



Walsall Healthcare NHS Trust Annual Report and Accounts 2016/17

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Becoming your partners for first class integrated care



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WELCOME



Welcome to Walsall Healthcare NHS Trust's Annual Report and Accounts.

The last 12 months have been a pivotal year for Walsall Healthcare NHS Trust, our patients and our staff. Right at the start of this Annual Report we would like to say a sincere and heartfelt "thank you" to all 4,500 colleagues at the Trust as well as all of our friends and supporters in the communities we serve for your continued commitment and dedication – it makes a real difference!

We began the year having been placed in Special Measures following our CQC inspection in September 2015. The report made clear the scale of the challenges, including those relating to quality and safety of care, to operational performance, to our financial position and to the culture of the organisation. At the start of the 12 months covered by this Annual Report we committed ourselves to five year improvement journey to tackle the issues that we faced.

As with any journey it is important to be clear about the destination. During the year we have set a new vision and service strategy for the Trust. Our vision for 2020 is to become your partners for first class integrated care. To do this successfully will need us to achieve five strategic objectives:

1. *Provide Safe, High Quality Care.* We will provide care that we would want for our family and friends.
2. *Care for Patients at Home.* We will keep people well at home, provide alternatives to acute care and return people home safely and quickly after admission.
3. *Work Closely with Partners.* We cannot do this alone and will work with our partners in Walsall and the Black Country.
4. *Value Colleagues.* We will be a clinically-led, engaged and empowered organisation.
5. *Use Resources Well.* We will ensure future sustainability by living within our means.

This vision and accompanying service strategy was developed with input from many of our colleagues and has been shared widely across the organisation. It sets out clearly for our patients, our staff and stakeholders how we believe our services should develop over the next three to five years.

As this Annual Report shows, we have got off to a good start in the first year of our journey towards our 2020 vision. Thanks to the hard work of colleagues across the trust we have been able to:

- Improve the quality and safety of the care we provide especially in our Emergency Department where we have appointed extra staff, improved pain relief and the care we provide to children and in maternity where we have improved access to one to one care in labour and improved staffing levels;
- Improved our trust governance and risk management so we are better able to learn when things go wrong and act to ensure we improve;
- Reduced significantly the backlog of patients waiting for elective treatment increasing the percentage seen within 18 weeks from 75% to 85% and consistently delivering the national cancer standards and diagnostic waiting time standards;
- Continued to progress the development of seven integrated locality teams bringing our community nursing teams together with social care, mental health and primary care colleagues across the borough;
- Launched Listening into Action to help us embed a clinically-led, engaged and empowered organisation.

There is, of course, still a long way to go to reach our vision but in the last 12 months we have made important progress and laid the foundations for continued future improvement.

In this report, we are also open about the areas in which we still to need improve. In spite of the progress we have made in 2016/17 we have still much to do. Our 2016 inpatient survey results and our 2016 national staff survey results were in the bottom 20% of trusts in the country – not where we want to be and we are focused on continuing to improve patient experience. We also ended 2016/17 with a significant financial deficit largely as a result of needing to spend more money than planned to deliver safe staffing levels as well as difficulties in delivering our savings plans.

Although this report mainly looks back over 2016/17, it is worth ending this message by saying something about our plans for the next stage of the journey. The Trust Board has approved our plans for 2017/18 and 2018/19 and we will focus on:

- Continuing the safety, quality and performance improvements that we have begun in the last twelve months especially improving the care of deteriorating patients, promoting our normality strategy in maternity and tackling our outpatient follow-up delays;
- Embedding the culture change that we have begun by developing a clinically-led, engaged and empowered organisation;
- Tackling our deficit by delivering £24m of savings over two years, reducing our deficit to £20.5m in 2017/18 and £12.5m in 2018/19 as part of our five year improvement journey to break even.
- Work with our partners in Walsall Together to reduce the year on year growth in demand for hospital care by supporting more patients to stay well at home;
- Completing our plans for the hospital estate by redeveloping the intensive care unit, adding a second maternity theatre and a new neonatal unit and a new Emergency Department and assessment unit.

So, thank you again to all of our colleagues for your hard work and commitment on behalf of our patients. As we hope this report will show, we have got off to a good start in the first year of our improvement journey but there remains much to do in the next two years. We have a clear vision to guide us and we trust that with continued support from colleagues, patients and stakeholders we will be able to continue to improve successfully.



*Danielle Oum,
Chair.*



*Richard Kirby,
Chief Executive.*

SECTION 1: PERFORMANCE REPORT



OVERVIEW

Chief Executive's Statement on Performance

Walsall Healthcare NHS Trust faced 2016/17 with a need to get the organisation back on track towards delivering safe, high quality, integrated care in a sustainable way within the resources available to us. This was in the aftermath of the pressures faced in previous years and during the year the Trust has had some significant successes through the hard work of our teams and partners.

Our improvement journey started with a refresh of the Trust's 2020 vision and service strategy. We recognise we have significant challenges to address and 2016/17 was the first year of our five year journey to deliver our vision to become your partners for first class integrated care. The new vision was developed with input from the Trust Board and from colleagues across the Trust and is set out in the diagram below.



- 1. Provide Safe, High Quality Care.** We will provide care that we would want for our family and friends.
- 2. Care for Patients at Home.** We will keep people well at home, provide alternatives to acute care and return people home safely and quickly after admission.
- 3. Work Closely with Partners.** We cannot do this alone and will work with our partners in Walsall and the Black Country.
- 4. Value Colleagues.** We will be a clinically-led, engaged and empowered organisation.
- 5. Use Resources Well.** We will ensure future sustainability by living within our means.

We have made a good start to this journey and over the last 12 months we have seen improvements in elective care, maternity services, deployment of community based locality teams and staff engagement.

But, in common with many other Trusts across the country, we have faced a number of winter pressure challenges; particularly around four hour waits in the Emergency Department, managing ambulance activity and increased lengths of stay for patients. We know from speaking to our patients and their families, as well as feedback from our own staff, that this impacted poorly on both patient experience and staff morale.



"Our larger discharge lounge achieved really positive results"

As well as working with partners to try and avoid hospital admissions, we opened up a larger Discharge Lounge to try and improve patient flow, ensure early discharges from all wards and free up our Emergency Department. We aimed to complete at least a third of all discharges by midday and this achieved really positive results, with around 30 people a day being moved quickly out of the Emergency Department to the bed they needed.

Extra community nursing support was also put in place at targeted parts of the week (Sundays) to proactively avoid admissions from this care group and ease another pressure point for the Emergency Department.

Our staff frequently went the extra mile for our patients, in sometimes difficult circumstances, and their efforts are very much appreciated. We do, however, need to look at how to better manage these challenges moving forward.

Our vision is supported by five strategic objectives and the promises we have made for our patients and our colleagues form the basis for our operational plans for 2017/18 and 2018/19 – years two and three of the plan. By 2021 we will be an organisation that is community focused, with a workforce that is engaged and empowered and working with partners to ensure financial sustainability.

Our full CQC re-inspection will be an important milestone for us on our journey and we look forward to showing the progress we are making to ensure our services are Safe, Effective, Caring, Responsive and Well Led.

Purpose and Activities of Walsall Healthcare NHS Trust

Walsall Healthcare NHS Trust is an integrated Trust. The Manor Hospital provides the full range of district general hospital services and community health services for adults and children are run from more than 60 settings across the borough, including health centres and GP surgeries, as well as people's own homes.

Walsall borough is made up of a diverse multi-cultural population of more than 270,000. In some areas there is a high incidence of long term conditions, lower than national average life expectancy and high usage of hospital services. In more affluent areas there is a longer life expectancy and a growth in dependency from frail elderly patients.

Within the last two years there has been a positive shift towards integrated health and social care with the development of seven of the Integrated Locality Teams. The teams are co-located Community, Social Care staff and Mental Health staff who provide a 'wrap-around' service to GP Practices.

The seven teams are split into four areas

North	– Pinfold Health Centre
West 1 & 2	– Darlaston Health Centre
East 1	– Parkview Health Centre
East 2	– Anchor Meadow Health Centre
South 1	– Beechdale Health Centre
South 2	– Broadway Health Centre



Members of Broadway Health Centre's community nursing team.

"Within the last two years there has been a positive shift towards integrated health and social care."

The Trust has, in general, made good progress towards the majority of the 18 main objectives set out in its Annual Plan for 2016/17 - particularly in areas of quality and safety, organisational development, governance, estate development and community/partnership enablers and integration.

Further work is needed around the Cost Improvement Plan, finances and the objective to implement a discharge to assess model to reduce the numbers of patients that are medically fit for discharge.

Detailed below is information relating to the progress made against our six key annual plan objectives for 2016/2017:

1. Improve the Quality and Safety of our Care

We set out to deliver a programme of quality improvement in response to the CQC inspection report after the Urgent and Emergency Services and Maternity and Gynaecology Services were rated "Inadequate" by the CQC. We were also rated "Inadequate" for the Safe, Effective and Well Led CQC domains.

We also set out to improve the percentage of staff likely to recommend us for treatment in our staff survey and improve the overall score in the national inpatient survey.

We established a Patient Care Improvement Plan which is reported in detail monthly. Considerable work has been done around Sepsis and Deteriorating Patients and this remains a top priority. We now have Nursing and Consultant Sepsis Champions across our wards at the Manor Hospital.



Sepsis champion
Annette Turley.



Dr Ron Daniels BEM, CEO of UK Sepsis
Trust led a seminar at the Trust.

Our focus also remains on Infection Prevention and Control and Medicines Management.

We have seen improved standards in the Mental Capacity Act (MCA) and Deprivation of Liberty Safeguards (DoLS) and have raised greater awareness of the use of our butterfly symbols to denote patients who are living with dementia.

We started Listening into Action, a fundamental shift in the way we work and lead. Further details of this approach can be found later in this section of the Annual Report.

Complaints in ED and Maternity Services have decreased and the Trust also launched its Quality Commitment. The Quality Commitment to provide safe, high quality care across all our services links to our six promises shown below:

Promises:

Part of one team working together with well-informed colleagues who understand each other's roles to deliver and improve services.

Supported to meet our high standards in a team that sets clear expectations, supports and challenges you to live up to them, is open and honest about what's going well and what's not and takes time to reflect and improve.

Appreciated by colleagues who value and respect them as individuals and recognise their efforts and achievements.

In safe hands of highly skilled, efficient, reassuringly professional teams providing first class joined-up care.

Cared for as an individual by kind and considerate people who involve you and your family in your care.

Welcomed by friendly, helpful and attentive staff who value your time.

Improve the Quality and Sustainability of Maternity and Neonatal Care

We set out to improve our Midwife to birth ratio and improve results in the maternity patient survey.

Working with Walsall Clinical Commissioning Group we put a cap on the number of births at the Manor Hospital to stabilise the maternity service and ensure effective, high quality care. Births have been capped at 4,200 and are expected to remain in place for 2017/2018 although we will keep this under regular review.



"Our Transitional Care Unit opened in February this year."

Transitional Care Unit Midwives.

The Midwife to birth ratio is now around 1:30 and 1:1 care in labour is being maintained. A recruitment drive has attracted 10 additional midwives and in February this year our Transitional Care Unit opened for babies who need some extra care.

We have a new Head of Midwifery and have been appointing to specialist midwifery roles.

Improve the Quality and Safety of the Emergency Department

We set out to reduce long waits in ED and improve our four hour performance while reducing medical and nursing vacancies and improving patient survey results.

We now have specialist paediatric nurse cover in ED and have re-designed and re-defined our waiting area, introducing a separate, child-friendly triage room. This has helped reduce incidents and complaints.



"We need to ensure our environment is fit for purpose for children."

Paediatric Sister Dawn Luke.

Senior Consultant cover has been increased from 6pm to midnight and the number of consultants in our establishment has increased from six to 10.

We are working on a business case to enable the Trust to expand its Emergency Department to create a better environment for both patients and our staff. We need to ensure our environment is fit for purpose for children and is able to cope with additional demand we expect when the Midland Metropolitan Hospital opens its doors in Smethwick.

Improve the Quality and Sustainability of our Cancer Services

We set out to sustain delivery of the two week wait standard throughout the year and deliver the 62 day standard from August 2016.

All measures achieved the performance target across the year, which compares very favourably to 2015/16 results when three measures failed to achieve. Furthermore, all but one of the measures (62 day wait for first treatment from Screening Service) showed an improvement in the overall percentage achievement across the full year in comparison to last year.

Establish a Sustainable Future for Stroke Services

We set out to agree a sustainable future model for the Trust's stroke service with commissioners and stakeholders. Work has been done to develop rehabilitation pathway models with clinical teams and commissioners in Walsall and to develop a longer term plan for the service which will be completed during 2017.

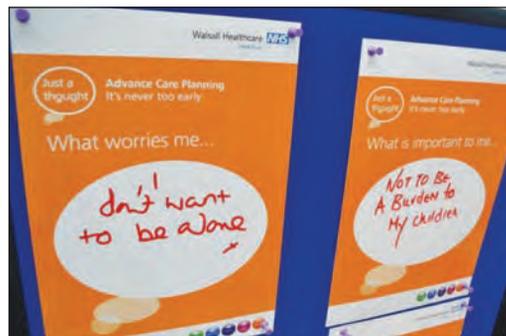
Improve the quality of the care we provide to patients at the end of their life.

We set out to embed individualised management plans across all areas.

Improvements have been seen in all standards for End of Life Care. Plans have been developed and training delivered to ward and community staff to embed individualised management plans. All ward and community staff have access to the plan. Individualised care plans are beginning to embed with improved monthly performance.

Ward 3 has particularly focused on End of Life Care as part of Listening into Action, sharing positive improvements and good practice ideas.

End of Life care staff are also involved in ward rounds where possible.



Specialist Palliative Care Team promoting Advance Care Planning.

Our Specialist Palliative Care Team's work with focus groups made up of carers, volunteers and Trust Members to develop an Individualised End of Life Care Plan has been recognised nationally.

In addition, we are further supporting our patients' care and treatment choices by raising awareness of Advance Care Planning which is a communication channel for people to document choices about their care and treatment.

2. Community Services Development

We set out to complete the deployment of integrated locality teams with partners in Mental Health, Social Care and Primary Care.

Our Community Nursing Teams are now in place. Social care is also now aligned albeit some estate issues remain and will be resolved in the coming months.

We set out to deploy mobile technology for community teams.

The Trust has invested £800,000 in mobile technology for community services staff to change from a paper-based patient assessment and service management system which will improve the service to patients as well as offer staff greater security while lone working.



"The change from a paper-based system will improve the service to patients."

Staff from the West 1 Place Based Community Team will be trialling mobile technology.

We set out to build a directory of services and a single point of access to ensure efficient use of resources. A work stream through Walsall Together is undertaking a review of potential technology platforms to house a system-wide directory.

We set out to continue the development of integrated care pathways that link key services together seamlessly.

Our Chronic Obstructive Pulmonary Disease pathway redesign got underway first with Respiratory, Urology and Musculoskeletal (MSK) re-designs in progress. We are working on a collaborative approach to End of Life Care with St Giles. Respiratory, Urology and Musculoskeletal (MSK) redesigns are also progressing.

3. Improve our Emergency Care Pathway

We set out to implement a "discharge to assess" model to sustainably reduce medically fit for discharge patients unable to leave acute care.

We are continuing to work with partners to finalise the model to reduce medically fit for discharge numbers while exploring community based health models. We aim to achieve our target of 50 medically fit for discharge patients.

We set out to deliver national seven day services standards for emergency care and continue to work toward delivering these standards in line with our plans.

We have begun to introduce the SAFER bundle across all medical wards and will continue this work during 2017/2018.

We set out to deliver a sustained reduction in unplanned emergency re-admissions to hospital. Each specialty now has an action plan to review its own re-admissions on a monthly basis following analysis of re-admission profiling. As a result we have seen a reduction in the percentage of emergency readmissions within 30 days of discharge from 9.12% in October 2016 to 8.56% at the end of March 2017.

4. Improve our Elective Care Pathway

In order to improve our elective care pathway we engaged an external company to technically validate the complete patient waiting list which was in excess of 22,000 records. An internal data quality process also started at the same time. In addition, the Intensive Support Team conducted a review of our data quality and associated processes in September 2016. Through this external review and the implementation of their recommendations, in October the Trust Board was able to approve a return to formal national reporting for the 18 Week Referral to Treatment Time (RTT).

As a result of this work we have more than halved the number of patients waiting more than 18 weeks, reducing from 4,733 patients to 2,350 patients. However, the onset of winter pressures and the extension of the winter contingency plan has affected our ability to maintain performance.



"We have halved the number of patients waiting more than 18 weeks for treatment."

We set out to ensure effective operation of our outpatient services and in order to approve our 'Did Not Attend' rates we set up an SMS messaging system which is resulting in a 4 - 5% reduction in non-attenders. In addition, we worked with NHS Elect to review booking processes across the Trust and set about implementing recommendations.

5. Improving for Colleagues

We set out to establish a substantive workforce to reduce our expenditure on agency staff. Our total agency expenditure in 2016/2017 was £10.9m with the highest expenditure in October 2016 at £1.2m. Due to concerted efforts including the establishment of a Workforce Steering Group, we significantly reduced agency expenditure in the second half of the year, with the March 2017 expenditure reduced to a figure of £548,000. We are working on a number of options to further reduce our reliance on agency staff including an increase in bank rates. We continue to work to recruit to posts, reduce turnover and close additional capacity to further reduce agency expenditure. We have signed a Memorandum of Understanding with the College of Surgeons, Pakistan, for trainees to fill rotas.

