



Annual Report  
2014/15

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## Foreword from the Chair and Chief Executive

It gives us great pleasure to present the Trust's Annual Report for 2014/15. The report also includes the Quality Account, which gives a review of the Trust performance and achievements throughout the year and provides evidence of the safe and effective high quality care delivered, resulting in predominantly positive and predicted patient experiences and outcomes.

Once again the Trust has had a busy and challenging 12 months. Further increased demand for services has brought inevitable pressures, a picture that has been widely replicated throughout the NHS as a whole.

Despite this, the Trust is proud of the high standards of care provided to patients. The Trust set itself 65 key objectives for the year and met 94% of these either fully or significantly which was a commendable performance.

The Strategic Report section of this document highlights many excellent achievements, and examples of performances that we were particularly proud of include:

- A year after the launch of the Friends and Family Test, results showed that patients rated the Trust consistently amongst the highest in the country for care and treatment
- An independent assessment by the Health Service Journal (HSJ) supported by NHS Employers classed the Trust as one of the top places to work

- The Trust was named the highest performing Trust in the North West, for providing the best care and support to cancer patients

- The Trust was ranked as the best NHS Trust in England in the Patient-Led Assessments of the Care Environment (PLACE) programme

- During the year staff working in clinical and service departments won a number of awards acknowledging the high standards across the organisation.

We would like to formally record our gratitude for the hard work and dedication of our staff, who strive to ensure the best possible care for our patients, supported by the invaluable input of our volunteers and carer groups whose time and assistance is freely given and gratefully received.

*Richard Fraser*

Richard Fraser  
Chairman

*Ann Marr*

Ann Marr  
Chief Executive

# 1 Strategic Report

The Strategic Report is prepared in accordance with sections 414A, 414C and 414D of the Companies Act 2006, as interpreted in the Financial Reporting Manual (FRM)

## Environmental Matters

The Trust is committed to taking all reasonable steps to minimise its adverse impact on the environment, and to be able to demonstrate progress on climate change adaptation, mitigation and sustainable development, including carbon reduction.

A standard report, in the format required by the Sustainable Development Unit of the NHS is attached as Appendix 1 to this Strategic Report.

In summary, this demonstrates that energy consumption has reduced, which is partly due to proactive initiatives undertaken by the Trust, and partly due to the less severe winter experienced during 2014/15.

Waste and water usage have increased slightly, which can be substantially accounted for by the increase in activity within the Trust, and, in the case of water, from additional flushing to ensure the suitable quality of water within the Trust buildings.

The Trust has developed a Board approved Sustainable Development Management Plan which sets out:

- The organisation's vision for sustainability
- An action plan for delivering the organisation's sustainability objectives
- The metrics that will be used to monitor and review progress
- The governance and accountability arrangements to ensure that the plan is delivered and benefits are realised



## Employees

The Trust's Human Resources & Workforce Strategy supports the Trust's vision by having objectives to develop a management culture and style that:

- Empowers staff, builds teams and recognises and nurtures talent through learning and development
- Is open and honest with staff and provides support throughout organisational change and invests in staff Health and Wellbeing
- Promotes standards of behaviour that encourage a culture of caring, kindness and mutual respect

At the end of 2014 /15 the Trust directly employed over four thousand staff across the pay grades outlined in the following table:

Breakdown of workforce by gender	Total	Female		Male	
		No	%	No	%
Directors	15	4	27%	11	73%
Other Senior Managers	56	30	54%	26	46%
All other staff	4,926	3,941	80%	985	20%
<b>Total</b>	<b>4,997</b>	<b>3,975</b>	<b>80%</b>	<b>1,022</b>	<b>20%</b>

The headcount by staff group was as detailed in the following table.

Profession	Headcount
Nursing & midwifery	1,550
HCA's	972
Medical & dental	396
Healthcare scientists & technical	338
Estates & ancillary	492
Allied health professionals	158
Admin & clerical	1,091
<b>Total</b>	<b>4,997</b>

This outturn represented an increase of 293.5 WTE from April 2014 primarily due to the transfer in October 2014 of Pathology staff from Southport and Ormskirk Hospital NHS Trust, and in November 2014, of Therapy staff from 5 Borough Partnership NHS Foundation Trust.

On the 31st March 2015, there were 104 staff on maternity leave; 39 staff on internal secondment; 7 staff on career break and 6 suspended from duties.

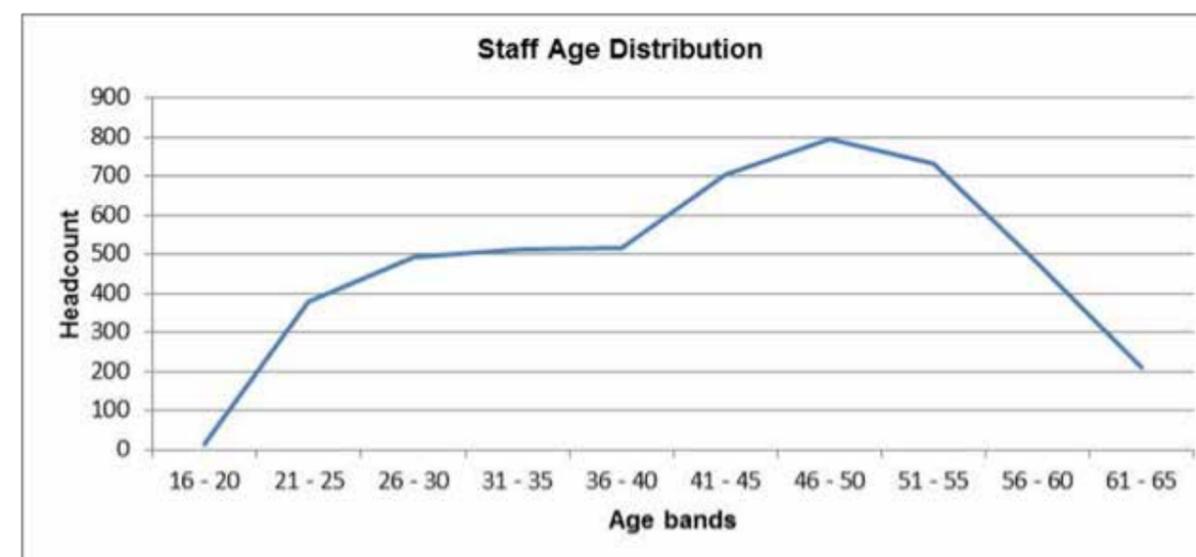


In common with many NHS Trusts, recruitment and retention of staff was extremely challenging during the year leading to the Trust reviewing its immediate and longer term workforce plans and staffing requirements, and developing a new Recruitment and Retention Strategy.

The average turnover rate in the Trust is circa 7.1% which benchmarks low against local acute Trusts. However, this high-level figure

masks variations between disciplines, and there are significant recruitment challenges within certain specialties and for specific roles, in particular for medical, nursing and scientific staff.

An additional factor is the age profile of Trust staff (as summarised on the following graph) which indicates that over a third of the staff will be eligible to retire in the next ten years.





## Social, Community and Human Rights Issues

The Trust is an equal opportunity employer and has control measures in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

Appropriate policies are maintained to ensure that the required standards are met:

- The Recruitment and Selection Policy is designed to inform management and staff within the Trust how to conduct employment in an objective, fair and effective manner.
- The Equality and Diversity Policy supports the management of the Trust's Workforce, and is designed to provide employment equality. This ensures that no applicant or employee will receive less favourable treatment on the grounds that they possess a "protected characteristic" as defined by the Equality Act, or any other individual characteristic, for example, social class or carer status.

## Business Information

### Background

The Trust provides the full range of acute healthcare services at two sites: Whiston Hospital and St Helens Hospital, both of which are modern, high quality facilities.

The Trust's income in 2014/15 was £301.7 million.

The Trust is the lead employer for the Mersey Deanery and responsible for 2,000 trainee specialty doctors, based in hospitals and GP practice placements throughout Merseyside and Cheshire.

The Trust has a good track record of providing high standards of care to a population of approximately 350,000 people across St Helens, Knowsley, Halton, Liverpool and further afield. In addition, the Mersey Regional Burns and Plastic Surgery Unit at Whiston Hospital provides treatment for patients across Merseyside, Cheshire, North Wales, the Isle of Man and other parts of the North West, serving a population of over 4 million people.

Clinical services are organised within three care groups – surgery, medicine and clinical support – working together to provide integrated care. A range of corporate support services, such as Human Resources (HR), Education and Training, Informatics, Research and Development, Finance, Governance, Facilities, Estates and Hotel Services all contribute to the efficient and effective running of the two hospitals.

## Trust catchment population and strategic developments

The local community is characterised by its industrial past, with the local population being generally less healthy than that of the rest of England, and a higher proportion of people suffering from a long-term illness.

Rates of obesity, smoking, cancer and heart disease, related to poor general health and nutrition, are significantly higher than the national average.

Many areas have high levels of deprivation. This has contributed to significant health inequalities among residents, who have greater need for health and social care services.

The local population is forecast to increase by 15,000 over the next seven years, and the number of over 65 year olds will grow by 13,000 in the same period.

There is an emerging consensus that current hospital services will not be able to accommodate the growth in demand, unless additional community and home based care services are developed to support people in alternative settings. Given the local demographics the whole system needs to become smarter, and simply diverting resources from one sector to another will not create services that are able to respond effectively and safely to the needs of local people.

The Trust is committed to continuing to deliver safe and high quality care and to working with stakeholders across the health economy to secure sustainable health care services for the population it serves.

The Trust is also committed to achieving "best practice" for governance and financial control, shaping the organisation to meet the challenges ahead and influencing the development of alternative service delivery models.

The individual organisations strategic development plans across the mid-Mersey Health and Social Care Economy are broadly aligned in that they aspire to reduce urgent care demand and provide more services outside of the hospital. The Trust is working with partners to develop long term transformation programmes to deliver this aspiration. One of the key areas for attention is consolidating and integrating services, in particular the care pathway for frail elderly patients.



## Our Aims and Objectives

### The Trust's vision is to provide "5 Star Patient Care"

The Trust's goal is to provide high quality health services and an excellent patient experience and to help achieve this, six strategic aspirations are in place

- We will provide services that meet the highest quality and performance standards
- We will be the hospitals of choice for patients
- We will work in partnership to improve health outcomes
- We will respond to local health needs
- We will attract and develop caring, highly skilled staff
- We will become a sustainable and efficient Foundation Trust

This goal is used to underpin the Trust's annual objectives which set out plans for improving safety, care, systems, communication and pathways of treatment, supported by robust operational and financial performance.

Each year, the Trust Board reviews the Trust's objectives taking into account the national and local healthcare landscape, and the Trust's own strategic and service development plans. This review encompasses the views of our major stakeholders reflecting their needs, interests and expectations, plus any consultations or feedback from local groups and patients.

The Trust objectives are widely publicised throughout the organisation, form the basis of the Trust's performance framework and are the corner-stone of objectives cascaded through care groups to teams and individuals. This process ensures that all staff can make the link between their individual role and the contribution they are making to the success of the organisation.

