



**Milton Keynes  
University Hospital**  
NHS Foundation Trust

# Annual Report and Accounts 2016/17



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Milton Keynes  
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**Milton Keynes University Hospital NHS Foundation Trust  
Annual Report and Accounts  
2016/17**

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





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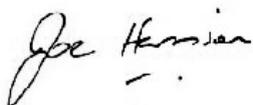
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This report is based on guidance issued by the Independent Regulator of NHS Foundation Trusts and was approved by the Board of Directors of Milton Keynes University NHS Foundation Trust on 26 May 2017.



Joe Harrison  
CHIEF EXECUTIVE

The Annual report can be made available in other languages and formats on request.





# Section 1

## Performance Report

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# Performance Report

## Chairman's Introduction

### I am delighted to introduce the annual report and accounts for Milton Keynes University Hospital NHS Foundation Trust for 2016/17.



This is my first annual report as acting chairman of the Trust, a post I took up in January following the sad death of our late chair Baroness Margaret Wall of New Barnet.

Margaret joined the Trust in July 2014 as chairman of the Board of Directors and Council of Governors. She was an extraordinary chairman; a passionate supporter of the NHS; a fierce advocate for patients; and a warm, generous, effervescent presence known and loved throughout the hospital.

We were immensely privileged to have had her leadership, her loyal support and commitment, and her zest and zeal for our hospital. Margaret was held in exceptionally high regard and great affection by everyone who worked with her and her loss will be keenly felt. It was an honour and a pleasure to have known and worked with Margaret. She will be deeply missed.

This year has seen a significant number of achievements, particularly being rated as 'Good' by the Care Quality Commission. This reflects the tremendous work of our some 4,000 staff and volunteers and their commitment to providing excellent care and services to those we serve. My sincere gratitude and appreciation goes to them all.

As well as keeping our focus on quality, we have also delivered against our financial plan for the year; ending the year with a lower (better) deficit position than planned. This builds on the previous three years of delivery to financial plan and sees our financial deficit reduce.

We have seen exciting developments across the hospital site, with building work having taken place and remaining underway to improve and increase the services we provide.



*Baroness Margaret Wall,  
Chairman of the Trust from  
July 2014 until her very sad  
passing in January 2017.  
She will be sorely missed.*

This development work of course brings with it some short term disruption and the Board of Directors has been acutely aware of the impact, particularly changes to parking on site that it has had on the experiences of those using the hospital. We have worked hard to minimise that impact and to be responsive when issues arise.

In the summer of 2016, NHS England introduced Sustainability and Transformation Plans (STPs) as a new approach for health care providers to help ensure that services are planned by place rather than around individual institutions.

Our STP 'footprint' is Bedfordshire, Luton and Milton Keynes (BLMK) and twelve local NHS organisations, including our hospital, and four local authorities in BLMK have been working together to develop the STP for the area. I look forward to seeing this work develop further during 2017/18.

There is much more on our successes, developments at the hospital and our challenges in this report, which I hope you will enjoy reading.

Simon Lloyd  
ACTING CHAIRMAN

# Performance Review

## 1.1 Overview Of Performance

The performance overview provides a summary of the Trust's performance for 2016/17. It includes a statement from the Chief Executive providing his perspective on how the Trust has performed during the year; provides a brief synopsis of the Trust's purpose and activities and on its history and statutory (legal) background. This section also outlines the key risks and issues to the delivery of the Trust's objectives faced by the organisation in 2016/17.

### 1.1.1 Chief Executive's Statement on Performance

Like many other hospital trusts across the country, we have faced many challenges during the year. It is at this point that I really want to acknowledge the commitment and dedication of all our staff, who rise to such challenges with energy, enthusiasm and determination. They in turn are ably supported in their work by volunteers, governors, students, members and people from our community. I am proud that the hospital is a well-established part of that community, especially in the year that Milton Keynes celebrates its 50th birthday.

One of the key highlights of the year has been the fact that the Trust has been awarded a 'Good' rating by the Care Quality Commission (CQC). That rating puts us in only a handful of hospitals in the country to be recognised as continually improving. This status is something everyone in the hospital is enormously proud about. It is down to the extraordinary dedication and hard work of every single member of staff that we have progressed from our previous rating of 'Requires Improvement' to 'Good'.

As part of our plans for continued improvement, there are many exciting developments underway around the hospital site. Earlier in 2017, we opened a new 20-bed surgical ward for elective cases. These extra beds will allow us to better manage the increasing demands placed on us for surgery, and also minimise the number of procedures at risk of being postponed because of consistently increasing pressures in emergency care.

Visitors to the site will know that there is considerable construction work under way. Our new main entrance is due for completion in the summer of 2017 and will provide a welcoming, centralised space for patients, relatives and other visitors to the site.



Work is also well under way on the £8.5m construction of the Academic Centre, a partnership with the University of Buckingham. This will provide an exceptional education resource with state of the art facilities to train medical students, doctors, nurses and allied health professionals in the hospital.

The start of construction work on the Academic Centre was marked by the creation of a time capsule, filled with items of interest from both the Trust and the University. It will be on display in the reception of the new Centre and will not be opened until 2117.

I never cease to be impressed by the dedication of our staff, governors and volunteers here at Milton Keynes and myself and the Board of Directors are always keen to recognise their work. Our annual staff awards was a wonderful occasion but several staff members have also been recognised externally for their work, as you will see in later pages of this publication.

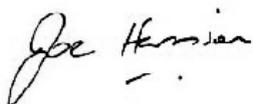
Supporting our staff is paramount if they are to offer a safe, effective and caring service to our patients. To that end, this year we introduced a Peer to Peer (P2P) service. Colleagues from all bands and divisions have been trained as volunteer listeners for those who feel they would benefit from the service.

As a teaching hospital, we welcomed the first University of Buckingham second year students to our wards and departments for their placements. Our continuing commitment to research thrives too, with over 3,000 patients recruited to diverse research initiatives during the year.

We have also faced challenges throughout the year, particularly with increasing demand through our emergency department, which saw us just miss the target of 95% of patients assessed, admitted or discharged within four hours. This was despite the tireless work of staff in the department and across the hospital, balancing demand and patient safety and experience. Delayed discharges of patients who are medically fit to go home or to a community care setting have also continued to be a challenge, and one we have worked closely with our partners in the local health and social care system to meet.

Financially, we have met our financial plan for the fourth consecutive year, and indeed this year performed better than expected, delivering a deficit position of £21.1m against a planned deficit of £25.6m. 2016/17 has been challenging, with a significant savings programme. For 2017/18 we have a much reduced and demanding deficit plan, but I am confident that we will rise to this challenge.

Finally, the year of continuing success and growth has been tinged by the sad and unexpected death of our highly respected Chairman, Baroness Wall of New Barnet. Margaret was a huge supporter of the NHS in general and of our Trust in particular. She made a great impact on the work going on here and will be sadly missed.



Joe Harrison  
CHIEF EXECUTIVE

### 1.1.2 Purpose and Activities of the Trust

Milton Keynes Hospital NHS Foundation Trust was founded on 1 October 2007 under the National Health Service Act 2006. The hospital has around 548 beds, including day acute and neonatal beds and employs more than 4,000 staff, providing a full range of acute hospital services and an increasing number of specialist services to the growing population of Milton Keynes and surrounding areas. All in-patient services and most outpatient services are provided on the main hospital site.

The Trust is organised into four clinical divisions (medicine, surgery, women and children and core clinical) and a number of corporate directorates. The executive directors, and clinical service unit (CSU) leadership teams, are responsible for the day-to-day management and running of the hospital's services, with ultimate management accountability resting with the Chief Executive.



### 1.1.3. Trust objectives

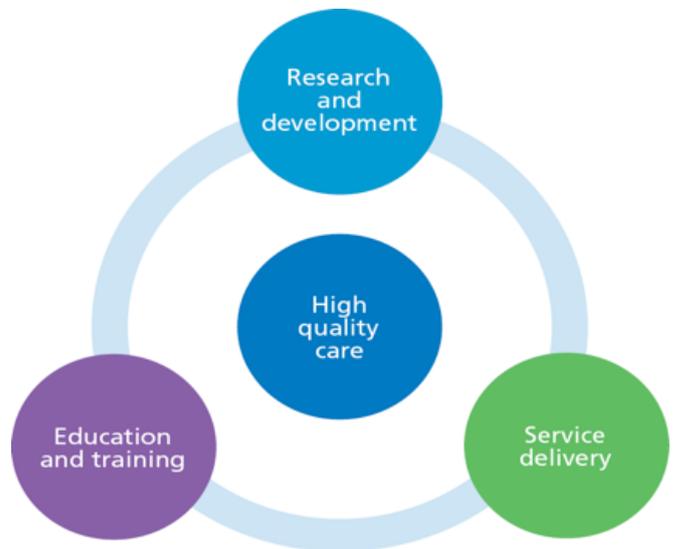
The Trust Board has agreed a process for agreeing and refreshing its objectives each year, ensuring that these remain linked to its mission, values and strategy. The Trust's mission is set out as:

- A hospital committed to learning, to honesty, and to the best possible care and experience for every patient, every time.
- A sustainable, high performing university foundation trust hospital, providing excellence in care quality, research, education and training.

The Trust's values are:



These are linked to its strategy:



And to its objectives:



#### 1.1.4 History and Statutory Background of the Trust

Milton Keynes Hospital was officially opened in 1984 and is located at Standing Way, Eaglestone, Milton Keynes, MK6 5LD. The acute services provision at that time included operating theatres, an emergency department, maternity services, general and speciality wards, full diagnostic x-ray facilities, and a major pathology department.

Other projects that were completed soon after this major development included a postgraduate education centre and an extended physiotherapy department, including a hydrotherapy pool.

Construction of phase two started in 1988 and focused on the expansion of facilities to support the continued population growth of Milton Keynes (estimated increase from 1984 to 1994 - 40%). The development comprised six additional 28-bed wards, a further suite of operating theatres, extra accommodation for the pathology department and additional accommodation for staff.

Phase two opened in 1992. Milton Keynes General NHS Trust formally came into being on 1 April 1992. Since then, significant changes have included the expansion of postgraduate education facilities, a new MRI scanning unit and the expansion and re-location of the cardiology unit and coronary care ward. In recent years the site has grown further with the addition of a 28-bed orthopaedic ward, a GP paediatric assessment unit, fracture clinic and refurbishment of the Emergency department.

Expansion continued with the opening of a £1.5m Macmillan Haematology and Oncology Unit within the main hospital. In January 2005 the biggest single development on the site for ten years, a £12m treatment centre dedicated to day cases and extended day case surgery, was opened with 60 bed spaces and a further four operating theatres. The centre has proved very popular with patients.

During 2006/07 the sexual health centre was refurbished and a new £2.5m angiography unit opened. Construction work on a new multi-storey car park was completed in July 2007 and our cardiology services continue to develop. Extra capacity has been added to clinics such as orthopaedics, ophthalmology and a rolling refurbishment of wards and corridors is on-going.



Since becoming an NHS Foundation Trust on 1 October 2007, sustained expansion has continued. During 2008/09 Ward 14, previously run by the local Primary Care Trust, was fully refurbished and reopened by the hospital. In April 2009 the hospital opened a new significantly expanded £4.6m state-of-the-art endoscopy unit and a new 22 bed ward.

In response to the number of patients requiring step down facilities rather than acute care, the Trust invested in developing a ward into a therapist-led facility for patients on the road to recovery. The Phoenix Unit opened on 5 November 2012 and has 20 beds.

# 1984

MK Hospital officially opened

# 1988

Phase **two** commences  
**Six** additional **28** bed wards  
Operating theatre suite

# 1992

Phase **two** opened  
MK General NHS Trust  
New MRI scanning unit  
**28** bed orthopaedic ward  
GP paediatric assessment unit  
Refurbished A&E department

# 2005

**£1.5m** Macmillan haematology and oncology unit  
**£12m** treatment centre dedicated to day cases  
**60** bed spaces  
**4** operating theatres

A new 20-bed surgical ward, Ward 24, opened in February 2017. Ward 24 will help the hospital manage an ever-increasing demand for services throughout the year and will be used by elective surgery patients. Ward 24 is the first building to be opened under the hospital's site development programme, with a new £5.4m main entrance opening in June 2017 and the £8.5m Academic Centre that will open around December 2017.



The Trust entered into a partnership with the University of Buckingham to establish the first independent Medical School in the country. The first medical students commenced pre-clinical training at the University in January 2015. In April 2015 the Trust changed its name to Milton Keynes University Hospital NHS Foundation Trust. The first cohort of University of Buckingham medical students began full-time clinical training with the Trust in March 2017. Sixty students will complete their MB ChB course at the hospital over the next two and a half years, with forty students training on site at any one time.

In addition to these site developments, 120 professional support staff moved off-site to new offices located in central Milton Keynes in November 2016 to allow the Trust to better utilise space for clinical purposes at the hospital.

The Trust has recruited 3,187 patients to participate in our research projects, with more data still to be included for 2016/2017 recruitment.

We continued our pioneering research partnership with the Medical Detection Dogs charity, which has attracted worldwide acknowledgement and support. The 'Canine olfactory detection of urological cancer from human urine' (MDD) study has continued to receive media attention and the team have delivered some successful healthy volunteer recruitment events in and around Milton Keynes as well as continuing to recruit eligible patients attending MKUH.

Having submitted expressions of interest for several commercial studies, we were awarded commercial studies in cancer, cardiology, diabetes and stroke. The Trust is fast becoming an organisation recognised by industry, forging relationships with commercial partners wanting to perform quality research within our organisation. A second grant submission has been made for our collaboration with the Open University to the Medical Research Council. The project would trial the use of fluorescence to detect the spread of cancer during surgery, therefore potentially reducing the number of patients recalled for further surgery. In this project MKUHFT would act as a sponsor for the clinical trial.

## 2007

**£2.5m** angiography unit opened  
Development of cardiology services  
NHS Foundation Trust formation  
Extra capacity to orthopaedics and ophthalmology  
Multi-storey car park completed

## 2009

Ward 14 fully refurbished  
**£4.6m** endoscopy unit and new **22** bed ward

## 2012

Therapist led facility developed  
The Phoenix Unit opens with **20** beds

## 2015

Partnership with the University of Buckingham to establish the first independent Medical School in the country.  
Milton Keynes University Hospital NHS Foundation Trust.

### 1.1.5 Key Risks and Issues

At the end of 2016/17 the Trust had 19 risks on its Board Assurance Framework, which includes highly scored risks (in terms of consequence and likelihood of the risk materialising) that could affect the delivery of the organisation's objectives. These risks are managed through the risk management processes in place in the Trust, with oversight and scrutiny through executive and non-executive chaired boards and committees.

Summary of key risks and issues as at March 2017:

1. Failure to recognise and appropriately escalate the deteriorating patient (NEWS)
2. Failure to support continued improvements in maternity/obstetric care
3. Failure to deliver high quality stroke care
4. Overwhelming demand for emergency care (through the ED)
5. Failure to respond to patient experience feedback
6. Failure to learn from incidents and complaints
7. Failure to meet statutory requirements for waiting times
8. Ineffective clinical audit programme means there is a lack of assessment against and compliance with best evidence-based clinical practice
9. Major IT system failure and cyber attacks
10. Inability to keep to affordable levels of agency and locum staffing
11. Timing of release of capital and revenue funding for 2016/17
12. Inability to achieve the required levels of financial efficiency within the Transformation Programme
13. Main commissioner is unable to pay for the volume of activity undertaken by the Trust
14. Inability to access £7.3m of Sustainability & Transformation Funding
15. Inability to recruit to critical vacancies
16. Inability to retain staff employed in critical posts
17. Failure to appropriately engage with stakeholders and the community on the Sustainability and Transformation Plan
18. Failure to appropriately engage with patients and the wider public on the prior year surgical audit programme
19. Failure to meet statutory or regulatory requirements

Further detail on risk management is contained within the Annual Governance Statement from page 84 onwards.

### 1.1.6 Going Concern Disclosure

International Accounting Standard 1 (IAS1) requires management to undertake an assessment of the NHS Foundation Trust's ability to continue as a going concern. These accounts have been prepared on a going concern basis as there has been no application to the Secretary of State for the dissolution of the NHS Foundation Trust and the directors currently believe there is no realistic alternative to doing so.

The current economic environment for all NHS Trusts and NHS Foundation Trusts continues to be challenging. The rising costs of delivering services combined with growing demand from population growth mean that NHS organisations need to continue to deliver financial efficiencies to maintain financial performance. Coupled with this, NHS commissioner organisations are also facing increasing financial pressure, requiring them to deliver significant savings in order to manage their budgets.

The Trust has incurred a deficit of £21.1m for the year ended 31 March 2017 (the deficit for 2015/16 was £31.8m). While the financial performance of the Trust has improved, the directors consider that the outlook presents significant challenges in terms of cash-flow for the reasons outlined above and due to the need to reduce the underlying cost base of the Trust to continuously align capacity and demand.

The Trust has prepared its financial plans and cash flow forecasts on the assumption that adequate funding will be received from Milton Keynes Clinical Commissioning Group ("MKCCG") (contractual income), and through Department of Health (DH) funding facilities.

In addition, the Trust has assumed it will receive £7.3m of non-recurrent Sustainability and Transformation funding the payment of which is contingent on the Trust achieving its targeted deficit and its agreed performance trajectories during 2017/18.

The Trust expects this to be sufficient to prevent it from failing to meet its obligations as they fall due, and to continue operating until adequate plans are in place to achieve financial sustainability for the Trust. However, the directors have identified that there are material uncertainties that cast significant doubt over whether the Trust will continue to exist in its current form, and over its ability to discharge its liabilities in the normal course of business.

Funding for the 2017/18 financial year is through interim revenue/capital support loans. This has the effect of increasing long-term liabilities and reducing net assets. The revenue loan facilities have a maturity of three years, with no principal being repaid until the end of the term and the capital loan is expected to be repaid over a 15-year period.

The Trust's immediate working capital requirements have been secured. However the Trust has to request on a monthly basis its requirements from the Department of Health for its Interim Revenue Support Loan. The Trust is looking to have an Interim Revenue support in 2017/18 of £18.8m and a further £13.7m Interim Capital Support Loan. In addition, the Trust has a revenue loan of £31.2m which is due for repayment at the end of March 2018. In relation to this loan, the Trust is awaiting confirmation from NHS Improvement that this will be rolled forward.

Positive cash balances will be maintained throughout the period through successfully securing commitments to necessary funding from DH and a contract with the lead commissioner MKCCG that gives assurance of income flows.

The significant financial risks and issues facing the Trust in the context of the going concern statement are summarised as follows:

1. The Trust has prepared a cash flow forecast which shows a minimum daily level of headroom of £1m. There is a level of uncertainty over whether the Trust will receive additional interim loans of £18.8m revenue and £13.7m capital required to meet its financial obligations and the £7.3m Sustainability and Transformational funding as noted above. In addition, there is uncertainty around the repayment of the revenue loan of £32.1m which is due for payment in March 2018. The Trust has however developed its financial plan assuming that it will receive this funding and thus continue on a going concern basis.
2. There is uncertainty over whether the Trust will achieve its efficiency savings plan of £10.5m which has been assumed in its financial plan. This is a level of savings which is extremely challenging and must be supported with adequate clinical focus and engagement against agreed and appropriately detailed delivery plans.

3. The future for Milton Keynes University Hospital NHS Foundation Trust is likely to be influenced by the work undertaken within the Sustainability and Transformation Plan (STP) for the Bedfordshire, Luton and Milton Keynes footprint. The STP comprises 16 partner organisations that have a commitment to improve the health and well-being of the local population, whilst delivering services within the available resources. From April 2017, the STP has been selected to become an Accountable Care System. This is a system in which the respective NHS organisations (both commissioners and providers), in partnership with local authorities, choose to take on clear collective responsibility for resources and population health. It is anticipated that they will provide joined up, better coordinated care. In return the organisations expect to have far more control and freedom over the total operations of the health system in the Bedfordshire, Luton and Milton Keynes areas; and work closely with local government and other partners to keep people healthier for longer, and out of hospital.

There are thus material uncertainties which may cast significant doubt as to the Trust's ability to continue as a going concern and therefore may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result if the going concern basis were not appropriate.



## 1.2. PERFORMANCE ANALYSIS

This section of the report provides a detailed summary of the Trust's key performance measures and how it checks performance against these measures. It also provides a more detailed analysis and explanation of the development and performance of the Trust during the year using a wide range of data, including key financial information. This section also summarises key environmental matters and provides detail on social, community and human rights issues, important events and overseas operations.

### 1.2.1 Activity

Demand for acute care continued to increase in 2016/17. The Trust received 11% more GP referrals than it had planned for. Demand on the emergency department was also higher than planned. The Trust accommodated a growing number of emergency admissions, and treated over 1,500 more elective admissions than planned at the start of the year.

Despite the increase in demand on its services, the Trust successfully reduced waiting times for planned care during 2016/17. The national standard for consultant-led Referral to Treatment (RTT) Waiting Times was also successfully delivered for five consecutive months. Diagnostic waiting times were also achieved against the national standard for the whole of the second half of the year. Meeting the target for cancer treatment has proved challenging, but performance improved considerably in the final quarter of the year.

Performance in 2016/17 included the following:

- 358,045 outpatient attendances, 11% more than 2015/16
- 25,480 elective admissions, 10% more than 2015/16
- 32,293 emergency admissions, 0.3% more than 2015/16
- 86,744 emergency department attendances, 3% more than 2015/16
- 3,810 babies were delivered, 5% less than in 2015/16

### 1.2.2 Key Performance Measures - Quality

The Trust measures its performance against key national indicators, which each have nationally defined standards. In addition, the Trust has local contractual quality performance indicators.

The table opposite summarises our performance against key national indicators for 2016/17.



Indicator	Assessment Benchmark / Target	Trust Performance	Outcome	Narrative
<b>NATIONAL REQUIREMENTS</b>				
Clostridium Difficile Infections	Maximum 39	10 (1 due to a lapse in care)	Achieved	Every reported C diff and MRSA bacteraemia infection case is formally reviewed by a collaborative Trust/ CCG review panel. This panel then makes a recommendation on whether each reported case was due to a 'lapse in care' (e.g. avoidable) in the hospital environment.
MRSA Bacteraemia (hospital associated)	Zero Tolerance	2	Not Achieved	Both measures (infection cases and those due to a 'lapse in care') are reported up to Board level on at least a monthly basis. This will continue in 2017/18. Root cause analysis methodology is used as the basis to identify risks and opportunities, and to ensure lessons are learned to drive continuous improvement.
All cancers, 31 day wait for second or subsequent treatment	Drugs treatments: 98% Surgery: 94% Radiotherapy: 94% Palliative Care: 94%	99.8% 98.1% 99.1% 100%	Achieved Achieved Achieved Achieved	Improvements in collaboration with tertiary centres are taking place to ensure evidence of treatment is shared in a timely manner and that breaches are attributed fairly.
All cancers: 62-day wait for first treatment	GP referred: 85% NHS Screening: 90% Consultant upgrade: 85%	86.2% 87.7% 100%	Key GP referrals target achieved	Consolidation of data across national and local IT systems is also developing to provide a robust, reliable and timely view of monthly and quarterly performance. There is continued focus on demand and capacity planning across all specialities.
All cancers: 2 week wait from referral to first appointment	All cancers: 93% Symptomatic breast: 93%	95.3% 93.7%	Achieved Achieved	Enhanced internal predictive performance reports are being developed to support performance management.
The percentage of Referral to Treatment (RTT) pathways within 18 weeks for incomplete pathways.	92%	92.5%	Achieved	Digital validation tools and reports are widely used on a daily basis to support the management of waiting lists and inform scheduling and planning. Data quality audits and assurance to enhance knowledge and awareness across the organisation, and to continuously improve and standardise processes. Weekly meetings (with executive presence) to monitor progress against action plans and trajectories, and to escalate any deviations from plans as they arise.
Maximum wait of 4 hours in Emergency Department from arrival to admission, transfer or discharge	95%	92.1%	Not Achieved (but in top quartile nationally)	Collaborative working across the health and social care economy is in place to identify and address issues which may result in increased demand or longer stays in hospital. Collaborative working with health and social care partners is in place to enable timely discharge for patients, which can improve patient flow throughout the hospital.
<b>ACUTE FOUNDATION TRUST TARGETS – MINIMUM STANDARDS</b>				
Friends and Family Test (Patient Recommend Rate)	None	94%	Consistent	The Trust evaluates and communicates both quantitative and qualitative feedback from patients to continuously improve patient experience and service delivery. There is a continuing emphasis on increasing response rates to gain further insight into Patient Experience in all areas, including the emergency department.
Complaints responded to within the required timeframe	90%	81%	Not Achieved	There is continued focus on evaluating complaints to drive improvement in services and patient experience. Compliance with required response times for complaints is reported at Divisional Performance meetings and up to Trust Board level. There is a focus on reporting and learning from more serious (red rated) complaints.

## Key Performance Measures - Finance

The Trust measures its performance against key financial indicators, which each have defined standards. In addition, the Trust has local contractual financial performance indicators.

The table below summarises the Trust's performance against key financial indicators for 2016/17.

FINANCIAL KEY PERFORMANCE INDICATORS - MARCH 2017						
Area	Metric	Measure	Plan	Actual	Status	Comment
Financial Efficiency	National reference cost index	Comparison of activity costs against other NHS providers.	100.0	102.8	Not Achieved	Final reference costs for 15/16, improvement on previous year figure fo [103.5]
	Cash variance to plan		£2.5	£3.9m	Achieved	Higher than plan due to the late notification of STF incentive funding.
Working Capital	Capital spend YTD against plan (cash basis)		£27.3m	£9.7m	Not Achieved	Reduction in planned capital spend due to the reprioritisation and timing of strategic schemes as requested by NHSI.
	Debtor days	Trade Receivables as a proportion of annualised income.	16	20	Not Achieved	Higher than plan due to timing of payment of over performance invoices.
	Creditor days	Trade Payables as a proportion of annualised expenditure.	25	22	Achieved	Lower than plan.
Use of Resources Ratings	Liquidity ratio	< -14 days (Score 1) cover - Cash plus trade debtors less trade creditors expressed as the number of days operating expenses that could be covered.	4	4	Achieved	This ratio is based on net asset position, given that the Trust has a net current liabilities, the ratio is negative.
	Capital Service Ratio	< 1.25x (Score 1), the degree to which the Trust's operating surplus, excluding depreciation, covers its financing obligations ie. PDC, Loan Interest & Finance Lease costs.	4	4	Achieved	This is a negative as the Trust has an operating deficit.
	I&E Variance From Plan	< -2% (Score 4), 0% (Score 1) the I&E% variance from plan	1	1	Achieved	This Trust is achieving its I&E plan.
	I&E Margin metric	< -1% (Score 4), the trusts surplus or deficit as a proportion of its operating income	4	4	Achieved	This is a negative as the Trust has an operating deficit.
	Agency metric	<50% (Score 4), 50% (Score 3), 25% (Score 2) the % variance from the trusts agency ceiling	3	2	Achieved	The Agency ceiling was introduced after the Trust submitted its plan, but the Trust is working hard to reduce its agency spend.

## Regulatory Performance Measures

From 1st April 2016 Milton Keynes University Hospital NHS Foundation Trust has been regulated by NHS Improvement (NHSI) which replaced both the regulator for NHS Foundation Trusts (Monitor) and NHS Trusts (NHS Trust Development Agency). During 2016/17 NHSI introduced a new mechanism for monitoring NHS organisations called the 'Use of Resources' (UoR) rating. The measure was introduced from quarter three onwards and replaced the previous 'Continuity of Services Financial Risk Rating (CoS FRR)'. The financial monitoring categories in the UoR rating are similar to those used under the previous CoS FRR; however in the UoR the rating scales are reversed, with the rating of '1' representing the least risk and '4' representing the most risk. The way in which the UoR rating is calculated can be found on the NHSI website: [www.improvement.nhs.uk](http://www.improvement.nhs.uk)

The Trust measures its performance on a monthly basis, with quarterly self-declarations submitted to NHSI (as per the table below). These recognise that the Trust remains subject to enforcement action whilst it is improving its services and performance.

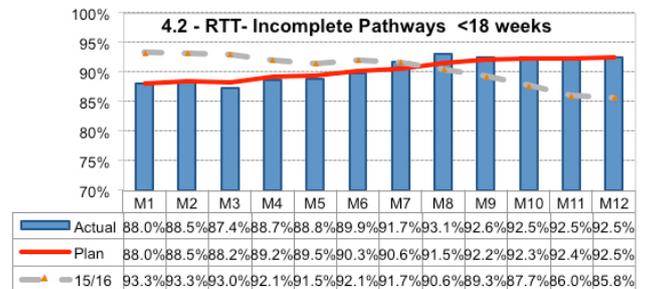
Rating Category	Annual Plan	2016/17 Actual			
		Q1	Q2	Q3	Q4
Continuity of Services Financial Risk Rating (CoS FRR)		2	2		
Use of Resources (UoR)				3	3

## 1.2.3 Detailed Quality Performance Analysis

### Referral to Treat (RTT)

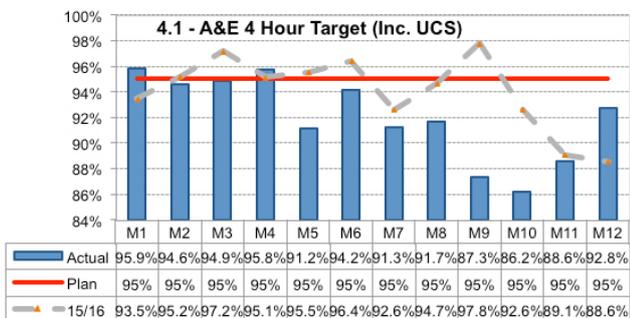
Demand on NHS healthcare services continued to increase in the Milton Keynes area during 2016/17. The Trust received 11% more GP referrals than it had planned for, and demand on Accident & Emergency was also higher than planned. The impact of the increase in demand has been that the Trust accommodated a growing number of emergency admissions, and treated over 1,500 more elective admissions than planned at the start of the year.

In spite of this additional pressure, overall, the Trust has performed well against its key targets. Although the RTT incomplete pathway target was not being met in the first two quarters of the year, improved performance was sustained throughout the second half of the year, and the target was met for the year as a whole. Robust and detailed management of waiting lists and effective engagement with the divisional clinical teams were among the activities key to this recovery.



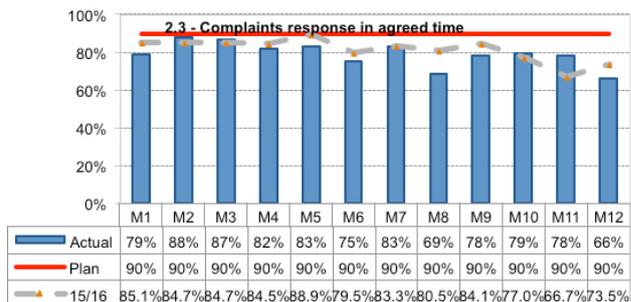
## Accident and Emergency 4 hour target

The Trust did not achieve the target of treating 95% of patients attending Accident & Emergency within 4 hours, but its year end performance of 92.1% placed it among the top performing trusts nationally on this measure. The Trust responded well to the added pressure on services over the winter months through effective activity planning that meant that additional bed capacity was made available in advance of the coldest months. Clinical teams from across the organisation were deployed to provide assistance within the department at times of particularly high demand, and the Trust worked collaboratively with partners in primary and social care throughout the year, to better manage demand across the local health economy, with particular focus on reducing levels of delayed discharge and appropriately diverting patients away from Accident and Emergency. These efforts are continuing into 2017/18.



## Response to Complaints

The Trust did not achieve the target to respond to 90% of complaints within an agreed time. There is recognition that there has not been sufficient involvement at divisional and clinical service unit level in complaint handling, and the provision of timely and satisfactory responses has not always been given the priority that it deserves. Although performance in Q4 remained below plan and below target, new systems were put in place across all 4 divisions to raise the profile of complaints, including having them as a key agenda item at divisional performance meetings and providing executive director visibility of those that were out of time. Some divisions are now reporting significantly better performance in this area, but the challenge to provide consistently timely responses across all divisions and services remains.

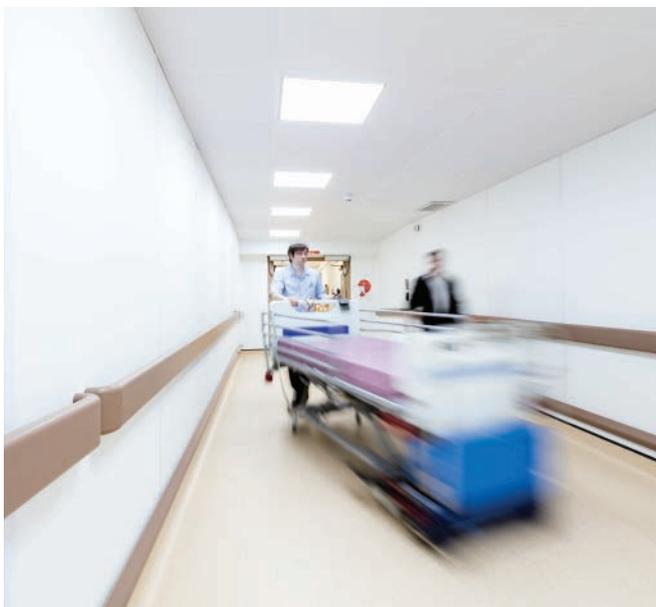


### 1.2.4 Development of the Business during the Year

The Trust has engaged fully in the work as part of the Sustainability and Transformation Planning footprint. From April 2017, the STP has been selected to work towards becoming an Accountable Care System. This is a system in which the respective NHS organisations (both commissioners and providers), in partnership with local authorities, choose to take on clear collective responsibility for resources and population health. It is anticipated that they will provide joined up, better coordinated care. In return the organisations expect to have far more control and freedom over the total operations of the health system in the Bedfordshire and Milton Keynes area; and work closely with local government and other partners to keep people healthier for longer.

In addition to the collaboration with STP partners, the partnership between the Trust and the University of Buckingham Medical School continues with first and second year students on placement for half a day per week and 60 third year medical students on placement full time for the Junior Block rotation.

The Trust has also continued with its implementation of its Electronic Patient Record (EPR) system, a project which seeks to better utilise technology to increase patient safety and clinical efficiency. This is all part of the Trust's technology roadmap which is being pursued in collaboration with STP partners.



### 1.2.5 Impending Developments and Future Development Trends

Clinical activity in the Trust continues to grow at levels exceeding the national average. In 2016/17 the Trust experienced 6% growth in activity overall. This comprised:

Activity Growth	2016/17 % increase
Critical Care	13%
Elective	12%
Out-patients	7%
Chemotherapy	5%
Emergencies	4%
A&E	3%
Maternity	(2%)

The Trust expects activity to continue to grow at levels above the national average.

The new university status of the hospital has provided a springboard for increasing research and development activity at the hospital. The Trust has been working closely with the Academic Health Sciences Network, University of Buckingham and the

Open University on R&D opportunities. This is an exciting development for the Trust and will enable us to continue to attract high quality staff to the organisation.

In order to support developments at the Trust, Milton Keynes University Hospital NHS Foundation Trust approved the estates strategy in 2014/15 and work continues to develop and deliver on the requirements.

- Building of an Academic Centre commenced in December 2016 and is expected to complete by December 2017. The Academic Centre will provide facilities for the medical students being trained by Milton Keynes University Hospital in conjunction with the University of Buckingham.
- The Trust continues to repatriate cancer patients so that they can have their care closer to home. Plans for a Cancer Centre on site are being developed and the outline business case and feasibility study have been completed. The development of the full business case, including the final design proposals, is on-going.
- Building works on the new main entrance commenced in 2016/17 and it is expected to be completed by the end of May 2017. This will allow the Trust to provide a new facility to the front of the site that will allow visitors and patients to have a focal point of entry, as well as providing enhanced retail facilities.
- Given the growth in services and patient numbers, the Trust and the local council recognise that parking has become an issue on the site. A full business case has been approved by the Board to allow for the provision of additional parking capacity on site to cater for increasing numbers of patients, visitors and staff.

## 1.2.6 Review of Financial Performance

### Income and expenditure

In 2016/17 Milton Keynes University Hospital has continued its excellent track record of delivering against its agreed financial plan. Having been set a control total deficit of £25.6m by NHS improvement, the Trust has exceeded expectations by reporting a net deficit of £21.1m. This represents a significant improvement on 2015/16, with a £10.7m (33.6%) reduction compared to the £31.8m deficit in 2015/16. This improvement in financial performance has been achieved whilst maintaining or improving on performance standards and achieving a CQC rating of 'Good'.

A comparison of planned and actual performance is shown in the table below:

£m	2015/16 Actual	2016/17		
		Plan	Actual	Variance
Income	191.6	204.2	215.3	11.1
Expenses	(219.0)	(225.5)	(232.5)	(7.0)
<b>Operating Deficit</b>	<b>(27.4)</b>	<b>(21.3)</b>	<b>(17.2)</b>	<b>4.1</b>
Finance costs	(4.1)	(4.3)	(3.9)	0.4
Loss on disposal of assets	(0.3)	0	0	0
<b>Net (Deficit)</b>	<b>(31.8)</b>	<b>(25.6)</b>	<b>(21.1)</b>	<b>4.5</b>

As described above, the Trust experienced significant growth in the demand for its services in 2016/17, with activity volumes increasing by 6% on average. This, combined with additional income received by the Trust through the 'Sustainability and Transformation Fund', led to a £23.7m (12.4%) increase in income compared to the previous year. The main components of the increase in clinical income are set out below:

- Outpatient income: £4.5m (13%);
- Non elective income: £3.9m (7%)
- Elective income: £3.3m (14%)
- A&E: £0.5m (5%)

Operating expenses rose by £13.3m (6%) on the previous year to £232.5m, £7m higher than the Trust's plan. The main area of cost growth relates to staff costs (£8.8m), as a result of enhanced clinical staff to patient ratios and the need to service the higher levels of activity in year. Expenditure on drugs, clinical supplies and services from other organisations also increased (£3.6m) as a result of the rising demand for services.

### Cash Flow and Net Debt

As the Trust is in financial deficit, it is reliant on loan financing from the Department of Health (DH) to meet its obligations as they fall due. In 2016/17, the Trust received a revenue loan from DH of £25.6 to fund the planned financial deficit, and a capital loan of £1.9m. The capital loan allowed the Trust to progress with the implementation of its Electronic Patient Records system as described above.

The Trust ended the year with cash and cash equivalents of £4m. This is higher than the cash balances held at the end of 2015/16 (£2.5m), which reflects the receipt of Sustainability and Transformation Funding from NHS Improvement in March 2017.

### Total Assets Employed

Total assets employed decreased by £15.4m (18.5%) to £67.9m. This is largely due to the additional loans taken on by the Trust in the year which was only partly offset by higher non-current assets following an upwards revaluation of the Trust's estate (see below)

£m	2015/16	2016/17
Non-Current Assets	161.0	166.4
Current Assets	16.7	26.7
Current Liabilities	(28.1)	(63.2)
Non-Current Liabilities	(66.3)	(62.0)
<b>Total Net Assets Employed</b>	<b>83.3</b>	<b>67.9</b>

### Capital Expenditure

The Trust invested £9.7m in capital schemes during 2016/17. Further details of significant schemes are included in 'development of the business during the year' above. A further expansion of the capital programme is planned for 2017/18, subject to relevant approvals from NHS Improvement.

### Asset Valuations

In accordance with International Accounting Standards, a full property valuation is carried out on the Trust's land and buildings every five years, with an interim valuation after three years. An Interim revaluation was completed by the district valuer during 2016/17 which resulted in an increase in the valuation of the Trust's assets by £5.7m (reflected in the increase in non-current assets). A full revaluation is not due until March 2020.

### 1.2.7 Accounts Preparation

The financial statements have been prepared in accordance with the 2016/17 Treasury Government Accounting Manual. The accounting policies contained in that manual follow International Financial Reporting Standards (IFRS) to the extent that they are meaningful and appropriate to NHS Foundation Trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

### 1.2.8 Environmental Sustainability

Although the Trust does not yet have a dedicated sustainable development plan in place, it has an on-going commitment to sustainability and reducing its impact on the environment. As part of any development on the site, the environmental impact is assessed as part of the business case process. One of the Trust's objectives is to develop as a good corporate citizen and this explicitly includes a commitment to reducing its environmental impact:

Objective 10 Develop as a Good Corporate Citizen	Key Deliverables
Reduce environmental impact through improved employee wellbeing	<ul style="list-style-type: none"> <li>Evidence engagement of and communication with staff around green travel options and energy usage with the aim to reduce parking on site and energy consumption</li> <li>Continually review transport services across the site as a critical strand of the estates development programme</li> <li>Recycling banks across the Trust, including clothes and textiles</li> <li>Extension of existing furniture recycling programme</li> <li>Review of food provision to ensure quality, healthy eating options and waste minimisation</li> </ul>
Engage staff and patients to increase use of car share schemes, public transport and in reducing energy consumption	
Increase opportunities for staff to engage in recycling, energy saving initiatives and community project involvement	
Engaging staff to reduce food wastage	

In addition, the Trust is committed to reducing carbon emissions as part of the national sustainability agenda.

The following table shows Co2 performance per annum to date:

2010/11	11,808 Tonnes
2011/12	11,108 Tonnes
2012/13	11,183 Tonnes
2013/14	10,508 Tonnes
2014/15	9,786 Tonnes
2015/16	9,426 Tonnes
2016/17	9,403 Tonnes (Estimated)

A small decrease in carbon is expected from last year, which is partly due to a relatively mild winter that only required a small increase in gas heating requirement, and a small reduction in electricity usage, possibly due to the introduction of energy saving schemes. The Trust continues to invest in energy saving projects and other carbon reducing schemes and during last year these included the following projects:

- The refurbishment of Wards 17, 18 and 21 including the installation of energy efficient lighting. This is estimated to reduce our carbon production by an annual amount of 197 carbon tonnes.
- A major programme to replace around 700 overhead lights in our hospital corridors and departments for more energy efficient LED lighting. These changes should contribute to a further reduction in the electricity used by the Trust and the associated carbon being produced. This is expected conservatively to lead to a reduction of around 50% in the electricity used by lighting and 20% in the associated carbon being produced by the lighting.

The Trust has been working with Milton Keynes Council and local bus companies with a view to increasing the number of bus routes passing through or close to the hospital, thereby reducing the number of car journeys taken by staff, patients and visitors. As part of the Trust's site development plans, the Trust is also encouraging staff to explore alternative transport options for getting to work, including a revamp of the Cycle to Work scheme.



### 1.2.9 Social and Community Issues

Based on the latest census information, the population of Milton Keynes was estimated to be 255,700 in 2013. The historical trend between 2001 and 2013 showed a population increase of 43,000, a growth of 20.2% compared with 8.9% for England during the same period, and this growth is expected to continue into the future. In addition to population growth, the Trust has a catchment area which is wider than the boundaries of the Milton Keynes Unitary Authority, with patients from Northamptonshire, parts of Aylesbury Vale District and the market towns of Buckingham and Leighton Buzzard also using the Trust's services. There is additional demand for healthcare services from members of staff of the numerous large corporate organisations based in Milton Keynes who commute from outside the Trust's catchment area. To accommodate this growth in demand, the Trust has taken a number of steps to increase its service capacity:

- In November 2016, 120 members of staff working within the Trust's IT, human resources and finance functions moved away from the hospital site to new offices located in the centre of Milton Keynes, in part to free up space in the hospital to accommodate clinical services.
- In February 2017 the Trust opened a new 20-bed surgical ward, with a view to increasing and improving elective activity for its patients. This new ward will help deal with the increasing demand for the Trust's services, and its location next to the Treatment Centre and near the theatres department, will allow for the quick and effective transfer of patients.
- Plans to build a new Cancer Centre on the Trust site are at an advanced stage.

The population age profile of Milton Keynes is younger than for England as a whole. 22.6% of the Milton Keynes population are aged under 16 compared with 19.0% in England. 65.3% of the town's population are aged 16-64 compared with 63.8% in England and 12.1% of the Milton Keynes population are aged 65+ compared with 17.3% in England. In addition, between 2001 and 2011 the ethnic diversity (represented by those from an ethnic group other than "white" British) increased from 13.2% to 26.1%, compared to 20% in England. Healthcare services have therefore been planned to reflect these demographic changes, with a particular focus on supporting prevention and promoting a focus on the health and well-being agenda. For example, the Trust is working with providers of community based services on more holistic and preventive approaches to diabetes care and sexual health. The Trust also recognises that pastoral and spiritual care is an integral part of any health need assessment, and that these are best considered on an individual basis.

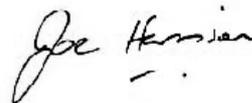
Measures are in place to ensure that the Trust's obligations under equality and diversity and human rights legislation are complied with, and these are set out in more detail on page 77 of this report.

### 1.2.10 Important Events Affecting the Trust since the end of the Financial Year

There are no significant events since the balance sheet date that are likely to have a material impact on either the Trust or the financial statements for the year ending 31 March, 2017.

### 1.2.11 Overseas Operations

The Trust has had no overseas operations in the reporting period.



Joe Harrison  
CHIEF EXECUTIVE

Date: May 2017





# Section 2

## Accountability Report

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# Accountability Report

## 2.1 DIRECTORS' REPORT

The directors are responsible for preparing the Annual Report and Accounts and consider the Annual Report and Accounts taken as a whole are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess Milton Keynes University Hospital's performance, business model and strategy.

Milton Keynes University Hospital Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles set out in the 2012 version of the UK Corporate Governance Code.

The Board of Directors consider it is compliant with the Code of Governance except as set out on page 86.