We set out to improve staff attendance through a number of measures including improving occupational support. A Lead Nurse phone line was established for colleagues to contact and this has seen a reduction in sickness by 0.5% for the year – this equates to 50,000 more hours returned to care. We are working with the most challenged wards in each division in relation to their attendance rates to deliver improvements. Work is also continuing on developing our Occupational Health service.

We set out to establish a clinically-led model of service leadership at Care Group and Division level. The aim is to become clinically-led, engaged and empowered by putting our frontline medical colleagues in the driving seat for future improvements and change. This means that each of the clinical divisions is now led by a Divisional Director who is a clinician. The Divisional Director is supported by a Divisional Director of Nursing and a Divisional Operations Director.

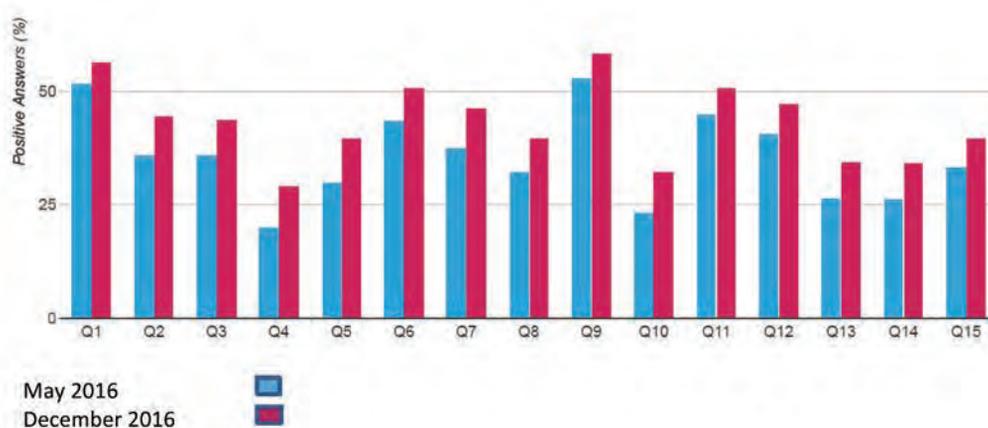
We set out to deliver a step-change in staff engagement in the Trust using the Listening into Action programme to deliver this.

Listening into Action



Just under a year ago, we started Listening into Action, a fundamental shift in the way we work and lead. Listening into Action is at the core of our strategic approach to improving services through engaging colleagues, unlocking their potential and empowering action in order to contribute to our Vision.

A repeat pulse check was conducted during December and has shown an improvement in positive responses across all questions of the survey when compared to responses obtained in May 2016. This is best represented graphically below:



There has been an improvement of at least 5% points in each question, with the greatest rise for question 5: "I feel that our organisation communicates clearly with staff about its priorities and goals". The results show a positive trend and highlights areas which can be improved further. The LiA Sponsor group will reflect on the newly obtained results and make plans for further improvements in pulse check results in the future.

Our Wave 1 teams, which were the first to set the Listening into Action wheels in motion, have made a real impact with Health Records, Emergency Department, Wards 3, 11 and 16, the Arrivals Lounge and Maternity and neonates among the areas getting us off to a flying start. We also held a Listening into Action event exclusively for the Trust's doctors. Projects for Wave 3 of Listening into Action are being recruited.

The National Staff survey response rates for 2016 increased by 20% but the overall findings were disappointing. Work has already commenced on actions and to synchronise this with work relating to the findings of the National Inpatient Survey for 2016.

We set out to improve the leadership and management culture of the Trust through a focused programme of development for senior and middle managers. We are making improvements to our to our well-led and accountability culture with mandatory effective management programmes for all of our colleagues in management positions. The Kings Fund programme for Matrons and Managers has been launched and more than 330 managers have attended the Effective Managers' Programme for eight or more modules.

6. Improving for the Longer Term

In 2016/2017 the Trust delivered a forecast deficit of £21.4m against an original plan of a £6.2m deficit. The deficit position was caused by the following factors:

- Low Cost Improvement Plan delivery. We set out to deliver £9.3m of savings and delivered only £6.617k resulting in under delivery of £2.683k.
- Investment in staffing.
- Temporary staff expenditure to cover vacancies and extra capacity.
- Extra sessions to reduce waiting times.

We set out to establish a clear Trust Capacity Plan to ensure future sustainability and a Trust-wide demand and capacity plan is underway and training for care group managers has started.

To address the inadequate CQC rating for the Well Led Domain, a number of actions have been put in place during the year to improve the governance structures and processes within the Trust. This has included a comprehensive review of risk registers and an improved root cause analysis process. Work will be ongoing during 2017/2018 to embed the improved arrangements. More information on this can be found in the Annual Governance Statement within this Annual Report.

We set out to design and deliver a data quality improvement plan to ensure that our clinical teams have access to and use data to drive service improvement. A new ED and bed board is now in use as is a new Information Hub. A Data Quality Group meets monthly to improve data quality, with a focus on:

- Utilising national/regional benchmark data
- Other findings including audits & risk reports
- Finance & coding

We set out to deliver a transformational strategy that draws on the benefits from our partnerships with the Black Country Alliance and Walsall Together.

We have set up a Service Improvement Team. Our Service Improvement Strategy was approved by the Trust Board in March 2017 and we continue working with partners in the Black Country Alliance and Walsall Together.

We set out to improve our estate through our new Integrated Critical Care Unit (ICCU) and Maternity and Neonatal facilities. We have received approval for the ICCU enabling works are now under way. We are currently waiting for final approval from NHS Improvement for our Maternity and Neonatal business case. We are also in the process of developing the outline business case for the Emergency Department.



Artist's impression of ICCU exterior.

We set out to establish a robust approach to workforce planning including the development of new roles linked to models of care especially for emergency and acute care and maternity services.

Following the appointment of a Workforce Planning Manager, workforce planning with divisions and care groups has begun to link with the Trust's strategy to transform the workforce and make it sustainable.



"Walsall was chosen as one of 11 lead provider Trusts for Nursing Associates initiative."

Trainee Nursing Associate Sian Cadman.

We have introduced some new roles at the Trust including Nursing Associates who work alongside Care Assistants and Registered Nurses to deliver hands-on care.

Walsall was chosen as one of 11 lead provider Trusts and led a Black Country-wide bid, working with a range of organisations representing the variety of places where Nursing Associates will provide care for patients.

We set out to improve the access and quality of education and training for medical staff and our Deanery review in July 2016 demonstrated improvements in both Medicine and Paediatrics. Work remains ongoing to continue the good progress made.

Working with Our Partners and Patients

Our Well Wishers charity has enjoyed another busy year with a host of fundraising events ranging from a World Record-breaking pinball marathon to a boxing match, Trust's Got Talent contest, fun run and fashion show.

More than £39,000 has been raised by Well Wishers over the last 12 months for items above and beyond what the NHS can provide and activities and events have been well supported by all of Walsall's communities. Notable achievements include the refurbishment of the sensory room on Ward 21 Paediatric Assessment Unit which was partly funded through the Prince's Trust and donations from the Sikh and Hindu communities.



Plenty of fundraising events through the year.

The room was in desperate need of new equipment to be used by children with a range of needs including sensory impairments, cerebral palsy, physical disabilities and learning disabilities. It was officially opened by Walsall's Deputy Mayor Councillor Marco Longhi and young brittle asthma patient Megan Pritchard.

Well Wishers has its own Twitter and Facebook accounts and engagement is steadily growing.

Teamwork to reduce avoidable harm

A joint project to reduce avoidable harm in Walsall's nursing homes and cut down on unnecessary hospital admissions is also showing positive results. The SPACE – Safer Provision and Caring Excellence – initiative is being pioneered by the Walsall Quality Improvement Project, a partnership between Walsall Healthcare NHS Trust and NHS Walsall Clinical Commissioning Group.

Its focus is on supporting nursing home staff to reduce avoidable harm such as pressure ulcers, falls and community acquired infections. There is also an emphasis on improving communication and handover processes and providing a range of free training opportunities for staff.

Progress is encouraging and since the SPACE project started last December nine of the twelve homes have implemented daily safety crosses to monitor avoidable harm and another four have introduced staff champions to concentrate on ensuring residents are well hydrated.



"The SPACE project has reduced avoidable pressure injuries."

Harrison Unit at Parklands Court has reduced avoidable harm from pressure injury.

Before the project started approximately one resident per month developed a pressure injury in the unit of one of the nursing homes involved. Since the Quality Improvement project started on 1 January 2017 none of the residents have developed avoidable pressure injury. This is a good improvement given the severe frailty of the residents in its care.

Improving our patients' experience

Working with patients, their carers and families we have developed a new Patient Experience Strategy which will ensure that the Trust has a co-ordinated approach to listening to, and learning from, patient feedback. We have developed four ambitions which are:

Ambition 1: We want to improve the experience of our patients and carers from their first contact with the Trust, through to their safe discharge from our care.

Ambition 2: We want to improve the information we provide to enhance communication between our staff, patients and carers.

Ambition 3: We want to meet our patients' physical, emotional and spiritual needs while they are using our services, recognising that every patient is unique.

Ambition 4: We want to demonstrate that there has been real learning and change in practice where necessary from what patients have told us about the care we have delivered as a Trust.

Friends and Family Test surveys have now moved away from a purely paper-based system to embrace other communication methods including SMS texts in response to patients' requests. This has brought about an increased response rate.

Our new interpreting service has also been launched and we are sharpening our focus on Equality and Diversity for colleagues and patients alike.

A review of our Complaints process has resulted in a new process being put in place that has seen a reduction in failure to respond within timescale and considerable work has been done around Duty of Candour showing improved quality and performance.

The key issues and risks that could affect the Trust in delivering its objectives

During 2016/17, the Trust identified the following key risks to the delivery of its strategic objectives:

- Failure to improve the quality and safety of care we provide across the Trust in line with our commitment in the Patient Care Improvement Plan.
- Failure to make progress in improving care for patients attending our Emergency Department.
- Failure to make progress in improving care for patients using our maternity and neonatal services.
- Improvements in community services do not deliver a reduction in demand for acute hospital care.
- The emergency care pathway does not improve resulting in continued delays for patients and poor flow through the hospital.
- Inability to recover performance on the national elective standards including referral to treatment and cancer as planned.
- Inability to deliver safe sustainable staffing levels reducing our reliance on expensive agency staff.
- That we are not successful in our work to establish a clinically-led engaged and empowered culture.
- Inability to deliver our plan within the resources available and keeping expenditure within budget.
- That we cannot deliver our planned programme of hospital estate improvement including ICCU, Neonatal Unit, second Maternity Theatre and a plan for the Emergency Department.
- That our governance remains inadequate as assessed under the CQC Well-Led standard.
- That we do not develop a clear five year strategic plan to support our 2020 service vision.

Mitigating action plans were developed to address these wherever possible and progress against the action plans was monitored by the Trust Board through the Board Assurance Framework. This process is described in more detail in the governance statement section of this annual report.

In relation to performance issues, the Trust identified the main issues during 2015/16 as follows:

- Accident and Emergency four hour waits.
- Referral to treatment waiting times.

Statement of Going Concern

The Trust has recorded revenue deficits in the two financial years prior to 2016/17. The Board is committed to addressing the current deficit position and the Trust's five year model shows a planned breakeven in 2020/21. This financial recovery is dependent upon the achievement of cost improvement programmes over the period during which the Trust will also be reliant on financial support from the Department of Health to continue the provision of services.

The Trust recognises there is significant risk associated with the achievement of cost improvements targets included the forthcoming financial years. The Trust has agreed a cost improvement target of £11m for 2017/18 and is continuing to develop initiatives to deliver future savings beyond this financial year.

The Trust's financial position is a material uncertainty that casts significant doubt upon its ability to continue as a going concern and, that therefore, the Trust may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Board of Directors has therefore given careful consideration to the Going Concern principle when preparing these accounts.

In respect of the £20.5m planned revenue deficit for 2017/18, the Trust has access to the Uncommitted Interim Revenue Support Facility and cash supporting loans are agreed monthly with Department of Health dependent on cash requirement.

The Board has concluded that although the financial circumstances represents a material uncertainty, the Directors have a reasonable expectation that the Trust will have access to sufficient resources, including revenue and capital loan funding, to continue to provide services to patients for the foreseeable future. For this reason the Board has adopted the going concern basis when preparing these accounts.

Performance Summary:

Measure	Target 14-15	Actual 14 - 15	Target 15-16	Actual 15-16	Target 16-17	Actual 16-17
18weeksRTT Incomplete		Decision taken in Nov 2014 not to submit RTT pathway performance for a period of time		Decision taken in Nov 2014 not to submit RTT pathway performance for a period of time	92%	85.22%
Total Time in A & E 4 Hour wait	95%	89.1%	95%	87.90%	95%	84.10%
C. Diff Cases	28	16	18	7	18	21
MRSA Cases	0	0	0	1	0	0
% of patients whose operations were cancelled for non-clinical reasons	no figures available		0.75%	0.47%	n/a	0.65%
Cancer 2 week wait	93%	91.7%	93%	90.80%	93%	96.1%
Cancer 2 week wait Breast Symptoms	93%	91.7%	93%	90.80%	93%	96.1%
Cancer 31 day diagnosis to treatment	96%	98.9%	96%	99%	96%	99.3%
Cancer 31 day wait surgery	94%	99.2%	94%	97.30%	94%	99.1%
Cancer 31 day wait drug	98%	99.6%	98%	99.50%	98%	100.0%
Cancer 62 day wait all cancer	85%	76.7%	85%	79.80%	85%	87.0%
Cancer 62 day wait screening	90%	96.4%	90%	100%	90%	96.2%
Cancer 62 day wait consultant upgrade	91%	90.5%	92.10%	91%	91%	92.2%

National Benchmarking

It is possible to benchmark our performance with other Acute Trusts. The benchmarking is produced either monthly or quarterly providing a snapshot of our position at that point in time. Benchmarking for annual performance is not published. Shown below are monthly/quarterly positions for:

- **18 Weeks RTT Incomplete** – For March 2017 the Trust was ranked 118th nationally out of a total of 133 Trusts.
- **Total Time in A&E 4 hour wait** – For March 2017 the Trust was ranked 123rd nationally out of a total of 136 Trusts compared to 71st nationally out of a total of 135 Trusts in March 2016.
- **C Difficile** – For March 2017 the Trust was ranked 30th (along with 28 other Trusts) nationally out of a total 136 Trusts compared to March 2016 when the Trust was ranked 54th (along with 30 other Trusts) nationally out of a total of 137 Trusts.
- **MRSA** – For March 2017 the Trust was ranked 1st (along with 109 other Trusts who also reported no cases) nationally out of a total 136 Trusts. This is the same ranking we achieved in March 2016.
- **Cancer 2 Week Wait** - For Quarter Four 2016/2017 the Trust was ranked 96th nationally out of a total 136 Trusts compared to Quarter Four 2015/2016 when the Trust was ranked 90th nationally out of a total of 137 Trusts.
- **Cancer 62 Day Referral To Treatment** - For Quarter Four 2016/2017 the Trust was ranked 34th nationally out of a total 136 Trusts compared to Quarter Four 2015/2016 when the Trust was ranked 112th nationally out of a total of 137 Trusts.

The Trust continued to endeavour to meet the requirements placed on it by its regulators and the Government. The figures show how it is performing against these key requirements.

The extremely busy winter period placed pressure on healthcare services across the country and Walsall was no exception. The Trust failed to meet the national Emergency Department 4 Hour Wait Overall target and the national 18 week Referral to Treatment Time target for Incomplete Pathways.

The Trust has performed well against cancer measures with all performance targets achieving at an annual level.

Within Infection control the Trust reported 21 cases for C.Difficile which exceeded the full year trajectory of 18, however 11 of these cases were deemed to be unavoidable. There were no cases of MRSA reported during the year.



Performance Analysis

The Trust experienced significant performance pressures in year that resulted in utilisation of additional capacity to service increased emergency activity and additional sessional work needed to support referral to treatment. The Trust invested within staffing baselines following the Care Quality Commission visit to enhance quality of services and the combined effect of the quality and performance measures resulted in the Trust delivering a £21.4m deficit as opposed to the planned deficit of £6.2m.

The Trust has adopted a financial plan for 2017/18 that targets delivery of a £20.5m deficit and ensures the quality and performance improvements attained during the 2016/17 financial year are maintained, whilst tackling the increasing need to deliver a sustainable model of future healthcare.

The Trust reviews and monitors performance against key performance indicators (KPIs) via a number of forums as part of its governance processes. Dependent on the nature of the KPIs, performance is monitored, daily, weekly and monthly using a number of reporting tools and online dashboards. The KPIs are made up of national, local and internally agreed standards.

Performance is reviewed weekly by the operational leads, including executive oversight. Escalation processes are put into place regarding any concerns including actions required to remediate performance and to assess any impact on the delivery of actions plans.