These objectives are captured each year in the "Star Chart" which can be seen on a great many noticeboards throughout the Trust, a sample of which is provided opposite.



In addition to the 5 star patient care objectives, there are four supporting objectives:

- Developing Organisational Culture and Supporting our Workforce
- Operational Performance
- Financial Performance, Efficiency and Productivity
- FT Transition plan

The Trust objectives for 2015/16 are available in full on the Trust's website, and are present in poster form throughout the Trust buildings. A summary is provided in the table below.

<b>5 STAR PATIENT CARE - Care</b> We will deliver care that is consistently high quality, well organised, meets best practice standards and provides the best possible experience of healthcare for our patients and their families
<ul style="list-style-type: none"> <li>• Enrich the patient experience by continued improvements in clinical care and timeliness of discharges and transfers</li> <li>• Continue to standardise high-quality clinical care across each day of the week</li> <li>• Ensure adequate nurse staffing levels are in place, and maximise the time nursing staff spend on clinical duties. Extend the ward accreditation programme and continue to improve clinical training and research to further develop skills, knowledge and competencies of staff</li> </ul>
<b>5 STAR PATIENT CARE - Safety</b> We will embed a learning culture that reduces harm, achieves good outcomes and enhances the patient experience
<ul style="list-style-type: none"> <li>• Increase harm-free care; prevent 'never events' and further reduce medication errors Implement the "sign-up for safety" key indicators to improve safety and clinical outcomes</li> <li>• Make further improvements with respect to avoidable hospital acquired infections, pressure ulcers, VTE screening, and the treatment of acute kidney injury and sepsis</li> <li>• Maintain in-hospital mortality below the north west average and continue to close the gap between outcomes for weekend and weekday admissions</li> </ul>
<b>5 STAR PATIENT CARE - Pathways</b> Embed clear pathways which reduce variations, whilst recognising the needs of patients for personalised planned care
<ul style="list-style-type: none"> <li>• Work with commissioners and other partner organisations to develop alternative services and pathways of care that will reduce AED attendances and emergency admissions</li> <li>• Work in collaboration with neighbouring health and social care partners to explore opportunities for joint working that will improve patient care, and simplify the patient journey</li> <li>• Use benchmarking data intelligence to reduce variation and improve outcomes</li> </ul>

<b>5 STAR PATIENT CARE - Communication</b> We will be open and inclusive with patients providing them with timely information about their care. We will be courteous in communications and actively seek the views of patients and carers
<ul style="list-style-type: none"> <li>• Continue to work with patient focus groups to enable a fuller understanding of the patients' and carers' views and experiences. Continue to improve response rates and outcomes from the Friends and Family Test</li> <li>• Reduce complaints related to staff attitude and behaviour, and improve the timeliness of responding to complaints</li> <li>• Continue to review and improve patient information both verbal and written</li> </ul>
<b>5 STAR PATIENT CARE - Systems</b> We will improve Trust systems and processes, drawing upon best practice to ensure they are efficient, patient-centred and reliable
<ul style="list-style-type: none"> <li>• Implement the next phase of IT systems including: a clinical portal, electronic prescribing, electronic medical early warning system and electronic staff rostering</li> <li>• Continue to achieve improvements in data quality</li> <li>• Improve systems for scheduling out-patient appointments</li> </ul>
<b>DEVELOPING ORGANISATIONAL CULTURE AND SUPPORTING OUR WORKFORCE</b> We will nurture a committed workforce who feel valued, supported and developed to care for our patients, and encourage an open management style that inspires staff to speak up
<ul style="list-style-type: none"> <li>• Identify innovative approaches to the recruitment and retention of staff to ensure the Trust remains an employer of choice. Attract, develop and retain high quality leaders</li> <li>• Continue to embed a safety culture, and empower staff to feel confident to raise concerns and understand how to access support</li> <li>• Continue to raise the profile of the Trust's ACE Behavioural Standards and maintain positive staff Friends and Family Test outcomes</li> </ul>
<b>OPERATIONAL PERFORMANCE</b> We will meet and where possible improve upon national and local performance standards which in turn will help deliver 5 star patient care
<ul style="list-style-type: none"> <li>• Achieve all clinically based performance indicators related to the quality of services provided; the timeliness of diagnosis and treatment, and the quantity of activity undertaken</li> <li>• Use benchmark data and the comparative indicators to improve performance standards</li> <li>• Monitor trends in performance, and take appropriate remedial action to improve outcomes and results</li> </ul>

**FINANCIAL PERFORMANCE, EFFICIENCY AND PRODUCTIVITY**

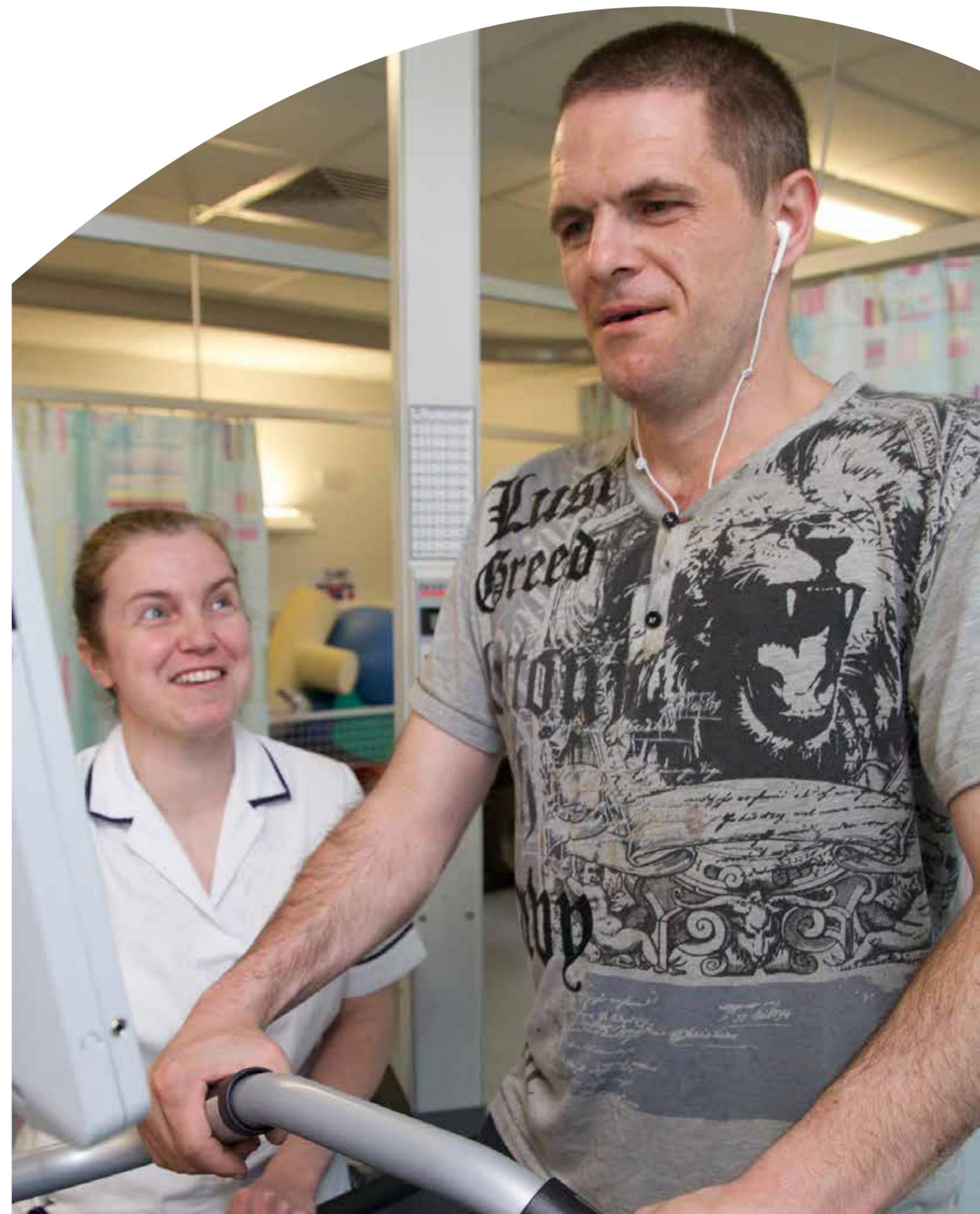
We will at all times demonstrate robust financial governance, delivering improved productivity and value for money

- Achieve all statutory financial duties
- Continue to refine the financial systems to improve service and patient level costing information to support decision making
- Deliver the cost and productivity improvement programme and establish a Project Management Office to work with operational managers on organisation sustainability. Utilise benchmarking data to identify efficiency improvements in areas such as theatre, outpatient and inpatient activity, and optimise space utilisation

**FT TRANSITION PLAN**

We will work closely with the relevant regulators, commissioners and local authority partners to achieve Foundation Trust (FT) status

- Progress the Trust's 5-year integrated business plan to demonstrate the organisation's readiness for FT status and long-term sustainability
- Develop working relationships with commissioners and other health economy partners to explore collaboration where benefits on a wider footprint can be achieved
- Continue to deliver the communication and engagement strategy to ensure that staff, patients and visitors are kept informed of the Trust's future organisational plans



## Performance

### Financial Performance

For the financial year 2014/15, the Trust received £301.7m of income with operational expenditure of £278.6m. At the start of the year, the Trust predicted a £3.8m deficit but delivered a slightly improved outcome of £2.9m deficit at the year end.

The Trust finished the year with a closing cash balance of £7.8m which was in line with the plan for the year, and achieved all of its statutory financial duties.

It is a requirement of all Trusts to secure better value and become more efficient each year, and in this regard the Trust delivered £15m of savings through its cost improvement programme. A robust Quality Impact Assessment (QIA) is undertaken for all proposed cost improvements to ensure the schemes do not impact on the quality of the care provided, outcomes or patient experiences. It is only following a successful outcome of this process that saving schemes are approved by the Medical and Nursing Directors.

The Trust has an effective financial governance framework in place, supported through independent external and internal scrutiny. In 2014/15, Mersey Internal Audit Agency (MIAA) provided the Trust Board with "significant assurance" that the systems for managing risk and internal control processes were operating effectively. Grant Thornton UK LLP provided independent external assurance that the Trust is properly accounting for public money; that it is efficient and effective in its use of resources; and that there is continual improvement in the delivery of health services.

### Income

£244m (85%) of the income received by the Trust came from patient-related activities. The largest contribution was from St Helens Clinical Commissioning Group (CCG) at £102.9m.

The remaining 15% of income related to:

- NHS North West Deanery for the education and training of junior doctors
- Services provided to other organisations
- Private Finance Initiative (PFI) support funding.

### Expenditure

One key financial objective of the Trust is to identify and reduce wastage, thereby freeing up resources for direct patient care.

The Trust's 2014/15 financial performance was greatly assisted by the successful delivery of its Cost Improvement Programme (CIP). The Trust's saving requirement was £15 million made up from the Government's expected rise in efficiencies and local funding pressures. The target was met through a combination of savings and increased productivity from higher levels of activity. Going forward the Trust will be looking to secure an increased percentage of cost improvements through partnership working with other health providers.