### 2.1.1 Composition of the Board of Directors

The Board of Directors comprises full-time executive and part-time non-executive directors. Executive directors are employees of the NHS Foundation Trust, led by the chief executive, and are responsible for the day-to-day management of the Trust.

Non-executive directors are not employees, but officers; they bring to the Board an independent perspective and it is their role to challenge decisions and proposals made by the executive directors, and to hold executive directors to account.

The role of the Board, led by the Chairman, is to provide effective and proactive leadership of the Trust; to set the strategic aims of the Trust, ensuring the quality, safety and effectiveness of the services provided and ensuring that the Trust is well-governed in every aspect of its activities.

The description below of each of the current directors' areas of expertise and experience demonstrates the balance, completeness and relevance of the skills, knowledge and expertise that the directors bring to the Trust.

The composition of the Board of Directors at 31 March 2017 is detailed opposite:

NON EXECUTIVE DIRECTORS	
Name	Appointment
Simon Lloyd	Acting Chairman
Robert Green	Non-executive director
David Moore	Non-executive director (deputy chair and senior independent director)
Tony Nolan	Non-executive director
Andrew Blakeman	Non-executive director
Parmjit Dhanda	Non-executive director (appointed March 2017)

EXECUTIVE DIRECTORS	
Name	Appointment
Joe Harrison	Chief Executive
Lisa Knight	Director of Patient Care and Chief Nurse
Ian Reckless	Medical Director
John Blakesley	Deputy Chief Executive
Ogechi Emeadi	Director of Workforce
Michael Keech	Interim Director of Finance
Kate Burke	Director of Corporate Affairs
Caroline Hutton	Director of Clinical Services
Emma Goddard	Director of Service Development (on secondment to the BLMK STP from January 2017)

OTHER BOARD MEMBERS DURING 2016/17	
Name	Appointment
Baroness Margaret Wall	Chairman of the Trust until January 2017
Jonathan Dunk	Director of Finance (left the Trust in April 2016)
Sophia Aldridge	Interim Director of Finance (April to December 2016)
Jean Jacques De Gorter	Non-Executive Director until February 2017
Martin Wetherill	Medical Director (until April 2016)

## 2.1.2 Biographies of Board Directors

Biographies for individuals who were serving as directors on the Board as at 31 March 2017 are detailed below. The Board of Directors is confident that it has within it the appropriate mix of skills and depth of experience to lead the Trust appropriately. The Board considers all the non-executive directors to be independent as they were appointed to their roles through open competition and are not employees of the Trust.

### Simon Lloyd

#### **ACTING CHAIRMAN**

Simon joined the Trust in May 2015 for a three-year period. He originally qualified as a solicitor and spent some years in private practice as a corporate lawyer. He moved from private practice to work for Lloyds as an in-house lawyer before joining Bristol & West plc as Company Secretary. During his time at Bristol & West, Simon took on a number of functional responsibilities for the Bank of Ireland in the UK, including HR and Premises and Shared Services. Simon joined Alliance & Leicester in 2003 as Group Secretary and became Group Secretary and HR Director in 2007. Simon has held the roles of People & Talent Director, Chief People Officer & General Counsel and General Counsel & Chief Administrative Officer at Santander UK. He retired in December 2016.

### David Moore

#### **NON-EXECUTIVE DIRECTOR, DEPUTY CHAIRMAN (SENIOR INDEPENDENT DIRECTOR FROM 1 MARCH 2014)**

David joined the Trust in March 2012 on a four year appointment which ended in February 2016. He was subsequently reappointed for a further two years. He spent 28 years working internationally for Citibank, returning to the UK in 2008 as Managing Director for Citi Private Bank Operations Division in EMEA and Asia before retiring at the end of 2011. David has significant experience in governance, finance, operations, strategic planning, quality and change management. He was a Public Member of Network Rail from 2008 through to 2011 and Lay Member of the Council of the University of Leicester sitting on Finance, Remuneration and Health & Safety Committees. He was Independent Auditor for the Welton Townlands Trust. David holds an MBA and BA in Social Sciences.

### Andrew Blakeman

#### **NON-EXECUTIVE DIRECTOR**

Andrew joined the Trust in February 2016 for a three-year period. He is a Chartered Accountant and has worked for BP for over 20 years in a variety of senior financial roles, most recently as Chief Financial Officer for BP's UK petrol station business. Andrew was a non-executive director on the board of NHS Blood & Transplant from 2008 to 2016 and was Chair of the Governance and Audit Committee, which covered audit, risk, quality and clinical governance. He also sits on the Quality and Clinical Governance Committee of Public Health England. Andrew is committed to ensuring patients are cared for safely and compassionately, that risks are identified and managed and that the Trust's objectives are achieved.

### Robert Green

#### **NON-EXECUTIVE DIRECTOR**

Robert joined the Trust in January 2013 on a four-year appointment. He was reappointed in February 2017 for a two-year term. He is a Chartered Accountant having trained with PwC. Robert has over 30 years board and senior financial experience mostly in the UK, but also in the Far East and US. He was Group Finance Director of Wilson Connolly, a FTSE 250 company based in Northampton. He has an MA in Mathematics from Oxford University and has lived in Milton Keynes for 14 years.

### Tony Nolan

#### **NON-EXECUTIVE DIRECTOR (FROM 1 MAR 2014)**

Tony joined the Trust in March 2014 on a four-year appointment. He has held senior positions in a number of multi-national companies in the technology sector and is currently the Transformation Director for Arqiva, the UK's leading TV, radio and mobile infrastructure provider. He lives in Buckinghamshire.

### Parmjit Dhanda

#### **NON-EXECUTIVE DIRECTOR (FROM 1 MAR 2017)**

Parmjit joined the Trust in February 2017 on a three-year appointment. He served as the Member of Parliament for Gloucester from 2001 to 2010, and was a Government Minister, covering Young People and Families, Fire and Rescue Services and Community Cohesion portfolios. Parmjit has served as Non-Executive Director for an urban regeneration company and two Housing Associations. He is currently a Senior National Officer for the Prospect trade union. He lives in Buckinghamshire.

## Executive Directors

### Joe Harrison

#### CHIEF EXECUTIVE

Joe joined the Trust as chief executive in February 2013. He was formerly chief executive at Bedford Hospital, and has 25 years' experience of working in the acute sector of the NHS, covering both big teaching hospitals and district general hospitals. His roles have included a range of senior operational and corporate positions at several London hospitals, and he has a track record of improving patient services and performance.

### John Blakesley

#### DEPUTY CHIEF EXECUTIVE

John has over 30 years' experience in the NHS. His career started in pathology, before moving into general management. He has undertaken a range of executive director roles as director of performance and delivery and deputy chief executive as well as director of market management (commissioning for a large PCT). In addition, John has experience of the commercial sector with a specialised surgical company. He has a particular interest in using information systems to improve patient care and decision-making.

### Kate Burke

#### DIRECTOR OF CORPORATE AFFAIRS

Kate has substantial experience as a communications professional and company secretary, and has worked on and with boards in the acute health sector and police and criminal justice agencies. Before joining Milton Keynes University Hospital as director of corporate affairs with responsibility for integrated governance and assurance, membership and corporate communications, Kate spent a number of years at Bedford Hospital, latterly as associate director of corporate affairs and communications and company secretary. Kate is passionate about staff and patient engagement, leadership, culture and about developing integrated governance systems to support the delivery of safe, effective, high quality care.

### Michael Keech

#### INTERIM DIRECTOR OF FINANCE

Mike qualified as a Chartered Accountant (ACA) and is a member of the Institute of Chartered Accountants in England and Wales (ICAEW). He has significant experience of NHS finances, having started his career as an external auditor of NHS Foundation Trusts before taking on a range of finance and strategy roles at the healthcare regulator Monitor (now NHS Improvement). Prior to arriving at the Trust he was heavily involved in supporting challenged health economies in developing plans to return to a sustainable position. His roles have included leading on the financial analysis for a Sustainability and Transformation Plan (STP) footprint and supporting Monitor's work in a number of high profile organisations.

### Ogechi Emeadi

#### DIRECTOR OF WORKFORCE

Before joining the Trust in March 2014, Ogechi was Deputy Director of Human Resources at North Middlesex University Hospital. She has over 20 years' experience working in HR in the NHS, during which time she has delivered on strategic and operational human resources initiatives and on the organisational development agenda. Ogechi is passionate about improving staff health and wellbeing and driving forward staff development.

### Caroline Hutton

#### DIRECTOR OF CLINICAL SERVICES

Caroline joined the Trust in 2013 to lead on transformation, and was appointed substantively to the role of director of clinical services, responsible for operational management, in October 2014. She is a registered nurse with 29 years' NHS experience, and has held a number of senior positions both operationally and clinically, working across all healthcare sectors, including the leadership and delivery of complex cross-organisational projects and programmes. Caroline has significant experience of working in partnership with private sector organisations and commercial and legal teams from her leadership positions with the National Programme for IT, and is passionate about encouraging collaborative teamwork with a view to introducing new approaches to the delivery of patient care, as well as encouraging a data driven approach to operational planning and delivery.

### Emma Goddard

#### **DIRECTOR OF SERVICE DEVELOPMENT (ON SECONDMENT TO THE BLMK STP FROM NOVEMBER 2016)**

Emma was appointed in December 2014 as director of service development. She has held various senior operational posts across a number of NHS hospitals, and has significant experience of clinical services within the acute sector, and partnership working with commissioners, primary care services and the private sector. Prior to joining Milton Keynes University Hospital, Emma spent some years working as chief operating officer at Bedford Hospital. She also spent some time working as interim director of operational performance, responsible for the day to day running of the sites and supporting the Foundation Trust applications at Hillingdon Hospitals.

### Lisa Knight

#### **CHIEF NURSE AND DIRECTOR OF PATIENT CARE**

Lisa was appointed as chief nurse and director of patient care in October 2012.

She brought a wealth of experience gained from a range of nursing disciplines. Having trained and spent the first few years of her career at hospitals in north London, Lisa spent a year at an acute medical oncology unit in Toronto. On her return to the UK, Lisa pursued her interest in burns and plastic surgery care, working in units at University College Hospital and the Royal Free Hospital, utilising her postgraduate diploma in this specialty. She worked as operations manager for surgery at Chase Farm Hospital, covering anaesthetics, operating theatres and intensive care. This was followed by roles at North Middlesex as senior nurse for the A&E and medicine; interim deputy chief nurse at Epsom and St Helier; and interim chief nurse at Addenbrooke's. Her particular nursing interests include developing effective pathways for the care of the elderly, safeguarding adults and managing the needs of patients with dementia.

### Dr Ian Reckless

#### **MEDICAL DIRECTOR**

Ian was appointed as Medical Director in April 2016. He trained at St George's Hospital Medical School, London and undertook postgraduate training in the Oxford area. Ian worked as Special Adviser to the Healthcare Commission in 2004, and was Special Assistant to the Chief Medical Officer in 2005/06. He was appointed Consultant Physician and Senior NIHR Research Fellow at the Oxford Radcliffe Hospitals NHS Trust, and he later held the roles of Associate Medical Director (Quality) and Clinical Director, Neurosciences at the successor Oxford University Hospitals NHS Foundation Trust. He continues to undertake clinical work both at Milton Keynes and in Oxford, where he remains Honorary Consultant Stroke Physician / Senior Clinical Lecturer at the John Radcliffe Hospital. He also contributes to the work of the Isle of Wight Clinical Commissioning Group as secondary care doctor on the Governing Body. Ian has a particular interest in postgraduate education, having previously served as Training Programme Director, and has authored books on general medicine, and the interface between medicine and the law.

## Members of the Board who also served in 2016/17

### Baroness Margaret Wall (CHAIRMAN UNTIL JANUARY 2017)

Baroness Margaret Wall of New Barnet joined the Trust in July 2014 on a three-year appointment. In January 2016, the Council of Governors approved an extension to her term of office until July 2018. Before joining the Trust, Margaret served as chair at Barnet and Chase Farm Hospitals NHS Trust where she had overseen a complete turnaround in performance, and a move towards sustainability and security for acute health provision through a locally led and delivered service reconfiguration. Margaret's career had been in the Trade Union movement, latterly as National Secretary and Head of Politics/Policy at Amicus, whose members include NHS professional and technical staff. She was created a life peer in the House of Lords in 2004 and was Chair of the Labour Party from 2001 to 2002. Margaret was passionate about ensuring that Milton Keynes University Hospital provided safe, effective and responsive services for local people that met the needs of the area's growing communities.

### Sophia Aldridge

#### INTERIM DIRECTOR OF FINANCE (APRIL TO DECEMBER 2016)

A qualified CIMA accountant, with 15 years post qualification experience. Her experience spans both industry and public sector. Sophia worked at the Trust for seven years, previously holding the roles of deputy director of finance and interim director of corporate affairs. She is committed to staff development and the application of financial and corporate governance.

### Dr Jean-Jacques de Gorter

#### NON-EXECUTIVE DIRECTOR (MARCH 2014 TO FEBRUARY 2017)

Jean-Jacques joined the Trust in March 2014 on a three year appointment. He left the Board at the end of his tenure in February 2017. Dr de Gorter held hospital and GP appointments in the NHS, as well as in Australia and New Zealand, before joining NHS Direct as a Medical Director. He joined the private sector as Director of Clinical Services at BUPA Hospitals, and since 2007 has been Group Medical Director of Spire Healthcare Ltd. He lives in Buckinghamshire.

### Jonathan Dunk

#### DIRECTOR OF FINANCE (TO APRIL 2016)

Jonathan is a CIPFA qualified accountant with 10 years senior experience in the acute Trust setting, having joined the NHS through the National Graduate Programme. He has completed the NHS Leadership Academy, Nye Bevan Programme, taking high performing NHS employees through to a new qualification in NHS Executive Leadership. Prior to arriving at Milton Keynes, he was heavily involved in the pioneering acute Trust franchise process implemented at Hinchingsbrooke NHS Trust.

### Martin Wetherill

#### MEDICAL DIRECTOR (TO APRIL 2016)

Martin has worked at Milton Keynes University Hospital for more than 20 years. He has a special interest in medical education and service transformation, has led the Trust's trauma, orthopaedics and rheumatology teams, and also worked as Clinical Transformation Director. Martin has been an active member of regional and national committees on professional practice, teaching and assessment for consultant status for orthopaedic surgeons. He served as the Trust's Medical Director from July 2011 to April 2016.

### 2.1.3 Balance of Board Members and Independence

At the end of the financial year 2016/2017, the Board of Directors comprised:

- Acting chairman of the Trust
- Five further non-executive directors
- The chief executive
- Five further Executive directors
- Three non-voting directors

As at 31 March 2017, one third of the members of the Board of Directors were female (there were five female and ten male Board members). The Board of Directors reviewed and confirmed the independence of all the non-executive directors who served during the financial year 2016/17.

The Board of Directors also considers that the balance of skills and experience of its members is complete and appropriate to address the operational and economic challenges the Trust expects to face over the next few years.

### 2.1.4 Non-Executive Director Appointments

In February 2016, the first terms of office of Jean-Jacques de Gorter and Robert Green came to an end. All non-executive directors are eligible to serve two terms, provided that their maximum tenure does not exceed six years. Dr de Gorter had indicated that he did not wish to serve a second term, but Mr Green did put himself forward for re-appointment.

The appointment of non-executive directors of the Trust is the responsibility of the Council of Governors. A Non-Executive Appointments Committee of the Council has been established, and for the purposes of this exercise its membership comprised of:

- Alan Hastings (lead governor, publicly elected) (Chair)
- Liz Wogan (publicly elected)
- Andrew Buckley (appointed, Milton Keynes Council representative)
- Peter Stringley (publicly elected)

The recruitment consultants Harvey Nash were engaged to support the appointment exercise. A total of 42 applications were received, with 11 of these being long-listed for informal interviews with the consultants. Six candidates were eventually selected for interview, one of whom subsequently withdrew. The interviews took place on 12 January 2017, and were supplemented by peer group discussions held with other members of the Council of Governors and some of the executive directors. The interview panel comprised of the Non-Executive Appointments Committee, as well as Simon Lloyd, the acting chairman of the Trust, and an independent assessor, Hattie Llewellyn-Jones (chair of Buckinghamshire Healthcare NHS Trust). The director of workforce and the Trust secretary provided support to the panel.

The Council of Governors, at their meeting on 25 January 2017, approved the recommendation that Parmjit Dhanda be appointed as a non-executive director of the Trust for a period of three years, and that Robert Green be reappointed to the Board for two years. Mr Green had already served for four years during his first term of office, and the Council of Governors were cognisant of the guidance set out in the NHS Foundation Trust Code of Governance as below:

“B.7.1. In the case of re-appointment of non-executive directors, the chairperson should confirm to the governors that following formal performance evaluation, the performance of the individual proposed for re-appointment continues to be effective and to demonstrate commitment to the role. Any term beyond six years (e.g., two three-year terms) for a non-executive director should be subject to particularly rigorous review, and should take into account the need for progressive refreshing of the board. Non-executive directors may, in exceptional circumstances, serve longer than six years (e.g., two three-year terms following authorisation of the NHS foundation Trust) but this should be subject to annual re-appointment. Serving more than six years could be relevant to the determination of a non-executive’s independence.”

A non-executive director may resign from their roles by giving the agreed period of notice in writing to the Chairman and the Council of Governors, and the Chairman may resign by giving notice to the Council of Governors. In addition, the Chairman or any non-executive director may be removed from office on the approval of three quarters of the members of the Council of Governors.

### 2.1.5 Board, Board-level Committee and Directors' Performance and Effectiveness Review

The Board of Directors meets regularly and has a formal schedule of matters specifically reserved for its decision. This includes high-level items relating to the Trust's strategy and how this is operationalised, its business plans and budgets, regulations and control, and the annual report and accounts. The Board delegates other matters to the executive directors and senior management as appropriate.

Meetings of the Board of Directors follow a formal agenda, which includes reports and updates on operational performance and against quality indicators set by the Care Quality Commission (CQC), NHS Improvement and by management, strategic issues, financial performance, and clinical governance. The performance measures include the amount of time that patients are required to wait to be treated at the emergency department, lengths of stay, the effectiveness of infection control, patient experience measures, including the timeliness within which complaints are handled, and the results of the Friends and Family Test. The Board also benchmarks its performance against that of other Trusts of a similar size and configuration.

The executive and non-executive Directors recognise the importance of evaluating the performance and effectiveness of the Board of Directors as a whole, the sub-committees of the Board of Directors, and of individual directors. The performance of individual directors is assessed over the course of the year in terms of:

- Attendance at Board and Board committee meetings,
- The independence of individual non-executive directors,
- The effectiveness of the contributions of each executive and non-executive director to the business of the Board and its committees, both in and out of meetings,
- The Board's effectiveness in providing a strategic direction to the Trust and its ability to provide the lead requisite leadership.

In respect of individual appraisals:

- The Chairman undertakes the appraisal of the chief executive and non-executive directors;
- The Chief Executive undertakes the appraisal of the executive directors;
- The Senior Independent Director undertakes the appraisal of the chairman, having sought feedback from the rest of the Board of Directors, the Trust Secretary and from the Governors and key stakeholders;
- The chief executive discusses and reviews the executive directors' appraisals with the chairman and the Remuneration Committee.

The process for the appraisal of the chairman and the non-executive directors has been approved by the Council of Governors. Governors evaluate the performance of the Board of Directors as a whole in terms of meeting its targets and communicating with its staff, members and stakeholders.

The result of the evaluation process of the Board of Directors' performance in respect of the year ended 31 March 2017 was that the Board collectively and the directors individually were deemed to have performed well. Evaluation of the committees indicates that they are working well. Improvements made to the quality of information provided have led to richer and more in-depth discussions on the key issues, and a greater level of assurance to the committees and the Board.



## 2.1.6 Attendance at Board Meetings

	Board of Directors	Audit Committee 5	Charitable funds Committee 4	Investment & Finance Committee 12	Quality & Clinical Risk Committee 4	Remuneration Committee 2	Workforce Development Assurance Committee 4	Council of Governors 6**
<b>Sophia Aldridge</b> (from April to December 2016)	7	3	3	7				3
<b>Andrew Blakeman</b>	9				4	1	3	2
<b>John Blakesley</b>	11	4		3				5
<b>Kate Burke</b>	8	5	3		2			3
<b>Jean-Jacques DeGorter</b> (left the Board in February 2017)	9	1			4	2		1
<b>Parmjit Dhanda</b> (from February 2017)	1				1			
<b>Ogechi Emeadi</b>	11					2	4	4
<b>Emma Goddard*</b>	5			6				
<b>Robert Green</b>	9	5	4		3	2		5
<b>Joe Harrison</b>	10	1		12	1	1		3
<b>Caroline Hutton</b>	7							
<b>Michael Keech</b> (from December 2016)	4	1		3				3
<b>Lisa Knight</b>	10			1	3			2
<b>Simon Lloyd</b>	8	4		5		1	1	4
<b>David Moore</b>	9		4	12	4	1		4
<b>Tony Nolan</b>	11	1		10		2	4	2
<b>Ian Reckless</b>	10			7	4		1	3
<b>Daphne Thomas</b> (Acting Dir of Finance Apr 2016)	1			1				
<b>Margaret Wall</b> (until January 2017)	5	1		4	1	1		3

\*on secondment to BLMK STP from November 2016

### 2.1.7 Detail of Company Directorships and Other Significant Interests Held by Directors or Governors

Members of the Board of Directors and the Council of Governors did not hold any other non-executive directorships or commitments that are disclosable under the Monitor Code of Governance.

### 2.1.8 Board Register of Interests

The Trust maintains two registers of interests. The first includes interests of all directors; the second interests of the Council of Governors. Both documents are available for public inspection by making contact with the Trust secretary by email at [adewale.kadiri@mkuh.nhs.uk](mailto:adewale.kadiri@mkuh.nhs.uk).

An annual report is made to the Trust Board regarding the interests of executive directors and non-executive directors. In addition, executive and non-executive directors are required to declare any potential conflict of interest that they may have in respect of any item on a Trust Board or Board Committee agenda. In the event that it is decided either by the Trust chairman or the chair of the committee that a conflict does in fact exist, the Board or committee member would be instructed to excuse themselves from the discussion of that particular item.

### 2.1.9 Audit Committee

The Audit Committee's key role is to ensure that the Trust has an adequate and effective system of internal controls. The Committee focuses on the establishment and maintenance of controls that are designed to give the Board reasonable assurance that the Trust's resources are safeguarded, waste and inefficiency limited, and that reliable information is produced to demonstrate that value for money is constantly sought.

The key responsibilities delegated by the Board to the Committee are to:

- Ensure the effectiveness of the organisation's governance, risk management and internal control systems,
- Ensure the integrity of the Trust's financial statements, the Trust's Annual Report and in particular the Annual Governance Statement, and
- Monitor the work of internal and external audit and ensure that any actions arising from their work are completed satisfactorily.

The Audit Committee is chaired by Robert Green, a non-executive director of the Trust. As set out above, Mr Green has relevant financial experience, and therefore has the skills and knowledge to effectively perform this role. During the course of 2016/17, the other members of the Committee were Dr Jean-Jacques de Gorter and Simon Lloyd. The Committee met five times during 2016/17, and at each meeting it considered: the work of the internal audit function, the work of the external auditors, including the framework within which they conduct their work, and any issues that they wish to raise both in the course of the audits and following the conclusion of their work, the work of the Trust's counter-fraud team, taking account of fraud trends that the Trust needs to be aware of, and steps being taken to raise fraud awareness across the Trust. The Committee also considers a list of all debts that are to be written off; updates to the IFRS work and accounting policies, and the Trust's overall approach to risk management, including consideration of the board assurance framework and corporate risk register.

During the course of the year, the Audit Committee reviewed the Trust's financial and operating performance and its compliance against key national and regulatory standards. It agreed the internal audit annual work plan, and received draft and final reports of their reviews, including reviewing management responses, and assessing progress against recommendations made. With regard to the external audit function, the Committee agreed with the external auditor the nature and scope of the of the audit as set out in their annual plan, discussed the auditors' evaluation of the audit risks and assessment of the Trust, and the impact of this on the audit fee set. The Committee also reviewed other work carried out by the external auditors, and in 2016/17, this focused mainly on progress made by management in addressing recommendations, principally relating to the quality of data, arising out of the audit of the Trust's 2015/16 quality report. The internal auditors also conducted a review of the Trust's approach to data quality, and the Committee worked with management to ensure that a robust and sustainable response to both sets of findings was implemented. In addition, the Audit Committee receives and interrogates reports and updates from the Trust's counter-fraud providers. In 2016/17, one of the key areas of focus in this area was the approach to ensuring that the Trust recovers payment from overseas patients who are not entitled to free care.

The Audit Committee has been assured by the Head of Internal Audit Opinion on the Trust's internal control environment and approach to identifying, assessment and mitigation planning to risks. This was supported by in year and year end reviews, and subject to submission to the Audit Committee on 23 May 2017.

The Audit Committee reviews auditor independence both as part of its scrutiny of the annual report and accounts, and as part of its annual review of the auditors' work. The Committee has also engaged regularly with the external auditors throughout the year, including in private session. The Committee is satisfied that to the best of its knowledge, there are no issues that compromise the external auditors' independence. The Chair of the Committee regularly discusses the effectiveness of both internal and external auditors with the director of finance.

Deloitte have provided external audit services to the Trust since April 2012 on a five-year tenure. In December 2016, the Council of Governors commenced the process of appointing a new auditor whose tenure will take effect from August 2017. For the 2016/17 audit, the Trust incurred statutory audit fees of £101,000, including a further £12,000 that was paid to Deloitte in relation to additional work undertaken on the 2015/16 accounts that was charged in 2016/17. In addition £29,000 was incurred in relation to other auditor remuneration in 2016/17. All the amounts include irrecoverable VAT.

The following steps were taken during 2016/17 to ensure that auditor objectivity and independence is safeguarded:

- At each meeting of the Audit Committee attended by the external auditors they were asked to declare any interests that they may have in any of the items on the agenda. No such declarations were made.
- The external auditors have confirmed their compliance with the APB Ethical Standards for Auditors, and do not consider that their professional judgement or objectivity has been compromised.
- The Trust and the auditors ensured that fees for the provision of non-audit services by the external auditors did not exceed 70% of the audit fee, as mandated by the updated Auditor Guidance Note 1 issued in December 2016. The external auditors also did not perform any of the prohibited non-audit services set out in the guidance note. Details of the fees that were charged for non-audit work have been disclosed in the external auditors' report, and no further fees were charged.
- The external auditors have continued throughout the year to review their independence and ensure that appropriate safeguards are in place. These include the rotation of senior partners and professional staff, and the involvement of additional partners and professional staff to carry out reviews of the work performed and to advise as necessary.



### 2.1.10 Remuneration Committee

The Remuneration Committee is a sub-committee of the Trust Board. It is chaired by the Trust Chairman and comprises all the non-executive directors. The Committee meets as required, but its terms of reference recommend that this should be at least twice a year. Its main role is to agree the salaries and remuneration packages of the chief executive and the executive directors. The chief executive and the director of workforce attend the meeting, but leave when discussions about their own positions are to be held.

The Remuneration Committee met twice in 2016/17.

### 2.1.11 Council of Governors

The Council of Governors represents the interests of Foundation Trust members, public and staff and shares information about key decisions with membership.

The Board of Directors reports to the Council of Governors on the performance of the Trust and its progress against agreed strategic and corporate objectives, and consults on its future direction.

Governors report matters of concern raised at their local health event constituency meetings to their counterparts and to the Directors. Members of the public are given the opportunity to ask questions addressed to the Governors, Directors or any other staff members in attendance at the local health events or Council of Governor meetings.

All Board Members are asked to attend the Council of Governors' meetings in order to gain an understanding of the views of the Trust's Governors and Members. Furthermore, other persons may attend for the purpose of providing assurance or to report on progress of any key matters of interest.

The Board of Directors receive feedback on the views of Governors by:

- Attending the Council of Governors meetings, and
- The Chairman holds informal meetings with Governors in months in which there are no formal Council of Governor meetings.

It is intended that two meetings will be held each year for non-executive directors and Governors to meet privately to discuss issues facing the Trust.



In addition to their duty to ‘hold the non-executive directors, individually and collectively, to account for the performance of the Board of Directors’, (as set out in the Trust Constitution) the Council of Governors is responsible for appointing or removing the Chairman and the other Non-Executive Directors; approving an appointment (by the non-executive Directors) of the Chief Executive; deciding on the remuneration and allowances, and the other terms and conditions of office, of the Chairman and the other non-executive directors; appointing or removing the Trust’s auditor; appointing or removing any auditor appointed to review and publish a report on any other aspect of the Trust’s affairs; approving significant transactions and approving any changes to the Trust’s Constitution.

To allow the Governors to exercise their statutory duties, the Board of Directors is responsible, among other things, for ensuring the Council of Governors: receives the Annual Report and Accounts; is consulted on the content of the Quality Accounts; is presented with other management reports detailing Trust performance in all areas: clinical, operational and financial performance; is able to provide its views to the Board of Directors when the Board of Directors is preparing the document containing information about the Trust’s forward planning; is able to engage with each Governor’s specific member constituents or, in the case of an appointed Governor, to do so with members of the representing organisation.

During the course of 2016/17, the Council of Governors took advantage of a number of formal and informal opportunities to engage with the Trust membership, with a view to seeking their views on the Trust’s performance, plans and priorities. For example in October 2016, a number of governors attended a Healthwatch organised event in centre:MK at which they engaged with signed up and prospective members of the Trust. The first of a new series of Meet the Members events were also held in March and October 2016. Feedback received by governors from these and other interactions with Trust members and the public was reflected in their comments on the Trust’s Annual Plan.

## Membership of the Council of Governors

The Council of Governors is chaired by the Trust chairman. It consists of 15 governors elected by public members of the Trust (2 vacant at 31 March 2017), each representing a geographic constituency, seven governors elected by staff of the Trust (1 vacant as at 31 March 2017), and six appointed governors (two from Milton Keynes Youth Cabinet) 1 vacant as at 31 March 2017.

The table at Appendix 2 lists the governors and their attendance record at the eight Council of Governors meetings that took place in the year.

In light of its status as a university trust, the Constitution has been amended to allow for a representative from the University of Buckingham to join the Council of Governors as an appointed governor. Discussions about this are being held with the university.

## Register of Governors’ Interests

A register of governors’ interests is maintained by Milton Keynes University Hospital NHS Foundation Trust. A copy of the latest version submitted to the Council of Governors may be inspected during normal office hours at the Trust Secretary’s office.

## Lead Governor

The publicly-elected Governors select amongst themselves one Governor to be the Lead Governor of the Council of Governors. The Lead Governor coordinates any communication that might, in extreme circumstances, be necessary between NHS Improvement (the independent regulator) and the other Governors, and acts as a main point of contact for the Chairman and the Senior Independent Director. Throughout the year ended 31 March 2017 the lead governor role was held by Lesley Bell followed by Alan Hastings.

## Elections

In 2016/17 elections were held for the following seats on the Council of Governors.

Date	Constituency (see Appendix 1 for key)	Result
May 2016	Partnership Governor Milton Keynes Business Leaders	Rohit Shah (appointed)
August 2016	Appointed Governor Milton Keynes Council	Andrew Buckley (appointed)
September 2016	PUBLIC Bletchley & Fenny Stratford, Denbigh, Eaton Manor and Whaddon	Peter Skingley (elected)
September 2016	PUBLIC Outer catchment area that includes parishes in the areas of Buckingham, Winslow, Leighton Buzzard, Linslade and Newton Longville.	Paul Griffiths (elected)
September 2016	STAFF Nurses and Midwives Staff Group	Kim Weston (unopposed)
September 2016	STAFF Admin and Clerical Non-clinical Staff Group	Mark Lombardo (unopposed)
March 2017	PUBLIC Linford South, Bradwell and Campbell Park	Philip Gerrella (elected)
March 2017	PUBLIC Stantonbury, Stony Stratford, Wolverton	Robert Johnson-Taylor (elected)
March 2017	PUBLIC: Extended area that includes the county area of Northamptonshire, Buckinghamshire and Bedfordshire not already covered in the outer catchment area and the unitary council area of Luton and the district council areas of Cherwell, Oxford City and South Oxfordshire	Siddartha Nandi-Purkayastha (unopposed)
March 2017	PUBLIC Walton Park, Danesborough, Middleton and Woughton	Clare Hill (elected)
March 2017	STAFF Registered Doctors and Dentists	John Ekpa (unopposed)

The Trust commissioned the services of UK Engage to undertake the election process. The literature produced by UK Engage is very user friendly and easy to complete with the added opportunity of online participation which this year proved very popular. In 2016/17 there was a continued increase in the number of contested elections and overall turnout.

## Governor Development

In 2016/17, the format for the Council of Governors meetings continued to develop and included presentations on key issues and developments within the Trust. This has helped to improve the Governors' understanding of their role and their knowledge on subjects that are relevant to the Trust and the NHS.

To give more governors the opportunity to develop their skills and knowledge, a rotational lead governor model has been adopted. This model, which is supported by GovernWell, provides Governors with leadership and development opportunities and support succession planning within the Council. It also provides governors with the opportunity to 'test' whether the role is suitable for them, and the relatively short duration of each tenure means that the commitment is not onerous. Three Governors who expressed interest are each undertaking the role for a specified period of time until the model is reviewed in November 2017.

In 2016/17, further opportunities to support governor involvement and development included activities such as the involvement in work programme issue specific groups such as development of the hospital estate, the lay readers panel and consultation events.

The Trust is committed to providing governors with the skills required to undertake their important role and in 2016/17 introduced a half day induction programme.

In 2016/17 the Trust continued to work in partnership with Luton and Dunstable University Hospital NHS Foundation Trust, and together with NHS Providers, developed a bespoke event for Governors from both trusts. The event enabled the sharing of knowledge and experience from each areas in the subjects of the statutory role and responsibilities to hold the non-executive directors to account and possible methods for governors to communicate and seek views and involvement from the trust membership. There was positive feedback on the event from governors from both Trusts, There were common issues that the Governors wanted to take forward and further joint meetings are planned for 2017/18.

Governors are encouraged to attend external events and the attendee prepares a summary of the learning and presents it to the Council of Governors.

The Engagement Group, which comprises of governors, have been involved in developing the governor development programme. There are three elements to the development programme:

Mandatory	Recommended	Other
Governance of trust		
Role of Governor,	Risk management	
Non executive directors	Dementia awareness	Internal & external opportunities
Trust induction	External audit	
NHS providers Induction Programme		

### Attendance at Council of Governor Meetings

The Council of Governors has met formally six times during the year, (seven including the Annual Members' Meeting). The Trust's Constitution requires the Council of Governors to meet at least three times a year. The Council of Governors, after each of their meetings, provide a report to the Board to ensure all key issues discussed are brought to the Board's attention formally. Details of governors' attendance at the six Council of Governors meetings held in 2016/17 are included in Appendix 2.

Governors have been or are currently involved in various groups and committees, these include: the Engagement Group; Non-Executive Appointments Committee; PLACE inspection team; 15 Steps initiative which evaluates the environment of hospital areas from the patient's perspective on the first 15 steps made; The Bedfordshire, Luton and Milton Keynes (BLMK) Sustainability and Transformation Plan (STP) forum meetings; the new main entrance consultation group.



## 2.1.12 Membership

Milton Keynes University Hospital NHS Foundation Trust is committed to establishing and growing an effective membership and during 2016/17, a number of steps have been taken to improve engagement and increase membership.

In 2016/17 extensive work was undertaken to secure our membership community by addressing natural attrition and increasing the demographic diversity of Trust membership. We have also adjusted our database to better reflect the true number of eligible staff members. This has enabled efficient, effective communication to be made in the most convenient way to members and broadened the involvement of the public membership.

In 2016/17 increased initiatives for members included Meet the Members events and the launch of 'Member's News' a free newsletter, providing news about the hospital, information and dates for diaries of meetings and events.

### Number and Analysis of Members

	2015/16	2016/17
<b>PUBLIC CONSTITUENCY</b>		
At year start 1 April	5,881	5,673
New members	110	154
Members leaving	318	291
At year end 31 March	5,673	5,536
<b>STAFF CONSTITUENCY</b>		
At year start (1 April)	3,140	4,050
At year end (31 March)	4,050	2,821
<b>PUBLIC CONSTITUENCY AGE (YEARS)</b>		
0-16	1	2
17-21	78	44
22+	1,992	2,060
Not declared	3,602	3,430
<b>PUBLIC CONSTITUENCY ETHNICITY</b>		
White	4,477	4,354
Mixed	94	93
Asian or Asian British	341	345
Black or Black British	239	240
Other	73	69
Not declared	449	436
<b>PUBLIC CONSTITUENCY GENDER</b>		
Male	2,241	2,178
Female	3,432	3,358

## Membership Constituencies

The trust has staff and public constituencies, and also has nominated governors representing local stakeholders in partnership constituencies. Within the terms of the Constitution, all staff are automatically members unless they decide to opt out of membership, providing they have been appointed to a post for a minimum period of twelve months. Members of the public living within the Trust's catchment area who are over the age of 14 and not employed by the trust are entitled to become public members. To be a representative on the Council of Governors, applicants should be aged 16 years or over.

The areas of the public constituency and the number of current members are shown below:

PUBLIC CONSTITUENCIES	MEMBERSHIP
Bletchley and Fenny Stratford, Denbigh, Eaton Manor and Whaddon	1,108
Emerson Valley, Furzton, Loughton Park	794
Linford South, Bradwell, Campbell Park	826
Hanslope Park, Olney, Sherington, Newport Pagnell North, Newport Pagnell South, Linford North	660
Walton Park, Danesborough, Middleton, Woughton	836
Stantonbury, Stony Stratford and Wolverton	773
Outer catchment area: - (Buckingham, Winslow, Leighton Buzzard, Linslade, Woburn Sands, Hanslope, Old Stratford, Beachampton, The Horwoods, The Brickhills, Woburn)	417
Extended catchment area, that includes the remainder of the county area of Northamptonshire, Buckinghamshire and Bedfordshire (not already covered in the outer catchment area) the unitary council area of Luton and the district council areas of Cherwell, Oxford City and South Oxfordshire.	122
<b>Total</b>	<b>5,536</b>

The Trust currently has 5,536 public members and 2,821 staff members on its membership register. The total membership is therefore 8,357.



## Membership Recruitment and Engagement

The Trust's membership continues to be developed by the Governor and Membership Manager. Some of the Trust's Governors have been very active in assisting to recruit new members.

The Engagement Group continues to deliver the revised membership and engagement strategy that was adopted by the Council of Governors in 2015/16.

The strategy has the following three objectives:

### Objective 1

Build and maintain membership numbers to meet / exceed annual plan targets ensuring the membership is representative of the population the Trust serves.

### Objective 2

Regular and effective communication with members.

### Objective 3

Engage with members and encourage their involvement.

An action plan to deliver these objectives has been developed, and is being actively monitored by the Engagement Group. Actions include increasing membership by developing an engagement plan, and providing information and presentations to local voluntary organisations and community groups about the benefits and importance of membership.

The Council of Governors Youth Cabinet appointed representatives who provide views on the services provided for young people, invited the Trust to take part in the Big Youth MK Debate along with other health related organisation where young people from schools across Milton Keynes were able to ask questions and give views on local health services.

Trust staff and governors continue to talk with partner and external organisations, the Governor and Membership Manager and governors were also involved in the Healthwatch event in October 2016 when new members were signed up. The engagement group have also developed a leaflet for the residents in their constituency and the local community council providing information on the role of Governors and how they can be contacted.

The Trust is committed to engage with individuals or groups who find joining the membership difficult, unappealing, or who are unaware of hospital membership.

## Contacting the Council of Governors

Anyone wishing to contact our Council of Governors or enquire about becoming a member can do so in writing or by using a dedicated membership email address: [Foundation.Members@mkuh.nhs.uk](mailto:Foundation.Members@mkuh.nhs.uk). Contact can also be made directly by telephoning the Governor and Membership Manager on 01908 996235.

### 2.1.13 Compliance with HM Treasury Cost Allocation and Charging Guidance

The Trust has complied with the cost allocation and charging requirements set out in HM Treasury and Cabinet Office public sector information guidance.

### 2.1.14 Political and Charitable Donations

There have been no political donations made by the Trust or charitable donations of the nature specified in the regulations made during the financial year. The Trust continues to benefit from charitable donations, and is grateful for the efforts of fundraisers and members of the public for their continued support.

### 2.1.15 Better Payments Practice Code

The Trust uses the Better Payments Practice Code with regards to paying creditors and has maintained its year-on-year position at a rate of 89% of invoices in the year ending 31 March 2016, (previous year was 90%) which in 2016/17 represented 89% in value terms. The Trust also paid £nil in interest charges in respect of late payment of invoices.

### 2.1.16 Accounting Policies and Other Retirement Benefits

The accounting policies for pensions and other retirement benefits are set out in note 1.5 of the Financial Statements and the arrangements for senior employees' remuneration can be found in the Remuneration report.

### 2.1.17 Statement on Report as Fair, Balanced and Understandable

The Board of Directors are responsible for preparing and agreeing the financial statements contained in the annual report and accounts. The Board confirms that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for stakeholders to assess the NHS Foundation Trust's performance, business model and strategy.

### 2.1.18 Enhanced Quality Governance Reporting

Arrangements for governing service quality are outlined in the Annual Governance Statement (starting on page 84) and the Quality Report, which is presented as part of this Annual Report.

### 2.1.19 NHS Improvement Regulatory Ratings

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

- Quality of care
- Finance and use of resources
- Operational performance
- Strategic change
- Leadership and improvement capability (well-led)

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

The Single Oversight Framework applied from Quarter 3 of 2016/17. Prior to this, Monitor's Risk Assessment Framework (RAF) was in place. Information for the prior year and first two quarters relating to the RAF has not been presented, as the basis for accountability was different. This is in line with NHS Improvement's guidance for annual reports.

Milton Keynes University Hospital NHS Foundation Trust is currently in segment 3. Providers in this segment are classed as receiving mandated support for significant concerns. In the case of this Trust, this relates to the fact that it remains in financial deficit, but also some historical concerns that had been raised in relation to the quality of emergency care dating back to 2014. Significant action has been taken in the intervening period to address those concerns, and there is an expectation that the Trust will shortly receive a clean bill of health in relation to those historical concerns specifically, but more broadly, the quality and safety of its emergency medicine provision. The Trust's assessment as 'Good' by the Care Quality Commission will also be taken into account.

The Trust continues to measure performance on a monthly basis and is taking additional actions where required, to ensure that it meets all of its mandated performance targets. Monthly performance review meetings are held with the regional NHS Improvement Team and updates are promptly provided in response to all queries raised about the Trust's performance.

There were no formal interventions by the regulator during the year 2016-17. There were no material inconsistencies between the Trust's assessment of key risks and either subsequent NHS Improvement ratings or Care Quality Commission assessments. The Trust Annual Governance Statement on page 88 details how the Trust has reviewed and assessed the effectiveness of the Trust's systems of internal control.

### 2.1.20 Compliance with Monitor (NHS Improvement) Licence

In 2014/15, as a result of non-delivery of the A&E 4 hour target, and the fact that the Trust is in financial deficit, the Trust was found to be in breach of its Licence conditions. In January 2015 enforcement undertakings were agreed by the Trust under s106 of the Health and Social Care Act 2012. The requirements included:

- Delivery of a financial improvement plan
- Delivery of an accident and emergency care action plan
- Development of an assessment of the clinical, financial, operational and structural impact of the Healthcare review
- A number of Board Governance actions

The Trust considers that it has fulfilled all of the conditions that were set, and is working with NHS Improvement to have the conditions against its licence formally removed.

### Patient Care

The Trust has continued to improve care quality and patient services, with examples in the performance and quality reports. The Trust monitors quality and key targets closely, with detailed narrative and data available in the performance report.

### 2.1.21 Care Quality Commission Inspections and Action Plans

The Trust had an unannounced focused CQC inspection on 12, 13 and 17 July 2017 to check how improvements had been made in urgent and emergency care, end of life care and maternity services.

The other areas of Surgery, Critical Care, Children’s Services and Outpatients were not inspected and so their ratings remain from the previous inspection in October 2014. All of these services were rated as “Good” at that time.

Overall Ratings for Milton Keynes University Hospital:

Specialty Area	Safe	Effective	Caring	Responsive	Well-led	Overall
Urgent and Emergency services	Requires improvement	Good	Good	Good	Good	Good
Medical care	Requires improvement	Good	Good	Good	Good	Good
Surgery	Good	Good	Good	Good	★ Outstanding	Good
Critical care	Good	Good	Good	Good	Good	Good
Maternity and Gynaecology	Good	Good	Good	Good	Good	Good
Services for children and young people	Good	Good	Good	Good	Good	Good
End of Life Care	Requires improvement	Good	Good	Good	Good	Good
Outpatients and Diagnostic Imaging	Good	Not Rated	Good	Good	Good	Good
<b>Overall</b>	Requires improvement	Good	Good	Good	Good	Good

#### Key findings from the report:

- All staff were compassionate about providing high quality care.
- The emergency department was meeting the four hour target with clear escalation processes to allow for proactive plans to be put into place for patient flow.
- The HSMR 9 Hospital standardised mortality (ratio) was significantly better than the expected rate.
- Improvements had been made in the completion and review of patients “do not attempt cardio pulmonary resuscitation” forms.
- There was a lower rate than the average of neonatal deaths. The Maternity Improvement Board was monitoring this to make further improvements to the service.
- Staffing levels were appropriate and met patients’ needs at the time of the inspection.
- Staff morale was positive and staff spoke highly of the support from their manager.
- Local ward leadership was effective and ward leaders were visible and respected.

#### Areas of outstanding practice:

- The Medical Care Service had a proactive elderly care team that assessed all patients over 75 years old.
- The Medical Care Service ran a dementia café to provide emotional support to patients living with dementia and their relatives.
- Ward 2 had a dedicated bereavement box that contained soft lighting and furnishings to provide a homely environment for patients requiring end of life care.