Performance is also benchmarked against peer providers to show how the Trust compares to similar sized organisations and also against organisations within the local health economy. Monthly reported performance is signed-off by both operational and executive leads. It is then reported to the appropriate sub-committees of the Trust Board and to the Trust Board for scrutiny. In addition to the internal processes, performance against key national indicators is reviewed and scrutinised externally by commissioners via a number of external meetings associated with system resilience. The Trust then works collaboratively with commissioners in agreeing remedial action plans for any recovery required and associated trajectories.

Cancer Services

Meeting the standards for cancer waiting times has been an historic challenge for our organisation. The Trust set a trajectory to achieve all of the national cancer standards and delivered ahead of the recovery trajectory. The organisation is benchmarked as one of the highest achievers in the country for the breast symptomatic two week waiting time target. Working as part of the National Institute of Health Research West Midlands, the team works tirelessly to encourage patient involvement in trials and to support colleagues in their own studies.

Nominated in the 'Research Team Recognition Award' category, the team attended the NIHR Clinical Research Network Division 1 - Cancer AGM in Stoke on Trent on 26 April 2017, picking up the 'Team of the Year' accolade for the West Midlands.

Emergency and Capacity Plan

Whilst we did not achieve the four hour standard of treating patients in the Emergency Department; we have focused on improving the patients' journey and avoiding unnecessary admissions. The ambulatory care service has been extended to seven day working and has increased the operating hours to support the Emergency Department.

The Frail Elderly service has also been extended to seven day working. The team identifies patients in the Emergency Department to assess them with a view to being able to discharge the patients back home rather than being admitted into an inpatient ward. Patients that cannot be discharged the same day are admitted to the Frail Elderly ward where the number of short stay beds has been increased.

The Discharge Lounge has been opened to provide patients a place to wait before being discharged from hospital. This is working well in conjunction with the site management team to improve the flow of available beds earlier in the day.

Community services have moved to a locality based team model with a focus on local based admission avoidance strategies. An in reach services is being developed by the Community Matrons to ensure rapid discharge and support at home.

Partnership working continues to reduce the number of medically fit for discharge patients to ensure that patients can be cared for in the right environment and hospital beds are available for acute patients referred from the emergency department.

Due to these measures we have closed the additional capacity that was used over the winter period and reduced the number of beds in the hospital.

Improving planned care and reducing waiting times

Patients who are referred to our hospital for planned care should be able to start their treatment within 18 weeks of their referral but meeting national standards for referral to treatment has historically been difficult for our organisation.

Following the implementation of Lorenzo in April 2014 the Trust stopped reporting the referral to treatment time (RTT) standard due to concerns regarding the accuracy of the data. The complete patient waiting list was validated by an external company and the NHS Intensive Support Team completed a focused review of the data quality relating to the patient waiting lists in September 2016. Following this review it was felt that the data accuracy, systems and processes had improved significantly and the Trust should return to reporting its performance against the National Standard.

The Trust continues to focus its efforts on reducing the number of patients awaiting care, in particular, those patients waiting the longest. We provided additional clinics and theatre sessions seven days a week and worked with other providers so that our patients received their treatment faster.

We continued to improve underlying systems, including the information that is available to service teams, continuous data validation and refinements to booking processes, to ensure that patients are seen in a clinically appropriate and equitable order.

We have more than halved the number of patients waiting more than 18 weeks, reducing from 4,733 patients to 2,350 patients. Due to our focus on those patients waiting the longest we did not meet the national waiting time standards in 2016/17. There is a trajectory in place to improve this further throughout 2017/18.



SECTION 2: ACCOUNTABILITY REPORT

CORPORATE GOVERNANCE REPORT

The Directors' Report

Directors of the Trust

The Chair and Chief Executive

Ms Danielle Oum is the Chair of the Trust and took office on the 8 April 2016, taking over from Mr Ben Reid OBE who had been Chair since July 2004.

Mr Richard Kirby is the Chief Executive of the Trust (Accountable Officer) and was appointed in May 2011.

The table below sets out the names of the Chair, Chief Executive and all individuals who were directors of the Trust from April 2016 until the publication date of this Annual Report. The individuals in the table form the composition of the Trust Board and have authority or responsibility for directing or controlling the major activities of the Trust during the year.

TRUST BOARD COMPOSITION

Name	Designation	In Year Start / Leave Dates
Ben Reid OBE	Chair	To 7 April 2016
Danielle Oum	Chair	From 8 April 2016
Professor Russell Beale	Non-executive Director	From 1 June 2016
Andre Burns	Non-executive Director	To 30 June 2016
John Dunn	Non-executive Director	-
Victoria Harris	Non-executive Director	-
Sukhbinder Heer	Non-executive Director	From 1 September 2016
Dr Jonathan Shapiro	Non-executive Director	-
	Senior Independent Director	-
John Silverwood	Non-executive Director	-
Deborah Carrington	Associate Non-executive Director (non-voting)	From 1 July 2016
Philip Gayle	Associate Non-executive Director (Non-voting)	From 1 August 2016
Richard Kirby	Chief Executive	-
Russell Caldicott	Director of Finance & Performance	-
Daren Fradgley	Director of Strategy & Transformation (Non-voting)	-
Mr Amir Khan	Medical Director	-
Rachel Overfield	Director of Nursing	From 1 June 2016
Mark Sinclair	Director of Organisational Development & Human Resources (Non-voting)	To 11 May 2017
Steven Vaughan	Interim Chief Operating Officer	To 30 September 2016
Philip Thomas-Hands	Chief Operating Officer	From 3 October 2016

Trust Board Member Profiles



Danielle Oum

Chair of the Trust Board (Voting Position)
Appointed April 2016

Danielle has more than 10 years' experience of leading public service business improvement and programme management, and has also worked extensively in the private sector, building and leading international teams. Danielle's professional expertise is in stakeholder engagement and transformational change. Her other professional interests are socio-economic inclusion, cross sector partnerships and regeneration. Danielle was previously the Chair of Dudley and Walsall Mental Health Partnership NHS Trust.



Professor Russell Beale

Non-Executive Director (Voting Position)
Chair of Charitable Funds Committee
Champion for Information and Computer Technology
Appointed June 2016

Professor Russell Beale holds the Chair in Human-Computer Interaction in the School of Computer Science at the University of Birmingham, and is also the founder and Director of the Human-Computer Interaction Research Centre, a cross-University Research Institute. Russell has a broad range of interests across the field of HCI, being particularly interested in the use of artificial intelligence to model and optimise interaction, and in technologically-mediated behaviour change. His research and development activities are funded through a mix of Government grants, innovation awards, commercial partnerships, EU funding, and venture capital.

Russell has commercial and entrepreneurial experience as well as an academic background. He has founded six high-technology companies, and run four of these; one works on intelligent healthcare apps. He has won awards with websites he has been involved in, and some of the products have an extensive user base. When not researching HCI he can be mostly be found outside with his children, dogs and wife, either sailing, mountain biking, or otherwise trying to be active.



John Dunn

Non-Executive Director (Voting Position)
Chair of Performance, Finance and Investment Committee
Champion for the Emergency Department
Appointed February 2015

John's professional life was spent almost exclusively in the Telecoms sector and he has extensive experience in the field of operations, and customer service. His career includes 20 years' experience at divisional board level in a variety of executive and non-executive roles and his last position with BT was as Managing Director Openreach. As MD, he was responsible for the delivery and repair of customer service and for the provision and maintenance of the local access network for the south of the UK.



Victoria Harris

Non-Executive Director (Voting Position)
Champion for Maternity and Neonatal Services
Appointed April 2015

Vicky has strong local links, having worked in Walsall for over 12 years and lived most of her life in the Black Country. An honours graduate in psychology, much of her career has been in the public sector in mental healthcare, although it began in the voluntary sector. Vicky has developed numerous projects and partnerships to support local people into employment. For almost a decade she was a non-executive director of the Black Country Partnership NHS Foundation Trust, during which time she saw its transition to achieving FT status, and to acquiring new services across the Black Country under the Transforming Community Services agenda.



Sukhbinder Heer

*Non-Executive Director (Voting Position)
Chair of Audit Committee
Champion for Improvement
Appointed September 2016*

Sukhbinder has over 30 years' senior management experience in corporate finance and private equity as well as leading one of the UK's top professional services companies. Over the past few years Sukhbinder has also undertaken a number of non-executive positions in private, public and charity sectors and is currently also Non-Executive Director and Chair of Audit at Birmingham Community Healthcare Foundation Trust (BCHCFT).



Dr Jonathan Shapiro

Non-Executive Director (Voting Position)

*Senior Independent Director
Chair of Quality and Safety Committee
Champion for Safeguarding
Appointed October 2013*

Jonathan's interests have always centred on the 'whole system' of healthcare, and his career reflects this. Originally a GP, he then became a medical manager, before working as a senior academic for many years. His most recent research explored organisational change in the NHS, and he now applies the lessons of his work in a variety of ways, carrying out consultancy in this area, as well as in broader policy analysis and change; he chairs the charity Education for Health, and regularly produces journal articles as well as more detailed reports. Other roles have included being Chair of a large Mental Health Trust and Clinical Director for Humana Europe until its move back to the USA.



John Silverwood

*Non-Executive Director (Voting Position)
Chair of People and Organisational Development Committee
Appointed February 2015*

A Chartered Fellow of The Institute of Personnel and Development, John spent most of his career working in the manufacturing sector in textiles and later in soaps and detergents. He was Group HR Director for PZ Cussons plc, working extensively in Africa, Asia and Europe before retiring in 2008. John then became HR Director for the University Hospital of South Manchester NHS Foundation Trust before retiring for a second time in 2012. He hails from Nottingham but has lived in Macclesfield and the Staffordshire Moorlands and now lives in Stafford. In addition to his new position with the Trust, he is a Non-Executive Director of The High Peak Theatre Trust which is responsible for the running of Buxton Opera House.



Deborah Carrington

*Associate Non-Executive Director (Non-Voting Position)
Champion for Improvement, Staff Experience (including Duty of Candour,
Freedom to Speak Up, Whistleblowing and Junior Doctors).
Appointed July 2016*

Over the past 20 years Deborah has held a number of senior executive roles in both the public and private sector and has a wealth of experience leading organisations through periods of transition and challenge along with an in-depth knowledge of governance and developing strategic partnerships.



Philip Gayle

*Associate Non-Executive Director (Non-Voting Position)
Champion for Patient Care, Equality, Diversity and Inclusion
Appointed August 2016*

Phil Gayle is currently Chief Executive Officer for Connect West Midlands, an organisation that supports those affected by substance misuse. Phil has considerable experience of the health sector and has also worked as a Non-executive Director for Sandwell and West Birmingham NHS Trust. Phil is passionate about contributing to improving services for patients in particular their experience of care at the Trust and has a strong interest in equality, diversity and ethics.



Richard Kirby

*Chief Executive (Voting Position)
Appointed May 2011*

Richard is a graduate of the NHS Management Training Scheme. After undertaking roles in commissioning at both health authority and primary care group level, he was Head of Performance at Birmingham and Black Country Strategic Health Authority, where he ensured that the SHA maintained its position as one of the best performing in the country. Richard gained board level NHS Trust experience by joining Sandwell and West Birmingham Hospitals NHS Trust initially as Director of Strategy and then as Chief Operating Officer. In these roles he led the development of new models of care working with local partners, delivered service reconfigurations in paediatrics, surgery and pathology, maintained the Trust's track record of delivery on access targets and secured significant improvements in performance across the organisation. Richard was also chosen to take part in the national NHS Top Leaders Programme.



Russell Caldicott

*Director of Finance and Performance (Voting Position)
Appointed July 2015*

Russell lives locally and has in excess of 20 years' experience of working within the acute sector of the NHS, formerly undertaking roles such as Senior Divisional Accountant, Associate Director of Finance and Deputy Director of Finance. A Qualified Accountant and advocate of continuing professional development, Russell occupies the role of Executive on the Board of the West Midlands Healthcare Financial Management Association, providing support and opportunities for development to the finance teams of Central England.



Amir Khan

*Medical Director and Director of Infection Prevention
and Control (Voting Position)
Appointed October 2011*

Amir is a General Surgeon with a specialist interest in Vascular and Bariatric Surgery and joined Walsall in 1992 after completing his training. Amir led on the establishment of Walsall as a regional Bariatric Centre and is the lead accountable Director for the Medical workforce. Amir is also the Director of Infection Prevention and Control and the organisations Caldicott Guardian. Patient Safety and quality of care are key priorities for Amir in ensuring that our clinical outcomes for patients are of a high standard.



Rachel Overfield

Director of Nursing (Voting Position)
Appointed June 2016

Rachel joined the Trust in January 2016 as Interim Director of Nursing before becoming Director of Nursing in June 2016. Rachel trained in Worcester and worked in Worcestershire before leaving to become a Macmillan Nurse in Dudley and Wolverhampton, specialising in breast oncology. A spell at the Royal Marsden Hospital in London followed before Rachel returned to Worcestershire to take up a Matron role in head and neck trauma, orthopaedics and outpatients. She went on to the Deputy Director of Nursing role before rapidly becoming transitional director for the new Worcestershire Royal Hospital.

Around five years later she moved to Sandwell and West Birmingham Hospitals Trust as Director of Nursing. From there Rachel moved to Leicestershire as Chief Nurse. Before coming to Walsall, Rachel has also worked at the Trust Development Authority as Head of Quality.



Philip Thomas-Hands

Chief Operating Officer (Voting Position)
Appointed October 2016

Philip has worked in Healthcare since 1985, working across acute hospitals, Mental Health, Primary Care, Medicine, Surgery and Specialised Services across both Gloucestershire and the Midlands. Philip has also worked for GP fund holders and in the private sector, spending five years as a management consultant to the manufacturing and healthcare industries. For the past four years he has been a Non-executive Director for a housing association. His role is to deliver systems, and constantly improve them, to ensure that clinicians can look after as many patients as possible within the resources available. Professional interests include change management, succession planning, task management and a strong focus on patient experience.



Daren Fradgley

Director of Strategy and Transformation (Non-Voting Position)
Appointed January 2016

Daren joined the Trust after holding numerous operational and director posts at West Midlands Ambulance Service NHS Foundation Trust (WMAS). A paramedic by background Daren joined WMAS in 1994 on frontline operations initially in the Black Country and then Birmingham before moving to the Emergency Control Rooms in 2005. He then went on to manage the Trust Performance Improvement team including informatics and Business Intelligence team. In 2013 he became the A&E Operations Director before moving to NHS 111.

Daren is responsible for the Trust's transformation and cost improvement programme together with strategic and business development.

Audit Committee

The Trust has an Audit Committee comprised of four Non-executive Director Members, one of which is Chair. The Members of the Audit Committee are:

Sukhbinder Heer: Non-executive Director and Committee Chair.

John Dunn: Non-executive Director.

Jonathan Shapiro: Non-executive Director.

John Silverwood: Non-executive Director.

Further information relating to the Audit Committee, including key responsibilities and highlights from the year, can be found in the governance statement section of this annual report.

Company Directorships and Other Significant Interests held by Members of the Board

The Board of Directors has a legal obligation to act in the best interests of the organisation in accordance with its governing document, and to avoid situations where there may be a potential conflict of interest. As such, there is a requirement for Board Members to register company directorships and other significant interests that they hold that may be perceived as conflicting with their overriding duty as a Board Member.

The Trust's register of interests is shown below and is also available on our public website and can be found by using the following link:

www.walsallhealthcare.nhs.uk

The register is updated as interests are declared and at least annually and is reviewed by the Audit Committee and the Trust Board.

Register of Interests of Trust Board Members During 2016/2017

Name	Position / Role at Walsall Healthcare NHS Trust	Interest Declared
Mr Ben Reid	Chair (To April 2016)	Chief Executive Mid Counties Co-operative Society Governor Wolverhampton University
Ms Danielle Oum	Chair (From April 2016)	Chair: Family Optima Housing Non-executive Director: West Midlands Housing Group Chair Healthwatch Birmingham (from 01/04/2017)
Professor Russell Beale	Non-executive Director (From June 2016)	<p>Director, shareholder: CloudTomo- security company - pre commercial. Founder & minority shareholder: BeCrypt - computer security company. Director, owner: Azureindigo – health & behaviour change company, working in the health (physical & mental) domains; producer of educational courses for various organisations including in the health domain. Academic, University of Birmingham: research into health & technology – non-commercial. Spouse: Dr Tina Newton, is a consultant in Paediatric A&E at Birmingham Children’s Hospital & co-director of Azureindigo. Journal Editor, Interacting with Computers. Governor, Hodnet Primary School. Honorary Race Coach, Worcester Schools Sailing Association. Non-executive Director for Birmingham and Solihull Mental Health Trust with effect from January 2017.</p>
Ms Deborah Carrington	Associate Non-executive Director (From July 2017)	No interests to declare.
Mr Andre Burns	Non-executive Director (To End June 2016)	Trustee of Wolverhampton Circuit of the Methodist Church Treasurer and an Elder at St Andrew’s Methodist/ United Reform Church
Mr John Dunn	Non-executive Director	No Interests to declare.
Mrs Victoria Harris	Non-executive Director	Social Care Manager, Walsall Council Governor, All Saints CE Primary School Trysull Husband, (Dean Harris) Deputy Director of IT at Sandwell & West Birmingham Hospital from March 2017
Mr Sukhbinder Heer	Non-executive Director (from September 2016)	<p>Non-executive Director of Hadley Industries PLC (Manufacturing) Partner of Qualitas LLP (Property Consultancy). Non-executive Director Birmingham Community NHS Foundation Trust (NHS Entity). Chair of Mayfair Capital (Financial Advisory).</p>
Mr Philip Gayle	Associate Non-executive Director (from August 2016)	Chief Executive Newservol (charitable organisation – services to mental health provision).
Dr Jonathan Shapiro	Non-executive Director Senior Independent Director	<p>Chair Education for Health Chair Osteopathic Foundation Director Policy Development Partnership</p>

Name	Position / Role at Walsall Healthcare NHS Trust	Interest Declared
Mr John Silverwood	Non-executive Director	Non-executive Director of the High Peak Theatre Trust
Mr Richard Kirby	Chief Executive	Steward (Trustee) Selly Oak Methodist Church
Mr Russell Caldicott	Director of Finance and Performance	Executive Member of the Branch of the West Midlands Healthcare Financial Management Association
Mr Daren Fradgley	Director of Strategy and Transformation	Director of Oaklands Management Company Clinical Adviser NHS 111/Out of Hours
Mr Amir Khan	Medical Director Trustee of UK Rehabilitation Trust International	Trustee of Dow Graduates Association of Northern Europe
Ms Rachel Overfield	Director of Nursing	No interests to declare.
Mr Mark Sinclair	Director of Organisational Development and Human Resources (to May 2017)	No interests to declare.
Mr Philip Thomas-Hands	Chief Operating Officer (from October 2016)	Non-executive Director, Aspire Housing Association, Stoke-on-Trent. Spouse, Nicola Woodward is a senior manager in Specialised Surgery at University Hospital North Midlands.