In 2014/15, the Trust's capital expenditure was £4.91 million, primarily for the provision of new and replacement equipment.

The Trust's remuneration figures and pension benefits are detailed in a separate section of this Annual Report.

### Financial Risk Rating

In 2013/14, the Trust Development Authority (TDA) adopted Monitor's new financial rating known as the Continuity of Services Risk Rating (CoSRR) which incorporates two common measures of financial sustainability:

- the liquidity ratio, which represents the days of operating costs held in cash or cash-equivalent forms by the Trust, and;
- the capital servicing capacity which represents the degree to which the Trust's income covers its financing commitments

The score for each of the above measures is converted into an overall rating ranging from 1 to 4, where 1 representing the highest level of financial risk. In 2014/15, the Trust scored as follows:

Measure	Rating
Liquidity Ratio	1
Capital Servicing Capacity	1
<b>Overall Rating</b>	<b>1</b>

This financial risk reflects the assets and liabilities of the Trust, with the costs of the two new hospitals funded through the private finance initiative (PFI) being the main factor in the overall risk rating. Going forward, the Trust's longer-term plans will need to focus on improving this rating by increasing financial surpluses through greater efficiency, and by creating larger cash balances.

### Economic outlook and operating environment

Due to advances in healthcare, more people are living longer but often with long-term health conditions and complex on-going health needs. The resultant growth in demand for healthcare services is well documented, along with the rising expectations of the population to be able to access the latest medical advances, and to live both longer and healthier lives.

Whilst the NHS budget has been largely protected from direct funding cuts, all sectors of health and social services have seen their resources stretched further, and given the overlap this inevitably creates challenges.

Going forward, the Trust is working with health economy partners to improve the integration of acute, primary, community and social care services, in order to be better placed to manage increasing demand.



## Clinical activity

Outturn clinical activity for 2014/15 compared to 2013/14 is detailed in the following table:

	2013/14	2014/15	Variation
Activity Type	(000's)	(000's)	%
Outpatient 1st attendances	116	127	10%
Outpatient Follow up attendances	274	288	5%
Outpatient procedures	74	91	24%
Elective Inpatients	8	8	-4%
Daycase	32	35	8%
Non-elective inpatients	57	60	5%
A&E attendances	98	101	3%

Performance against national targets in 2014/15 is covered in detail within the Quality Account, produced in conjunction with this Annual Report, however, the following table highlights some key indicators:

Summary of key national targets 2014/15	Target	Performance
Emergency Department waiting times within 4 hours	95.0%	94.2%
% of patients first seen within two weeks when referred from their GP with suspected cancer	93.0%	94.0%
% of patients receiving first treatment within 31 days from diagnosis of cancer	96.0%	96.8%
% of admitted patients treated within 18 weeks of referral	90.0%	95.9%
% of patients treated within 28 days following a cancelled operation	100.0%	100.0%
Number of Hospital Acquired MRSA bacteraemia incidences	0	2
Number of Hospital Acquired C. Difficile incidences	19	33
% of patients admitted with a stroke spending at least 90% of their stay on a stroke unit	80.0%	84.4%



## Clinical Strategies

### Nursing and Midwifery

The Trust's Nursing and Midwifery Strategy (2014/2018) was launched in February 2014. It outlines an ambitious plan for developing and sustaining a flexible, well-educated, confident, competent, caring and compassionate nursing and midwifery workforce.

The strategy will help the Trust to deliver its objectives. It also provides an assurance framework has enabled the Trust to demonstrate that the nursing and midwifery services are in an excellent position to respond to key national enquiries and recommendations in relation to standards of care such as the Francis Report, and to further embed the 6Cs.

Progress against targets within the Strategy is covered in detail within the Quality Account.



### Clinical and Quality Strategy

Progress has been made in improving the performance of the NHS in recent years, but there will always be more that can be achieved. The shortfalls in the quality of care described in the Francis Report prompted a radical rethink of the delivery, monitoring and regulation of care.

There is consensus within the local community that by working together, rather than in isolation, greater improvements in the health and wellbeing of local people are possible.

The Trust Board has in place a Clinical and Quality Strategy covering the period 2013/18, which was developed following consultation with a wide range of stakeholders. The aim of the Strategy is to present the Trust's clinical and quality priorities in line with the strategic priorities of the wider NHS and the health and social care community.

To monitor its progress in delivering the Strategy, the Trust has defined 24 Key Performance Indicators (KPIs), alongside the major drivers to the successful delivery of these. Examples of progress against targets within the Strategy are covered in detail within the Quality Account.

## Changes to the Local NHS Landscape

The new Royal Liverpool Hospital is now being constructed and has been planned with fewer beds to respond to the "out of hospital" policy direction and long term strategy for the future of health services in Liverpool. This will reduce the total system beds available across Merseyside and may provide market share opportunities for the Trust both during the construction phase of the project and beyond 2017/18 where additional capacity is required to respond to peaks in demand.

Alder Hey Children's Hospital is also being rebuilt with fewer beds and it is anticipated that non-specialist acute paediatric activity will be repatriated to secondary care or into community settings. This, therefore, represents an area where infrastructure changes may also create opportunities to increase market share.

Reduced spending allocations to Local Authorities means that there is pressure on social services budgets, which although partially being addressed by the creation of the Better Care Fund and plans for increased integrated working, will still result in pressures on existing social care services and facilities. There is a risk that the impact will be to increase reliance on hospital care particularly for the frail elderly, despite all the initiatives being developed to support people to remain healthy in their own homes for longer. However, this also provides an opportunity for reviewing pathways and creating innovative alternatives to hospital based care, step down, step up and intermediate care, with potential for hospital outreach into alternative settings.

The Trust's Burns and Plastic Surgery services have been designated as part of the local major trauma network and the reputation of these services is increasing, to the extent that the Trust is attracting more out of area referrals from different areas of the country. This is a trend that the Trust plans to further develop to increase the market share of these services.

### Commissioner objectives and intentions and impact on the Trust

The Trust has reviewed the commissioning intentions of its three largest CCG commissioners from the 2013/16 Integrated Commissioning Strategies and the Better Care Fund proposals published by each.

One of the challenges for the Trust is to respond to the slightly different priorities across its main commissioners, whilst at the same time looking to standardise and streamline its own processes to release efficiencies.

## Highlights of the Year

### Start of Year Conference

The Start of Year Conference, held for senior managers, clinical leaders, matrons and heads of departments took place in April. Ann Marr, Chief Executive, presented the review of the year 2013/14 to staff and a look ahead to the challenges for the coming year with the launch of the Corporate Objectives 2014/15.



Guest speaker Dr Ed Coats, Specialist Registrar, Royal United Hospital Bath NHS Trust, gave an inspirational talk about individual and collective responsibilities. Ed described how his experience as an adventurer, travelling to some of the most remote areas of the world, has taught him key lessons such as how to integrate into well-established teams, and how to withstand extreme pressure.

### Hospitals voted the best by patients

The Trust was ranked as the best NHS Trust in England in the national Patient-Led Assessments of the Care Environment (PLACE) programme.

The PLACE assessments inspect and score all acute and specialist organisations throughout England, with the involvement of patients, patient representatives and members of the public.

### Patient Power

In Spring 2014, a year since the launch of the national patient experience initiative 'Friends and Family Test', results showed that patients rated the Trust amongst the best, with scores consistently amongst the highest in the country for the number of patients that would recommend our hospitals for care and treatment.



## UNICEF award for Maternity Unit

The maternity and neonatal units at Whiston Hospital were awarded the prestigious Baby Friendly Initiative Award by UNICEF. Whiston Hospital was the first hospital in Merseyside to achieve this esteemed status.



## Whiston and St Helens amongst the best places to work in the NHS

An independent assessment by the Health Service Journal (HSJ) supported by NHS Employers has rated the Trust among the top places to work.

NHS organisations across the country were compared using a range of data including; leadership and planning; corporate culture and communications; role satisfaction; work environment; and training and development opportunities. The assessments also take information from employee engagements and staff satisfaction surveys.

## Statutory basis

The Trust was set up as an NHS Trust in December 1990 under Statutory Instrument 1990 number 2446 "The St Helens and Knowsley Hospital Services National Health Service Trust (Establishment) Order 1990" and became operational on 1st April 1991.

The accounts direction under which the Trust reports is stated in the foreword to the annual accounts and the accounts for 2014/15 have been prepared on a going concern basis as reviewed annually by the Board's Directors.

## Other issues of strategic significance

The Trust has continued to progress its commercial strategy and in October 2014 two significant agreements were implemented:

- A contract was signed for the delivery of Pathology services to Southport and Ormskirk NHS Hospital Trust. This 5 year contract with an annual value of £8m involved the transfer of 125 staff
- Therapy services provided at the two hospitals were brought into the Trust, transferring 138 staff from 5 Boroughs Partnership NHS Trust, replacing a contract with an annual value of £5m.



## Appendix 1 – Sustainability Report

### Introduction

Sustainability has become increasingly important as the impact of peoples’ lifestyles and business choices are changing the world in which we live. In order to fulfil our responsibilities for the role we play, St Helens and Knowsley Hospitals NHS Trust has the following sustainability mission statement located in our Sustainable Development Management Plan (SDMP):

*“Using the available financial, social and environmental resources, the Trust will strive to continually improve health and wellbeing in the community, deliver high quality care, and minimise the impact its services have on the environment. The Trust acknowledges and fully embraces its responsibility to lead change and secure a sustainable future for its hospitals, public health and the social care system.”*

As a part of the NHS, public health and social care system, it is our duty to contribute towards the level of ambition set in 2014 of reducing the carbon footprint by 34% (from a 1990 baseline) equivalent to a 28% reduction from a 2013 baseline by 2020. It is our aim to supercede this target by reducing our carbon emissions 10% by 2015 using 2007/08 as the baseline year.

This is extremely challenging, as a range of factors influence our use of resources including the size of our buildings, the number of staff we employ and the number of patients we treat, and all of these have increased since the baseline year. For example, the following table demonstrates how the Trust’s footprint and staff have changed over time.

Indicator	2007/08	2012/13	2013/14	2014/15
Floor Space (m <sup>2</sup> )	103,130	143,226	127,801	127,801
Number of staff	3,921	4,168	4,132	4,443

### Policies

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

Area	Is sustainability consered?
Travel	Yes
Procurement (environmental)	Yes
Procurement (social impact)	Yes
Suppliers’ impact	Yes

One of the ways in which an organisation can embed sustainability is through the use of an SDMP and work is ongoing through awareness campaigns to ensure that our plans for a sustainable future are well known within the organisation and clearly laid out.

The Good Corporate Citizenship (GCC) tool has been developed in order that organisations can measure their impact. The Trust completed a self-assessment in 2013, scoring 73% and plans are in place to repeat the exercise during 2015.

Climate change brings new challenges to our business both from the direct impact on the healthcare estate, but also from patient health. Examples from recent years include the effects of heat waves, extreme temperatures and prolonged periods of cold, floods, droughts etc. Our Board approved plans address the potential need to adapt the delivery of the organisation’s activities to reflect climate change and adverse weather events.

