wait - from urgent GP referral to treatment	85%	82.94%	89.05%	78.43%	76.11%
Cancer - 62 day wait - from NHS cancer screenings service referral	90%	94.59%	100.00%	100.00%	100.00%
Cancer - 31 day wait - Surgery	94%	97.67%	97.83%	100.00%	94.00%
Cancer - 31 day wait - Drug treatments	98%	100.00%	100.00%	100.00%	100.00%
Cancer - 31 day wait from diagnosis to first treatment	96%	98.46%	99.35%	99.32%	100.00%
Cancer - 14 day wait - all cancers	93%	96.35%	96.19%	97.21%	96.90%
Cancer - 14 day wait - for symptomatic breast patients	93%	96.09%	94.86%	93.87%	96.76%
Infection control - Clostridium Difficile	24	6	9	6	4
Infection control - MRSA	0	0	2	0	1



The Trust has had particular areas of challenge in maintaining Monitor Compliance and national target achievement:

Cancer 62 day target

The cancer target for patients being treated within 62 days from their GP referral has remained a particular issue this year. Despite this the Trust did achieve the target for Quarter 2. A significant amount of improvement work continues to progress patient pathways and ensure patients are seen as quickly as possible. This work has shown considerable advancements with now the lowest number of patients with suspected cancer waiting over 62 days. The cancer performance continues to be a real focus of the Board and we are fully engaged with our commissioner and community colleagues to ensure the emphasis remains on the pathway.

Cancer patients continue to be micromanaged through their pathway by dedicated cancer trackers with robust escalation mechanisms in place to ensure that barriers and bottlenecks

can be removed and that the patients are seen within the appropriate timescales.

Emergency Department/ A&E access measure

This has been a very challenging year again for the hospital and it has struggled to maintain the emergency standards clinical quality access measure of four hours with the exception of Quarter 2. The Trust raised its concerns in Quarter 2 regarding the wider health systems plans to address the winter pressures expected. As part of these plans no winter funds were allocated to the Trust and the aim of the plan was focused on admission avoidance, which has not proven successful. The impact to the Trust during Quarter 4 was a significant increase in medical outliers and escalation capacity open throughout the Trust, which had a severe impact on delivery of elective care, resulting in high levels of cancellations for Quarter 4. Patient flow has been severely inhibited due to increasing medically optimised patients in our beds, which has impacted significantly on the Trust's bed capacity.

The position was monitored daily through a teleconference call with the wider health system, through face to face meetings, escalation discussions, weekly System Resilience Group (SRG) and monthly SRG for system intervention and consideration throughout Quarter 4. From March 2016 the Trust has developed a GP Admissions Unit with the aim of effectively managing the medical admissions in an appropriate environment; this is part of an overall Trust wide 'Model Hospital' project.

Infection Control

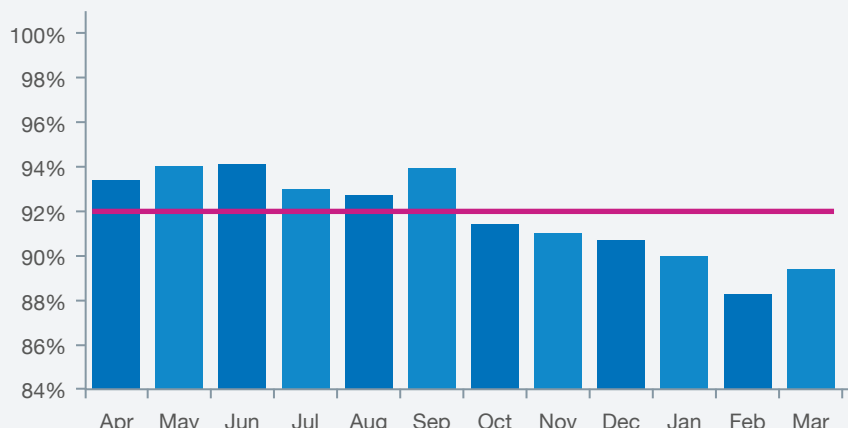
The Trust had a challenging target of 24 cases of clostridium difficile for the year which is a reduction in the target of 6 cases from the previous year. There were 25 cases in the year which was just 1 case above the target but was a further reduction in the total number of cases from the previous year. Disappointingly, within the year there were 3 cases of MRSA of which all have been reviewed and lessons learnt.



18 Weeks Referral To Treatment

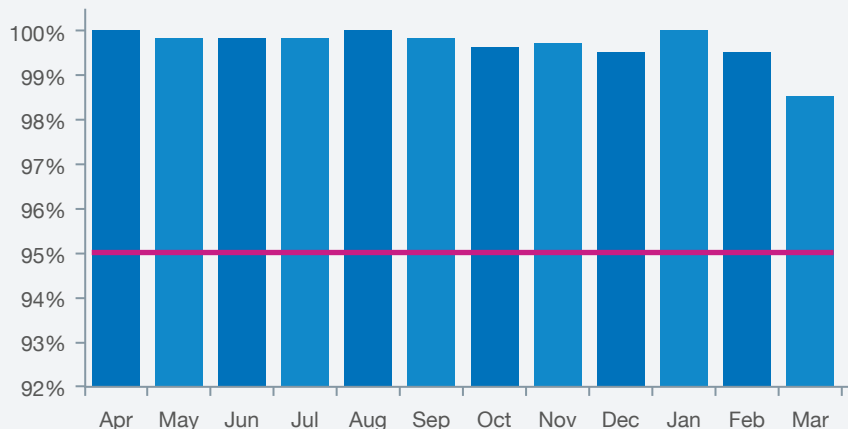
The NHS Constitution sets out that patients should wait no longer than 18 weeks from GP referral to treatment. The Referral to Treatment (RTT) operational standards for England are that 92 per cent of patients who have not yet started treatment (incomplete pathways) should have been waiting no more than 18 weeks for consultant led treatment. There were refreshed NHS England guidelines in 2015 with the abolishment of the admitted and non-admitted RTT measures and the use of the incomplete standard only, which captures the experience of every patient waiting. The Trust have been following the refreshed RTT guidelines from October 2016, which is shown in the RTT standard performance in the following graph where performance dropped since October but has started to improve since March 2016. The performance to meet the 18 week RTT waiting time standard has been a challenge over the later months of the year, due to emergency pressures and increasing demand on elective services, as well as the industrial action by the junior doctors.

English 18 weeks RTT - incomplete

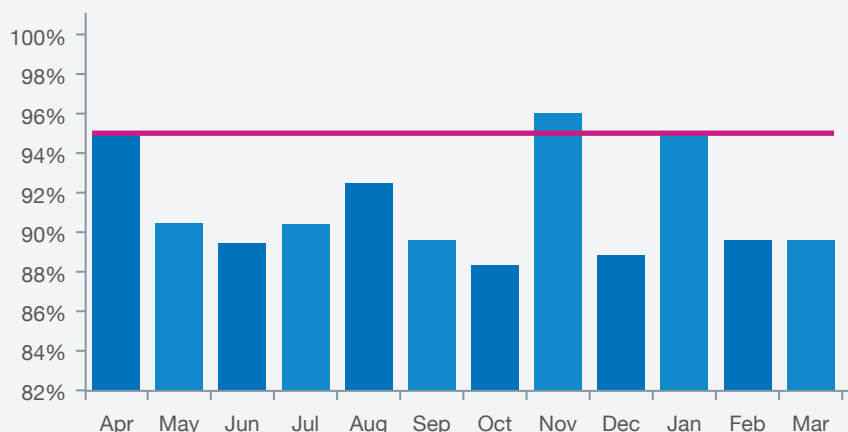


The Welsh Assembly waiting time targets are not the same as those in England, and they expect all patients to receive their first treatment no longer than 26 weeks from referral. This target was met in three months of the year for inpatients which was due to pressure on inpatient services. We achieved the non-admitted Welsh target all year.

Welsh 26 weeks RTT - non admitted



Welsh 26 weeks RTT - admitted



We are striving to return to sustainable performance during 2016.

No formal interventions were made by Monitor during the year.

> ACTIVITY

	2013-14	2014-15	2015-16	% change
Elective inpatients	5,016	5,133	4,900	-5%
Elective day case patients (same day)	30,754	33,267	32,834	-1%
Non-elective (urgent) inpatients	29,269	31,260	31,916	2%
Outpatients - first attendance	70,160	82,203	69,243	-18%
A&E	68,190	65,219	69,254	6%

2015/16 has seen an increase in A&E attendances and urgent inpatient admissions. The reduction in first outpatient attendances is associated with the loss of the sexual health service to the Trust, following a competitive tender process.

> SUSTAINABILITY

The NHS is the largest employer in Europe and, as a provider of healthcare, is viewed as a socially responsible organisation. As a result the NHS comes increasingly under scrutiny not just regarding the effective delivery of quality healthcare and financial sustainability but also what it is doing to reduce its carbon footprint, work with local communities and ensure that goods and services are ethically and sustainably sourced.

A sustainable approach recognises the broader impacts of our actions and aims to minimise any adverse effects. The key areas for action are energy and carbon management, procurement

and food, travel and transport, water, waste, building design, organisational and workforce development, partnerships and networks, governance and finance.

The Trust has made a commitment to reducing carbon emissions from its activities and to embedding sustainable practices into its processes.

The Trust uses the Good Corporate Citizen Assessment Model which was developed by the Sustainable Development Unit. The Model enables the Trust to identify their current contribution to sustainable development in the below areas:

- Travel
- Procurement
- Facilities Management
- Workforce
- Community Engagement
- Buildings
- Adaptation to Climate Change
- Models of Care

> SUSTAINABLE PROCUREMENT

The Trust's Procurement Department leads on Sustainable Procurement. It is part of the tender exercise for sustainability considerations to be integrated into the procurement process. All suppliers used are asked for their Corporate Social Responsibility plans.

In addition, the procurement process includes whole life costing, minimising waste, working with suppliers regarding packaging, reducing the number of delivery vehicles onto the site by the use of distributors and ensuring the products are made where possible from sustainable sources to reduce the impact of the Trust's business on the environment.

The procurement department is registered to use the CIPS Sustainability Index which creates a consistent sustainability measurement to support purchasing. This shows suppliers' economic, environmental and social standings.

> CARBON MANAGEMENT

The Trust continues to make progress in managing the environmental impact of its business. The Trust has in place a Carbon Management Plan which was developed and approved by the Board of Directors in 2010. This plan formalises projects and targets that the Trust is currently pursuing, and the challenging target of a 25% reduction in CO₂ emissions will deliver substantial carbon savings and reduce energy costs, allowing the Trust to use the savings to

invest in services for the benefit of our patients.

New initiatives have been developed alongside ongoing actions such as the fine tuning of controls related to mechanical and electrical plant/equipment, and ensuring that controls are set at a level that allows little or no waste.

We recognise that more can be done and this year the Trust will be introducing more innovative approaches to energy saving as we go forward, to help keep the Trust in-line with national and NHS targets on reducing emissions.

Some of the actions completed or ongoing are:

- Since September 2015, the Trust has had a new Combined Heat and Power (CHP) maintenance provider and has seen a substantial increase in CHP output, efficiency and average uptime in the region of 90%. The CHP produces cleaner energy than electricity imported from the National Grid, this increase of generation helps reduce the Trust's carbon emissions.
- Lighting renewal with LED fittings in a number of key buildings.
- Replacement of theatre operating lights in theatres with new LED technology with reduced maintenance costs.
- Installation of automated meter readers on electrical, gas and water utilities.
- Replacement of inefficient motor driven plant with new efficient motors such as heating pumps and ventilation fans.

The Trust's Estates Team working in partnership with all Trust staff will in the next twelve months:

- Conduct ongoing reviews of Building Management Systems (BMS) to ensure control of energy use by optimising and regulating heating and ventilation systems to reduce energy but also enhance the patient environment.
- Reviewing steam use across the site to reduce waste.
- Installation of automated sub meters to monitor energy and focus energy efficiencies in the right areas.
- Review the Carbon Management Plan and implement energy efficient schemes.





> TRAVEL PLAN

In partnership with Cheshire West and Chester Council, the Trust has introduced a better bus service. This service provides a more direct route through the hospital including new request stops. This has improved public access to the hospital and given patients, staff and visitors additional travel options.

> WASTE RECYCLING

Since May 2015 our domestic waste contractor has been working closely with us to recycle more waste. Previously our contract meant that all our household waste was sent to landfill, but now 100% of our domestic waste is recycled by diverting from landfill and converting to Refuse Derived Fuel (RDF).



> EQUALITY, DIVERSITY AND HUMAN RIGHTS

We now have a well-developed equality governance framework, which includes patients and third sector organisations, from across the full range of protected characteristics.

There are inclusion and engagement activities with protected groups, for example, disabled people, who are a key element to effective equality governance.

This is supported by our Equality, Diversity and Human Rights Strategy Group and the equality sub groups that report into it.

The following achievements in 2015-2016 are as a consequence of our transparent, inclusive and engaging equality, diversity and human rights agenda.

We are proud to say we have:

- Attained a very high equality performance rating in the NHS equality delivery system 2 assessment, with 15 out of 18 individual outcomes being rated as “Achieving” and the remaining three outcomes being rated as “Excelling”
- We launched our inaugural carers strategy to better involve carers in care and include them in the planning and review of care delivery and services
- Continued partnership working with agencies, co-facilitating health and wellbeing forums with a range of seldom heard protected groups, in order to obtain stakeholder feedback on services and health needs
- Retained the Navajo LGBTI charter mark for our policies, services and engagement with people who identify as lesbian, gay, bisexual, transgender and intersexed
- Introduced a reasonable adjustments flagging system to support patients with learning disabilities or who lack mental capacity
- Retained the Two Ticks:
 - Positive about disabled people accreditation for our commitment to staff that have a disability and engagement with disability groups
 - Received the annual national NHS ‘Leadership Academy Award’ for inclusive leadership for continued equality performance and developing a culture that promotes and sustains equality and human rights.
- Published our inaugural Workforce Race Equality Standard (WRES) submission
- Going forward, the hospital will continue with its engagement and collaboration with stakeholder groups representing the protected characteristics.





› MEDICAL EDUCATION: THE COUNTLESS WAY

Medical education continues to be a key element of the Trust's core business with the Medical Education Faculty supporting the education of over 150 doctors in training (junior doctors), 40 Trust grade doctors and 160 medical student placements (3rd, 4th & 5th years).

› UNDERGRADUATES

2015 has seen the embedding of our expanded undergraduate medical students (Third year students from September 2014) and also incorporating the changes to the Liverpool Medical undergraduate curriculum. Additional investment with a successful business case has seen the introduction of two part-time clinical pharmacist educators who support the undergraduate and medical educational teaching programme, a further clinical skills tutor, a part-time clinical skills technician and a part-time administrator.

Following a very positive Quality Assessment visit in October 2015 from the University, two recommendations were flagged up as requiring attention within three months, i.e. investment to support the role of simulation in the medical curriculum and a facilities strategy for teaching room and computer facilities for our students. The team responded to this and was delighted to support the successful submission by the Clinical Skills Team earlier this year of a business case for the replacement of the existing manikin with an up to date high fidelity model which is essential to not only the undergraduate teaching programme, but all multidisciplinary teams.

› POSTGRADUATE

The support and supervision of doctors in training has been strengthened this year with policies and procedures introduced to support doctors who may be struggling and those involved in clinical incidents. The involvement of the Medical Education department in this process allows us to monitor for emerging educational themes and also to be able to facilitate learning from such events, as well as supporting the doctor involved.

A significant programme of education is currently ongoing for our educational and clinical supervisors in order for them to be registered as educators when new General Medical Council (GMC) mandatory processes come into effect in July 2016.

The quality of our education continues to be reviewed as part of our responsibilities for safer patient care and to meet the expectations of the GMC.

We have supported and provided clinical educators to run successful postgraduate courses including basic surgical skills, child health promotion, cardiology updates, regional teaching sessions and examination courses for FCEM and MRCP. The Trust has successfully run examinations on behalf of the Royal College of Physicians.

The culture of the hospital in supporting and valuing our doctors in training has been tested over recent months with the ongoing junior doctors' dispute with the Government over their new contract. We continue to support, value and respect them in their clinical work and career choices during this turbulent and demoralising time for the profession. Despite unprecedented pressures on the Trust during the winter months, the emphasis on education of our young doctors continued.



FINANCIAL REVIEW FOR 2015/2016

> OVERVIEW

The Trust reported a deficit position of £10.289m (before the reversal of impairments) at the end of the 2015/16 financial year, being fully in line with its agreed plan for the year. Delivery of Monitor's compliance regime and associated financial metrics are summarised below.

	2014/15		2015/16	
Continuity of Service Risk Rating				
Liquidity Ratio	(3)	19.5		
Capital Servicing Capacity	(1)	0.8		
Financial Sustainability Risk Rating				
Liquidity Ratio			(3)	3.7
Capital Servicing Cover			(1)	0.79
I&E Margin			(1)	-4.7%
I&E Margin - Variance from Plan			(4)	0.3%
Overall Weighted Average	(3)		(2)	

Whilst 2015/16 was a challenging year, good progress was made to ensure that the planned position (of a £10.289m deficit), was delivered, and that clinical services were delivered in a safe, kind and effective manner.

In addition, the Board continues to assert that the organisation remains a going concern, and the accounts have been prepared on this basis.

› INCOME AND EXPENDITURE

The following summary table shows a deficit position of £10.289m before a net reversal of impairments of £3.840m.

The Trust's income increased in 2015/16 to £215m, which was mainly attributable to increased emergency and maternity demand. The majority of our income comes from our main commissioner NHS West Cheshire Clinical Commissioning Group (CCG) at £140m, with £25m received from Betsi Cadwaladr University Health Board (BCUHB), and £11m from NHS England.