Personal Data Related Incidents Reported to the Information Commissioners' Office

The Trust had a total of three reportable serious information governance incidents during 2016 – 2017 related to information being stolen or disclosed in error. All of these incidents were reported to the Information Commissioner's Office and investigated accordingly. Actions arising from the investigations included devising local standard operating procedures and updates to training. Compliance is monitored through information governance audits. The Trust undertakes a programme of information governance staff training that starts at induction and is offered either online or as a face to face monthly session. In addition a comprehensive programme of audits is undertaken to test staff understanding and knowledge of information governance.

Summary of serious information governance incidents requiring investigation involving personal data as reported to the Information Commissioner's Office in 2016 - 2017:

Incident Date	Nature of Incident	Nature of Data Involved	Number of Data Subjects	Notification Steps
June 2016	Lost or stolen paperwork	Names, date of birth, NHS Number, limited clinical information.	33	ICO informed and data subjects informed by letter.
July 2016	Disclosed in error	Names, address, staff details.	2	ICO informed and data subjects informed by letter.
August 2016	Lost or stolen paperwork	Names, date of birth, address, NHS Number, clinical information.	41	ICO informed and data subjects informed by letter.

Statement of Disclosure to Auditors

Each individual who is, or was, a member of the Trust Board in the year covered by this report confirmed that, as far as they are aware, there is no relevant audit information which would be relevant to the auditors for the purposes of their audit report, and of which the auditors are not aware, and have taken all the steps that they ought to have taken to make themselves aware of any such information and to establish that the auditors are aware of it.

Statement of Accountable Officer's Responsibilities

2016-17 Annual Accounts of Walsall Healthcare NHS Trust

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

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

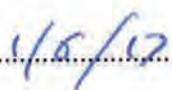
- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance;
- value for money is achieved from the resources available to the trust;
- the expenditure and income of the trust has been applied to the purposes intended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

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

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

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

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

Date..........

GOVERNANCE STATEMENT 2016/2017

Scope of Responsibility

As Responsible Officer I have responsibility for maintaining a sound system of internal control that supports the achievement of the Trust's policies, aims and objectives, whilst safeguarding 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 Trust is administered prudently and economically and that resources are applied efficiently and effectively. The Annual Governance Statement acknowledges these responsibilities as set out in the Accounting Officer Memorandum.

Introduction

The 2015/16 Annual Governance Statement (AGS) identified significant challenges facing the Trust. These included the requirement for the Trust to respond to the failings identified by the Care Quality Commission at its September 2015 inspection. The Trust had received a Section 29A Warning Notice highlighting areas for immediate action, was rated "Inadequate" overall and was placed into Quality Special Measures in February 2016.

The 2015/16 AGS outlined the focus of activity that had commenced or was planned to address the issues identified. This development has continued in 2016/2017 through a large number of improvement actions and this AGS includes the current state of progress on these. The Trust's Patient Care Improvement Plan has delivered successfully and our next CQC inspection is expected in early 2017/18.

Our improvement journey started with a refresh of the Trust's 2020 vision and service strategy. We recognise we have significant challenges to address and 2016/17 was the first year of our five year journey to deliver our vision to become your partners for first class integrated care. The new vision was developed with input from the Trust Board and from colleagues across the Trust and is set out in the diagram below.



1. **Provide Safe, High Quality Care.** We will provide care that we would want for our family and friends.
2. **Care for Patients at Home.** We will keep people well at home, provide alternatives to acute care and return people home safely and quickly after admission.
3. **Work Closely with Partners.** We cannot do this alone and will work with our partners in Walsall and the Black Country.
4. **Value Colleagues.** We will be a clinically-led, engaged and empowered organisation.
5. **Use Resources Well.** We will ensure future sustainability by living within our means.

Further challenges have faced the Trust in 2016/2017 as a result of its operating environment which has resulted in a worsening financial position, largely as a result of expenditure to ensure safe staffing levels and difficulty in delivering savings plans. In March 2017 a meeting was held with NHS Improvement regarding the Trust's financial performance and the possibility of the Trust being placed into Financial Special Measures.

As a result of the meeting, the Trust confirmed a forecast end of year deficit of £21.4m which was delivered successfully. The Trust also set out plans to deliver £24m of savings over 2017/18 and 2018/18 supported by an Improvement Programme and reducing our deficit to £20.5m in 2017/18 and £12.5 in 2018/19. These plans are accompanied by a Long Term Financial Model that aims to deliver breakeven in 2020/21. The Trust was not placed in Financial Special Measures and is currently operating with enhanced oversight of our financial position from NHS Improvement.

Progress made during 2016/2017 to address the significant issues raised by the Care Quality Commission Inspection of September 2015

In response to the Section 29A Warning Notice the Trust responded with a Board approved Improvement Plan which during 2016/2017 was developed into the Trust's Patient Care Improvement Plan (PCIP). The PCIP covers the Section 29A Warning Notice Actions together with the "must do" and "should do" specific recommendations from the Inspection Report. The activities within the PCIP have been managed and monitored through a Programme Management approach which is led by the Director of Nursing. The Board has received an update and overview of the activity undertaken across the PCIP and associated workstreams at each Trust Board meeting during 2016/2017. In addition the outcome from deep dive reviews into specific PCIP actions have also been reported to the Trust Board during the year.

The PCIP contains 110 actions, 72 of these were confirmed closed at the beginning of May 2017 following a robust Quality Assessment process. Work continues to address all of the remaining actions as identified in the CQC report and it is expected that the large majority will be fully or substantially completed by the end of Quarter 1 2016/2017.

There remain three red actions remain at the beginning of May 2017:

1. The action relating to Induction of Labour & C-section rates, which remains higher than expected. Whilst the following actions have been taken it is accepted that it will take time to see a shift in rates:
 - A Normality Launch has taken place and an education programme has commenced.
 - Recruitment to specialist midwife positions will now progress as a wider organisational change process has concluded.
 - From April C-section rates will be separated for first time deliveries as a change in this group would be expected first.
2. The action relating to the availability of up to date NICE / evidenced-based guidelines and policies for Midwifery. The Trust knows the extent of this issue and has prioritised the work to be completed engaging external expertise to assist with this work. A newly-appointed 'special projects' midwife will also be tasked with completing this. We expect significant progress against this action by June 2017.
3. The Trust continues to carry a large number of Registered Nurse vacancies across the Trust, reflecting the shortage of Registered Nurses nationally together with gaps in some medical posts. Plans are in place to mitigate the risks, mainly with regard to temporary staffing solutions. Longer term plans are in place including new roles and service remodelling.

The previous year's AGS set out the action already undertaken in response to the CQC Section 29A Warning Notice. During 2016/2017 work has continued to resolve the issues identified and good progress has been made which is detailed below.

Replacement Gamma Camera: The Trust's new Gamma Camera has been delivered and will be installed at the end of May/early June 2017.

Cessation of Practice of Prescribed Bolus Medications in Critical Care: This practice was immediately ceased and repeat audits confirm that this has been sustained. Audits of the rest of the Trust did not identify similar practices anywhere else.

Improvements in Risk Management Processes: A significant amount of work had been undertaken to improve processes for identifying and managing risk within the Trust. This includes:

- A revised Risk Management Strategy approved by the Trust Board in July 2016.
- A Risk Management Committee has been established.
- Risk management training has been rolled out across the organisation and included with the Trust's Effective Manager programme.
- The Trust has moved to the Safeguard electronic risk management system which is now used to record and manage the escalation and de-escalation of risk.
- The corporate Risk Register has been fully revised to reflect risks escalated from divisions or identified by Executive Directors. These risks are monitored and reviewed at the relevant Trust Board sub-committees and reported to the Trust Board on a quarterly basis.
- The Board Assurance Framework which reflects the risks to the Trust's strategic objectives has been fully revised and is reported on a quarterly basis to the Trust Board.
- Wards and departments have local risk registers and key risks are on display in staff areas.
- Divisional Governance Advisors have been appointed who work to embed local risk management. The Divisional Risk Registers are reviewed at monthly Divisional Quality Team meetings.
- Risk Register 'confirm and challenge' sessions are held on a quarterly basis between Divisions and the Director of Nursing, the Medical Director and the Trust Secretary.

Improvements in Use of Mental Capacity Assessments in relation to 'Do Not Attempt Resuscitation' Orders (DNAR): There have been significant improvements since the CQC visit but it is recognised that a decline in performance earlier in the year has been slow to recover. The adult safeguarding team is actively encouraging medical staff to complete assessments and weekly monitoring is made available to wards and teams.

Improvements in Deprivation of Liberties Safeguard (DoLs) processes: A number of actions have been completed and are in progress regarding the process of DoLs. This includes a number of improved processes such as a trigger to staff to complete a clinical incident; improved database checking to ensure oversight of the process and improved communication with the Local Authority to assist the triage of patients for priority assessment. There is an education programme that includes ward based sessions and also mandatory Safeguarding Adult Level 2 and 3 training and e-learning.

Improvements in End of Life Care (acute) especially in relation to the use of Individualised Care Plans: There has been a range of multiple actions to improve End of Life Care. A Bereavement Officer has been appointed and positive impacts of this service are being seen through a reduction in Patient Advice and Liaison/complaints issues and more positive comments via the Trust's VOICES survey. A recent NHS Improvement Clinical Review reported positively on End of Life Care.

Improvement in Midwifery Staffing Levels: The Task Force established to monitor all improvement work and led by the Chief Executive continues to meet on a monthly basis. Improvements have been:

- As a result of a cap on births and an increase in registered midwives of around 10 whole time equivalent staff. We are currently reporting a birth to midwife ratio of around 1:30.
- A business case for a second maternity theatre and additional neonatal cots is with NHS Improvement for approval.
- One to one care in labour has been reported at 100% for many months.
- A new Transitional Care Unit opened in February 2017 and early signs are positive.
- A new Head of Midwifery commenced in post in February 2017 and a new matron structure has been confirmed. We are progressing to appointment of specialists.
- Senior staff from maternity and obstetrics have been engaged in a development programme led by Health Education West Midlands.

Improvements in the Emergency Department: Overall oversight of improvement has been led by the Emergency Department Task Force chaired by the Chief Executive. Improvements have been:

- Improved pain and triage compliance and improved handover documentation.
- Paediatric support is now provided by a team of newly recruited nurses. We now have seven whole time equivalent staff with three being dual trained. A total of 13 Emergency Department nurses have been trained in the 'Emergency Care of the Child Module' via the University of Northampton.
- Emergency Department paediatric pathways have been reviewed and new processes for monitoring children and escalating to paediatrics are in place.
- The strategic outline case for the Emergency Department capital development has been approved by the Trust Board and plans and work are progressing on the outline business case.
- New workforce plans with investment for both nursing and medical staff were approved in October 2016. The first stage of recruitment has been completed and the second stage is under way. Advanced Care Practitioners have been recruited to assist with the medical model and alternative plans are being considered for consultant and middle grades.

Pre-Inspection Clinical Review Visit

On the 15 March 2017 a pre-inspection clinical review visit was carried out by NHS Improvement and the findings were formally presented to the Trust Board at its meeting on the 6 April 2017. The findings from the clinical review visit are being considered to ensure that learning from this and that improvements are made.

The Governance Framework of the Organisation

The Trust has an integrated governance approach to ensure decision making is informed by a full range of corporate, financial, clinical and information governance.

The Trust Board is comprised of a Chair, six Non-executive Director Members, a Chief Executive, Medical Director, Director of Nursing, Director of Finance and Performance and Chief Operating Officer – all with voting rights. Two additional executive director members without voting rights attend each Trust Board Meeting: the Director of Organisational Development and Human Resources and the Director of Strategy and Transformation. In addition, during the course of 2016/2017 the support to the Trust Board has been strengthened by the appointment of two Associate Non-executive Directors who do not have voting rights. The Trust Board is advised and supported by the Trust Secretary.

There have been a number of changes to Trust Board membership in the year with the following colleagues welcomed to the Board:

- Rachel Overfield as Director of Nursing in June 2016.
- Deborah Carrington as Associate Non-executive in July 2016, and Philip Gayle as Associate Non-executive in August 2016.
- Russell Beale as Non-executive Director and Chair of the Charitable Funds Committee in June 2016.
- Sukhbinder Heer as Non-executive Director and Audit Committee Chair in September 2016.
- Philip Thomas-Hands as Chief Operating Officer in October 2016.

Mark Sinclair, Director of Organisational Development and Human Resources, left the Trust in May 2017 to take up an appointment overseas and we are now in the process of making arrangements to fill the vacancy.

In recognition of the changes across the past two years in the Trust Board, a programme of specific Executive Team Development and also Trust Board Development was commissioned with Hult Ashridge Business School. The programme completed during the year and the Board is now embarking upon a programme of development for 2017/2018 to build upon the previous year.

The Board has met monthly throughout the year with the first part of each meeting open to the public and closing as necessary for a part two confidential session. The Board meeting follows a structured format with each meeting starting with either a patient/carer or staff story to set the tone and focus of the meeting. The inclusion of a staff story was introduced during the year in recognition of the need to address cultural and engagement issues identified by the CQC inspection. The format of the business following the patient/carer story covers all items of quality and risk immediately, followed by matters of strategy and planning; people and organisational development; performance; governance and compliance and questions from members of the public. Board sub-committee minutes and highlight reports are continue to be reviewed within the relevant topical section of the agenda to provide the appropriate level of assurance on the key issues as they are discussed during the meeting. The purpose of the format is to structure the business around the building blocks of strategy, accountability and culture to ensure we focus on the issues that matter most to our patients and our staff.

In addition to the formal Board Meetings the Board holds development sessions which provide an opportunity for the Board to be briefed on a number of issues of interest or to focus on in-depth work required for strategic or other matters. During the year the Board has covered quality and risk topics including risk and the Board Assurance Framework. The Board worked together to populate a new Board Assurance Framework and has recently reviewed this in the light of the Trust's newly articulated strategy. Quality issues covered in year have included reviews of the Care Quality Commission Key Lines of Enquiry: Safe, Caring, Responsive and Effective. Strategic and planning items have included sessions on the development of the Trust's strategy, two year plan, transformation and working with partners. Performance topics have included deep dive reviews into the Trust's financial position and nurse staffing levels. A number of external experts have attended the development sessions including Sir Stephen Moss on reflections on transparency and openness and Roger Kline on equality, diversity and inclusion.

The Board has reflected and reviewed its effectiveness in year during its development sessions with Hult Ashridge Business School and as a result has implemented a number of changes to improve the effectiveness of its ways of working including:

- Development of new report templates which provide clarity on the link to Trust objectives and the CQC standards.
- A report writing guide has been produced in recognition of the importance of ensuring that reports presented to the Board and its Committees are of a high quality so that they act as a catalyst for constructive challenge and discussion resulting in high quality decisions.
- A meeting etiquette has been developed to which all Board Members have signed up to. The etiquette was written in recognition of the fact that it is essential that the Board and its committees conduct their meetings with a view to optimising the use of the time and intellectual capital of their members. The etiquette covers all the elements that can contribute to an effective discussion, including the way Board and committee members interact and work together to ensure sound decision making.
- The Board made a decision to change the structure of its Board Meeting day. From June 2017 the monthly Board Meeting will start at the earlier time of 10am in order to hold its discussions and make its important decisions earlier in the day when members have more energy.
- The Board Development Sessions and Board Walks will move to a different day to the Board Meeting from the beginning of June in order to give more focus and enable more energy to be given to the sessions.