#### Areas of compliance or enforcements actions:

The Trust received no notifications of compliance or enforcement actions as a result of this report.

Areas were identified for improvement, and the Trust took immediate action to ensure those recommendations were acted upon:

- The emergency department did not comply with guidance relating to both paediatric and adult mental health facilities.  
*The Trust has built a dedicated mental health assessment room and improved its security to the paediatric emergency department.*
- Staff patients and visitors did not appear to observe the handwashing protocols in the emergency department.  
*The Trust has introduced more regular audit of the handwashing protocols in the department.*
- The non-invasive ventilation policy was out of date.  
*This has been re written and approved.*
- The Medical Care Service did not have a policy for dealing with outlying patients.  
*This has been updated due to recent ward reconfigurations.*
- In the maternity service examples were shared of inappropriate behaviours and lack of teamwork at consultant level in the service. These behaviours were not observed during the inspection.  
*The Trust has invested in multi-disciplinary leadership and human factors training which includes all of the consultant body. In addition timetables have been rescheduled to allow for team meetings and more multi-disciplinary ward rounds.*
- Not all medical staff in maternity had completed the required level of safeguarding children’s training.  
*Compliance is presently over 90%.*
- There was poor compliance with assessing the risk of venous thromboembolism in the maternity service.  
*A new process is now in place.*



### 2.1.22 Improvements in Patient/ Carer Information

The Trust has adopted the Patient Accessible Information Standard and continually seeks opportunities to improve patient and carer information to improve access to care and services and support decision-making.

### 2.1.23 Information on Complaints Handling

The Trust has a complaints and patient advice and liaison service to co-ordinate the investigation, response and resolution of complaints within statutory timeframes. The Trust is continually seeking to improve the way in which complaints and issues are managed, particularly by involving and empowering patients and families more effectively through the complaints process.

### 2.1.24 Stakeholder Relations

Our policy is to engage, involve and consult with the public, patients, carers and other stakeholders on improving the care we provide. We do this by finding out what our patients and other stakeholders think about the care they have received and, through our Council of Governors, asking for views on our longer-term plans. Members are not just informed of issues regarding the Trust, but are actively involved in shaping services.

While the main forum for representing the interests of patients, carers, employees and the local community is through the Council of Governors, we have started a number of initiatives to open up channels for the wider community. For example we held our first Big Conversation which provided both staff and local residents the opportunity to hear first-hand what is happening at the hospital as well as an opportunity to ask executives questions on current issues and developments.

### Milton Keynes Clinical Commissioning Group

The Trust has established a working relationship with the CCG for the contract negotiations and longer term health care planning.

### Health and Adult Social Care Select Committee

The chief executive, the chairman and governors have continued to keep the elected representatives of Milton Keynes Council and in particular, the Health and Adult Social Care Committee apprised of service issues at the Trust. The Council have continued to support the strategic direction of the Trust. In addition, the Council has a representative on the Council of Governors, Councillor Andrew Buckley.

### Health and Wellbeing Board

The Chief Executive represents the Trust on the Health and Wellbeing Board and reports any issues back to the Trust Board and governors, as appropriate.

### Milton Keynes Adult Safeguarding Board

The Trust is an active member of the Milton Keynes Safeguarding Adults Board, the local group responsible for overseeing safeguarding. It is a multi-agency group with representatives from the council, health services, police, voluntary sector and independent inspection and regulation services.

### Healthwatch Milton Keynes

Throughout 2016/17 collaboration continued as appropriate between the Council of Governors and Healthwatch Milton Keynes. The remit of both the Council of Governors and Healthwatch is complimentary; both bodies representing the health interests and concerns of the members and people of Milton Keynes. The chair of Healthwatch Milton Keynes is an appointed governor on the Council of Governors and another governor is a co-opted member of the Healthwatch Milton Keynes Management Board. Participation has been undertaken in various events including involvement from Healthwatch at the Governors' Annual Members' Meeting and Governors involvement in the Health event held at the centre:mk with stalls on diagnostic services, patient experience and membership.

### Other Patient and Public Involvement Activity

The Trust has a diverse range of patient and public involvement activity and has significantly developed opportunities for involvement throughout the year. Examples include the 15 Steps initiative; the Big Conversation; engagement workshops and public meetings on the STP; PLACE assessments; and patient and carer stories at the Board and Council of Governors.

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### 2.1.25 Statement as to Disclosure to the Auditors

The Executive and Non-Executive Directors who held office at the date of the approval of the Directors' report confirm that, so far as they are aware, there is no relevant audit information of which Deloitte LLP is not aware. They also confirm that they each have taken all reasonable steps to make themselves aware of any relevant audit information and to establish that Deloitte LLP is made aware of such information.

### 2.1.26 Board of Directors and Preparation of Accounts

The annual report and accounts have been prepared under a direction issued by NHS Improvement. In support of the Chief Executive, as accounting officer of the Trust, the Board of Directors has responsibilities in the preparation of the accounts.

NHS improvement, with the approval of HM Treasury, in exercise of powers conferred on it by paragraph 25(1) of Schedule 7 of the National Health Service Act 2006 directs that the accounts give a fair and true view of the Foundation Trust's gains and losses, cash flows and financial state at the end of the financial period.

To this end, the Board of Directors are required to:

- apply on a consistent basis accounting policies laid down by NHS Improvement with approval of the Treasury
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts
- keep 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 Act
- safeguard the assets of the Trust and hence take reasonable steps for the prevention and detection of fraud and other irregularities.

### 2.1.27 Income Disclosures Required by Section 43(2A) of the NHS Act 2006

Income disclosures are included in the notes to the accounts.

The Trust can confirm that the income from the provision of goods and services for the purposes of the health service in England is greater than its income from the provision of goods and services for any other purpose. This is in accordance with Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012).



## 2.2 REMUNERATION REPORT

The Remuneration Report describes how the Trust applies the principles of good corporate governance in relation to directors' remuneration, as required by the Companies Act 2006, Regulation 11 and Schedule 8 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 and the NHS Foundation Trust Code of Governance.

The Remuneration Report comprises three parts:

1. Annual statement on remuneration
2. Senior managers' remuneration policy
3. Annual report on remuneration

### 2.2.1 Annual Statement on Remuneration

The disclosure of the remuneration to senior managers is limited to the executive and non-executive directors of the Trust. The Trust does not link director pay progression to individual performance or award performance-related bonuses.

In accordance with the NHS Constitution, the Trust has two committees for this purpose:

The remuneration and expenses for the Trust chairman and non-executive directors are determined by the Council of Governors, taking account of the guidance issued by organisations such as the NHS Confederation and NHS Improvement. Remuneration of Trust's most senior managers (executive directors who are members of the Trust Board) is determined by the Remuneration Committee, which comprises the chairman and all of the non-executive directors.

The Council of Governors receives a report in advance of any non-executive recruitment process and agrees the process and remuneration for the appointment.

The Remuneration Committee is provided with benchmarking information provided by Capita NHS Foundation Trust Board Remuneration Report - March 2016 on comparable roles in other NHS Trusts when considering the remuneration of executive director positions.

The table in Appendix 2 sets out the membership and attendance of the remuneration committee for 2016/17. No other party, who was not a member of the committee advised or assisted the remuneration committee in 2016/17, however, the chief executive and the director of workforce were in attendance.

The Remuneration Committee took the decision to award a 1% increase to executive pay for the period 2016/17, in line with the pay award for all other NHS staff.



## 2.2.2 Annual Statement from the Chair of the Remuneration Committee

For the period until 31 March 2017 there were no Trust Board members employed via non-payroll means.

A number of Board level changes took place in 2016/17. Emma Goddard reduced her Trust Board commitment as director of service development to one day per week as she was seconded to the BLMK STP in the role of Programme Director, and therefore her portfolio of Electronic Patient Records and the Transformation Programme was transferred to Caroline Hutton, Director of Clinical Services. Dr Ian Reckless was appointed medical director, succeeding Professor Martin Wetherill. Lastly, Jonathan Dunk left the Trust in April 2016. Sophia Aldridge was appointed as acting director of finance from April 2016 to December 2016. Michael Keech was appointed as interim director of finance on a fixed term basis in December 2016.

There were seven non-executive and nine executive directors on the Board of Directors in 2016/17. As noted at the start of the annual report, the Trust's Chairman, Baroness Margaret Wall sadly passed away in January 2017. Consequently, the Deputy Chairman, Simon Lloyd took up the role of Acting Chairman. At the end of his previous four year term of office, Robert Green's tenure was extended for a further two years, and Parmjit Dhanda was appointed as non-executive director of the Trust in March 2017. Both appointments were made following a competitive selection process.

There have been no payments to past senior managers.

As a result of the significant increase in the Director of Clinical Services' portfolio, the Remuneration Committee approved an increase to her salary in line with national benchmarking.

The Remuneration Committee took the decision to award a 1% increase to executive pay for the period 2016/17, in line with the pay award for all other NHS staff. All other staff employed by the Trust are covered by national pay awards in the Agenda for Change or Medical and Dental terms and conditions of service.

The remuneration for non-executive directors is set by the Council of Governors and is subject to consideration of benchmarking comparable remuneration for this role at other Trusts.

In response to the Treasury recommendation, the Trust has incorporated into its standard contractual terms and conditions the requirement to allow the Trust to seek assurance around tax obligations.

In line with the Secretary of State for Health's request in his letter of 2nd June 2015, I personally scrutinise and approve the remuneration of very senior managers to ensure that they are necessary and justifiable.



## 2.2.3 Senior Managers' Remuneration Policy

FUTURE POLICY TABLE					
Item	Salary/Fees	Taxable Benefits	Annual Performance Related Bonus	Long Term Related Bonus	Pension Related Benefits
Support for the short and long term objectives of the Foundation Trust	Ensure the recruitment and retention of directors of sufficient calibre to deliver the Trust's objectives	None disclosed	None paid	None paid	Ensure the recruitment and retention of directors of sufficient calibre to deliver the Trust's objectives
How the component operates	Paid in even twelfths	None disclosed	None paid	None paid	Employee and employer contributions
Maximum payment	As set out in the Accounts	None disclosed	None paid	None paid	Not applicable
Framework used to assess performance	Trust appraisal system	None disclosed	None paid	None paid	Not applicable
Performance measures	Tailored to individual posts	None disclosed	None paid	None paid	Not applicable
Amount paid for minimum level of performance and any further level of performance	Salaries are agreed on appointment and set out in the contract of employment	None disclosed	None paid	None paid	Not applicable
Explanation of whether there are any provisions for recovery of sums paid to directors or provisions for withholding payments	Any overpayments may be recovered	None disclosed	None paid	None paid	Not applicable

Non-executive Directors are appointed on fixed term contracts, normally three or four years in length, and they do not gain access to the Pension Scheme as a result of this engagement. The fee payable to Non-executive Directors is set out in the table on page 60. They do not receive any other payments from the Trust.

#### 2.2.4 Service Contract Obligations and Policy on Payment for Loss of Office

All executive directors are employed on permanent or fixed term contracts and are required to give six months' notice to terminate their contract. In line with NHS Employers' guidance, the notice periods for the trust's very senior managers (VSMs) is six months. Terms of each of the non-executive directors are given in the details of the Board members from page 58.

Payment for loss of office is covered within contractual notice periods and standard employment policies and legislation. The Trust has made no provision for compensation for early termination and no payment for loss of office for senior managers.

#### 2.2.5 Trust's Consideration of Employment Conditions

Other members of staff who are not Board members are employed on agenda for change terms and conditions and any percentage pay increases are applied in accordance with national agreements. The Remuneration Committee agrees senior managers pay and conditions following consideration of benchmarking information on comparable roles. It is through this benchmarking that the pay for senior managers above the level of £142,500 was maintained for 2016/17. Employees of the Trust are not consulted on senior manager remuneration.

#### 2.2.6 Annual Report on Remuneration

The Remuneration Committee is a sub-committee of the Trust Board. It is chaired by the Trust Chairman and comprises all the non-executive directors (names of non-executive directors are listed in the table below). The Committee meets as required, but its terms of reference recommend that this should be at least twice a year. Its main role is to agree the salaries and remuneration packages of the chief executive and the executive directors. The chief executive and the director of workforce attend the meeting, but leave when discussions about their own positions are to be discussed.

The Remuneration Committee met twice in 2016/17. Information on attendance is contained within the Directors' Report.

The Trust reviewed its remuneration practice relating to executive directors during 2016/17 and has agreed a remuneration policy and strategy. The policy reflects recent practice of not linking director pay progression to individual performance and of not having performance related bonuses. Both local and national benchmarking information regarding remuneration will continue to be provided to the remuneration committee. Further in line with the Secretary of State for Health's letter of 2nd June 2015 to chairman of NHS Trusts, the Trust reviews the amounts paid to directors to ensure that they are necessary and justifiable. The acting chairman personally scrutinises and approves any new very senior manager appointment in the Trust.

## 2.2.7 Tenure and notice periods of Board of Directors

NON EXECUTIVE DIRECTORS				
Name	Appointment	Date of Appointment	Unexpired Term	Notice period
Robert Green	Non-executive director	Jan 2013	Jan 2019	1 month
Simon Lloyd	Non-executive director (Acting Chairman)	May 2015	April 2018	1 month
David Moore	Non-executive director	March 2012	Feb 2018	1 month
Tony Nolan	Non-executive director	March 2014	Feb 2018	1 month
Andrew Blakeman	Non-executive director	Feb 2016	Feb 2019	1 month
Parmjit Dhanda	Non-executive director	March 2017	March 2020	1 month

EXECUTIVE DIRECTORS				
Name	Appointment	Date of Appointment	Unexpired Term	Notice period
Joe Harrison	Chief Executive	Feb 2013	N/A	6 months
Lisa Knight	Director of Patient Care and Chief Nurse	Oct 2012	N/A	6 months
Ian Reckless	Medical Director	April 2016	N/A	6 months
John Blakesley	Deputy Chief Executive	Apr 2014	N/A	6 months
Ogechi Emeadi	Director of Workforce	Mar 2014	N/A	6 months
Mike Keech	Director of Finance (Fixed term)	Dec 2016	Dec 2018	6 months
Kate Burke	Director of Corporate Affairs	May 2014	N/A	6 months
Caroline Hutton	Director of Clinical Services	Oct 2014	N/A	6 months
Emma Goddard	Director of Service Development	Dec 2014	N/A	6 months

EXECUTIVE DIRECTORS				
Name	Appointment	Date of Appointment	Unexpired Term	Notice period
Martin Wetherill	Medical Director	July 2011	Left post in April 2016	6 months
Jonathan Dunk	Director of Finance	Mar 2014	Left Trust in April 2016	6 months
Baroness Margaret Wall	Chairman of the Trust	July 2014	June 2018 (but sadly deceased in January 2017)	1 month
Sophia Aldridge	Director of Finance (Interim)	April 2016	Left Trust in Dec 2016	6 months

Details of remuneration, including salaries and pension entitlements of the board of directors are published in section 4.6 in the annual accounts. Details on the median/mid-point and highest paid director are included in this section of the annual accounts. The banded remuneration of the highest paid director in the Trust in the financial year 2016/17 was £175,000-£180,000 (2015/16 £170,000-175,000). This was 5.91 times (2016/17 5.83 times) the median remuneration of the workforce, which was £30,333, (2015/16 £29,600).

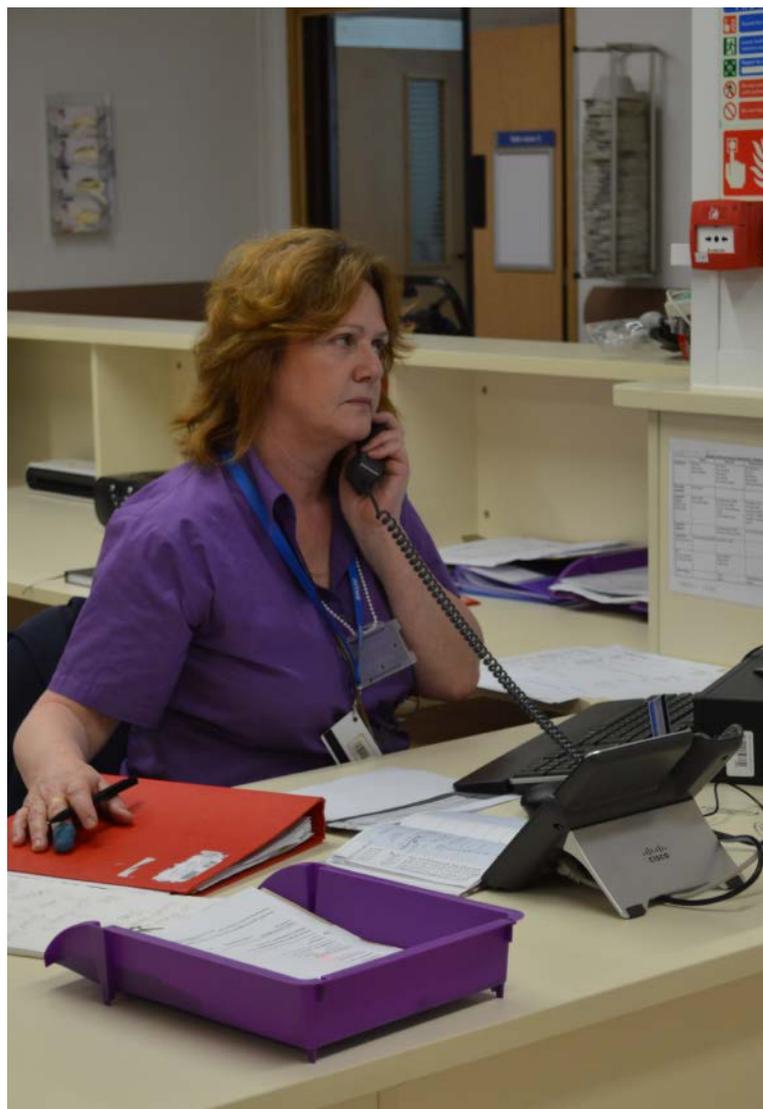
The details of other remuneration, travel and assistance for directors and non-executive directors are attached in table 1.

The only non-cash element of the senior managers' remuneration packages are pension related benefits accrued under the NHS Pensions Scheme. Contributions are made by both the employer and employee in accordance with the rules of the national scheme, which apply to all NHS staff.

With the exception of benefits payable under the NHS pension scheme in respect of early retirement (whether this might be actuarially reduced or ill-health related), no further benefit is payable to a senior manager in the event of their early retirement. Furthermore, no service contract obligations apply which could give rise to, or impact on, remuneration payments or payments for loss of office.

The Trust's normal disciplinary policies apply to senior managers, including the sanction of summary dismissal for gross misconduct. The Trust's redundancy policy is consistent with NHS redundancy terms for all staff

The Trust has a policy in place that reviews the employment status of contractors to assess if the contractor is an employee or self-employed as per HMRC's assessment criteria; this has been updated in year to take account of HMRC's amendment to the 'IR35' (personal service company) regulations. The Trust's policy is not to employ anyone through their own company if they do not meet the self-employment status.



## 2.2.8 Governor Expenses

Governors are permitted to claim an allowance of £10 for any meeting of the Council of Governors they attend or an external meeting that they attend on behalf of the Trust e.g. Healthwatch Milton Keynes Executive. Details of the claims made in 2016/17 are attached at table 2. Details of Governors who held office in 2016/17 are given at Appendix 1.

### Salaries & Expenses- Directors Remuneration Statement 2016/17

(information subject to audit)

Name and title	Year Ended 31 March 2017					
	Salary	Taxable Benefits	Annual Performance Related bonuses	Long term Performance Related bonuses	Pension Benefits	Total
	(Bands of £5,000) £	(Bands of £100) £	(Bands of £5,000) £	(Bands of £5,000) £	(Bands of £2,500) £	(Bands of £5,000) £
<b>Joseph Harrison</b> Chief Executive Officer	170-175	0	0	0	32.5-35	<b>220-225</b>
<b>Jonathan Dunk</b> Director of Finance (left 10/4/16)	0-5	0	0	0	45-47.5	<b>0-5</b>
<b>Sophia Aldridge</b> Acting Director of Finance (11/4-14/12/16)	85-90	0	0	0	22.5-25	<b>85-90</b>
<b>Mike Keech</b> Interim Director of Finance (from 1/12/16)	35-40	0	0	0	0	<b>60-65</b>
<b>Lisa Knight</b> Director of Patient Care / Chief Nurse	105-110	0	0	0	40-42.5	<b>135-140</b>
<b>John Blakesley</b> Deputy Chief Executive	150-155	0	0	0	72.5-75	<b>160-165</b>
<b>Ogechi Emeadi</b> Director of Workforce	100-105	0	0	0	37.5-40	<b>120-125</b>
<b>Ian Reckless</b> Medical Director (from 18/4/16)	140-145	0	0	0	72.5-75	<b>260-265</b>
<b>Emma Goddard</b> Director of Service Development	110-115	0	0	0	7.5-10	<b>135-140</b>
<b>Kate Burke</b> Director of Corporate Affairs	80-85	0	0	0	15-17.5	<b>135-140</b>
<b>Caroline Hutton</b> Director of Clinical Services	110-115	0	0	0	N/A	<b>145-150</b>
<b>Baroness Margaret Wall</b> Chairman (deceased 25/1/17)	35-40	0	0	0	N/A	<b>35-40</b>
<b>Simon Lloyd</b> Acting Chairman (26/1/17-to present)	5-10	0	0	0	N/A	<b>5-10</b>
<b>Tony Nolan</b> Non Executive Director	10-15	0	0	0	N/A	<b>10-15</b>
<b>Dr Jean-Jacques De Gorter</b> Non Executive Director	10-15	0	0	0	N/A	<b>10-15</b>
<b>Robert Green</b> Non Executive Director	10-15	0	0	0	N/A	<b>10-15</b>
<b>David Moore</b> Senior Independent Director	10-15	0	0	0	N/A	<b>10-15</b>
<b>Andrew Blakeman</b> Non Executive Director	10-15	0	0	0	N/A	<b>10-15</b>
<b>Parmjit Dhanda</b> Non Executive Director (from 1/3/17)	0-5	0	0	0	N/A	<b>0-5</b>

Salaries & Expenses- Directors Remuneration Statement 2015/16  
(information subject to audit)

Name and title	Year Ended 31 March 2016					
	Salary	Taxable Benefits	Annual Performance Related bonuses	Long term Performance Related bonuses	Pension Benefits	Total
	(Bands of £5,000) £	(Bands of £100) £	(Bands of £5,000) £	(Bands of £5,000) £	(Bands of £2,500) £	(Bands of £5,000) £
<b>Joseph Harrison</b> Chief Executive Officer	165-170	0	0	0	32.5-35	200-205
<b>Jonathan Dunk</b> Director of Finance	130-135	0	0	0	45-47.5	175-180
<b>Lisa Knight</b> Director of Patient Care / Chief Nurse	105-110	0	0	0	22.5-25	130-135
<b>John Blakesley</b> Deputy Chief Executive	145-150	0	0	0	0	145-150
<b>Ogechi Emeadi</b> Director of HR & Workforce Development	95-100	0	0	0	40-42.5	140-145
<b>Martin Wetherill</b> Medical Director	170-175	0	0	0	72.5-75	245-250
<b>Emma Goddard</b> Director of Service Development	105-110	0	0	0	37.5-40	145-150
<b>Sophia Aldridge</b> Acting Director of Corporate Affairs May 15 to Jan 16	60-65	0	0	0	72.5-75	135-140
<b>Kate Burke</b> Director of Corporate Services	65-70	0	0	0	7.5-10	75-80
<b>Caroline Hutton</b> Director of Operations	105-110	0	0	0	15-17.5	125-130
<b>Baroness Margaret Wall - Chairman</b> Chairman	40-45	0	0	0	N/A	40-45
<b>Tony Nolan</b> Non Executive Director	10-15	0	0	0	N/A	10-15
<b>Dr Jean-Jacques De Gorter</b> Non Executive Director	10-15	0	0	0	N/A	10-15
<b>Penny Emerson</b> Non Executive Director	0-5	0	0	0	N/A	0-5
<b>Robert Green</b> Non Executive Director	10-15	0	0	0	N/A	10-15
<b>David Moore</b> Senior Independent Director	10-15	0	0	0	N/A	10-15
<b>Frank Burdett</b> Until February 2016 Non Executive Director	10-15	0	0	0	N/A	10-15
<b>Simon Lloyd</b> Non Executive Director	0	0	0	0	N/A	0



## Salaries & Expenses- Directors Expenses Statement 2016/17

Name and title	Non Taxable Expenses	
	Other Remuneration	Travel & Subsistence
	(To the nearest £100) £	(To the nearest £100) £
<b>Joseph Harrison</b> Chief Executive Officer	600	4,700
<b>Jonathan Dunk</b> Director of Finance (left 10/4/16)	0	0
<b>Sophia Aldridge</b> Acting Director of Finance (11/4-14/12/16)	0	500
<b>Mike Keech</b> Interim Director of Finance (from 1/12/16)	0	0
<b>Lisa Knight</b> Director of Patient Care / Chief Nurse	0	200
<b>John Blakesley</b> Deputy Chief Executive	0	100
<b>Ogechi Emeadi</b> Director of Workforce	0	0
<b>Ian Reckless</b> Medical Director (from 18/4/16)	0	1,800
<b>Emma Goddard</b> Director of Service Development	0	600
<b>Kate Burke</b> Director of Corporate Affairs	0	200
<b>Caroline Hutton</b> Director of Clinical Services	8,000	100
<b>Baroness Margaret Wall</b> Chairman (deceased 25/1/17)	0	0
<b>Simon Lloyd</b> Acting Chairman (26/1/17-to present)	0	0
<b>Tony Nolan</b> Non Executive Director	0	700
<b>Dr Jean-Jacques De Gorter</b> Non Executive Director	0	0
<b>Robert Green</b> Non Executive Director	0	0
<b>David Moore</b> Senior Independent Director	300	900
<b>Andrew Blakeman</b> Non Executive Director	0	0
<b>Parmjit Dhanda</b> Non Executive Director (from 1/3/17)	0	0

## Salaries & Expenses- Directors Expenses Statement 2015/16

Name and title	Non Taxable Expenses	
	Other Remuneration	Travel & Subsistence
	(To the nearest £100) £	(To the nearest £100) £
<b>Joseph Harrison</b> Chief Executive Officer	900	4,100
<b>Jonathan Dunk</b> Director of Finance	100	100
<b>Lisa Knight</b> Director of Patient Care / Chief Nurse	0	0
<b>John Blakesley</b> Deputy Chief Executive	200	0
<b>Ogechi Emeadi</b> Director of HR & Workforce Development	0	0
<b>Martin Wetherill</b> Medical Director	0	500
<b>Emma Goddard</b> Director of Service Development	0	0
<b>Sophia Aldridge</b> Acting Director of Corporate Affairs May 15 to Jan 16	0	400
<b>Kate Burke</b> Director of Corporate Services	0	100
<b>Caroline Hutton</b> Director of Operations	0	0
<b>Baroness Margaret Wall - Chairman</b> Chairman	0	0
<b>Tony Nolan</b> Non Executive Director	0	800
<b>Dr Jean-Jacques De Gorter</b> Non Executive Director	0	0
<b>Penny Emerson</b> Non Executive Director	0	0
<b>Robert Green</b> Non Executive Director	0	100
<b>David Moore</b> Senior Independent Director	0	2,100
<b>Frank Burdett</b> Until February 2016 Non Executive Director	0	1,100
<b>Simon Lloyd</b> Non Executive Director	0	0

Total Pension Entitlement 2016/17 (Defined Benefit Scheme)  
(information subject to audit)

Name and Title	Real increase in pension at aged 60 (Bands of £2.5k) £000	Lump sum at aged 60 related to real increase in pension (Bands of £2.5k) £000	Total accrued pension aged 60 at 31st March 2017 (Bands of £5k) £000	Lump sum at aged 60 accrued pension at 31st March 2017 (Bands of £5k) £000	Cash equivalent transfer value at 31st March 2016 (Bands of £1k) £000	Real increase in Cash equivalent transfer value (Bands of £1k) £000	Cash equivalent transfer value at 31st March 2017 (Bands of £1k) £000
<b>Joe Harrison</b> Chief Executive Officer	2.5-5	0-2.5	50-55	135-140	757	203	960
<b>Jonathan Dunk</b> Director of Finance (to 10.4.16)	0	0	0	50-55	275	0	263
<b>Mike Keech</b> Interim Director of Finance (from 1.12.16)	0-2.5	0	0-5	0	0	3	9
<b>Lisa Knight</b> Director of Patient Care / Chief Nurse	0-2.5	0-2.5	40-45	110-115	629	39	669
<b>John Blakesley</b> Deputy Chief Executive	0-2.5	0	30-35	100-105	920	34	954
<b>Ogechi Emeadi</b> Director of HR & Workforce Development	0-2.5	0	30-35	80-85	470	32	503
<b>Caroline Hutton</b> Director of Operations	0-2.5	0	30-35	85-90	506	37	543
<b>Sophia Aldridge</b> Interim Director of Finance (from 10.4.16 to 1.12.16)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Kate Burke</b> Director of Corporate Services	0-2.5	0	10-15	20-25	84	15	107
<b>Emma Goddard *</b> Director of Service Improvement	0-2.5	0	10-15	N/A	82	17	99
<b>Ian Reckless</b> Medical Director (from 18.4.16)	6-6.5	5-7.5	30-35	75-80	339	48	417

**NOTES**

Sophia Aldridge opted out of the pension scheme on 1st December 2016 and there is therefore, no information relating to the pension scheme.

\*Emma Goddard is in the 2008 pension scheme for which there is no information available relating to lump sum

Total Pension Entitlement 2015/16 (Defined Benefit Scheme)  
(information subject to audit)

Name and Title	Real increase in pension at aged 60 (Bands of £2.5k) £000	Lump sum at aged 60 related to real increase in pension (Bands of £2.5k) £000	Total accrued pension aged 60 at 31st March 2016 (Bands of £5k) £000	Lump sum at aged 60 accrued pension at 31st March 2016 (Bands of £5k) £000	Cash equivalent transfer value at 31st March 2015 (Bands of £1k) £000	Real increase in Cash equivalent transfer value (Bands of £1k) £000	Cash equivalent transfer value at 31st March 2016 (Bands of £1k) £000
<b>Joe Harrison</b> Chief Executive Officer	2.5-5	0	45-50	135-140	709	29	757
<b>Jonathan Dunk</b> Director of Finance	2.5-5	0-2.5	20-25	60-65	247	21	275
<b>Lisa Knight</b> Director of Patient Care / Chief Nurse	0-2.5	0	35-40	110-115	603	10	629
<b>John Blakesley *</b> Deputy Chief Executive	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Ogechi Emeadi</b> Director of HR & Workforce Development	0-2.5	0-2.5	25-30	80-85	436	22	470
<b>Caroline Hutton</b> Director of Operations	0-2.5	0	30-35	85-90	488	5	506
<b>Sophia Aldridge</b> Acting Director of Corporate Services April 15 to Jan 16	2.5-5	0	5-10	0	9	39	49
<b>Kate Burke</b> Director of Corporate Services	0-2.5	0-2.5	5-10	15-20	74	7	84
<b>Emma Goddard **</b> Director of Service Improvement	0-2.5	0	10-15	N/A	63	17	82
<b>Martin Wetherill ***</b> Medical Director	2.5-5	0	70-75	125-130	N/A	N/A	N/A

**NOTES**

\*John Blakesley opted out the pension scheme on 1st April 2014, therefore there is no information relating to the pension scheme

\*\*Emma Goddard is in the 2008 pension scheme for which there is no information available relating to lump sum.

\*\*\*Martin Wetherill has left the pension scheme and therefore there is no CETV value.



SEPSIS  
BOX

Saphena  
BELOW KNEE

Maxi  
Towels

ORTHO

CONTI

POLYESTER APRONS

## Governor Expenses 2016/17

Governor	Amount £
Siddhartha Nandi-Purkayastha (March 2017)	20.00
Alan Hastings (Lead Governors' Network Meeting February 2017)	74.70
Douglas Campbell (Jan to Mar 2017)	60.00
Carolyn Peirson (Aug to Dec 2016)	60.00
Douglas Campbell (Oct to Dec 2016)	90.00
Douglas Campbell (Jul to Sept 2016)	70.00
Carolyn Peirson (to March 2016, but paid in July 2016)	140.00
Douglas Campbell (Apr to Jun 2016)	100.00
Alan Hastings (to May 2016)	40.00
<b>Total</b>	<b>654.70</b>

## Governor Expenses 2015/16

Governor	Amount £
Lesley Bell (April 2015)	133.75
Arun Nathan (Jun 2015)	8.00
Douglas Campbell (Apr to Jun 2015)	60.00
Hilda Kirkwood (Jun to Aug 2015)	30.00
Douglas Campbell (Jul to Aug 2015)	30.00
Alan Hastings (Jun to Oct 2015)	50.00
Hilda Kirkwood (Sep to Dec 2015)	40.00
Douglas Campbell (Oct to Nov 2015)	20.00
Liz Wogan (Feb 2016)	16.00
Alan Hastings (Nov 2015 to Feb 2016)	40.00
Hilda Kirkwood (Jan to Mar 2016)	60.00
Douglas Campbell (Jan to Mar 2016)	60.00
<b>Total</b>	<b>547.75</b>



Joe Harrison  
CHIEF EXECUTIVE

Date: May 2017

## 2.3 STAFF REPORT

This section of the report provides information on staff, including staff numbers, costs and key workforce performance information.

### 2.3.1 Analysis of Staff Costs

(subject to audit)

Staff Costs	Permanently Employed £000	Other £000	Total £000
Employee expenses - staff	134,506	18,458	152,964
Employee expenses – executive directors	1,277	0	1,277
Employees			
<b>Total</b>	<b>135,783</b>	<b>18,458</b>	<b>154,241</b>

### 2.3.2 Analysis of Average Staff Numbers

The table below shows a breakdown of our average workforce by staff group as at 31st March 2017.

Average headcount - 2016/17

Staff Group	Bank	Fixed Term Temp	Locum	Non-Exec Director/Chair	Permanent	Headcount
Add Prof Scientific and Technic	20	4	-	-	89	113
Additional Clinical Services	507	11	-	-	572	1,090
Administrative and Clerical	90	40	-	6	664	799
Allied Health Professionals	32	2	5	-	141	180
Estates and Ancillary	30	20	-	-	313	363
Healthcare Scientists	17	1	-	-	97	114
Medical and Dental	27	159	158	-	237	580
Nursing and Midwifery Registered	218	17	-	-	976	1,211
<b>Total</b>	<b>940</b>	<b>253</b>	<b>162</b>	<b>6</b>	<b>3,088</b>	<b>4,448</b>

Average WTE - 2016/17 (subject to audit)

Staff Group	Assignment Category			Total
	Fixed Term Temp	Non-Exec Director/Chair	Permanent	
Add Prof Scientific and Technic	2.50		77.10	79.59
Additional Clinical Services	9.94		483.10	493.04
Administrative and Clerical	34.87	6.85	576.10	617.82
Allied Health Professionals	2.80		124.91	127.71
Estates and Ancillary	12.84		227.84	240.68
Healthcare Scientists	0.31		80.43	80.74
Medical and Dental	158.86		225.45	384.31
Nursing and Midwifery Registered	15.09		839.96	855.05
<b>Total</b>	<b>237.31</b>	<b>6.85</b>	<b>2,634.89</b>	<b>2,878.95</b>

The following is a breakdown of staff by gender:

Headcount of staff with substantive contracts

Staff Group	Female	Male	Total
Senior managers (Directors)	5	11	16
Other Senior Managers	0	0	0
Employees	2,675	680	3,355
<b>Total</b>	<b>2,680</b>	<b>691</b>	<b>3,371</b>

The definition of 'senior managers' is 'those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS Trust'. For the purposes of this report this description covers; the chairman, and the executive and non-executive directors of Trust.

As at 31 March 2017, the Trust Board comprised; seven non-executive directors (seven male) and nine executive directors (four male and five female).

### 2.3.3 Absence rate for year 01/04/2016 to 31/03/2017:

Trust Absence 12 months to:	Cumulative Abs (WTE) Days	Cumulative Avail (WTE) Days	Cumulative % Abs Rate (WTE)	Short Term % Abs Rate (WTE)	Long Term % Abs Rate (WTE)	No of Episodes
March 2016	42,321.63	1,015,036.05	4.16%	1.85%	2.31%	6,671

#### Sickness absence - 2016/17

Trust Absence 12 months to 28 February 2017	Cumulative Abs (WTE) Days	Cumulative Avail (WTE) Days	Cumulative % Abs Rate (WTE)	Short Term % Abs Rate (WTE)	Long Term % Abs Rate (WTE)	No of Episodes
All Staff Groups	45,093	1,043,400	4.32%	1.85%	2.47%	7,067

The top ten reasons for absence for the Trust are now reportable as a result of improvements that have been made to our absence returns.

The health and wellbeing of our staff continues to be a priority for the Trust, in terms of improving workforce effectiveness and its effect on patient care. By focusing on 'hotspot' areas of sickness absence, we have been able to bring conclusions to long term individual cases and identify areas of best practice to champion and from which to learn. In addition to this, we have sought to improve absence reporting in order to more easily identify trends and patterns within departments and divisions e.g. positive returns, monitoring against policy triggers and education and training of sickness absence and health and wellbeing.

### 2.3.4 Expenditure on consultancy

Ernst and Young supported the Trust's financial improvement programme in 2016/17, under the guidance of NHS Improvement. Their fee for this work was £1.5m. In addition, the Trust spent £0.1m on other consultancies.

### 2.3.5 Staff Policies and Actions Applied during the Financial Year

Our recruitment and selection policy ensures that we are able to give full and fair consideration to applications for employment made by disabled persons. All of our jobs are advertised on the national NHS jobs website and our newly implemented electronic recruitment system TRAC, which not only promotes equal opportunities at the recruitment stage, but also allows disabled candidates to declare known or suspected conditions and how we might overcome these by adjusting our selection activities. Such conditions are made known to recruiting managers by the recruitment team after the shortlisting process has taken place to ensure that no discrimination can occur, whether direct or indirect.

The Trust has various means of supporting employees to continue their employment and receive training and retraining in the event that they should become disabled persons during their Trust employment. A comprehensive sickness absence management policy and working with disabilities guidance provide policy and procedural guidance in this regard and manager, colleagues and interventions such as adjustments to working roles and redeployments are supported and facilitated by specialist occupational health, HR advisor and HR business partner input. External agencies, such as Access to Work and Remploy are also engaged on a case-by-case basis, where it is believed that the Trust, its managers or its colleagues could benefit from more expert, technical or financial support.

The Trust's appraisal and statutory and mandatory training policies provide that training, career development and promotion of disabled employees are facilitated through individualised actions and personal development plans that are aligned to the Trust's core values. Such an approach promotes equal opportunities through promotion of learning and development and it also seeks to reduce the impact of potential inequalities caused by the condition of disability of an individual in a supportive way.

In terms of engagement, the Trust uses various means of communicating matters of concern to our workforce. Such an approach ensures no group is left without receiving key messages. The discussions and outcomes of Trust meetings, such as management board, are cascaded through to colleagues in person and via email, monthly newsletters are produced and the intranet is increasingly being used for this purpose, in addition to the staff forum/bulletin board. Furthermore, the workforce and OD teams have developed their own website over the course of 2016/17, providing another accessible and increasingly accessed platform for information sharing, networking and engagement. Our payroll providers, SBS, produce payroll and pensions leaflets and undertake payslip messaging as part of their contract with the Trust. 'All acute users' emails are routinely used in addition to a variety of on-site and web based seminars, such as the Chief Executive's Roadshows and the Chief Executive's leadership forums. More recently, the Trust has made more use of local surveys via its web based applications, e.g. temporary staffing survey, staff friends and family test. Encouraging the involvement of our staff in the Trust's performance is also regularly undertaken through these means. Such engagement activities have become increasingly important in 2016/17 as the Trust has sought to celebrate its successes as part of its drive for excellence and the 'Outstanding' CQC rating.

The Trust has a long standing recognition agreement with staff side partners, the terms of which were reviewed in 2016/17. This provides the agreement for regular joint consultative and negotiation committees (JCNC) meetings which are chaired on an alternate basis by the staff side chair and the director of workforce.

A full and comprehensive review of all workforce policies and procedures commenced in 2016/17 under the guidance of the JCNC to ensure that we seek to align to regional policy/direction or differentiate in order to set us apart, depending on specific need/aim or purpose (e.g. becoming an employer of choice in the region). In 2016/17 the Trust reviewed and/or approved 13 of its 40 workforce, education and learning policies. Six further new workforce policies are under development highlighting the rigour with which the Trust is seeking to support and develop its workforce.



Furthermore, the Trust's management of organisational change policy provides framework agreed in partnership with staff side colleagues for consultations. In this way, early staff side involvement in organisational change programmes is gained to capitalise on consultation opportunities in a meaningful way with our colleagues and their representatives. Staff side colleagues are also involved and engaged in key Trust activities such as the equality and diversity network, the on-call working group, workforce transformation programme board, job matching panels, and We Care steering group.

Together these ensure that we seek the views of our workforce in a holistic and inclusive way, demonstrating our ongoing commitment to partnership working.

The Trust has numerous policies and procedures with respect to countering fraud. The Trust has a comprehensive set of standing financial instructions (SFIs) and a standalone counter fraud and reporting policy, including the involvement and roles of internal and external auditors. Separate to these, the Trust has its own gifts, donations and hospitality declarations policy in addition to specific clauses in the standard Trust contract of employment covering this area.

In line with critical national requirements, in 2016/17 the Trust also appointed its Freedom to Speak Up Guardian (whistleblowing), Guardian of Safer Working (medical and dental) and constituted its Junior Doctors forum.

### 2.3.6 Health and Safety Performance and Occupational Health

The Occupational Health (OH) service undertakes both pre-employment and employment fitness for work assessments. It also provides an immunisation/screening programme to ensure staff are protected against infectious diseases in line with Department of Health guidance.

The OH service continues to support the Trust with the management of sickness absence and providing advice in relation to health conditions which may have an impact upon an individual's health at work or vice versa, providing a face to face counselling service for psychological support. Further to the implementation of an employee assistance programme (Care First) and the appointment of the substantive consultant occupational health physician in 2015/16, the Trust's workforce board approved its first health and wellbeing strategy in 2016/17. Critical to our health and wellbeing agenda, the strategy sets out our intent to engage with partners to ensure that the wellbeing of our workforce underpins excellent performance through education, prevention and effective management of health conditions.

Several key achievements were delivered in 2016/17. A staff physiotherapy pilot was undertaken to act as an early intervention service for colleagues suffering with musculoskeletal complaints. This was overwhelmingly well received by colleagues and helped many to return to work sooner than they would have done without such intervention. We achieved the flu vaccination target in 2016/17, vaccinating over 75% of front line MKUH colleagues and commenced a series of monthly activities in support of education and prevention. The Occupational Health department was also rebranded as the Staff Health and Wellbeing department; more befitting of the activities and intentions of the service.



Reena Cook  
Nurse

Milly Goodings  
Nurse

### 2.3.7 Staff Survey Results

The 2016 national staff survey was undertaken between October and December 2016. For the second year running, the Trust selected the market leader in the analysis of staff survey results, Picker, to administer its survey and undertake analysis on its behalf, providing the results for use by the Care Quality Commission (CQC) in their benchmark reports.

The national survey samples a random selection of staff and the analysis for the CQC report is based on this sample only. In line with NHS England direction for 2017, this was MKUH's second successive full census; enabling a rich and valuable return in terms of both quality and quantity.

1434 colleagues returned their completed survey within the deadline requirement; a response rate of 45%, which is above average for acute Trusts in England. It compares with 50% (n = 1517) in 2015 and 49% in 2014 (sample based survey; 378 returns). A variety of methods were used to encourage returns, including regular communications with staff, publicity at meetings, monitoring and chasing of non-return areas and a prize draw.

#### NHS Staff Survey 2016 - Summary of Performance

The five key findings for which MKUH compares most favourably with other acute Trusts are:

- (KF27) Percentage of staff/colleagues reporting the most recent experience of harassment, bullying or abuse – MKUH = 50%, national average for acute Trusts = 45% (Highest (best) 20%).
- (KF24) Percentage of staff/colleagues reporting most recent experience of violence – MKUH = 71%, national average for acute Trusts = 67% (Above (better than) average).
- (KF28) Percentage of staff witnessing potentially harmful errors, near misses or incidents in the last month – MKUH = 30%, national average for acute Trusts = 31% (Below (better than) average).
- (KF29) Percentage of staff reporting errors, near misses or incidents witnessed in the last month – MKUH = 91%, national average for acute Trusts = 90% (Above (better than) average).
- (KF2) Staff satisfaction with the quality of work and care that they are able to deliver – MKUH = 3.98, national average for acute Trusts = 3.96 (Above (better than) average).

The five key findings for which MKUH compares least favourably with other acute Trusts are:

- (KF18) Percentage of staff attending work in the last 3 months despite feeling unwell because they felt pressure from their manager, colleagues or themselves – MKUH = 65%, national average for acute Trusts 56% (Improved from 67% in 2015 but MKUH in the highest (worst) 20% for acute Trusts).
- (KF23) Percentage of staff experiencing physical violence from staff in last 12 months - MKUH = 3%, national average for acute Trusts 2% (Improved from 4% in 2015 but MKUH in the highest (worst) 20%).
- (KF16) Percentage of staff working extra hours - MKUH = 75%, national average for acute Trusts 72%. (Remained at 75% since 2015 but MKUH is in highest (worst) 20%).
- (KF20) Percentage of staff experiencing discrimination at work in the last 12 months – MKUH = 14%, national average for acute Trusts = 11% (Deteriorated from 12% in 2015 and now in highest (worst) 20%).
- (KF17) Percentage of staff feeling unwell due to work related stress in the last 12 months – MKUH = 38%, national average for acute Trusts = 35% (Deteriorated from 37% in 2015 and now above (worse than) average).