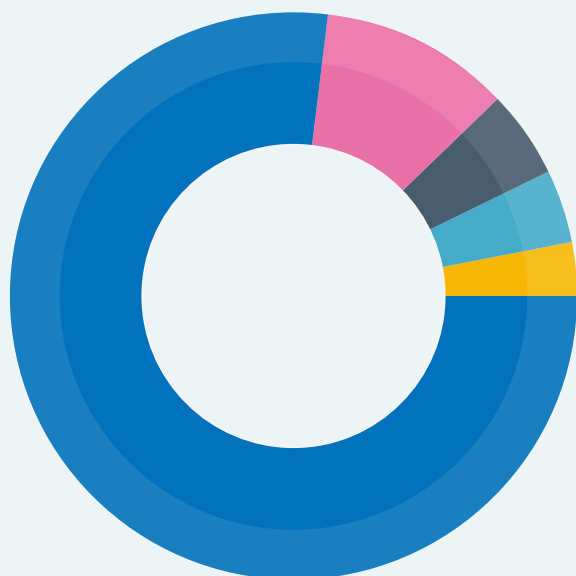
Although income increased from 2014/15, the Trust did not deliver the planned level of elective activity. This also resulted in fines being imposed for access targets for elective pathways. This was due to increased emergency demand and an increase in medically optimised patients creating bed capacity constraints. This led to the Trust cancelling an unprecedented number of elective procedures and losing the associated income.

The Trust experienced a number of expenditure pressures on its budget within the year, with medical pay continuing to exceed planned levels. This was due to high levels of sickness and maternity leave, along with the continuing pressure of rota gaps for junior medical staff in training due to lack of trainees allocated to the Trust. The consequent spend on medical agency has been the highest experienced in the last five years. There were also other pay pressures in relation to nursing expenditure, not only to meet the increased activity demand over the winter period but to manage the more complex frail, elderly patients that are being admitted to the hospital whilst ensuring safe staffing levels. Agency expenditure on nursing has also remained high. Consumable costs were generally in line with the increased demand.

Income & Expenditure	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
Income (before reversal of impairment)	185.5	193.2	200.7	213.2	215.2
Expenses (before impairment & re-organisation costs)	(176.6)	(185.3)	(193.6)	(209.7)	(219.6)
EBITDA (Earnings before interest, taxes, depreciation and amortisation)	8.9	7.9	7.0	3.5	(4.4)
Interest, depreciation & dividend	(7.1)	(7.1)	(6.3)	(6.5)	(5.9)
Surplus prior to exceptional items	1.8	0.8	0.8	(2.9)	(10.3)
Impairments & re-organisation costs	(2.4)	(6.8)	(9.9)	2.3	(3.8)
Deficit for the year	(0.6)	(6.0)	(9.1)	(0.6)	(14.1)

The majority of Trust expenditure is spent on clinical care with staff representing the largest proportion at £149m. The following charts summarise income and expenditure by category:

Where our money comes from:



77%

English CCGs £165m

11%

Wales £25m

5%

Other Clinical Income £10m

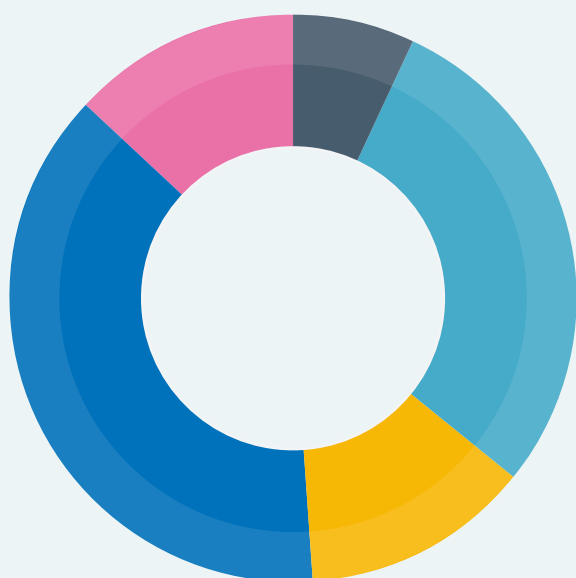
4%

Training Levies £8m

3%

Other Non Clinical Income £7m

Break-down of Pay Expenditure



38%

Nursing & Midwifery £56m

13%

Professional, Scientific & Technical £20m

7%

Support Staff £10m

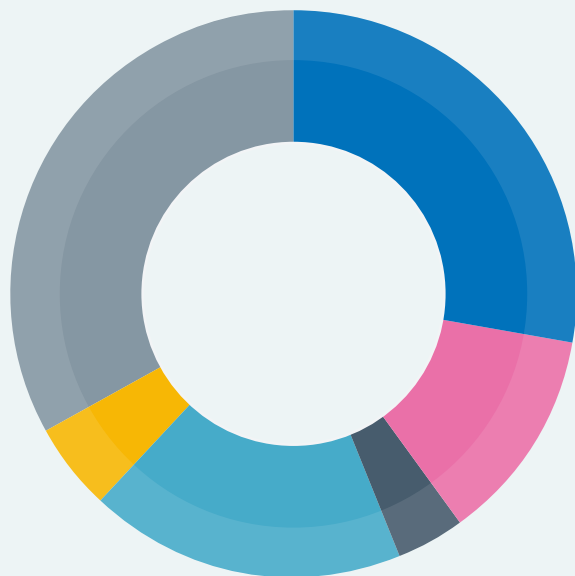
29%

Medical £44m

13%

Administration & Clerical £19m

Break-down of Non Pay Expenditure



28%

Drugs & Medical Gases £19m

12%

Other Clinical Supplies £9m

4%

Energy & Utility £3m

18%

Medical & Surgical Equipment £12m

5%

Other Activity Related £4m

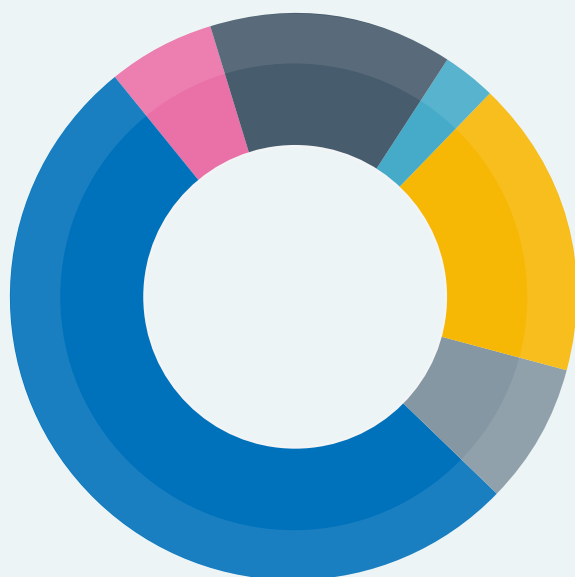
33%

Non Activity Related £23m

> COST REDUCTION AND EFFICIENCY (CRS)

The efficiency target for 2015/16 of £6m was delivered within the year. This included £2.4m slippage on the anticipated start date of investments, and underutilisation of the inflationary reserve. However, only £3.7m savings were achieved on a recurrent basis, resulting in a pressure of £2.3m being carried forward to 2016/17.

CRS Achievement 2015/16



52%

Pay £3.112m

6%

Non Clinical Supplies & Services £0.367m

14%

Clinical Supplies & Services £0.810m

3%

Drugs £0.193m

17%

Income £1.025m

8%

Miscellaneous £0.493m

The Trust will be required to continue to deliver significant savings annually for the foreseeable future. This can no longer be achieved in isolation due to an ageing population with increased demands yet less funding available. We will need the continued support of our commissioners, along with partnership working to continue to reconfigure and transform services within the local health system, so that we can continue to care for our patients in the most appropriate setting.

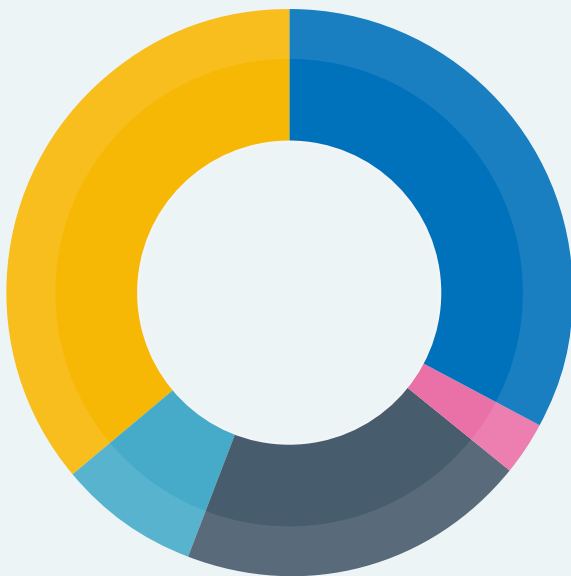
› CAPITAL INVESTMENT

Being a Foundation Trust allows us to manage our finances so that we can invest in the infrastructure and estate of the hospital.

£6.45m was spent during 2015/16 in the following areas:

- Medical equipment (£2.1m) including a replacement CT scanner, six new dialysis machines, and a range of endoscopes, ultrasound machines and patient monitors.
- Information technology (£1.2m) which was predominantly spent on renewing the radiology imaging (PACS) system, and investing in the general IT infrastructure of the hospital.
- Environment and refurbishment (£2.3m) relating to the completion of the Jubilee fourth day case theatre and recovery areas, new signage and wayfinding across the site, and a number of ward alterations and improvements.
- Estate maintenance (£0.5m) spent on improving the essential infrastructure of the hospital, including electrical and heating systems and controls.

Capital Expenditure 2015-16



33%

Medical Equipment

3%

Non Medical Equipment

20%

Information Technology

8%

Estate & Maintenance

36%

Environment & Refurbishment

› ACCOUNTING POLICIES

The Trust prepares the financial statements under direction from Monitor in accordance with NHS Foundation Trust Annual Reporting Manual 2015/16 which is agreed with HM Treasury. The accounting policies follow International Financial Reporting Standards (IFRS) to the extent that they are meaningful and appropriate to NHS Foundation Trusts.

On behalf of
Tony Chambers
 Chief Executive
 24th May 2016

THE ACCOUNTABILITY REPORT





DIRECTOR'S REPORT

> REPORTING QUALITY GOVERNANCE

The Trust governance structures ensure that the Board has an overarching responsibility through its leadership and oversight, to ensure and be assured that the organisation operates with openness, transparency and candour particularly in relation to its patients, the wider community and staff. The Board holds itself to account through a wide range of stakeholders and the overall effectiveness and performance of the organisation.

The Board has developed a culture across the organisation which supports open dialogue and includes directors and senior managers personally listening to complaints, concerns and suggestions from partners, patients and staff.

The three sub-committees of the Board of Directors, which comprise of Finance and Integrated Governance Committee, Quality, Safety and Patient Experience Committee and People and Organisational Development Committee, have strengthened over the past year. All three are chaired by a Non-Executive Director and clinical and managerial representatives make up the membership.

The Board receives the minutes of each of the sub-committees which provide timely and accurate information which facilitates an overarching and durable framework that allows the Board to make sense of the effective use of the information and data to gain further assurance of good practice in governance and provide confidence that the organisation provides safe, effective and patient focused care. To further support this Board, each of the sub-committees receive regular updates and minutes from operational groups who are chaired by the Executive Directors. There is an opportunity at each meeting for the relevant group's minutes to be questioned and where needed, further details requested and clarified.

The Board and its sub-committees demonstrate leadership and the rigour of oversight of the Trust's performance by having formulated an effective strategy for the organisation. This ensures accountability by robustly challenging the control systems in place and where appropriate, seeking further intelligence on the current trend analysis with the Trust's performance indicators to further

understand the wider health system needs. These are also informed by feedback from the Council of Governors and their links with members of the public, patients and staff.

The Trust has a risk management strategy in place and supporting procedures set out the key responsibilities for managing risk within the organisation, including ways in which the risk is identified, evaluated and controlled. This has further supported the assurance processes within the Trust over the past year, especially demonstrating alignment with the Board Assurance Framework. The continued use of the Health and Safety Executive's "five steps to risk assessment" model ensures that a consistent approach is applied to assessing and responding to clinical and non-clinical risks and incidents. The Trust's robust risk management processes were recognised during 2015/16 when shortlisted in the 'Trust of the Year' category at the national Patient Safety Awards.

The Trust is able to ensure itself of the validity of its corporate governance statement by engaging with its external auditors throughout the year to gain assurance that it is fully compliant with the requirements of the Care Quality Commission and Monitor Provider License with appropriate reports to the Board and Council of Governors.

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

In respect of quality, safety and patient experience work has continued from the previous year, this continues to support the Trust's 2014-2017 Quality Improvement Strategy, further details of aspects focused upon during the year can be found in the Quality Report part of this document.

During 2015/16, the CQC has assessed the hospital using its 'Intelligent Monitoring' tool. The model measures a number of different indicators that give an overall band from 1-6. The Trust was placed in Band 5 in October 2015, demonstrating a high area of compliance and assurance. The Trust was not required to participate in any special reviews by the Care Quality Commission in 2015/2016. However, the hospital has recently had its full inspection and the report is awaited. Once the report is agreed, the hospital will ensure that it is published in full on its website for full public viewing.

The latter part of this year has seen the hospital support the work of the Department of Health's efficiency programme. We were a key contributor to the Lord Carter report. The report outlined areas for change and the Trust is launching its aim supported by a number of work streams to become the 'Model Hospital' and this will be a blueprint for other organisations to follow.

A significant amount of work has been undertaken to support service developments during the year. These have formed the foundations for our ambition to become the 'Model Hospital', these include:

- Taking responsibility for running a new Primary Care Unit that eases pressures by triaging patients arriving in Accident & Emergency who have minor illnesses or ailments
- Developing a new Discharge to Assess service at Ellesmere Port Hospital, to provide frail patients with recuperation supported by nurses, therapists and social care
- Achieving the top rating in our stroke audit and going on to win a regional award for innovation in stroke services
- Launching an online booking service for phlebotomy appointments

“
The Trust's robust risk management processes were recognised during 2015/16 when shortlisted in the 'Trust of the Year' category at the national Patient Safety Awards.
”





FOCUSING ON GOVERNANCE

> THE NHS FOUNDATION TRUST CODE OF GOVERNANCE

The Board of Directors places much emphasis on ensuring our governance is effective and robust and is reflective of best practice; the Code of Governance provides the structure to support the many aspects of an effective Board. During the year the Director of Corporate and Legal Service reviews our compliance against the Code taking action as required to confirm ongoing compliance.

> COUNCIL OF GOVERNORS

The foundation for effective relationship building between directors and Governors is a clear understanding by both groups of the responsibilities and boundaries of their respective roles. The Board of Directors provide active leadership of the Trust within a governance framework of prudent and effective controls which enables risk to be assessed and managed. The Governors act in the best interests of the Trust and adhere to its values and code of conduct. The Council of Governors holds the Board of

Directors to account by analysis of the integrated performance reports that they receive, challenging assumptions and raising questions as appropriate. In addition to the formal quarterly meetings of the Council of Governors and the Annual Members' meeting the Governors hold a Governors' Quality Forum meeting every three weeks, which the Chairman and Director of Corporate and Legal Services attend on every occasion. Non-Executive Directors and Executive Directors attend these meetings on a regular basis. At these meetings the Governors receive an update on Trust matters in relation to quality and operational information and have the opportunity to raise any issues on behalf of the Trust membership.

There is a standing agenda item at all Board of Directors' meetings for the Director of Corporate and Legal Services to report on any Council of Governors matters.

At the Council of Governors' meetings which are also attended by members of the Board of Directors, there are interactive sessions where Governors hold the Board to account and provide feedback from the membership on the quality of our services received by members.



The types of decision taken by each of the Boards together with any delegated powers are set out below:

The Board of Directors may delegate any of its powers to a Committee of Directors or to an Executive Director. The Board has reserved the issues set out in its Scheme of Reservation and Delegation and further guidance on the operation of the Trust is set out in the Standing Orders and Standing Financial Instructions. The main decisions taken by the Board of Directors include those relating to:

- Strategic direction and policy determination.
- The quality agenda.
- Actions required to address significant performance issues.
- Governance and compliance arrangements.
- Major business cases for capital or revenue investment.
- The annual plan, financial strategy and annual report.
- The acquisition, disposal or change of land or buildings.
- Private Finance Initiative proposals.
- Major contracts.
- Risk, clinical governance standards and policies.

- The constitution, terms of authorisation and working arrangements of its committees.
- Approval of standing orders, standing financial instructions and schemes of reservation and delegation.
- Arrangements for the Trust's responsibilities as a corporate trustee for its charitable funds.

The types of decisions taken by the Council of Governors include:-

- Appoint and if appropriate remove the Chair.
- Appoint and if appropriate remove the other Non-Executive Directors.
- Decide the remuneration and allowances, and the other terms and conditions of office, of the chair and the other Non-Executive Directors.
- Approve the appointment of the Chief Executive.
- Appoint and, if appropriate, remove the NHS Foundation Trust's Auditor.
- Decide on a quality of care issue to be reviewed for the Quality Account.
- Determine a local quality measure for auditing internally and externally for the Quality Account; and
- To agree the Trust's membership strategy, and its policy for the composition of the Council of Governors.

> COMPOSITION OF COUNCIL OF GOVERNORS

The total number of Governors is 29 as follows:

Chester & Rural Cheshire	8	Out of area	1
Ellesmere Port & Neston	4	Staff	5
Flintshire	3	Partnership organisations	8

There are two vacancies to be filled in respect of the partnership organisations.