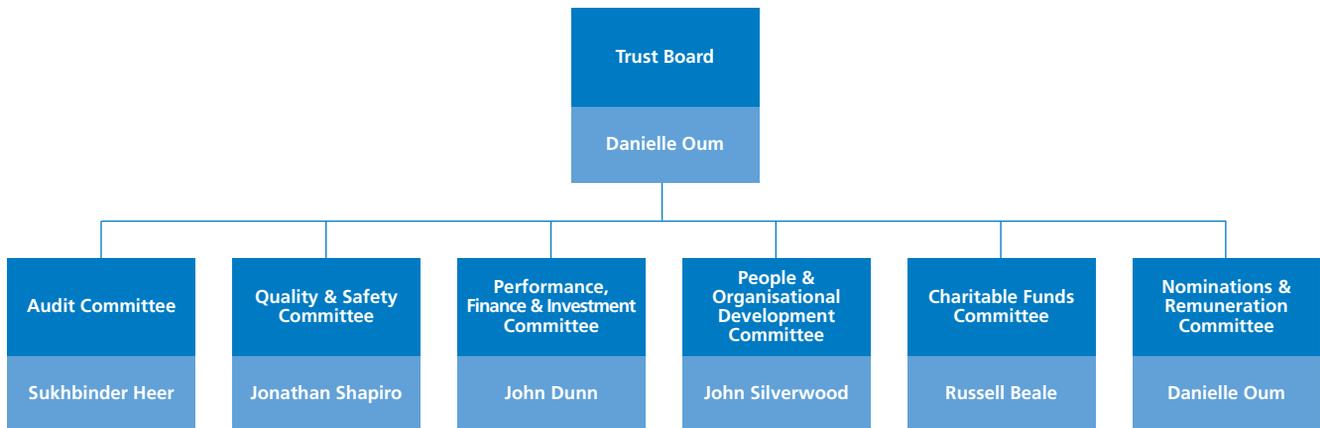
During the year the Board has reflected on the findings of a number of historic reviews and the more recent capability review of February 2016 to ensure that actions have been taken to improve the Well Led CQC Key Lines of Enquiry. In May 2017 the Board has conducted a self-assessment review of Well Led in preparation for its CQC re-inspection and has concluded that whilst a considerable number of improvements have been made which can be clearly evidenced, more work is required to embed those changes.

The Board has overall responsibility for the effectiveness of the governance framework and is supported by a framework of sub-committees. Each sub-committee is chaired by a Non-executive Director and has Board approved terms of reference which describe their responsibilities, accountabilities and methods of monitoring effectiveness. The Trust Secretary attends each committee and ensures compliance with the terms of reference; provides support to the Committee Chairs and works to develop the governance arrangements. The committees are supported by executive level monthly teams focused on the key delivery areas for the Trust and combining the executive team and divisional leaders.

Each of the sub-committees formally reports its highlights from its most recent meeting together with approved minutes to the next meeting of the Trust Board the Committee meeting.

The six formally designated sub-committees of the Board together with the names of the Chairs are shown in the diagram below:

Board and Committee Structure



The table below sets out the attendance of the Trust Board and its six sub-committees for 2016/2017.

	Trust Board	Audit Committee	Quality & Safety Committee	Performance Finance & Investment Committee	People & Organisational Development Committee	Charitable Funds Committee	Nominations & Remuneration Committee
	Meetings Attended / Eligible to Attend 01/04/2016 to 15/05/2017						
Non-executive Directors							
Ben Reid OBE, Chair to April 2016	Chair 1 / 1						
Danielle Oum, Chair from April 2016	Chair 15 / 15	Attended 2	Attended 1	Attended 1	Attended 1	Attended 1	Chair 9 / 9
Professor Russell Beale from June 2016	11 / 13		4 / 5	3 / 6	1 / 1	Chair from Sep 4 / 4	6 / 7
Andre Burns to June 2016	3 / 3	Chair to June 4 / 4		0 / 1		Chair 1 / 1	1 / 1
John Dunn	12 / 16	Interim Chair July – Sep 10 / 12		Chair 15 / 15			7 / 9
Victoria Harris	12 / 16		12 / 12		7 / 8	3 / 4	8 / 9
Sukhbinder Heer from September 2016	9 / 10	Chair 6 / 7	1 / 3	6 / 7			4 / 4
Dr Jonathan Shapiro Senior Independent Director from August 2016	14 / 16	4 / 8	Chair 11 / 12	2 / 2			7 / 9
John Silverwood	14 / 16	10 / 12	1 / 1	14 / 15	Chair 7 / 8	1 / 2	8 / 9
Associate Non-executive Directors							
Deborah Carrington from July 2016	9 / 13	Attendee 2 / 8			Attendee 3 / 6		5 / 7
Philip Gayle from August 2016	11 / 12		Attendee 7 / 8		Attendee 1 / 1		5 / 5

	Trust Board	Audit Committee	Quality & Safety Committee	Performance Finance & Investment Committee	People & Organisational Development Committee	Charitable Funds Committee	Nominations & Remuneration Committee
	Meetings Attended / Eligible to Attend 01/04/2016 to 15/05/2017						
Executive Directors							
Richard Kirby Chief Executive	16 / 16		12 / 12	14 / 15	7 / 8		
Russell Caldicott, Director of Finance & Performance	16 / 16		8 / 12	15 / 15		3 / 4	
Mr Amir Khan Medical Director	15 / 16		10 / 12	10 / 15	5 / 5		
Rachel Overfield, Director of Nursing from June 2016	15 / 16		12 / 12	7 / 11	5 / 8	2 / 4	
Philip Thomas-Hands, Chief Operating Officer from October 2016	9 / 10		4 / 6	9 / 9	4 / 8		
Steve Vaughan Interim Chief Operating Officer to September 2016	5 / 6		4 / 6	6 / 6	1 / 3		
Daren Fradgley, Director of Strategy & Transformation	15 / 16			13 / 15	4 / 8		
Mark Sinclair, Director of Organisational Development & Human Resources to May 2017	12 / 16			10 / 13	6 / 8		
Linda Storey, Trust Secretary	16 / 16		11 / 12	14 / 15	7 / 8	4 / 4	

Audit Committee

The Audit Committee is responsible for supporting the Trust Board by critically reviewing and reporting on the relevance and robustness of the governance structures and assurance processes on which the Trust Board places reliance. The committee comprises of four non-executive director members, one of which is the Chair of the committee. The three other committee members are the Chairs of the Quality and Safety Committee, Performance, Finance and Investment Committee and the People and Organisational Development Committee. The committee meets on a monthly basis.

The committee is normally attended by the Director of Finance and Performance and senior managers together with internal auditors, local counter fraud specialist and external auditors (Ernst Young) in support of the committee's business.

The key in-year highlights and developments for the Audit Committee have been:

- Change in Chair in September 2016 when Sukhbinder Heer joined the Trust.
- Appointment of a fourth, independent member of the committee: Dr Jonathan Shapiro, Chair of the Quality and Safety Committee.
- A move to monthly meetings from bi-monthly meetings.
- A refocus of committee working to include regular invites to executive directors and senior managers to discuss issues of focus including the outcome of internal audit reports.
- Focus on the outcome of the internal audit reports on medical locum staffing and Venous thromboembolism (VTE) compliance and the actions to address recommendations. The Medical Director and the Director of Organisational Development and Human Resources have attended the meeting in regard to these audit reports.
- A successful drive to reduce the number of outstanding internal audit recommendations. I am pleased to report that these had reduced to only 6 recommendations which had passed their agreed action date of up to 31 March 2017 compared to 17 at the end of March 2016. At the time of the Annual Report publication this figure has reduced to two.
- Successfully established an Auditor Panel to oversee the appointment of the Trust's external auditors. This process has been formally handed down to Trusts following the dis-establishment of Public Sector Audit Appointments Limited which previously carried out this role on behalf of all Trusts.
- Completed an annual self-assessment of its effectiveness.
- The committee has continued to develop its annual report to the Trust Board, illustrating how it has discharged its responsibilities. The report includes the committee's priorities for 2017/2018.

The committee, through its terms of reference, has paid due regard to the guidance contained within the NHS Audit Committee Handbook, NHS Codes of Conduct and Accountability and the Higgs Report.

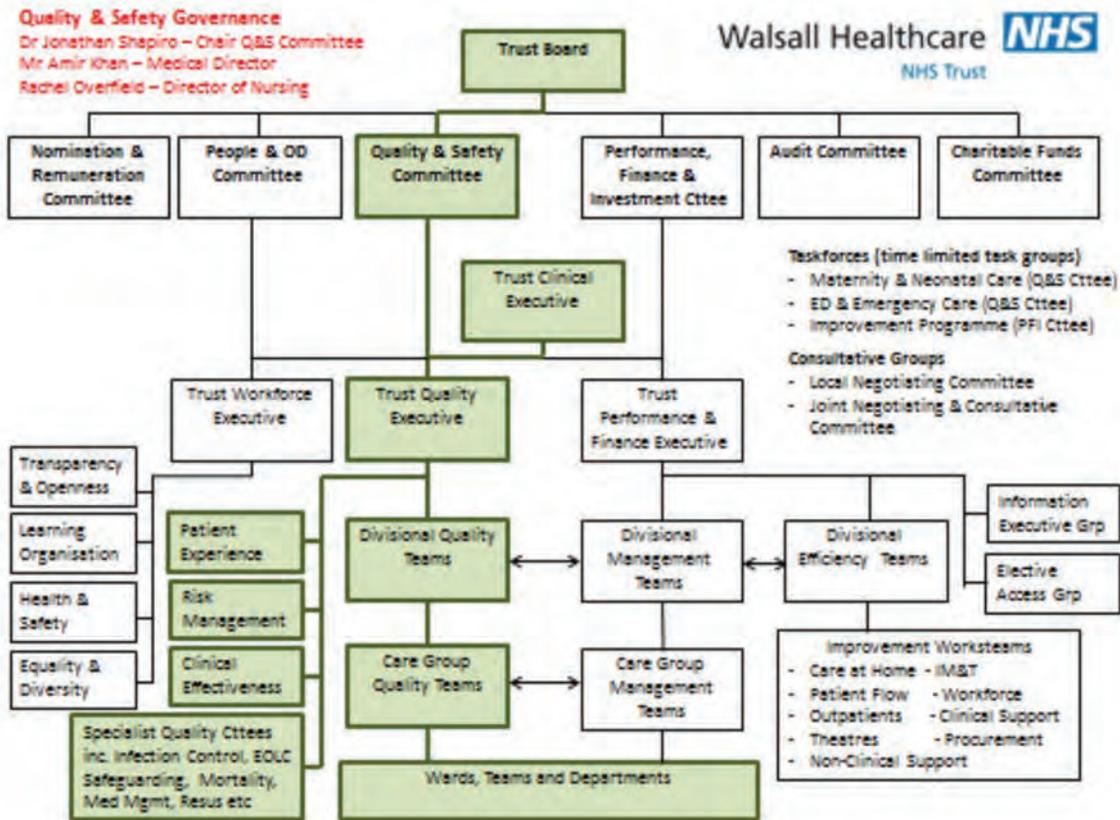
The main work areas of the committee have been:

- Assurance framework, governance, risk management and control
- Internal audit
- External audit
- Counter fraud
- Other assurance functions
- Management processes
- Financial performance and reporting (including QIPP)
- Service auditor reporting for third party assurances
- Conflicts of interest
- Held informal meetings with the internal auditor, the counter fraud lead and the external auditors to ensure any issues of concern were addressed.

Quality and Safety Committee and Quality Governance

The Quality and Safety Committee is responsible for providing the Board with assurance on the standards of care, quality and safety provided by the Trust and, in particular, that adequate and appropriate governance structures, processes and controls are in place throughout the Trust to promote quality, safety and excellence in patient care. The Committee comprises of three non-executive directors, one of which is Chair; the Chief Executive; Medical Director, Director of Nursing, the Director of Finance and Performance and the Trust Secretary. The Committee meets on a monthly basis.

The governance reporting structure into and from the Committee is shown in the diagram below:



The committee receives its assurance and information from the Trust Quality Executive. The Trust's three clinical divisions are organised into Care Groups. Each Division is currently led by a Divisional Director supported by a Divisional Director of Operations and a Divisional Director of Nursing. Each division holds monthly Divisional Quality Team meetings which report on a monthly basis to the Trust Quality Executive. In addition, the Patient Experience Group, Risk Management Committee, Clinical Effectiveness Committee and a number of specialist quality committees report into the Trust Quality Executive.

The Trust formally investigates all serious clinical incidents, reports their findings to the Risk Management Committee and follows up on all actions agreed as part of the outcome of the reports. The Board receives a report at each meeting on Serious Incidents and high level complaints.

The Trust Quality Account is reviewed by the Trust Quality Executive and the Quality and Safety Committee in advance of its receipt at the Audit Committee. In year the priorities for the 2017/2018 Quality Account have been agreed by the Quality and Safety Committee.

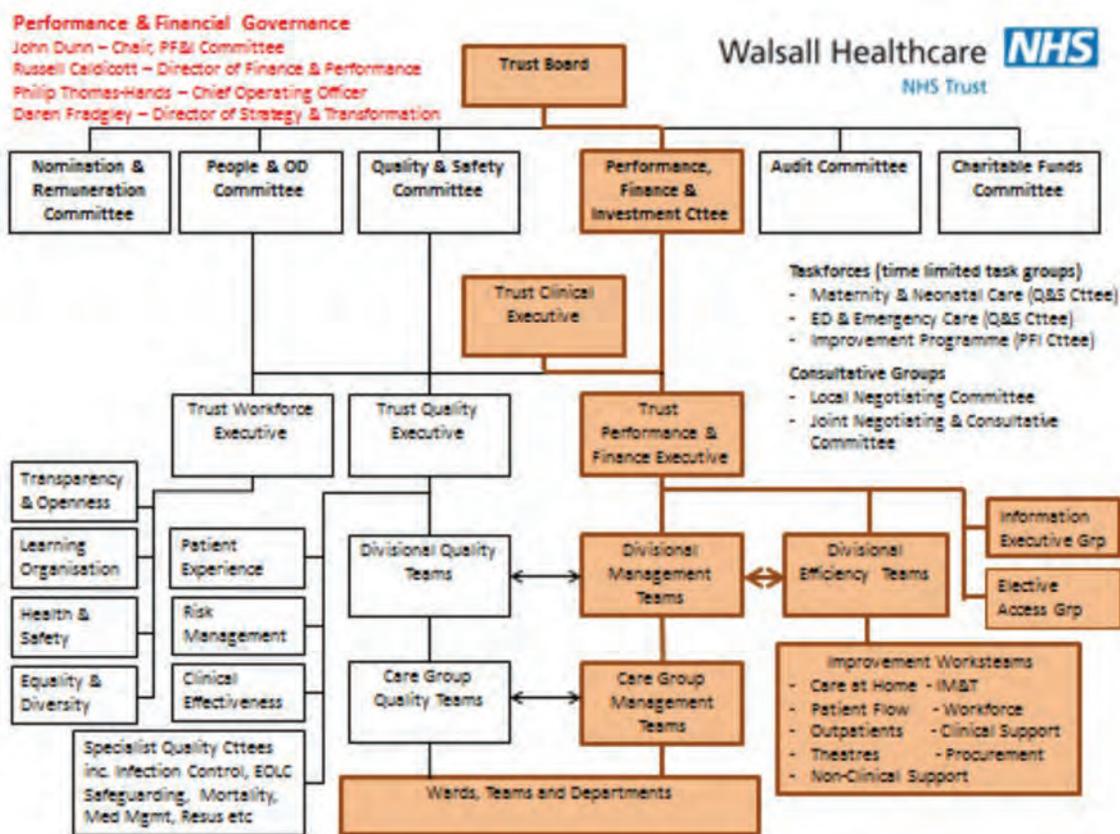
The key in-year highlights and developments for the Quality and Safety Committee have been:

- A year of embedding, developing and evolving the new structures and the reporting relationships established in 2015/2016. The monthly Trust Quality Executive Meeting continues to report to the Committee and has become an effective source of assurance to the Committee.
- Welcoming Professor Russell Beale, Non-executive Director and Philip Gayle, Associate Non-executive Director to the Committee.
- Commencing a schedule of monthly presentations from the Divisional Teams of Three who attend the meeting to highlight key areas of their work in relation to the quality and safety agenda.
- Commencing a schedule of monitoring corporate risks allocated to the Committee as part of the Trust's revised risk management processes.
- Receiving regular updates from both the Emergency Department and the Maternity Task Force meetings to provide assurance on the progress of work in relation to the issues raised at the 2015 CQC inspection.
- Review and approval of the Trust's Quality Commitment.

Performance Finance and Investment Committee

The Performance, Finance and Investment Committee is responsible for providing assurance to the Trust Board on effective operational and financial performance and for making investment decisions in line with the Trust's Standing Financial Instructions and Scheme of Delegation. The Committee meets on a monthly basis and comprises of three non-executive director members, one of which is Chair, the Chief Executive, Director of Finance and Performance, Medical Director, Director of Strategy and Transformation, Chief Operating Officer, Director of Organisational Development and Human Resources and Trust Secretary.