### Partnerships

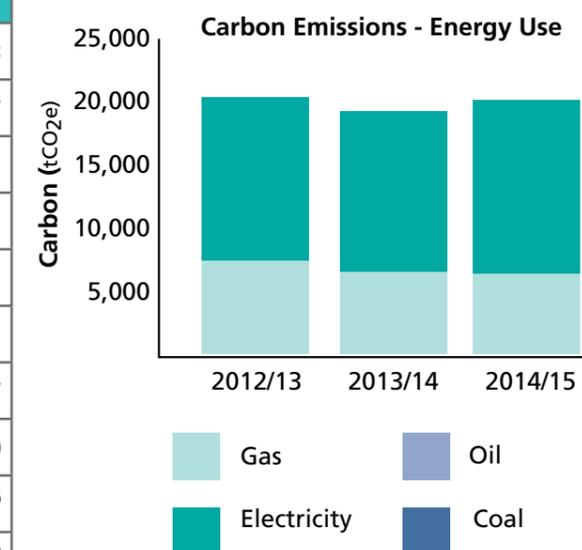
The NHS policy framework already sets the scene for commissioners and providers to operate in a sustainable manner, and these arrangements are captured through the contracting mechanisms.

Within the Trust, strategic partnerships are already established with a number of organisations including, New Hospitals, Vinci Facilities, Medirest, SRCL (our waste contractor), and Merseytravel.

### Energy

The Trust has spent £2,876,010 on energy in 2014/15, which is a 1.4% decrease on energy spending from the previous year.

Resource		2012/13	2013/14	2014/15
Gas	Use (kWh)	37,827,308	31,344,372	30,349,113
	tCO <sub>2</sub> e	7,730	6,649	6,367
Oil	Use (kWh)	0	0	0
	tCO <sub>2</sub> e	0	0	0
Coal	Use (kWh)	0	0	0
	tCO <sub>2</sub> e	0	0	0
Electricity	Use (kWh)	45,519,030	46,703,948	45,852,147
	tCO <sub>2</sub> e	12,991	13,075	14,199
Total Energy CO <sub>2</sub> e		20,721	19,724	20,566
Total Energy Spend		£2,836,491	£2,915,519	£2,876,010



Energy spend decreases are due to reduced consumption plus a slight decrease in Gas prices p/kwh. 100% of our electricity use comes from renewable sources. Consumption has reduced in part due to initiatives we have implemented and also due to milder winter temperatures.

The Trust has implemented a number of energy efficient schemes:

- LED lighting has been installed in the multi-story car park at Whiston Hospital
- Insulation has been added to heating components at St Helens Hospital, Whiston Hospital and Nightingale House
- Power Studio PC Management has been installed.

In addition, much work has been done to engage with building users to encourage energy saving behaviours, for example, a newsletter has been introduced that offers people tips on what they can do to save energy.

### Finite resource use - water

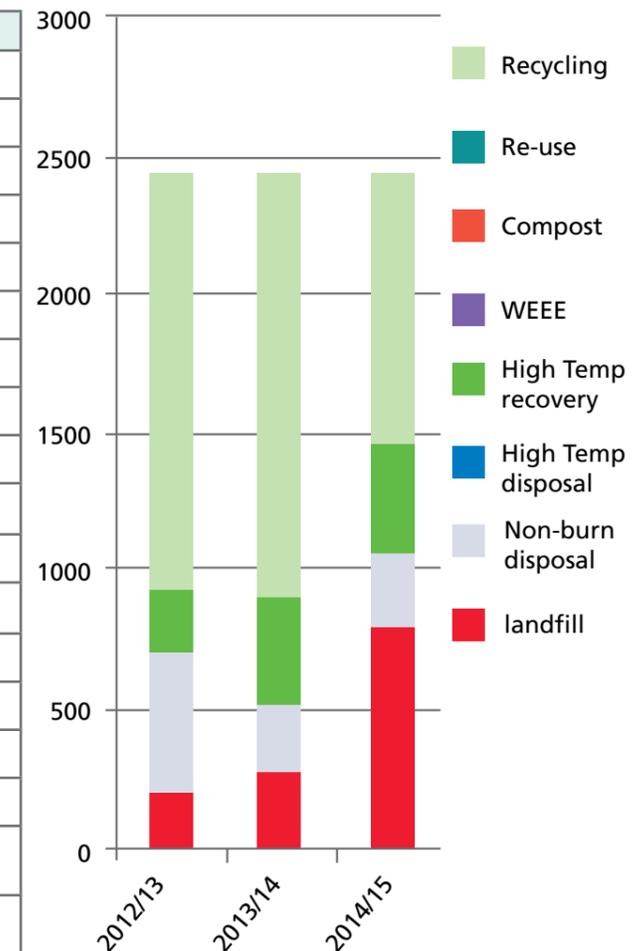
Water		2012/13	2013/14	2014/15
Mains	m3	122915	124508	126762
	tCO2e	112	113	115
Water & Sewage Spend		£465,059	£497,435	£486,847

As can be seen from the above table, water consumption has increased year on year since 2012/13. Following the opening of the new hospital buildings (2008/12), Trust activity has increased on average by circa 5% per annum, which inevitably impacts on all resources used including water. In addition, legislation changes regarding water safety, and in particular regarding Pseudomonas, has increased the need to regularly flush-out water storage tanks with the inevitable disposal of water which puts further strain on efforts to reduce usage.

To combat this “rising tide” the Trust held a Sustainability Day Road Show to encourage staff to consider the effective use of water by turning off taps and reporting leaks.

### Waste

Waste		2012/13	2013/14	2014/15
Recycling	(tonnes)	1333.34	1330.05	976.00
	tCO2e	28.00	27.93	20.50
Re-Use	(tonnes)	0	0	0
	tCO2e	0	0	0
Compost	(tonnes)	0	0	0
	tCO2e	0	0	0
WEEE	(tonnes)	4.09	4.95	6.00
	tCO2e	0.09	0.10	0.13
High Temp recovery	(tonnes)	228.66	380.00	395.00
	tCO2e	4.80	7.98	8.30
High Temp disposal	(tonnes)	0	0	0
	tCO2e	0	0	0
Non-burn disposal	(tonnes)	486.53	250.00	266.00
	tCO2e	10.22	5.25	5.59
Landfill	(tonnes)	210.81	268.95	795.00
	tCO2e	51.53	65.74	194.31
Total Waste (tonnes)		2263.43	2233.95	2438.00
% Recycled or re-used		59%	60%	40%
Total Waste tCO2e		94.63	107	228.82



The above table shows how the Trust’s total waste has increased in 2014/15 by circa 9%. Waste recycling has reduced but heat recovery from waste and landfill has increased.

The aims regarding waste are twofold: firstly to try and reduce the overall amount of waste, and secondly to improve segregation in order that our impact on the environment and cost of disposal can be minimised.

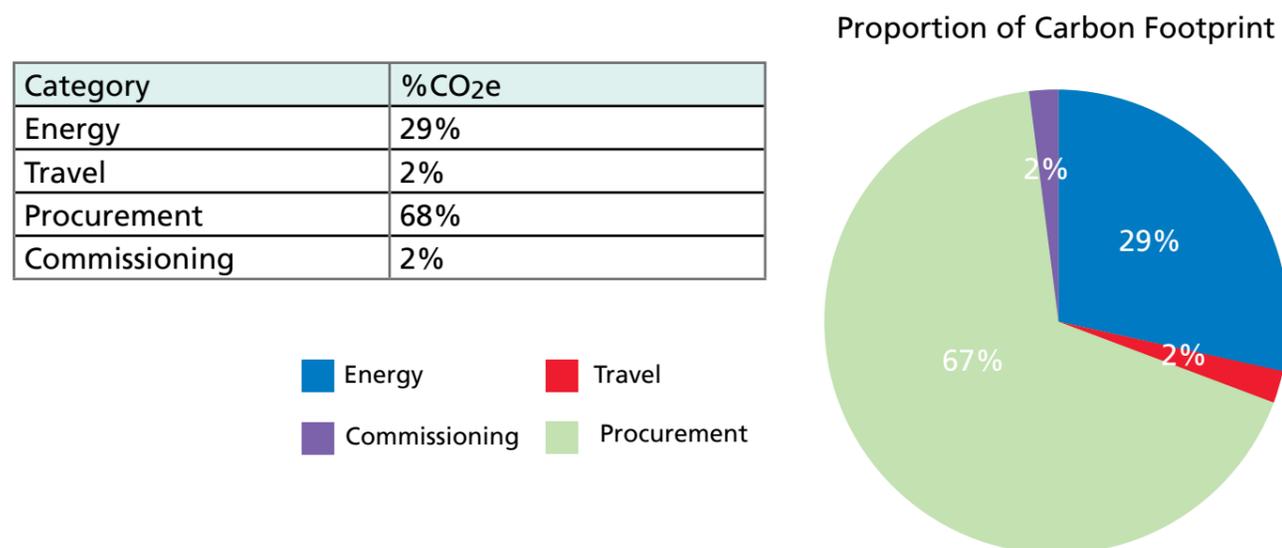
Whilst more waste may be an inevitable impact of the increasing activity and workforce, the results are still disappointing and renewed efforts have been made to change people’s attitudes to waste disposal. For example, training sessions have been carried out across the Trust to educate staff on the correct means of disposal for the various types of waste. These sessions detailed the environmental, financial and legal consequences of failing to dispose of waste in the correct way.

In addition, the locations of the various bins have been assessed and relocated to make it easier for people to use the correct bin. Signage and labels have also been replaced to clearly display where each type of waste should be disposed.

### Modelled Carbon Footprint

The information provided so far in this sustainability report has used the NHS Estates Return Information (ERIC) as its data source.

We are aware that this does not reflect our entire carbon footprint, therefore, the following chart is provided to give a more rounded picture using the scaled model developed by the Sustainable Development Unit (SDU).