Overall the results were better than average and/or in the top 20% of acute Trusts for 16% of the survey's outcomes, in the following areas:

- Percentage of staff witnessing potentially harmful errors, near misses or incidents in the last month.
- Percentage of staff reporting errors, near misses or incidents witnessed in the last month.
- Percentage of staff/colleagues reporting most recent experience of violence.
- Percentage of staff/colleagues reporting the most recent experience of harassment, bullying or abuse.
- Staff satisfaction with the quality of work and care that they are able to deliver.

## NHS Staff Survey Results 2016

Response Rate	2015	2016	Benchmarking group (acute trusts)	Trust improvement / deterioration
	50%	45%	43%	Decrease of 5%

Top 5 ranking scores	2015 Trust	2016 Trust	2016 Benchmarking group (acute trusts)	Trust improvement / deterioration
KF27: Percentage of staff/colleagues reporting most recent experience of harassment, bullying or abuse	42%	50%	45%	Improvement of 8%
KF24: Percentage of staff/colleagues reporting most recent experience of violence	55%	71%	67%	Improvement of 16%
KF28: Percentage of staff witnessing potentially harmful errors, near misses or incidents in the last month	32%	30%	31%	Improvement of 2%
KF29: Percentage of staff reporting errors, near misses or incidents witnessed in the last month	92%	91%	90%	Deterioration of 1%
KF2: Staff satisfaction with the quality of work and care that they are able to deliver	3.99	3.98	3.96	Deterioration of 0.01

Bottom 5 ranking scores	2015 Trust	2016 Trust	2016 Benchmarking group (acute trusts)	Trust improvement / deterioration
KF18: Percentage of staff attending work in the last 3 months despite feeling unwell because they felt pressure from their manager, colleagues or themselves	67%	65%	56%	Improvement of 2%
KF23: Percentage of staff experiencing physical violence from staff in last 12 months	4%	3%	2%	Improvement of 1%
KF16: Percentage of staff working extra hours	75%	75%	72%	No change
KF20: Percentage of staff experiencing discrimination at work in the last 12 months	12%	14%	11%	Deterioration of 2%
KF17: Percentage of staff feeling unwell due to work related stress in the last 12 months	37%	38%	35%	Deterioration of 1%

The Trust's staff survey results have remained largely static since 2015 but they have deteriorated compared to other acute Trusts. However, it is clear that our interventions need to have greater impact with staff in order that more positive returns are reflected in the 2017 staff survey. This will also be a census, in line with the NHS England mandate.

The Trust has developed a comprehensive staff survey action plan since receipt of the 2013 survey outcomes. This encompasses the themes that have been highlighted since 2014 in order that this work is not undertaken in isolation and that it takes into account organisational development and associated longer term shifts in culture.

The intention for 2017 is to revise the corporate action plan with a view to addressing the areas of concern raised in the survey and, concurrently, to continue to support its positive outcomes. This will link to wider organisational development work such as the 'Event in a Tent' and the Trust's equality and diversity programme. Benchmarking has also been undertaken across the BLMK STP in order to target system-wide interventions and sharing of best practice across the regional NHS and local government settings.

Led in the clinical divisions by the HR business partners, there will be wide communication of the results to managers and staff, with a view to developing divisional plans to address the areas of concern/underperformance. The Trust will seek to use both modern and traditional means of communication (such as the workforce website, social media, presentations and engagement events).

Working in partnership with our staff side colleagues, the results and action plans will also be developed and shared with our Joint Consultation and Negotiation Committee (JCNC), Joint Local Negotiating Committee (JLNC) partners.

The action plan will be actively monitored through Workforce Board on a monthly basis with an interim update report to the Trust's Management Board in July 2017 and a final report to the Management Board in October 2017, to coincide with the issue of the 2017 survey in October – December 2017.

Key areas for improvement arising from the 2016 staff survey are:

- a reduction in the percentage of staff attending work despite feeling unwell due to pressure from their managers, colleagues or themselves,
- a reduction in the percentage of staff experiencing physical violence from staff,
- a reduction in the percentage of staff working extra hours,
- a reduction in the percentage of staff experiencing discrimination at work, and
- a reduction in the percentage of staff feeling unwell due to work related stress.



### 2.3.8 Off-payroll Engagements

The Trust has engaged one off-payroll arrangement in 2016/17. Paul O'Connor was engaged, to provide leadership of the Trust's activities in supporting the Healthcare Review. As a former NHS chief executive, such an appointment was necessary in order to ensure ongoing delivery of a system wide approach to our planning, in line with the requirements of the healthcare review but as this work was subsumed into the BLMK STP, Paul left the Trust part way through the financial year.

<b>Table 4B:</b> For all off-payroll engagements as of 31 Mar 2017, for more than £220 per day and that last for longer than six months	<b>8A1 2016/17 Number of engagements</b>
No. of existing engagements as of 31 Mar 2017	0
<b>OF WHICH:</b>	
Number that have existed for less than one year at the time of reporting	0
Number that have existed for between one and two years at the time of reporting	0
Number that have existed for between two and three years at the time of reporting	0
Number that have existed for between three and four years at the time of reporting	0
Number that have existed for four or more years at the time of reporting	0
<b>CONFIRMATION</b>	
Please confirm that all existing off-payroll engagements, outlined above, 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, that assurance has been sought.	Yes

<b>Table 4C:</b> For all new off-payroll engagements, or those that reached six months in duration, between 01 Apr 2016 and 31 Mar 2017, for more than £220 per day and that last for longer than six months	<b>8A2 2016/17 Number of engagements</b>
Number of new engagements, or those that reached six months in duration between 01 Apr 2016 and 31 Mar 2017	0
Number of the above which include contractual clauses giving the Trust the right to request assurance in relation to income tax and national insurance obligations	0
Number for whom assurance has been requested	0
<b>OF WHICH:</b>	
Number for whom assurance has been received	0
Number for whom assurance has not been received *	
Number that have been terminated as a result of assurance not being received	

<b>Table 4D:</b> For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 Apr 2016 and 31 Mar 2017	<b>8A3 2016/17 Number of engagements</b>
Number of off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during the financial year.	0
Number of individuals that have been deemed "board members and/or senior officials with significant financial responsibility". This figure should include both off-payroll and on-payroll engagements.	20

The Trust has a policy of using its own payroll for the purposes of employment. Where engagement is required that is off-payroll, this is facilitated through national framework agency providers only. In the event that any further off-payroll arrangements are required, the Trust uses a comprehensive risk assessment form and the HMRC personal service company assessment tool which both seek to test the nature of the engagement, whether the individual is aware of their obligations in respect of payment of tax and require them to provide assurances in this regard before they are engaged. Following completion of the risk assessment, approval is sought of the director of finance and director of workforce in order to finalise the arrangement.

### 2.3.9 Exit packages

No exit packages have been agreed by the Trust in 2016/17, whether through compulsory redundancy, voluntary redundancy, or any other type of agreed exit package.

### 2.3.10 Workforce Strategy (2014 to 2017)

The workforce strategy sets out the strategic framework for the MKUH workforce and was approved in 2014. On an annual basis, objectives for the year ahead are agreed with Trust Board, in line with the workforce strategy, with time bound activities to support their delivery.

The aim of the strategy is to develop a flexible, skilled and motivated workforce which has the competencies, capacity and capability, alongside demonstrable behaviours in line with the Trust values, to meet the Trust's objectives and future challenges. It is underpinned by a series of annual workforce, organisational development, education and training plans.

The strategy recognises the culture of the Trust, how it is led and how it recruits and retains staff, building on the progress of the WeCare programme, to ensure we deliver the highest possible care to our patients.

In December 2016, a number of critical business support functions moved to off-site premises in Central Milton Keynes. This has enabled co-location of the information & performance, finance, workforce and IT functions and concurrently, the Trust has been able to review its room and office occupancy to ensure that colleagues and teams are most appropriately located according to need.



### 2.3.11 Equality and Diversity

The Trust has a longstanding commitment to ensuring that our services and employment practices are fair, accessible and appropriate for all patients, visitors and carers in the community we serve, as well as the talented and diverse workforce we employ. The Trust board receives a comprehensive annual report of equality and diversity information.

The Trust remains committed to providing an environment equally welcoming to people of all backgrounds, cultures, nationalities and religions. Our 'We Care' standards, behaviours and commitments help us to achieve this aim.

The executive workforce lead and the patient services lead for equality and diversity are both members of the Workforce and Development Assurance Committee which is responsible for overseeing equality and diversity for the Trust.

Supporting the local staff survey outcomes, regional and national requirements (workforce race equality scheme and equality delivery system 2) and public sector duties of the Equality Act 2011, an equality and diversity network was established in 2015 which oversees matters in this sphere of activity and acts as a steering group for both our workforce and patient care and experience. Engagement with Milton Keynes Council and Milton Keynes CCG has been built into the terms of reference of the group and mutual benefits have already resulted from our approach in this regard.

Key pieces of work undertaken in 2016 include; outreach activities to under-represented parts of the local community (children and young people and lesbian, gay and transgender communities) and the formulation of a new equality impact assessment template and accompanying guidance for our policies, procedures and organisational change exercises to help to support equality and diversity and eradicate discrimination at the earliest opportunity.

### 2.3.12 Workforce Resourcing

The Trust has developed and delivered a number of key initiatives and activities to support the recruitment and retention of its workforce over the course of the past year, including:

- Overseas nursing recruitment campaign to the Philippines.
- Implementation of the new junior doctor contract and supporting rotations to ensure that medical staffing contractual compliance, skill mix, support and education is timely and appropriate.
- Improvements to the advisory appointments committee (consultant recruitment) process.
- Implemented a new web-based electronic recruitment system (TRAC).
- Introduced recruitment metrics to monitor activity and areas for improvement.
- Introduced enhanced recruitment and retention premia for 'hard to recruit and/or retain' posts.
- Introduced enhanced bank rates in critical areas in order to reduce reliance on high cost agency alternatives.
- Improved vacancy and temporary staffing requests and management information systems in order to ensure compliance with NHS Improvement agency rules and weekly reporting obligations.
- Developed a workforce website across multiple platforms to support recruitment, retention, education and learning and medical education.

### 2.3.13 Learning & Development

- Regular corporate induction has been held throughout 2016/17 to welcome and orientate new colleagues to MKUH. Trust induction is two days for non-clinical colleagues and up to a week for clinical colleagues and includes key information such as Trust values and objectives and MKUH specific information to prepare new starters to be an effective member of the MKUH team. Each induction starts with a personal welcome on the first session on the first day from our Chief Executive who shares the progress that MKUH has made over the years, has a question and answer session and informs of the latest Trust updates.
- The target of 90% compliance in statutory/mandatory training was achieved in Dec 2016. This has been improved further with an achievement of 91% in February and March 2017 and is the highest compliance rate for many years.
- The Trust appraisal compliance rate has pleasingly and steadily increased to an end of year achievement of 88% with 2 divisions achieving over 90% compliance (Core Clinical Services and Women & Children). Work continues to achieve an overall compliance rate of 90%.
- End of year 2016/17 expenditure reports have been received from our contracted Universities and we are utilising our received education funding allocation carefully and appropriately.
- We continue to run a suite of personal development courses, management and leadership programmes including Appraisal Training, Aspiring Managers, Assertiveness Skills, Communication Skills, Concise Minute Taking, Customer Care, Effective Feedback Skills, Handling Difficult Situations, Influencing Skills, Managing Meetings, Negotiation Skills, Positive Patient Experience, Presentation Skills, Principles of Project Management, Start to Sign, Vital Conversations, First Line Manager Development Programme, level 3 (ILM accredited) and two Team Leader Development Programmes, level 2 (ILM accredited). The new "Leaders Engaging in Action Programme" (LEAP) commenced in September 2016 in partnership with Bucks New University. The New Consultant Development Programme cohort 2 is in progress in partnership with NHS Elect and has evaluated well. MKUH has introduced a full-day Restrictive Physical Intervention (Safe Holding) training in September 2016; this was specifically aimed at our security staff. Two 'Breakaway Training' sessions were run in October/November 2016 and sessions are facilitated as required for our workforce.



### 2.3.14 Participation

- **Work Experience**  
We offer three structured programmes for work experience: a 5-day clinical work experience for 16-18 year olds; a 5-day non-clinical experience for 16-18 year olds; a 2-day Accident and Emergency work experience for those who can demonstrate they are eligible to apply for medical school training.
- **Apprenticeships**  
During 2016/17 we have signed up 29 apprenticeships from existing staff and new hire apprentice posts. We are currently working with Luton & Dunstable and Bedfordshire hospitals to help ensure readiness for the introduction of the Apprenticeship Levy and a consistent approach across the three hospitals. We have ongoing interest in apprenticeships; approximately 15 new apprentices will start their apprenticeship programme after April 2017. The Trust achieved the 'Fair Train Bronze Standard' and recently were awarded the 'Public Sector Employer of the Year' Award from our provider QUBE for apprenticeship work.
- **Working with Schools**  
We have worked with DoubleTree for some Trust staff to go into schools to answer questions from School children about their NHS career. This is especially important in that this covers any NHS role rather than the traditional careers of becoming a Doctor or a Nurse. School children are inquisitive with their questions and about their future career with the key question being 'what time do you have to get up for work!'
- **NHS Management Training Scheme (MTS)**  
The Trust was successful in placing three MTS trainees during 2016/17 in HR, General Management and Finance. 5 applications for placements for the 2017 intake were submitted to HEE-TV in April 2017 for new MTS trainees to start on placement at the Trust in September 2017.
- **Library Services**  
The opening of the Library 24/7 was introduced in February 2017, the Library implemented a new RFID system to facilitate the issue, return and security of books and a new gate counter allowing monitoring the use of the Library more efficiently.

### 2.3.15 Medical Education

- **The Junior Doctors Contract**  
3 August 2016 saw the implementation of the new junior doctors' contract in England. The phased implementation timetable commenced firstly for GP trainees and trainees in hospitals from October 2016.  
  
As part of the requirement of the Junior Doctors' contract, Trusts are required to appoint a Guardian of Safe Working hours and to setup a Junior Doctors Forum. In MKUH, both requirements have been met. The Trust has recruited a Guardian of Safe Working hours and the Junior Doctors Forum has had several meetings which have been well attended by junior Doctors, Senior Clinicians and relevant Trust management colleagues.  
  
Junior doctors continue to receive training and support in line with their portfolio. In addition to experiential ward and departmental training new equipment has been purchased for the Clinical Skills and Simulation Suite and training provision has been expanded.
- **Developing Doctors**  
The focus of the Trust is to ensure the whole workforce develops their skills. During 2016 we have been planning the new 'Developing our Educators Programme'. This programme comprises a series of learning half day events for doctors including all consultants involved in training. The learning events include: Teaching and Facilitating Small Groups; Improving the Trainees performance; Situational Leadership, Providing Senior Trainees with Post- take Feedback. In addition, the Trust is offering a limited number of bursaries to MKUH Consultants and SAS doctors, Allied Health Professionals and Nurses and Midwives with an interest in teaching and education, to study for a Post Graduate in Medical Education, (PG CERT).
- **The GMC 2016 Survey: National Trainees Survey**  
The GMC (General Medical Council) carries out an annual survey of all doctors in training to monitor the quality of medical education and training and was carried out from 22nd March to 11th May 2016. Completion of the survey is mandatory for all doctors in training in England and evidence of participation must be presented at their ARCP (annual review of competence progression). In 2016 the response rate was 98.7% (53,835 doctors).

- **Simulation and Clinical Skills**

We have recruited a new team of two to manage the Clinical Skills and Simulation suite and deliver training. This small team is to be expanded as the simulation and skills provision is increasing, in advance of the opening of the new Academic Centre which will have a much larger Skills and Simulation Suite.

- **Senior Leader Engagement Visit (SLEV), by Health Education Thames Valley (HETV)**

The Trust received HETV on 14 March 2017 for an SLEV, overall the visit was very positive with the visiting team noting that the Trust has seen a 36% increase in the Consultant body, Undergraduate Student Nursing placements have increased from 150 to 300, and the University of Buckingham has begun to send Undergraduate Students to MKUH for their third year full time Clinical Placements. Ongoing priorities and areas of focus for the Trust include the development of 'Therapies' training, a Postgraduate Masters Nursing course, and the development of the Buckinghamshire Medical School Academic Centre. This visit was preceded by two speciality reviews in Cardiology on 6 March 2017 and Obstetrics & Gynaecology on 14 March 2017.

Following the speciality reviews, HE TV was delighted to report progress in both Departments and commended the Trust for the commitment of both Senior Management and Departmental Educational Leads in bringing about this progress.

- **Under Graduate Medical Education**

We have 60 students per year on placements in our Trust and these are carried out in Emergency Medicine, Obstetrics & Gynaecology, Paediatrics, Medicine and Surgery. These placements range from 2 weeks to 6 weeks.

The Trust's partnership with the Buckingham Medical School continues through the provision of Clinical teachings provided by various medical and clinical staff groups.

For the first time this year, the Trust will be hosting both phases I and II students, with phase II students remaining on clinical placement throughout the 2.5 years of their medical studies leading to their graduation. This marks a significant milestone in the Trust's position as a university teaching hospital. For the first time the presence of students is more evident, and more than ever, a learning culture is developing where all clinical staff are encouraged to share their knowledge and learning experiences with the student.



### 2.3.16 Organisational Development (OD)

The Trust has an overarching OD Programme called “We Care” which seeks to influence the culture of the organisation, through interventions which improve staff wellbeing and engagement and patient experience, by embedding the Trust’s values and by modelling positive behaviours consistently.

- **Schwartz Rounds**

Schwartz Rounds are multi-disciplinary forums designed for staff to come together once a month to discuss and reflect on the non-clinical aspects of caring for patients i.e. the emotional and social challenges associated with their jobs.

- **Long Service Awards**

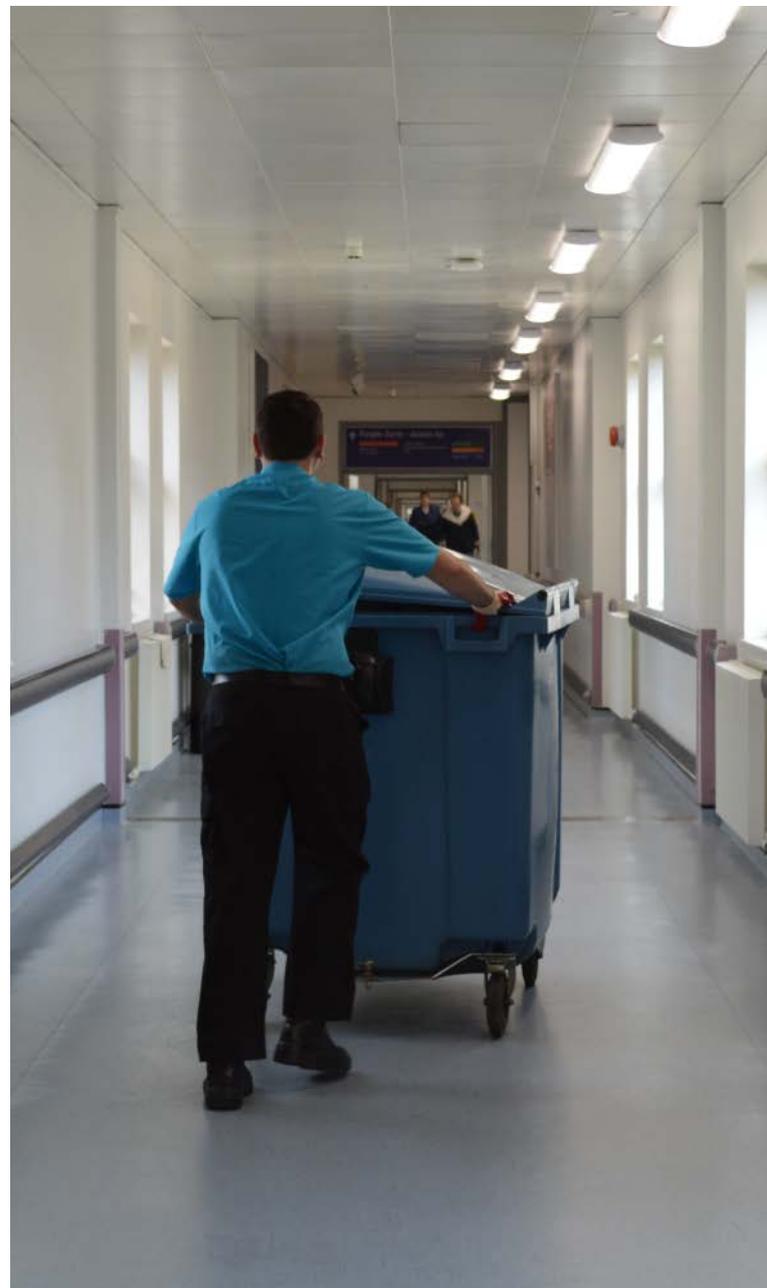
A long service awards ceremony was held in April 2016 recognising 80 colleagues who had worked at the Trust for over 25 years. Recipients and their guests enjoyed a tea party, and each received a framed signed certificate and a gold (30 years) or silver (25 years) name badge to mark their long service.

- **P2P Person to Person**

The Trust has started to put in place a new listening service for staff, based upon successful models used in the ambulance service. The P2P listening service aims to provide a space for colleagues to share and offload things which they are struggling with, either within their work or outside.

### 2.3.17 Volunteers

Milton Keynes University Hospital NHS Foundation Trust has over 280 volunteers that enhance the experience of patients, visitors and staff. Our teams of volunteers make a positive impact on the care that the hospital delivers, and have supported the Trust during 2016/17 by giving over 40,000 hours of their time.



## 2.4 Code of Governance disclosures

### Monitor Code of Governance

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

The Board of Directors considers that it was compliant with the provisions of the revised Monitor NHS Foundation Trust Code of Governance, with the following three exceptions:

Provision	Explanation for non-compliance
A.5.6 The Council should establish a policy for engagement with the Board of Directors for those circumstances when they have concerns.	The Council of Governors raise concerns at their regular meetings which members of the Board of Directors attend. In addition, the lead governor meets with the chairman and can raise issues on behalf of the Council. The senior independent director also meets informally with governors to discuss issues and governors can raise concerns through these meetings.
B2.4 The chairman or an independent non-executive director should chair the nominations committee.	The Council of Governors believe that the Non-Executive Director appointment committee (formally the Nominations Committee) should be chaired by a member of the Council of Governors, as the Council of Governors has a responsibility for the appointment of Non-Executive Directors. This has been in effect since 2008/9 and is reflected in the Trust's Constitution.
B2.9 An independent external adviser should not be a member of or vote on the nominations committee(s)	The Nominations Committee has always valued the input of the independent external adviser, particularly as the Trust has usually selected a serving Chair or non-executive director of another trust to act in this capacity.

As per 'The NHS Foundation Trust Code of Governance' (updated July 2014), 'the board of directors is a unitary board. This means that within the board of directors, the non-executive directors and executive directors make decisions as a single group and share the same responsibility to constructively challenge during board discussions and help develop proposals on priorities, risk mitigation, values, standards and strategy.'



## 2.5 Statement of the Chief Executive's responsibilities as the Accounting Officer of Milton Keynes University Hospital NHS Foundation Trust

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

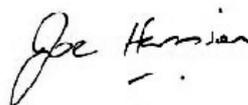
NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Milton Keynes University Hospital NHS Foundation Trust to prepare, for each financial year a statement of accounts in the form and on the basis required by those Directions.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

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

- observe the Accounts Direction issued by Monitor, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual (and the Department of Health Group Accounting Manual) have been followed, and disclose and explain any material departures in the financial statements;
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance; and
- prepare the financial statements on a going concern basis.

The Accounting Officer is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the NHS Foundation Trust and to enable him/her to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS Foundation Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



Joe Harrison  
CHIEF EXECUTIVE

## 2.6 Annual 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 NHS Foundation Trust's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the NHS Foundation Trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the NHS Foundation Trust Accounting Officer Memorandum.

### The Purpose of the System of Internal Control

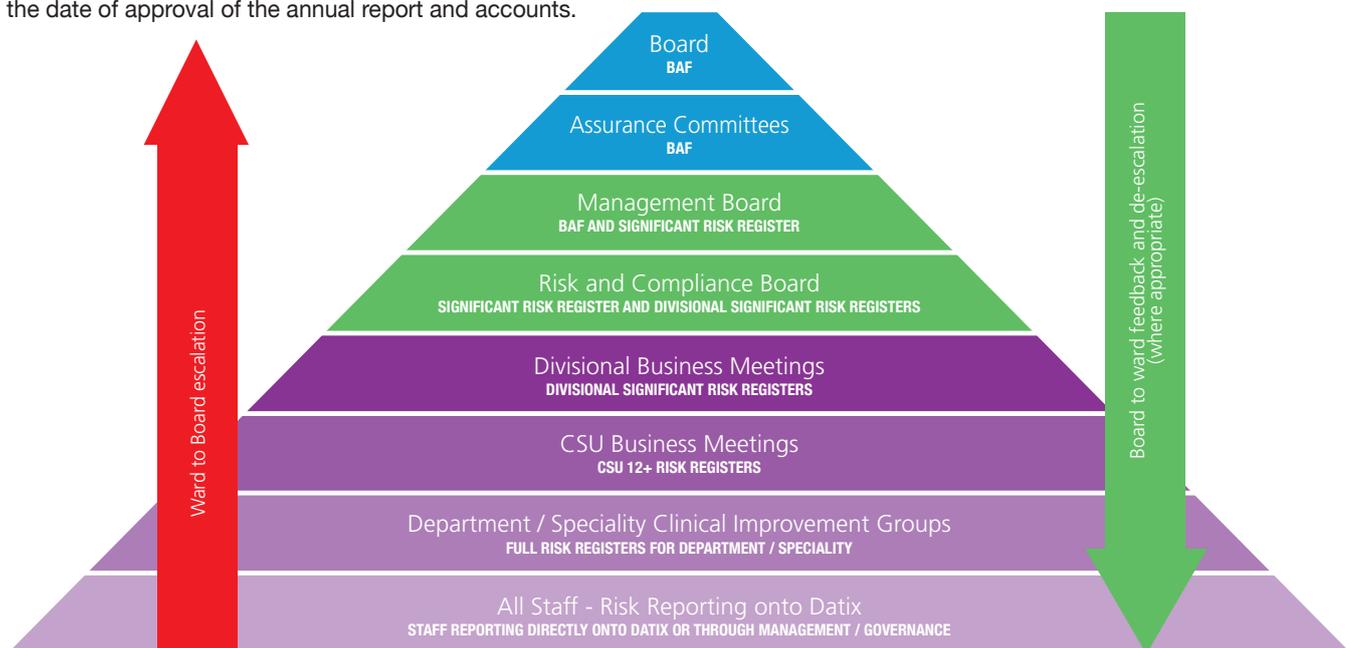
The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Milton Keynes University Hospital NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Milton Keynes University Hospital NHS Foundation Trust for the year ended 31 March 2017 and up to the date of approval of the annual report and accounts.

### Capacity to Handle Risk

The Board of Directors (Board) has overall responsibility for the effective management of strategic risks identified through the Board Assurance Framework (BAF), which links them to the Trust's strategic objectives and achievement thereof.

The Audit Committee provides assurance to the Board on the robustness of the systems and processes surrounding the management of risk throughout the organisation and provides assurance to the Board on their adequacy.

The Trust has a Risk Management Strategy, which sets out a delegated governance structure through which risks are monitored and managed. It sets out a systematic process for the identification, recording and management of risk through its specialty, divisional and significant risk registers and clearly defines the escalation and de-escalation of risk as detailed in the diagram below:



Each committee of the Board reviews risks on the BAF relevant to its terms of reference, in addition to the overall risk profile of the BAF on at least a quarterly basis and if necessary, escalates either the risks or risk management issues to the Board.

The Board committee structure is set out below:



The Director of Corporate Affairs is the executive lead for risk management. The Trust's Senior Information Risk Owner (SIRO) is the Deputy Chief Executive, who is responsible for, and oversees all information risks within the Trust. The Trust's Caldicott Guardian is the Medical Director, who is ultimately responsible for the correct use of patient identifiable information. Both the SIRO and the Caldicott Guardian have undertaken the required training to discharge their responsibilities effectively.

All directors and divisional managers have a leadership responsibility for risk management within their own areas and are accountable to the Trust Board via general and specific reports.

The Trust's Risk and Compliance Board (RCB) meets monthly and is chaired by the Director of Corporate Affairs. The RCB reviews risks rated 15 and above on significant risk registers (SRR) and the overall risk profile of the risk registers. It challenges the control measures and actions being taken to reduce each risk, assesses risk scores, approves corporate risks, reviews linked risks across specialties, departments and divisions. It reports on a monthly basis to the Management Board.

Divisional and departmental risk registers are also reviewed on a rotational basis to ensure that the risks are relevant and appropriate; that risks are being effectively identified, assessed, mitigated and managed. The RCB receives reports on the number of overdue incidents, audit compliance, trust documentation and reports on other compliance issues e.g. CQC/ regulatory guidelines and NICE guidelines, NCEPOD, and other relevant statutory, legislative, or regulatory compliance requirements or guidance.



In March 2017, the Board approved proposals aimed at strengthening the BAF and the Trust's overall risk management process. These include creating a clearer and more consistent structure by which risks are identified, managed and reviewed across the divisions. The aim of this is to ensure that there is a more direct link between the clinical and corporate significant risk registers, and that the BAF better highlights those risks in relation to which the Board should seek assurance.

Risk is the responsibility of all staff. A risk handbook has been developed to assist staff with understanding responsibility for reporting risks and the organisational processes on risk management. The Trust's mandatory training programme, part of the staff induction programme, sets out individual employees' responsibilities on risk management, including fire safety, health and safety and clinical risk. Levels of compliance with mandatory training are reported to the Board as part of the monthly performance dashboard. Further guidance on risk management is disseminated to staff through briefings provided electronically, via meetings or in training sessions.

The Trust's central risk management team works closely with the Trust's internal auditors to continually challenge and improve risk management processes as part of the annual development and audit programme. The central risk team holds regular dedicated sessions on improving practice; using external reports on good practice and industry recommendations to facilitate on-going improvements to risk management. This includes and involves divisional risk and governance leads.

Organisationally, good practice and learning identified through risk assessments and incidents is shared through routine communications, training, meetings, briefing and debriefing sessions and committees.

## The Risk and Control Framework

Risk management is central to the Trust's approach to quality improvement and good governance, and is an integral part of the Trust's internal control processes, as well as its strategic and operational management. It is the process through which the Trust identifies, assesses and analyses the risks inherent to and arising from its activities, whether clinical or non-clinical, including strategic, financial, workforce or any other; and puts in place robust and effective controls to mitigate those risks.

The aim of risk management is to safeguard patients and staff, improve safety and reduce the probability of failure to meet regulatory compliance requirements or achieve strategic and operational objectives.

The risk management process involves the identification, evaluation and treatment of risk as part of a continuous process aimed at helping the Trust and individual members of staff to reduce the incidence and impact of the risks they face. Risk management is therefore a fundamental part of both operational and strategic delivery and planning.

The Trust works closely with its staff to ensure that risk management is regarded as a core organisational process and an integral part of the Trust philosophy and activities. This is achieved by building and sustaining an organisational culture which sets appropriate risk appetite(s), effective internal control systems and accountability for organisational learning in order to continuously improve the quality of services the Trust provides.

The Trust Board has an established process for assuring itself of its Corporate Governance Statement as required under the NHS Foundation Trust Condition 4(8)(b). This process relies on reference to the myriad sources of information that the Board receives at each of its meetings, and at other fora, on the Trust's operational and financial performance, the effectiveness and quality of its clinical services and the feedback received from patients, carers and other external parties about the experience of receiving those services.

## Board Assurance Framework (BAF)

The BAF has continued to be developed as an active Board management and assurance tool, with presentation, discussion and challenge at Board and Board Committee meetings. It is used as the principal reporting mechanism for the monitoring and management of the key organisational risks aligned to the Trust's strategic objectives. The reporting template enables the Board to clearly identify any changes in the risk profile.

The Trust's risk assessment processes, investigation of incidents and complaints, and its claims procedures are its principle sources of risk identification. This process identifies the criteria for risk scoring, taking account of both the likelihood of a risk occurring, and its consequence, using a scale of 1 to 5, leading to a maximum risk score of 25 (5x5). The risk assessment process also requires an appropriate risk management plan. Risks graded above 12 are escalated onto the divisional (or corporate directorate) risk registers and those above 15 onto significant risk registers. Aggregated risk profiles are also considered, particularly in clusters of lower scoring risks. Risks are scrutinised and challenged at specialty, divisional and executive level, according to the severity grading. Controls are tested and gaps in control or breached review dates challenged at Risk and Compliance Board and by the central risk team.

The risk assessment process, as described in the risk management strategy, clearly sets out the escalation process by which senior managers monitor, manage and mitigate risks according to their overall likelihood and consequence. This process is applied to all types of risk, clinical, financial, operational, capital and strategic.

Each division is required to maintain and monitor their own risk registers. All divisional risks with a score of 15 or above are included on the significant risk registers which are reviewed by the monthly Risk and Compliance Board. Issues are escalated to the Trust's Management Board on a monthly basis and to Board assurance committees, where appropriate, for potential inclusion on the BAF.

All business cases are risk assessed and the risk rating strongly influences priorities within the Trust's capital programme.

The BAF helps provide assurance to internal and external stakeholders as to the Trust's progress in meeting its objectives. Assurance of the risk management system is also supported by independent assurance processes both internal and external, and achievement of satisfactory outcomes or results.

The BAF identifies the Trust's strategic objectives and principal risks and is developed in consultation with the executive team, taking account of the wider risk environment and the changing NHS landscape. The control systems, which are used to manage risks, are identified along with the evidence for assurance that these are effective. Lead managers and directors are responsible for dealing with gaps in control and assurance.

The Board has continued to take steps to strengthen governance arrangements at all levels of the organisation. The Trust has a quality governance framework in place, which is designed to provide ward to board visibility across the quality agenda. This structure includes:

- Service and divisional level clinical improvement and quality Groups,
- A doctor-led Mortality Board (which has a commitment to the qualitative assessment of, and deriving learning from, all deaths occurring within the hospital),
- An executive-led Serious Incident Review Group,
- An executive-led Clinical Quality Board,
- An executive-led Risk and Compliance Board (which tracks CQC registration compliance, including progress against inspection action plans, along with other areas of quality compliance including audit, NICE, NCEPOD and others); and
- A non-executive chaired Quality and Clinical Risk Committee.

The Trust has a Data Quality Compliance Board in place, the aim of which is to provide scrutiny, challenge and assurance on all aspects of data quality, including performance information. The Board was established and met for the first time in May 2016 chaired by the Deputy CEO. It works closely with Board assurance committees and the Management Board, and reports to the Audit Committee.

The Trust strongly encourages the creation and maintenance of a culture of incident reporting across the organisation. It considers this to be a key component to the improvement in levels of patient and staff safety. Steps taken in this regard include the provision of regular training on the Datix risk and incident reporting system, the provision of weekly information and alerts on key safety issues and learning to all staff, and support for staff in developing competencies to assess, control and manage risk effectively.

The Trust has a dedicated Compliance Manager whose role is to monitor compliance against the requirements of CQC registration. CQC compliance is reported to the Risk and Compliance Board and other governance board and committees as required (e.g. health and safety) issues are escalated to the Management Board as required. The Trust undertakes periodic CQC peer reviews.

## Risk Appetite

The Trust will not engage in activity that would have a detrimental impact on the quality of care that it provides or puts the organisation at risk of breaching regulatory requirements. However, there is recognition that the Trust would be exposed to some risk in the course of the achievement of its strategic objectives. A statement setting out the Trust's appetite for such risk is included in the Risk Management Strategy. On an annual basis, the Trust Board will publish its risk appetite statement as a separate document. This covers the following overarching areas:

- Risk to patients
- Risk to staff, visitors and contractors
- Organisational risk
- Reputational risk
- Opportunistic risk

This statement will also define the Board's appetite for each risk identified to the achievement of strategic objectives for that financial year. This risk appetite statement is communicated to all staff involved in the management of risk and is documented in the Board Assurance Framework document.

A number of compliance assessments are conducted to confirm the adequacy of the governance arrangements. These are undertaken by the director of finance, who provides assurance on financial performance, and by other executive directors in relation to other areas of governance. Assurance on compliance with relevant regulations, internal policies and procedures is undertaken through the Trust's Management Board and Trust Board assurance structure; for example, CQC registration via the Quality and Clinical Risk Committee and fire regulations through the Health and Safety Board. Compliance assessments are also undertaken on the Trust's behalf by its internal auditors, and these have provided assurances in relation to aspects of the Trust's governance arrangements.



## Stakeholder Involvement in Risk Management

The Trust recognises that effective risk management relies on contributions from outside the organisation as well as from within, and there are therefore arrangements in place to work collaboratively with key external stakeholders and partner organisations, including Milton Keynes CCG, Milton Keynes Council and the local Healthwatch Milton Keynes. These arrangements cover operational and strategic issues such as service planning and commissioning, performance management and scrutiny, research, education and clinical governance. Commentary and issues arising from this engagement are captured within the Trust's risk processes and taken into account in the risk grading matrix referred to above.

These and other stakeholders have opportunities to raise issues relating to risks which impact upon them, including:



### A. Patients and Public

- Participation in the “15 steps” process (an assessment of patient areas by patients, non-executive directors and Governors)
- Involvement with and by the Milton Keynes Health and Wellbeing Board
- Attendance at the Trust's Annual Members Meeting
- Structured and ad hoc engagement with and from Healthwatch MK
- Patient-Led Assessments of the Care Environment (PLACE)
- Representation from Milton Keynes Council, Healthwatch MK, MKCCG and the Milton Keynes Youth Cabinet on the Council of Governors
- Patient stories delivered at Board meetings.

### b. Staff

- Messages emerging from the annual staff survey
- Chief Executive led staff roadshows
- Questions submitted by members of staff to the Chief Executive via the “Ask Joe” section of the Trust intranet
- Quarterly staff magazine
- Appointment of a Freedom to Speak Up Guardian in January 2017 as a conduit through whom staff may make protected disclosures under the Public Interest Disclosure Act 1998.

### c. Health partners

- Regular performance review meetings with the CCGs, GPs and Ambulance Trusts with whom the Trust has working relationships
- Membership of and involvement on the Maternity Improvement Board with the MKCCG, CQC and Monitor
- Active involvement in the Bedfordshire, Luton and Milton Keynes (BLMK) Sustainability and Transformation Partnership, which involves all of the NHS commissioner and provider organisations, as well as local authority social care providers across the three areas
- Attendance at the Milton Keynes Health and Wellbeing Board.

## Key Organisational Risks 2016/17

During the course of 2016/17, the Trust has been working with its internal auditors to improve the effectiveness of the BAF in highlighting to the Board the key areas of risk facing the organisation, and enabling them to provide appropriate challenge as to the steps that are being taken to address these. In this regard, the Trust has, in response to recommendations from the internal auditors, taken a number of actions to create a more consistent link between the divisional and corporate risk registers and the BAF, such that that document truly represents those risks that are of most significance to the Trust in seeking to achieve its strategic objectives. Future risks and mitigation plans are also considered in the Trust's Annual Plan submission. Potential outcomes should the risks materialise are assessed as part of the risk management process, and this informs the residual risk rating scores. These potential impacts are also included in the BAF.

Risks on the BAF at the end of March 2017 were as follows:

- 1. Overwhelming demand for emergency care through the Emergency Department**  
*Residual risk rating of 20*  
**Controls and assurances:** operational plans in place to cope with prolonged surges in demand; increasing planned surgery capacity with new planned surgery ward; cancelling planned surgery when no other alternative; opening of emergency escalation beds; working with community, primary and social care.
- 2. Failure to respond to patient experience feedback**  
*Residual risk rating of 20*  
**Controls and assurances:** working with external company to capture more qualitative feedback from patients through the Friends and Family Test; appointment of patient experience manager; appointment of clinical leads for patient experience; dedicated campaigns with communications support; patient experience stories at the Board and Council of Governors; interventions and action plans following surveys; patient experience strategy in place; patient experience tracked through monthly Board scorecard; significant site developments and environment and facilities improvements.
- 3. Failure to learn form incidents and complaints**  
*Residual risk rating of 16*  
**Controls and assurances:** reporting awareness campaigns; ongoing risk and incident training programmes; integrated Datix system; embedded governance and assurance teams to disseminate learning; learning disseminated through a variety of channels, including written and face-to-face and learning plenary sessions; corporate governance structure in place including Risk and Compliance Board, Serious Incident Review Group, Clinical Quality Board. No repetitive incident trends; internal audit assessed incident reporting process in 2015.
- 4. Inability to keep to affordable levels of agency and locum staffing**  
*Residual risk rating of 25*  
**Controls and assurances:** weekly Vacancy Control Panel review agency requests; control of staffing costs identified as a key transformation work stream; capacity planning; robust rostering and leave planning; escalation policy in place to sign-off breach of agency rates; fortnightly executive led agency reduction group meeting with the aim of delivering a reduction in both quantity and cost of agency used; agency cap breaches are reported to Divisions and the Finance and Investment Committee. Transformation plans with tracked delivery; oversight at Vacancy Control Panel; oversight at Finance and Investment Committee; action plan review at fortnightly Executive Director meeting.
- 5. Main commissioner is unable to pay for the volume of activity undertaken by the Trust**  
*Residual risk rating of 16*  
**Controls and assurances:** Twice monthly meetings with MKCCG, attended by the DoF and the Deputy CEO to discuss contractual and actual levels of activity; clearly defined quarterly reconciliation process of contract payments made with close monitoring of the payment for over performance invoices. Escalation of issues to NHSI for intervention where required. Monitoring of monthly activity and agreement of activity reconciliations.

## 6. Inability to recruit to critical vacancies

*Residual risk score of 20*

**Controls and assurances:** Continual focus on nursing recruitment to proactively manage attrition; identification of difficult to recruit to roles with proactive strategies for retention and recruitment; networking with other trusts; working with AHSNs, LETB, Universities and other academic institutions to recruit students as appropriate; oversight at Workforce Board; workforce metrics; published workforce strategy; overseas recruitment. Analysis of trends and workforce metrics at Workforce Committee; turnover rate and other key metrics on plan; staff surveys and scores; engagement with 3rd parties on innovative agency reduction schemes.

## 7. Inability to retain staff employed in critical posts

*Residual risk score of 16*

**Controls and assurances:** 150 staff nurses through a university post registration module; 200 HCAs through an Open University module; seconded 5 HCAs to pre-registration nurse training this September; put 20 matrons and ANPs through a post grad certificated management course; put 40 senior sisters and sisters through a bespoke leadership programme; all 35 RNs stroke unit have gone through a bespoke stroke programme; put 40 RNs through a bespoke gastro programme; participation in NHS Leadership Academy courses at all levels of the organisation; monitoring of appraisal rates at Workforce Board and Management Board; monitoring of statutory/ mandatory training rates at Workforce Board and Management Board; new reward and recognition scheme launched; revalidation (doctor). Analysis of trends and workforce metrics at Workforce Committee; turnover rate and other key metrics on plan; staff surveys and scores.

## Pensions

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

## Equality and Diversity

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

## Sustainability

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

The Trust's 2007 carbon baseline assessment was 12,747 tonnes per annum, with a target to reduce carbon to 9,559 tonnes by 2014/15.

The following table shows CO2 performance per annum to date.

2010/11	11,808 Tonnes
2011/12	11,108 Tonnes
2012/13	11,183 Tonnes
2013/14	10,508 Tonnes
2014/15	9,786 Tonnes
2015/16	9,426 Tonnes
2016/17	9,403 Tonnes (Estimated)

The Trust continues to invest in energy saving projects and other carbon reducing schemes to reduce carbon production.

## Information Governance and Data Security

The Information Governance Steering Group (IGSG) oversees the Trust's Information Governance Toolkit annual assessment and action plan. Through this governance structure the Trust's Information Governance Statement of Compliance (IGSoC) is assessed on an on-going and annual basis to ensure connection to the NHS National Network (N3) and the use of the NHS Care Records Service applications.

Data security risks are managed through an information governance framework, comprising the Trust's information governance policy, related policies and guidance, and the IGSG. In particular, the Trust's risk management policy sets out a structured approach to information risk management. This involves leadership from the Deputy Chief Executive, who is the organisation's Senior Information Risk Officer (SIRO), as well as individual information asset owners (IAOs) and information asset administrators (IAAs). Information risk identification is supported by the maintenance of an information asset register and regular information mapping exercises. Any significant risks identified from these processes are included in the Trust's risk register and will therefore be subject to the formal management attention commensurate with the assessed risk.

The Trust completes the Information Governance Toolkit (IGT) annually to demonstrate that it is meeting good practice requirements, and to provide assurance that all aspects of information risk management are appropriately managed. The IGT assessment is externally reviewed by the Trust's Internal Auditors. The SIRO, along with the Trust's Caldicott Guardian (the Medical Director) and the IGSG monitor progress and compliance with the IGT on an on-going basis. The SIRO and Caldicott Guardian sit on both the Management and Trust Boards.

The Trust operates in a complex environment and exchanges data with a host of external bodies. It therefore takes steps to reduce the risk of data loss or accidental disclosure of personal data. Information governance policy and guidance is continually reviewed and training and awareness raising programmes target all Trust staff. Information governance training includes instruction on and assessment of key aspects of policy and legislation in this area, and assessment scores will indicate the success of awareness raising activities. Strengthened technical controls will result in a reduction of risk of specific types of data loss, for example, privacy impact assessments on all new systems and processes.