The membership of the Council of Governors during 2015/16, for both elected and appointed, their length of tenure, is as follows:

Governor	Term of Office
Public – Chester and Rural Cheshire	
Mr Thomas Bateman	Re-elected for 3rd term of office until October 2018
Mrs Elizabeth Bott	Re-elected for 3rd term of office - 3 years until October 2017
Mrs Helen Clifton	Re-elected for 2nd term of office until October 2018
Mrs Sue Elphick	Re-elected for 3rd term of office - 3 years until October 2017
Mrs Marilyn King	Re-Elected for 2nd term of office - 3 years until October 2016
Mr Geoffrey Lloyd	Elected October 2013 for 3 years until October 2016
Ms Caroline Stein	Elected October 2014 for 3 years until October 2017
Ms Sue McClelland-Sheldon	Elected October 2013 for 3 years until October 2016
Public - Ellesmere Port & Neston	
Mrs Pat Clare	Elected October 2014 for 3 years until October 2017
Mr Stan France	Term of office expired October 2015
Miss Sue Kettle	Term of office expired October 2015
Mr Brian Ellingham	Elected October 2013 for 3 years until October 2016
Ms Sue Bagby	Elected October 2015 for 3 years until October 2018
Cllr Brian Jones	Elected October 2015 for 3 years until October 2018
Public – Flintshire	
Ms Fran Parry	Elected October 2014 for 3 years until October 2017
Mr Russell Jackson	Elected for 3 years until October 2016
Mrs Liz Kevan	Elected for 3 years until October 2016

Partnership Organisations	
Mr Michael Hemmerdinger (Lead Governor) Voluntary Services	Re-appointed for a further 12 month period until December 2016
Mrs Dorothy Marriss University of Chester	Appointed February 2011
Ms Chris Hannah Western Cheshire CCG	Appointed April 2014
Cllr Adrain Walmsley Cheshire West and Chester Council	Appointed April 2013, term of office expired May 2015
Cllr Matt Bryan Cheshire West and Chester Council	Appointed May 2015

Staff	
Dr Ian Benton	Elected October 2014 for 3 years until October 2017
Dr Chris Green	Elected December 2013 for 3 years until October 2016
Ms Carole Jones	Elected October 2014 for 3 years until October 2017
Ms Katie Greenhalgh	Elected October 2014 for 3 years until October 2017
Ms Karen Woodcock	Elected October 2014 for 3 years until October 2017
Mr Steve Bridge	Elected October 2014 for 3 years until October 2017
Mrs Sarah Balogh	Elected October 2014 for 3 years until October 2017

> ELECTION OF COUNCIL OF GOVERNORS

Notice of elections were published in June 2015 in the following public constituencies:

Chester & Rural Cheshire

Ellesmere Port & Neston

An election was held in September 2015 in the Chester & Rural Cheshire and Ellesmere Port & Neston Constituencies.

The election turnout was as follows:

Chester and Rural Cheshire	20.42%	2 Governors re-elected
Ellesmere Port & Neston	Un-contested	2 Governors elected, un-opposed

The Board confirm that elections are held in accordance with the election rules stated in the Trust constitution and undertaken by UK Engage.

> ATTENDANCE AT COUNCIL OF GOVERNORS' MEETINGS

There have been five Council of Governors' meetings held during 2015/16 and the attendance by Governors are given opposite:

← Stroke Assessment Unit



No. of meetings held in 2015/16	5	Governors Expenses for 2015/16
Council of Governors		
Mr Thomas Bateman	4	
Mrs Elizabeth Bott	3	
Mrs Pat Clare	4	£186.80
Mrs Helen Clifton	5	
Mrs Sue Elphick	3	£76.70
Mrs Marilyn King	4	
Mr Stan France	2**	
Cllr Brian Jones	*	
Ms Sue Bagby	*	
Mr Michael Hemmerdinger	5	£79.50
Cllr Adrian Walmsley	3	
Miss Sue Kettle	3**	
Mrs Dorothy Marriss	5	
Ms Sue McClelland-Sheldon	4	£52.00
Ms Fran Parry	4	
Dr Chris Green	1	
Ms Chris Hannah	1	
Mrs Liz Kevan	5	£134.40
Mr Brian Ellingham	3	
Mr Geoffrey Lloyd	5	
Mr Russell Jackson	5	
Dr Caroline Stein	5	£219.90
Dr Ian Benton	1	
Ms Carole Jones	2	
Ms Karen Woodcock	1	
Mr Steve Bridge	5	
Mrs Sarah Balogh	3	
Ms Katie Greenhalgh	0	

No. of meetings held in 2015/16	5	Governors Expenses for 2015/16
Board of Directors attendance at Council of Governors' meetings		
Sir Duncan Nichol, Chairman	5	N/A
Mr Tony Chambers, Chief Executive	4	N/A
Mr Mark Brandreth, Deputy Chief Executive/ Director of Operations and Planning	4	N/A
Mrs Alison Kelly, Director of Nursing and Quality	5	N/A
Mr I Harvey, Medical Director	4	N/A
Mrs Debbie O'Neill, Chief Finance Officer	2	N/A
Mrs Sue Hodgkinson, Director of Human Resources & Organisational Development	4	N/A
Ms L Burnett, Interim Director of Operations	1****	
Mr Simon Holden, Interim Chief Finance Officer	1***	N/A
Mr James Wilkie, Non-Executive Director	4	N/A
Dr Elaine McMahon, Non-Executive Director	3	N/A
Mrs Rachel Hopwood, Non-Executive Director	3	N/A
Mr Andrew Higgins, Non-Executive Director	3	N/A
Mr Ed Oliver, Non-Executive Director	4	N/A

* Elected October 2015

** Term of Office expired October 2015

*** Interim position from January 2016

**** Interim position from 1st September 2015

> SUMMARY OF DECLARATION OF INTERESTS OF GOVERNORS

The register of Declaration of Interests is held by the Director of Legal and Corporate Services, and can be accessed by contacting:

Mr Stephen Cross

Telephone – 01244 365816 or email stephen.cross1@nhs.net

The Council of Governors have individually signed to confirm that they meet the fit and proper persons test.

The Board of Directors have received information on the views of the Governors and Members about the Trust and its services in the following ways:

- Regular attendance at the Council of Governors' meetings.
- Joint workshops of the Board and Council
- Regular attendance at Governors' Quality Forum meetings.
- Discussion at Annual Members' Meetings.
- Receipt of reports from the Director of Corporate and Legal Services at each of the Board of Directors' meetings.
- Joint presentations to and feedback from organisations in the local community.
- Receipt of reports from the Governors' Quality Forum.

> BOARD OF DIRECTORS

The composition of the Board of Directors during 2015/16 was as follows:

Non-Executive Directors (Independent)

Chairman – Sir Duncan Nichol CBE

Re-Appointed 1st November 2015
for a 3 year term of office

Andrew Higgins – Senior Independent Director

Re-appointed 1st November 2014
for a 3 year term of office

Rachel Hopwood

Re-appointed 1st December 2014
for a 3 year term of office

James Wilkie

Appointed 1st April 2013 for a 3 year term of office

Dr Elaine McMahon

Appointed 1st April 2013 for a 3 year term of office

Mr Ed Oliver

Appointed 1st September 2013
for a 3 year term of office

Executive Directors

Mr Tony Chambers – Chief Executive

Mr Ian Harvey – Medical Director

Mrs Alison Kelly – Director of Nursing & Quality

Mrs Debbie O'Neill – Chief Finance Officer

Mr Simon Holden – Interim Chief Finance Officer
(from January 2016)

Mr David Jago – Interim Chief Finance Officer
(October 2015-November 2015)

Mr Mark Brandreth – Deputy Chief Executive /
Director of Operations and Planning

Mrs Sue Hodgkinson – Director of Human
Resources and Organisational Development

Ms Lorraine Burnett – Interim Director of
Operations (from 1st September 2015)

> ATTENDANCE AT BOARD OF DIRECTORS AND BOARD COMMITTEE MEETINGS

Attendance at the 6 Board meetings held during 2015/16 and Board Committees were as follows:

	Board of Directors	Audit Committee	Finance & Integrated Governance Committee	Remuneration Committee	Quality, Safety & Patient Experience Committee	People & Organisational Development Committee	Charitable Funds	Directors Expenses 2015/16
No. of meetings held for 2015/16	6	5	4	2	11	5	4	-
Sir Duncan Nichol	6	-	3	2	8		2	£1560.05
Tony Chambers	6	-	2	2	-		3	£307.88
Debbie O'Neill	4	-	2	-	-		1	£377.17
Ian Harvey	5	-	4	-	8	3	1	£397.60
Alison Kelly	6	-	2	-	11	3	-	£448.62
Mark Brandreth	6	-	4	-	-	-	-	£1389.10
Sue Hodgkinson	6	-	4	-	10	4	-	-
Lorraine Burnett*	3/4	-	1/2	-	-	2/3	-	£58.40
Simon Holden**	1/1	2/2	1/1	-	-	-	-	-
Andrew Higgins	5	4	3	2	10		-	-
Rachel Hopwood	6	5	4	2	7		-	-
Elaine McMahon	4	0/1	4	2	7	4	-	-
James Wilkie	6	4/4	4	2	-		-	-
Ed Oliver	5	-	4	2	-	5	4	-

* Appointed at Interim Director of Operations from 1st September 2015

** Appointed as Interim Chief Finance Officer from 26th January 2016

> BACKGROUND OF THE BOARD MEMBERS



Sir Duncan Nichol

Chairman

Sir Duncan was re-appointed as Chairman on 1st November 2015 for a second three year term of office. He spent most of his NHS managerial career in the North-West of England, becoming CEO of the NHS in 1989, before his appointment as Professorial Fellow at the University of Manchester. Since then he has divided his commitments between the public and private sectors, formerly as chairman of the Parole Board; HM Courts Service and deputy chairman of the Christie NHS FT and currently as chairman of Synergy Health and Skills for Justice.



Tony Chambers

Chief Executive

Tony was appointed as Chief Executive in December 2012. His main interest has been to work with West Cheshire Health and Care partners to make the Countess of Chester Hospitals one of the best and safest organisations within the NHS. He led the successful reorganisation of regional vascular services which saw the South Mersey Arterial Network operate at the Countess from April 2014.

From starting his career as a student nurse in Bolton in 1985 he has worked in a variety of clinical and management roles in a range of sectors and has been a Director in the NHS for over 12 years; most recently as the Director of Planning in South Wales. Prior to this he held director roles in hospitals in Greater Manchester and West Yorkshire.



Mr Ian Harvey

Medical Director

Ian commenced his role as Medical Director on 1st July 2012. Ian qualified in Medicine in Liverpool and, after completing specialist training in Sheffield, Liverpool and Wrightington, took up a post as Consultant Trauma and Orthopaedic Surgeon with an interest in upper limb and hand surgery in the Trust in August 1994. Prior to becoming Medical Director, Ian was Divisional Medical Director for Planned Care and his other managerial roles in the Trust have included Lead Clinician for Orthopaedics and Clinical Director for Orthopaedic and Plastic Surgery and Rheumatology. Ian's other current roles include Caldicott Guardian and Director of Infection Prevention and Control.



Debbie O'Neill
Chief Finance Officer

Debbie joined the Board in May 2011. Debbie started her career in the NHS at Wirral straight from school and moved into the world of finance in 1982 before moving to Chester in 1989. She undertook a number of roles within the finance department, but took a break in her studies after starting a family and finally qualified in 2003. Debbie was appointed as Assistant Director of Finance in 2007 and in May 2011 was subsequently appointed as Acting Director of Finance until June 2013 following the secondment of previous post holder to NHS North West. Debbie is married with two daughters.



Alison Kelly
Director of Nursing and Quality

Alison joined the Countess in March 2013 having previously been the Deputy Chief Nurse at the University Hospital of South Manchester since 2008. Alison has a background in critical care nursing and also has a wide range of experience as a senior nurse in managerial, educational and clinical positions in a number of Trusts in the North West, including Salford, Blackpool and East Cheshire. She is particularly interested and passionate about driving the patient experience agenda and identifying how patient feedback can enhance service development and improvement. Alison is married with two teenage daughters.



Mark Brandreth
Deputy Chief Executive / Director of Operations and Planning

Mark is Director of Operations & Planning and the Deputy Chief Executive. He joined the Countess in May 2013 having worked in a number of NHS management posts over the last 20 years. His first Board Director appointment was in Liverpool where he went on to be Assistant Chief Executive in the primary care Trust before he was invited to work in a national role at the Department of Health. Mark has experience of designing significant improvements for patients through his leadership of community health services as part of an integrated care system in Trafford. Most recently Mark's last role was working with an integrated care organisation in Wales in a role that encompassed the operational responsibility for four hospitals and commissioning responsibility for the population.

Mark has a track record of transforming health systems and is recognised as an authority on patient experience and patient engagement. Mark was part of a national learning set studying the application of integrated care systems into the UK and has worked with the Nuffield Trust tracking the development of integrated care approaches.



Sue Hodkinson

Director of Human Resources & Organisational Development

Sue joined the Countess in February 2011 and was appointed to the post of Director of Human Resources & Organisational Development in November 2014. Having worked in a number of senior HR posts in the NHS for over 10 years and as a Chartered Member of the Chartered Institute of Personnel Development (CIPD), she brings extensive healthcare and private sector HR experience & knowledge to the Executive Team.

Sue is passionate about taking the Trust's People Strategy forward, with particular emphasis on staff engagement, partnership working and workforce development. She works very closely with other members of the executive team to focus on the staff experience and culture within our Trust and the links to improving the patient experience. Sue is executive lead for staff health & wellbeing, in addition to being the Chair of the collaborative HR & Wellbeing Business Service (www.hrwbs.com), which the Trust operates in conjunction with Wirral University Teaching Hospital NHS Foundation Trust. Sue has recently joined the Board of Governors at Upton Westlea Primary School, as the Local Community Governor.



Lorraine Burnett

Interim Director of Operations

Lorraine joined the Countess in March 2013 as the Divisional Director for Urgent Care. She has recently taken up the post of Interim Director of Operations. She started her career as a paediatric nurse at the Royal Manchester Children's Hospital in 1990 and later spent 8 years as a nurse specialist. She has since held senior management roles in community services before moving to hospital management in 2011.

Lorraine is an advocate of empowering people to participate in their own care in the right place having previously developed home treatment services across the country.



Andrew Higgins

Non-Executive Director/Senior Independent Director

Andrew joined the Board in November 2011 and was re-appointed for a second term of office with effect from November 2014. Andrew is a chartered accountant with a background in audit and advisory services. In 2010 he retired from KPMG, a major accounting and advisory firm, after a career spanning 33 years in the UK and overseas. Andrew has experience of working with a variety of commercial and not-for-profit organisations, with particular emphasis on the financial services and housing sectors. He has expertise in all aspects of audit and corporate governance, and has advised on a wide range of corporate transactions. From 2008 to 2010 Andrew worked in Japan in an international liaison role and advised US and European multi-nationals with interests in the Far East. Now settled south of Tarporey, Andrew pursues a variety of interests including volunteering with a community based credit union.



Rachel Hopwood
Non-Executive Director

Rachel joined the Board in December 2011 and was re-appointed for a second term of office with effect from December 2014. Rachel is a chartered accountant, qualifying with Ernst & Young, a major accounting and advisory firm. After a career in finance and investment banking in the City of London, latterly as an Executive Director at ABN AMRO, she relocated with her family back to Cheshire in 2008. Prior to joining the Board, Rachel was a Non-Executive Director of Western Cheshire PCT and Lay Advisor to West Cheshire Clinical Commissioning Group. She is also a Director in a company providing management and financial consultancy services in the region. Brought up locally, Rachel was educated at The Queen's School, Chester. She now lives in Clotton with her husband and two children, the youngest of whom was born at the Countess of Chester Hospital.



James Wilkie
Non-Executive Director

James joined the Board in April 2013 for an initial three year term of office. James retired following a long career in local government. He worked for several local authorities and held a series of senior management positions, including that of Chief Executive. James has experience of managing many aspects of local authority activity and has a particular interest in regeneration and economic development. James has lived in Neston for many years, and is married with two grown daughters.



Elaine McMahon
Non-Executive Director

Elaine joined the Board in April 2013 for an initial three year term of office. Elaine has extensive experience of working in further and higher education in the UK and USA and for the last 12 years has been Chief Executive and Principal of several Colleges of Further Education.

Elaine has a strong commitment to working closely with communities facing development and renewal and has represented education and training on a number of regional and national committees. In 2009 Elaine was awarded the CBE for services to local and further education. She has a Doctorate in Philosophy from Lancaster University; an Honorary Doctorate from the University of Lincoln and an MBA from the OU Business School.

She has been involved in developing productive partnerships between education and health and considers it a privilege to now work as a Non-Executive Director for the Countess of Chester Hospital NHS Foundation Trust.



Ed Oliver

Non-Executive Director

Ed joined the Trust in September 2013. A Graduate Electrical Engineer from the University of Strathclyde, Glasgow. Following this he had a 28 year career with Marks and Spencer before retiring in 2000 as the Regional Manager for Merseyside. Joined a family business in 2001 called Tops Estates who owned a number of Shopping Centres around the UK. This was to develop the operational side of the business, before finally retiring in 2009.

He has always, during his business career, been involved in outside agencies such as: Prince's Trust on Merseyside - Vice Chairman 1991-2000; Liverpool Chamber of Commerce and Industry - Vice Chairman and Chairman 2001 – 2010; Ronald McDonald Family House, Alder Hey Children's Hospital, Liverpool - Board member and Chairman; 1994 – 2014 Liverpool Business Improvement District Co. - He founded the business in 2003 and was Chairman of the Exec Board. Non-Executive Director, Alder Hey Children's Hospital NHS Foundation Trust. 2004 – 2013. Current Chairman of the CH1 Chester City BID Co. Ed is married with three children and his main interests are traveling, golf and watching most sports.



The Trust recognises that the Board of Directors has to provide a portfolio of skills and expertise to reflect the patient care and experience and the Trust's sustainable clinical services to ensure a high performing and effective organisation. The Board members provide a breadth of public and private sector expertise which has been strengthened further this year with the re-appointment of the Chairman which continues to provide a mix of gender and age profiles.