The above is based on an estimated total carbon footprint of 72,005 tonnes of carbon dioxide equivalent emissions (tCO<sub>2</sub>e). Further information can be found from:

<http://www.sduhealth.org.uk/policy-strategy/reporting/nhs-carbon-footprint.aspx>

*Ann Marr*

A Marr  
 Chief Executive Officer  
 3rd June 2015



## 2 Directors Report

### Board of Directors

The Trust is managed by a Board of Directors that consists of both Executive and Non-Executive Directors (NED) with a Non-Executive Chairman. The composition of the Board during 2014/15 was as follows:

	Position	Name	Term of Office	Committee Membership
Non-Executive Directors	Chairman	Richard Fraser	Appointed May 2014	Remuneration
	Vice Chairman	Roy Swainson	Appointed November 2006 / Reappointed November 2010 / Acting Chairman December 2013 to April 2014 / Left October 2014	Remuneration / Finance and Performance / Audit (part year)
	Senior Independent Director	Bill Hobden	Appointed June 2009 / Reappointed June 2013	Remuneration / Quality
	Non-Executive Director	Denis Mahony	Appointed August 2012	Remuneration / Finance and Performance / Audit (part year) / Charitable Funds
	Non-Executive Director	Su Rai	Appointed September 2012 / Reappointed September 2014	Remuneration / Audit / Finance and Performance
	Non-Executive Director	George Marcall	Appointed April 2013	Remuneration / Audit / Quality
	Non-Executive Director	David Graham	Appointed December 2014	Remuneration / Quality
	Associate Non-Executive Director	Sarah O'Brien	Appointed March 2015	TBA

	Position	Name	Term of Office	Committee Membership
Executive Directors	Chief Executive	Ann Marr	Appointed January 2003	Executive / Quality
	Director of Human Resources	Anne-Marie Stretch	Appointed July 2003	Executive / Quality
	Director of Finance	Damien Finn	Appointed February 2010	Executive / Quality / Finance and Performance
	Medical Director	Kevin Hardy	Appointed November 2012	Executive / Quality / Finance and Performance
	Director of Nursing Midwifery and Governance	Sue Redfern	Appointed May 2013	Executive / Quality
Associate Directors	Director of Service Modernisation	Ian Stewardson	Appointed June 2003	Executive
	Director of Informatics	Neil Darvill	Appointed December 2003	Executive
	Director of Corporate Services	Peter Williams	Appointed August 2006	Executive
	Director of Operations and Performance	Donna McLaughlin	Appointed February 2008 / Left April 2014	Executive / Quality / Finance and Performance
		Paul Williams	Appointed July 2014	

Each year appraisals are carried out for all Board members and personal objectives set, aligned to corporate objectives, and personal development plans completed.

In the case of the Trust Chairman, this appraisal has previously been undertaken by the Trust's Senior Independent Director, after taking soundings from NED and Executive colleagues. However, in 2014/15 the Chairman's appraisal was completed by Lyn Simpson, Director of Delivery & Development (North), NHS Trust Development Authority, supported by Caroline Thomson, Non-Executive Director.

NED and Chief Executive appraisals were completed by the Trust Chairman following informal supportive feedback from other Board members. Appraisals for all Executive members of the Board were completed by the Trust's Chief Executive.

Independently to the appraisal process, the skills and attributes of Board members was reviewed by the HR Department to ensure that any gaps in the diversity of the members could be recognised for future recruitment and selection to the Board.

## Fit and proper persons

The 2014 Health and Social Care Act imposes additional requirements on the posts of Directors to be 'Fit and Proper Persons'. In assessing whether a person is of good character, the matters considered must include convictions, whether the person has been struck off a register of professionals, bankruptcy, sequestration and insolvency, appearing on barred lists and being prohibited from holding directorships under other laws. In addition, Directors should not have been involved or complicit in any serious misconduct, mismanagement or failure of care in carrying out an NHS regulated activity.

For 2014/15 Board members were required to complete a self-certification to confirm their compliance with these standards, and in addition external assessments, including Disclosure and Barring Service (DBS) checks were undertaken. The results were scrutinised by the Trust Chairman who concluded that the Board members were, and remain, fit to carry out the roles they are in.

So far as the Directors are aware, at the time of approving this Annual Report there is no relevant audit information of which the Trust's auditor is unaware. In addition, the Directors have taken steps to make themselves aware of any relevant audit information to establish that the Trust's auditor is aware of that information.

This information has been shared with the Trust's Auditors who have supported the conclusions reached and confirmed that they could find no relevant audit information to the contrary.

## Pension liabilities

Details of how pension liabilities are treated in the accounts and a reference to the statements of the relevant pension scheme are included within the Remuneration Report of this document.

## Other interests

Under the Trust's standards of business conduct, Directors and senior staff are required to declare any interests. The interests declared by Board Directors are published annually on the Trust's website, and those declared for 2014/15 are detailed below:

Professor David Graham	Non-Executive Director	Married to Trust Consultant. Educational Consultant to the University of Medicine and Health Sciences, St Kitts. Director of Medical Education and Development Ltd; a company providing advice and support in the field of medical education.
Professor Kevin Hardy	Medical Director	Visiting Professorship with Liverpool John Moores University and Honorary Readership with Liverpool University. Referee for several leading scientific journals. Board member of the Comprehensive Local Research Network. Honorary President of the St Helens Branch of Diabetes UK. Author of the Pan-Mersey Diabetes Guidelines and the STHK Inpatient Diabetes Guidelines.

## Auditors remuneration

In 2014/15, the Trust's external auditors were Grant Thornton. The consultancy arm of Grant Thornton also undertook some consultancy work at the request of the Trust. This is disclosed in note 7 to the accounts.

## Sickness absence data

Sickness absence data is disclosed in note 9 to the Trust's accounts including the percentage absence rate, total days lost and the average working days lost per whole-time equivalent.

## HM Treasury's guidance

The Trust has complied with HM Treasury's guidance on setting charges for information.

## Data loss or confidentiality breaches

The Trust continues to benchmark itself against the Information Governance Toolkit standards which include information governance management, confidentiality and data protection assurance, information security assurance, clinical information assurance, secondary use assurance and corporate information assurance.

The Trust Information Governance Assessment report overall score for 2014/15 was 82%. This means that the Trust is compliant in all areas of the Information Governance Toolkit which highlights the Trust commitment to the evolving Information Governance Agenda.

The Trust has a duty to report any incident regarding personal data to the Information Commissioners Office (ICO) and for the financial year 2014/15 there was one such incident which required no further action. The reported incident was reviewed by relevant members of staff and members of the information governance team, and reported to the Board, with actions taken to minimise the likelihood of any recurrence.

The Trust has an active education programme aimed at all staff to actively promote Information Governance awareness.

## Communication and consultation with employees

The Trust recognises that its objective to provide 5 star patient care, which is safe and timely with excellent outcomes, can only be achieved with the support of an engaged workforce.

The Trust took part in the national staff survey in 2014, and once again results showed a sustained level of staff engagement. Trust staff once again rated this organisation as one of the best employees, and in the top 20% of acute trusts nationally. The Trust received top scores for overall staff engagement, job satisfaction, effective team working and good communication.

These results resonate with the findings of the Staff Friends and Family Test, started in June 2014, where early results showed that over 90% of staff would recommend the Trust to friends and family if they needed care or treatment.

However, there are always opportunities for improvement areas that we will be focussing on in the next 12 months include violence to staff (although our VAS returns were amongst the lowest in the area for acute Trusts), and equality & diversity training.

With respect to consultation mechanisms, the Trust maintains an active Joint Negotiation Consultative Committee and a Local Negotiating Committee for Medical staff. These forums allow for the regular dialogue with staff regarding proposed service modifications, alterations to working practices or management changes.

The Trust quarterly newsletter "News 'n' Views" provides staff, patients and visitors with regular articles from across the Trust. It captures key messages, developments, and feedback from awards and events.

On a monthly basis, Team Brief enables key information to be cascaded throughout the Trust with a system for feedback. The ongoing upgrade to the Trust's internet and intranet systems, which will be completed during 2015, will further improve internal and external communications.

The Trust's social media accounts went 'live' in November 2014:

Twitter: [www.twitter.com/sthknhs](http://www.twitter.com/sthknhs)  
 Facebook: [www.facebook.com/sthknhs](http://www.facebook.com/sthknhs)  
 YouTube: [www.youtube.com/user/sthknhs1](http://www.youtube.com/user/sthknhs1)  
 Linked In: [www.linkedin.com](http://www.linkedin.com)

Updates on these sites reached over 160,000 readers by the end of March 2015, and give the Trust a platform to build a strong online community and share appropriate and accurate information in a timely way with our followers. It also gives the Trust the opportunity to increase patient and public feedback, with the number of followers continuing to grow rapidly.

## Disability and equal opportunities

The Trust is an equal opportunity employer and has control measures in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. Further details are included within the Strategic Report of this document.

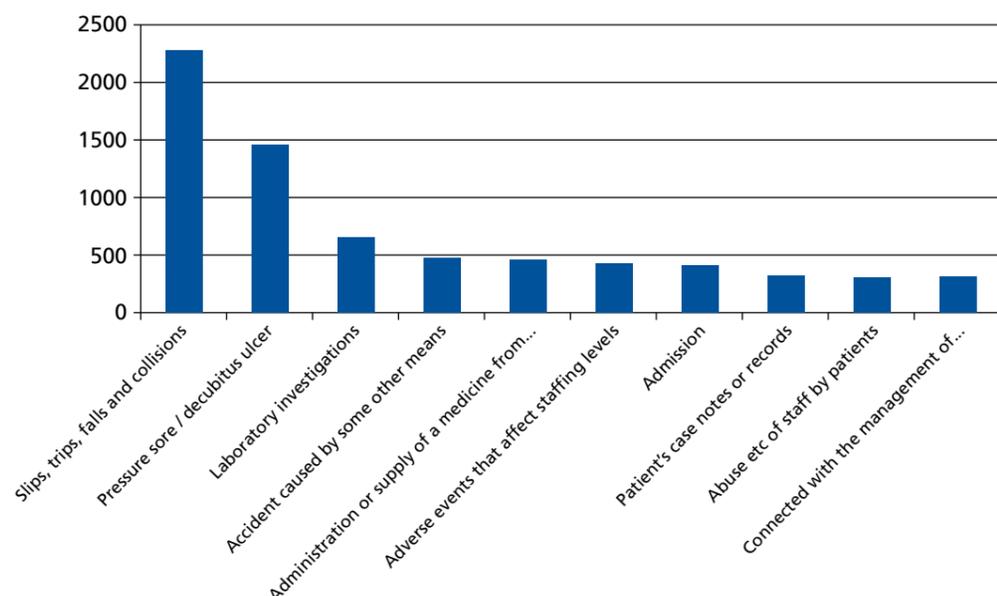
## Health and safety performance

The Trust is committed to safeguarding the health and safety of its employees, patients, visitors and anyone who may be affected by its activities. The Trust has a Health and Safety Group which is made up of representatives from clinical and non-clinical services and trade unions. The group can also call upon advisors with expertise in core health and safety topics as necessary. Issues being actively addressed by the group and the Health & Safety (H&S) leads during 2014/15 included:

- Reviewing and strengthening the H&S assurance processes
- System and performance reviews related to key safety issues
- On-going management and monitoring of the Trust's Central Alert Systems (CAS) including the dissemination and coordination of responses and actions required following the initiation of alerts
- On-going review of Risk Assessments.