The Trust has comprehensive and relevant policies covering information governance and security, data quality and records management. Details of information governance serious incidents that occurred during 2016/17 are set out below:

1. A patient contacted the Information Governance team to report her belief that a member of staff had inappropriately accessed her medical records. This breach has been confirmed and further access by the member of staff to other patient information was discovered. This has now been reported to the police and the Information Commissioners Office.
2. A patient's daughter requested copies of her father's medical records. However, copies of the records relating to another patient were made, and these were subsequently handed to the daughter.



## Review of Economy, Efficiency and Effectiveness of the Use of Resources

The Trust relies on robust, quality information and data to make informed decisions and is committed to maintaining the highest standards of data quality through effective management. The Trust is actively engaged with its commissioners in monitoring quality through the contractual relationship, and the achievement of local and national targets is monitored through the use of key performance indicators.

The Director of Finance provides regular reports to the Management Board, Finance and Investment Committee and the Board of Directors on the Trust's current financial position. A similar report is circulated to Board members at Board strategy days. This is supported by a dashboard (produced each month) that allows the Board to monitor a set of key indicators including productivity and efficiency measures. The Board dashboard includes comparative benchmarking data primarily from Dr Foster. The Board also reviews its Standing Financial Instructions and Scheme of Delegation annually.

The Audit Committee has a key role both as an assurance committee of the Board and in relation to supporting effectiveness and efficiency across the organisation. It helps to ensure that the work of internal audit is tailored according to the risks and issues facing the organisation, and provides a route by which both internal and external auditors can raise financial and other concerns. It also acts as a conduit between the auditors and the non-executive directors. The chair of the Audit Committee meets with the auditors with no officers present at least once every year, to enable auditors to raise, informally, any issues that they may have. The Audit Committee also receives quarterly reports from the local counter fraud team, and approves the annual counter-fraud plan.

A range of benchmarking data is provided to the Board to enable constructive challenge of Trust performance. For example the Hospital Standard Mortality Rate (HMSR) and Summary Hospital-level Mortality Indicator (SHMI) are both measurements of mortality in hospitals across England, in respect of which the Trust can measure itself against hospitals of similar sizes, and the Board may raise questions if, for example, it is perceived that the Trust might be an outlier.

## Internal Audit and Counter Fraud

The Trust's internal auditors are KPMG, who deliver a comprehensive programme of audits every year; including on the financial and wider control environment. Internal audit also supports the Trust in delivering a number of wider assurance and developmental audits throughout the year in an agreed plan. Examples of audits that were carried out in 2016/17 are in relation to the Trust's approach to ensuring that the quality of the data that it relies on is of a high standard, the planning for and recovery from major incidents and the appropriateness of governance arrangements within the Trust's clinical divisions. The results of internal audit reviews are reported to the Audit Committee, which takes a close interest in ensuring system weaknesses are addressed. Robust processes are in place to monitor the implementation of improvements identified through audits and to undertake follow up reviews where required. An internal audit tracking system is in place which records progress in implementing recommendations and management responses. Management's progress in implementing corrective action is reported to the Audit Committee. The counter fraud programme is led by the Director of Finance and monitored by the Audit Committee.

The Clinical Board Investment Group (CBIG) considers and where necessary, challenges proposals, submitted via business cases, for service development and improvement. It then makes recommendations to the Management Board for these to be approved, amended or rejected. The clinical prioritisation process undertaken by CBIG uses benchmarking data as part of the consideration.

Ernst and Young (EY) has assisted the Trust since 2013/14 in providing project and programme management support in the establishment of the Trust's Transformation Programme. The Trust has built its own team to continue the transformation programme work, reducing the need for support from EY. A Director of Service Development was appointed in December 2014 to take on responsibility for delivery of the programme.

In 2016/7 the transformation programme savings target was £11.9m, of which £11.1m was delivered. The Transformation Board meets on a monthly basis to review progress of the programme and reports to the Trust's Management Board and the Finance and Investment Committee following each meeting. The Finance & Investment Committee has also taken a special interest in specific areas of the programme, including procurement and divisional performance around cost improvement. EY's involvement in the programme ended in November 2016. Planning for the 2017/18 transformation programme began at the end of 2016.

## Managing Public Money

An explanation of how the Trust manages public money is contained in the governance section of the Annual Report (section 3). It details the governance framework of the organisation, including information about the Board's committee structure, attendance at meetings, key areas of work covered at the meetings and an account of corporate governance, including the Board's assessment of its compliance with the Monitor's Code of Governance and the departures from it.

## Annual Quality Report

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

The following steps are in place to assure the Board that the quality report presents a balanced view and there are appropriate controls in place to ensure that the data produced is accurate.

- The Quality and Clinical Risk Committee has overseen the quality priorities set out in the Quality Account to ensure that they reflect the Trust's priorities. The Audit Committee ensures that the Quality Account complies with NHS Improvement's guidance.
- The Council of Governors has been consulted on the Quality Accounts and has had an opportunity to comment on the quality priorities, including choosing one of them.
- Members of the Management Board were given the opportunity to comment on the content of the Quality Account.
- Monitoring key quality metrics at the Management Board and Board of Directors.
- Monitoring key national performance indicators relevant to data quality through the national data quality dashboard produced by the NHS Information Centre.

The Trust Board monitors performance against key quality indicators. In 2016/17, the Trust achieved the target to treat the majority of elective patients within 18 weeks. However, it did not meet the four hour emergency access target, in large part due to a significant increase in the number and acuity of patients attending the Emergency Department, which was exacerbated by the inability to discharge a number of medically fit patients on time due to the lack of appropriate social care provision within the community, thereby reducing the flow of patients through the hospital.

## Appropriate Controls in Place to Ensure the Accuracy of Data

In 2015/16, the Trust's external auditors highlighted weaknesses in the Trust's data quality controls during its testing of mandatory and discretionary indicators. As a result, the Trust directed its internal auditors to undertake an audit into its data quality governance arrangements to help inform improvement and development plans and provide assurance on areas of good practice. That audit gave an assurance rating of 'partial assurance with significant improvement opportunities', and proposed four high priority, eight medium priority and two low priority recommendations. In March 2017, the internal auditors reported to the Audit Committee that a significant amount of work had been done with a view to meeting the recommendations, including the establishment of a Data Quality Compliance Board to oversee the implementation of data quality across the Trust, implementing a robust data quality policy, highlighting key roles and responsibilities, and providing details of how data quality will be monitored and managed, and re-focusing the activities of the data quality team. Internal audit undertook a further advisory review of data quality arrangements, which did not have a formal rating, but set out four further priorities to address. These next steps towards full compliance included embedding the activities required in the policy and providing the assistance, guidance notes and tools required by the policy.

The current year external audit findings on the quality report are that the auditors' report has been qualified in respect of both the 4 hour A&E waiting times and the 18 week RTT – incomplete indicators.

The Trust assures the accuracy of elective RTT work through weekly progress and governance meetings and has developed a series of tools that support operational managers to validate and prioritise patients appropriately. Policy documents have been updated, refresh training has been arranged and the data quality team are able to support divisional teams to prioritise areas for improvement.

## Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control has been informed by advice from the Board, Audit Committee, external audit, internal audit, local counter fraud specialist, local security management specialist, the independent assurance commissioned in year and the executive managers and clinical leads within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the Quality Report attached to this Annual Report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports.

The process of maintaining and reviewing the effectiveness of the system of internal control during 2016/17 was particularly monitored by the Board through:

- Reliance upon the Audit Committee for assurances that the system of internal control is sound.
- Assurances from the Quality and Clinical Risk Committee on issues relating to clinical governance, risk management and divisional clinical leadership.
- The structure, nature and content of Board meetings during 2016/17 which enabled the Board to provide adequate challenge on and gain suitable assurance in relation to issues relating to performance, quality and safety within the Trust.

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

Issue	Process by which identified	Actions being taken
Data Quality governance	Internal audit development audit undertaken with two medium and two low priority actions/ recommendations  External audit raised issues during year end reporting in 2015/16, leading to qualifications against indicators.	All key recommendations from the previous report have been implemented or superseded by other actions. Next steps are to embed these new systems and processes  These issues were addressed by management and a comprehensive update provided to external audit during 2016/17.
CQC inspection rated Trust as Good	External inspection in July 2016	The Trust received no compliance or 'should do' actions, and it was noted that there had been significant improvements in emergency and medical care

## Board of Directors

The governance framework of the Trust is defined in the information on the Trust Board and its sub-committees and the Council of Governors in Section 3 of the Annual Report. It explains the scope of each committee and the issues reported to it. The attendance of non-executive directors and executive directors at Board and committee meetings is detailed in Appendix 2 of the Annual Report.

## Monitor's Code of Governance

In July 2014, Monitor published the NHS Foundation Trust Code of Governance (replacing the 2010 version). The purpose of the Code of Conduct is to assist NHS foundation trust boards in improving their governance practices by bringing together best practice from the public and private sector corporate governance. The Code is issued as best practice advice, but imposes some disclosure requirements which all foundation trusts are required to follow.

Milton Keynes University Hospital NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a 'comply or explain' basis. The Code is based on the principles of the UK Corporate Governance Code issued in 2012.

The table below explains the two points where the Trust does not comply with the Code of Governance, together with an explanation of why it does not.

Provision	Explanation for non-compliance
A.5.6 The Council should establish a policy for engagement with the Board of Directors for those circumstances when they have concerns.	The Council of Governors raise concerns at their regular meetings which members of the Board of Directors attend. In addition, the lead governor meets with the chairman and can raise issues on behalf of the Council. The senior independent director also meets informally with governors to discuss issues and governors can raise concerns through these meetings.
B2.4 The chairman or an independent non-executive director should chair the nominations committee.	The Council of Governors believe that the Non-Executive Director appointment committee (formally the Nominations Committee) should be chaired by a member of the Council of Governors, as the Council of Governors has a responsibility for the appointment of Non-Executive Directors. This has been in effect since 2008/9 and is reflected in the Trust's Constitution.
B2.9 An independent external adviser should not be a member of or vote on the nominations committee(s)	The Nominations Committee has always valued the input of the independent external adviser, particularly as the Trust has usually selected a serving Chair or non-executive director of another trust to act in this capacity.

## The Audit Committee

The Audit Committee provides assurance to the Board on:

- The effectiveness of the organisation’s governance, risk management and internal control systems;
- The integrity of the Trust’s financial statements, the Trust’s Annual Report and in particular the statement on internal control;
- The work of internal and external audit and any actions arising from their work.

The Audit Committee has oversight of the internal and external audit functions and makes recommendations to the Board and to the Nominations Committee of the Council of Governors where appropriate on their reappointment.

The Audit Committee reviews the findings of other assurance functions such as external regulators and scrutiny bodies and other committees of the Board.

The executive directors have provided all the information contained in the Annual Report and accounts. The non-executive directors have had an opportunity to comment on the draft document and the audit committee reviews the report and considers it fair, balanced and understandable.

## The Finance and Investment Committee

The Finance and Investment Committee focuses on financial and investment issues and takes an overview of operational activity and performance against national and local targets.

## Internal Audit

The Audit Committee agrees an annual risk based internal audit plan and receives reports on the outcomes of the reviews of the system of internal control during the course of the financial year.

KPMG are the providers for internal audit and for 2016/17 the Head of Internal Audit opinion was significant assurance with minor improvements required on the overall adequacy and effectiveness of the Trust’s framework of governance, risk management and control.

In 2016/17 KPMG completed eight internal audit reports:

- Three reports with an assessment of “significant assurance with minor improvement opportunities”;
- Two reports with an assessment of partial assurance with improvements required;
- One report with dual ratings of significant assurance on design effectiveness, and partial assurance on operational effectiveness;
- Two follow up reports confirming that all actions had been implemented.

The areas the reports covered are as follows:

<b>Financial Management and core financial processes</b>	Significant assurance with minor improvement opportunities
<b>BAF and risk management</b>	<b>Design effectiveness:</b> Significant assurance with minor improvements <b>Operational effectiveness:</b> Partial assurance with improvements required
<b>Major Incident Planning</b>	Significant assurance with minor improvement opportunities
<b>Internal Incident Planning</b>	Partial assurance with improvements required
<b>Women’s and Children’s Health Division</b>	Significant assurance with minor improvement opportunities
<b>Surgery Division</b>	Partial assurance with improvement required
<b>Data Surgery Division governance (follow up report)</b>	Draft report issued: actions implemented
<b>Consultant job planning (follow up report)</b>	Draft report issued: actions implemented
<b>Safeguarding (including safeguarding hours)</b>	Draft report issued: actions implemented

## External Audit

Deloitte LLP, the external auditor provides assurance to the Trust on an ongoing basis by attending all audit committee meetings and by undertaking the annual audit of the accounts and Annual Report and a limited assurance review of the Quality Account. For 2016/17, the external auditor has concluded that:

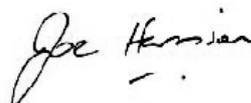
- The financial statements give a true and fair view of the state of the Trust's affairs, and have been properly prepared in accordance with the accounting policies directed by NHS Improvement, and in accordance to the National Health Services Act 2006;
- His opinion in respect of the use of resources is to be qualified on the basis that the steps taken by management during 2016/17 to improve governance arrangements over data quality have not operated for all or substantially all of the year, and that the Trust incurred a deficit of £21m for the year ended 31 March 2017, and has a planned deficit of £15m for 2017/18;
- His limited assurance opinion in respect of his review of the Quality Report 2016/17 is to be qualified in relation to the A&E 4 hour wait and 18 week RTT – incomplete indicators.

## Board Committee Structure

The established committee structure has strengthened the accountability framework by ensuring operational accountability is exercised through the Management Board before the reports are considered by the Board committees at which the executive directors are held to account. The Workforce and Development Assurance Committee will monitor the implementation of the workforce strategy. The Quality and Clinical Risk Committee monitors, and if required, takes action on the quality of care being provided. This is an internal mechanism for the Trust to manage performance and ensure national and local targets are achieved and the requirements of the CQC are met in full.

## Conclusion

Based on my review, I am aware of on-going internal control issues regarding financial sustainability, data quality and historic issues regarding compliance with NHS Improvement licence conditions. The Trust is committed to the continuous improvement of its processes for internal control and assurance, and I am confident that the steps being taken to address the data quality issues will lead to significant improvement in this area during 2017/18. The clear indications from NHS Improvement are that the Trust's consistently good performance during 2016/17 means that the historical compliance issues are now no longer relevant, and action is being taken to address these. Although the Trust remains in financial deficit, it has met and exceeded its control total during 2016/17, and also achieved its savings target.



Joe Harrison  
CHIEF EXECUTIVE

Date: May 2017





# Section 3

## Quality Report

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# Quality Report

## Part 1: The Quality Account

### 1.1 Introduction

Milton Keynes University Hospital NHS Foundation Trust (referred to as 'MKUH' or 'the Trust') is a district general hospital providing a broad range of general medical and surgical services, including A&E, maternity and paediatrics. We continue to develop our facilities to meet the needs of a fast-growing population. The hospital provides services for all medical, surgical, maternity and child health emergency admissions.

In addition to delivering general acute services, Milton Keynes University Hospital increasingly provides more specialist services, including cancer treatment, cardiology and oral surgery. It also has responsibility for treating premature babies born locally and in the surrounding areas.

We aim to provide quality care and the right treatment, in the right place, at the right time. The Trust's strategic objectives are focused on delivering quality care, with the first three objectives being:

1. Improving patient safety
2. Improving patient experience
3. Improving clinical effectiveness

To support our framework for quality we have a rigorous set of standards for monitoring our performance against local and national targets, and this helps us to tackle issues as they arise.

As well as our staff, we are also proud of our strong relationships with our stakeholders. The involvement of patients, the public, governors, local information networks, and health system partners is integral to our development.

Our governors are involved throughout the year in monitoring and scrutinising our performance. The governors continue to demonstrate their enthusiasm and commitment to fulfilling their role as elected representatives of patients and the public, through their direct activity with the community as well as their participation in Milton Keynes Healthwatch meetings and other community forums. An elected governor also attends meetings of the Quality and Clinical Risk Committee which monitors performance of the hospital against the quality priorities set in the Quality Account.

During the year, we have continued to be actively engaged with the Milton Keynes Council Health and Adult Care Select Committee and the Health and Wellbeing Board on subjects of importance to the community.

This report outlines our measures for assuring and sustaining performance for the future, recognising that there are areas requiring improvement.



Quality Accounts are annual reports to the public about the quality of services that providers of healthcare deliver and their plans for improvement.

The purpose of the Quality Accounts is to enable:

- Patients and their carers to make well informed choices about their providers of healthcare;
- The public to hold providers to account for the quality of the services they deliver; and
- Boards of NHS providers to report on the improvements to their services and to set out their priorities for the following year.

As part of our quality account for 2017/18 the Trust is required to choose at least three quality priorities for the year to be included within Part 2 of our Quality Accounts.

There are criteria for choosing these priorities, which are:

- They should be determined following a review of the quality of service provision
- They should reflect both national and local indicators
- They should be aligned with the three domains of quality: patient safety, clinical effectiveness and patient experience.

Once agreed, the Quality Account must report upon how progress to achieve the priorities is identified, including how they will be monitored and measured and how they will be reported by the Trust.

This report provides an overview of performance across our key priorities and illustrates our commitment to providing a quality service for patients. It also outlines our planned measures for assuring and sustaining our performance for the future. This includes recognition that there are areas which require improvement.



## 1.2 Statement on quality from the Chief Executive

It is my privilege to introduce this year's Quality Account for Milton Keynes University Hospital NHS Foundation Trust.

This important document gives us the opportunity to reflect on all we have achieved in improving the quality of care we provide to our patients during 2016/17; as well as to identify where we will focus our efforts next year to make the care and experience we provide as safe, positive and effective as it can be.

Each year we set our objectives as a hospital and each year our top three objectives are improving patient safety, improving patient experience and improving clinical effectiveness. Those three aims remain at the heart of everything we do and everything we are here to deliver every day, for every one of the hundreds of thousands of people we care for every year.

It has been an exciting year of developments at the hospital, with the Trust investing in the development of staff, our services and the estate itself to improve both the quality and capacity of care we offer the people of Milton Keynes and surrounding areas.

We opened a new 20-bed surgical ward in February 2017 to help us address the ever-increasing demand for our services and began construction on a new main entrance – due to open in June 2017 – which will enable us to accommodate the greater number of visitors who will be coming to the hospital this year.

As well as these improvements to the site, building has also started on a new Academic Centre at the start of the year. The construction is a result of our partnership with the University of Buckingham Medical School, who are funding its development, and will provide an outstanding education resource with facilities to train medical students, doctors, nurses and health professionals working across the hospital.

More good news came in the form of a 'Good' rating following an inspection by the Care Quality Commission (CQC) in June 2016. It marked a significant improvement to our last CQC rating of 'Requires Improvement' two years prior and recognised the Trust as being effective, caring, responsive and well-led.

Demand on the hospital's services continued to increase during 2016/17. We received 11% more GP referrals than had been planned for, and demand on Accident & Emergency was also 3% higher than in 2015/16. The impact of the increase in demand has been that the Trust has accommodated a growing number of emergency admissions, and treated over 1,500 more elective admissions than planned at the start of the year.

Despite the increase in demand on its services, the Trust has successfully reduced waiting times for planned patients during 2016/17, and the national standard for consultant-led Referral to Treatment Waiting Times was successfully delivered for five consecutive months. The national standard for diagnostic waiting times was also achieved for the whole of the second half of the year. Performance against cancer treatment standards has proved a challenge but significant improvements were made in the final quarter of 2016/17.



### 1.3 Statement of Assurance

There are a number of inherent limitations in the preparation of Quality Accounts which may impact the reliability or accuracy of the data reported. These include:

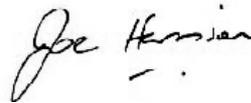
- Data is derived from a large number of different systems and processes. Only some of these are subject to external assurance, or included in internal audits programme of work each year.
- Data is collected by a large number of teams across the Trust alongside their main responsibilities, which may lead to differences in how policies are applied or interpreted. In many cases, data reported reflects clinical judgement about individual cases, where another clinician might have reasonably classified a case differently.
- National data definitions do not necessarily cover all circumstances, and local interpretations may differ.
- Data collection practices and data definitions are evolving, which may lead to differences over time, both within and between years. The volume of data means that, where changes are made, it is usually not practical to reanalyse historic data.

During the year, we have continued to be actively engaged with the Milton Keynes Council Health and Adult Care Select Committee and the Health and Wellbeing Board on subjects of importance to the community.

This report also outlines our measures for assuring and sustaining performance for the future, recognising that there are areas requiring improvement

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The Trust and its Board have sought to take all reasonable steps and exercise appropriate due diligence to ensure the accuracy of the data reported, but recognises that it is nonetheless subject to the inherent limitations noted above. Following these steps, to the best of my knowledge, the information in the document is accurate with the exception of the matters identified in respect of the 18 week referral to treatment incomplete pathway and 4 hour A&E wait indicator as described In the Annual Governance Statement.



Joe Harrison  
CHIEF EXECUTIVE

Date: May 2017

## Part 2 Priorities for improvement and statements of assurance from the Board

### 2.1 Priorities for Improvement

The following priorities identified have been shared with, and agreed by our governors. These priorities have been chosen on the basis of feedback that we have received from our patients, and their relatives and carers, about the things that are important to them; reflecting national clinical priorities (in the case of sepsis); and focusing on those areas that evidence has shown can make a real difference to the effectiveness of our services (improved staff engagement and reducing the length of stay).

1. Improving the management of patients with sepsis via delivery of the national CQUIN
2. Delivering the Saving Babies Lives Care Bundle in maternity
3. Improving the patient experience through staff engagement
4. Reducing length of stay



### Priority 1:

We will improve the management of patients with sepsis

#### Description of the priority

Sepsis is the leading cause of death in hospitals worldwide. The incidence of sepsis is increasing, likely in part due to an ageing population who are more at risk of infection.

#### Why have we selected this as a priority?

The UK Sepsis Trust estimates that over 12,500 lives per year could be saved if sepsis is recognised and treated in its early stages. Early identification and treatment is key to reduction in death from sepsis. There is evidence to show that we can make improvements in our recognition and treatment of sepsis. Administration of intravenous antibiotics within one hour of diagnosis of sepsis is the gold standard and the priority for treatment as part of the regime known as the 'Sepsis Six'.

#### What is our past performance in this area?

The Trust has worked hard in 2016/17 to improve sepsis care in line with best practice and this will continue in 2017/18.

During the year we were measured against these standards via the national CQUIN:

- Every patient who attends one of our emergency areas must have a sepsis assessment and, if they are identified as having sepsis, they must be given antibiotics within 1 hour. The national minimum target is 50%
- Every patient identified as having sepsis in an inpatient setting must be given antibiotics within 1 hour. The national minimum target is 50%

As part of NHS England's CQUIN indicators for Sepsis the Trust reported against the timely identification and treatment for sepsis in Emergency Departments and Acute Inpatient settings respectively. As a result of the sampling methods used to measure performance against CQUIN indicators, the Trust has not met the quarterly targets required for these CQUIN's. We believe that this is due to a mixture of non-compliance with the protocol and continued difficulties collecting the data. Our performance was 33%.



### **How will we monitor and measure our performance in this area in 2017/18?**

Sepsis has received trust wide attention and has been the focus of a specific working group which is chaired by the Associate Medical Director Lead for Patient Safety, with MKUHFT also being represented at the Oxford Academic Health Network Sepsis Steering Group. The MKUHFT Sepsis working group is multidisciplinary including sepsis leads for each clinical division as well as representatives from Clinical Governance, Management, Nursing, Education, Transformation and Communications. During the year the MKUHFT working group has developed and supported the introduction of a new proforma across the adult admission and inpatient areas and is in line with recent NICE guidance and the UK Sepsis Trust. Sepsis boxes have been introduced across the organisation including maternity areas. These boxes contain all of the equipment and documentation to implement the Sepsis six.

There is an increasing level of training being rolled out across the organisation with training included in the Trust induction programme, and bespoke sessions, which have included maternity and the Emergency Department. Sepsis training has been identified by the Sepsis group to be extended across the organisation in 2017/18.

Work has been ongoing to increase awareness of sepsis to both staff and our patients. Patient and relative information and communications leaflets have been introduced with information reflecting the national guidance. Staff awareness has included sepsis scenarios used in Simulation Acute Medicine training which is multi professional and enables doctors and nurses to understand the practical processes involved with identification and management of sepsis.

### **How will we report our progress against achieving this priority?**

A new trust guideline is currently in development to ensure all staff have ready access to the in-house expectations for sepsis treatment and care pathways, and will link together all the improvements the Sepsis Working Group have established this year. In addition all deaths from sepsis will be reviewed and reported on as part of our mortality reporting to the Quality and Clinical Risk Committee to ensure that all the appropriate steps in the patients care have been taken.

## Priority 2:

We will improve our arrangements for reducing stillbirths and early neonatal deaths

### Description of the priority

The Saving Babies' Lives Care Bundle brings together four elements of care that are recognised as evidence-based and/or best practice:

1. Reducing smoking in pregnancy
2. Risk assessment and surveillance for fetal growth restriction
3. Raising awareness of reduced fetal movement
4. Effective fetal monitoring during labour

### Why have we selected this as a priority?

Although the stillbirth and neonatal mortality rate has fallen by a fifth in England in the last decade, the NHS has recently set out a national ambition to halve the rates of stillbirths by 2030, with a 20% reduction by 2020. The Saving Babies' Lives Care Bundle is designed to tackle stillbirth and early neonatal death.

The care bundle approach is now a recognised and familiar way to bring about improvement in the NHS. Care bundles typically draw together a small number of focused interventions designed to effect improvement in a particular disease area, treatment or aspect of care. When implemented as a package, evidence shows that greater benefits are achieved at a faster pace than if those improvements had been implemented individually.

### What is our past performance in this area?

During the course of 2016/17, concerns were raised in relation to the levels of perinatal mortality at the Trust. A number of actions have been taken to help improve perinatal outcomes, including the commissioning of an external review both of the deaths that occurred and the capacity and capabilities within the department.

### How will we monitor and measure our performance in this area in 2017/18?

As a Trust we are undertaking all four elements of the Saving Lives bundle, one of the few Trusts in the country to do so. For our quality priorities we are focussing on the care bundle about effective fetal monitoring during labour as this has emerged as a theme when we have looked at some of the care we have delivered.

For high risk births we regularly check the babies' heart rate using an electronic trace called a CTG (Cardiotocography). This trace gives us an indication of fetal wellbeing.

Reading the trace is a complex process so we undertake a second check of every trace to reduce the risk of incorrect interpretation. This is undertaken by the midwife caring for the woman and a second midwife who acts as an independent review. This process is known as 'fresh eyes'.

### How will we report our progress against achieving this priority?

We will measure how well our labour ward completes the 'fresh eyes' reviews every hour and will report on this every month (we expect that it will be completed in 90% of cases). We believe that this is a key intervention to deliver the care bundle and it is also an area in which we can make improvements and so we have chosen this as a priority.

## Priority 3:

We will improve the experience of our patients through staff engagement

### **Description of the priority**

The quality of patient experience, as measured by inpatient satisfaction in acute trusts, is strongly linked with staff engagement (as it is with other aspects of staff experience). Patient satisfaction is significantly higher in trusts with higher levels of employee engagement, as confirmed through research conducted by Professor Michael West of Aston Business School.

### **Why have we selected this as a priority?**

The staff engagement element of the annual NHS staff survey looks at the three dimensions of engagement: the levels of motivation and satisfaction; involvement and willingness to be an advocate of the service. The scores across all three dimensions are converted into an overall staff engagement score, which is an index of staff engagement in the Trust. As stated above, there is evidence of a correlation between high levels of patient satisfaction and good staff engagement.

### **What is our past performance in this area?**

The Trust's overall staff engagement score of 3.81 out of 5 (the higher the better) has remained unchanged since 2015 and is average in comparison to Trusts of a similar type. However, in relation to the key finding of "staff recommendation of the Trust as a place to work or receive treatment", the Trust's score decreased slightly from last year to 3.74 and is marginally below the national average of 3.77. Given the importance of this key finding in improving patient experience, the Trust seeks to increase its rating by three marks to 3.77. It is also noteworthy that the Trust appraisal compliance rate has pleasingly and steadily increased to an end of year achievement of 88%, with two divisions achieving over 90%.

### **How will we monitor and measure our performance in this area in 2017/18?**

The Trust has adopted a range of initiatives and interventions to support improved staff engagement, with a view that these would in turn have a positive impact on patient experiences. This includes "You Said, We Did" campaign – which addresses the areas for improvement from the results of the survey; staff health and wellbeing initiatives, Schwartz Rounds, value based appraisals and in May 2017, the first Event in the Tent.

The core concept of the Event in the Tent is to provide a forum for the encouragement of increased participation amongst staff, including the generation of ideas on how improvements in patient experience and staff experience can be achieved. With the recent CQC rating of 'Good', the Trust is now exploring how it can support our staff in achieving the ambition of an 'Outstanding' rating. This involves developing an open culture where staff feel confident to challenge current ways of working and also looking at the health and wellbeing of staff to create a happier, healthier workforce.

It is envisaged that this increased focus on staff engagement will result in an overall slight increase in the key finding. The key finding will be reported in the next staff survey. However, the scores will be monitored quarterly as part of the staff friends and family test reports.

### **How will we report our progress against achieving this priority?**

The percentage of staff who would recommend to their friends and family that they should choose to receive treatment at the Trust is a key metric and is reported monthly at Management Board, the Finance and Investment Committee and at the Board itself. The NHS Staff Survey is conducted annually and the outcomes from the 2017 survey, and any actions flowing from its findings, will be reported to the Board, the Council of Governors and to all staff.

## Priority 4:

We will reduce our patients' length of stay

### Description of the priority

All hospitals are facing growing demands on their services and are looking for ways to improve the experience of patients, promote safe and timely discharge and reduce lengths of stay. Ensuring that patients do not stay in hospital for any longer than is clinically necessary improves the quality of care, prevents patients becoming deconditioned and helps to free up capacity in the system.

### Why have we selected this as a priority?

Nationally there is a drive for hospitals to embed systems and processes that enable the faster and safer discharge of patients. These include the Red2Green Bed days and the SAFER patient flow bundle, and the Trust is in the process of implementing these tools. All of these actions together should assist us in discharging patients more safely and more quickly.

### Red2Green Bed days

Red2Green days is a visual system to assist hospitals in the identifying wasted time in a patient's journey. At the centre of this concept are patients and their involvement in setting the expectation of what will be happening as part of their care in hospital. These 4 simple questions should be asked as soon as possible after their arrival at hospital.

1. Do I know what is wrong with me or what is being excluded?
2. What is going to happen now, later today and tomorrow to get me sorted out? (The diagnostic tests, therapy interventions etc with specified timelines as to when things ought to happen)
3. What do I need to achieve to get home? (The 'clinical criteria for discharge', which is a combination of 'physiological and 'functional' factors)
4. If my recovery is ideal and there is no unnecessary waiting, when should I expect to go home?

Lack of clarity to the answers to any of these 4 questions often results in 'hidden waiting' which creates frustration and confusion for the patient.

### SAFER Patient flow bundle

The SAFER patient flow bundle is a practical tool to help reduce delays for patients in adult inpatient wards (not maternity). When followed consistently, there are noticeable improvements in patient safety, patient flow and a reduction in length of stay.

The SAFER bundle consists of 5 elements of best practice. It is important that all 5 elements are implemented together to achieve cumulative benefits. The SAFER patient flow bundle works particularly well when it is used in conjunction with the 'red2green days' approach.

### The SAFER patient flow bundle stands for:

**S – Senior Review.** All patients will have a senior review before midday by a clinician able to make management and discharge decisions.

**A – All** patients will have an Expected Discharge Date and Clinical Criteria for Discharge. This is set presuming ideal recovery and assuming no unnecessary waiting.

**F – Flow of patients** will commence at the earliest opportunity from assessment units /ED to inpatient wards. Wards that routinely receive patients from assessment units will ensure the first patient arrives on the ward by 10am.

**E – Early discharge** 33% of patients will be discharged from base inpatient wards before midday.

**R – Review** A systematic MDT review of patients with extended lengths of stay (> 7 days – 'stranded patients') with a clear 'home first' mind set.

### What is our past performance in this area?

Overnight bed occupancy rate for the year was 93.9% against a target of 90%, and there were 51 delayed discharges of care, more than double the target of 25.

### How will we monitor and measure our performance in 2017/18?

There are a number of key performance indicators that help to measure the speed and appropriateness of discharges from hospital. In addition to the 2 mentioned above, the Trust is also measured against the number of patients who are in hospital for over 14 days, and the percentage that are readmitted within 30 days of discharge.

### How will we report our progress against achieving this priority?

The Trust's performance against the targets referred to above is reported on a monthly basis to Management Board and at public meetings of the Trust Board.



## 2.2 Our performance against prior year priorities or improvement

We have set out in this section those priorities for improvement that we included in our 2015/16 Quality Account, together with a summary of our performance against those priorities.

### Priority 1:

#### **We will improve the systems to reduce the frequency and severity of medication errors**

##### **Description of the priority**

As part of the local CQUIN to improve the safety of medication management, the Trust decided to introduce the medication safety thermometer, with the aim, initially of establishing how safe the Trust's practices are, and subsequently drawing up an action plan for improvement to be agreed by the Quality and Clinical Risk Committee.

##### **Why did we selected this as priority?**

As at 2015/16, the Trust was reporting a low number of medication related incidents. It was recognised that increasing this number would provide more opportunities for learning and improvement.

##### **Did we do what we said we would and what was our performance against this priority in 2016/17?**

There was an improvement in the reporting of medication errors in 2015/16 following the local CQUIN. The Trust subsequently chose to build on those improvements and further reduce the frequency and severity of medication errors. The approach taken focused on improving medication safety by reviewing and improving the systems used, principally the introduction of the national medication safety thermometer which provided a system for collecting data and a baseline to highlight areas for improvement.

The Trust has been collecting and uploading this data to the national tool, but since January 2017, the Trust has been unable to extract this data due to management and support arrangement changes at a national level. The ownership of the data has now changed to NHS South, Central and West Commissioning Support Unit and plans are in place to revise and relaunch.

Quarter 1 of 2016/17 was used to identify resource and agree processes for effective data collection. Test data was submitted in May and June, and monitoring started in July and ceased in quarter 4 for the reasons set out above.

The latest data MKUH holds is from November 2016 and shows:

- a) The proportion of patients who had medication checked by a pharmacist within 24 hours of admission:
  - Average of 80% achieved. The possibility of raising this percentage depends on changes to weekend working and the introduction of additional pharmacy ward presence.
- b) The proportion of patients who have had an omitted dose in the last 24 hours:
  - Medication Safety Thermometer - November data - 11% achieved. This proportion has reduced from a high of 13.5%. Work has been undertaken to improve medication storage on the wards, ensuring that medicines can be located by staff more easily.
- c) The proportion of patients with medicine allergy status documented:
  - Medication Safety Thermometer - November data - 100%.



- d) The proportion of patients with an omission of critical medicines:
- Medication Safety Thermometer - November data - 16%. There was a significant increase in October / November due to the unavailability of a key antibiotic as a result of a manufacturing problem - the average for the year was 6.8%. Antibiotic guidelines have now been reviewed to ensure that we have the necessary medicines available.
- e) The proportion of patients receiving a high risk medication in the last 24 hours
- Medication Safety Thermometer - November data - 39% against an average of 30%. This reflects the increase in antibiotic use in the winter months.
- f) The proportion of patients on a high risk medication that trigger a multi-disciplinary team (MDT) referral:
- Medication Safety Thermometer - November data - 1% which is higher than the 0.4% average due to the increase in use of critical medicines in the winter.

The focus this year was on setting up the process for recording as part of the medication safety thermometer, safe storage of medicines, ensuring that they can be located, that medicines are available when and where they are needed and the appropriate use of antibiotics.

A service improvement project titled “The Safe and Secure Handling of Medication on Ward based Drug Trolleys” conducted by Anum Ahmed, a pre-registration pharmacist, won the regional Pre-Registration Project competition, and has been key to improving the safe use of medicines on our wards.



## Priority 2:

### We will embed a new process for the identification and management of the deteriorating patient

#### Description of the priority

Early identification of clinical deterioration is important in preventing subsequent cardiopulmonary arrest and reducing mortality. However, sometimes patients' conditions deteriorate before staff are able to recognise and respond to the signs. This highlights the complexity in seeking to consistently and effectively detect and act on patient deterioration.

#### Why did we select this priority?

There are a number of points where the process of identifying a deteriorating patient can fail, including not taking observations, not recognising early signs of deterioration, not communicating observations causing concern and not responding to these appropriately. It is important for the Trust to be assured that staff are taking all reasonable steps to recognise and respond to deteriorations in patients' conditions.

#### Did we do what we said we would do and what was our performance against this priority in 2016/17?

Following the investment in digital technology to assist in the collection of clinical observations (blood pressure, pulse, oxygen saturation levels) the Trust has embedded the use of the National Early Warning Score (NEWS) charts. Education and training was introduced in 2014/15 and continued into 2016/17. This training is run in conjunction with the Rapid Response Team and embeds the Level 1 pathway (the pathway of care for acutely unwell patients). The Level 1 pathway was modelled on a successful initiative on the hospital's paediatric wards, providing enhanced medical and nursing oversight of patients who might deteriorate, and promoting early decision-making and communication with the patient and family.

Data continues to be captured via the nursing metrics about the taking and recording of clinical observations and the appropriate escalation of observations outside normal parameters. This year the metrics had the additional requirement for staff to document the frequency of the observations needed as well as reporting the actual completion of observations undertaken. This additional indicator was added to improve the recognition of the changing needs of the deteriorating patient, including altering the frequency of observations needed, and ensuring this is communicated effectively between staff and teams involved in the care of a patient.

The Trust target for achievement of patient observations undertaken at the frequency indicated is 95% (Q1 in the table below) with current Trust wide performance (March 2017) being reported as 92%, an improvement from the 90% recorded in March 2016.

The Trust target for documenting the NEWS Score is 90% (Q2 in the table below), and current performance (March 2017) is at 93%, maintaining the levels achieved in 2015/16.

Trust wide nursing metrics for recognising the deteriorating patient:

Q1 Have patient observations been undertaken at frequency indicated?

Q2 Has the NEWS score been documented?

The Rapid Response (RR) service captures data about patients on the daily caseload and provides regular reports

	Target	Apr	May	June	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Q1	95%	90%	90%	69%	85%	86%	91%	93%	92%	91%	92%	92%	92%
Q2	90%	93%	93%	95%	92%	94%	93%	93%	92%	94%	93%	93%	93%

to Clinical Quality Board. Since the introduction of the L1P the number of patients on the pathway has risen steadily. Baseline data from before the introduction shows that the number of deteriorating patients on the RR caseload in the hospital has more than doubled. The pathway has been adopted for maternity patients in February 2017, and the RR service will continue to capture activity data to track the use of the L1P in the hospital and present their findings to both the Nursing and Midwifery Board and the Clinical Board, to review recommendations and support the embedding of the new system.

## Priority 3:

### We will improve the management of patients with Sepsis

We have reported on pages 104 and 105 of this report against our management of patients with sepsis in 2016/17 as this target has been rolled over. We will report in the 2017/18 quality report on further progress in improving our care in this area.

### 2.3 Statement of Assurance from the Board of Directors

During 2016/17 Milton Keynes University Hospital NHS Foundation Trust provided and/or sub-contracted 37 relevant health services.

Milton Keynes University Hospital NHS Foundation Trust has reviewed all data available of care in all 37 of these relevant health services.

The income generated by the relevant health services reviewed in 2016/17 represents 100% of the total income generated from the provision of relevant health services by Milton Keynes University Hospital NHS Foundation Trust for 2016/17.

### 2.4 Obstetrics and Maternity Services

The Trust has continued its monitoring of improvements in obstetric and maternity services and was pleased by the 'Good' rating from the CQC following inspection during the year. The Maternity Improvement Board continues to meet and drive through quality changes for the benefit of the women and children in our care.

### 2.5 Referral to Treat (RTT) 18 week pathway

Despite treating significantly more patients than during the previous year, the Trust has successfully reduced waiting times for patients. Against the NHS Improvement recovery trajectory agreed at the beginning of 2016/17, consultant-led referral to treatment waiting times have consistently delivered in the second half of the year.

The national standard of 92% has also been achieved consistently since November 2016:

Month 2016/17	NHSI Trajectory	Trust Performance
April	88.0%	88.0%
May	88.5%	88.5%
June	88.2%	87.4%
July	89.2%	88.7%
August	89.5%	88.8%
September	90.3%	89.9%
October	90.6%	91.7%
November	91.5%	93.1%
December	92.2%	92.6%
January	92.3%	92.5%
February	92.4%	92.5%
March	92.5%	92.5%



## 2.6 Review of Clinical Audits

The Trust is committed to delivering effective clinical audit in all clinical services it provides. The Trust sees clinical audit as a cornerstone of its arrangements for developing and maintaining safe, high quality patient-centered services. The Trust clinical governance and compliance assurance mechanisms provide opportunities to:

- Provide assurance of compliance with clinical guidelines and standards;
- Identify and minimise risk, waste and inefficiencies;
- Improves the quality of care and patient outcomes.

We are committed to participating in relevant National Confidential Enquiry to help assess the quality of healthcare nationally and to bring about improvements in safety and effectiveness.

During 2016/17, 48 national clinical audits and 6 national confidential enquiries covered relevant health services that Milton Keynes University Hospital NHS Foundation Trust provides. During that period, Milton Keynes University Hospital NHS Foundation Trust participated in 65% national clinical audits and 83% national confidential enquiries of the national clinical audits and national confidential enquiries which it was eligible to participate in.

The national clinical audits and national confidential enquiries that Milton Keynes University Hospital NHS Foundation Trust was eligible to participate in during 2016/17 are as follows:

National Audit Participation 2016-17	Number of cases submitted
Acute Coronary Syndrome or Acute Myocardial Infarction (MINAP)	111
Adult Asthma	Not available
Asthma (paediatric and adult) care in emergency departments	Not available
Bowel Cancer (NBOCAP)	426
Cardiac Rhythm Management (CRM)	Not available
Case Mix Programme (CMP)	453
Diabetes (Paediatric) (NPDA)	125
Elective Surgery (National PROMs Programme)	Not available
Falls and Fragility Fractures Audit programme (FFFAP)	549
Inflammatory Bowel Disease (IBD) programme	53
Learning Disability Mortality Review Programme (LeDeR Programme)	4
Major Trauma Audit	266
Maternal, Newborn and Infant Clinical Outcome Review Programme	Not available
National Audit of Dementia	55
National Chronic Obstructive Pulmonary Disease (COPD) Audit programme	41
National Comparative Audit of Blood Transfusion - Audit of Patient Blood Management in Scheduled Surgery	17
National Diabetes Audit - Adults	44
National Emergency Laparotomy Audit (NELA)	105
National Heart Failure Audit	354
National Joint Registry (NJR)	
National Lung Cancer Audit (NLCA)	143
National Prostate Cancer Audit	392
Neonatal Intensive and Special Care (NNAP)	449
Nephrectomy audit	Not available
Oesophago-gastric Cancer (NAOGC)	44
Paediatric Pneumonia	20
Percutaneous Nephrolithotomy (PCNL)	Not available
Renal Replacement Therapy (Renal Registry)	8305
Sentinel Stroke National Audit programme (SSNAP)	207
Stress Urinary Incontinence Audit	Not available
UK Cystic Fibrosis Registry	21

National Confidential Enquiry into Patient Outcome and Death Study Eligible 2016-17	Participated	Cases Submitted
Mental Health	Yes	5
Acute Pancreatitis	Yes	5
Acute Non Invasive Ventilation	Yes	4
Chronic Neuro disability	Yes	2
Young People's Mental Health	Yes	2
Cancer in Children, Teens and Young Adults	No – no cases identified	

The following audits which we were eligible but MKUH did not participate are:

National Cardiac Arrest Audit (NCAA)	Trust runs own audit using same tool as national audit
National Ophthalmology Audit	Software issues
National Vascular Registry	Vascular service is run from Bedford
Rheumatoid and Early Inflammatory Arthritis	Departmental pressures meant the team were unable to complete the second audit
Head and Neck Cancer Audit	Care is shared with Northampton hospital
Endocrine and Thyroid National Audit	Care is shared with Northampton hospital
Severe Sepsis and Septic Shock – care in emergency departments	Trust participating in local CQUIN



The reports of 11 national audit reports were reviewed by MKUH in 2016/17 and the Trust intends to take the actions listed in the tables below to improve the quality of healthcare provided:

National Bowel Cancer Audit
Colorectal (large bowel) cancer is the most common cancer in non-smokers and second most common cause of death from cancer in England and Wales. Each year over 30,000 new cases are diagnosed, and bowel cancer is registered as the underlying cause of death in half of this number.
RECOMMENDATION(S)/OUTCOMES DISCUSSION POINTS AND ACTIONS POINTS WE INTEND TO TAKE
1. Continue current work on improving data collection and upload
2. Audit data on circumferential resection margins for rectal cancer patients

National Clinical Audit of biologic therapy in Inflammatory Bowel Disease
RECOMMENDATION(S)/OUTCOMES DISCUSSION POINTS AND ACTIONS POINTS WE INTEND TO TAKE
1. All patients will continue to be discussed in IBD Multidisciplinary Team to decide if Biologic therapy is appropriate.
2. Continue screening patients before the biologic therapy
3. Book a follow up clinic appointment at 3 months from 1st dosage for review of their disease activity
4. Continue to use Biosimilars

National Audit of Diabetes in Pregnancy
The audit is a measurement system to support quality improvement in the care of women with diabetes who are pregnant or planning pregnancy, and seeks to address three key questions:
<ul style="list-style-type: none"> <li>• Were women adequately prepared for pregnancy?</li> <li>• Were adverse maternal outcomes minimised?</li> <li>• Were adverse fetal/infant outcomes minimised?</li> </ul>
RECOMMENDATION(S)/OUTCOMES DISCUSSION POINTS AND ACTIONS POINTS WE INTEND TO TAKE
1. Pre conception clinic
2. Augmented care planning for pregnancy counselling
3. Adequate dedicated Specialist Nurse support (currently only 2 days per week for pre conception, antenatal, post natal including pumps in pregnancy)
4. Supported IT technologies – DIASEND, telehealth
5. Audit current knowledge of pre pregnancy planning among patients
6. Poster presentation in November local diabetes conference to highlight our performance

National Heart Failure Audit
The aim of this project is to improve the quality of care for patients with heart failure through continual audit and to support the implementation of the national service framework for coronary heart disease.
RECOMMENDATION(S)/OUTCOMES DISCUSSION POINTS AND ACTIONS POINTS WE INTEND TO TAKE
1. To improve coding, share with teams to use “diagnosis” rather than “?” or “impression”
2. Partake in next annual audit
3. Discuss with coding to come to audit afternoon in 2017 for education
4. Business case for additional Advanced Nurse Practitioner; to present at Management Board
5. AHF pathway to improve referral to specialist for review
6. Engage with community re overall pathway

Stroke Sentinel National Audit Program (SSNAP)
The Sentinel Stroke National Audit Programme (SSNAP) aims to improve the quality of stroke care by measuring both the structure and processes of stroke care against evidence based standards. These standards are informed by the National Clinical Guideline for Stroke, and national and local benchmarks.
RECOMMENDATION(S)/OUTCOMES DISCUSSION POINTS AND ACTIONS POINTS WE INTEND TO TAKE
1. Need for improved adherence to agreed ring fenced bed policy
2. Need to increase SALT provision for SRU
3. Need to review nurse numbers per shift
4. Need to involve patients and carers in evaluating care

Audit of Red Cells and Platelet Transfusion in Adult Haematology Patients
The objective of this national audit was to examine the use of platelet transfusions against audit standards developed from national guidelines.
RECOMMENDATION(S)/OUTCOMES DISCUSSION POINTS AND ACTIONS POINTS WE INTEND TO TAKE
1. Review local blood transfusion policy
2. Review mandatory presentations
3. Audit Blood Transfusion prescription requests
4. Audit of platelet Transfusions
5. Develop and publish local platelet guideline

### Intensive Care National Audit and Research Centre Case Mix Programme

The Case Mix Programme (CMP) is an audit of patient outcomes from adult, general critical care units (intensive care and combined intensive care/high dependency units) covering England, Wales and Northern Ireland.