The Board of Directors have developed a robust review process for evaluating its committees. The Chair of each committee prepares an annual evaluation of the work undertaken during the year end, and review attendance at each meeting; additionally the terms of reference are reviewed annually and updated to reflect changes in the operating environment and best practice. These reviews are presented to the Board of Directors. The process for evaluating the performance of the Board of Directors has been developed, drawing on a number of models used in the private and public sectors. Following the robust review of the Trust Governance Framework for the Board and its committees undertaken in March 2015, the new arrangements are now well embedded and continue to provide robust assurance to the Board. Each of the Board committees are chaired by a Non-Executive Director with updates and minutes provided to each Board meeting.

The Directors of the Board undergo an annual performance assessment, reviewing performance against agreed objectives, personal skills and competencies and progress with personal development plans. This year, the Executive Team have held a number of development days to support the innovative 'Model Hospital' programme linked to the Trust vision to deliver NHS care locally that makes the Trust's staff and local community proud by being safe, kind and effective. The Board has also incorporated the Trust's lead in the Lord Carter Review of Operational Productivity in the NHS. The Board also work collectively as a team to support effective unitary working of the Board of Directors. To complement the on-going Board development, regular informal Board sessions are also held as required.

> SUMMARY OF DECLARATION OF INTERESTS OF DIRECTORS

The register of Declaration of Interests is held by the Director of Corporate and Legal Services and can be accessed by contacting:

Mr Stephen Cross

Telephone – 01244 365816 or email stephen.cross1@nhs.net

The Board of Directors have individually signed to confirm that they meet the fit and proper persons test.

The Chairman has the following other significant commitments:

- Chairman of Synergy Health
- Chairman of Skills for Justice
- Chairman of Deltex Medical Ltd

These three other significant commitments do not in any way impact on his role as Chairman of the Trust.

> AUDIT COMMITTEE

The Audit Committee consists of three independent Non-executive Directors, two of whom are qualified accountants and one of whom is Chair (Rachel Hopwood) of the Audit Committee. Other Executive Directors and senior staff regularly attend the committee as do the internal and external auditors. The overall purpose of the Trust's Audit Committee is to review the organisation's effectiveness and maintenance of the Trust's system of internal control and risk management. Private meetings with either the internal or external auditors are held after each committee meeting.

> AUDIT COMMITTEE ATTENDANCE 2015/16

Date of meeting	Chairman of Audit Committee Mrs R Hopwood	Non-Executive Director Mr A Higgins	Non-Executive Director Dr E McMahon	Non-Executive Director Mr J Wilkie
20.04.15	✓	✓	x	-
22.05.15	✓	✓	-	✓
19.10.15	✓	✓	-	✓
18.01.16	✓	x	-	✓
21.03.16	✓	✓	-	✓

During the year the Audit Committee undertook the following in discharging its responsibilities:

- Reviewed the statement on internal control and supporting assurance processes in conjunction with the audit opinion.
- Approved a risk based internal audit plan and actively reviewed the findings of all audits.
- Approved the plan and reviewed the work of the Trust's local counter fraud specialist.
- Reviewed the significant issues for the Trust.
- Reviewed and approved the updated corporate governance manual covering standing orders, standing financial instructions and scheme of delegation.
- Agreed the nature and scope of the external audit plan and reviewed the reports, recommendations and management responses.
- Reviewed the Trust's annual financial statements and recommended their adoption to the Board of Directors.
- Reviewed the effectiveness of the Committee using an independent framework.
- Approved bad debt write offs and contract extensions/tender waivers.
- Reviewed the data quality of the Quality Account.
- Reviewed any significant issues that the committee considered in relation to the financial statements, operations and compliance, and how these issues were addressed;
- Reviewed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, the value of external audit services and information on the length of tenure of the current audit firm and when a tender was last conducted; and
- Reviewed the effectiveness of internal audit process;
- Reviewed scope of external auditor providing non-audit services, the value of the non-audit services provided and an explanation of how audit objectivity and independence are safeguarded.

The Audit Committee has considered significant issues in respect of the following:

- The Trust has posted a deficit of £10.3m before impairments against a planned deficit of £10.5m, a favourable variance of £0.2m. The implications of the financial performance on the application of the going concern principle in the preparation of the accounts – this is set out in more detail in the Going Concern section;
- The Committee considered the areas of significant judgement in respect of the preparation of the annual accounts:
 - Principles and approach to valuation of the Trust property;
 - Provisions for impairment of receivables; and
 - Other Provisions, including Permanent Injury Benefits and legal claims

The Audit Committee were satisfied that the significant issues considered were addressed by the evidence presented to them by the Directors of the Trust and further assurance gained from MIAA audit reports.

The external audit firm provided some advisory and review work during the year, specifically a review of pharmacy processes (£20,000) and a VAT compliance check (£11,000). Any work agreed outside the audit plan is subject to approval by the Audit Committee in accordance with the non-audit services policy and all additional work provided in year was undertaken in accordance with this policy.

There has been no change in year to the external audit provider which is KPMG.

There has been no change in year to the internal audit provider which is MIAA.

The Directors acknowledge their responsibility for preparing the Annual Accounts for the organisation.

› GOVERNORS' NOMINATIONS COMMITTEE

Non-Executive Directors including the Chairperson are appointed by the Council of Governors for the specified terms subject to re-appointment thereafter at intervals of no more than three years and are subject to the 2006 Act provisions relating to the removal of a director.

Expressions of interest from Governors to serve on the Nominations Committee were invited from Governors and the Nominations Committee met twice in 2015/16.

The Governors' Nominations Committee met to agree the process for the re-appointment of the Chairman, Sir Duncan Nichol and a Non-Executive Director, Mr James Wilkie, whose term of office were due to expire in November 2015 and April 2016 respectively.

The process was run in house having regard to the expertise available within the Trust. The Nominations Committee held an extensive review process regarding the performance of both Sir Duncan Nichol and Mr James Wilkie and took views from the Deputy Chairman of Governors, Chairman, Senior Independent Director, Chief Executive and Governors.

The Governors' Nominations Committee met on 24th July 2015 to consider the re-appointment of the Chairman. The Nominations Committee recommended to the Council of Governors that Sir Duncan Nichol should be re-appointed as Chairman of the Trust for a 2nd term of office for three years with effect from 1st November 2015. At the Council of Governors meeting on 1st September 2015 Governors unanimously approved that Sir Duncan Nichol should be re-appointed as Chairman of the Trust for a 2nd term of office for three years with effect from 1st November 2015.

The Governors Nominations Committee met on 18th February 2016 to consider the re-appointment of a Non-Executive Director, Mr James Wilkie. The Nominations Committee recommended to the Council of Governors that Mr James Wilkie should be re-appointed as a Non-Executive Director of the Trust for a 2nd term of office for three years with effect from 1st April 2016. At the Council of Governors meeting on 1st March 2016 Governors unanimously approved that Mr James Wilkie should be re-appointed as a Non-Executive Director of the Trust for a 2nd term of office for three years with effect from 1st April 2016.

	Date	
	24.07.15	18.02.16
Michael Hemmerdinger	✓	✓
Sue Elphick	✓	✗
Elizabeth Bott	✓	✗
Tom Bateman (Chair)	✓	✓
Pat Clare	✓	✓
Russell Jackson	✓	✓
Steve Bridge	✗	✓

› BOARD OF DIRECTORS' NOMINATIONS COMMITTEE

There was no requirement for the Board of Directors' Nomination Committee to meet during 2015/16.

> MEMBERSHIP

The members of the Foundation Trust are those individuals whose names are entered in the register of members. Every member is either a member of one of the public constituencies or a member of one of the classes of staff constituency. Membership is open to any individual who is over sixteen years of age.

> PUBLIC MEMBERSHIP

There are four public constituencies:

Chester & Rural Cheshire

Ellesmere Port & Neston

Flintshire

Out of Area

Membership of a public constituency is open to individuals:-

- Who live in the relevant area of the Foundation Trust;
- Who are not a member of another public constituency, and
- Who are not eligible to be members of any of the classes of the staff constituency.



> STAFF MEMBERSHIP

The staff constituency is divided into four classes as follows:

- Doctors
- Nursing and midwifery
- Allied healthcare professionals and technical/scientific
- Other staff groups

Membership of one of the classes of the staff constituency is open to individuals who are employed under a contract of employment by the Foundation Trust and who either:

- Are employed by the Foundation Trust under a contract of employment which has no fixed term or a fixed term of at least 12 months, or
- Have been continuously employed by the Foundation Trust or the NHS Trust for at least 12 months; or
- Are not so employed, but who nevertheless exercise functions for the purposes of the Foundation Trust and who have exercised the functions for the purposes of the Foundation Trust for at least 12 months. For the avoidance of doubt, this does not include those who assist or provide services to the Foundation Trust on a voluntary basis.

A person may not become a member of the Foundation Trust if, within the last five years, they have been involved as a perpetrator in a serious incident of violence at the hospital or its facilities, or against any of the Foundation Trust's employees or other persons who exercise functions for the purposes of the Foundation Trust, or against registered volunteers.

> MEMBERSHIP SIZE AND MOVEMENTS

Membership changes in the previous year and those estimated for 2015/16 are shown below:

Membership size and movements		
Public Constituency	Last year (2015/16)	Next year (estimated 2016/17)
At year start	7,307	7,084
New Members	74	200
Members Leaving	297	100
At year end	7,084	7,184

It is the Trust's intention to maintain public membership at its current levels. The Trust will focus on developing a quality membership by diversity, age and gender for 2016/17.

Staff Constituency	Last year (2015/16)	Next year (estimated 2016/17)
At year start	4,345	4,542
New members	741	200
Members leaving	544	200
At year end	4,542	4,542

> MEMBERSHIP STRATEGY

The 2015/16 target to maintain current levels of membership was achieved. The Trust is committed to ensuring the quality of data for the membership and therefore, a continuous thorough data cleanse of membership information was undertaken during 2015/16. It is the Trust's intention to continue to maintain public membership at its current levels. The strategy will focus on under-represented parts of our population during 2016/17. The Trust will also undertake a full data validation project of the membership to update member's details and communication preferences on an individual basis.



> MEMBERSHIP REVIEW

The mechanism by which the Board reviews membership plans, growth and engagement during the year is through the integrated performance report and a report of the Director of Corporate & Legal Services at each Board meeting. These reports are also provided to each Council of Governors' meetings.

> CURRENT AND FUTURE ENGAGEMENT WITH MEMBERS

The Trust has engaged with its members via the following:

- Governor roadshows in each constituency
- Countess Matters magazine – three times per year
- Local newspaper articles
- Patient interest groups
- Email surveys to members
- Surveys
- Trust website
- Presentations to community organisations
- Recruitment sessions
- Participating in Governor elections
- Drop in sessions for potential candidates
- Data validation project with membership
- Increased awareness via social media

Contact for members to communicate with Governors and Directors is available on the website and contact details are also available in the Foundation Trust's 'Countess Matters' magazine circulated to all members three times per year.

> OTHER INFORMATION

Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) requires that the income from the provision of goods and services for the purposes of the health service in England must be greater than its income from the provision of goods and services for any other purposes. The Trust met this requirement in 2015/16.

> ACCOUNTING INFORMATION

As far as the Directors are aware, all relevant audit information has been fully disclosed to the auditors and no relevant audit information has been withheld or made unavailable, nor have any undisclosed post balance sheet events occurred.

The management of risk is a key function of the Board; the Trust seeks to minimise all types of service, operational and financial risk through the Board Assurance Framework which is subject to regular review and audit.

> COST ALLOCATION & CHARGING REQUIREMENTS

The Trust can confirm that it has complied with the cost allocation and charging requirements set out in HM Treasury and office of public sector information guidance.

> HEALTH AND SAFETY

A full review of the Trust's Health and Safety Policies has been undertaken and approved by the Health & Safety Committee in 2015 and signed by the Chief Executive. These are included within the Trust's employee handbook.



On behalf of

Tony Chambers

Chief Executive

24th May 2016



REMUNERATION REPORT

The remuneration committees are required to ensure levels of remuneration are sufficient to attract, retain and motivate directors of the quality required to run the organisation successfully, but to avoid paying more than is necessary.

Remuneration and conditions of service of the Chief Executive and Executive Directors are determined by the Remuneration Committee, which comprised of the following members:

- Chair – Sir Duncan Nichol
- Andrew Higgins, Non-Executive Director
- Rachel Hopwood, Non-Executive Director
- James Wilkie, Non-Executive Director
- Elaine McMahon, Non-Executive Director
- Ed Oliver, Non-Executive Director

The Remuneration Committee meets as and when required and the Director of Corporate and Legal Services is in attendance. The Chief Executive is invited to attend the meeting as appropriate and in particular to brief the Committee on the performance of the Executive Directors.

The Remuneration Committee met twice in the year to discuss Very Senior Managers (VSM) levels of pay and executive salaries which the Remuneration Committee ratified that the executive salaries remain unchanged.

The attendance at each meeting is as follows:

	Date	
	07.07.15	02.02.16
Sir Duncan Nichol	✓	✓
Andrew Higgins	✓	✓
Rachel Hopwood	✓	✓
James Wilkie	✓	✓
Elaine McMahon	✓	✓
Ed Oliver	✓	✓

In considering the Executive Directors remuneration the Committee take into account the national inflationary uplifts recommended for other NHS staff, any variation in or change to the responsibility of Executive Directors and relevant benchmarking with other NHS and public sector posts. The performance of Executive Directors and the Chief Executive is discussed at the Remuneration Committee. Executive Directors are subject to annual appraisal by the Chief Executive who is himself appraised by the Chairman. Levels of remuneration should be sufficient to attract, retain and motivate directors of the quality and with the skills and experience required to the Countess of Chester Hospital NHS Foundation Trust successfully.

At the meeting on 7th July 2015, the Committee reviewed the VSM levels of pay and agreed a remuneration policy for the Executive Directors of the Countess of Chester Hospital NHS Foundation Trust.

At the meeting on 2nd February 2016, the Committee reviewed the executive salaries and received details of the change of Deputy Chief Executive, Interim Chief Finance Officer and Director of Operations.

The Remuneration Committee made a recommendation that there should be no change to VSM/Executive Director salaries.

The contracts of employment of all Executive Directors, including the Chief Executive, are permanent and are subject to six months' notice of termination. No performance-related pay scheme (e.g. pay progression or bonuses) is currently in operation within the Trust and there are no special provisions regarding early termination of employment.

All other senior managers are subject to Agenda for Change pay rates, terms and conditions of service, which are determined nationally.



› COUNCIL OF GOVERNORS' REMUNERATION COMMITTEE

The Council of Governors' Remuneration Committee met on 19th February 2016 to consider that the Countess of Chester Hospital NHS Foundation Trust Non-Executive Directors remain 'fit and proper persons' as defined in law and regulation and were satisfied that the Non-Executive Directors formally met the 'fit and proper persons' criteria. The Committee also received details of the current levels of salary for the Countess of Chester Hospital NHS Foundation Trust Non-Executive Directors and how this benchmarked across other NHS organisations.

The Council of Governors' Remuneration Committee recommended to the Council of Governors' meeting on 1st March 2016 that there should be no change to the level of salaries of the Non-Executive Directors.

There are two executives who were paid more than £142,500 in 2015/16. For the purposes of this disclosure, pay is defined as salary and fees, all taxable benefits and any annual or long term performance related bonuses, of which there were none during the year. The Trust is satisfied that the remuneration is reasonable, following scrutiny by the Remuneration Committee.

A handwritten signature in black ink, appearing to read 'Tony Chambers', enclosed within a rectangular box.

On behalf of
Tony Chambers
Chief Executive
24th May 2016

Name and Title	Salary (bands of £5,000)	Other Taxable Remuneration (to nearest £100)	Benefits in kind (to nearest £100)	Pension related benefits (bands of £2,500)	Total (bands of £5,000)	Normal retirement age	Salary (bands of £5,000)	Other Taxable Remuneration (to nearest £100)	Benefits in kind (to nearest £100)	Pension related benefits (bands of £2,500)	Total (bands of £5,000)
	2015/16	2015/16	2015/16	2015/16	2015/16		2014/15	2014/15	2014/15	2014/15	2014/15
	£000			£000	£000		£000			£000	£000
Mr Tony Chambers - Chief Executive	140-145	-	16,000	30-32.5	190-195	60	140-145	-	15,400	110-112.5	270-275
Mrs Debbie O'Neill - Chief Finance Officer	110-115	-	-	20-22.5	135-140	60	115-120	-	-	55-57.5	170-175
Mr Ian Harvey - Medical Director	170-175	-	-	62.5-65	235-240	60	175-180	-	2,300	622.5-625	800-805
Mrs Susan Hodgkinson - Director of Human Resources and Organisational Development	90-95	-	5,000	52.5-55	145-150	60	80-85	-	4,400	15-17.5	100-105
Mrs Alison Kelly - Director of Nursing & Quality	105-110	-	-	20-22.5	125-130	60	105-110	-	-	102.5-105	210-215
Mr Mark Brandreth - Deputy Chief Executive	115-120	-	-	35-37.5	155-160	60	115-120	-	-	110-112.5	230-235
Ms Lorraine Burnett - Interim Director of Operations (from 01/09/15)	40-45	-	2,800	32.5-35	80-85	60	-	-	-	-	-
Mr Stephen Cross - Director of Corporate and Legal Affairs	75-80	-	9,700	22.5-25	110-115	60	75-80	-	11,400	47.5-50	135-140
Sir Duncan Nichol - Chairman	45-50	-	-	-	45-50	-	45-50	-	-	-	45-50
Mr Andrew Higgins - Non-Executive Director	10-15	-	-	-	10-15	-	10-15	-	-	-	10-15
Mrs Rachel Hopwood - Non-Executive Director	10-15	-	-	-	10-15	-	10-15	-	-	-	10-15
Mr Ed Oliver - Non-Executive Director	10-15	-	-	-	10-15	-	10-15	-	-	-	10-15
Mr James Wilkie - Non- Executive Director	10-15	-	-	-	10-15	-	10-15	-	-	-	10-15
Dr Elaine McMahon - Non-Executive Director (to 31/03/2016)	10-15	-	-	-	10-15	-	10-15	-	-	-	10-15
Total Directors Remuneration	985-990	-	33,500	282.5-285	1,195-1,200		940-945	-	33,500	1,072.5-1,075	1,930-1,935

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid Director in their organisation and the median remuneration of the organisation's workforce.