During 2014/15 nearly 12,000 incidents were reported in the Trust via the Datix electronic recording system and the following graph indicates the main themes:

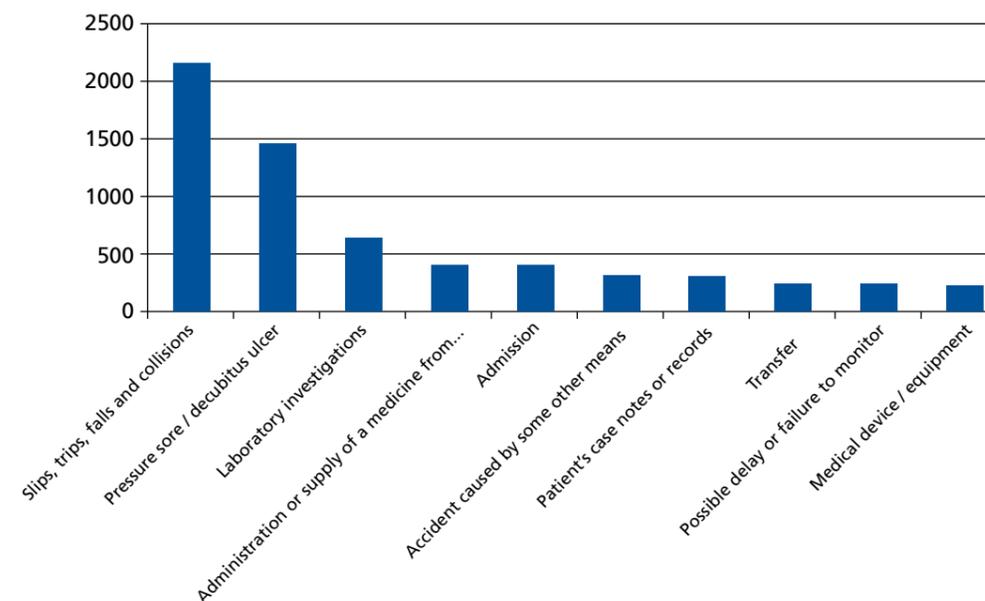
STHK Incidents - Top 10 2014/15



Active measures are taken to understand the cause of incidents and develop remedial actions

With respect to incidents specifically involving patients, 9,642 (82%) were recorded and the following graph indicates the main themes:

Patient Incidents Top 10 2014/15



Incidents, reviews and risk assessments leading to remedial work-streams in 2014/15 included:

- A breach in waste segregation in late 2013/14 resulted in the appointment of an external expert to review practices across the Trust, and his comprehensive report is being acted upon
- Issues raised by the police regarding tracking missing patients resulted in the establishment of a joint forum
- A suicide in A&E led to a review of anti-ligature measures
- A report from the fire authority prompted the review of locks on linen storage cupboards
- Reported lift incidents led to a review of lift performance and maintenance by the lift manufacturer and an external expert.

## Countering fraud and corruption

The Trust's principal policies and procedures relating to countering fraud and corruption are contained within its Anti-Fraud, Bribery and Corruption and Raising Concerns policies with references also in the Trust Standards of Business Conduct and Corporate Governance Manual.

The Trust uses the services of Mersey Internal Audit Agency's Counter Fraud team to advise on such matters; its work includes providing a risk-based audit plan, training staff, staff communications on the subject, and prevention and detection work.

## Compliance with Better Payments Practice Code

Details of compliance with the Better Payments Practice Code are given in note 10 to the accounts.

## Prompt Payments Code

The Trust is a signatory to the Prompts Payment Code.

## Emergency Preparedness Framework

During 2014/15, the Trust was compliant with the NHS Commissioning Board Emergency Preparedness Framework.

In March 2014, Merseyside CCGs contracted the North West Commissioning Support Unit (NWCSU) to provide a review of provider departmental business continuity plans and the scores and RAG ratings reported in October 2014, were:

- FM Services - 99% - Green
- Estates - 99% - Green
- IT - 94% - Green
- Clinical Support - 95% - Green

Interviews with staff overall showed that they understood the concepts and they were engaged in developing their own plans effectively. Six areas were identified for further work and these are being addressed. The next assessment is planned for October 2015.

During 2014/15, the Terms of Reference for the Trust's Major Incident Planning Group, which reports through the Risk Management Council, were reviewed. The role of this group is to ensure that the Trust has robust plans in place to fulfil its duties as a Category 1 Responder under the Civil Contingencies Act.

The group ensures that there is a command and control structure that can be rapidly established in the event of a major incident, with appropriate linkages to local resilience arrangements. The group also coordinates the development of robust business continuity plans.

## Principles for Remedy

The Parliamentary and Health Service Ombudsman's six "Principles for Remedy":

- *Getting it right*
- *Being customer focused*
- *Being open and accountable*
- *Acting fairly and proportionately*
- *Putting things right, and*
- *Seeking continuous improvement*

are embedded in the Trust's Complaints Policy which was reviewed, amended and approved in 2014/15.

In addition, the complaints handling system underwent a major review during the year in order to improve the timeliness of responses. This resulted in a proposal to decentralise the service which will be enacted in 2015/16.

In order to monitor that satisfactory improvement is being made, and that high standards can be maintained, monthly reporting of progress is reported through the Quality Committee and detailed within the Integrated Performance Report (IPR).

## Exit packages

There were no exit packages during 2014/15. This is also disclosed under note 9 of the Trust's annual accounts.

## Off payroll arrangements

The issue of "off-payroll" arrangements, whereby individuals are paid through their own companies and so are responsible for their own tax and NI arrangements, is addressed within the Remuneration Report of this document; however, there was nothing to report in 2014/15.

*Ann Marr*

A Marr

Chief Executive Officer  
3rd June 2015

### 3 Directors Remuneration Report

#### Pay Multiple Disclosure 2014/15

	2014/15	2013/14
Band of Highest Paid Directors' remuneration (£,000)	210 - 215	210 - 215
Median Total (£)	26,477	27,773
Ratio	7.96	7.58

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 organisations workforce.

The banded remuneration of the highest paid director in St Helens and Knowsley Teaching Hospitals NHS Trust in the financial year 2014/15 was £210,000 to £215,000. This was 7.96 times the median remuneration of the workforce, which was £26,477.

In 2013/2014, the banded remuneration of the highest paid director in St Helens and Knowsley Teaching Hospitals NHS Trust in the financial year 2013/14 was £210,000 to £215,000. This was 7.58 times the median remuneration of the workforce, which was £27,773.

#### 2014/15 narrative

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

The Medical Director remains the highest paid member of staff for the 2 years reported. There was a non-consolidated 1% national pay award in 2014/15.

#### Explanation for movement in the ratio

The movement in the ratio (0.38) is due to a reduction in the Median salary. This is in turn accounted by a net turnover of staff resulting in more staff being appointed on minimum of scale replacing those on the maximum of scale.

The Trust, this year (as in 2013/14) has followed the Healthcare Financial Management Association (HFMA) Guidance on Pay Multiple Disclosures issued in 2013/14.

## Directors' Remuneration Report

### A) Salaries and Allowances

	2014/15						Total (bands of £5000) £000
	Salary (See note below table)	Other Remuneration (See note below table)	Expense Payments	Performance pay and bonuses	Long term performance pay and bonuses	All pension-related benefits (See note below table)	
	(bands of £5,000) £000	(bands of £5,000) £000	(taxable)total to nearest £100 £00	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £2,500) £000	
Mr I Howell, Chairman <i>(Started 1 June 2008, retired 30 November 2013)</i>							
Mr R Fraser, Chairman <i>(Started 1 May 2014, first term of office for three year term)</i>	15-20	0	0	0	0	0	15-20
Ms AM Marr, Chief Executive*	180-185	0	0	0	0	0-2.5	180-185
Mrs AM Stretch, Director of Human Resources & Deputy Chief Executive	115-120	0	0	0	0	27.5-30	145-150
Mr DP Finn, Director of Finance and Information	125-130	0	0	0	0	47.5-50	170-175
Dr K Hardy, Medical Director	30-35	180-185	0	0	0	15-17.5	225-230
Mrs S Redfern, Director of Nursing, Midwifery & Governance <i>(Started 6 May 2013, salary therefore part-year in prior year)</i>	100-105	0	0	0	0	7.5-10	110-115
Mr R Swainson, Non-Executive Director <i>(Started 1 November 2006, left 31 October 2014)</i>	0-5	0	0	0	0	0	0-5
Mr D Graham, Non-Executive Director <i>(Started 1 December 2014, first term of office, two year term, non-remunerated in 2014/15)</i>	0	0	0	0	0	0	0
Mr D Mahony, Non-Executive Director <i>(Started 1 August 2012, first term of office, four year term)</i>	5-10	0	0	0	0	0	5-10
Ms S Rai, Non-Executive Director <i>(Started 26 September 2012, second term of office, two year term)</i>	5-10	0	0	0	0	0	5-10
Mr G Marcall, Non-Executive Director <i>(Started 1 April 2013, first term of office, four year term)</i>	5-10	0	0	0	0	0	5-10
Mr W Hobden, Non-Executive Director <i>(Started 18 June 2009, third term of office, two year term)</i>	5-10	0	0	0	0	0	5-10

(\* The Remuneration Committee directed that the Chief Executive Officer payband should be increased to the median rate. The Chief Executive Officer however refunded this increase and received only the same salary as in the previous year.)

**Notes:**

In the above table only the columns for "salary" and "other remuneration" are deemed to be salary related.

For the purposes of this exercise the pension-related benefits are calculated using a national standard formula and effectively reflect the real increase in pension at age 60 in 2014/15 multiplied by a valuation factor of 20 plus the real increase in lump sum at age 60 in 2014/15. The resultant figure represents an estimate of the lifetime benefit of the annual increase. Please note that these figures exclude the estimated impact of employee's own contributions unlike in the pensions benefit table which include the impact of both employee and employer contributions.

The figures in the above table will include all payments in the year including any arrears paid. Also where a director was not a director for all year then only the remuneration for that period the director was in post would be disclosed. This may lead to different from figures stated under the pay multiples disclosure.

The Trust Board oversees the running and direction of the Trust and is accountable for financial and operational performance. The Chair and five non-Executive Directors are initially appointed for a varying terms by the Secretary of State for Health and can be reappointed for further terms. The Chief Executive post is a standard NHS contract with no time element included and is reviewed by the Trust's Remuneration Committee on an annual basis. In attendance at this committee is the Chairman, Chief Executive and at least two non-Executive Directors, except when the CEO's salary is discussed.

	2013/14						Total (bands of £5000) £000
	Salary (See note below table)	Other Remuneration (See note below table)	Expense Payments	Performance pay and bonuses	Long term performance pay and bonuses	All pension-related benefits (See note below table)	
	(bands of £5,000) £000	(bands of £5,000) £000	(taxable)total to nearest £100 £00	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £2,500) £000	
	15-20	0	0	0	0	0	15-20
	170-175	0	0	0	0	15-17.5	185-190
	110-115	0	0	0	0	35-37.5	145-150
	110-115	0	0	0	0	32.5-35	145-150
	30-35	190-195	0	0	0	12.5-15	235-240
	90-95	0	0	0	0	132.5-135	225-230
	10-15	0	0	0	0	0	10-15
	5-10	0	0	0	0	0	5-10
	5-10	0	0	0	0	0	5-10
	5-10	0	0	0	0	0	5-10
	5-10	0	0	0	0	0	5-10

The Human Resources Director also serves the Remuneration Committee except when the Human Resources Director's remuneration is discussed. The Finance Director, Human Resources Director and Nursing Director posts are substantive appointments. Along with the Chief Executive their posts would be subject to national competition if they became vacant. The Medical Director is appointed from within the Trust consultant body on a fixed-term contract.

In respect of pay awards for Executive Directors, these are made in line with Department of Health guidance. The Trust has a robust appraisal process in place for Executive Directors but does not operate a performance-related pay framework. All the Trust Executive Directors are employed on a full-time substantive contract with a 6 month contract termination notice period either side. There have been no significant awards made to past Executive Directors for early terminations of contract.