#### LEARNING IDENTIFIED FROM REPORT AND RECOMMENDATIONS

1. Our acute hospital standardised mortality rates for unit survivors is within 2SD of the national mean and our SMR for those with predicted mortality <20% is less than the national average.
2. Our bed days of care >8 hour delay (i.e. delayed discharges from DoCC to ward) is still very poor and we are a national outlier in this respect.
  - a. **Recommendations and actions we intend to take:**
    - i. This is given a far greater priority within the Trust at all levels, including executive, operational, nursing and medical.
    - ii. DoCC is moved up priority list when ward beds become available. This should be highlighted at morning "safety huddle" and is especially important when the DoCC is at capacity and unable to accept emergency admissions.
    - iii. Improved use of L1P to identify sick patients who need L2/3 care and proactive movement of patients from DoCC to improve patient flow and safety.
    - iv. Consideration to CQUIN to meet improved time-to-discharge. These remain available for negotiation but we are still too much of an outlier for this to be a financially viable option.
  - b. Note: I have already met Head of Operations lead, to discuss this issue. In addition, this must be flagged up to executive level if any progress is to be made.

#### WHAT DID WE DO WELL AT IN THE TRUST? i.e. BETTER THAN THE ENGLAND AVERAGE

1. Unit acquired infections
2. Out-of-hours discharges
3. Non-clinical transfers
4. SMR for patients with predicted mortality <20%
5. Data collection

### National vascular registry 2016

The National Vascular Registry measures the quality and outcomes of care for patients who undergo major vascular surgery in NHS hospitals in England and Wales. It aims to provide comparative information on the performance of NHS vascular units and thereby support local quality improvement as well as inform patients about major vascular interventions delivered in the NHS. The measures used to describe the patterns and outcomes of care are drawn from various national guidelines including: the "Provision of Services for Patients with Vascular Disease" document and the Quality Improvement Frameworks published by the Vascular Society, and the National Institute for Health and Care Excellence (NICE) guidelines on stroke and peripheral arterial disease.

#### RECOMMENDATION(S)/OUTCOMES DISCUSSION POINTS AND ACTIONS POINTS WE INTEND TO TAKE

1. It has not been possible to contextualise the findings from the audit for MKUH as major arterial surgery is not performed at the Trust.

### National Neonatal Audit Programme

#### RECOMMENDATION(S)/OUTCOMES DISCUSSION POINTS AND ACTIONS POINTS WE INTEND TO TAKE

1. To improve admission temperature by revising guidelines on usage of plastic bags for <34 weeks and education on resuscitation
2. To improve administration of breast milk within 24 hours of admission by allocating dedicated staff and resources - recruitment is in progress
3. To improve number of babies on breast milk on discharge

### National Paediatric Asthma

#### RECOMMENDATION(S)/OUTCOMES DISCUSSION POINTS AND ACTIONS POINTS WE INTEND TO TAKE

1. Education on assessment and management of asthma, wheeze and LRTI to doctors
2. Education on the use of CXR and IV Abx
3. Ensuring discharge advice provision and safety netting, usage of discharge stickers
4. Review discharge criteria on the asthma guideline

### National Paediatric Diabetes

#### RECOMMENDATION(S)/OUTCOMES DISCUSSION POINTS AND ACTIONS POINTS WE INTEND TO TAKE

1. Continue to focus resources on patients with high HbA1c – nurse led high HbA1c clinics
  - To employ a psychologist as part of the diabetes team to support children and families with diabetes – business case accepted and discussion with CAMHS underway to employ additional team member
2. To work with IT to improve design and function of SPARKLE database so that activity and data is captured in national audit
3. Continue to offer pump therapy to families

The reports of **78** local clinical audits reviewed by the provider in 2016/17 and Milton Keynes University Hospital NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided:

Audit title	Key actions taken/we intend to take to improve patient care
Were all patients having had bowel surgery seen 1st day post op by a Physiotherapist?	Updated weekend patient sheet to include instructions to contact ward 20 either in person or by telephone for details of any new post- operative patients.
Re-audit of fine needle aspirate	Local patient management guideline for fractured neck of femur updated to include standards for the transfer of patients from the Emergency Department to the Orthopaedic Ward within 2 hours of arrival.
Compliance of physiotherapy service in the stroke unit with NICE Guidelines	<ul style="list-style-type: none"> <li>Implementation of 7 day service for the physiotherapy team in the stroke unit.</li> <li>Changed the prioritisation criteria for workload during the weekend.</li> </ul>
Tissue Retention Audit	100% of records were compliant with the standards set out in the MKUHFT Records Management Policy and the Human Tissue Authority's Standards.
Competency of FY1 and FY2 doctors to interpret x-rays to confirm correct naso-gastric tube placement	<ul style="list-style-type: none"> <li>Registrar and above to interpret xrays within daytime hours.</li> <li>The on call radiologist will help interpret xrays which are difficult to interpret.</li> <li>Ward poster for all ward areas. Naso gastric tube training on FY1 teaching programme.</li> </ul>
Improving compliance with standards of record keeping in the in-patient physiotherapy services	<ul style="list-style-type: none"> <li>Written guidance produced for Physio staff re: expected standards for documentation.</li> <li>A common assessment proforma introduced for use in all ward areas excluding patients on ERP pathways.</li> </ul>
PSQ Pulmonary Rehab	<ul style="list-style-type: none"> <li>Meet with referrers to ensure that all making the referral explain to the patients why the referral has been made and that the ward patients are given the appropriate leaflet. Where this is not possible contact by email.</li> <li>To ensure at the time of the assessment that all patients are aware of the options that they are able to choose for their treatment and consent is gained.</li> </ul>
Audit of histology reports of patients discussed and referred to the Cancer of Unknown Primary Multi disciplinary team	<ul style="list-style-type: none"> <li>Radiographer form re-emphasised.</li> <li>Appropriateness of referrals feedback to Clinical Service Unit leads.</li> </ul>

Audit title	Key actions taken/we intend to take to improve patient care
Syphilis management at the Milton Keynes Sexual Health Centre	The development of a 'Reach -out' recall service for patients deemed particularly at high risk of acquiring a sexually transmitted infection.
Audit of Clostridium difficile clinical management	<ul style="list-style-type: none"> <li>Implementation of C diff management proforma as part of routine trust documentation.</li> <li>Availability of proforma on Intranet as part of C diff management pathway.</li> <li>Dissemination of information via local governance meeting, Trust audit awards, and presentation at National meeting (accepted for poster at Society of Acute Medicine conference in May).</li> <li>Identification of juniors to continue data collection and re-audit for a 3rd loop.</li> </ul>
Heart Failure - a dangerous admission	<ul style="list-style-type: none"> <li>Documenting reasons for not initiating pharmacological treatment Heart failure MDT</li> <li>Follow up with GP in immediate period.</li> <li>Improving discharge letters.</li> </ul>
Physiological monitoring & maintenance of homeostasis in acute stroke	<ul style="list-style-type: none"> <li>Stroke ward nurses trained in swallow assessment.</li> <li>Stroke pathway proforma includes a form to guide swallow assessment available in MAU and ED.</li> </ul>
Immune Thrombocytopenia (ITP) Management	<ul style="list-style-type: none"> <li>Raise awareness and education with team members.</li> <li>Review of the guideline for clarity with emphasis on documentation.</li> </ul>
Febrile Neutropenia Audit	<ul style="list-style-type: none"> <li>Availability of Nurses on unit who can access long lines in particular on PAU- to ensure that we have optimal number.</li> <li>Education for new and junior medical and nursing staff.</li> <li>Review of Oncology Pathway.</li> </ul>
Outcome of orthognathic cases using Patient At Risk scores	<ul style="list-style-type: none"> <li>All units met the Gold Standard for PAR outcomes for orthognathic cases.</li> <li>Average PAR reduction 83%.</li> <li>Treatment time / number of visits - no affect on PAR.</li> </ul>
Audit of the monitoring requirements of the Local Protocol for testing the hearing of parents and siblings of babies identified through the Newborn Hearing Screening Programme	<ul style="list-style-type: none"> <li>The 'Parent and sibling information request letter' has been updated.</li> <li>Protocol updated.</li> </ul>

Audit title	Key actions taken/we intend to take to improve patient care
Prescribing burden and paracetamol: can we stop to streamline discharge and save money?	To inform patients to ensure B&P are available at home when attending hospital for surgery.
Emergency Thoracotomy: an update:	Series of teachings on emergency surgeries.
Failed colonoscopy	Failure rate 6.3%. Main cause of failure is anatomy and looping. Patient with High BMI tend to fail more.
Antibiotic Prescribing in Appendicitis	<ul style="list-style-type: none"> <li>Update antibiotic protocol: include duration.</li> <li>Increase awareness of hospital antibiotic guideline for appendicectomies: with more easily accessible guidelines, posters with antibiotic guideline in theatre, on surgical wards, in A&amp;E.</li> <li>Encourage use of WHO Surgical Safety Checklist – to try to ensure antibiotic prophylaxis given within the last 60 minutes prior to surgical procedure.</li> </ul>
Time to senior review for acute surgical referrals from the point of referral.	Clerking process more streamlined to ensure that patients are seen in a timely yet practical manner.
An audit on the quality/accuracy of emergency referrals from A&E	Outcome: We need to collect our own data and then compare with college guidelines and see if we can adhere to them or should we be adhering to our MKUH targets of time taken to see patients.
An audit of Urological readmissions Urology readmissions detailed assessment within a six month period 1st September 2015 to 1st March 2016	Adjustment and refinement of post discharge protocol to avoid lack of advice on analgesia, where to get pain killers and advice to contact if problem rather than hospital attendance.
Maternity VTE risk assessments	<ul style="list-style-type: none"> <li>Completion of postnatal VTE assessment form.</li> <li>Documented advice in handheld notes when to stop Low Molecular Weight Heparin.</li> <li>Prescription of TEDS on drugs chart.</li> <li>Correct advice regarding TEDS postnatally.</li> <li>Correct calculation of LMWH Dose.</li> </ul>
VTE risk assessment audit-Are we meeting RCOG standards?	<ul style="list-style-type: none"> <li>Booking form amendments to include multiple pregnancies.</li> <li>All high risk women should be seen in maternal medicine clinic.</li> <li>Start LMWH from 1st trimester when indicated.</li> <li>Improve documentation in handheld notes.</li> <li>Documentation in handheld notes when to stop LMWH.</li> </ul>

Audit title	Key actions taken/we intend to take to improve patient care
Audit of Percutaneous Breast Biopsies	<ul style="list-style-type: none"> <li>Standard by RCR ( not specifically for breast biopsy – but for all image guided procedures): An adequate specimen from the biopsy site should be provided for histological/cytological assessment. Target: 95%.</li> <li>Audit shows 99% accuracy in current practice ( 100 consecutive cases audited dating backwards from 1.12.16).</li> </ul>

## 2.7 Participation in Clinical Research

The number of patients receiving relevant health services provided or sub-contracted by MKUH in 2016/17, who were recruited to participate in National Institute of Health Research (NIHR) studies approved by a research ethics committee was 3,694.

For 2015/16 we were the top recruiting small acute trust in the country, topping the league table for division 1 (cancer), division 3 (Children, genetics, haematology, reproductive health and childbirth and division 6 (which includes: anaesthesia/peri-operative medicine and pain management, critical care, injuries and emergencies, surgery, ENT, infectious diseases/microbiology, ophthalmology, respiratory disorders, gastroenterology, hepatology). This was a major achievement for our research and development department and the Trust. In 2016/17, 54 studies contributed to the recruitment figures.

The Research and Development department had a budget of £655,000 for 2016/17, which has been used to provide support for portfolio studies across the Trust. This includes research nurses and the support services that are an integral part of the research process, namely pathology, pharmacy and radiology. This year the team has continued to grow to support the increasing number of studies taking place across the Trust and we have secured an increase in budget to £700,000 for 2017/18.

Our aim is to provide patients with the latest medical treatments and devices and offer them additional treatment choices.



### 2.7.1 Raising the Profile of Research and Development (R&D)

This year we have continued to work towards raising the profile of research and development within the Trust. We have taken opportunities to inform the people of Milton Keynes of the research that is taking place at their local hospital. For example, the research and development team ran a stand at the MK play day to raise awareness of research taking place in paediatrics, and this was well attended by the local community. We also held a stand for Healthwatch to tell people about the variety of studies on offer for the local population, and in outpatients and the education centre for both patients and staff as part of International Clinical Trials Day. This was supported by the 'OK to ask' campaign, which aimed to increase awareness of trials in the general public.

A second grant submission has been made in relation to the Trust's collaboration with the Open University, this time to the Medical Research Council. We have applied for a grant for a clinical trial using fluorescence to detect the spread of cancer during surgery, therefore potentially reducing the number of patients recalled for further surgery. This is one of the collaborations between a researcher from Open University and Mr Chin, a Consultant General Surgeon, as chief investigator. MKUH would act as a sponsor for this clinical trial.

The research and development team supported the SNAP 2 study (The Sprint National Anaesthesia Projects: SNAPs) a 'snapshot' evaluation study of clinical activity and patient-centred outcomes that are important and relevant to both patients and anaesthetists.

The 'Canine olfactory detection of urological cancer from human urine' (MDD) study has continued to receive media attention and the team have delivered some successful healthy volunteer recruitment events in and around Milton Keynes as well as continuing to recruit eligible patients attending MKUH.

The team have submitted expressions of interest for several commercial studies during this financial year, and have been awarded commercial studies in cancer, cardiology, diabetes and stroke. This will contribute to increases in the quality and quantity of research opportunities offered to the Trust's patients and the public, and ultimately lead to better clinical outcomes.

## 2.8 Goals agreed with Commissioners (CQUIN)

A proportion of Milton Keynes University Hospital NHS Foundation Trust income in 2016/17 was conditional upon achieving quality improvement and innovation goals agreed between Milton Keynes University Hospital NHS Foundation Trust and any person or body they entered into a contract, agreement or arrangement with for the provision of relevant health services, through the Commissioning for Quality and Innovation (CQUIN) payment framework.

Further details of the agreed goals for 2016/17 are listed below.

Goal	Name	High level detail	Performance 2016/17
<b>NATIONAL GOALS</b>			
1	Introduction of health and wellbeing initiatives-	The introduction of health and wellbeing initiatives for staff covering physical activity, mental health and improving access to physiotherapy for people with MSK issues.	This CQUIN has been achieved in full.
2	Healthy food for NHS staff, visitors and patients	Implementation of healthy food initiatives, including; the banning of price promotions and advertisements on sugary drinks and food high in fat, sugar and salt, the removal of these products from checkouts and ensuring healthy options are available to staff during night shifts.	This CQUIN has been achieved in full.
3	Improving the uptake of flu vaccinations for frontline clinical staff	Achieving an uptake of flu vaccinations by frontline clinical staff of 75%.	This CQUIN has been achieved in full. The Trust achieved a total frontline flu vaccination uptake of 78.6%.
4	Timely identification and treatment for sepsis in emergency departments	Improving the identification of patients with sepsis in emergency departments, and the timely initiation of treatment (IV antibiotics) within 1 hour alongside antibiotic review within 72 hours.	The Trust delivered 38% of the CQUIN screening element and 33% of the Treatment element.
5	Timely identification and treatment for sepsis in acute inpatient settings	Improving the identification of patients with sepsis in acute inpatient areas, and the timely initiation of treatment (IV antibiotics) within 1 hour alongside antibiotic review within 72 hours.	The Trust delivered 28% of the CQUIN screening element and 25% of the Treatment element.
6	Reduction in antibiotic consumption per 1,000 admissions	To reduce total antibiotic consumption, per 1000 admissions as well as to obtain evidence of antibiotic review within 72 hours of commencing an antibiotic prescription.	The Trust delivered 25% of this CQUIN.
7	Empiric review of antibiotic prescriptions	To improve the number of antibiotic prescriptions reviewed within 72 hours.	This CQUIN has been achieved in full.
8	Root-cause analysis on all long waiters and a clinical harm review for a positive diagnosis	To demonstrate appropriate management and review of long wait cases on the 62-day urgent GP referral to first treatment pathway, in line with the NHS England backstop policy.	This CQUIN has been achieved in full.
9	Therapy assessment within 24 hours of DTA	To perform comprehensive physiotherapy or occupational therapy assessment on patients over the age of 75, within 24 hours of admission with an EDD of greater than 3 days.	The Trust delivered 90% of this CQUIN.
<b>LOCAL GOALS</b>			
1	Increased rates of breastfeeding	To educate and provide support to new mothers wishing to breastfeed their babies. The number of mothers having initiated breastfeeding within the first 48 hours of birth, to exceed 76% per month.	The Trust achieved 89% of this CQUIN.
2	Increased rates of breastfeeding (Community Midwife)	To educate and provide support to new mothers wishing to breastfeed their babies at discharge from Community Midwife. The number of mother's breastfeeding at discharge from Community Midwife to exceed 55% by March 2017.	The Trust did not deliver this CQUIN.
3	Discharges Before Midday	To support safe and effective discharge of medical patients admitted as emergencies: patients to be discharged safely before 12 (excluding patients with a zero length of stay)	The Trust achieved 18% of this CQUIN.
4	Prescription Chart to Pharmacy by 10am	All Medical patients to have their 'To Take Out' medication (TTO's) transcribed and sent to Pharmacy for checking and dispensing by 10am on the day of discharge.	The Trust achieved 68% of this CQUIN.
5	Improving Knowledge, culture and understanding of Mental health conditions in acute care	To improve knowledge of mental health conditions in acute care services, through providing support learning via quarterly learning events across a range of staff groups.	This CQUIN has been achieved in full.
<b>SPECIALISED GOALS</b>			
1	Two year follow up assessment for very preterm babies	To establish a robust system to recall, evaluate and record outcome for babies born more than 10 weeks early and to ensure data is entered to the national BadgerNet system.	This CQUIN has been achieved in full.
2	Activation system for patients with long term conditions	To develop a system to measure skills, knowledge and confidence needed to self-manage long term conditions (i.e. HIV) and use that information to support adherence to medication and treatment as well as improving patient outcomes and experience.	This CQUIN has been achieved in full.

For 2016/17, the Trust reported achievement of £2.79m out of a possible £4.1m, representing 68% overall of the value of all CQUINs. For 2015/16, the Trust achieved approximately £1.9m out of a potential total of £3.6m.

## 2.9 Care Quality Commission (CQC) registration and compliance

Milton Keynes University Hospital NHS Foundation Trust is required to register with the Care Quality Commission and it is currently registered to provide the following regulated activities:

- Urgent and emergency services
- Medical care
- Surgery
- Critical care
- Maternity and gynaecology
- Services for children and young people
- End of life care
- Outpatients and diagnostic imaging

Milton Keynes University Hospital NHS Foundation Trust has no conditions on its registration. It received no enforcement actions during the reporting period.

The Trust has not participated in any special reviews or investigations by the CQC during the reporting period.

### 2.9.1. Review of Compliance of Essential Standards of Quality and Safety

The Trust underwent an unannounced focused CQC inspection on 12, 13 and 17 July 2016 to check how improvements had been made in urgent and emergency care, end of life care and maternity services.

The other areas of Surgery, Critical Care, Children's Services and Outpatients were not inspected and so their ratings remain from the previous inspection in October 2014. All of these services were rated as "Good" at that time.



## 2.9.2 Overall Ratings for Milton Keynes University Hospital

Specialty Area	Safe	Effective	Caring	Responsive	Well-led	Overall
Urgent and Emergency services	Requires improvement	Good	Good	Good	Good	Good
Medical care	Requires improvement	Good	Good	Good	Good	Good
Surgery	Good	Good	Good	Good	Outstanding	Good
Critical care	Good	Good	Good	Good	Good	Good
Maternity and Gynaecology	Good	Good	Good	Good	Good	Good
Services for children and young people	Good	Good	Good	Good	Good	Good
End of Life Care	Requires improvement	Good	Good	Good	Good	Good
Outpatients and Diagnostic Imaging	Good	Not Rated	Good	Good	Good	Good
<b>Overall</b>	Requires improvement	Good	Good	Good	Good	Good

### 2.9.3 Key findings from the report

- All staff were passionate about providing high quality care.
- The emergency department was meeting the four hour target with clear escalation processes to allow for proactive plans to be put into place for patient flow.
- The HSMR 9 Hospital standardised mortality (ratio) was significantly better than the expected rate.
- Improvements had been made in the completion and review of patients “do not attempt cardio pulmonary resuscitation” forms.
- There was a lower rate than the average of neonatal deaths. The Maternity Improvement Board was monitoring this to make further improvements to the service.
- Staffing levels were appropriate and met patients’ needs at the time of the inspection.
- Staff morale was positive and staff spoke highly of the support from their managers.
- Local ward leadership was effective and ward leaders were visible and respected.

### 2.9.4 Areas of Outstanding Practice

- The Medical Care Service had a proactive elderly care team that assessed all patients over 75 years old.
- The Medical Care Service ran a dementia café to provide emotional support to patients living with dementia and their relatives.
- Ward 2 had a dedicated bereavement box that contained soft lighting and furnishings to provide a homely environment for patients requiring end of life care.

### 2.9.5 Areas of Compliance or enforcements

The Trust received no notifications of compliance or enforcements actions as a result of this report.

Areas for Improvement identified by the inspection and how we have improved these since inspection:

- The Emergency Department did not comply with guidance relating to both paediatric and adult mental health facilities – The trust has built a dedicated mental health assessment room and improved security at the paediatric emergency department.
- Staff, patients and visitors did not appear to observe the handwashing protocols in the emergency department – We have introduced more regular audits of the handwashing protocols in the department.
- The non-invasive ventilation policy was out of date - This has been re written and approved.
- The Medical Care Service did not have a policy for dealing with outlying patients - This has been updated due to recent ward reconfigurations.
- In the Maternity Service examples were shared of inappropriate behaviours and lack of teamwork at consultant level in the service. These behaviours were not observed during the inspection. – The Trust has invested in multi-disciplinary leadership and human factors training which includes all of the consultant body. In addition timetables have been rescheduled to allow for team meetings and more multi-disciplinary ward rounds.
- Not all medical staff in maternity have completed the required level of safeguarding children’s training. - compliance is now over 90%.
- There was poor compliance with assessing the risk of venous thromboembolism in the maternity service. A new process is now in place.

## 2.10 Data Quality

Milton Keynes University Hospital NHS Foundation Trust has data quality procedures in place to ensure data and information is accurately reported to support informed decision making. These data quality procedures range from ensuring data is input to transactional systems correctly and information is extracted and interpreted accurately and reported in a way that is meaningful and precise. All staff members who have responsibility for the input of data are trained fully in the use of the relevant systems. Furthermore, the Trust actively provides context to the importance of accurate data collection and the subsequent use of relevant key data items, thereby promoting understanding across all staff groups.

In addition, the Trust is actively engaged with its commissioners to monitor the quality of clinical services delivered through the delivery of local and national targets; these include both quality and performance indicators and hence data quality is important to ensure accurate reporting.

The Trust submitted data records during 2016/17 to the Secondary Uses Services (SUS) for inclusion in the Hospital Episode Statistics (HES) which are included in the latest published data. The percentage of records in the published data which included the patient's valid NHS number was:

- 99.5% for admitted patient care
- 99.8% for outpatient care, and
- 98.1% for accident and emergency care

which included the patient's valid General Medical Practice Code was:

- 99.3% for admitted patient care
- 98.9% for outpatient care, and
- 98.% for accident and emergency care

The Trust recognises the importance of data quality and has established a Data Quality Compliance Board (DQCB). The DQCB was not setup as a traditional governance committee, but more akin to a committee with a "regulatory focus", where the focus was to ensure compliance is achieved through regulatory action. On the establishment of the DQCB, a number of actions were immediately delegated to appropriate departments to implement, allowing the committee itself to provide the level of assurance against these actions as appropriate. One of the key actions related to the production of a data quality policy which was inline with our peer Trusts to ensure we at least maintained a consistent level of expectation to other Trusts. Another key action involved the production of a data quality dashboard. The over-arching vision is to get all teams to work together for better and improved data quality.

The Information Governance Assessment Report overall score for 2016/17 was 82% and was graded Green.

Milton Keynes University Hospital NHS Foundation Trust was not subject to the Payment By Results clinical coding audit during 2016/17 by NHS Improvement.

## 2.11 Reporting against core indicators

Set out in the table below are the quality indicators that Trusts are required to report in their Quality Accounts.

Additionally, where the necessary data is made available to the Trust by the Health and Social Care Information Centre, a comparison of the numbers, percentages, values, scores or rates of the Trust (as applicable) is included for each of those listed in the table with:

- The national average for the same and;
- With those NHS Trusts and NHS Foundation Trusts with the highest and lowest of the same, for the reporting period.

Where data is not included, this indicates that the latest data is not yet available from the NHS Information Centre.



### 2.11.1 Indicator 1: Summary Hospital-Level Mortality Indicator (SHMI) value and banding

Domains of Quality	Level	2013/14	2014/15	2015/16	2016/17
<b>DOMAIN 1 PREVENTING PEOPLE FROM DYING PREMATURELY</b>					
Summary Hospital-Level Mortality Indicator (SHMI)	MKUHFT	1.04 Band 2	0.94 Band 2	1.04 Band 2	<b>1.04 Band 2</b>
	National	1.00	1.00	1.00	<b>1.00</b>
	Other Trusts High /Low	It is not appropriate to rank trusts by SHMI			

Milton Keynes University Hospital NHS Foundation Trust considers that this data is as described for the following reasons: The data sets are nationally mandated, and internal data validation processes are in place prior to submission.

There is an increasing level of scrutiny of mortality information across services provided by the Trust and in depth analysis where mortality levels are outside the normal range. We are also now reviewing all unexpected deaths using the new national protocols.

Our priorities this year continue to focus on improving this result as they include management of sepsis and the early recognition of the deteriorating patient.

*(The Trust is no longer required to report against indicators 2 and 3)*

## 2.11.2 Indicator 4 – 7: PROM scores for groin hernia surgery, varicose veins surgery, hip replacement surgery, knee replacement surgery

### What are PROMS (Patient Reported Outcome Measures)?

The NHS asks patients about their health and quality of life before they have an operation, and about their health and the effectiveness of the operation afterwards. This assists the NHS in measuring and improving its quality of care.

Milton Keynes University Hospital NHS Foundation Trust has taken the following actions to improve this score, and so the quality of its services: by improving the response rate of post-operative questionnaires and reviewing the newly released data when available. The latest data for 2016/17 was released in February 2017 and relates to the period of April 2016 to September 2016 only. Currently there is insufficient data to present a representation of the Trust.

Full provisional data is available for April 2015 to March 2016 (data published Feb 2017) this shows there were 648 eligible hospital episodes and 644 pre-operative questionnaires returned a participation rate of 99.4% (74.9% in England). Of the 637 post-operative questionnaires sent out, 392 were returned a response rate of 61.5% (69.8% in England).

#### EQ-5D Index results

Domains of Quality	Level	2014/15	2015/16	2016/17
Groin hernia surgery	MKUHFT	82.3%	88.8%	Insufficient data
	National	87.7%	87.8%	88.0%
Varicose veins surgery	MKUHFT	Insufficient data	Insufficient data	Insufficient data
	National	84.1%	83.7%	84.2%
Hip replacement surgery	MKUHFT	78.0%	83.1%	Insufficient data
	National	79.7%	80.0%	81.1%
Knee replacement surgery	MKUHFT	81.0%	74.6%	75.5%
	National	0.7%	74.3%	Insufficient data

As can be seen in the table above, there was a slightly greater average health gain reported following hip surgery on the Eq-5D Index than the national figure. (Scores on the EQ-5DTM Index range from -0.594 (worst possible health) to 1.0 (full health)).

**Figure 1: Adjusted average health gain on the EQ-5DTM Index by procedure**

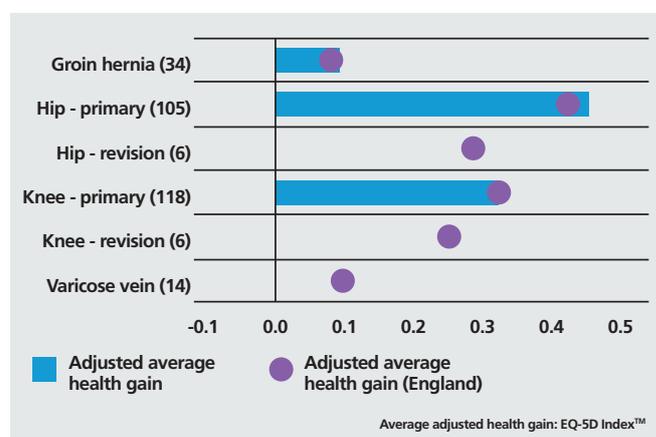
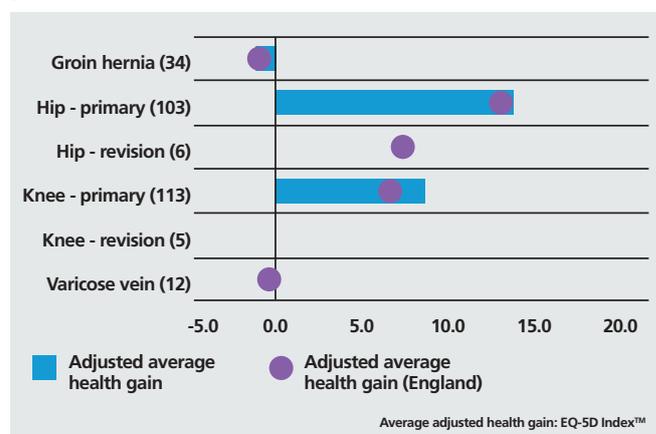


Figure 2 identifies slightly better than national average health gain following knee surgery and hip surgery using the EQ-VAS tool. (Scores on the EQ-VAS range from 0 (worst) to 100 (best))

**Figure 2: Adjusted average health gain on the EQ-VAS by procedure**



The other surgeries did not highlight a significant difference from the national average or insufficient numbers of patients either received the treatment or participated in the questionnaires.

### 2.11.3 Indicator 8: Emergency Readmissions to hospital within 28 days

Domains of Quality	Level	*2013/14	*2014/15	*2015/16	**2016/17
<b>DOMAIN 3 HELPING PEOPLE RECOVER FROM EPISODES OF ILL HEALTH OR FOLLOWING INJURY</b>					
Patients readmitted to a hospital within 28 days of being discharged	MKUHFT	12.20%	11.14%	11.47%	<b>11.14%</b>
	National	11.61%	12.00%	12.20%	<b>12.33%</b>
	Other Trusts	7.87% /	7.94% /	8.52% /	<b>8.45% /</b>
	High /Low	16.95%	15.98%	16.44%	<b>16.19%</b>

\* Data sourced from Dr Foster (full fiscal year)

\*\* Data sourced from Dr Foster (fiscal year to January 2017)

Milton Keynes University Hospital NHS Foundation Trust considers that this data is as described for the following reasons: The data sets are nationally mandated, and internal data validation processes are in place prior to submission.

Milton Keynes University Hospital NHS Foundation Trust has taken action to improve this rate, and so the quality of its services: by continuing to review why patients are readmitted. We have developed new discharge pathways with our colleagues in the community health services and local social care teams which allow patients to be discharged earlier and also receive greater support at home to prevent re-admission. This project is called “discharge to assess” and early evidence suggests patients are staying at home for longer periods. We are also implementing the SAFER bundle as described in our quality priorities.

### 2.11.4 Indicator 9: Responsiveness to inpatient personal needs

Domains of Quality	Level	2013/14	2014/15	2015/16	2016/17
<b>DOMAIN 4 ENSURING PEOPLE HAVE A POSITIVE EXPERIENCE OF CARE</b>					
Responsiveness to inpatients personal needs	MKUHFT	65.3%	68.9%	68.0%	
	National	68.7%	68.9%	69.6%	<b>Next update August 2017</b>
	Other Trusts	54.4% /	59.1% /	58.9% /	
	High /Low	84.2%	86.1%	86.2%	

Milton Keynes University Hospital NHS Foundation Trust considers that this data is as described for the following reasons: The data sets are nationally mandated and internal data validation processes are in place prior to submission.

In 2015/16, the Trust established a new patient experience team, and that team is continuing to work with the clinical teams to improve patients’ experience of receiving care. The team includes a medical lead and a full time patient experience manager. The team have been working on how best to use the valuable information that the public give us about our services. Our priorities are:

- Improving food selection for patients;
- Wayfinding around the hospital in light of development of the site; and
- Improving booking and communication of hospital appointments and elective surgery;
- Reducing noise at night.



### 2.11.5 Indicator 10: % of staff who would recommend the provider to friends or family needing care

Domains of Quality	Level	2013/14	2014/15	2015/16	2016/17
<b>DOMAIN 4 ENSURING PEOPLE HAVE A POSITIVE EXPERIENCE OF CARE</b>					
Staff who would recommend the provider to friends or family	MKUHFT	59%	61%	64%	<b>69%</b>
	National	66%	59%	69%	<b>65%</b>
	Other Trusts High /Low	40% / 94%	35% / 84%	46% / 89%	<b>48% / 91%</b>
Patients who would recommend the provider to friends or family (inpatient FFT - Feb in each year available)	MKUHFT		96%	95%	<b>96%</b>
	National	Not a comparable methodology (FFT Score)	95%	96%	<b>96%</b>
	Other Trusts High /Low		82% / 100%	74% / 100%	<b>76% / 100%</b>

Milton Keynes University Hospital NHS Foundation Trust considers that this data is as described for the following reasons: The data sets are nationally mandated and internal data validation processes are in place prior to submission.

Milton Keynes University Hospital NHS Foundation Trust has taken action to improve this rate, and so the quality of its services by; continuing to ensure that staff feel supported and their feedback is heard and responded to. Staff have a number of ways of giving feedback, face to face and anonymously. Weekly messages from the Chief Executive also include individual accolades received and achievements by teams. We have seen a year on year improvement in this score which we believe represents the general improvements the Trust has made in care and engagement of staff in this process.

### 2.11.6 Indicator 11: % of admitted patients risk assessed for VTE

Milton Keynes University Hospital NHS Foundation Trust considers that this data is as described for the following reasons: The data sets are nationally mandated and internal data validation processes are in place prior to submission.

Milton Keynes University Hospital NHS Foundation Trust has not met this target this year due to administration issues which have been resolved. The Trust continues to check the robustness of its process to ensure continued delivery. Details of the Trust's performance against this indicator are set out in the table below.

### 2.11.7 Indicator 12: Rate of C difficile

Milton Keynes University Hospital NHS Foundation Trust considers that this data is as described for the following reasons: The data sets are nationally mandated and internal data validation processes are in place prior to submission.

The Trust has seen a continuous reduction in the number of C-difficile cases this year. We have achieved this by strict infection control processes and by restricting the use of anti-biotics linked to C-difficile. This year we will continue to extend this successful programme.

Details of the Trust's performance against this indicator are set out in the table below.

### 2.11.8 Indicator 13: Rate of patient safety incidents and % resulting in severe harm or death

Domains of Quality	Level	2013/14	2014/15	2015/16	2016/17
<b>DOMAIN 5 TREATING AND CARING FOR PEOPLE IN A SAFE ENVIRONMENT AND PROTECTING THEM FROM AVOIDABLE HARM</b>					
Patients admitted to hospital who were risk assessed for venous thromboembolism (Q3 results for each year)	MKUHFT	96.0%	96.0%	95.1%	<b>85.6%</b>
	National	96.0%	96.1%	95.6%	<b>95.8%</b>
	Other Trusts High /Low	80% / 100%	90% / 100%	79% / 100%	<b>80% / 100%</b>
Rate of C.difficile infection (per 100,000 bed days)	MKUHFT	22.5%	23.4	10.5	
	National	14.7%	15.0	14.9	<b>Next update July 2017</b>
	Other Trusts High /Low	0 / 37.1%	0 / 62.6	0 / 66.0	
Rate of patient safety incidents per 100 admissions (and the rate that resulted in severe harm or death)	MKUHFT	5.1 (0.01)	27.5 (0.06)	28.4 (0.01)	
	National	8.7 (0.07)	37.1 (0.19)		
	Other Trusts High /Low	1.2 (0) / 15.5 (0.37)	3.6 (0.02) / 82.2 (1.53)		

Milton Keynes University Hospital NHS Foundation Trust considers that this data is as described for the following reasons: The data sets are nationally mandated, and internal data validation processes are in place prior to submission

The Trust is taking action to improve this rate, and so the quality of its services, by continuing to review the data set within this indicator for any changes that may indicate a decline in the safety and quality as we are below the national average for this indicator.

## Part 3 Other Information

### 3.1 Review of Quality 2016/2017 – Patient Safety

Indicator	Measurement used	2014/15	2015/16	2016/17
<b>PATIENT SAFETY</b>				
Hand hygiene compliance	Internal target – percentage compliance as measured by hand hygiene measured by exception to compliance	87.95%	91.1%	<b>77.73%</b>
Hospital-acquired pressure ulcers (Grades 3 and 4)	Internal target – total number recorded on Datix and investigated through Serious Incident framework (electronic incident reporting system)	23 Grade 3 1x Grade 4 (5 x Grade 3 downgraded)	9 Grade 3 1 Grade 4 (3x Grade 3 downgraded, 1 Grade 4 downgraded)	<b>15 (grades to be confirmed)</b>
Patient falls	Internal target – total number of reported incidents.	776	12 moderate harm (change in reporting)	<b>17 moderate harm</b>
Medication incidents	Internal target – total number of reported incidents.	713		<b>105</b>
Serious incidents	Internal target – total number of reported incidents.	125	91	<b>74</b>
"Never events	This is based on a nationally accepted list of events published by the National Patient Safety Agency.	1	3	<b>2</b>

#### 3.1.1 Hand hygiene compliance

Ensuring that all hospital staff clean their hands between patients has contributed towards a reduction in health care associated infections across the NHS.

The data collection tool reflects the World Health Organisation's five moments of hand hygiene and bare below the elbow standard. The 38 areas complete the audit and this is reported on a monthly basis. Those areas that have a lapse in compliance or fail to return the audit are written to by the Chief Nurse. The Infection Prevention Control Team and clinical teams continue to promote the effective hand hygiene and bare below the elbow standards.

#### 3.1.2 Hospital Acquired pressure ulcers (grade 3 & 4)

There continues to be improvement in the identification of patients with pressure ulcers and those at risk of developing pressure ulcers at admission with the appropriate actions being implemented in a timely manner to reduce the risk of further skin damage, as can be seen by the overall reduction in the number of grade 3 and 4 pressure ulcers developed over the past year. All hospital acquired grade 3 and 4 pressure ulcers are reported as a potential Serious Incident and require a 72 hour report to be completed. On receipt of this report a decision is made about whether the pressure ulcer reported could have been prevented or whether all preventative care had been provided and therefore the ulcer was unavoidable.

All grade 3 and 4 pressure ulcers are reported through the safeguarding process as a potential safeguarding concern regardless of the decision about it being avoidable or unavoidable or a SI being declared.

The root cause analysis of the pressure ulcers is monitored from divisional level through to Management Board. Pressure ulcer prevention has been a quality priority for 2016/2017 and will continue to be a key indicator of quality and ongoing improvement action for the year ahead.

### 3.1.3 Patient Falls

As suggested in last year's Quality Account, measuring the level of harm that a fall causes is a better indicator of how we have improved through falls prevention. Low or 'no harm' indicates effective falls prevention as not all falls can be prevented but the impact can be reduced.

As the number of patients attending the hospital increases it is probable that the number of falls will increase. Comparing the number of falls with the number of occupied bed days makes it possible to assess whether the rate of falls is changing. A rate of 4.7 falls per 1000 bed days was reported in February 2017 (compared to 4.02 in February 2016). It is noted that an increased number of patients were admitted after a fall, which increases the likelihood that they may fall again.

Falls prevention training and education continues to be provided for all registered nurses and Health Care Assistants as part of the essential skills programme. The Post Falls protocol which initiates a whole team approach to reviewing why a patient has fallen and to reduce the risk and harm if they are to fall again, has been successfully embedded with all relevant members of the multi professional team completing their relevant areas.

### 3.1.4 Medication Incidents

Medication incidents are reported onto our incident reporting system when errors have been made. An error is reported even if no harm has been caused to a patient. Errors can be about prescribing, dispensing (when the pharmacy department issues medications) or administering (when medication is given to the patient). Reporting medication incidents is the right thing to do and investigations into incidents often provide all staff with learning and sharing of improvements in practice.

### 3.1.5 Never Events

NHS Improvement describes Never Events as "serious, largely preventable patient safety incidents that should not occur if existing national guidance or safety recommendations have been implemented by healthcare providers". There are 20 listed categories of Never Events, and a total of 380 Never Events were recorded nationally in 2016/17. This Trust reported two Never Events during this timeframe.

#### **NHS England Never Event 10 – A patient falling from a poorly restricted window:**

*At approximately 22.30hrs on 8th December 2016 there was a Code Victor call to Ward 8 where a 52 year old male patient had managed to fully open the right sided window in bay 4, stand on a footstool and exited, falling and suffering a significant compound fracture to his left lower leg and a fracture to his right lower leg.*

Although the Trust did not initially declare this as a never event since the patient had disclosed during his recovery post fall that he "fiddled with the window" which could be interpreted as he "disabled the restrictors" to enable the window to be opened prior, this decision after further analysis was amended in March 2017.

Following this incident and the subsequent investigation, all window restrictors have been replaced and there is an ongoing scheduled maintenance programme with Estates, with each window being specifically numbered and easily identified on a site plan. The checking of window restrictors has also been added to the departmental quarterly health and safety checklist compliance form which is monitored by the Health and Safety Committee.

#### **NHS England Never Event 1 – Wrong site surgery:**

*A patient was scheduled and consented for left ureteric stent insertion. During the World Health Organisation (WHO) sign out it was noted that the stent had been inserted in to the right ureter instead of the left (as per consent form). The patient was still anaesthetised, and instrument trays were still sterile. The Consultant Urologist was contacted, who attended theatre, the incorrectly placed stent was removed and a stent was inserted to the left ureter.*

The incident remains under investigation, but early analysis indicates that it was caused by human error, and that there was full compliance with Trust processes and procedures at the time.

### 3.1.6 Learning

The Trust takes learning from serious incidents, incidents, claims and complaints very seriously to ensure patient safety, patient experience and to help mitigate future occurrences. The Trust's Serious Incident Review Group (SIRG), chaired by the Medical Director/Associate Medical Director robustly review all RCA investigations, action plans and any incidents reported with a moderate grading or above to ensure that appropriate investigation and learning is in place.

The Trust held a 'learning from serious incidents' plenary session on the audit afternoon of the 22nd November 2016, with presentations and group discussions on the key learning to ensure cross specialty learning and to embrace the Trust's open and honest approach to learning from incidents.

The Trust's Datix system allows feedback to staff reporting incidents on an individual basis. All specialty governance group meetings further include learning from incidents/serious incidents at their meetings, with newsletters also circulated to ensure as wide an audience is included.

Following some serious incident investigations the Trust has arranged subsequent simulation training for staff with similar scenarios to facilitate practical and skills based learning for teams, with a view to expanding this more in 2017 – 2018.