The reporting structure into and from the committee is shown in the diagram below:



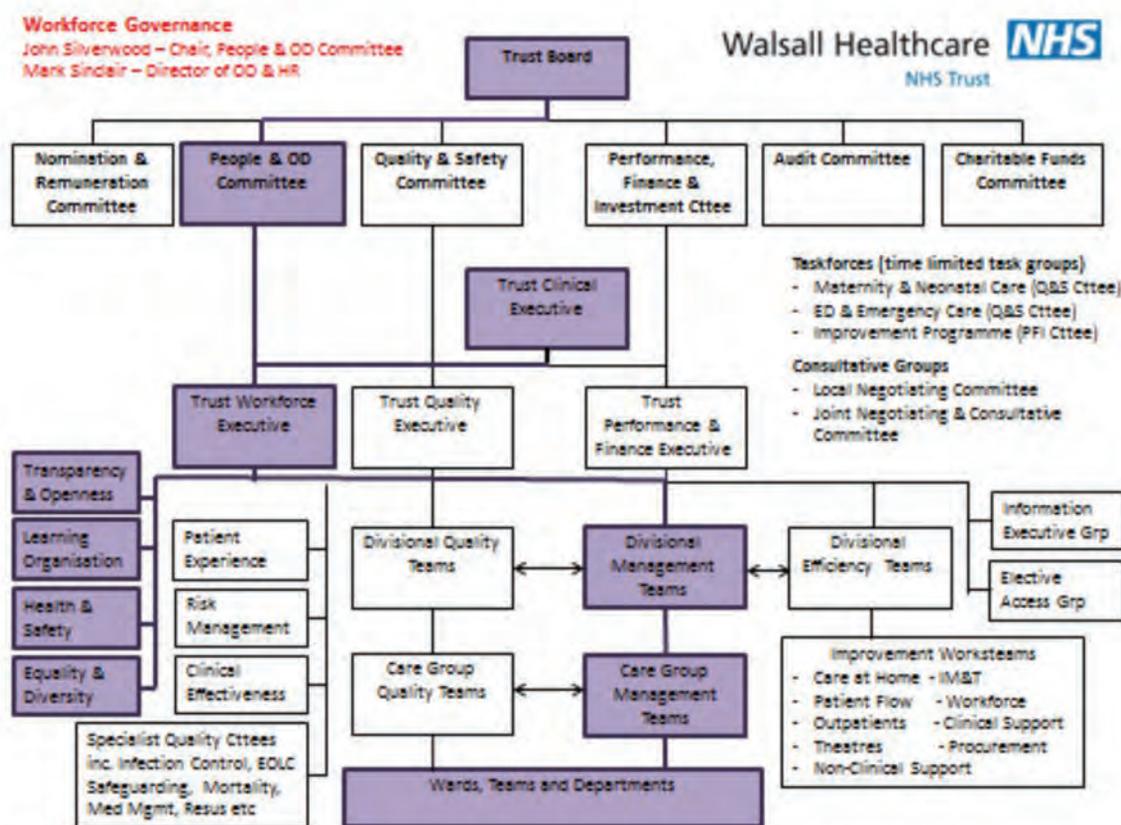
The key in-year highlights and developments for the Performance, Finance and Investment Committee have been:

- Welcoming Sukhbinder Heer, Non-executive Director to the Committee.
- Considerable focus on the trajectory and plans to reduce agency expenditure.
- A focus on the Cost Improvement Programme in year. Review of the Cost Improvement Plans for 2017/2018 CIP with particular focus on improved phasing to deliver 50% of the plans by the end of Quarter 2 and risk mitigation.
- Ensuring delivery of year end outturn of £21,392m deficit.
- Commencing a schedule of monthly presentations from the Divisional Teams of Three who attend the meeting to highlight key areas of their work in relation to finance and performance.
- Commencing a schedule of monitoring corporate risks allocated to the Committee as part of the Trust's revised risk management processes.

People and Organisational Development Committee

The purpose of the committee is to provide assurance to the Board in relation to effectiveness of human resources and organisational development arrangements. The committee comprises of two non-executive directors, one of which is Chair, the Chief Executive, Director of Organisational Development and Human Resources, Director of Nursing, Chief Operating Officer, Director of Strategy and Transformation and Trust Secretary. The committee has met on a bi-monthly basis throughout the year.

The governance structure reporting into and from the committee is shown in the diagram below:



The key in-year highlights and developments for the People and Organisational Development Committee have been:

- Welcoming Deborah Carrington, Associate Non-executive Director to the Committee.
- A focus on the cultural and staff engagement issues identified within the Care Quality Commission report.
- Review and approval of a new People and Organisational Development Strategy which was approved by the Trust Board in May 2016.
- Monitoring the progress of the introduction and development of the Clinically Led Model.
- Receiving the findings of the 2016 National Staff Survey and reviewing plans to address the issues raised. Agreed that a co-ordinated approach should be adopted to address the findings alongside those of the 2016 National Inpatient Survey results.
- In light of the importance of the issues to address in 2017/2018 relating to staff engagement and learning and organisational development the Committee has recommended to the Board that it should meet on a monthly basis from June 2017.

Charitable Funds Committee

Walsall Healthcare NHS Trust is the corporate trustee for charitable funds held on Trust. The Trust Board serves as its agent and has delegated authority to the Charitable Funds Committee to make and monitor arrangements for the control and management of the Trust's charitable funds in accordance with any statutory or other legal requirements, or best practice required by the Charity Commission. The committee comprises of three Non-Executive Director members one of which is Chair of the committee, the Director of Finance and Performances, Deputy Director of Finance, Director of Nursing and Trust Secretary. The Committee meets on a quarterly basis and on an ad-hoc basis as required to approve charitable funding expenditure requests.

The key in-year highlights and developments for the Charitable Funds Committee have been:

- Welcoming Russell Beale as Non-executive Chair in June 2016.
- Continuing the work commenced in 2015/2016 to strengthen its governance arrangements. This has included the development of principles and procedures to authorise charitable funds requests.
- The committee has sought to encourage the use of the Charitable Funds across the Trust in accordance with the principles and procedures.
- A Fundraising Committee has been established and reports into the Charitable Funds Committee. Work is progressing to finalise a Fundraising Strategy.

Nominations and Remuneration Committee

The Nominations and Remuneration Committee is responsible for considering the process for nominations into executive posts and the remuneration of those posts. In addition, it authorises any exit packages, redundancies from management of change exercises and also requests for Mutually Agreed Resignation Schemes. The committee comprises of all the Non-Executive Director members of the Trust Board and the Chair of the Trust Board is the Committee Chair. The Committee is normally attended by the Chief Executive, Director of Organisational Development and Human Resources and Trust Secretary.

The committee has met on eight occasions during the year as a result of the requirement to consider matters relating to the appointment of the Director of Nursing and the Chief Operating Officer. In addition, the committee has considered and approved applications for Mutually Agreed Resignation Schemes and management of change outcomes.

The Risk and Control Framework

Risk Assessment

As Chief Executive I have overall responsibility and accountability for risk management. The leadership and accountability arrangements for myself, as Chief Executive Officer, Trust Board Directors, Divisional Directors, Professional Heads of Service and all other staff are set out in the Trust's Risk Management Strategy. The Risk Management Strategy has been completely revised and updated and was approved by the Trust Board in July 2016. It sets out how the Trust manages and responds to risk and includes a number of risk management objectives that the Trust has been working to achieve during the year.

The Trust works within a framework that devolves responsibility and accountability throughout the organisation via a tiered Risk Register system (Corporate, Divisional, Care Group, Ward and Department) which enables risks to be identified, analysed, prioritised and managed at all levels of the organisation. The method of assessing the severity and likelihood of risk is by the use of the National Patient Safety Association model matrix. This is based on scoring the impact to the Trust of not addressing the risk against the likelihood of its occurrence.

Risk management awareness and health and safety training is delivered to all new members of staff through our induction programme and to existing staff through mandatory training programmes. Additional risk management training needs of specific staff groups are assessed through the Trust's Training Needs Analysis.

The Trust has undertaken significant work to improve its approach to risk and risk management following issues highlighted during the Care Quality Commission Inspection in September 2015 and the subsequent Section 29A Warning Notice which included risk management and risk management processes. The improvements made in year and covered in the earlier part of this statement and in summary include:

- The establishment of a Risk Management Committee.
- The migration of risk registers onto the electronic Safeguard system and the development of reports from the system.
- The deployment of Divisional Governance Advisors to assist divisions in the identification, management and mitigation of risk.
- Monthly reporting of risk management activity to Trust Quality Executive.
- Quarterly review of Corporate Risk Register and Board Assurance Framework at Trust Board together with the development of Board Reports to include heat maps showing the profile of risk, the movement in risk scores and forecast risk scoring across the year.

An internal audit was undertaken in the last Quarter of 2016/2017 to review risk management processes with an outcome of 'requires improvement'. A number of actions have been agreed to address recommendations made from the audit including the further development of the Safeguard system to ensure that it more fully supports the Trust's risk management processes. The progress on the recommendations will be reviewed regularly during 2017/2018 at the Risk Management Committee.

The Trust Board and its committees have taken an active role in the improvement of risk management processes. This has included the alignment of Board Assurance Framework and Corporate Risks to the Board sub-committees and agreed schedules of review of the risks at each. During 2017/2018 the Board plans to work on the development of its risk appetite to further develop its understanding and application of risk management.

Board Assurance Framework

The Board uses a Board Assurance Framework which sets out the key risks to the Trust's strategic objectives together with the controls in place to mitigate the risks and the assurance that can be evidenced relating to their control. During 2016/2017 the Board has completely refreshed its Board Assurance Framework and held a number of seminar sessions to review its format and content. The Trust Board has received and reviewed the Board Assurance Framework on a Quarterly basis throughout the year.

The major risks identified and monitored through the Board Assurance Framework during the year related to:

- Failure to improve the quality and safety of care we provide across the Trust in line with our commitment in the Patient Care Improvement Plan.
- Failure to make progress in improving care for patients attending our Emergency Department.

- Failure to make progress in improving care for patients using our maternity and neonatal services.
- Improvements in community services do not deliver a reduction in demand for acute hospital care.
- The emergency care pathway does not improve resulting in continued delays for patients and poor flow through the hospital.
- Inability to recover performance on the national elective standards including referral to treatment and cancer as planned.
- Inability to deliver safe sustainable staffing levels reducing our reliance on expensive agency staff.
- That we are not successful in our work to establish a clinically-led engaged and empowered culture.
- Inability to deliver our plan within the resources available and keeping expenditure within budget.
- That we cannot deliver our planned programme of hospital estate improvement including ICCU, Neonatal Unit, Second Maternity Theatre and a plan for the Emergency Department.
- That our governance remains inadequate as assessed under the CQC Well-Led standard.
- That we do not develop a clear five year strategic plan to support our 2020 service vision.

As a result of the Trust's annual planning process four new strategic risks were identified in year. The risks relate to delivery of the overarching strategy, delivery of the cost improvement programme, market share risk and partnership working risk.

The new risks are:

- 'That the overall strategy does not deliver required changes resulting in services that are not affordable to the Local Health Economy'. This risk replaces the original risk of failing to develop a strategy.
- 'That the Service Improvement and Cost Improvement Programme does not deliver the financial impact planned resulting in non-delivery of financial plan. The risk originates from the difficulties experienced in 2016/2017 and because the Trust's long term financial plan includes significant savings each year.
- 'New entrants into the market will succeed in attracting services resulting in income loss to the Trust'. The risk originates from recent experience where competitors had secured tendered services in and around the Trust's footprint.
- 'If the Trust does not agree a suitable alliance approach with Local Health Economy partners it will be unable to deliver a sustainable integrated care model'. The risk originates from the requirement to work effectively in collaboration with partners to develop a model to deliver the best outcomes.

Following the work undertaken during the year to improve the Board Assurance Framework, Internal Audit has undertaken its annual review and concluded an opinion of 'substantial assurance' for 2016/2017. This is an improvement on the previous year where a "Requires Improvement" opinion was found. The Board will act upon the recommendations included in the 2016/2017 internal audit to further improve the Board Assurance Framework during the current year.

Data Security Breaches

The Trust had a total of three reportable serious information governance incidents during 2016 – 2017 related to information being stolen or disclosed in error. These were all reported to the Information Commissioners Office and appropriate action taken. The detail of these incidents is included in the Accountability Section of this Annual Report.

Information Governance Toolkit

The Trust has consistently sustained Level 2 compliance with the Information Governance Toolkit. The Information Governance Steering Group has met on a regular basis throughout the year. The committee has reported its activities to the Quality and Safety Committee. An internal audit review of the systems of internal control for complying with the Information Governance Toolkit in 2016/2017 concluded that there was substantial assurance.

Cyber and Data Security

Cyber and data security continues to be an important focus for the Trust. This became evident in light of the events on the 12 May 2017 when the NHS was subject to a well-publicised worldwide cyber-attack. As a result of the co-ordinated emergency response to the threat by the Information Communications Technology (ICT) Department, the Trust defended itself against this particular attack and there was no operational impact to the Trust.

The Trust Information Governance Steering Group receives regular reports on plans and actions to maintain and improve cyber-security defences across the Trust. Some of the proactive work undertaken has included a cyber-security awareness campaign.

Each year the Trust undertakes a cyber penetration test as part of its internal audit plan. This involves being subjected to a simulated cyberattack probing both our external and internal networks. The results provide areas for improvement including specific recommendations which are implemented to strengthen our cyber-security.

The Trust has assessed itself against NHS England's guidance on cyber risk management following the published "10 steps to cyber security" and adopted these principles. In response to NHS England's requirement for all system suppliers to be working towards Cabinet Office Government certification for the Cyber Essentials Standard, the Trust is to include these standards into the procurements of all new ICT systems and is requesting existing suppliers to provide statements of compliance.

The Trust has strengthened its ability to respond to cyber-security intelligence through its subscription to alerts from the NHS Digital Care Computer Emergency Response Team (CARECert). This provides advance alerting, cyber guidance and expertise. The Trust was also accepted as an early adopter for the CareCert Assure/React programme which has provided additional analysis of our cyber-security protection.

Elective Waiting Time Data

The Trust implemented a new patient administration system in 2014. The introduction of this new system created multiple problems with patient data and the Trust ceased recording its national RTT performance. These problems left significant data quality issues regarding the accuracy of patient waiting lists for new and follow up patients.

The Trust engaged an external company to technically validate the complete patient waiting list which was in excess of 22,000 records. An internal data quality process was started at the same time which used a daily cycle of reviewing user/system errors created. A number of data quality indicators were developed through this process and corrected on a daily basis by the validation team.

The Intensive Support Team conducted a review of our data quality and associated processes in September 2016. This review focused on all aspects of the patient waiting lists and assurance of data quality completeness. Through this external review and the implementation of their recommendations, the Trust Board approved a return to formal national reporting in October 2016.

Review of the Effectiveness of Risk Management and Internal Control

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of Internal Audit's work. I am pleased to report an improvement in year with the Head of Internal Audit Opinion for 2016/2017 concluding that...

"...**significant assurance** can be given that there is a generally sound system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weaknesses in the design and /or inconsistent application of controls could put the achievement of particular objectives at risk".

The following internal audit reports were completed, with the respective levels of assurance:

Domain	Overall Level of Assurance by Domain	Area Reviewed	Assurance Opinion
Finance	Substantial	General Ledger Maintenance and Budgetary Control	Substantial
		Income and Debtors	Substantial
		Payroll Process	Substantial
		Creditor Payments Process	Substantial
		Capital Asset Management Accounting	Substantial
HR/Workforce	Requires Improvement	Occupational Health	Requires Improvement
		Temporary Staffing Arrangements – Nursing	Substantial
		Temporary Staffing Arrangements - Medics	Insufficient
		Training Expenditure	(Draft) Insufficient
		Locum Doctors Process	Requires Improvement
Performance and Operations	Substantial	CQUIN Sepsis	Substantial
		Incident Reporting	(Draft) Requires Improvement
Clinical and Quality	Requires Improvement	Patient Experience System	Substantial
		Deprivation of Liberty Safeguards/Mental Capacity Act	Requires Improvement
		VTE Review	Requires Improvement
Governance and Risk	Substantial	Assurance Framework	Substantial
		Policy completeness/ implementation/compliance	Requires Improvement
		HR Policy completeness/ implementation/compliance	Substantial
		Risk Management	(Draft) Requires Improvement
		Transformation Programme – Progress	No opinion
IT and Information Governance	IT and Information Governance	Information Governance Toolkit	Substantial
		Penetration Testing	Requires Improvement

In two areas only insufficient assurance could be given in relation to the controls: Temporary Staffing Arrangements for Medics and Training Expenditure. The Audit Committee has focused its attention on the Temporary Staffing Arrangements for Medics audit and requested that the Medical Director attend the Audit Committee to explain the current status. The committee was advised that strengthened governance processes had been implemented and a further audit is planned for May 2017 to test the robustness of those processes. The Training Expenditure audit was in draft at the time of writing this report. Plans will be put in place to address the recommendations of the audit which will be monitored during the course of the year by the Audit Committee.

At each Audit Committee meeting a report is received highlighting the current status of outstanding audit recommendations. This report is circulated to the Executive Team. The committee has put a focused effort into reducing the number of outstanding audit recommendations by the year end and I am pleased to report that these had reduced to only six recommendations which had passed their agreed action date of up to 31 March 2017 compared to 17 at the end of March 2016. At the time of the Annual Report publication this figure has reduced to two.

Executive directors and managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. My view is also informed by comments in reports and other feedback from Internal Audit, External Audit, the NHS Litigation Authority for NHS Trusts, NHS Litigation Authority for Maternity Services and internal Trust updates on progress against the action plans from various internal and external reviews by other external bodies including the Walsall Clinical Commissioning Group, Walsall Metropolitan Borough Council, NHS Improvement and the Department of Health.