The Board Director's interests are published annually on the Trust's website.

Please note that elements of the Remuneration Report are subject to audit, namely the salary and pension entitlements of senior managers (ie. the Board), compensation paid to former directors, details of amounts payable to third parties for the services of a director (if made) and the median remuneration of the Trust's staff and the ratio between this and the mid-point of the banded remuneration of the highest paid director.

Under HM Treasury guidance PES(2012) 17 the Trust is required to disclose information about off-payroll engagements at a cost of more than £220 per day and more than six months. The Trust has nothing to declare in either case for the year-ending 31 March 2015 (Prior year also nil). The Trust confirms that all existing off-payroll engagements have at some point been subject to a risk-based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, this has been sought.

## B) Pension Benefits

Name and title	Real increase/ (decrease) in pension at age 60  (bands of £2500) £000	Real increase/ (decrease) in lump sum at aged 60 related to real increase/ (decrease) in pension  (bands of £2500) £000	Total accrued pension at age 60 at 31 March 2015  (bands of £5000) £000	Lump sum at age 60 related to accrued pension at 31 March 2015  (bands of £5000) £000	Cash Equivalent Transfer Value at 31 March 2015  £000	Cash Equivalent Transfer Value at 31 March 2014  £000	Real increase/ (decrease) in Cash Equivalent Transfer Value  £000	Employers Contribution to Stakeholder Pension  £000
Ms AM Marr, Chief Executive	0 - 2.5	0 - 2.5	70 - 75	220 - 225	1,562	1,475	48	0
Mrs AM Stretch, Director of Human Resources & Deputy Chief Executive	0 - 2.5	5 - 7.5	45 - 50	135 - 140	811	728	64	0
Mr DP Finn, Director of Finance and Information	2.5 - 5	10 - 12.5	35 - 40	115 - 120	625	528	83	0
Dr K Hardy, Medical Director	0 - 2.5	2.5 - 5	50 - 55	160 - 165	1,107	1,023	57	0
Mrs S Redfern, Director of Nursing, Midwifery & Governance	0 - 2.5	0 - 2.5	45 - 50	140 - 145	969	900	44	0

Please note that the above information has been provided by the NHS Business Services Agency - Pensions Division. The Trust's accounting policy on pensions is shown in note 9.5 of the Trust's published accounts.

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

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies.

The CETV figures, and other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

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



## 4 Governance Statement

### Scope of responsibility

As Accounting 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 public funds and Trust assets in accordance with the responsibilities assigned to me.

### Context

The Trust provides the full range of acute healthcare services at two sites: Whiston Hospital and St Helens Hospital, both of which are modern, high quality facilities.

The Trust has a track record of providing high standards of care to a population of approximately 350,000 people across St Helens, Knowsley, Halton, South Liverpool and further afield. The local population is generally less healthy than that of the rest of England, with a higher proportion of people suffering from a long-term illness. Many areas suffer high levels of deprivation which results in poorer health and a greater demand for health and social care services.

The Trust's annual income in 2014/15 was £304 million and more than 4,000 members of staff are employed.

The Trust is actively pursuing Foundation Trust status, working closely with commissioners and regulators, and pursuing appropriate performance against the TDA Accountability Framework with reference to being:

**Caring**  
**Well led**  
**Effective**  
**Safe**  
**Responsive**, as well as meeting the challenges of financial sustainability.

2014/15 was an extremely challenging year for the Trust, primarily due to unprecedented levels of acute admissions, far greater than anticipated by either commissioners or ourselves. This was exacerbated by the desire within the NHS to increase the number of clinical staff and deploy them more evenly throughout the week; insufficient care in the community as an alternative to hospital admission; and a shortage of trained staff available to fill vacancies necessitating the use of high cost agency staff.

These competing pressures led the Trust, for the first time in its known history, to predict a year-end financial deficit of just less than 1% of turnover. This position was marginally improved upon by the year end, but a further consequence from the pressure was that a small number of performance targets were also regrettably missed due to the impact of increased occupancy.

## Governance framework of the organisation

High standards of governance are maintained through the independence of the Non-Executive Directors (NEDs), achieved by the following:

- All NEDs are appointed for fixed terms ensuring a regular turnover and the introduction of new skills and experience
- The non-executive membership of the Board outnumbers the executive element for all issues requiring a vote
- The NEDs (including the Trust Chairman) regularly meet separately from the Executive Directors to discuss Trust business
- The composition of the Board is managed to ensure that the NEDs have a range of skills and experience that enables them to provide constructive challenge, fully understand the business of the Trust and participate in the Trust's governance arrangements. They are therefore able to hold the Executive Directors to account for the performance and delivery of the strategic agenda set by the Board
- NEDs chair the Board and appropriate Board Committees, and through chairman reporting, provide assurance to the Trust Board that the Trust is effectively managed.

2014/15 saw the following changes in the Board of Director membership:

- Richard Fraser was appointed as Chairman
- Roy Swainson retired as Vice Chairman, and this role was picked up by Bill Hobden
- Professor David Graham was appointed as a NED bringing clinical experience and expertise to the Board
- Sarah O'Brien was appointed as an Associate Non-Executive Director bringing legal experience and expertise to the Board
- Donna McLoughlin, Director of Operations and Performance left the organisation to be replaced by Paul Williams

All Directors appointed during 2014/15 undertook tailored induction programmes.

The Board of Directors now consists of a non-executive Chair, five Non-Executive Directors, a Chief Executive and four Executive Directors. A further four non-voting Associate Executive Directors and one Associate Non-Executive Director regularly attend Board meetings.

Bill Hobden, Non-executive Director continues to undertake the role of Senior Independent Director of the Board.

The Trust Board held six meetings in public during 2014/15.

Part 2 of such meetings are held in private to discuss issues such as serious untoward incidents and staff matters where the Board requires evidence of analysis undertaken, follow-up action, and lessons learned.

All Trust Board meetings were quorate, with appropriate attendance from each of the Directors as shown in the following table:

TRUST BOARD ATTENDANCE 2014/15		May	Jul	Sep	Nov	Jan	Mar	Att	%
Meetings held		✓	✓	✓	✓	✓	✓	6	
Richard Fraser	Chairman	x	✓	✓	✓	✓	✓	5	83%
Roy Swainson	Deputy Chairman	✓	x	✓	✗	✗	✗	2	67%
Bill Hobden	SID	✓	✓	✓	x	✓	✓	5	83%
Denis Mahony	NED	✓	✓	✓	x	✓	✓	5	83%
Su Rai	NED	✓	✓	✓	✓	✓	✓	6	100%
George Marcall	NED	✓	✓	✓	✓	✓	✓	6	100%
David Graham	NED	✗	✗	✗	✗	x	✓	1	50%
Sarah O'Brien	Associate NED	✗	✗	✗	✗	✗	✓	1	100%
Ann Marr	Chief Executive	✓	✓	✓	✓	✓	✓	6	100%
Anne-Marie Stretch	HR Director / Deputy CE	✓	✓	✓	✓	✓	✓	6	100%
Damien Finn	Finance Director	✓	✓	✓	✓	✓	✓	6	100%
Sue Redfern	Nursing Director	✓	✓	x	✓	✓	✓	5	83%
Kevin Hardy	Medical Director	✓	x	✓	✓	✓	✓	5	83%
Peter Williams	Director of Corporate Services	✓	✓	x	✓	✓	✓	5	83%
Ian Stewardson	Director of Modernisation	✓	✓	✓	✓	✓	✓	6	100%
Neil Darvill	Director of Informatics	✓	✓	x	x	✓	✓	4	67%
Paul Williams	Director of Operations	✗	✓	✓	x	x	✓	3	60%
Donna McLaughlin		✗	✗	✗	✗	✗	✗	0	N/a
Meeting attendance		87%	87%	80%	71%	87%	100%	81%	

In order to discuss in detail key issues affecting the organisation and longer terms plans to ensure sustainability, including wider partnership working across the local health economy, four strategy meetings were held.

In addition, Board Development sessions were also held for all Board members throughout the year. Topics covered are summarised on the following chart:

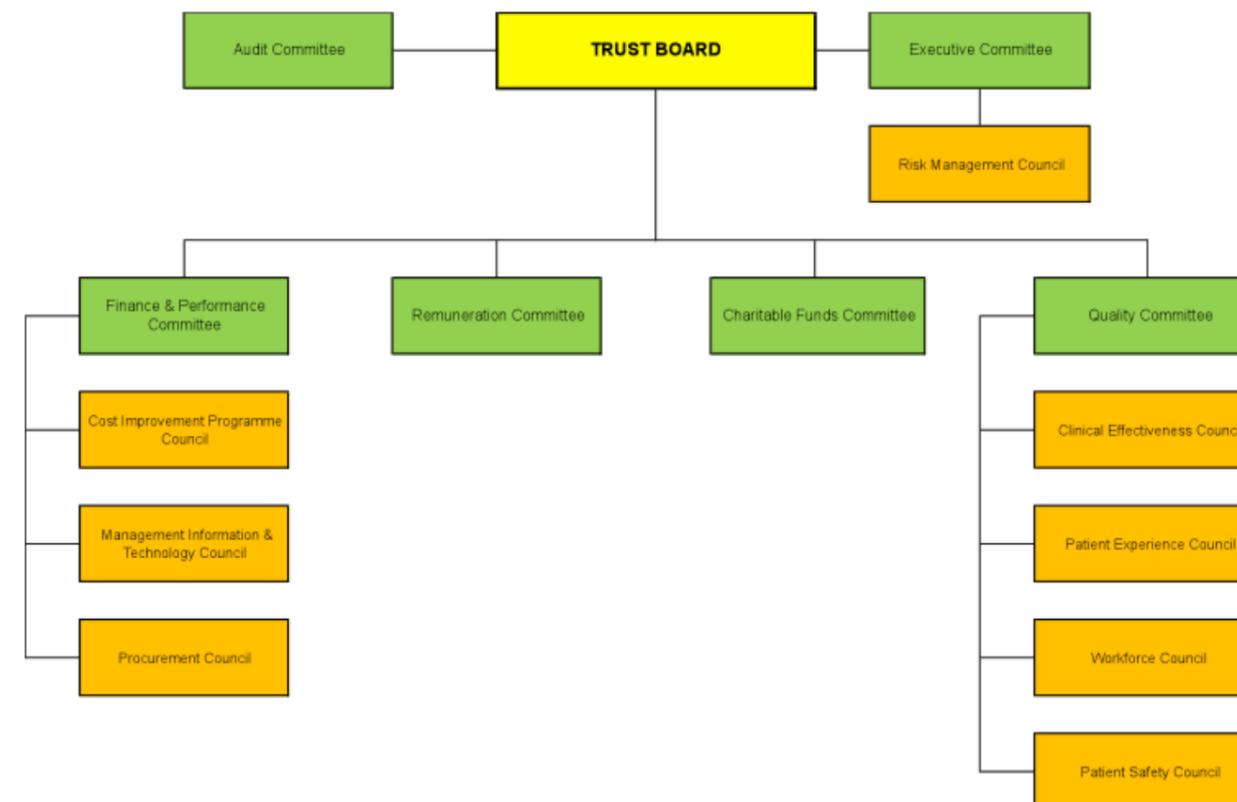
Strategic planning – Implications of the Better Care Fund	Apr-14
Governance Review	
Strategic Planning – 5 year plan IBP/LTFM submission	May-14
Elective Demand Review and Capacity Planning	Jun-14
CIP Development and Quality Assurance	Jul-14
Development Support Plan Review	Sep-14
Strategic Planning – Planning Assumptions for 5 Year Plan re-submission	Oct-14
CQC Inspections Briefing	
Director Mandatory Training	Oct-14
Corporate Law update	
5-year Strategy	Nov-14
Monitor Strategic Planning Assessment Tool	Dec-14
TDA Board to Board preparation	
Operational Plan – Briefing on Planning Guidance Requirements	Jan-15
2015/16 Contract Settlement	
Review of implications of the FYFV/ Dalton Review	Feb-15
Option appraisal of New Models of Care	
Review of 2015/16 Draft Operational Plan Submission	
Agreement of Trust objectives for 2015/16	Mar-15

The Board is collectively responsible for ensuring a sound system of internal control and for putting in place arrangements for gaining assurance about the effectiveness of that system.