Band of Highest Paid Director's Total Remuneration	170-175	175-180
Median Total Remuneration	24,751	24,504
Ratio	7.07	7.33

The total remuneration includes salary and benefits-in-kind, it does not include employer pension contributions and the cash equivalent transfer value of pensions.
The annualised Medical Director's salary is the highest paid Director.

Pension Benefits	Real Increase in Pension at age 60 (bands of £2,500)	Real Increase in pension lump sum at age 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2016 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 March 2016 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2016 (to nearest £1,000)	Cash Equivalent Transfer Value at 31 March 2015 (to nearest £1,000)	Real Increase in Cash Equivalent Transfer Value (to nearest £1,000)
	2015/16	2015/16	2015/16	2015/16	2015/16	2014/15	2015/16
	£000	£000	£000	£000	£000	£000	£000
Mr Tony Chambers - Chief Executive	0-2.5	-	50-55	140-145	850	824	16
Mrs Debbie O'Neill - Chief Finance Officer	0-2.5	2.5-5	45-50	140-145	856	821	25
Mr Ian Harvey - Medical Director	2.5-5	7.5-10	70-75	220-225	1,579	1,487	74
Mrs Susan Hodgkinson - Director of Human Resources and Organisational Development	2.5-5	2.5-5	10-15	30-35	169	138	29
Mrs Alison Kelly - Director of Nursing & Quality	0-2.5	2.5-5	35-40	110-115	625	597	20
Mr Mark Brandreth - Director of Operations & Planning	0-2.5	-	30-35	95-100	498	476	16
Mr Stephen Cross - Director of Corporate and Legal Affairs	0-2.5	2.5-5	5-10	25-30	-	-	-
Ms Lorraine Burnett (from 01/09/15)	2.5-5	2.5-5	20-25	55-60	326	-	44

Name and Title	Salary (bands of £5,000)	Other Taxable Remuneration (to nearest £100)	Benefits in kind (to nearest £100)	Pension related benefits (bands of £2,500)	Total (bands of £5,000)
	2015/16	2015/16	2015/16	2015/16	2015/16
	£000	£	£	£000	£000
Mr David Jago - Interim Chief Finance Officer (from 13/10/15 to 31/12/2015)	10-15	-	-	N/A	10-15
Mr Simon Holden - Interim Chief Finance Officer (from 26/01/2016)	45-50	-	-	N/A	45-50

Debbie O'Neill (Chief Finance Officer) had a period of sickness leave during the financial year. As the position is a key board member it was decided to provide interim cover for the period of absence. The disclosure above relates to the two individuals who have provided interim cover for the role of Chief Finance Officer and the periods to which they relate.

During prior (2014/15) financial year Susan Hodgkinson (Director of Human Resources and Organisational Development) was appointed into her substantive post from her interim post and therefore the financial year 2015/16 was the first full year of her appointment.

Pension related benefits figures show the amount of annual increase in the pension entitlement in accordance with the HMRC method. The source information is provided by the NHSBSA.

The benefit in kind is for a lease car scheme and a home technology scheme which is open to all members of staff. It is a scheme whereby the Employee agrees to reduce their salary for the full cost of the benefit.

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

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from

the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme.

They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries. The NHS Pension scheme will not make a cash equivalent transfer once a member reaches the age of 60 and is then therefore, not applicable.

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

STAFF REPORT

The Countess of Chester Hospital NHS Foundation Trust employs more than 3,900 people, which equates to over 3,460 whole time equivalents.

> WORKFORCE STRATEGY AND PLANNING

Meeting our ambitions for our patients and service users rests on our staff – engaging, empowering and recognising our people will make sure they can give their best and continuously drive improvement in the delivery of services.

At the heart of delivering this objective is our values. These are the principles that determine the way we behave and what we believe in. They help bring us together as a family, giving us a common culture.

Our vision is to provide care that makes our patients and staff proud by being safe, kind and effective, therefore, our Trust strategy continues to be based upon adopting a future model of care where the Trust plays a key role as a locality based accountable provider of care for urgent acute and ambulatory patients, built on three key programmes.

- **Countess 20:20 – The ‘Model Hospital’** - reviewing our core services to ensure they deliver the outcomes and quality our patients deserve.
- **Integrated Specialist Services – Acute Care Collaboration** - providing the right services to meet the needs of our patients, either as part of a clinical network or as a specialist centre in our own right.
- **West Cheshire Way – Partnership & Collaboration** - working with local healthcare partners to drive service redesign and integrate care for the residents of Western Cheshire.

The People Strategy will support the work streams that underpin the Trust's three strategic pillars. In order to ensure that Human Resources (HR) work across the organisation on all of the work streams, it has devised a plan to balance priorities and ensure the best use of resources.

The key points of the national people strategy are reflected in our People Strategy and include:

> LEADERSHIP AND DEVELOPMENT

We aim to have capable and confident leaders at all levels, who live our values and who act in line with our leadership behaviours in an ever changing, fast moving environment. As part of the performance excellence framework we will implement a clear set of behaviours, capabilities and competencies that will be used in their selection and performance management. Excellent collective leadership embedded throughout the Trust, will support and encourage the empowerment of staff to deliver continuous change and improvements in their workplace. We will build on the success of our Countess 20:20 Leadership Programme to shape future development programmes.

Our leaders require continuous learning, education and development and support to maintain their focus in what are extremely challenging and demanding times of change across the NHS and social care. Our programme of master classes will continue to evolve, as we endeavour to provide development that enables our leaders to keep pace with the far reaching changes that are necessary to enhance and improve models of care across health and social care. Involving, sharing and engaging with our partners across a wide range of services will be paramount in ensuring the Trust develops relationships to the mutual benefit of our patients and staff.

> MEDICAL MANAGEMENT

For those in clinical practice, an appreciation of leadership and management skills in the health care setting is increasingly important. The Trust will provide opportunities for clinicians to develop the knowledge, skills and values to enable them to practice more confidently.

The Trust is supporting the enhancement and contribution of the medical profession, providing opportunities to:

- Promote better medical leadership at all levels
- More effective team working
- Increase evidence based services underpinned by a strong data analysis
- Doctors as role models for doctors in training and other health professionals
- Doctors as advocates for health services and the health needs of the population.

> PERFORMANCE AND RECOGNITION

The fundamental goal of performance management is to promote and improve employee effectiveness. It is a continuous process where managers and staff work together to plan, monitor and review work objectives and his or her overall contribution to the Trust.

Effective managers provide feedback to and receive feedback from staff continuously, rather than rely on appraisals. This allows the manager to determine what motivates their staff to work hard, evaluate what obstacles are making it difficult for them to effectively do their jobs, and make adjustments.

> COACHING & MENTORING

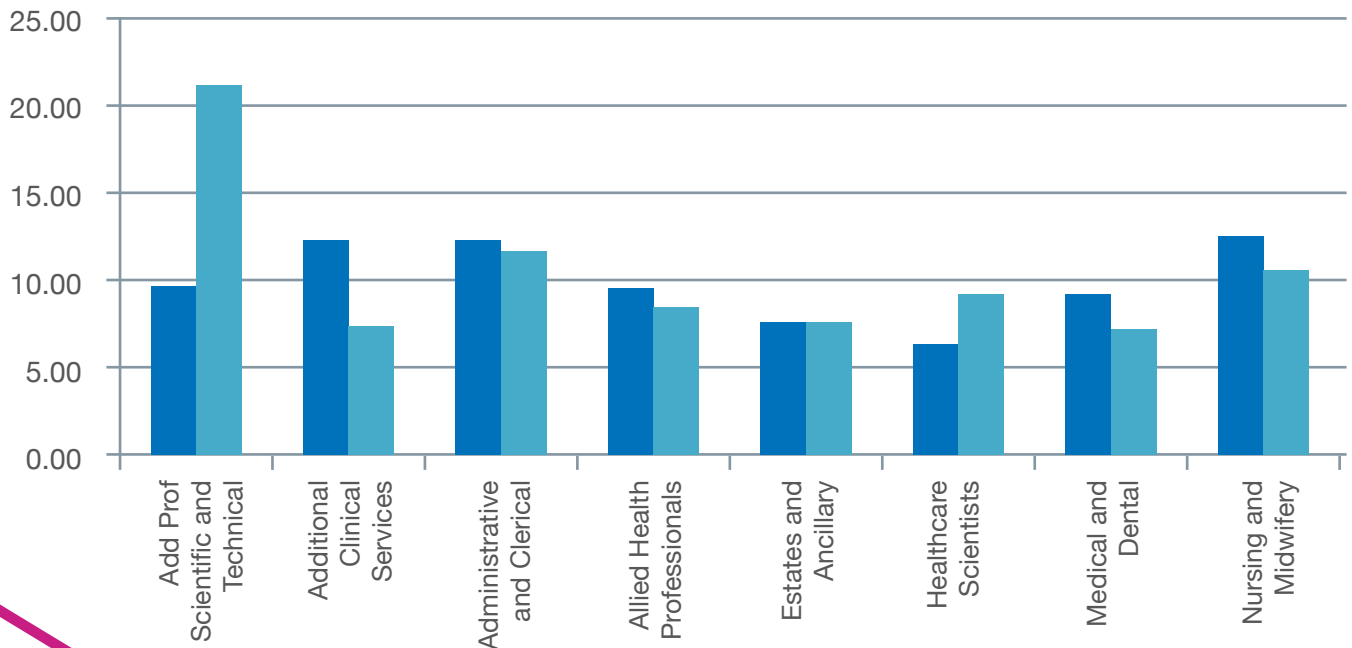
Supporting the development of our staff is essential in maintaining the focus of our workforce. Providing coaching and mentoring opportunities for staff in order to aid that development will be a key priority in our People Strategy. In order to ensure we adopt a coaching culture, a coaching skills programme is being cascaded across the organisation.



> TURNOVER & RETENTION

Whilst the Trust recognises the need to retain staff and skills wherever possible, it acknowledges that circumstances and opportunities can arise that result in staff leaving. The Trust employs an exit interview process where it captures the reasons for staff leaving. Where patterns indicate potential problems the Equality and Diversity Manager, with support from Human Resources and Staff Side, will investigate.

Labour Turnover for Full Time Equivalents % by Year & Staff group



Although most areas show a decrease in turnover, Additional Professional Scientific shows a marked increase. Human Resources are currently working with one of the departments on a number of issues to improve the staff experience and leadership style. Other areas contributing to the figures include an unusual but explainable turnover in Chaplaincy and the Advance Quality Nursing post.



> ATTENDANCE MANAGEMENT

A combination of factors play a key role in improving absence rates and these include the provision of up to date information, a consistently applied policy, management development and individual hotspot support from Human Resources with back up provision of Occupational Health services.

Although sickness absence is currently above the Trust target, it compares favourably regionally and nationally. This is due to keen processes, managerial support and an effective, accredited Occupational Health department.

Trust Target	3.65%
Trust Target FTE-Days Lost to Sickness Absence	30,187.66
Average % Over 12 Months (Apr. 15 To Mar.16)	4.01%

The Trust has introduced a range of schemes for staff by offering physical activity with an emphasis on promoting active travel, building physical activity into working hours and reducing sedentary behaviour. Opportunities for staff include; the involvement in the NHS NW Games, Trust choir, fitness classes, running clubs and team games and challenges.

> RESILIENCE & MINDFULNESS

Occupational Health has introduced a range of mental health initiatives for staff. They offer support to staff such as, stress management courses, line management training, mindfulness courses and counselling services.

> PHYSIO SERVICES FOR STAFF WITH MUSCULO SKELETAL ISSUES

The Trust has improved access to physiotherapy services; the service has a fast track option for staff suffering from musculoskeletal (MSK) issues to ensure staff that are referred via GPs or Occupational Health can access it in a timely manner.

> NUTRITIONAL AWARENESS

We have achieved a step-change in the health of the food offered on Trust premises working with our dieticians. Looking ahead into 2016/17, in line with the national CQUIN, our focus includes:

- removing price promotions on sugary drinks and foods high in fat, sugar and salt (HFSS), such as pre-sugared breakfast cereals, soft drinks, confectionery, savoury snacks and fast food
- removing the advertisements for sugary drinks and foods high in fat, sugar and salt (HFSS)
- stop the promotion of sugary drinks and foods high in fat, sugar and salt (HFSS) at checkouts

> VALUES & BEHAVIOURS

The key to providing safe, kind and effective care to patients is supporting and valuing our staff. The LEAD programme plays an integral part in being a key enabler in meeting our Trust goals and helping to shape a healthy culture. To embrace the continuous learning, education and development ethos of the Trust; the creation of pathways aligned to Trust objectives to guide staff through their development will be a critical part of our overall People Strategy.

> STAFF EXPERIENCE

It is well researched that an excellent staff experience contributes to an excellent patient experience. Valuing the contribution of staff, involving them in decisions that affect them in their day to day working life, encouraging contributions to improvements and innovation and effective, clear continuous communication at all levels throughout the organisation, and giving all staff a voice is a key enabler to realising our vision.

› POLICIES & PROCEDURES

The Trust adopts Human Resources policies to retain staff by giving opportunities for personal and professional development, maintaining and improving the quality of working life and providing health and welfare services. The Trust strives to be regarded as an employer that is desirable to work for, that treats its staff reasonably, acts compassionately and who contributes to the life of the local community. In order to maintain good employee relations, the Trust recognises the appropriate trade unions and encourages membership of them.

The Trust will consult with staff representatives on proposed courses of action and negotiate and/or consult on conditions of service, and significant organisational changes. The Trust will, as far as practicable, seek and consider the views of staff before decisions are finalised. Measures are taken to confront and discourage all forms of undesirable or discriminatory behaviour, by encouraging best practice in all its activities, monitoring procedures for recruitment and promotion, incorporating equal opportunities considerations into training courses and by acting quickly on inappropriate behaviour.

Members of staff are enabled to maximise their contribution to the workplace by reviewing working practices and procedures, introducing new systems and investigating and promoting improved methods of care and learning. All staff will have the opportunity to participate in a jointly operated system of staff development and performance appraisal in order to provide effective opportunities for open discussion and identify action needed.

› THE CULTURE OF THE COUNTESS, STAFF EXPERIENCE, WELLBEING & ENGAGEMENT

As part of our organisational culture programme of work, we will be reviewing our People Strategy. This includes how we recruit based on our values and behaviours. As part of this programme, we will be reviewing all recruitment processes to ensure that “Safe, Kind and Effective” are at the heart of how we attract, recruit and retain our staff.

› TALENT MANAGEMENT AND SUCCESSION PLANNING

Attracting skilled talent to take up positions within the Trust is the first step in the talent management cycle. As a local organisation serving local people, it is important to maximise talent locally by encouraging local people to work for us. This benefits the local economy in terms of reduced unemployment rates. In addition, where possible we will support the recruitment of local people, particularly young people into apprenticeship roles. It is also beneficial to the organisation to recruit local individuals as we are able to tap into the knowledge of local people, who are our staff as well as customers.

However, it is not sufficient to simply attract individuals with high potential; developing, managing and retaining those individuals as part of a planned strategy for talent and succession planning is equally important. In addition, identifying existing talented individuals and supporting all staff in understanding their aspirations and maximising enjoyment and performance at work can only be of benefit to the organisation. In terms of succession planning, and introducing a more structured approach, as an integral part of the People Strategy, the Trust can be confident that the organisation has a reliable pipeline of talented people who are being prepared for key roles and promotions.

› CAREER DEVELOPMENT PATHWAYS (INCLUDING APPRENTICESHIPS)

We aim to have a skilled, flexible and talented workforce, with individuals who are able to adapt to our future needs. Our policy is to train and develop all staff through training and staff development measures to ensure that they can undertake their current responsibilities as effectively as possible, to be fit and prepared to take on promotion opportunities and to enable them to develop to their full potential. The Trust accepts its wider responsibility to plan jointly with its staff their careers and recognises that the process will be most effective when staff are fully involved in their future.

As part of the ‘*Model Hospital*’, there is a need for an enabling organisational infrastructure. The need for these changes is most clearly demonstrated by the importance of realising the wealth of talent and expertise possessed by all those who work in

the NHS. The adoption of the nine management practices that Lord Carter's paper recommends will provide the momentum to create that shift and are reflected in the Trust People Strategy for 2016/17.

> HR & WELLBEING SERVICES – OUR COLLABORATION WITH WIRRAL UNIVERSITY TEACHING HOSPITAL NHS FOUNDATION TRUST

In our fifth year operating as a collaboration of Human Resource transactional services between Countess of Chester Hospital NHS Foundation Trust and Wirral University Teaching Hospitals NHS Foundation Trust, we have delivered significant reductions in staffing costs each year since the collaboration began in 2011. Having successfully re-negotiated Payroll & Pensions Service Level Agreements with our three additional client organisations, we have 100% customer retention whilst operating lean staffing levels. Furthermore, we have maintained consistently high payroll accuracy, shift fill rates and vacancy turnover.

Human Resource and Wellbeing Services is now embarking on a programme of activity to become more commercially attractive to new customer organisations and generate more income for our sponsoring Trusts, whilst also remodelling internal business processes to manage a high volume of administration tasks.

2016/17 undoubtedly holds some challenging adjustments to national terms and conditions with the junior doctor contract, pensions auto-enrolment, annual tax allowance thresholds and much more. Our payroll and pensions service and expertise will be integral to implementing these initiatives with minimal impact.