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, Audit Committee, Quality and Safety Committee, Finance, Performance and Investment Committee, People and Organisational Development Committee, Risk Management Committee and Trust Quality Executive as part of our approach to integrated governance. I strive to provide the best possible standards of care at all times to those who use our services. If I fail to meet these standards and something goes wrong, I take this very seriously. I and the wider organisation are committed to learning from each incident and making changes to ensure that something similar could not happen again.

As a result of my review I consider the following items to be significant issues and therefore warrant further disclosure:

Despite a number of improvements made the Trust remains in Quality Special Measures following the CQC inspection of September 2015 which rated the Trust as inadequate. The Trust is currently awaiting its re-inspection visit from the CQC.

In 2015/2016 the external auditors gave us a qualified Value for Money Conclusion based on the overall Inadequate CQC rating and the fact that despite delivering the planned financial deficit in 2015/2016 the Trust had yet to address the underlying deficit in its budgets. For 2016/2017 the external auditors have again issued a qualified Value for Money Conclusion based on the following:

- The CQC re-inspection has not yet taken place and the Trust remains in quality special measures.
- Failure to meet national performance targets including accident and emergency and 18 weeks referral to treatment incomplete.
- The financial outturn of £21,392m deficit against a planned deficit of £6.2m.
- Failure to deliver the Cost Improvement Programme largely as a result of over expenditure on temporary workforce.
- Data issues resulting in the Trust not reporting on referral to treatment times for the first half of the year.
- Aspects of Venous Thromboembolism (VTE) remaining unresolved.
- No evidence of substantive improvement relating to workforce indicated by the national staff survey results for 2016 and expenditure on temporary workforce.

The National Staff Survey results for 2016, published on 7 March 2017 were disappointing and indicate that despite the work undertaken in year to develop a clinically led model and to improve staff engagement there is considerably more work to do to make improvements in this area. The People and Organisational Development Committee has reviewed the findings and an approach and plans have been identified and reported to the Trust Board which aim to address the issues in a dual approach alongside those required to improve the National Inpatient Survey results.

The National Inpatient results for 2016 due for publication in June 2017 were also disappointing and showed that there remains significant room for improving inpatient experience in the following areas:

- Waiting
- Care and treatment (including privacy and involvement)
- Communications and provision of information/explanations
- Confidence in doctors, nurses and decisions about care
- Discharge planning and information

The actions taken previously within the Trust, whilst showing signs of improvement in some areas, have not yet been sufficient to shift our overall position when compared to the best performing Trusts. It is the Trust's ambition to be amongst the best performing Trusts in the country for patient experience and therefore both continued effort to maintain good practice and alternative approaches are required to drive a shift in how patients experience care at the Trust. An inpatient experience action plan for 2017/18 has been developed that outlines actions to improve the inpatient experience over the following years.

Discharge of Statutory Functions

I can confirm that the Trust is clear about the legislative requirements associated with each of the statutory functions for which it is responsible, including any restrictions on delegation of those functions.

Responsibility for each duty and power has been clearly allocated to a lead director. I confirm that the Trust has the necessary capability and capacity to undertake all of the Trust's statutory duties.



Richard Kirby.

Accountable Officer.

Date: 1/6/17

Remuneration and Staff Report

Remuneration Policy

The Trust's approach to Remuneration Policy for Directors is one of median salaries for Trusts of a similar size and scope in order that directors' pay remains both competitive and value for money.

The Trust has a Nominations and Remuneration Committee that agrees the remuneration packages for executive directors. Further information about the committee can be found in the Corporate Governance Report section of this Annual Report.

Fair Pay Disclosure

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

In 2016/17, no employees received remuneration in excess of the highest-paid Director (there were 0 in 2015/16).

Remuneration ranged from £15,251 to £198,000 (2015-16 - £15,100 to £199,463).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The Nominations and Remuneration Committee agrees remuneration packages for Executive Directors. The notice period and termination payments are defined within the NHS Agenda for Change payment model as for all employees. No performance bonus payments were made to directors during the financial year.

The information contained within summary financial statements has been subject to external audit scrutiny. In addition, the directors' remuneration tables have been audited for compliance with Statutory Instrument 2008 No 410.

Pay Multiples – Audited

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.

The banded remuneration of the highest paid director in Walsall Healthcare NHS Trust in the financial year 2016-17 was £198,000 (2015-16, £199,000). This was 8.2 times (2015-16, 8.6) the median remuneration of the workforce, which was £24,000 (2015-16, £23,000). In 2016-17 no employees received remuneration in excess of the highest-paid director.

Name and Title	2016-17							2015-16						
	Salary (bands of £50000) £000	Other Remuneration (bands of £50000) £000	Performance Pay and Bonuses (bands of £50000) £000	Long Term Performance Pay and Bonuses (taxable to the nearest £100)	Expense Payments (bands of £25000) £000	All Pension Related Benefits (bands of £50000) £000	TOTAL (bands of £50000)	Salary (bands of £50000) £000	Other Remuneration (bands of £50000) £000	Performance Pay and Bonuses (bands of £50000) £000	Long Term Performance Pay and Bonuses (bands of £50000) £000	Expense Payments (taxable to the nearest £100)	All Pension Related Benefits (bands of £25000) £000	TOTAL (bands of £50000) £000
Ms D. OUMI, Chair (from 8 April 2016)	30-35						30-35							
Mr B.L.E. REID, (Chairman from 1 Jul 04)														20-25
Mr R. KIRBY, Chief Executive (from 9 May 2011)	150-155					37.5-40	190-195	150-155					37.5-40	185-190
Mr R. CADICOTT, Director of Finance & Performance (from 1 July 2015)	110-115						110-115	80-85					0	110-115
Mr L. BAINES, Director of Finance (left 16 May 2015)								15-20					0	15-20
Mr P. THOMAS-HANDS, Chief Operating Officer (from 10 December 2016)	55-50					50-52.5	110-115							
Mr S. VAUGHAN, Interim Chief Operating Officer (left 30 September 2016)	150-155						150-155	80-85					45-47.5	130-135
Mr R. CATTELL, Chief Operating Officer (left 10 January 2016)								85-90						
Mr A. KUHAN, Medical Director (from 1 October 2010)	80-85	80-85	25-30				195-200	80-85	80-85	25-30			0	195-200
Ms K. HALFORD, Nurse Director (left 3 January 2016)								75-80					70-72.5	150-155
Ms R. OVERFIELD, Director of Nursing (from 1 June 2016) previously Interim Nurse Director from 1 November 2015.	95-100						95-100	15-20						15-20
Mr D. FRADGLEY, Director of Transformation and Strategy (1 February 2015)	95-100						95-100	90-95					0	90-95
Mr M. SINCLAIR, Director of Organisational Development & Human Resources (7 Sept 2015)	105-110						105-110	60-65					0	60-65
Mr D. CLIFF, Director of Corporate Affairs and Trust Secretary (left 21 June 2015)								20-25					5.75	25-30
Dr J. SHAPIRO, Non-Executive Director (from 23 October 2013)	5-10						5-10	5-10						5-10
Mr J. DUNN, Non-Executive Director (from 1 February 2015)	5-10						5-10	5-10						5-10
Mr J. SILVERWOOD, Non-Executive Director (from 1 February 2015)	5-10						5-10	5-10						5-10
Mr V. HARRIS, Non-Executive Director (from 1 April 2015)	5-10						5-10	5-10						5-10
Mr R. BEALE, Non-Executive Director (from 1 June 2016)	5-10						5-10	5-10						5-10
Mr D. CARRINGTON, Association Non-Executive Director (from 1 July 2016)	0-5						0-5							
Mr P. GAYLE, Associate Non-Executive Director (from 1 August 2016)	0-5						0-5							
Mr S. HEER, Non-Executive Director (from 15 September 2016)	0-5						0-5							
Mr A. BURNS, Non-Executive Director (left 30 June 2016)	0-5						0-5	5-10						5-10
Mr F. SUMMERS, Non-Executive Director (left 29 February 2016)								5-10						5-10

**Other Remuneration - This is the salary payment as a Medical Consultant.

The bonus payment for Mr A. Khan is in respect of a National Clinical Excellence Award.

Mr S. VAUGHAN, Interim Chief Operating Officer (from 10 January 2016) his salary represents agency costs.

Ms R. OVERFIELD, Interim Nurse Director (from 1 November 2015) her salary represents a recharge from the NHS Trust Development Authority (NTDS).

The Trust did not agree any exit packages in 2016/17 for Executive Directors.

Name and Title	Real Increase in pension at pension age (Bands of £2,500) £000	Real Increase in pension Lump sum at pension age (Bands of £2,500) £000	Total accrued pension at pension age at 31 March 2017 (Bands of £5,000) £000	Lump sum at pension age related to accrued pension at 31 Mar '17 £000	Cash Equivalent Transfer Value at 31 March 2017 £000	Cash Equivalent Transfer Value at 1 April 2016 £000	Real Increase in Cash in Equivalent Transfer Value £000	Employer's contribution to stakeholder pension £000
Mr R. KIRBY, Chief Executive (from 9 May 2011)	2.5-5	0-2.5	40-45	115-120	634	588	66	0
Mr P. THOMAS-HANDS, Chief Operating Officer (from 10 December 2016)	2.5-5	7.5-10	35-40	105-110	692	573	58	0
Mr R. CALDICOTT, Director of Finance & Performance (from 1 July 2015)	5-7.5	12.5-25	25-30	65-70	386	285	100	0
Mr A. KHAN, Medical Director (from 1 October 2010)	0	0	0	0	0	0	0	0
Miss R. OVERFIELD, Director of Nursing (from 1 June 2016)	0	0	0	0	0	0	0	0
Mr M. SINCLAIR, Director of Organisational Development & Human Resources (from 7 September 2016)	0-2.5	0	0-5	0	34	12	22	0
Mr D. FRADGLEY, Director of Transformation & Strategy (from 1 January 2016)	0	(5)-(7.5)	25-30	70-75	362	367	(5)	0

Pension Benefits

NOTES

The accounting policies set out how our pension liabilities are treated in the accounts.

The CETV for 2016/2017 is not quoted for the medical director as he has reached retirement age.

The Trust has made a contribution to a stakeholder pension (NEST) in relation to the Director of Nursing.

Compensation on Early Retirement or for Loss of Office

The Trust did not make any payments in relation to compensation on early retirement or for loss of office during 2016/17.

Payments to Past Directors

The Trust did not make any payments to past directors during 2016/17.

Staff Report

The following table provides a year-end position of the number of senior managers by band:

Substantive senior civil service staff (or senior managers) by band	Headcount	FTE
Band 8 - Range B	33	31.50
Band 8 - Range C	15	13.73
Band 8 - Range D	4	4.00
Band 9	2	0.89
Senior Manager Grade (Director etc.)	9	9.00
Consultant (Medical & Dental)	166	157.13
	229	216.25

The average number of staff employed during 2016/2017 is set out below:

16/17 Average SIP	FTE	Headcount
Additional Clinical Services	702.29	840
Additional Professional Scientific and Technical	103.54	134
Administrative and Clerical	833.74	1017
Allied Health Professionals	207.62	258
Estates and Ancillary	269.88	413
Healthcare Scientists	90.57	109
Medical and Dental	374.57	401
Nursing and Midwifery Registered	1142.74	1321
Students	34.40	43

Staff composition:

The following table provides a year-end position in relation to the composition of the Trust's employees:

	Female		Male	
All Substantive Colleagues	3707	82%	829	18%
Of which are:				
Directors	4	25%	12	75%
Senior civil servants	79	34%	150	66%

Sickness Absence Data:

The following table provides a comparison of sickness absence to the previous year:

Staff Sickness Absence	2016/17	2015/16
Total Days Absent	39,391	41,301
Total Average Staff	3,796	3,760
Average working Days absent	10	11

The staff sickness absence figures included within the table above reflect the numbers of days absent based upon the typical number of working days per year (225 days) by each individual working the full-time standard working hours (FTE). The total days absent is divided by the total average number of individuals (FTE) working within the Trust during the year to produce the average working days absent which slightly improved for 2016/17 by one day.

Sickness levels have decreased during the past 12 months (2016-17) to 4.59% which is a decrease year on year of 0.45%.

The largest cause of sickness during 2016/17 was stress/anxiety and MSK related illness.

The Trust continues to work towards a monthly target of 3.39% and during 2017/18 is aiming for a further reduction on the year end %.

During the past 12 months the Trust has:

- Invested in a dedicated Sickness Champion role, based in the Human Resources department, which is a central co-ordination point of all sickness data, Occupational Health Link and Health and Wellbeing initiatives providing support and facilitates enhanced sickness management to help maintain colleagues' attendance at work.
- The Occupational Health Service has been reviewed, delivering a stabilised function to further support colleagues in achieving the earliest possible return to work.
- A new Attendance Policy came into effect in February 2017 which has simplified the management process and which is focused around supportive interventions.
- As part of the Health and Wellbeing work the Trust has invested in services that support colleagues, via the newly established Health and Wellbeing Hub, as well MSK services and mental health support.

Staff Policies

The Trust has a range of HR policies that support staff and which are widely available on the Intranet.

In respect of disability, the Trust's Recruitment and Selection Policy and Guidelines sets out its commitment to ensuring that all staff, including those who are disabled, are treated fairly and equitably in relation to the appointment processes. The Trust maintains 'Two-Ticks' accreditation, guaranteeing an interview for disabled applicants who meet the person specification and to ensure reasonable adjustments are made.

The Trust has an Equality and Diversity Steering group, which amongst others ensures that disabled persons have equal access to development and support.

The Attendance Policy and Occupational Health Service ensure that staff who become disabled are given appropriate training, support and redeployment opportunities. The Trust monitors its employment and policies to ensure actions are taken to avoid unlawful discrimination whether direct or indirect.

The Trust has signed up to the Dying Matters pledge as promoted by Unison.

The full range of Human Resources Policies is available to all Trust employees via the Trust's Intranet.

Consultancy Costs

The Trust paid £1.4m on consultancy costs during 2016/2017.

Off Payroll Arrangements

For all off payroll engagements as of 31.3.17, for more than £220 per day lasting longer than 6 months

	Number
Number of existing engagements as of 31.3.2017	6
Of which, the number that have existed:	
less than 1 year at the time of time of reporting	2
for between 1 and 2 years at the time of reporting	1
for between 2 and 3 years at the time of reporting	0
for between 3 and 4 years at the time of reporting	0
for 4 or more years at the time of reporting *	3

*Clinical appointments are made according to clinical need and owing to limited availability in the permanent employment market temporary solutions are used.

Assurance was received for all existing engagements regarding the payment of income tax and National Insurance in 2016/17.

For all new off payroll engagements between 1.4.16 and 31.3.17, for more than £220 per day lasting longer than 6 months

	Number
Number of new engagements between 1.4.16 and 31.3.17	2
Number which include contractual clauses giving Walsall Healthcare NHS Trust the right to request assurance in relation to income tax and National Insurance obligations	2
Number for whom assurance has been requested	2
Of which:	
assurance has been received	1
assurance has not been received	1
engagements terminated as a result of assurance not being received, or ended before assurance received	1
Number of off payroll engagements of 'Board members, and/or senior officers with significant financial responsibility' during the year	0
Number of individuals that have been deemed 'Board members and/or senior officers' with significant financial responsibility during the year. This figure includes both off payroll and on payroll engagements	6

Exit Packages

Exit package cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages	Total cost of exit packages	Number of departures where special payments have been made	Cost of special payment element included in exit packages
	WHOLE NUMBERS ONLY	£'s	WHOLE NUMBERS ONLY	£'s	WHOLE NUMBERS ONLY	£'s	WHOLE NUMBERS ONLY	£'s
Less than £10,000	1	9,594			1	9,594		
£10,000 - £25,000	1	12,664			1	12,664		
£25,001 - £50,000	2	65,579	1	43,038	3	108,617		
£50,001 - £100,000			1	70,538	1	70,538		
£100,001 - £150,000								
£150,001 - £200,000								
>£200,000								
Totals	4	87,837	2	113,576	6	201,413		

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Pensions Scheme.

Exit costs in this note are accounted for in full in the year of departure. Where the Walsall Healthcare NHS Trust has agreed early retirements, the additional costs are met by the Walsall Healthcare NHS Trust and not by the NHS Pensions Scheme. Ill-health retirement costs are met by the NHS Pensions Scheme and are not included in the table.

A Mutually Agreed Resignation (MARS) Scheme is a scheme whereby organisations may offer a severance payment to an employee to leave their employment voluntarily. The scheme has been developed to assist employers in addressing some of the financial challenges facing the NHS and its key purpose is to create job vacancies for colleagues facing redundancy. The scheme is time limited and has HM Treasury approval.

This disclosure reports the number and value of exit packages agreed in the year. Note: the expense associated with these departures may have been recognised in part or in full in a previous period.

Analysis of Other Departures

Total value of	Agreements Number	Agreements £000s
Voluntary redundancies including early retirement contractual costs	-	-
Mutually agreed resignations (MARS) contractual costs	2	114
Early retirements in the efficiency of the service contractual costs	-	-
Contractual payments in lieu of notice*	-	-
Exit payments following Employment Tribunals or court orders	-	-
Non-contractual payments requiring HMT approval**	-	-
	2	114

As a single exit package can be made up of several components each of which will be counted separately in this Note, the total number above will not necessarily match the total numbers in table 1 which will be the number of individuals.