The Board has a suite of documents (the Corporate Governance Manual) which contains the Trust’s standing orders, standing financial instructions, and scheme of reservation and delegation of powers, which set out the regulatory framework for the business conduct of the Trust. These documents were updated in January 2015 as part of a routine two-yearly periodic review, under the observation of the Audit Committee, prior to Board approval.

## Governance organisational structure

The Trust has six Committees, some with supporting Councils, reporting to the Board in line with the following structure:



With the exception of the Executive Committee, each is chaired by a NED, who, after each meeting, provides a report to the Trust Board on matters considered on the agenda, the areas where assurance is being provided and any issues requiring escalation for Board intervention.

## Remuneration Committee

The Remuneration Committee is comprised of the Chairman and all NEDs of the Trust. Its duties include approving the remuneration and terms of service for the Chief Executive and Executive Directors, and to consider the appointment of Executive Directors and other very senior managers. The Committee met in December 2014.

## Audit Committee

The Audit Committee provides the Trust Board with independent and objective scrutiny of the financial systems and processes, risk management, and compliance with relevant legislation. The Committee also monitors and reviews clinical audit effectiveness.

The Committee has a membership of three NEDs, and the Trust's external and internal auditors along with the Director of Finance are regularly invited to attend. In 2014/15 the Committee met on five occasions, and the Chief Executive attended on two occasions.

## Quality Committee

Performance within the Trust is measured against in excess of 400 parameters, including those related to activity levels, quality of care and finance. This is captured each month in an Integrated Performance Report (IPR), which incorporates commentary from senior management to aid understanding of the performance data.

The Quality Committee meets each month (excluding August and December) to review all aspects of quality, including relevant performance standards within the IPR.

The Quality Committee also ensures that the content of the Quality Account is appropriate for publication.

As detailed in the previous organisational chart, the Committee is supported by a number of Councils that consider in great detail issues around patient safety and experience as well as clinical effectiveness and workforce matters. Chairs reports from each of these councils are reported to the Committee which include any matters for escalation.

## Finance and Performance Committee

Like the Quality Committee, the Finance and Performance Committee meets each month and reviews the IPR in detail, however, their focus is on performance against financial and activity targets.

Deep dives into the Trust's Cost Improvement Programme, to ensure that there are no unintended consequences from efficiency savings is a key role, along with exploring Service Line Management and the relative profitability of clinical services.

The Finance and Performance Committee is supported in its work by four Councils that undertake detailed reviews to ensure that the data received by the Committee is robust, and provides the appropriate basis for management decision making. In particular, the Management Information and Technology Council ensures that the data being presented to the Trust through the IPR related to performance, pathways, activity, service quality and waiting times is accurate.

## Charitable Funds Committee

The Trust's Charitable Funds Committee meets at least three times a year and is responsible for managing the income and expenditure of any charitable and donated monies and assets held by the Trust.

The Committee also ensures that the Trust receives a reasonable rate of interest from any investments made.

## Executive Committee

The team of Executive and Associate Directors, led by the Chief Executive, is the senior management decision making group within the Trust and is responsible for planning, organising, directing and controlling the organisation's systems and resources to achieve objectives and quality improvement targets set by the Board.

The Executive Committee meets each week, and exercises the authority delegated to the Chief Executive and Directors to ensure that the organisation is effectively managed and that individual managers are held to account.

The Committee is supported in its work by the Risk Management Council which meets on a monthly basis to ensure that risks to the organisation are appropriately managed, and where necessary escalated for more senior intervention.

The Trust has an active Information Governance Steering Group reporting to the Risk Management Council, and chaired by the Trust's Caldicott Guardian. This group ensures that the information the Trust holds, in particular personal information on behalf of patients and staff, is safeguarded at all times.

## Annual meeting effectiveness review

In late 2014/15, the Board and each of its Committees undertook a meeting effectiveness review each comprising seven elements:

- A review by the Chair and lead officer
- A review of the meeting structure and reporting arrangements
- A sample audit of compliance
- A review of attendance
- A members questionnaire
- A review of relevant extracts of the MIAA report on Committee arrangements
- A review of the Terms of Reference

The conclusion of the reviews, approved by the Audit Committee, was that the purpose, remit and organisation of the Trust Board and its Committees remains appropriate and provides the necessary assurance that the Trust is effectively and appropriately managed. This conclusion was supported by the independent MIAA Audit Report on Board and Committee Arrangements reported in January 2015 and providing Significant Assurance.

## The risk and control framework

The Trust promotes a culture of openness and encourages all staff and service users to actively report any issues, incidents or near misses, where they feel inappropriate action may have occurred, or systems and practices could be improved.

Risk assessments, complaints and claims are other sources of information which support the Trust in identifying and managing risk.

The systems of risk management and internal control are designed to manage risk to a reasonable level rather than to eliminate all risk.

Risks can be raised anywhere throughout the organisation. The risk owner identifies and assesses their risk (using the National Patient Safety Agency scoring matrix) and adds it to the risk register which is stored on an electronic database (Datix). They add controls that are within their remit, and then reassess the risk to see how this has reduced the score.

The Trust's normal line management structure is used to govern and escalate risks, and systems are in place to ensure efficient two-way communication to manage the risk escalation process.

The Risk Management Council, chaired by the Director of Nursing, Midwifery and Governance, provides ongoing scrutiny of the process used for managing risks. Clearly the greater the remaining risk score following applying controls, the higher it is escalated, until ultimately it will be captured on the Corporate Risk Register (CRR) report and subject to review by the Executive Committee. If at that stage it cannot be mitigated it is reported to the Trust Board.



In addition to risks which can be escalated in the above manner, the Trust has also identified a number of strategic risks that could be catastrophic to the organisation should they occur and these are captured in the Board Assurance Framework (BAF).

Both the BAF and CRR reports are considered by the Trust Board three times per year, and if required more frequently by exception. The discussions at Trust Board meetings ensure that the Trust risk appetite is regularly tested to ensure that the correct score has been applied and that the residual risk is appropriate and can be tolerated.

At the time of writing this report, the risks on the BAF receiving Board attention were as follows:

- Systemic failures in the quality of care
- Failure to agree a sustainable financial plan with commissioners
- Sustained failure to maintain operational performance/deliver contracts
- Failure to protect the reputation of the Trust
- Failure to work in partnership with stakeholders
- Failure to attract and retain staff with the skills required to deliver high quality services
- Major and sustained failure of essential assets, infrastructure
- Major and sustained failure of essential IT systems
- Impact of the Better Care Fund on the sustainability of Hospital Services

The risks on the CRR report receiving Board attention were as follows:

- A&E nursing staffing levels
- A&E nursing skill mix
- Emergency Department MAXIMS Computer System
- Physical capacity on Ward 1B
- Staffing levels on Ward 2B/2C
- Medical Emergency Team surgical doctor involvement
- Staffing levels on Ward 1B
- Increase in Bank & Agency expenditure
- Prosthetics service staffing levels
- Staffing levels in the Diabetes specialist team

On a monthly basis, all Trust departments and services are required to formally review their risks and update the Datix system as necessary.

The above system for managing risk is captured in the relevant Trust Policy which was reviewed, updated and formally approved during 2014/15.

## 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.

Executive Directors and managers within the organisation who have responsibility for the maintenance of the system of internal control provide me with assurance.

My review has also been supported by:

- The Trust continuing to hold CQC registration without conditions
- The Trust continuing to deliver services in line with the requirements of external regulatory bodies
- The receipt of the audit assurance report (ISAE3402) from Shared Business Services (our major 3rd party provider of finance and accounting, and strategic procurement services)
- Delivery against the majority of key access targets as reported through the Trust's performance framework and reviewed by the Trust Board; and clear evidence in mitigation where targets have not been fully met
- Delivery against internal key performance indicators aligned to the Trust's corporate objectives
- Delivery of planned financial outcomes
- The Internal Audit conclusion that the systems and processes in place regarding the Assurance Framework are designed and operated to meet the requirements of the annual governance statement. They have also provided significant assurance regarding the governance arrangements
- The on-going maintenance of the Trust's Risk Register to capture, report upon and monitor improvement against all key risk issues raised
- Benchmarking results as provided in staff and patient surveys
- The Trust Board being actively engaged in the governance and assurance process in identifying, quantifying, monitoring and preparing risk mitigation strategies to ensure identified risks are managed appropriately
- Annual self-assessment using the NHS Information Governance Toolkit, which provides assurances of protecting patient information through the principles of confidentiality, integrity and availability of patient information
- The achievement of level 2 compliance with NHSLA assessment, and CNST Level 3 for maternity standards

- The Board has undertaken a programme of development sessions to improve its own knowledge, skills and governance processes

The Trust Board oversees the work of the Audit Committee and the supporting infrastructure ensuring that governance is effective. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Audit Committee, and from self-assessment of the other Committees and Councils.

Plans to ensure continuous improvement of systems are in place. Progress is continually monitored by the Trust Board. Key senior managers are continually working on the collation of evidence to demonstrate the Trust's compliance with the new CQC standards.

The ongoing review of the Trust's systems of risk management has ensured that key issues facing the Trust are effectively escalated and managed at the appropriate level within the organisation, and captured in the BAF and CRR, both of which are subject to regular Board review.

In the course of the year I have reviewed the systems of control and governance, attended supporting Committees and reviewed internal and external reports, ensuring identified areas of risk are being appropriately managed. In doing so, I am able to report that there are no significant areas of risk to report, and that the arrangements in place for the discharge of statutory functions are appropriate and compliant.

The system of internal control has been in place at St Helens and Knowsley Teaching Hospitals NHS Trust for the year ending 31st March 2015 and up to the date of the approval of the Annual Report and Accounts.

*Ann Marr*

A Marr  
Chief Executive  
St Helens and Knowsley Teaching Hospitals NHS Trust  
3rd June 2015





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