Equality and Diversity – Gender Breakdown

Gender - Employee (Headcount)		
	2014/15	2015/16
Female	3187	3186
Male	729	741
Grand Total	3916	3927

Gender - Directors (Headcount)		
	2014/15	2015/16
Female	3	4
Male	4	4
Grand Total	7	8

Gender - Senior Managers (Headcount)		
	2014/15	2015/16
Female	7	7
Male	5	5
Grand Total	12	12

Average number of persons employed (whole time equivalent, including agency staff and medical training posts)

	Total 2015/16	Permanently Employed	Other	Total 2014/15
Medical and dental	426	179	247	412
Administration and estates	722	638	84	706
Healthcare assistants & other support staff	790	739	51	777
Nursing, midwifery & health visiting staff	1,039	926	113	1,023
Nursing, midwifery & health visiting learners	-	-	-	-
Scientific, therapeutic and technical staff	527	489	38	499
Bank Staff	115	-	115	116
Total	3,619	2,971	648	3,533

The Trust spent £149,000 on consultancy during 2015/16 (2014/15 £104,000).



STAFF SURVEY

One way that we monitor staff engagement is through the national NHS Staff Survey which is conducted each year by the Trust, the results of which are used by the Care Quality Commission, our commissioners and others to assess our performance.

In partnership with our trade union colleagues, operational colleagues and medical representatives, with governance from the People and Organisational Development (OD) Committee, we have developed an action plan to address areas of concern. Our results are published nationally on the website. In addition to this, we also monitor the feelings of our staff via the National Staff Friends and Family Test.

For the fifth year running, we surveyed all of our staff, rather than a random sample. Our response rate for 2015 was 40% (a reduction of 1% on 2014) and was slightly below average (41%), although we received almost 1500 responses. In part this may be down to the increased requirements for us to additionally survey staff through the Staff Friends and Family Test and other local surveys to test the temperature throughout the organisation.

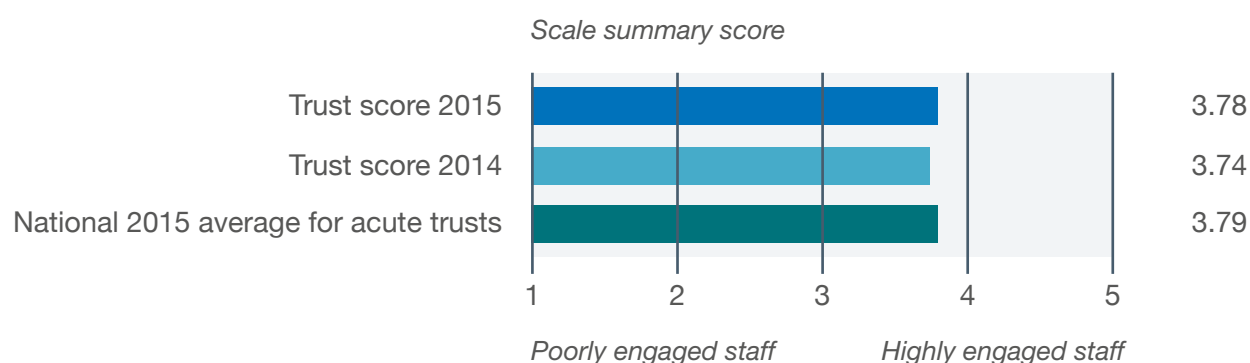
Of the 32 key findings:-

- 4 (compared against 11 in 2014) have shown improvement since 2014
- 17 (compared against 1 in 2014) have remained the same
- 1 (compared against 15 in 2014) has deteriorated
- 10 (compared against 2 in 2014) cannot be compared due to changes in the questions.

Our overall indicator for staff engagement for the Trust taken from the 2015 survey is detailed below.

> OVERALL STAFF ENGAGEMENT

(the higher the score the better)



This overall indicator of staff engagement has been calculated using the questions that make up key findings 1, 4 and 7. These key findings relate to the following aspects of staff engagement:

	Change since 2014 survey	Ranking, compared with all acute trusts
OVERALL STAFF ENGAGEMENT	No change	Average
KF1. Staff recommendation of the Trust as a place to work or receive treatment (the extent to which staff think care of patients/service users is the Trust's top priority, would recommend their Trust to others as a place to work, and would be happy with the standard of care provided by the Trust if a friend or relative needed treatment.)	No change	Average
KF4. Staff motivation at work (the extent to which they look forward to going to work, and are enthusiastic about and absorbed in their jobs.)	No change	! Below (worse than) average
KF7. Staff ability to continue towards improvements at work (the extent to which staff are able to make suggestions to improve the work of their team, have frequent opportunities to show initiative in their role, and are able to make improvements at work.)	✓ Increase (better than 14)	! Below (worse than) average

The survey results will shortly be shared with the Board and the People and OD Committee (sub-committee of the Board), the Staff Partnership Forum, and the Divisions, as well as our staff across the organisation. An action plan is in place to address areas of concern and a communication plan has been developed to ensure that all members of staff are fully briefed on the results; the actions intended and 'you said we did' briefings are part of our strategy. This year, each section of the action plan will have an Executive Lead and Service Lead to ensure progress is made and monitored against planned actions, with regular reports on progress to the People and OD Committee.

> RESPONSE RATE 2015 COMPARED WITH 2014

	2014		2015		Change
	Trust	National Average	Trust	National Average	
Response Rate	41%	42%	40%	41%	-1%

> AREAS OF IMPROVEMENT AND POSITIVE FINDINGS INDICATED IN THE BEST 20% OF ACUTE TRUSTS

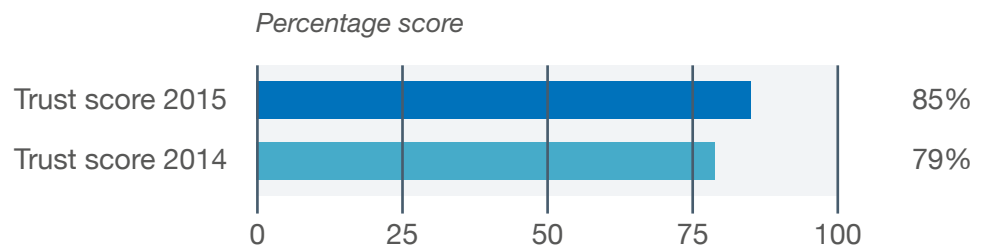
There was a statistically significant improvement in four key findings: -

- the percentage of staff appraised in the last 12 months
- the percentage of staff reporting errors, near misses or incidents witnessed in the last month
- the percentage of staff able to contribute towards improvements at work
- staff satisfaction with the level of responsibility and involvement

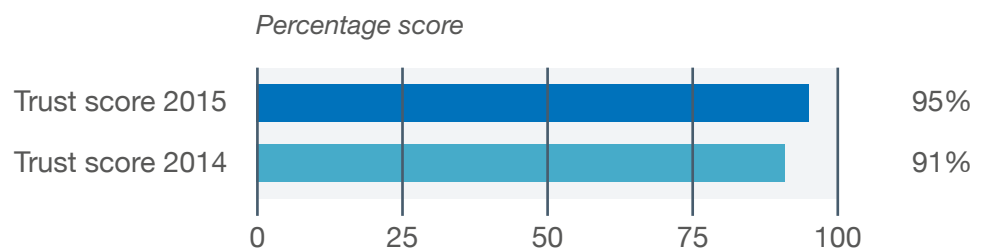
> WHERE STAFF EXPERIENCE HAS IMPROVED

(the higher the score the better)

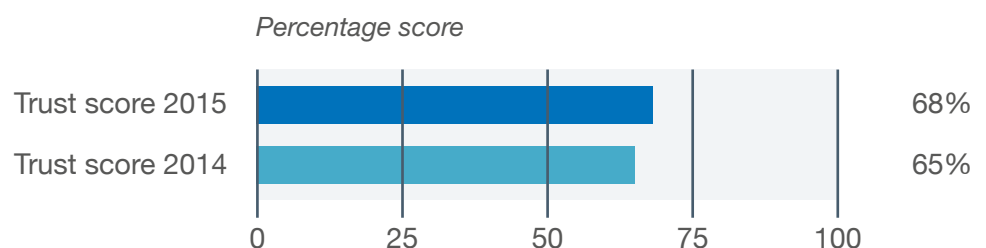
KF11. Percentage of staff appraised in last 12 months

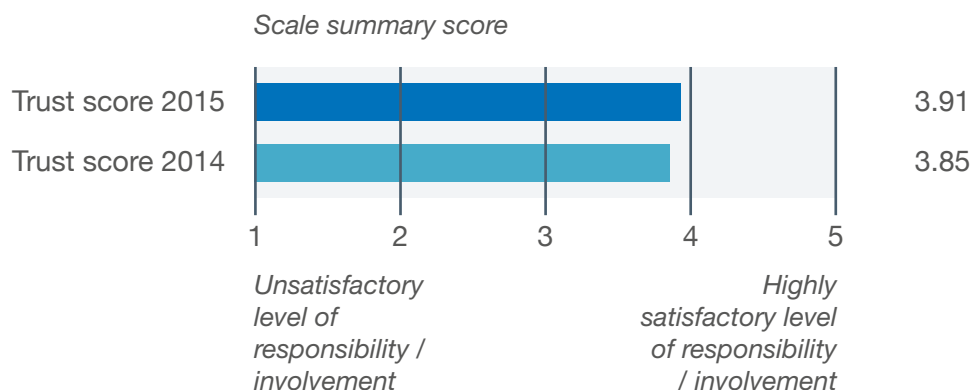


KF29. Percentage of staff reporting errors, near misses or incidents witnessed in the last month



KF7. Percentage of staff able to contribute towards improvements at work

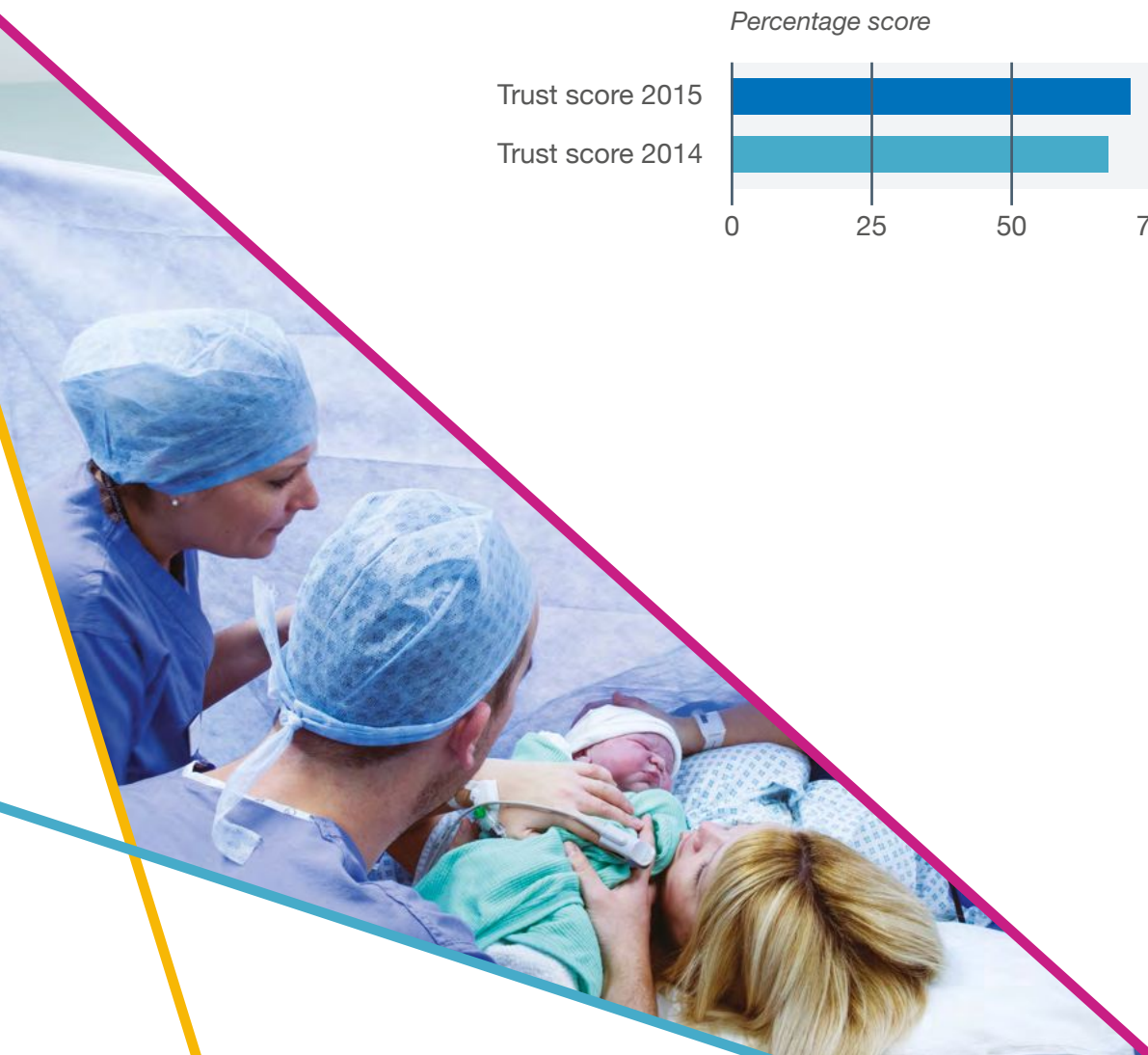
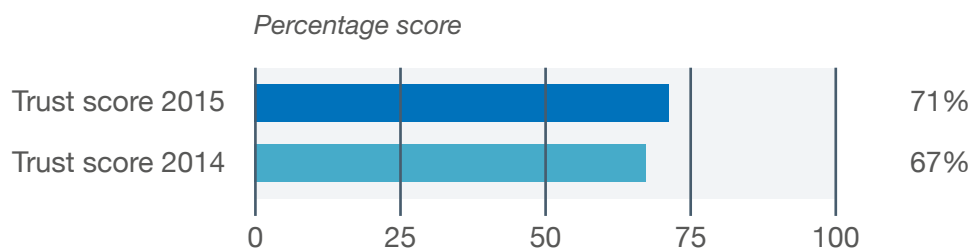


KF8. Staff satisfaction with level of responsibility and involvement**> AREAS WHERE STAFF EXPERIENCE HAS DETERIORATED COMPARED TO 2014**

There was a statistically significant decrease in just one key finding relating to the percentage of staff working extra hours.

KF16. Percentage of staff working extra hours

(the lower the score the better)



> SUMMARY OF PERFORMANCE

The top five ranking scores for 2015 and how they compare against the national average

	2015		2014		Change since 2014 survey	Ranking compared with all Acute Trusts 2015	Change
	Trust	National Average	Trust	National Average			
*KF29 Percentage of staff reporting errors, near misses or incidents witnessed in the last month	95%	90%	92%	90%	Increase (better than 2014)	Highest score (best) 20%	+3%
*KF25 Percentage of staff experiencing harassment, bullying and abuse from patients, relatives or the public in the last 12 months	25%	28%	25%	29%	No change from 2014	Highest score (best) 20%	No change
*KF20 Percentage of staff experiencing discrimination at work in the last 12 months	8%	10%	10%	11%	Reduction (better than 2014)	Highest score (best) 20%	-2%
*KF26 Percentage of staff experiencing harassment, bullying and abuse from staff in the last 12 months	22%	26%	22%	23%	No change from 2014	Highest score (best) 20%	No change
*KF17 Percentage of staff suffering work-related stress in the last 12 months	32%	36%	35%	37%	Reduction (better than 2014)	Better than average	-3%

Summary of the bottom five ranking scores for 2015 and how they compare against the national average

	2015		2014		Change since 2014 survey	Ranking compared with all Acute Trusts 2015	Change
	Trust	National Average	Trust	National Average			
KF28 Percentage of staff witnessing potentially harmful errors, near misses or incidents witnessed in the last month	36%	31%	38%	34%	Decrease (better than 2014)	Worst 20% of acute Trusts	-2%
*KF 13 Quality of non-mandatory training, learning or development	3.96	4.03	-	-	New question no comparator	Worst 20% of acute Trusts	N/A
KK18 Percentage of staff feeling pressure in the last 3 months to attend work when feeling unwell	66%	59%	28%	26%	Change in calculation of results	Worst 20% of acute Trusts	Survey reports no change
KF32 Effective use of patient/ service user feedback	3.56	3.70	48%	56%	Change in calculation of results	Worst 20% of acute Trusts	Survey reports no change
KF10 Support from immediate managers	3.64	3.69	3.64	3.65	No Change	Below Worse than average	Survey reports no change

> FUTURE PRIORITIES AND TARGETS

An initial summary action plan with clear responsibilities, suggested executive leads and timescales has been put in place. These can broadly be categorised into areas; with particular emphasis on where our results fall into the worst 20% of acute Trusts and/or our bottom five rankings. The People and OD Committee will oversee the progress of the action plan with the nominated leads personally reporting into the Committee on a regular basis.

The results of the survey and the progress we intend to make during 2016/17 will be an integral element of our work around the *'Model Hospital'* and will support us in measuring our progress on our cultural journey.

> PUBLIC CONSULTATIONS

There has been no requirement during the year to consult with local groups and organisations, including the overview and scrutiny committees of local authorities covering the membership areas.