### 3.1.7 Mock Inquest

A mock inquest was held on the 20th October 2016 which involved the Trust's legal team, Trust staff and HM Coroner to allow staff to appreciate how an inquest is run and to identify the key requirements for giving evidence and providing statements. This was recorded so it can be used subsequently as a teaching aid across the organisation.

### 3.1.8 Duty of Candour

The Trust looks to proactively be open and honest in line with the Duty of Candour requirements and looks to advise/include patients and/or next of kin in investigations. From March 2017 a covering letter was included in the Trust bereavement packs informing that all deaths across the organisation are investigated and if relatives had concerns regarding care or treatment we would look to include this in the Trust mortality reviews and feedback the findings.

In addition for all serious incidents the Head of Risk and Clinical Governance writes formally advising that a root cause analysis (RCA) investigation is being undertaken and inviting patients/next of kin to be involved if they wish. This is subsequently followed up on completion of the RCA with a copy of the report and the opportunity to meet the investigation leads to discuss the findings.

This process has received positive feedback and helped to give reassurance, that as an organisation we look to actively learn from incidents and put in place mitigation against other similar incidents in the future.

### 3.1.9 Sign up to Safety Campaign

The Trust signed up to the Sign up to Safety Campaign in September 2014 in the five areas below:

Reducing avoidable harm by referencing it's priorities for 2015/2016 of:

1. Reducing the number of deaths from sepsis
2. Reducing the number of inpatient falls by 5%
3. Eliminating hospital acquired grade 3 and 4 and pressure ulcers
4. Ensuring that patients admitted emergencies are reviewed by a consultant within 48hrs
5. Increasing medication error reporting by 20%

These were seen to be replicable to the incident and serious incident trends noted in the Trust at the time, and in line with ongoing work streams to ensure safe and effective patient care. Monitoring of the campaign and progress with the work streams projects is managed through the Serious Incident Review Group (SIRG).

### 3.2 Clinical Effectiveness

Indicator	Measurement used	2013-14	2014-15	2015-16	2016-17
<b>CLINICAL EFFECTIVENESS</b>					
Hospital standardised mortality ratio (HSMR)	Risk of death relative to national average case mix adjusted from national data via Dr Foster Intelligence: this is a national definition. Target is below 100	88.1	90.0	82.9	<b>89.5</b>
Perinatal death rate (per 1,000)	This data is provided to the MBRRACE-UK (Mothers and Babies: Reducing Risk through Audits and Confidential Enquiries)	7.8	4.8	3.9	<b>4.2</b>
Still birth rate	Per 1,000 deliveries	5.7	2.1	3.2	<b>3.4</b>
Readmissions within 30 days	Emergency admissions within 30 days of elective discharge, including day cases. Internally set target	8.1%	7.3%	6.8%	<b>7.2%</b>

### 3.3 Patient Experience

Indicator	Measurement used	2014-15	2015-16	2016-17
<b>PATIENT EXPERIENCE</b>				
Complaints	The number of complaints from patients received by the Trust	609	902	<b>838</b>
Midwife : birth ratio	Birth Rate Plus Midwifery Workforce planning tool	1 to 30	1 to 32	<b>1:31</b>
Friends and Family Test (Patient Recommend Rate)	Percentage of patients that said they were likely or very likely to recommend NHS services at the Trust			<b>90%</b>

In 2016/17 the Trust undertook the national patient surveys within Emergency Department; Adult Inpatient; Children & Young people Inpatients and Maternity. Results from these surveys and other insight gained from patients, families and carers are collated, analysed and shared with colleagues to create action plans for change and improvement.

The Trust receives approximately 24000 Friends and Family Test (FFT) responses a month, from over 65 ward and department 'collection points'. The average recommended rate for the Trust is 93%. The FFT responses can now be fed back using SMS text messaging in the Emergency Department (ED). The new supplier for FFT can also support responses by website link and a QR code link for smart phones as well as the standard 'paper survey'. This additional methodology to feedback on care has created a shift to electronic feedback in the ED. We believe this will increase the FFT response rate. FFT forms are available for children, as an 'Easy Read' format, large print and additionally can be printed on yellow paper for example for patients in our eye clinic.

FFT responses and feedback received via social media (e.g. Facebook, Twitter, NHS Choices and Patient Opinion) are being shared as quickly as possible to department heads and clinician's. This prompt feedback can mean that appropriate actions can be taken immediately in response to concerns raised. In addition to feedback received from patients and families/ carers there is a regular programme of '15 Step Challenge' visits to wards and departments, where feedback is shared promptly to facilitate change and improvement in patient experience. The Patient Experience Manager in partnership with the Complaints / PALS team produce a quarterly report for divisions and management board detailing information collated from patient feedback including complaints and compliments.



### 3.4 Performance against key national priorities

Indicator	Target and source (internal / regulatory / other)	2014-15	2015-16	2016-17
<b>PERFORMANCE AGAINST KEY NATIONAL PRIORITIES AND REGULATORY REQUIREMENTS 2014 TO 2017</b>				
Maximum waiting time of 31 days from diagnosis to treatment for all cancers	>96% set by NHSI	98%	99%	<b>99%</b>
Maximum waiting time of 62 days from urgent referral to treatment for all cancers	>85% set by NHSI	87%	84%	<b>83%</b>
Maximum wait of 2 weeks from GP referral to date first seen for all cancers	>93% set by NHSI	95%	95%	<b>94%</b>
Maximum waiting time of 31 days for subsequent cancer treatments: drug treatments	>98% set by NHSI	100%	100%	<b>100%</b>
Maximum waiting time of 31 days for subsequent cancer treatments: surgery	>94% set by NHSI	100%	98%	<b>98%</b>
Maximum of 2 weeks wait from referral to being seen: symptomatic breast cancer patients	>93%	96%	95%	<b>94%</b>
Referral to treatment in 18 weeks - patients on incomplete pathways	Patient on an incomplete pathway: 92%	93%	86%	<b>90.5%</b>
Diagnostic wait under 6 weeks	>99%	99%	98%	<b>100%</b>
A&E treatment within 4 hours (including Walk-In Centre)	95% set by NHSI	92%	94%	<b>92%</b>
Cancelled operations: percentage readmitted within 28 days	>95%	99%	86%	<b>87%</b>
Clostridium difficile infections in the Trust	Set by DH	39	29	<b>10</b>
MRSA bacteraemia (in Trust)	Zero tolerance set by DH	0	2	<b>2</b>
MRSA bacteraemia (across Milton Keynes total health economy)		3		<b>Awaiting Data</b>

## Annex 1 – Statement from NHS: Milton Keynes

Thank you for forwarding a copy of the Quality Account for Milton Keynes University Hospital NHS Foundation Trust (MKUHFT) to the Milton Keynes Clinical Commissioning Group (CCG) which has been read with interest.

We are pleased that MKUHFT has continued to work alongside MKCCG to sustain and further improve the quality of the Trust's services. The content of the draft report is well structured and presented, with a good balance between quantitative and qualitative data and information. The open and honest review of your 2015/16 objectives is welcomed: the report is balanced, detailing where the organisation has achieved its quality goals whilst also recognising where further improvements could be made.

We acknowledge that the final report will be prepared at the end of the month and in advance of this would like to make the following comments for your consideration:-

1. The focus on patient experience with a new clinically led team is noted, which has resulted in improvements in care and engagement of staff in the FFT process. However, we believe that it is a missed opportunity for MKUHFT not to mention how learning from complaints improves service delivery, perhaps with a brief example, to enhance the percentage response rates mentioned.
2. Safeguarding is mentioned twice in the report and only briefly. As safeguarding encompasses all three of the Trust's objectives (patient safety, patient experience and clinical effectiveness), we would like to have seen fuller reference to safeguarding children and adults. This includes progress in areas such as the introduction of an on-site Police Officer and the benefits this has had to the Trust's management of domestic abuse. It would also be good to highlight learning for MKUHFT arising from the CQC Inspection across Health Services in Milton Keynes – Looked After Children and Safeguarding in Milton Keynes that occurred in August 2016.
3. The implementation of all four elements of the Saving Lives Care bundle in maternity provides a strong basis for improving outcomes for women and their families. Consideration could be given to outlining improvements relating to all four elements of the bundle within the report.
4. There are 14 listed categories of Never Events, not 20 as stated in the report.
5. Whilst a good level of internal learning has been outlined, the Trust has omitted to share instances of wider learning with partner organisations and the Milton Keynes Health Economy as a whole.

It is recognised that, despite a challenging year for the Trust, MKUHFT performed well in a number of areas, including reducing waiting times for planned patients during 2016/17; delivering the national standard for consultant-led Referral to Treatment Waiting Times for five consecutive months; achieving the national standard for diagnostic waiting times in the second half of the year; improving performance against cancer treatment standards in the final quarter of the year; and receiving a 'Good' CQC Inspection Rating in June 2016, which is commended.

The CCG supports the Trust's Quality Priorities for 2017/18. We are looking forward to seeing the effects of the work outlined to improve sepsis performance to ensure opportunities are taken to save lives. Additionally, the CCG fully supports the organisation's continued approach to engage with the national Sign up to Safety Campaign, which aims to ensure patient care is safe, effective and owned by all within the organisation.

MKCCG can confirm, to the best of our knowledge, that the Quality Account contains accurate and transparent information in relation to the range of services provided, and the quality of services that MKUHFT provides. The information provides both positive achievements and opportunities for improvement.

During 2017/18 MKCCG looks forward to working collaboratively with MKUHFT to continually develop quality services for the residents of Milton Keynes.

## Statement Milton Keynes Healthwatch

Thank you for inviting us to comment on your Quality Account for 2016/17. We have noted the many improvements effected by the hospital, and appreciate the attribution of a 'Good' rating by the CQC. We are pleased that we have a close relationship with the Trust, marked by our representation on the Council of Governors.

The statement on quality by the Chief Executive summarises these achievements succinctly, and the structure of the Quality Account is clear and straightforward, with a detailed index. The glossary is also extensive, though in need of updating (for example, the acronym STP for Sustainability and Transformation Plan does not appear, even though it is becoming a fundamental concept).

We do believe, however, that the report as a whole is disappointing as a public-facing document, and in this regard inferior to the previous year. While the report is comprehensive in the information that it provides, much of it reads like a technical report to an informed audience, heavily condensed without the context and commentary that are necessary, and with many terms, references to clinical procedures and acronyms unexplained. It is also surprising that the report does not refer to work regarding the STP, which is supposedly central to quality improvement.



## Statement from Milton Keynes Council Quality Account's Panel

HEALTH AND ADULT SOCIAL CARE COMMITTEE  
QUALITY ACCOUNTS PANEL REPORT  
18 MAY 2017

Milton Keynes University Hospital (MKUH) NHS  
Foundation Trust

### General Comments

The Panel is disappointed that MKUH's Quality Accounts (QA) does not appear to be an overall improvement upon the previous year. The Panel however notes that it does reflect some improvements in response to previous feedback provided by the Panel.

Among the positive features in this year's QA which the Panel feels worthy of comment are:-

- A good Glossary and Index which were a clear and helpful guide to navigating the QA.
- The priorities for MKUH were clearly outlined.
- The Statement on Quality and Assurance from the Chief Executive was informative. This was especially as relates to outlined limitations in preparing QAs including the accuracy of data used in its preparation. At the end of the Statement it should however been made clearer that Joe Harrison is the Chief Executive, rather than just the provision of his name on the bottom of the page. This could easily have been done by simply including his title with his name.
- The Panel is heartened that as regards the "Patient Experience", MKUH received fewer complaints (838) for 2016-17 relative to that received (897) for the 2015-16 period.
- The Panel welcomes MKUH's efforts in raising the profile, doing more and trying to secure funding for research and development. This is for example as relates to applying for a grant for a clinical trial using fluorescence to detect the spread of cancer during surgery.

Notwithstanding the above, the shortcomings of the QA and the insights it provides in respect of MKUH's performance outweighs the noted positives.

Most notable of these shortcomings are:-

- There was very little evidence of how the Sustainability and Transformation Plan (STP) and associated health service integration is planned for so as to ensure quality service delivery in future. How do the services provided by MKUH link into the STP? What will be the relationship with the STP Team?
- MKUH has achieved the "Referral to Treatment (RTT)" national standard of 92% since November 2016. However, the QA fails to adequately explain the failure to meet this standard in April, May, June, July, August, September and October 2016.
- MKUH's participation in 31 (79%) eligible National Clinical Audits which met the QA's inclusion criteria is noteworthy. However although on the surface this appears commendable, the Panel is unable to make a definitive judgement as no information is provided in the QA as to how many Audits were participated in for the 2015-16 period.
- Concerning also is that of the 31 National Audits participated in by MKUH, the "Number of cases submitted" for 8 (26%) of these is listed as being "Not Available".
- Inadequate also is the information provided for 2016/17 Commissioning for Quality and Innovation (QUINS) for MKUH. The Panel is of the view that as this relates to "Performance 2016/17" against "National Goals", "Local Goals", and "Specialised Goals" there is much uncertainty as many of the performance results have been described as yet to be confirmed; "TBC". Specifically 7 of 9 National Goals are TBC, 3 of 5 Local Goals are TBC, and 2 of 3 Specialised Goals are TBC.

- 
- Following an unannounced inspection on 12, 13 and 17 July 2016, the Care Quality Commission judged MKUH to be failing in its overall rating for “Safe”. The Panel is of the view that urgent steps need to be taken by MKUH to address this failing. Additionally the Table used to outline the “Overall Ratings” for MKUH is poorly constructed as it lacks a clear heading for the vertical column (Urgent and Emergency Care, Medical Care, Surgery etc) and the horizontal column (Safe, Effective, Caring etc).
  - The small font used for 3.16 Indicator 8: Emergency Readmissions to hospital within 28 days, 3.17 Indicator 9: Responsiveness to inpatient personal needs, 3.18 Indicator 10: % of staff who would recommend the provider to friends and family needing care, 3.19: Indicator 11: % of admitted patients risk assessed for VTE, and 3.21: Indicator 13: Rate of patient safety incidents and % resulting in severe harm or death is extremely hard to read. In summary these tables are not reader friendly.

### Summary

The QA is text heavy, and turgid. How it is written and presented suggests inadequate consideration has been given to the target audience; service users, stakeholders and the public on a whole. The MKUH has much to be proud of, but the QA does not effectively reflect this for MKUH. Last year’s QA was undoubtedly better in information contained and conveyed.



## Statement from Central Bedfordshire Council Health Overview and Scrutiny Committee

### Central Bedfordshire comment on the Milton Keynes University Hospital NHS Trust

#### QUALITY ACCOUNT 2016/17

At the Social Care Health and Housing Overview and Scrutiny Committee meeting held on Monday 15 May 2017, the Committee considered the Milton Keynes Hospital Quality Account 2016/17.

A concern was expressed about the percentage of staff who felt they were bullied/harassed and the level of confidence that staff appeared to show when asked if they would recommend the hospital to their family/friends as opposed to the greater confidence patients seemed to have in the hospital.

Members thanked the Director present and were reassured that the Trust had provided good quality services with the right interventions in place and had listened and responded to patients' needs and the views of their staff.

## Annex 2 Statement of Directors' Responsibilities in Respect of the Quality Report

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations to prepare Quality Accounts for each financial year.

NHS Improvement has issued guidance to NHS Foundation Trust Boards on the form and content of annual quality reports (which incorporate the above legal requirements) and on the arrangements that NHS Foundation Trust Boards should put in place to support the data quality for the preparation of the quality report.

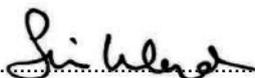
In preparing the Quality Report, directors are required to take steps to satisfy themselves that:

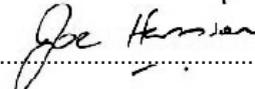
- the content of the Quality Report meets the requirements set out in the NHS Foundation Trust Annual Reporting Manual 2016/17;
- the content of the Quality Report is not inconsistent with internal and external sources of information including:
  - board minutes and papers for the period April 2016 to May 2017
  - papers relating to quality reported to the Board over the period April 2016 to May 2017
  - Feedback from the commissioners dated May 2017
  - Feedback from governors dated 16 May 2017
  - Feedback from the local Healthwatch organisation dated 12 May 2017
  - Feedback from Local Authority dated 23 May 2017
  - The Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, being reported to Trust Board in July 2017.
  - The latest national patient survey received May 2016
  - The latest national staff survey 7 March 2017
  - The Head of Internal audit's annual opinion over the Trust's control environment dated 23 May 2017
  - CQC inspection report dated 29 November 2016

- the Quality Report presents a balanced picture of the NHS foundation Trust's performance over the period covered;
- the performance information reported in the Quality Report is reliable and accurate;
- there are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report, and these controls are subject to review to confirm that they are working effectively in practice;
- the data underpinning the measures of performance reported in the Quality Report is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review;
- the Quality Report has been prepared in accordance with NHS Improvement's annual reporting guidance and supporting guidance (which incorporates the Quality Accounts regulations) as well as the standards to support data quality for the preparation of the Quality Report

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

By order of the Board

Date..........Chairman  
May 2017

Date..........Chief Executive  
May 2017

## Annex 3: Independent Auditor's report

### Independent auditor's report to the council of governors of Milton Keynes University Hospital NHS Foundation Trust on the quality report

We have been engaged by the council of governors of Milton Keynes University Hospital NHS Foundation Trust to perform an independent assurance engagement in respect of Milton Keynes University Hospital NHS Foundation Trust's quality report for the year ended 31 March 2017 (the 'Quality Report') and certain performance indicators contained therein.

This report, including the conclusion, has been prepared solely for the council of governors of Milton Keynes University Hospital NHS Foundation Trust as a body, to assist the council of governors in reporting Milton Keynes University Hospital NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2017, to enable the council of governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicators. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors as a body and Milton Keynes University Hospital NHS Foundation Trust for our work or this report, except where terms are expressly agreed and with our prior consent in writing.

### Scope and subject matter

The indicators for the year ended 31 March 2017 subject to limited assurance consist of the national priority indicators as mandated by NHS Improvement:

- percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period; and
- percentage of patients with a total time in A&E of four hours or less from arrival to admission, transfer or discharge.

We refer to these national priority indicators collectively as the 'indicators'.

## Respective responsibilities of the directors and auditors

The directors are responsible for the content and the preparation of the quality report in accordance with the criteria set out in the 'NHS Foundation Trust annual reporting manual' issued by NHS Improvement.

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that:

- the quality report is not prepared in all material respects in line with the criteria set out in the 'NHS Foundation Trust Annual Reporting Manual' and supporting guidance;
- the quality report is not consistent in all material respects with the sources specified in section 2.1 of the NHS Improvement 2016/17 Detailed guidance for external assurance on quality reports; and
- the indicators in the quality report identified as having been the subject of limited assurance in the quality report are not reasonably stated in all material respects in accordance with the 'NHS Foundation Trust Annual Reporting Manual' and supporting guidance and the six dimensions of data quality set out in the 'Detailed guidance for external assurance on quality reports'.

We read the quality report and consider whether it addresses the content requirements of the 'NHS Foundation Trust Annual Reporting Manual' and supporting guidance, and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the quality report and consider whether it is materially inconsistent with

- board minutes for the period April 2016 to March 2017;
- papers relating to quality reported to the board over the period April 2016 to 31 March 2017;
- feedback from the Commissioners dated 22 May 2017;
- feedback from local Healthwatch organisations dated 12 May 2017;
- feedback from Overview and Scrutiny Committee, dated 15 May 2017;
- the trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated September 2016;
- the latest national patient survey dated 2016;
- the latest national staff survey dated 17 March 2017;
- Care Quality Commission inspection dated 29 November 2016;
- the Head of Internal Audit's annual opinion over the trust's control environment dated 23 May 2017; and
- any other information included in our review.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with those documents (collectively the 'documents'). Our responsibilities do not extend to any other information.

We are in compliance with the applicable independence and competency requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics. Our team comprised assurance practitioners and relevant subject matter experts.

## Assurance work performed

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – ‘Assurance Engagements other than Audits or Reviews of Historical Financial Information’ issued by the International Auditing and Assurance Standards Board (‘ISAE 3000’). Our limited assurance procedures included:

- evaluating the design and implementation of the key processes and controls for managing and reporting the indicators;
- making enquiries of management;
- testing key management controls;
- limited testing, on a selective basis, of the data used to calculate the indicator back to supporting documentation;
- comparing the content requirements of the ‘NHS foundation trust annual reporting manual’ to the categories reported in the quality report; and
- reading the documents.

A limited assurance engagement is smaller in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

## Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw allows for the selection of different, but acceptable measurement techniques which can result in materially different measurements and can affect comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision of these criteria, may change over time. It is important to read the quality report in the context of the criteria set out in the ‘NHS foundation trust annual reporting manual’ and supporting guidance.

The scope of our assurance work has not included testing of indicators other than the two selected mandated indicators, or consideration of quality governance.

## Basis for qualified conclusion

The indicator for the percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period requires the Trust to accurately record the start and end dates of each patient’s treatment pathway, in accordance with the detailed requirements set out in national guidance.

Our procedures included testing a risk based sample of 20 items and so the error rates identified from that sample should not be directly extrapolated to the population as a whole.

We found that:

- for 20% of items in our sample of patients’ records tested, one or both of the start and end date of treatment were not accurately recorded, and affected the calculation of the published indicator.
- for a further 35% of sample items, one or both of the start and end date of treatment were not accurately recorded, but did not affect the calculation of the published indicator; and

As a result of the issues identified, we have concluded that there are errors in the calculation of the percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period indicator for the year ended 31 March 2017. We are unable to quantify the effect of these errors on the reported indicator.

The indicator for percentage of patients with a total time in A&E of four hours or less from arrival to admission, transfer or discharge is calculated as a percentage of the total number of unplanned attendances at A&E for which patients total time in A&E from arrival is four hours or less until discharge, transfer, or admission as an inpatient. It requires the Trust to accurately record the start and end times of each patient's wait in A&E, in accordance with the detailed requirements of set out in national guidance.

Our procedures included testing a risk based sample of 20 items and so the error rates identified from that sample should not be directly extrapolated to the population as a whole.

In respect of the start time, we found that:

- for 10% of items in our sample of patients' records tested, the start of the wait time was not accurately recorded; and
- for 10% of items in our sample of patients' records tested, we were unable to obtain sufficient supporting evidence necessary to test the start time of the wait.

In respect of the end time, we found that:

- for 40% of items in our sample of patients' records tested, the end time was not consistent with other Trust records; and
- for 10% of items in our sample of patients' records tested, we were unable to obtain sufficient supporting evidence necessary to test the start time of the wait

As a result of the issues identified, we have concluded in respect of the percentage of patients with a total time in A&E of four hours or less from arrival to admission, transfer or discharge indicator that there are errors in its calculation for the year ended 31 March 2017. We are unable to quantify the effect of these errors on the reported indicator.

### Qualified conclusion

Based on the results of our procedures, except for the effects of matters described in the 'Basis for qualified conclusion' section above, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2017:

- the quality report is not prepared in all material respects in line with the criteria set out in the 'NHS foundation trust annual reporting manual' and supporting guidance;
- the quality report is not consistent in all material respects with the sources specified in 2.1 of the NHS Improvement 2016/17 Detailed guidance for external assurance on quality reports; and
- the indicators in the quality report subject to limited assurance have not been reasonably stated in all material respects in accordance with the 'NHS foundation trust annual reporting manual' and supporting guidance.



**Deloitte LLP**  
Chartered Accountants  
St Albans  
26 May 2017

## Appendix 1 Constituencies and Governors 2016-17

			Term of Office		
	Constituency	No	Governors	From	To
PUBLIC (ELECTED)	<b>A</b> Bletchley & Fenny Stratford, Denbigh, Eaton Manor & Whaddon	2	Peter Skingley Alan Hastings	2 Sept 2016 3 June 2015	1 Sept 2019 2 June 2018
	<b>B</b> Emerson Valley, Furzton, Loughton Park	2	Brian Hobbs Douglas Campbell OBE	17 Aug 2010 19 Mar 2015	25 Jan 2017 18 Mar 2018
	<b>C</b> Linford South, Bradwell, Campbell Park	2	Arthur Georgestone Philip Gerrella	27 Oct 2014 14 Mar 2017	26 Oct 2017 13 Mar 2020
	<b>D</b> Hanslope Park, Olney, Sherington, Newport Pagnell	2	Liz Wogan Alan Hancock	12 May 2009 1st Mar 2016	11 May 2018 28 Feb 2019
	<b>E</b> Walton Park, Danesborough, Middleton, Woughton	2	Lesley Bell Clare Hill	1 Oct 2007 14 Mar 2017	16 Feb 2017 13 Mar 2020
	<b>F</b> Stantonbury, Stony Stratford, Wolverton	2	Carolyn Peirson Robert Johnson-Taylor	10 Nov 2015 14 Mar 2017	9 Nov 2018 13 Mar 2020
	<b>G</b> Outer catchment area	2	Paul Griffiths Jean Button	2 Sept 2016 21 Mar 2012	1 Sept 2019 6 Feb 2018
	<b>H</b> Extended area	1	Sid Nandi-Purkayastha	14 Mar 2017	13 Mar 2020
	<b>I</b> Doctors and Dentists	1	John Ekpa	14 Mar 2017	13 Mar 2020
	<b>J</b> Nurses and Midwives	2	Kim Weston Vacant	1 Oct 2007	1 Sept 2019
STAFF (ELECTED)	<b>K</b> Scientists, technicians and allied health professionals	1	Keith Marfleet Lesley Sutton	11 Oct 2012 11 Oct 2012	10 Oct 2018 10 Oct 2018
	<b>L</b> Non-clinical staff groups e.g. admin & clerical, estates, finance, HR, management	3	Mark Lombardo Laura Davidson	2 Sept 2016 1 Mar 2016	1 Sept 2019 28 Feb 2019
	<b>N</b> Milton Keynes Business Leaders	1	Rohit Shah	3 May 2016	2 May 2019
	<b>O</b> Healthwatch MK	1	Hilda Kirkwood	April 2014	April 2018
APPOINTED	<b>P</b> Community Action:MK	1	Vacant		
	Milton Keynes Council	1	Andrew Buckley	Aug 2016	Aug 2019
	Clinical Commissioning Group	1	Matt Webb	July 2014	July 2018
	Clinical Commissioning Group	1	Jill Wilkinson	July 2014	July 2018
	Youth Cabinet	1	Ijeoma Ogbuju	2015	2018

## Appendix 2 Attendance at Board, Sub Committees and Council of Governors

	12 May 2016	12 July 2016	4 October 2016	15 November 2016	25 January 2017	21 March 2017	All Meetings	NED appointments Committee
Abbas, Dawar	√	X	N/A	N/A	N/A	N/A	1	
Bell, Lesley	X	√	√	√	X	N/A	3	
Bartlett, Liz	√	√	N/A	N/A	N/A	N/A	2	
Buckley, Andrew	N/A	N/A	√	√	√	√	4	3
Button, Jean	√	X	√	√	√	√	7	
Campbell, Douglas	√	√	X	√	√	X	5	
Davison, Laura	√	X	√	√	X	√	4	
Ekpa, John	N/A	N/A	N/A	N/A	N/A	√	1	
Georgestone, Arthur	√	√	X	X	X	√	3	
Gerrella, Philip	N/A	N/A	N/A	N/A	N/A	X	0	
Griffiths, Paul	N/A	N/A	√	√	√	√	4	
Hancock, Alan	√	√	√	√	√	√	6	
Hastings, Alan	√	√	√	√	√	√	6	3
Hill, Clare	X	√	√	√	√	√	5	
Hobbs, Brian	√	√	X	√	√	N/A	4	1
Johnson-Taylor, Robert	N/A	N/A	N/A	N/A	N/A	√	1	
Kirkwood, Hilda	X	√	X	√	√	√	4	
Leiu, Vincent	√	√	N/A	N/A	N/A	N/A	2	
Lewis, Debbie	N/A	N/A	√	X	N/A	N/A	1	
Lombardo, Mark	N/A	N/A	√	√	X	X	2	
Marfleet, Keith	√	X	X	X	X	X	1	
Marland, Peter	X	N/A	N/A	N/A	N/A	N/A	0	
Nandi-purkayastha, Siddhartha	N/A	N/A	N/A	N/A	N/A	√	1	
Ogbuju, Ijeoma	X	√	X	√	X	X	3	
Peirson, Carolyn	√	√	√	X	√	X	4	
Phillips, Chris	√	√	X	√	√	N/A	4	
Pritchard, Eszter	√	X	X	N/A	N/A	N/A	1	
Rutter, Adrienne	√	N/A	N/A	N/A	N/A	N/A	1	
Shah, Rohit	X	X	X	X	X	X	0	
Sutton, Lesley	X	X	√	√	√	√	4	
Skingley, Peter	N/A	N/A	√	√	√	√	4	2
Watson Yarngo, Alexia	X	N/A	N/A	N/A	N/A	N/A	1	
Webb, Matthew	X	X	X	X	X	X	0	
Weston, Kim	√	√	√	√	√	√	6	
Wilkinson, Jill	√	X	√	X	√	√	4	
Wogan, Liz	√	√	√	√	√	√	6	3

## Appendix 3 Glossary

<b>A &amp; E</b>	<b>Accident &amp; Emergency</b>	Hospital department specialising in the acute care of patients who arrive without a prior appointment
<b>AHP</b>	<b>Allied Healthcare Professional</b>	Generic term for professionals other than doctors and nurses who treat patients, therapists, physios, dieticians etc
<b>ALOS</b>	<b>Average Length of Stay</b>	The average amount of time patients stay in hospital
<b>Amber</b>	<b>Amber</b>	Projects will be assessed as having an overall risk rating of amber where it is considered that the project is not delivering to plan in respect of progress and/or impact, however, appropriate action is planned and/or is underway.
<b>AO</b>	<b>Accountable Officer</b>	A person responsible to report or explain their performance in a given area.
<b>APR</b>	<b>Annual Plan Return</b>	Submission of the annual plan to the regulator
<b>BAF</b>	<b>Board Assurance Framework</b>	Board document to assure the board that risks to strategic priorities are being managed
<b>BGAF</b>	<b>Board Governance Assurance Framework</b>	Sets out the list of risks to the organisation and how they are being mitigated against
<b>BoD</b>	<b>Board of Directors</b>	Executive directors and non executive directors who have collective responsibility for leading and directing the foundation trust
<b>Caldicott Guardian</b>	<b>Caldicott Guardian</b>	Chief clinician who is held responsible for clinical record keeping (from caldicott enquiry outcomes)
<b>CAMHS</b>	<b>Children and Adolescent Mental Health Services</b>	Specialise in providing help and treatment for children and young people with emotional, behavioural and mental health difficulties
<b>CBA</b>	<b>Cost Benefit Analysis</b>	A process for calculating and comparing the costs and benefits of a project.
<b>CCG</b>	<b>Clinical Commissioning Group</b>	Replaced primary care trust. Led by local gps to commission services
<b>CDiff</b>	<b>Clostridium difficile</b>	A bacterial infection that most commonly affects people staying in hospital
<b>CDU</b>	<b>Clinical Decisions Unit</b>	
<b>CE/CEO</b>	<b>Chief Executive Officer</b>	Leads the day to day management of the foundation trust
<b>CF</b>	<b>Cash Flow</b>	The money moving in and out of an organisation
<b>CGF</b>	<b>Clinical Governance Facilitator</b>	Co-ordinates senior leadership team (doctor, nurse and manager) in new csus (replace hcfs).
<b>CIP</b>	<b>Cost Improvement Programme</b>	Also known as transformation programme
<b>CIG</b>	<b>Clinical Improvement Group</b>	
<b>CoA</b>	<b>Chart of Accounts</b>	A list defining the classes of items against which money can be spent or received.
<b>Code Victor</b>	<b>Code Victor</b>	Major emergency alert

<b>CoG</b>	<b>Council of Governors</b>	The governing body that holds the non-executive directors on the board to account for the performance of the board in managing the trust, and represents the interests of members and of the public
<b>Common Front Door</b>	<b>Common Front Door</b>	Area where urgent care and a & e services can be co located
<b>CoP</b>	<b>Code of Practice</b>	A set of regulations
<b>CPD</b>	<b>Continuing Professional Development</b>	Continued learning to help professionals maintain their skills and knowledge
<b>CQC</b>	<b>Care Quality Commission</b>	Regulator for clinical excellence
<b>CQUIN</b>	<b>Clinical Quality Incentive Scheme</b>	The cquin payment framework makes a proportion of providers' income conditional on quality and innovation.
<b>CSU</b>	<b>Clinical Service Units</b>	Business units in mk hospital
<b>CTG</b>	<b>Cardiotocography</b>	A technical means of recording the fetus fetal pulse heartbeat
<b>Datix</b>	<b>Datix</b>	Risk management system
<b>DD</b>	<b>Due Diligence</b>	Is the term used to describe the performance of an investigation of a business or person
<b>DGH</b>	<b>District general hospital</b>	
<b>DH/DoH</b>	<b>Department of Health</b>	The ministerial department which leads, shapes and funds health and care in england
<b>DIPC</b>	<b>Director of Infection Prevention Control</b>	
<b>DNA</b>	<b>Did not Attend</b>	A patient who missed an appointment
<b>DOC</b>	<b>Doctor on call</b>	
<b>DOCC</b>	<b>Department of Critical Care</b>	
<b>DoF</b>	<b>Director of Finance</b>	The board member leading on finance issues in the trust; an executive director
<b>DOSA</b>	<b>Day of Surgery Admission</b>	When patients are admitted on the day of their surgery rather than the day before
<b>DPA</b>	<b>Data Protection Act</b>	The law controlling how personal information is used
<b>DTOCs</b>	<b>Delayed Transfer of Care</b>	Patients who are medically fit but have not been discharged
<b>Dr Foster</b>	<b>Dr Foster</b>	Benchmarking tool to assess relative performance
<b>Duty of Candour</b>	<b>Duty of Candour</b>	Consultation on including a contractual requirement for health providers to report and respond to incidents, apologise for errors etc
<b>ED</b>	<b>Executive Directors' (meeting)</b>	Semi-formal meeting of executive directors on monday morning and thursday afternoon
<b>EDD</b>	<b>Expected Delivery Dates</b>	
<b>EHR</b>	<b>Electronic Health Record</b>	Health information about a patient collected in digital format which can theoretically be shared across different healthcare settings

ENP	<b>Emergency Nurse Practitioner</b>	Specialist a&e nurse
EOC	<b>Exec on Call</b>	
EPR	<b>Electronic Patient record</b>	
ESR	<b>Employee Staff Record system</b>	Hr system in use
FOI	<b>Freedom of Information</b>	The right to ask any public sector organisation for the recorded information they have on any subject
Formulary	<b>Formulary</b>	Approved nhs list of prescribed drugs
FP10		Forms used to prescribe drugs to outpatients that they can pick up at the hospital pharmacy, rather than having to pay themselves
Francis Report	<b>Francis Report</b>	Report into mid staffs hospital
FT	<b>Foundation Trust</b>	A part of the nhs in england that provides healthcare to patients/service users and has earned a degree of operational and financial independence
FTE	<b>Full Time Equivalent</b>	A measurement of an employees workload against that of someone employees full time e.G. 0.5 Fte would be someone who worked half the full time hours.
FTGA	<b>Foundation Trust Governors' Association</b>	National membership association for governors of nhs foundation trusts
FTN	<b>Foundation Trust Network</b>	The membership organisation and trade association for the nhs acute hospitals and community, mental health and ambulance services that treat patients and service users in the nhs
FY	<b>Financial Year</b>	The year used for accounting purposes, in the uk from 6 april to 5 april
GMC	<b>General Medical Council</b>	The independent regulator for doctors in the uk
GI	<b>Gastrointestinal</b>	
GMS	<b>General Medical Services</b>	
GP	<b>General Practitioner</b>	Doctor who provides family health services in a local community
Green	<b>Green</b>	Projects will be assessed as having an overall risk rating of green where it is considered that the project is delivering to plan in respect of progress and/or impact.
GUM	<b>Genito-unitary medicine</b>	For sexually transmitted diseases/infections
HCA	<b>Healthcare Assistant</b>	Staff working within a hospital or community setting under the guidance of a qualified healthcare professional
HCAI	<b>Healthcare Associated Infection</b>	These are infections that are acquired in hospitals or as a result of healthcare interventions; mrsa and clostridium difficile are both classed as hcails
Healthwatch		Local independent health and social care critical friend
HEE	<b>Health Education England</b>	The nhs body responsible for the education, training and personal development of staff
HR	<b>Human Resources</b>	The department which looks after the workforce of an organisation e.G. Pay, recruitment, dismissal

HSCA	<b>Health and Social Care Act 2012</b>	An act of parliament providing the most extensive reorganisation of the nhs since it was established, including extending the roles and responsibilities of governors
HSDU	<b>Hospital Sterile Decontamination Unit</b>	Part of clinical support services csu
HSMR	<b>Hospital Standardised Mortality Rate</b>	Number of deaths which is compared with other trusts
HWB/HWBB	<b>Health and Wellbeing Board</b>	A local forum to bring together partners from across the nhs, local government, the third sector and the independent sector
IBP	<b>Integrated Business Plan</b>	A strategy for connecting the planning functions of each department in a trust to align operations and strategy with financial performance
ICU	<b>Intensive Care Unit</b>	Specialist unit for patients with severe and life threatening illnesses
Intrapartum		During childbirth (as opposed to pre-natal and post-natal)
IBP	<b>Integrated Business Planning</b>	
IG	<b>Information Governance</b>	
IP	<b>Inpatient</b>	A patient who is hospitalised for more than 24 hours
IT	<b>Information Technology</b>	The study or use of systems(especially computers and telecommunications) for storing, retrieving and sending information
Keogh Reviews	<b>Keogh Reviews</b>	Reviews of hospitals led by sir bruce keogh, originally targeted hospitals with high mortality rates.
Kings Fund	<b>Kings Fund</b>	Independent charity working to improve health and care in england
KPIs	<b>Key Performance Indicators</b>	Indicators that help an organisation define and measure progress towards a goal
LD	<b>Learning Disabilities</b>	A disability which affects the way a person understands information and how they communicate
LETB	<b>Local Education and Training Board</b>	These are the local arms of health education england, now called by their region rather than letb - e.g, training and workforce issues
LHE	<b>Local Health Economy</b>	The supply and demand of health care resources in a given area and the effect of health services on a population
LOS	<b>Length of Stay</b>	A term commonly used to measure the duration of a single episode of hospitalisation
MDP	<b>Maternity Development Plan</b>	
MHA	<b>Mental Health Act</b>	The law in england and wales that allows people with a 'mental disorder' to be admitted to hospital , detained and treated without their consent - either for their own health and safety, or for the protection of other people
MI	<b>Major Incident</b>	A major incident affects, or can potentially affect, hundreds or thousands of people and can cause a significant amount of casualties e.G. Closure of a major facility due to fire, or persistent disruption of services over several weeks/months
MIU	<b>Minor Injuries Unit</b>	Somewhere you can go to be treated for an injury that's not serious instead of going to a & e, e.G. For sprains, burns, broken bones

<b>MKUHFT</b>	<b>Milton Keynes University Hospital Foundation Trust</b>	Abbreviation of Milton Keynes University Hospital NHS Foundation Trust
<b>MKUCS</b>	<b>Milton Keynes Urgent Care Centre</b>	Consortium with GPs (40% owned by trust) based in the hospital to alleviate A&E
<b>MOC</b>	<b>Manager on call</b>	
<b>Monitor</b>	<b>Monitor</b>	Regulatory body 'independent' organisation to monitor foundation trusts
<b>Morbidity</b>	<b>Morbidity</b>	The proportion of sickness or of a specific disease in a geographical locality.
<b>Mortality</b>	<b>Mortality</b>	The relative frequency of deaths in a specific population; death rate.
<b>MoU</b>	<b>Memorandum of Understanding</b>	
<b>MRI</b>	<b>Magnetic Resonance Imaging</b>	A medical imaging technique
<b>MRSA</b>	<b>Methicillin-Resistant Staphylococcus Aureus</b>	A bacterium responsible for several difficult-to-treat infections in humans
<b>MSA</b>	<b>Mixed Sex Accommodation</b>	Wards with beds for both male and female patients
<b>MUST</b>	<b>Malnutrition Universal Screening Tool</b>	MUST is a five-step screening tool to identify adults, who are malnourished, at risk of malnutrition (under nutrition), or obese. It also includes management guidelines which can be used to develop a care plan. It is for use in hospitals, community and other care settings and can be used by all care workers.
<b>NE</b>	<b>Never Event</b>	
<b>NED</b>	<b>Non Executive Director</b>	
<b>NHS</b>	<b>National Health Service</b>	Publicly funded healthcare system with the UK
<b>NHS Direct</b>	<b>NHS Direct</b>	24-Hour telephone helpline and website providing confidential information on health conditions local healthcare services, self help and support organisations
<b>NICU</b>	<b>Neonatal Intensive Care Unit</b>	
<b>NHSLA</b>	<b>NHS Litigation Authority</b>	Manages clinical negligence scheme for trusts
<b>NHSTDA</b>	<b>NHS Trust Development Authority</b>	Provide governance and accountability for NHS trusts in England and delivery of the foundation trust pipeline
<b>NICE</b>	<b>National Institute for Health and Care Excellence</b>	Provides national guidance and advice to improve health and social care
<b>NMC</b>	<b>Nursing and Midwifery Council</b>	Nursing and midwifery regulator for England, Wales, Scotland, Northern Ireland and the Islands

<b>NPSA</b>	<b>National Patient Safety Agency</b>	
<b>NRLS</b>	<b>National Reporting and Learning System</b>	Database for recording patient safety incidents (held by NPSA)
<b>NSFs</b>	<b>National Service Frameworks</b>	Set clear quality requirements for care
<b>OP</b>	<b>Outpatients</b>	A patient who is not hospitalised for 24 hours or more but who visits a hospital, clinic, or associated facility for diagnosis or treatment
<b>OSCs</b>	<b>Overview and Scrutiny Committees</b>	Established in local authorities by the Local Government Act 2000 to develop and review policy and make recommendations to the council
<b>PA</b>	<b>Programmed Activities</b>	4 Hour blocks that are used to make up a consultant's contract.
<b>PALS</b>	<b>Patient advice and liaison service</b>	You can talk to PALS who provide confidential advice and support to patients, families and their carers, and can provide information on the NHS and health related matters.
<b>PbR</b>	<b>Payment by Results or 'tariff'</b>	A way of paying for services that gives a unit price to a procedure
<b>PDR</b>	<b>Personal Development Review</b>	Appraisal system
<b>PFI</b>	<b>Private Finance Initiative</b>	A scheme where private finance is sought to supply public sector services over a period of up to 60 years
<b>PLACE</b>	<b>Patient-Led Assessments of the Care Environment</b>	Local people go into hospitals as part of teams to assess how the environment supports patient's privacy and dignity, food cleanliness and general building maintenance
<b>POA</b>	<b>Pre-operation assessment</b>	
<b>PPI</b>	<b>Patient and Public Involvement</b>	Mechanisms that ensure that members of the community - whether they are service users, patients or those who live nearby - are at the centre of the delivery of health and social care services
<b>PROM</b>	<b>Patient Reported Outcome Measures</b>	
<b>Productive Ward</b>		Initiative to streamline operation of wards - included in maternity development plan, due to be rolled out across the hospital
<b>PTS</b>	<b>Patient Transport Services</b>	Free transport to and from hospital for non-emergency patients who have a medical need
<b>QA</b>	<b>Quality Assurance</b>	Monitoring and checking outputs and feeding back to improve the process and prevent errors
<b>QGAF</b>	<b>Quality Governance Assurance Framework</b>	Assess the combination of structures and processes in place, both at and below board level, which enable a trust board to assure the quality of care it provides
<b>QIPP</b>	<b>Quality, Innovation, Productivity and Prevention</b>	12 Work streams to improve the quality of care they deliver while making efficiency savings that can be reinvested in the service to deliver year on year quality improvements.
<b>Quality Accounts</b>	<b>Quality Accounts</b>	An annual report to the public from providers of NHS healthcare services about the quality of their services

<b>RAG</b>	<b>Red, Amber, Green classifications</b>	A system of performance measurement indicating whether something is on or better than target (green), below target but within an acceptable tolerance level (amber), or below target and below an acceptable tolerance level (red)
<b>RCA</b>	<b>Root cause analysis</b>	
<b>RCGP</b>	<b>Royal College of General Practitioners</b>	Professional membership body for gp's
<b>RCP</b>	<b>Royal College of Physicians</b>	Professional membership body for doctors
<b>RCS</b>	<b>Royal College of Surgeons</b>	Professional membership organization representing surgeons
<b>R&amp;D</b>	<b>Research &amp; Development</b>	Developing new products or processes to improve and expand
<b>Red</b>	<b>Red</b>	Projects will be assessed as have an overall risk rating of red where it is considered that the project is not being delivered as planned in respect of progress and/or impact.
<b>RGN</b>	<b>Registered General Nurse</b>	A nurse who is fully qualified and is registered with the nursing and midwifery council as fit to practice
<b>RTT</b>	<b>Referral to treatment</b>	Used as part of the 18 week indicator
<b>Rule 43</b>	<b>Rule 43</b>	Issued by coroners to organisations. Must be responded to within 56 days. Lord chancellor's office keep a record of all rule 43s issued
<b>SFI</b>	<b>Standing Financial Instructions</b>	Found on the intranet under 'trust policies'
<b>SHMI</b>	<b>Summary Hospital Level Mortality Indicator</b>	Reports mortality at trust level across the nhs in england using standard and transparent methodology
<b>SI</b>	<b>Serious incident</b>	A serious incident requiring investigation is defined as an incident that occurred in relation to nhs-funded services and care
<b>SID</b>	<b>Senior Independent Director</b>	A non executive director who sits on the board and plays a key role in supporting the chair; the sid carries out the annual appraisal of the chair, and is available to governors as a source of advice and guidance in circumstances where it would not be appropriate to involve the chair
<b>SIRG</b>	<b>Serious incident Review Group</b>	To review serious incidents and identify learning points
<b>SLM</b>	<b>Service Line Management</b>	A framework for the delivery of clinical services
<b>SLA</b>	<b>Service Level Agreement</b>	An agreement between two or more parties
<b>SLR</b>	<b>Service Line Reporting</b>	A reporting system which by comparing income against expenditure gives a statement of profitability at service line level
<b>SRR</b>	<b>Significant risk register</b>	Risks scored 15 and over
<b>SSA</b>	<b>Same sex accommodation</b>	
<b>T&amp;C</b>	<b>Terms and conditions</b>	Set the rights and obligations of the contracting parties, when a contract is awarded or entered into

<b>TDA</b>	<b>Trust Development Authority</b>	Regulator for non foundation trusts
<b>T&amp;O</b>	<b>Trauma &amp; Orthopaedics</b>	
<b>TRR</b>	<b>Trust risk register</b>	
<b>TTO</b>	<b>To Take Out</b>	Medicines given to discharging patients
<b>VTE</b>	<b>Venous thromboembolism</b>	Blood clotting, usually caused by inactivity. Should be assessed for routinely to ensure care pathways take into risk
<b>WiC</b>	<b>Walk in Centre</b>	Provided jointly with the hospital and local gps under a commercial arrangement as the urgent care centre
<b>WTE</b>	<b>Whole time employees</b>	Member of staff contracted hours for full time
<b>YTD</b>	<b>Year to Date</b>	A period, starting from the beginning of the current year and continuing up to the present day. The year usually starts on 1st january

Appendix 4  
Annual Accounts 2016 / 17

# Milton Keynes University Hospital NHS Foundation Trust Accounts Year Ended 31 March 2017

Statement of the chief executive's responsibilities as the Accounting Officer of Milton Keynes University Hospital NHS Foundation Trust

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

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

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

- observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual (and the Department of Health Group Accounting Manual) have been followed, and disclose and explain any material departures in the financial statements;
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance; and
- prepare the financial statements on a going concern basis.