* Any non-contractual payments in lieu of notice are disclosed under "non-contractual payments requiring HMT approval" below.

**includes any non-contractual severance payment made following judicial mediation, and relating to non-contractual payments in lieu of notice.

The Trust did not pay any non-contractual payments to individuals where the payment value was more than 12 months' of their annual salary.

SECTION 3: FINANCIAL STATEMENTS AND NOTES

2016/17 Financial Position

The Trust has reported a deficit of £21.39m for the financial year and consequently the Trust has not achieved its financial plan for a £6.2m deficit in year. The retained deficit figure that is used to evaluate financial performance for the year is adjusted for impairments relating to the new build and renovation, and the change in accounting treatment for recording donated assets within exchequer accounts.

The Trust targeted savings of £10.50 million (4% of turnover). These savings were needed to meet the required national efficiency savings target and also for reinvestment into service developments. The Trust however experienced a very challenging year in terms of meeting quality and performance targets and was unable to deliver the required savings programme. The Trust also experienced significant vacancies within clinical roles that were filled utilising temporary workforce. The premiums associated with payment for agency staffing further impacted on the ability of the Trust to remain within planned levels of expenditure.

The overspend against the initial planned deficit of £6.2m totalled approximately £8.9m. The Trust then was not able to receive income from the centre of £6.3m which has resulted in deterioration from plan of £15.2m. The Trust has had loan support during the year from the Department of Health to settle creditor accounts within reasonable time frames, thereby ensuring continuity of services.

How is our financial performance assessed?

The Department of Health measures NHS Trust financial performance against the following four targets.

Definition of Target		Target Set	Actual	Target Met
Income and Expenditure Revised Break Even (Managing Services within the income received by the Trust)	£'000	(6,136)	(21,392)	NO
External Financing Limit (Managing Services within the "cash limit" agreed with the Department of Health)	£'000	24,731	22,656	YES
Capital Resource Limit (Managing Capital Expenditure within the Capital Resource Limits agreed with the Department of Health)	£'000	4,777	4,660	YES
Capital Cost Absorption Duty (return on assets employed). The Trust was not required to submit a dividend payment	%	3.5	0.0	YES

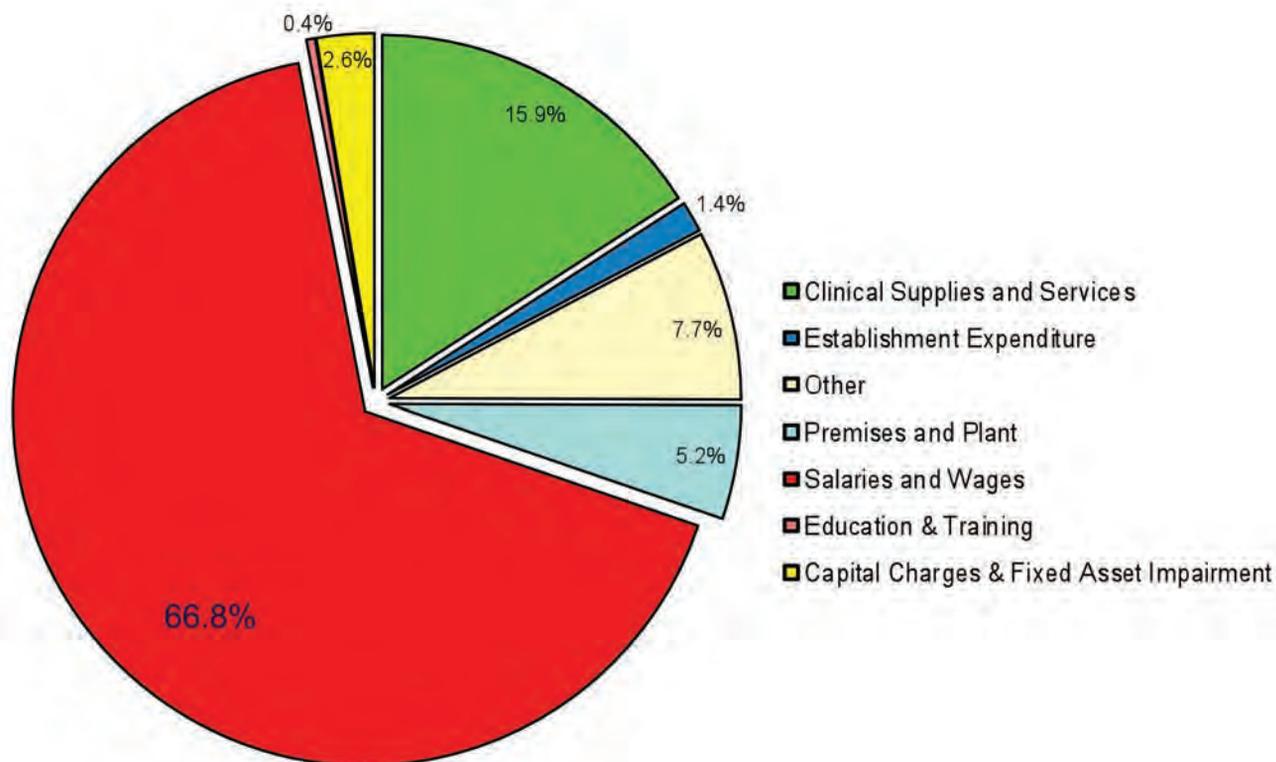
Where our money comes from

The majority of Trust income comes from the provision of patient care services (£223 million), the remainder of income comes from such things as Education, Training and Research, Income Generation (car parking, staff catering and accommodation) and the provision of non-patient related services to Walsall Commissioning Care Group.

What we spend our money on

The Trust spent £266million in the financial year 2016/17. The largest component of this expenditure was salaries and wages where we spent £172million, with the average number of staff employed being 4,194 whole time equivalents. The Trust spent a further £37.3million on clinical supplies and services such as drugs and consumables used in providing healthcare to patients.

The chart below shows a breakdown of the main categories of expenditure for 2016/17.



Capital Investment

The total capital expenditure in 2016/17 totalled £4.7million. The main areas of investment were:

	£'m
Reconfiguration, lifecycle and refurbishment works	2.8
Computer replacement and information systems	0.7
Medical, theatre and pharmacy equipment	1.0
Other	0.2
Total	4.7

Income and expenditure account for the year ended 31 March 2017

	2016/17 £'000	2015/16 £'000
Revenue from patient care activities	223,025	224,590
Other operating revenue	21,717	18,935
Operating expenses	(258,015)	(249,069)
*PFI Impairment	(12,833)	-
OPERATING SURPLUS	(26,106)	(5,544)
Profit/(Loss) on disposal of asset	6	-
SURPLUS BEFORE INTEREST	(26,100)	(5,544)
Interest receivable	21	28
Other Gains and (Losses)	-	-
Finance Costs	(8,050)	(5,186)
SURPLUS FOR THE FINANCIAL YEAR	(34,129)	(10,702)
Public Dividend Capital Dividend Payable	-	-
RETAINED SURPLUS/(DEFICIT) FOR THE YEAR	(34,129)	(10,702)
*Impairments (excluding IFRIC 12 impairments)	12,833	912
Adjustments in respect of donated asset reserve elimination	(96)	-
Adjusted retained surplus/(deficit)	(21,392)	(9,790)

Balance Sheet at 31 March 2017

	31 March 2017 £'000	31 March 2016 £'000
Non-current assets		
Property, plant and equipment	133,168	147,852
Intangible assets	1,010	1,049
Trade and other receivables	1,119	571
	135,297	149,472
CURRENT ASSETS		
Stock and work in progress	2,107	2,357
Trade and other receivables	14,603	12,636
Cash and cash equivalents	1,705	3,365
	18,415	18,358
CURRENT LIABILITIES		
Trade and other payables	(29,457)	(30,438)
Borrowings	(3,489)	(3,304)
Provision for liabilities and charges	(420)	(423)
NET CURRENT ASSETS/(LIABILITIES)	(14,951)	(15,807)
TOTAL ASSETS LESS CURRENT LIABILITIES	120,346	133,665
NON-CURRENT LIABILITIES		
Trade and other payables	-	-
Borrowings	(127,857)	(131,347)
DH revenue support loan	(31,183)	(6,883)
PROVISIONS FOR LIABILITIES AND CHARGES	-	-
TOTAL ASSETS EMPLOYED	(38,694)	(4,565)
FINANCED BY:		
Public dividend capital	56,318	56,318
Revaluation reserve	12,752	12,859
Retained earnings	(107,764)	(73,742)
TOTAL CAPITAL AND RESERVES	(38,694)	(4,565)

Cash flow statement for the year ended 31 March 2017

	2016/17 £'000	2015/16 £'000
OPERATING ACTIVITIES		
Net cash inflow from operating activities	(18,564)	4,915
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	22	29
Net cash inflow from returns on investments and servicing of finance	(18,542)	4,944
CAPITAL EXPENDITURE		
(Payments) to acquire tangible fixed assets	(3,738)	(3,574)
(Payments) to acquire intangible fixed assets	(376)	(76)
Receipts from sale of tangible fixed assets	-	-
Net cash (outflow) from capital expenditure	(4,114)	(3,650)
DIVIDENDS PAID	-	-
Net cash inflow before management of liquid resources and financing	(22,656)	1,294
MANAGEMENT OF LIQUID RESOURCES		
(Purchase) of current asset investments	-	-
Sale of current asset investments	-	-
Net cash inflow from management of liquid resources	-	-
Net cash inflow before financing	(22,656)	1,294
FINANCING		
Public dividend capital received	-	34
Public dividend capital repaid	-	(2,400)
Other loans received	25,457	19,366
Other loans repaid	(1,157)	(12,483)
Capital element of finance leases and PFI	(3,304)	(3,147)
Capital grants and other capital receipts	-	-
Net cash inflow from financing	20,996	1,370
Increase (reduction) in cash	(1,660)	2,664
Opening cash holding	3,365	701
Closing cash holding	1,705	3,365

Better Payment Practice Code

The Trust is a member of the 'Better Payment Practice Code' in dealing with our suppliers. The code sets out the following principles:

- Agree payment terms at the outset of a deal and stick to them pay bills in accordance with any contract agreed with the supplier or as agreed by law i.e. the code requires the Trust to pay all valid invoices by the due date or within 30 days of receipt.
- Tell suppliers without delay when an invoice is contested and settle disputes quickly.

During 2016/17 the percentage of bills paid within target was:

- number of bills: 18%
- value of bills: 15%

	2016/17 Number	2015/16 Number
Better payment practice code-measure of compliance		
Total Non-NHS trade invoices paid in the year	64,641	50,095
Total Non-NHS trade invoices paid within the target	9,885	29,842
Percentage of Non-NHS trade invoices paid within the target	15.3%	59.6%
Total NHS trade invoices paid in the year	1,428	1,135
Total NHS trade invoices paid within the target	254	617
Percentage of NHS trade invoices paid within the target	17.8%	54.4%

	2016/17 Value £000's	2015/16 Value £000's
Better payment practice code-measure of compliance		
Total Non-NHS trade invoices paid in the year	113,318	79,553
Total Non-NHS trade invoices paid within the target	59,065	55,017
Percentage of Non-NHS trade invoices paid within the target	52.1%	69.2%
Total NHS trade invoices paid in the year	10,787	11,135
Total NHS trade invoices paid within the target	1,574	6,360
Percentage of NHS trade invoices paid within the target	14.6%	57.1%

Russell Caldicott
Director of Finance

These financial statements are summaries of the information contained in the Annual Accounts of the Walsall Healthcare NHS Trust. The Trust's auditors have issued an unqualified report on the Annual Accounts.

The full financial statements are available as a separate document on the Trust's website www.walsallhealthcare.nhs.uk or on request from:

Mr Trevor Baker
Chief Financial Accountant
Finance Department, Walsall Healthcare NHS Trust,
The Manor Hospital, Moat Road, Walsall WS2 9PS.

The Trust's policy for managing risk is set out in the Annual Governance Statement.

The Trust's external auditors are Ernst & Young LLP. The fee for the statutory audit for 2016/17 was £81,000 (including VAT) with an additional £15,600 for audit related services (the review of the Trust's Quality Account).

Statement of Directors' Responsibilities in respect of the Accounts

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

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

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

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

By order of the Board

1/6/17 Date  Chief Executive

1/6/17 Date  Finance Director

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF WALSALL HEALTHCARE NHS TRUST

We have audited the financial statements of Walsall Healthcare NHS Trust for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014. The financial statements comprise of the Trust's Statement of Comprehensive Income, the Trust Statement of Financial Position, the Trust Statement of Changes in Taxpayers' Equity, the Trust Statement of Cash Flows and the related notes 1 to 45. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2016-17 Government Financial Reporting Manual (the 2016-17 FReM) as contained in the Department of Health Group Accounting Manual 2016-17 and the Accounts Direction issued by the Secretary of State with the approval of HM Treasury as relevant to the National Health Service in England (the Accounts Direction).

We have also audited the information in the Remuneration and Staff Report that is subject to audit, being:

- The table of salaries and allowances of senior managers on page 56.
- The table of pension benefits of senior managers on page 57.
- Disclosure of payments for loss of office on page 58.
- Disclosure of payments to past senior managers on page 58.
- The tables of exit packages on page 61.
- The analysis of staff numbers and costs on page 58.
- The narrative of pay multiples on page 55.

This report is made solely to the Board of Directors of Walsall Healthcare NHS Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Directors of the Trust those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors, the Accountable Officer and auditor

As explained more fully in the Statement of Directors' Responsibilities in respect of the Accounts, set out on page 89, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

As explained in the statement of the Chief Executive's responsibilities, as the Accountable Officer of the Trust, the Accountable Officer is responsible for the arrangements to secure economy, efficiency and effectiveness in the use of the Trust's resources.

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- Whether the accounting policies are appropriate to the Trust circumstances and have been consistently applied and adequately disclosed.
- The reasonableness of significant accounting estimates made by the directors.
- The overall presentation of the financial statements.

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2016, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

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

Opinion on the financial statements

In our opinion the financial statements:

- Give a true and fair view of the financial position of Walsall Healthcare NHS Trust as at 31 March 2017 and of its expenditure and income for the year then ended.
- Have been prepared properly in accordance with the National Health Service Act 2006 and the Accounts Directions issued thereunder.

Emphasis of matters

In forming our opinion, which is not modified, we have also considered the adequacy of the disclosures made in Note 1 to the financial statements concerning the Trust's ability to continue as a going concern. The conditions described in Note 1 indicate the existence of a material uncertainty which may cast significant doubt about the Trust's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Trust was unable to continue as a going concern.

Opinion on other matters

In our opinion:

- The parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with the Accounts Direction made under the National Health Service Act 2006.
- The other information published together with the audited financial statements in the annual report and accounts is consistent with the financial statements.

Matters on which we are required to report by exception

We are required to report to you if:

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

We have nothing to report in these respects.

In respect of the following we have a matters to report by exception:

- *Referral to the Secretary of State*

We report to you if we refer a matter to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.

On 22 May 2017 we referred a matter to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014 in relation to the Trust's continued deficit position.

- *Proper arrangements to secure economy, efficiency and effectiveness*

We report to you if we are not satisfied that the trust has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Basis for qualified (adverse) conclusion on reporting by exception

- *Work of regulators*

The Care Quality Commission (CQC) inspected the Trust in January 2016, and issued the Trust with an overall rating of inadequate. Action plans were put in place, but these are yet to demonstrate sustained improvements in performance to meet targets.

The Trust has not yet been subject to re-inspection by CQC.

- *Financial resilience*

The Trust's outturn position for 2016/17 was a £21.4million deficit, which is a significant deterioration compared to the 2016/17 planned deficit of £6.2million.

The deterioration in the Trust's financial outturn was due to failure to maintain effective controls over temporary staffing and failure to deliver its Cost Improvement Programme for the year.

- *Data quality*

The Trust failed to report its performance for 18 week Referral to Treatment, a national priority performance indicator for the period April 2016 to November 2016 due to unreliable data quality. The Trust has also failed to correct known data quality issues in Venous Thromboembolism (VTE) Risk Assessment.

- *Workforce*

The results of the 2016 National NHS Staff Survey show continuing poor performance for staff engagement with 27 out of 32 measures below average.

The Trust's response plan to the CQC inspection included actions to improve workforce and staffing, however these actions have not yet demonstrated a sustained improvement in staff engagement or confidence in the quality of services provided by the Trust.

- *Impact*

These issues are evidence of weaknesses in proper arrangements for:

- Acting in the public interest, through demonstrating and applying the principles and values of sound governance.
- Understanding and using appropriate and reliable financial and performance information (including, where relevant, information from regulatory/monitoring bodies) to support informed decision making and performance management.
- Managing risks effectively and maintaining a sound system of internal control.
- Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.
- Planning, organising and developing the workforce effectively to deliver strategic priorities.
- Working with third parties effectively to deliver strategic priorities.
- Procuring supplies and services effectively to support the delivery of strategic priorities.

Qualified (Adverse) conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2016, we are not satisfied that, in all significant respects, Walsall Healthcare NHS Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

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

Stephen Clark

for and on behalf of Ernst & Young LLP
Birmingham

1 June 2017

The maintenance and integrity of Walsall Healthcare NHS Trust's web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Annual Report 2016/17

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