> STAFF CONSULTATIONS

Reason/ Name	TOPS Service	Night Domestics	Evolve Project – Service Review	7 Day working Endoscopy/ Jubilee	Human Milk Bank Restructure	Domestic Supervisor
Staff Groups	Medical & Dental	A 4 C	A 4 C	A 4 C	A 4 C	A 4 C
No of Staff	1	20	27	20	8	1
Start Date	June 2015	Oct 2015	January 2016	May 2015	November 2015	July 2015
End Date	Ongoing	Dec 2015	Ongoing	Ongoing	March 2016	Sept 2015
Outcome	Hopefully redeploy- ment not redundancy	Agreement achieved on revision to hours and new working hours arrangement – commencing Feb 2016 – for year's trial	Redeploying staff into other roles.	Keep reviewing new contracts and informal agreements	Staff redeployed into new roles within the Human Milk Bank Service	Redeployment

> STAFF CONSULTATIONS (CONTINUED)

Reason/ Name	Planned Care – 2nd Emergency Theatres	Transport Administration	Radiology Ellesmere Port Hospital (Closure of Room at EPH)- Radiograph- ers	Ellesmere Port Administration Team Review	Therapies – Joint Administ- rative Team	HR Collaborative Shared Service – TUPE Service Development and Temp Staffing to WUTH
Staff Groups	A 4 C	A 4 C	A 4 C	Admin & Clerical	A 4 C	A 4 C
No of Staff	96	1	3	4	15	15
Start Date	March 2015	August 2015	August 2015	January 2016	Sept 2015	August 15
End Date	June 2015	October 2015	October 2015	March 2016	Dec 2015	Dec 2015
Outcome	Introduction of new on-call rota system. No staff redeployed, flexible working considered	Staff member left the Trust on 29.09.15	Reduction in numbers and staff rotation with COCH	1 member of staff redeployed to Therapies	All staff allocated new positions in Joint structure with CWP NHS Trust.	Services split with some staff TUPE to WUTH

> CONSULTATIONS PENDING

Reason/ Name	Paediatric Hospital at Home - Service Review	Respiratory Early Supported Discharge – service decommissioned	Ward 34 – Therapy Led Ward	Ward 41 – 7 day working and ward move	Ward 53 – ward move	Ellesmere Port Administration Team Review
Staff Groups	Nursing, Additional Clinical Support Staff, Admin & Clerical	Nursing	Nurses, Allied Health Professionals	Nursing, Additional Clinical Support Staff	Nursing, Additional Clinical Support Staff	Admin & Clerical
No of Staff	12	4		29	15	3
Start Date	April 2016	April 2016	June 2016	April 2016	April 2016	To be confirmed
End Date	June 2016	April 2016		June 2016	June 2016	
Outcome		Redeployment of staff		Plan for informal agreement to change of contract and if needed redeployment	Plan for informal agreement to change of contract and if needed redeployment	

> CONSULTATIONS PENDING (CONTINUED)

Reason/ Name	Community Midwifery	Dental Nurse – skill mix review	Receptionists	Radiology – Breast Screening merger of administration between COCH and WUTH	Neonatal Unit Skill Mix Review	Ellesmere Port Nursing Review
Staff Groups	Midwives	Dental nurses and HCA	A4C	Admin & Clerical	Band 4 Assistant Practitioners	Nursing
No of Staff	12	11	Approx. 20	1	10	To be determined
Start Date	May 2016	Est June 2016	Est June 2016	April 2016	May 2016	July 2016
End Date	July 2016	Aug 2016	Aug 2016	May 2016	June 2016	Sept 2016
Outcome	Move to new flexible rota	Banding reduction of 8/11 staff	New rota	Allocation of employee to role in each respective organisation.	Reduce staffing from 10 to 6 Redeployment of staff	Review staffing levels against patient acuity

> ILL HEALTH RETIREMENTS

During 2015/16 (prior year 2014/15) there were 2 (8) early retirement from the Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £140,000 (£522,000). The cost of these ill-health retirements will be borne by the NHS Pensions Agency. This information was supplied by NHS Pensions Agency.

> OFF PAYROLL ENGAGEMENTS

Off-payroll engagements are arrangements where an individual provides their services to the Trust, but, under HMRC rules, they are not paid through the Trust payroll. Typically, this is because the individual is working through a temporary staffing agency, or they are legitimately in business in their own right, and the legal nature of the arrangement between the Trust and the off-payroll individual is a commercial business arrangement, rather than one of employment.

From a legal perspective, the tax affairs of the individual are entirely the responsibility of the individual, and the main responsibility of ensuring that the individual pays the correct amount of tax rests with HMRC. However, the Treasury has directed that all public sector bodies must seek assurance about the off-payroll engagements that they enter into.

This introduces a significant amount of additional bureaucracy to the engagement process for the Trust, and so the Treasury has set 'limits' below which assurance need only be sought if the Trust feels that it is appropriate. The following table shows the off-payroll engagements that exceed these limits.

The Trust makes use of off-payroll engagements in a number of circumstances:

- when there is a short term need that cannot be met from internal staffing resources, including bank staff
- when specialist expertise is required that is not available internally
- when there is difficulty recruiting to a post

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

No. of existing engagements as of 31 March 2016	3
Of which:	
No. that have existed for less than one year at time of reporting.	1
No. that have existed for between one and two years at time of reporting.	0
No. that have existed for between two and three years at time of reporting.	1
No. that have existed for between three and four years at time of reporting.	0
No. that have existed for four or more years at time of reporting.	1

All of the above arrangements have been subject to a risk based assessment as to whether assurance needs to be sought that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.

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

No. of new engagements, or those that reached six months in duration, between 1 April 2015 and 31 March 2016	1
No. of the above which include contractual clauses giving the Trust the right to request assurance in relation to income tax and National Insurance obligations	1
No. for whom assurance has been requested	1

Of which:

No. for whom assurance has been received	1
No. for whom assurance has not been received	0
No. that have been terminated as a result of assurance not being received.	0

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

No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	1
No. of individuals that have been deemed "board members and/or senior officials with significant financial responsibility" during the financial year. This figure should include both off-payroll and on-payroll engagements.	16

The substantive Chief Finance Officer (CFO) took a period of sick leave during the year, which necessitated the engagement of an interim CFO. The Trust initially covered the post through a secondment from another Foundation Trust, but was unable to secure the arrangement long term. To ensure that there was sufficient executive financial expertise available for the contracting and planning round it was necessary to fill the post using an off-payroll arrangement.

> EXIT PACKAGES

A mutually agreed resignation scheme was open to all staff whereby they could apply to leave.

These relate to actual departures during the financial year.

2015/16			
Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	10	10
£10,000-25,000	-	1	1
£25,001-50,000	-	-	-
£50,001-100,000	-	-	-
£100,000-150,000	-	-	-
Total number of exit packages by type		11	11

2014/15			
Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	11	11
£10,000-25,000	-	4	4
£25,001-50,000	-	1	1
£50,001-100,000	1	-	1
£100,000-150,000	-	-	-
Total number of exit packages by type	1	16	17

Exit packages: Non-compulsory departure payments

2015/16		
	Agreements Number	Total Value of Agreements (£000)
Mutually agreed resignations (MARS) contractual costs	2	22
Non-compulsory payments in lieu of notice	7	18
Exit payments following Employment Tribunals or court orders	2	3
Total	11	43

2014/15		
	Agreements Number	Total Value of Agreements (£000)
Mutually agreed resignations (MARS) contractual costs	5	103
Non-compulsory payments in lieu of notice	11	51
Exit payments following Employment Tribunals or court orders	0	0
Total	16	154

THE DISCLOSURES

The Countess of Chester Hospital NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis.

Disclosures are included throughout the 2015/16 Annual Report on the comply or explain basis. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.

The Accountability report includes the following:

- Information about the composition of the Board of Directors and Council of Governors during 2015/16.
- The work of the Audit Committee in discharging its responsibilities
- Information about quality governance and quality of care.
- The Trust's work to ensure compliance with its registration with the Care Quality Commission
- The Annual Governance Statement.

The Performance Report includes:

- Financial Performance
- Strategic risks of the Trust
- Future developments of the Trust
- Overview of Going Concern

In addition:

- There were no political donations during 2015/16.
- In the field of Research and Development we continued a collaboration with the University of Chester in 2015/16 to create a Centre for Integrated Healthcare Science, which has research and innovation at its core.
- The Trust has no branches outside of the UK.
- The Trust holds monthly Open Forums to which staff are invited, at which the current financial performance and economic situation is presented. The Trust's performance report is a public document available to all employees.
- The Trust holds monthly Open Forums to which staff are invited, at which the current financial performance and economic situation is presented. The Trust's performance report is a public document available to all employees.

> BETTER PAYMENT PRACTICE CODE

The Trust aims to treat suppliers ethically and maintains compliance with the code as follows:

		2011/12	2012/13	2013/14	2014/15	2015/16
% Payment within 30 days of receipt of undisputed invoices - target 95%	Volume	98.70%	99.10%	98.70%	94.60%	96.79%
	Value	99.30%	99.40%	98.70%	95.10%	95.86%

No interest was paid to suppliers under the Late Payment of Commercial Debts (Interest) Act 1998

REGULATORY RATINGS

Monitor's Risk Assessment Framework is designed to assess the risk of Foundation Trusts breaching the terms of their licence.

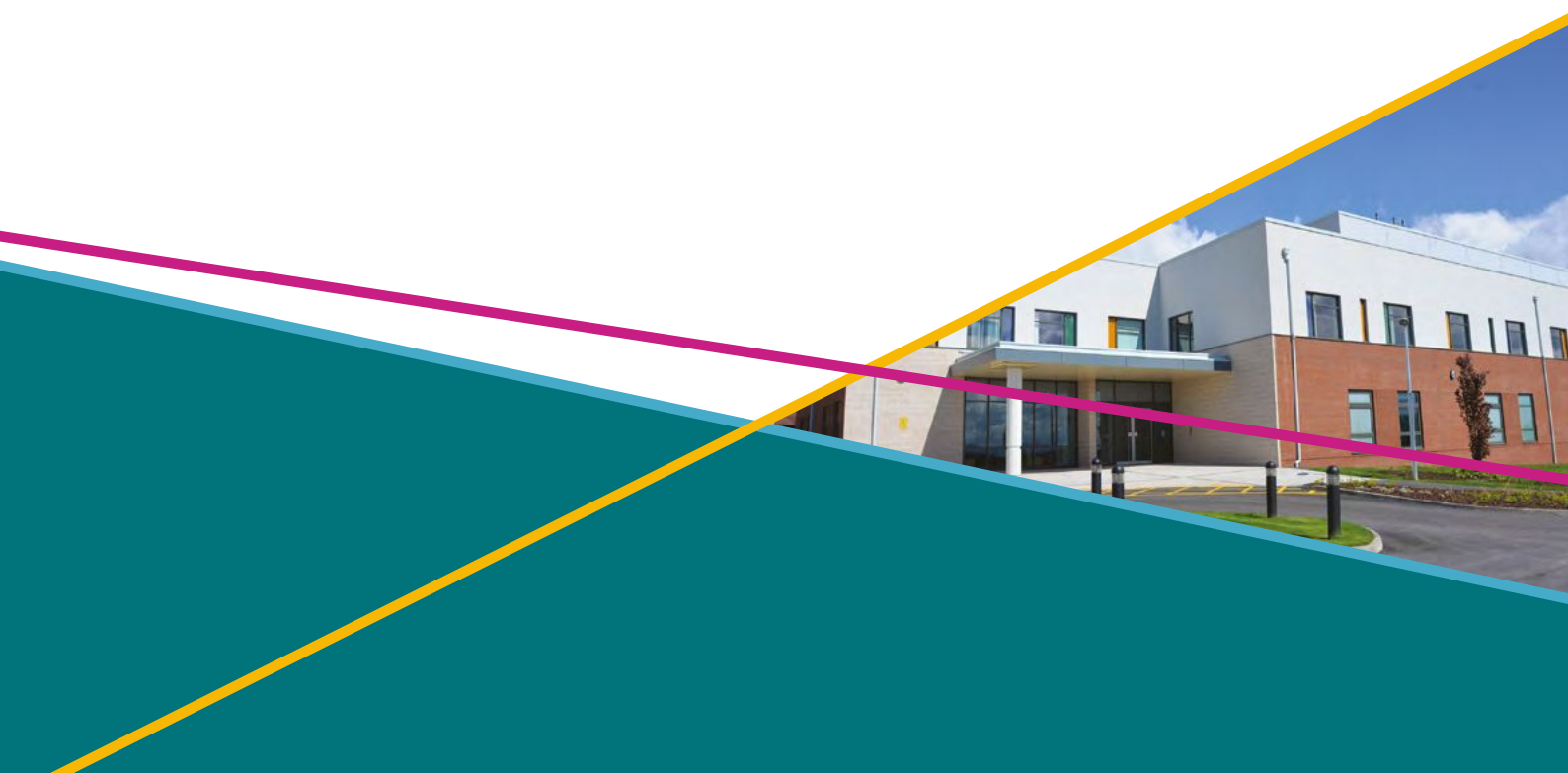
The Continuity of Service Rating is a financial assessment, which is scored from 1 (high risk of failure) to 4 (low risk of failure). The Governance rating uses a traffic light system to indicate the risk of failure for the governance arrangements, including performance against national targets.

The Risk Assessment Framework was changed in August 2015 and a new basis of calculating the level of risk was introduced. The following table shows the ratings under both the new and old regimes.

From a financial perspective, the Trust maintained a rating in line with the Annual Plan, despite the challenges presented by the worsening financial climate

2015/16	Annual Plan	Q1	Q2	Q3	Q4
Continuity of Service Rating (original)	2	3	-	-	-
Financial Sustainability Risk Ratings (revised)	2	-	2	2	2
Governance Rating	Green	Green	Green	Green	Green

2014/15	Annual Plan	Q1	Q2	Q3	Q4
Continuity of Service Rating (original)	3	4	3	3	3
Governance Rating	Green	Green	Green	Green	Green





STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

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

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

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

- Observe the Accounts Direction issued by Monitor, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual have been followed, and disclose and explain any material departures in the financial statements;
- Ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance; and
- Prepare the financial statements on a going concern basis.

The Accounting Officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS Foundation Trust and to enable him to ensure that the accounts comply with requirements outlined in the above

mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS Foundation Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The annual accounts are prepared by the Directors of the Countess of Chester Hospital NHS Foundation Trust and are reviewed by the Audit Committee. The Board of Directors adopts the accounts following recommendation by the Audit Committee; the Board of Directors also considers going concern and signs the Management Representation letter.

After making enquiries, the Directors have a reasonable expectation that the NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts. More detail is provided in Note 1.1a notes to the Accounts.

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



On behalf of

Tony Chambers
Chief Executive

24th May 2016

ANNUAL GOVERNANCE STATEMENT FOR 2015/16

> SCOPE OF RESPONSIBILITY

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

> THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not an absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of the Countess of Chester Hospital NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Countess of Chester Hospital NHS Foundation Trust for the year ended 31 March 2016 and up to the date of approval of the annual report and accounts.

> CAPACITY TO HANDLE RISK

As Accounting Officer, supported by Board members, I have responsibility for the overall direction of the risk management systems and processes within the Foundation Trust. I have delegated the executive lead for risk management to the Director of Nursing & Quality who in turn is supported by a Deputy Director and a team of Risk and Patient Safety Leads.

The Trust's risk management strategy provides a framework for managing risk across the organisation. The roles and responsibilities of all staff in relation to the identification and management of risk are identified in this and other related policies, e.g. Incident Reporting. The strategy sets out the role of the Board of Directors and standing committees, including the Corporate Directors Group which is chaired by the Chief Executive and has delegated responsibility for overseeing and monitoring the risk management and assurance framework process. The group draws assurance from the Quality, Safety and Patient Experience Committee (QSPEC), Finance and Integrated Governance Committee (FIGC), People and Organisational Committee (POD) and other underpinning committees.

To support listening to staff, the Trust has a number of formal and informal systems including a programme of Executive 'walk-rounds', the use of safety briefings and huddles, Executive presence within the induction process for all new starters and the roll-out of the Speak out Safely campaign. In the Trust's Speak out Safely policy there is an expectation that staff should be able to raise concerns at the earliest opportunity by the Trust, creating an atmosphere where all staff can be open, honest and truthful in all their dealings with patients and with the public.

> TRAINING

Staff are trained and equipped to manage risk in a way appropriate to their authority and duties. All new staff receive an overview of the Trust's risk management processes as part of the corporate induction programme, supplemented by local induction organised by line managers. Further education is provided with cyclical mandatory training undertaken by both clinical and non-clinical staff; the risk content for this programme was updated in 2015. The training needs of staff are identified through annual performance and development appraisals.

All relevant risk policies are available to staff via the Trust's document management system including:

- Risk management policy
- Incident reporting including serious incidents
- Complaints policy

The Trust learns from good practice through a range of mechanisms including clinical supervision, reflective practice, individual and peer reviews, performance management, continuing professional development, clinical audit and the application of evidence based practice. In addition, we conduct triangulation of risks and provide further bespoke training where necessary. The 'High Quality Care Costs Less' work streams provide a further opportunity to identify, share and learn from good practice. Lessons learned and good practice is shared throughout the Trust via mechanisms such as the QSPEC, the Corporate Directors Group and the monthly 'Safe, Kind and Effective' bulletins. The Trust's intranet has been refreshed and includes a section dedicated to risk and patient safety issues.



› THE RISK AND CONTROL FRAMEWORK

The risk management strategy and supporting procedures set out the key responsibilities for managing risk within the organisation, including ways in which the risk is identified, evaluated and controlled. The continued use of the Health & Safety Executive's "5 steps to risk assessment" model ensures that a consistent approach is applied to assessing and responding to clinical and non-clinical risks and incidents.

Further progress has been made over the past year in strengthening the Trust's risk management systems and processes. This involves the recording of risks locally onto departmental/ward risk registers, these in turn feed into divisional risk registers. Where risks cannot be managed at divisional level, they are escalated onto the Executive Risk Register, which is reviewed at each Corporate Directors Group meeting and received by way of a report prepared by the Head of Risk & Patient Safety, supplemented by a verbal proposal from the appropriate divisional lead. Additionally, those 'high' risks not transferred onto the Executive Risk Register but managed at divisional level reported at the Corporate Directors Group on a quarterly basis. The Executive Risk Register is aligned to the Board Assurance Framework.

Risk management is embedded in the organisation in a variety of ways. All staff are responsible for responding to incidents, hazards, complaints and near misses in accordance with appropriate policies. The Trust receives assurance from the National Reporting and Learning System on reporting performance.

The Trust has an established process for learning from past harms and the review of incidents of concern, such as where a theme is evident or where serious harm has (or could have) occurred. This is supported by an electronic risk management system, which enables the linking of incidents for thematic review and also learning from complaints, claims and HM Coroners Inquests.

The Executive Serious Incident Panel, chaired by the Director of Nursing and Quality meets each week to review any incident in which a patient has sustained a moderate harm or greater, or incidents where a trend is evident. Agreement is reached regarding the level of investigation and in line with the Serious Incident Framework; these are reported externally to StEIS (the National Framework for Reporting and Learning from Serious Incidents requiring Investigation). These

incidents, the quality of the review and report, and its subsequent action plan, are monitored internally via a monthly report to the QSPEC and via the monthly CCG serious incident meeting.

There is a six monthly aggregated analysis of incidents, complaints, claims and HM Coroner's Inquests. This contains trend data and through both qualitative and quantitative data analysis, provides assurance of lessons learnt from past harms together with the changes to clinical practice that have subsequently been put in place. This report demonstrates the link between patient safety, education and training to improve safety and assurance through clinical audit.

During 2015/16 the Trust reported 70 incidents to the CCG and NHS England – this equates to 0.6% of all incidents reported within the Trust within the year. There were two 'Never Events' reported during this period, one 'Wrong Site Surgery' and one 'Retained Foreign Product Post-Procedure'. Significant progress has been made in year to further develop a whole theatre team approach to safety and full engagement with the WHO Safer Surgery checklist – with particular focus upon the pre-briefing stage. This has been reiterated via the launch of the National Safety Standards for Invasive Procedures (NatSSIPs) following which a scoping exercise of the Trust was undertaken. Misidentification remains a theme across a number of incidents which trigger patient safety reviews. These clinical risks feature within the Trust's 'Sign up to Safety' Improvement Plans and will continue to be a focus going forward.

The incidents are fed back to the Divisions through the QSPEC and Divisional Governance forums. In addition, lessons learnt are fed back through to nursing teams at Ward Managers' meetings and through safety briefs. Medical staff have presented their findings at whole hospital rolling half days as well as local Medicines Management reviews.

> FOUNDATION TRUST GOVERNANCE

The Foundation Trust governance structures ensure that the Board has an overarching responsibility through its leadership and oversight, to ensure and be assured that the organisation operates with openness, transparency and candour particularly in relation to its patients, the wider community and staff. The Board holds itself to account through a wide range of stakeholders and the overall effectiveness and performance of the organisation.

The Board has developed a culture across the organisation which supports open dialogue and includes directors and senior managers personally listening to complaints, concerns and suggestions from partners, patients and staff.

The Board of Directors have throughout the year regularly reviewed the relationship and responsibilities of the Board sub-committees and directors to ensure appropriate challenge and resilience across the organisation. All three sub-committees which comprise of the Finance and Integrated Governance Committee, QSPEC and People and Organisational Development Committee, now have Non-Executive Director (NED) Chairs. The Partnership Forum is also chaired by a NED.

The Board receives the minutes of each of the sub-committees which provide timely and accurate information. This facilitates an overarching and durable framework that allows the Board to make sense of the effective use of the information and data to gain further assurance of good practice in governance and provide confidence that the organisation provides patient centred care. To further support the Board, each of the sub-committees receive regular updates and minutes from the operational groups which are chaired by the Executive Directors. There is an opportunity at each meeting for the relevant operational group minutes to be questioned and where needed further details requested and clarified.

The Board and its sub-committees demonstrates leadership and the rigour of oversight of the Trust's performance by having formulated an effective strategy for the organisation, ensuring accountability by robustly challenging the control systems in place and where appropriate seeking further intelligence on the current trend analysis with the Trust's performance indicators to further understand the wider community's health needs.

> EMPLOYEE ENGAGEMENT

The Trust is fully compliant with the registration requirements of the Care Quality Commission and underwent inspection in February 2016 and is currently band 5 level of assurance in the intelligent monitoring assurance.

Initial CQC feedback identified the positive culture and leadership within the organisation; the challenges of capacity and flow of patient activity was identified as an area for the Trust to continue to progress. The ratings from the CQC inspection are not expected for some months.

The Trust has undertaken staff focus groups and surveys and tested this with 'Model Hospital' barometer groups for added assurance. The executive team have used the positive and negative feedback and conclusions to form the executive team's programme of changes which focus projects in the following three areas: embedding a performance culture, operational excellence and organisational renewal.

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

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

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

> REVIEW OF ECONOMY, EFFICIENCY AND EFFECTIVENESS OF THE USE OF RESOURCES

The Foundation Trust's resources are managed within a sound financial governance framework defined in the Corporate Governance Manual and Standing Financial Instructions. The Foundation Trust is committed to ensuring value for money and continued with a challenging Cost Reduction Strategy whilst implementing its long-term programme of service transformation. The Trust's Planning, Partnerships & Development team co-ordinates and helps facilitate the delivery of these schemes.

Overall performance is monitored by the Board of Directors, supported by the Finance and Integrated Governance Committee, QSPEC and the other sub-committees. The Board of Directors receive monthly integrated performance reports which provide data in respect of financial, quality, national and locally agreed contractual target performance. Any areas of risk are highlighted through the use of a Red, Amber, Green (RAG) rating.

The performance of individual divisions and wards is measured and monitored through budgetary control and service-line reporting systems, and a performance management framework which is linked to the delivery of operational plans. These plans incorporate financial as well as quality, efficiency and productivity targets. All plans are subject to scrutiny and monitoring via quarterly stocktake meetings with the executive team and monthly by the Corporate Directors Group.

The Trust had a forecast deficit budget of £10.5m at the start of the 2015/16 financial year, although subject to a number of risks and uncertainties. This position was predicated on the delivery of a £6.0m Cash Releasing Savings (CRS) Programme. As the year progressed, a number of risks have crystallised, but these have all been managed within the overall financial envelope. In addition, whilst the Trust has managed to deliver £6.0m in Cash Releasing savings (CRS), as planned, unfortunately a substantial element (circa £2.5m) has only been delivered on a non-recurrent, or "one off", basis. Accordingly, this shortfall on recurrent savings has effectively rolled forward into the overall position for 2016/17, contributing in part towards the planned deficit position of £15.6m. However, included within this total is

both the implementation of the 'Model Hospital' Programme, and also the funding required to support this initiative. Again, and similarly to previous years, there are a number of underlying risks and uncertainties, which will require careful coordination to actively manage the position.

The Trust has been working with the Department of Health and Lord Carter of Coles on the national Procurement and Efficiency Savings programme, which has identified a number of cost-saving opportunities for NHS Trusts. The programme has elected to provide specialist support initially to one Trust as a 'proof of concept' for a 'Model Hospital', whereby implementation methods can be tested and the right conditions created for sustained improvement. The Countess of Chester Hospital NHS Foundation Trust was chosen to be the test Trust because it is a good performer, but faces considerable cost control challenges and as a small to medium sized district general hospital can effect whole-of-enterprise change within a shorter timescale.

The Foundation Trust's internal and external auditors provide assurance in respect of the internal control environment and the use of the Foundation Trust's resources. Audit findings and recommendations are monitored and reported through the Audit Committee and the Foundation Trust's audit tracker.

The Board receives the Integrated Performance Report each month which includes detail of exception reports on performance indicators and targets, including actions being undertaken to address any risks and uncertainties. Patient flow through our beds has been severely inhibited due to high numbers of medically optimised patients, impacting on occupancy rates. A&E performance has been compromised in the latter half of the year due to reduced bed availability and delays for patient packages of care and placements.



› INFORMATION GOVERNANCE

The Trust is required to undertake a mandatory annual Information Governance Toolkit (IGT) self-assessment. The Information Governance Toolkit draws together legislation and relevant guidance and presents them in a single standard as a set of requirements. The assessment enables the Trust to measure its compliance against 45 standards to provide assurance to the organisation, patients and staff that information is handled correctly and protected from unauthorised access, loss, damage and destruction.

The Information Governance Toolkit assesses compliance against the following areas:

- Information governance management;
- Confidentiality and data protection assurance;
- Information security assurance;
- Clinical information assurance;
- Corporate information assurance.

The Information Governance Toolkit assessment provides an overall compliance score with each standard measured between level 0 and 3, with 0 being the lowest score. The Trust's most recent IGT submission (2015/16) resulted in all requirements meeting Level 2 providing a 'Satisfactory' compliance rating with an overall score of 76%.

Further assurance is provided following a recent audit of 15 of the standards selected and independently reviewed by the Trust's auditors Mersey Internal Audit Agency (MIAA).

The 2015/16 audit was undertaken in February and the final report provides 'Significant Assurance'. The report notes that 'The Trust has implemented a good organisational reporting structure and framework for the progressing IG agenda, with associated processes for identifying, improving and embedding Information Governance issues and improvements. This is in the main driven by the Information Governance Panel and Informatics Board that report into the Trust's Governance structure'. Additionally the report concludes that 'it is clear the established IG governance framework has been working well'.





› INFORMATION GOVERNANCE INCIDENT REPORT

Summary of serious incident(s) requiring investigations involving personal data as reported to the Information Commissioner's Office in 2015-16

Date of Incident (Month)	Nature of Incident	Nature of Data Involved	Number of data subjects potentially affected	Notification Steps
August 2015	Non-secure disposal of paperwork	Name, Age, Clinical Information	28	Individuals notified
Further Action on information risk	<p>The Trust will continue to monitor and assess its information risks, in light of the events noted, above, in order to identify and address any weaknesses and ensure continuous improvement of its systems and processes.</p> <p>The incident was fully investigated and the member of staff responsible was disciplined in-line with Trust policy.</p> <p>The ICO has reviewed the incident and concluded that no further action was required.</p>			

Summary of other personal data related incidents in 2015-16

Category	Breach Type	Total
A	Corruption or inability to recover electronic data	-
B	Disclosed in Error	5
C	Lost in Transit	-
D	Lost or stolen hardware	-
E	Lost or stolen paperwork	-
F	Non-secure Disposal – Hardware	-
G	Non-secure Disposal – Paperwork	-
H	Uploaded to website in error	-
I	Technical security failing (including hacking)	-
J	Unauthorised access/disclosure	2
K	Other	1

> ANNUAL QUALITY REPORT

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

Steps which have been put in place to assure the board that the Quality Report presents a balanced view and that there are appropriate controls in place to ensure the accuracy of data is set out below:

- Lead roles for quality and the production of the Quality Accounts have been assigned. The Foundation Trust has an overarching Quality Improvement Strategy which articulates key priorities and links with the national quality and safety agenda.

- The Foundation Trust QSPEC is a sub-committee of the Board, chaired by a non-executive director, supported by the Director of Nursing and Quality. This Committee is charged with overseeing the production of the majority of the data and information relating to the Annual Quality Accounts and has non-executive board membership.
- The content of the quality report reflects both internal and external sources of information to ensure the consistency and accuracy of reported data. The priorities of safety, experience and effectiveness are derived from public and service users and from areas of concern that have been highlighted. Using governors, social media and Healthwatch, the public has also been asked to give views of what the Trust should be prioritising.
- During 2015/16, an administrative role was introduced to oversee the Trust's document management system, 'SharePoint'. In addition to ensuring that the document management system only contains current policies/procedures, this new role has successfully introduced a process to inform document authors when a policy/procedure is due for review. This provides a formal structure and process for policies and procedural development and approval
- The Board of Directors review safety and quality performance indicators monthly as part of the monthly Integrated Performance Report. This report provides trend as well as cumulative performance information and exception reports are provided on metrics/indicators requiring improvement. The Board of Directors also receive more detailed qualitative and quantitative information through specific reports in respect of quality related areas such as complaints, patient experience, infection, prevention and control, safeguarding, clinical audit, clinical benchmark and mortality reports.
- The report accurately reflects the position and performance of the quality performance using nationally agreed metrics and standards. Some of the standards and metrics are subject to external audit in year. Three of the national indicators are audited at year end, two of which are mandated and the third is chosen by the Governors.
- Views of the completed account come from the public by way of the overview and scrutiny group as well as our commissioners.

> QUALITY AND ACCURACY OF ELECTIVE WAITING TIME DATA ASSURANCE

The Trust's Access Policy provides the operational framework for the management of patients who are waiting for elective treatment. The policy reflects national guidance and is reviewed annually and agreed by NHS West Cheshire CCG.

The Trust produces routine elective waiting time data (both inpatient and outpatient), which is subject to review and analysis in-line with good standards of corporate governance.

Individual staff who are involved with the collection and recording of this data are made aware of their responsibilities and receive annual mandatory training.

The Trust is developing an operational management tool using Qlikview software to better support the management and analysis of patients on an elective pathway.

The Operational Data Quality Group is established to oversee key aspects of data quality. Reporting bi-annually to the Trust Informatics Board the group monitors, analyses and addresses issues in relation to data quality escalating issues as appropriate and ensuring that there is demonstrable year on year improvement.

> REVIEW OF EFFECTIVENESS

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the Countess of Chester Hospital NHS Foundation Trust that have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the quality report attached to the Annual Report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and the Quality, Safety and Patient Experience Committee, QSPEC and a plan to address weaknesses and ensure continuous improvement of the system is in place.

› SYSTEM OF INTERNAL CONTROL

The Board Assurance Framework has been subject to regular reviews at Board and Executive Director level and underpins the organisational strategy, decision making and the allocation of resources. The Board is satisfied that it has in place robust and effective risk identification and risk management processes to deliver its annual plan, comply with its registration and compliance with the terms of its licence. The Corporate Directors Group reviews the significant risks as escalated by the divisions through this forum; these in turn inform the Executive Risk Register that is aligned to the Board Assurance Framework.

Following their independent assessment of the Trust Board Assurance Framework, our internal auditors concluded that it was fit for purpose and operating to meet the requirements of the Annual Governance Statement and provides significant assurance that there is an effective system of internal control to manage the principal risks identified by the organisation.

The Board Assurance Framework provides the Board with evidence based assurances on the way it manages the organisation at a strategic level and high level potential risks have been documented (mapped to objectives) and assurances identified.

The Audit Committee focus is to seek assurance that financial reporting and internal control principles are applied and to maintain an appropriate relationship with the Trust's auditors, both internal and external. Where risks are identified across the Board Assurance Framework and audit report outcomes to the audit committee, relevant executive directors and senior managers are called to account by attending the Audit Committee meetings.

The Audit Committee is positioned as an independent source of assurance to the Board and its independence is paramount, with a clearly defined challenge and scrutiny role.

The QSPEC as a sub-committee of the Board have provided assurance that the Trust is compliant with key recommendations from national reports and inquiries. The Committee also monitors the progress of any high risk clinical issues and serious incident action plans (including Never Events). During 2015/16, the Trust engaged in a number of national clinical audits and the reports and findings of both national and local clinical audits were reviewed by the Clinical Improvement & Assurance Committee and disseminated to relevant multidisciplinary teams

to take forward healthcare quality improvements. The Clinical Improvement & Assurance Manager has introduced a bespoke module within the Trust's Datix risk management system which supports the integration of incidents, claims and complaints within our audit programme. This work has received national interest, and was presented at the national Patient First Congress in November 2015. The Trust was also shortlisted for Trust of The Year at the 2015 national Patient Safety Awards.

- The Head of Risk & Patient Safety provides a monthly assurance report to the QSPEC outlining the Trust's current performance in relation to Serious Incident investigations, associated action plans and learning. A six monthly report containing both quantitative and qualitative information, including incident themes and subsequent changes in practice is also received at QSPEC. There is a six monthly aggregated Incidents, Complaints, Claims and Inquests report that is also received at QSPEC. Divisional activity reports are received by the Divisional Governance Forums. Escalation of risk is managed via the Corporate Directors Group, where the Executive Risk Register is received and challenged.
- The clinical audit is monitored on a monthly basis with the current audit programme sent to specialties for their review. Divisional reports are also received providing updates of quarterly activity. National audit activity is monitored through the Clinical Improvement & Assurance Committee.

The Audit Committee have reviewed risk and gained assurance on the effectiveness of controls through the work of the internal and external auditors.

The Head of Internal Audit provides me with an annual opinion, substantially derived from the conduct of risk based reviews within the internal audit plan, generated from the Foundation Trust's Assurance Framework. The Internal Audit Opinion for 2015/16 provides Significant Assurance that there is generally a sound system of internal control. I have also received positive internal audit assurance on the systems and processes for Overseas Patient Arrangements, Estates and compliance with statutory duties, Financial Systems and Payroll processes. I received a high level of audit assurance on the Trusts capital programme management processes and internal controls. I have also received significant assurance levels in year in respect of Information Governance and IT Service Management.

Action plans have been developed to enhance internal controls within the Complaints processes and the SMART shared Services governance arrangements where limited assurance opinions were presented by Internal Audit. Further actions plans are in place and being tracked by the Executive team in respect of addressing limited assurance opinions for the Trust's Bank and Agency costs and consultant's job plans. The Trust received a limited assurance opinion on the Technical Security of the Trusts Subsidiary Financial systems and this is being addressed by the Senior Financial Management Team.

Internal Audit provided pre CQC Inspection support and undertook ward level quality spot checks providing significant assurance on these upon follow up work of the Trust's implementation of recommended areas for improvement.

Internal Audit provided me with an overall significant assurance on the Trust's experience of care for cancer patients and diagnostic pathways. In turn Internal Audit have provided significant assurance with an agreed action plan in place to improve Trust performance on the 62 day cancer pathway and reduce the number of reported breaches against target. I received a significant assurance opinion on the Trust's clinical audit arrangements and the added value of the Trust's Clinical audit team.



On behalf of

Tony Chambers

Chief Executive

24th May 2016

> CONCLUSION

During the year, no significant control issues were identified. The Board of Directors remain committed to continuous improvement and enhancement of the systems of internal control. In the future the executive, committee and governance structures will continue to support and enhance the strong systems of internal control we have currently.

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