The Accounting Officer is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the NHS Foundation Trust and to enable him/her to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS Foundation Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



Joe Harrison  
CHIEF EXECUTIVE

Date: 25th May 2017

# Independent Auditor's Report to the Council of Governors and Board of Directors of Milton Keynes University Hospital NHS Foundation Trust

Opinion on financial statements of Milton Keynes University Hospital NHS Foundation Trust

## In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 March 2017 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with the accounting policies directed by NHS Improvement – Independent Regulator of NHS Foundation Trusts; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

The financial statements that we have audited comprise:

- the Statement of Comprehensive Income;
- the Statement of Cash Flows;
- the Statement of Financial Position;
- the Statement of Changes in Taxpayers' Equity; and
- the related Notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and the accounting policies directed by NHS Improvement – Independent Regulator of NHS Foundation Trusts.

## Emphasis of matter - going concern

We have reviewed the Accounting Officer's statement in Note 1.1 in respect of the Trust's ability to continue as a going concern.

As described in the financial statements there is uncertainty over:

- whether the Trust will receive additional loans of £33m and received an extension to an existing loan of £31m falling due in March 2018 which is required to meet its financial obligations;
- whether the Trust will achieve its efficiency savings plan;
- whether the Trust will receive the assumed amount of Sustainability and Transformation funding; and
- the future form of the Trust following the outcome of work undertaken within the Sustainability and Transformation Plan for the Bedfordshire, Luton and Milton Keynes footprint.

**Whilst we concluded that the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate, these conditions indicate the existence of a material uncertainty which may give rise to significant doubt over the Trust's ability to continue as a going concern. We describe below how the scope of our audit has responded to this risk. Our opinion is not modified in this respect.**

## Certificate

We certify that we have completed the audit of the accounts in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

## Summary of our audit approach

<b>Key Risk</b>	The key risks that we identified in the current year were NHS revenue recognition and going concern.
<b>Materiality</b>	The materiality that we used in the current year was £3.8m which was determined on the basis of revenue.
<b>Scoping</b>	Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work was performed at the Trust's head offices in Milton Keynes directly by the audit engagement team, led by the audit partner.
<b>Significant changes in our approach</b>	Last year our report included two other risks which are not included in our report this year: the valuation of properties (as there have been no material changes to the estate, relevant market conditions or valuation assumptions) and capital expenditure (due to the reduction in size of the capital programme this year).

## Independence

We are required to comply with the Code of Audit Practice and Financial Reporting Council's Ethical Standards for Auditors, and confirm that we are independent of the Trust and we have fulfilled our other ethical responsibilities in accordance with those standards.

**We confirm that we are independent of the Trust and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.**

## Our assessment of risks of material misstatement

The assessed risks of material misstatement described below is that which had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

## NHS revenue recognition

### Risk description



In 2015/16 we referred to our presumed fraud risk related to revenue recognition as the 'recoverability of NHS receivables'. In 2016/17, we have focused the risk on whether NHS revenue that is unsettled at the year-end (and therefore is a receivable), is valid, accurate and valued appropriately. In 2016/17, this revenue includes new funding from the Trust referred to as Sustainability and Transformation Funding (STF).

As described in Note 1, Accounting Policies and Other Information, there are significant judgements in recognition of revenue from care of NHS patients and in provisioning for disputes with commissioners due to:

- the complexity of the Payment by Results regime, in particular in determining the level of overperformance and Commissioning for Quality and Innovation revenue to recognise;
- the judgemental nature of provisions for disputes, including in respect of outstanding overperformance income for quarters 3 and 4.

Details of the Trust's income, including £187m of Commissioner Requested Services, are shown in Note 2.1 to the financial statements. NHS debtors of £17m are shown in Note 12 to the financial statements.

The majority of the Trust's income comes from one key commissioner, NHS Milton Keynes CCG, increasing the significance of associated judgements.

### How the scope of our audit responded to the risk



We evaluated the design and implementation of controls over recognition of Payment by Results income, with IT specialists performing the testing of the systems controls.

We performed detailed substantive testing on a sample basis of the recoverability of overperformance income and other amounts which remained unsettled at the year end and evaluated the results of the agreement of balances exercise.

We challenged key judgements around specific areas of dispute and actual or potential challenge from commissioners and the rationale for the accounting treatments adopted. In doing so, we considered the historical accuracy of provisions for disputes.

### Key observations



We did not identify any material misstatements through our procedures in respect of this risk, and we considered the estimates made by the Trust to be within an acceptable range.

**Risk description**



Given the uncertainties in respect of the Trust's funding and future form, which are explained above in the Emphasis of matter – going concern and in the Statement of the Accounting Officer on going concern and in Note 1.1, we considered going concern to be a significant risk.

**How the scope of our audit responded to the risk**



We have considered the historical accuracy of the Trust's financial planning through its performance against budget for EBITDA, month end cash position and achievement of planned cost improvements in 2016/17.

We have examined the Trust's cash flow forecasts and evaluated the key assumptions by reference to NHS Improvement guidance, benchmark information for other acute providers and consistency with other plans and relevant documentation.

We held discussions with management to understand the current status of contract negotiations with its commissioners.

We reviewed the annual report and financial statement disclosures made by the Trust in respect of the material uncertainties in respect of going concern.

**Key observations**



We have included an emphasis of matter paragraph above in respect of this matter.

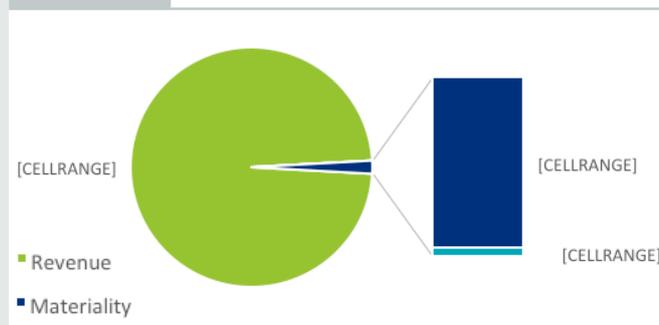
These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<b>Materiality</b>	£3.8m (2016: £3.5m).
<b>Basis for determining materiality</b>	1.8% of revenue (2016: 1.8% of revenue).
<b>Rationale for the benchmark applied</b>	Revenue was chosen as a benchmark as the Trust is a non-profit organisation, and revenue is a key measure of financial performance for users of the financial statements.



We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £190,000 (2016: £175,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

## An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work was performed at the Trust's head offices in Milton Keynes directly by the audit engagement team, led by the audit partner. The audit team included integrated Deloitte specialists bringing specific skills and experience in property valuations and Information Technology systems.

The Trust makes use of NHS Shared Service, a service organisation, for its financial processing activities. We have reviewed reports prepared by the service organisation and performed procedures on information available at the Trust.

## Opinion on other matters prescribed by the National Health Service Act 2006

In our opinion:

- the part of the Directors' Remuneration Report and Staff Report to be audited has been properly prepared in accordance with the National Health Service Act 2006; and
- the information given in the Performance Report and the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

### **Use of resources**

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 conclusion*

The Trust has taken steps during 2016/17 to improve governance arrangements over data quality. Because of the timing of this work, key improvements to arrangements have not operated for all or substantially all of the year.

In our “Limited assurance report on the content of the quality report and mandated performance indicators”, we issued a qualified conclusion because of errors identified which affected the calculation of the 18 week Referral-to-Treatment and Accident and Emergency 4 hour wait performance indicators.

These issues are evidence of weaknesses in proper arrangements for understanding and using appropriate and reliable performance information to support informed decision making and performance management.

The Trust incurred a deficit of £21m for the year ended 31 March 2017 and has a planned deficit of £15m (after charitable grant of £4m) for 2017/18. This planned deficit also includes the requirement to achieve £10 million of cost savings. In order to fund these deficits, the directors received financial support in 2016/17 of £27m from the Department of Health and is seeking financial support in 2017/18 of £19m Interim Revenue Support Loan and £14m Interim Capital Support Loan from the same source as well as the extension of a loan of £31m which is due for repayment in March 2018.

These issues are evidence of weaknesses in proper arrangements for supporting the sustainable delivery of strategic priorities and maintain statutory functions.

#### *Qualified conclusion*

On the basis of our work, having regard to the guidance issued by the C&AG in November 2016, with the exception of the matters reported in the basis for qualified conclusion paragraph, we are satisfied that, in all significant respects, Milton Keynes University Hospital NHS Foundation Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

#### *Annual Governance Statement and compilation of financial statements*

Under the Code of Audit Practice, we are required to report to you if, in our opinion:

- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual, is misleading, or is inconsistent with information of which we are aware from our audit; or
- proper practices have not been observed in the compilation of the financial statements.

We are not required to consider, nor have we considered, whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

#### *Reports in the public interest or to the regulator*

Under the Code of Audit Practice, we are also required to report to you if:

- any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit; or
- any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006 because we have reason to believe that the Trust, or a director or officer of the Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency.

***We have nothing to report in respect of these matters.***

***We have nothing to report in respect of these matters.***

#### *Our duty to read other information in the Annual Report*

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Trust acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

***We confirm that we have not identified any such inconsistencies or misleading statements.***

#### Respective responsibilities of Accounting Officer and auditor

As explained more fully in the Accounting Officer's Responsibilities Statement, the Accounting Officer is 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, the Code of Audit Practice and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

This report is made solely to the Council of Governors and Board of Directors ("the Council and Board") of Milton Keynes University Hospital NHS Foundation Trust, as a body, in accordance with paragraph 4 of Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Boards those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Council and Board as a body, for our audit work, for this report, or for the opinions we have formed.

#### Scope of the audit of the financial statements

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



Jonathan Gooding FCA  
SENIOR STATUTORY AUDITOR

FOR AND ON BEHALF OF DELOITTE LLP  
CHARTERED ACCOUNTANTS AND STATUTORY AUDITOR  
ST ALBANS, UNITED KINGDOM

Date: 26 May 2017

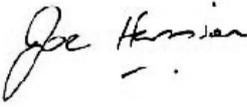


## Foreword To The Accounts

Milton Keynes University Hospital NHS Foundation Trust

Milton Keynes University Hospital NHS Foundation Trust ("the Trust") acts as an acute Hospital for Milton Keynes.

These accounts for the year ended 31 March 2017 have been prepared by Milton Keynes University Hospital NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to the 2006 Act.

A handwritten signature in black ink, reading "Joe Harrison". The signature is written in a cursive style with a horizontal line underneath the name.

Joe Harrison  
CHIEF EXECUTIVE

Date: 25th May 2017

Statement of Comprehensive Income For the Year Ended 31 March 2017

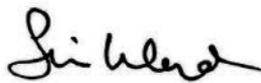
	Note	2016/17 £000	2015/16 £000
Operating Income from patient care activities	2.1-2.5	190,445	176,840
Other operating income	2.2	24,868	14,741
<b>Total operating income from continuing operations</b>		<b>215,313</b>	<b>191,581</b>
Operating expenses	3-6	(232,481)	(219,304)
<b>OPERATING DEFECIT FROM CONTINUING OPERATIONS</b>		<b>(17,168)</b>	<b>(27,723)</b>
<b>FINANCE COSTS</b>			
Finance income	7.1	19	25
Finance expense	7.2	(1,664)	(1,191)
PDC Dividends payable		(2,271)	(2,891)
<b>NET FINANCE COSTS</b>		<b>(3,916)</b>	<b>(4,057)</b>
Loss on disposal of assets		(21)	(272)
<b>(DEFICIT) FOR THE YEAR</b>		<b>(21,105)</b>	<b>(31,780)</b>
<b>Other Comprehensive Income</b>			
<b>Will not be reclassified subsequently to surplus or deficit</b>			
Impairment		(4,974)	(2,069)
Revaluations		10,634	10,207
Other reserve movements		0	(502)
<b>Total other comprehensive income</b>		<b>5,660</b>	<b>7,636</b>
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR</b>		<b>(15,445)</b>	<b>(24,144)</b>

The notes to the accounts are on page 166-189.

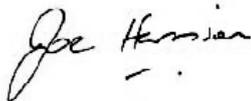
Statement of Financial Position As at 31 March 2017

	Note	31 March 2017 £000	31 March 2016 £000
<b>NON-CURRENT ASSETS</b>			
Intangible assets	8	5,724	5,253
Property, plant and equipment	9	160,382	155,406
Trade and other receivables	12	275	351
<b>TOTAL NON-CURRENT ASSETS</b>		<b>166,381</b>	<b>161,010</b>
<b>CURRENT ASSETS</b>			
Inventories	11	3,044	2,968
Trade and other receivables	12	19,786	11,268
Cash and cash equivalents	13	3,906	2,503
<b>TOTAL CURRENT ASSETS</b>		<b>26,736</b>	<b>16,739</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14.1	(26,224)	(23,683)
Other liabilities	14.2	(1,625)	(1,526)
Borrowings	15	(32,319)	(817)
Provisions	17	(3,087)	(2,042)
<b>TOTAL CURRENT LIABILITIES</b>		<b>(63,255)</b>	<b>(28,068)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>129,862</b>	<b>149,681</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	15	(61,077)	(65,543)
Provisions	17	(893)	(801)
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>(61,970)</b>	<b>(66,344)</b>
<b>TOTAL ASSETS EMPLOYED</b>		<b>67,892</b>	<b>83,337</b>
<b>FINANCED BY</b>			
Public dividend capital		96,157	96,157
Revaluation reserve	18	70,549	64,889
Income and expenditure reserve		(98,814)	(77,709)
<b>TOTAL TAXPAYERS' EQUITY</b>		<b>67,892</b>	<b>83,337</b>

The Financial Statements and notes on pages 162-189 were approved by the Board and authorised for issue on 26 May 2017 and signed on its behalf by:



Simon Lloyd  
CHAIRMAN (INTERIM)



Joe Harrison  
CHIEF EXECUTIVE



Mike Keech  
INTERIM DIRECTOR OF FINANCE

Statement of Changes in Taxpayers' Equity For The Year Ended 31 March 2017

	Public Dividend Capital	Revaluation Reserve	Income & Expenditure Reserve	Total
	£000	£000	£000	£000
<b>TAXPAYERS' EQUITY AT 1 APRIL 2016</b>	<b>96,157</b>	<b>64,890</b>	<b>(77,709)</b>	<b>83,338</b>
Deficit for the year	0	0	(21,105)	(21,105)
Impairments	0	(4,974)	0	(4,974)
Revaluations	0	10,634	0	10,634
<b>TAXPAYERS' EQUITY AT 31 MARCH 2017</b>	<b>96,157</b>	<b>70,550</b>	<b>(98,814)</b>	<b>67,893</b>
<b>TAXPAYERS' EQUITY AT 1 APRIL 2015</b>	<b>96,127</b>	<b>57,253</b>	<b>(45,929)</b>	<b>107,451</b>
(Deficit) for the year	0	0	(31,780)	(31,780)
Impairments	0	(2,069)	0	(2,069)
Revaluations	0	10,207	0	10,207
Public dividend capital received	30	0	0	30
Other reserve movements	0	(502)	0	(502)
<b>TAXPAYERS' EQUITY AT 31 MARCH 2016</b>	<b>96,157</b>	<b>64,889</b>	<b>(77,709)</b>	<b>83,337</b>

Statement of Cash flows For the Year Ended 31 March 2017

	2016 / 2017 £000	2015 / 2016 £000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating (deficit) from continuing operations	(17,168)	(27,451)
<b>OPERATING (DEFICIT)</b>	<b>(17,168)</b>	<b>(27,451)</b>
<b>NON-CASH INCOME AND EXPENSE</b>		
Depreciation and amortisation	8,878	8,886
Impairments and reversals of impairments	242	267
Income recognised in respect of capital donations (cash and non-cash)	(13)	0
(Increase)/Decrease in receivables and other assets	(8,468)	(4,262)
Increase/(Decrease) in inventories	(76)	81
Increase/(Decrease) in payables	2,443	6,863
Increase/(Decrease) in other liabilities	98	1,461
Increase in provisions	1,137	641
Other movements in operating cash flows	(16)	(502)
<b>NET CASH (USED IN) OPERATING ACTIVITIES</b>	<b>(12,943)</b>	<b>(14,016)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	19	25
Purchase of intangible assets	(2,217)	(3,287)
Sale of Intangible Assets	105	0
Purchase of property, plant, equipment	(7,465)	(9,968)
Sale of property, plant & equipment	657	0
Receipt of cash donations to purchase capital assets	13	0
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>	<b>(8,888)</b>	<b>(13,230)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Public dividend capital received	0	30
Loans Repaid to the Department of health	(15,803)	(15,437)
Loans Received from the Department of Health	42,779	48,062
Capital element of finance lease rental payments	(57)	(265)
Interest paid on finance lease liabilities	(335)	(351)
Other interest paid	(1,196)	(794)
PDC dividend paid	(2,154)	(2,760)
<b>NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES</b>	<b>23,234</b>	<b>28,485</b>
<b>INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,403</b>	<b>1,239</b>
<b>CASH AND CASH EQUIVALENTS AT 1 APRIL</b>	<b>2,503</b>	<b>1,264</b>
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	<b>3,906</b>	<b>2,503</b>

# Notes to the Accounts

## 1. Accounting policies and other information

These accounts for the year ended 31 March 2017 have been prepared by the Trust in accordance with the National Health Service Act 2006.

NHS Improvement (NHSI) has directed that the financial statements of NHS Foundation Trusts shall meet the accounting requirements of the Department of Health Group Accounting Manual (DH GAM) which shall be agreed with the Secretary of State. Consequently, the following financial statements have been prepared in accordance with the 2016/17 DH GAM issued by the Department of Health. The accounting policies contained in that manual follow International Financial Reporting Standards (IFRS) and HM Treasury's Financial Reporting Manual (FReM) to the extent that they are meaningful and appropriate to NHS Foundation Trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

### Operating Segments

The Board of Directors are of the opinion that the Trust's operating activities fall under the single heading of "Healthcare" for the purposes of segmental reporting in accordance with International Financial Reporting Standard 8.

### Consolidation

From 1 April 2014, the NHS has had to apply IFRS10, 'Consolidated Financial Statements' in respect of consolidating Charitable Funds. The Trust has reviewed the criteria under IFRS10 and it meets the criteria in respect of having an interest and control of MK Hospital NHS charity and it directly benefits from the activities of the charitable funds. However, it has not consolidated the charitable funds into these accounts because the trust does not consider it to be material. The Charitable fund's income and expenditure represents only 0.2% of the Trusts position so they are not material to the accounts of the Trust.

From the 1 April 2014, the NHS has applied IFRS 11, 'Joint Arrangements' and IFRS12, 'Disclosure of Interests in Other Entities,' however the Trust has decided not to consolidate the Milton Keynes Urgent Care Services into these accounts due to this position not being material to the Trusts accounts. See Note 10.

### Critical Judgements and Key Sources of Estimation Uncertainty

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

### Critical judgements in applying accounting policies:

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

### Valuations of Land and Buildings

The most significant estimate within the accounts is the value of land and buildings. The land and buildings have been valued by the district valuer on a modern equivalent asset basis as at 31 March 2017. Professional valuations are carried out every five years and interim/desk top valuations every year. The next interim valuation is expected to take place March 2018, with a full valuation March 2021. The district valuer is independent of the Trust and is certified by the Royal Institute of Chartered Surveyors. The valuer has extensive knowledge of the physical estate and market factors.

### Key sources of estimation uncertainty

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

### Valuations of Land and Buildings

Valuations do not take into account future potential changes in market value which cannot be predicted with any certainty therefore, between valuations, management reviews the values for any material changes and make judgements about market changes and assesses whether the carrying amount does not differ materially from that which would be expected using fair value at the end of the reporting period. The revaluation carried out in 2016/17 resulted in a total impairment of £5.2m and a revaluation gain of £10.2m resulting in an overall increase in the revaluation reserve of £5.2m, with £0.2m, relating to a new building charged to the income and expenditure reserve.

## 1.1 Basis of accounting – going concern

IAS 1 requires management to undertake an assessment of the NHS Foundation Trust's ability to continue as a going concern. These accounts have been prepared on a going concern basis as there has been no application to the Secretary of State for the dissolution of the NHS Foundation Trust and the Directors currently believe there is a realistic alternative to doing so.

The current economic environment for all NHS Trusts and NHS Foundation Trusts continues to be challenging. The rising costs of delivering services combined with growing demand from population growth mean that NHS organisations need to continue to deliver financial efficiencies to maintain financial performance. Coupled with this, NHS commissioner organisations are also facing increasing financial pressure, requiring them to deliver significant savings in order to manage their budgets.

The Trust has incurred a deficit of £21.1m for the year ended 31 March 2017 (deficit for 2015-16 was £31.8m). While the financial performance of the Trust has improved, the Directors consider that the outlook presents significant challenges in terms of cash-flow for the reasons outlined above and the need to reduce the underlying cost base of the Trust to continuously align capacity and demand.

The Trust has prepared its financial plans and cash flow forecasts on the assumption that adequate funding will be received from Milton Keynes Clinical Commissioning Group ("MKCCG") (contractual income), and through Department of Health (DH) funding facilities. In addition, the Trust has assumed it will receive £7.3m of non-recurrent Sustainability and Transformation funding the payment of which is contingent on the Trust achieving its targeted deficit and its agreed performance trajectories during 2017-18.

The Trust expects this to be sufficient to prevent the Trust from failing to meet its obligations as they fall due, and to continue operating until adequate plans are in place to achieve financial sustainability for the Trust. However, the Directors have identified that there are material uncertainties that cast significant doubt over whether the Trust will continue to exist in its current form, and over its ability to discharge its liabilities in the normal course of business.

Funding for the 2017-18 financial year is through interim revenue/capital support loans. This has the effect of increasing long term liabilities and reducing net assets. The revenue loan facilities have a maturity of 3 years, with no principal being repaid until the end of the term and the capital loan is expected to be repaid over a 15 year period.

The Trust's immediate working capital requirements have been secured. However the Trust has to request on a monthly basis its requirements from the DoH for its Interim Revenue Support Loan. The Trust is looking to have an Interim Revenue support in year of £18.8m and a further £13.7m Interim Capital Support Loan. In addition the Trust has a revenue loan of £31.2m which is due for repayment the end of March 2018 for which it is awaiting confirmation from NHSI that this loan will be rolled forward.

Positive cash balances will be maintained throughout the period through successfully securing commitments to necessary funding from DH and a contract with the lead commissioner MKCCG that gives assurance of income flows.

The significant risks facing the Trust are summarised as follows:

1. The Trust has prepared a cash flow forecast which shows a minimum daily level of headroom of £1m. There is a level of uncertainty over whether the Trust will receive additional interim loans of £18.8m and £13.7m required to meet its financial obligations and the £7.3m Sustainability and Transformational funding as noted above. In addition there is uncertainty around the repayment of the revenue loan of 31.2m which is due for payment in March 2018. The Trust has however developed its financial plan assuming that it will receive this funding and thus continue on a going concern basis.
2. There is uncertainty over whether the Trust will achieve its efficiency savings plan of £10.5m which has been assumed in its financial plan. This is a level of savings which is extremely challenging and must be supported with adequate clinical focus and engagement against agreed and appropriately detailed delivery plans.
3. The future for Milton Keynes University Hospital NHS Foundation Trust is likely to be influenced by the work undertaken within the Sustainability and Transformation Plan (STP) for the Bedfordshire, Luton, Milton Keynes footprint. The STP comprises 16 partner organisations that have a commitment to improve the health and well-being of the local population, whilst delivering services within the available resources. From April 2017, the STP has been selected to become an Accountable Care System. This is a system in which the respective NHS organisations (both commissioners and providers), in partnership with local authorities, choose to take on clear collective responsibility for resources and population health. It is anticipated that they will provide joined up, better coordinated care. In return the organisations expect to have far more control and freedom over the total operations of the health system in Bedfordshire and Milton Keynes area; and work closely with local government and other partners to keep people healthier for longer, and out of hospital.

There are thus material uncertainties which may cast significant doubt as to the Trust's ability to continue as a going concern and therefore may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result if the going concern basis were not appropriate.

## 1.2 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

### 1.3 Income

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the Trust is contracts with commissioners in respect of healthcare services.

Income relating to patient care spells that are part-completed at the year-end is apportioned across the financial years on the basis of the number of occupied beds, applied to the cost per spell or average cost per spell per speciality where the spell cost was not directly available.

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

The Trust receives income under the NHS Injury Cost recovery Scheme. This is designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid for example by an insurer. The Trust recognises the income when it receives notification from the Department of Work and Pensions compensation recovery unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual less a provision for the unsuccessful compensation claims and doubtful debts.

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met and is measured as the sums due under the sale contract.

### 1.4 Expenditure on goods and services

Expenditure on goods and services is recognised when, and to the extent that, the goods or services have been received. It is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of non-current assets such as property, plant and equipment.

### 1.5 Expenditure on employee benefits

#### Short-term employee benefits

Salaries, wages and employment-related payments, including termination benefits, are recognised in the period in which the service is received from employees. Annual leave entitlement is actively encouraged to be taken in the year that it is earned, however there are exceptional circumstances when the annual leave entitlement may be carried forward into the following year. Untaken leave is accrued on an average five days carry forward for medical staff, excluding junior doctors and registrars in training. All other staff are accrued based on annual data collection of untaken hours applied to their hourly rate of pay. The cost of this annual leave entitlement earned but not taken at the end of the financial year is recognised in the financial statements.

### Pension costs-NHS Pension Scheme

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions). Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body, of participating in each scheme, is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

#### Accounting Valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2017, is based on valuation data as 31 March 2016, updated to 31 March 2017 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

#### Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers. The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

## Employer Contributions

The last published actuarial valuation for the NHS Pension Scheme was completed for the year ending 31 March 2012 to set the employer contribution rates payable from April 2015. The Scheme Regulations were changed to allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The next actuarial formal valuation will be carried out as at March 2016 and will be used to inform the employer contribution rates to be used from 1 April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

## Scheme Liabilities

The liabilities of the pension scheme as at 31 March 2016 were £382.0 billion. The national deficit of the scheme was £10.3 billion as per the last scheme valuation by the Government Actuary as at 31 March 2012. The conclusion of the valuation was that the scheme continues to operate on a sound financial basis. Employer contribution rates are reviewed every four years following the scheme valuation, on advice from the actuary. Tiered employer contribution rates were recommended and those applicable from the 1 April 2014 were: a lower limit of 5% and an upper limit of 14.5% of pensionable pay. Employers' pension cost contributions are charged to operating expenses as and when they become due. The expected value of the trusts employer's pension contributions for 2017/18 is £12.9m (£12.6m 2016/17)

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the Trust commits itself to the retirement, regardless of the method of payment.

## Pension costs-NEST Pension Scheme

From the 1 October 2013 the Trust has participated in the Government's Auto Enrolment Pension scheme. It has auto-enrolled those employees who are not eligible for the NHS Pensions scheme into an alternative pension scheme run by National Employers Savings Trust (NEST).

The employer's contributions for all eligible staff are 1% in the first year, rising to 3% by 2018. For employees who are eligible for the NHS Pensions scheme the Trust has a transitional date of 2017 which has been agreed with the Pensions Regulator. The Trust currently has, at the 31 March 2017, 34 employees enrolled into NEST and the employers contributions for the current financial year have been £2k.

## 1.6 Property, Plant and Equipment

### Recognition

Property, Plant and Equipment (PPE) is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to the Trust;
- it is expected to be used for more than one financial year; and
- the cost of the item can be measured reliably and
- the item has a cost of at least £5,000, or
- Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, have broadly simultaneous purchase dates, and are anticipated to have simultaneous disposal dates and are under single managerial control

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

### Measurement

The Trust capitalises assets that individually have a cost of at least £5,000 or form a group of assets which individually have a cost of more than £250 and collectively have a cost of at least £5,000, where the assets are: functionally interdependent; have broadly simultaneous purchase dates; are anticipated to have simultaneous disposal dates and are under single managerial control.

Assets will also be capitalised if they form part of the initial set-up cost of a new building or refurbishment of a ward or unit, irrespective of their individual or collective cost. In accordance with IAS23, borrowing costs directly attributable to the financing of PPE are also capitalised up until all the activities necessary to prepare the asset for its intended use are complete.

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

## Valuation

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

The carrying value of fixtures and equipment are written off over the remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from current value.

Land and buildings are re-valued where a movement in current values is considered to be material. Current values are determined as follows:

- Land and no specialised buildings – modern equivalent asset basis.
- Specialised buildings – depreciated replacement cost.

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

In any event, professional valuations are carried out every five years, together with a three year interim/desk top valuation. Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Standards Manual.

The Trust undertook a desk top asset valuation as at 31 March 2017 which was carried out by a RICS qualified valuer from District Valuer Services (DVS), South East Valuation Office Agency. The DVS is the commercial arm of the Valuation Office Agency, which is an executive agency of HM Revenue & Customs (HMRC). It provides professional property advice across the public sector in England, Wales and Scotland.

DVS valued the underlying land as at 31 March 2017, with regard to prevailing land values in the vicinity of the existing site and in a manner consistent with the Trust's occupational requirements and current land ownership. This increased the value of the land by 14% on previous valuations. Buildings were valued at depreciated replacement cost on a modern equivalent asset basis (no alternative site) for buildings which qualify as a specialised operational property asset which is consistent with IAS16. The DVS gave regard to the RICS Build Cost Indices in consulting with their own surveyor.

Non specialised operational property, including land, is assessed at existing use value whilst non-operational property, including surplus land is valued on the basis of market value. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Until 31 March 2008, plant, machinery, vehicles, furniture and fittings were carried at replacement cost, based on indexation and depreciation of historic cost. New assets are carried at depreciated historic cost, unless this is considered to be materially different from fair value due to significant volatility in asset values.

## Subsequent Expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably.

Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance is charged to the Statement of Comprehensive Income in the period in which it is incurred.

## Depreciation

Items of Property, Plant and Equipment are depreciated over their remaining economic lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification. Assets in the course of construction are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Buildings, dwellings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset based on assessments by the Trust's professional valuers. Leasehold buildings are depreciated over the primary lease term.

Equipment is depreciated on current cost evenly over the following estimated lives:

Asset Category	Estimated life (in years)
Buildings excluding dwellings	8 to 90
Dwellings	40
Plant and Machinery	5 to 20
Transport Equipment	7
Information Technology	2 to 8
Furniture and Fittings	5 to 10
Leased assets	Over the lease term

## Revaluation gains and losses

Revaluation gains are recognised in the revaluation reserve except where, and to the extent that, they reverse a revaluation decrease that has been previously recognised in operating expenses, in which case they are recognised in operating income.

Revaluation losses are charged to the revaluation reserve to the extent there is an available balance for the asset concerned and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

## Impairments

In accordance with the DH GAM, impairments that arise from a clear consumption of economic benefit or service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to the operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised as operating income to the extent that the asset is restored to its carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains. Where impairment arises from a clear consumption of economic value, this is taken in full to operating expenses.

## De-recognition

Assets intended for disposal, are reclassified as 'Held for sale' once all the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sale;
- the sale must be highly probable; i.e.
  - o management are committed to a plan to sell the asset;
  - o an active programme has begun to find a buyer and complete the sale;
  - o the asset is being actively marketed at a reasonable price;
  - o the sale is expected to be completed within 12 months of the date of classification as 'Held for Sale'; and
  - o the actions needed to complete the sale indicate it is unlikely that the sale will be dropped or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not re-valued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'Held for Sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

## 1.7 Intangible assets

### Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of being sold separately from the rest of the Trust's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential will be provided, to the Trust where the cost of the asset can be measured reliably.

### Internally Generated

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets. Expenditure on research is not capitalised and is recognised as an operating expense in the period that it is incurred.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
- the trust intends to complete the asset and sell or use it;
- the trust has the liability to sell or use the asset;
- how the intangible asset will generate probable future economic or service delivery benefits, e.g. the presence of a market for its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the trust to complete the development and sell or use the asset; and
- the trust can measure reliably the expenses attributable to the asset during development

### Software

Software that is integral to the operating of hardware, for example, an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset.

### Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently, intangible assets are measured at fair value by reference to an active market, or where no active market exists, at amortised replacement cost (modern equivalent asset basis), indexed for relevant price increases is a proxy for fair value. Revaluations gains and losses and impairments are treated in the same manner as for Property, Plant and Equipment. Intangible assets held for sale are measured at the lower of their carrying amount or 'fair value less costs to sell'.

### Amortisation

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits over the following estimated lives:

Asset Category	Estimated life (in years)
Purchased computer software	2 to 8
Purchased Licenses & Trademarks	2 to 8
Internally generated IT	2 to 8

## 1.8 Donated, government grant and other grant funded assets

Government grants are grants from Government bodies other than income from CCG's or NHS Trusts for the provision of services. Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

## 1.9 Inventories

Inventories comprise mainly of drugs and consumable medical products which are held at the lower of cost or net realisable value. The cost formula is determined by using the latest cost price from suppliers. Due to the high turnover of inventories and the low value held, the Trust considers this method to be an appropriate basis of measurement. Net realisable value is the estimated selling price less estimated costs to achieve a sale.

## 1.10 Financial instruments and financial liabilities

### Recognition

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered into, in accordance with the trust's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs, i.e. when receipt or delivery of the goods or services is made.

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described in note 1.12.

Regular way purchases or sales are recognised and de-recognised, as applicable, using the settlement date.

All other financial assets and liabilities are recognised when the trust becomes a party to the contractual provisions of the instrument.

Financial assets are recognised on the Statement of Financial Position when the Trust becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered.

Financial liabilities are recognised on the Statement of Financial Position when the Trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received.

### De-recognition

All financial assets are de-recognised when the rights to receive cash flows from the assets have expired or the Trust has transferred substantially all of the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligations are discharged, cancelled or expire.

### Classification and measurement

Financial assets are categorised as "fair value through income and expenditure", loans and receivables or "available-for-sale financial assets"

Financial liabilities are classified as "fair value through income and expenditure" or as "other financial liabilities"

### **Financial assets and financial liabilities at “fair value through income and expenditure”**

Financial assets and financial liabilities at “fair value through income and expenditure” are financial assets or financial liabilities held for trading. A financial asset or liability is classified in this category of acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges.

Derivatives which are embedded in other contracts but which are not “closely-related” to those contracts are separated-out from those contracts and measured in this category. Assets and liabilities in this category are classified as current assets and current liabilities.

These financial assets and financial liabilities are recognised initially at fair value, with transaction costs expensed in the income and expenditure account. Subsequent movements in the fair value are recognised as gains or losses in the Statement of Comprehensive Income

The Trust has the following categories of financial assets:

- Loans and receivables

#### **Loans and receivables**

The classification depends on the nature and purpose of the financial asset which is determined at the time of initial recognition. Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market and are included in current assets. The Trust’s loans and receivables comprise of cash and cash equivalents, trade and other receivables, accrued income and prepayments.

Loans and receivables are recognised initially at fair value, net of transaction costs and are measured subsequently at amortised costs using the effective interest method. The effective interest rate is the rate that discounts exactly the estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Comprehensive Income.

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets which are either designated in this category or not classified in any of the other categories. They are included in long-term assets unless the trust intends to dispose of them within the 12months of the Statement of Financial Position date.

Available-for-sale financial assets are recognised initially at fair value, including transaction costs, and measured subsequently at fair value, with gains or losses recognised in reserves and reported in the Statement of Comprehensive Income as an item of “other comprehensive income”. When items classified as “available-for-sale” are sold or impaired, the accumulated fair value adjustments are transferred from reserves and recognised in “finance costs” in the Statement of Comprehensive Income.

### **Other Finance Liabilities**

All other financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised costs using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

They are included in current liabilities except for amounts payable more than 12 months after the statement of financial position date, which are classified as non-current liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to Finance Costs. Interest on financial liabilities taken on finance property, plant and equipment or intangible assets is not capitalised as part of the cost of those assets.

The Trust’s other financial liabilities comprise of DoH Loans, trade and other payables, accruals and provisions.

#### **Determination of fair value**

For financial assets and financial liabilities carried at fair value, the carrying amounts are determined from quoted market prices.

#### **Impairment of financial assets**

At the Statement of Financial Position date, the Trust assesses whether any financial assets, other than those held at “fair value through income and expenditure” are impaired. Financial assets are impaired and impairment losses recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortisation cost, the amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value if the revised future cash flows discounted at the asset’s original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced through the use of a bad debt provision.

If in a subsequent period, the amount of the impairment loss decreased and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed

through the Statement of Comprehensive Income. This is to the extent that the carrying amount of the receivable, at the date of the impairment, is reversed does not exceed the amortised cost had the impairment not been recognised.

## 1.11 Financial Risks

### Liquidity Risk

The Trust's net operating costs are mainly incurred under legally binding contracts with local CCG's, which are financed from resources voted annually by Parliament. Under Payment by Results the Trust is paid for activity on the basis on nationally set tariffs. For contracted activity the Trust is paid in 12 monthly instalments through the year which has in the latter part of the year included monthly payments for activity over contracted levels. This has reduced the liquidity risk. However the fact that the Trust does not have a working capital facility due to its current risk rating increases the Trusts liquidity risk. In addition the Trust recognises the issues around Going Concern which are outlined in note 1.1.

### Interest-rate risk

All of the Trusts financial liabilities carry nil or fixed rates of interest, the Trust is not therefore exposed to significant interest rate risk.

### Foreign currency risk

The Trust has no foreign currency income and negligible foreign currency expenditure.

### Credit risk

The Trust operates primarily within the NHS Market and receives the majority of its income from other NHS organisations. There is therefore little risk that one party will fail to discharge its obligation with the other. Disputes can arise, however, around how the amounts owed are calculated, particularly due to the complex nature of the Payment by Results regime. The Trust does not hold any collateral as security.

## 1.12 Leases

### Finance Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

The asset and liability are recognised at the commencement of the lease, thereafter the asset is accounted for as an item of property, plant and equipment and the lease liability is de-recognised when the liability is discharged, cancelled or expires. The annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability and is charged to Finance Costs in the Statement of Comprehensive Income. Leases are assessed using IAS17 as a basis for qualitative and quantitative assessment.

### Operating Leases

Other leases are regarded as operating leases and the rentals are charged to the operating expenses on a straight-line basis over the term of the lease. Operating lease incentives are added to the lease rentals and charged to the operating expenses over the life of the lease.

### Leases of land and buildings

Where a lease is for land and buildings, the land component is separated from the building component if it is considered to be material and the classification for each is assessed separately.

## 1.13 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount at the statement of financial position date, for which it is probable that there will be a future outflow of cash or other resources and a reliable estimate of the expenditure can be made. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk adjusted cash flows are discounted using HM Treasury's discount rate. The rate for salary related provisions ie injury benefit provisions is 0.24% and long term provisions is -0.80% in real terms is applied.

### Clinical Negligence

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution to the NHSLA, which in return, settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the trust is disclosed at note 17 but is not recognised in the Trust's accounts.

### Non-Clinical Negligence

The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to the NHSLA and in return receives assistance with the costs of claims arising. The annual membership contributions and any 'excesses' payable in respect of particular claims are charged to operating expenses when the liability arises.

## 1.14 Contingencies

### Recognition

Contingent assets are assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control. They are not recognised as assets but are disclosed in note 20 unless the probability of a transfer of economic benefit is remote.

Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

## 1.15 Public Dividend Capital

Public Dividend Capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the original NHS Trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

A charge, reflecting the forecast cost of capital utilised by the Trust, is paid over as Public Dividend Capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated assets, (ii) average daily cash held with Government Banking Service excluding cash balances held in GBS account that relate to a short-term working capital facility and any (iii) PDC dividend balance receivable or payable.

The relevant net assets are adjusted for any liabilities or assets which the trust has as at the end of the accounting year, but may only have held for a short period close to the end of the accounting year.

In accordance with the requirements laid down by the Department of Health (DoH) as issuer of PDC, the dividend for the year is calculated on the actual average relevant net assets as set out in the pre-audit version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result of the audit of the annual accounts.

## 1.16 Value Added Tax

Most of the activities of the Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

## 1.17 Corporation Tax

The Trust does not foresee that it will have any material commercial activities on which a corporation tax liability will arise under the guidance issued by HM Revenue and Customs.

## 1.18 Foreign Exchange

The functional and presentational currencies of the Trust are sterling. A transaction which is denominated in a foreign currency is translated into sterling at the exchange rate ruling on the dates of the transaction. Resulting exchange gains and losses are taken to the Statement of Comprehensive Income.

## 1.19 Third Party Assets

Assets belonging to third parties, such as money held on behalf of patients, are not recognised in the accounts since the Trust does not have any beneficial interest in them. However they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's Finance Reporting Manual (FReM).

## 1.20 Losses and Special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS foundation trusts not been bearing their own risks, with insurance premiums then being included as normal revenue expenditure.

However the information for losses and special payments is compiled directly from the losses and special payments register which reports on an accruals basis with the exception of provisions for future losses.

## 1.21 Accounting Standards that have been issued but have not yet been adopted

The following accounting standards, amendments and interpretations have been issued by the IASB and IFRIC but are not yet required to be adopted.

**IFRS 9 Financial Instruments** is a replacement of IAS 39 Financial Instruments: Recognition and Measurement. The impact of this is to provide a clearer definition for the recognition of financial assets and liabilities. The standard is allowing financial assets to be recognised at amortised cost if it meets both the business model test and the cash flow characteristics test; otherwise the assets are to be measured at fair. It is expected that the Trust's Financial Assets will remain to be valued at fair value. The effective date is 2018/19 but it has not yet been adopted by the EU.

**IFRS 15 Revenue from Contracts and Customers.** The main principle of this standard is that the entity recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard is expected to be applied on an individual contract by contract basis but a portfolio approach is permitted where the impact on the financial statements will not be materially different from applying the Standard on an individual contract basis. The effective date is 2018/19 but it has not yet been adopted by the EU.

**IFRS 16 Leases** the purpose of this new standard is to eliminate the classification of leases as either operating leases or finance leases for a lessee. Instead all leases will be treated in a similar way to finance leases applying IAS 17. Leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company will also recognise a financial liability representing its obligation to make future lease payments. The effective date is 2018/19 but it has not yet been adopted by the EU however, the government implementation date for IFRS 16 is still subject to HM Treasury consideration.

### IFRIC 22 Foreign Currency Transactions and Advance

**Consideration** the purpose of this standard is to clarify the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The effective date is 2018/19 but it has not yet been adopted by the EU.

## 2. Operating Income

IFRS 8 requires the disclosure of results of significant operating segments, the Trust considers that it has only one operating segment, Healthcare.

### 2.1 Operating Income from Activities arising from Commissioner Requested Services

Under the terms of its Provider License, the Trust is required to analyse the level of income from activities that has arisen from commissioner requested services and non-commissioner requested services. Commissioner requested services are defined in the provider license and are services that the commissioners believe would need to be protected in the event of provider failure.

The Trust's commissioner requested services is the total income from activities excluding private patient income and non-protected clinical income. Non protected income relates to overseas patients, the NHS Injury Scheme and other Non NHS bodies.

	2016/17 £000	2015/16 £000
Income from services designated as commissioner requested services	186,974	171,975
Income from services not designated as commissioner requested services	3,471	4,865
<b>TOTAL</b>	<b>190,445</b>	<b>176,840</b>

### 2.2 Operating Income from patient Care Activities (by nature)

	2016/17 £000	2015/16 £000
<b>INCOME FROM ACTIVITIES</b>		
Elective income	26,928	23,638
Non elective income	60,714	56,810
Outpatient income	38,454	33,981
A & E income	11,478	10,924
Other NHS clinical income	49,398	46,622
Private patient income	517	578
Other clinical income	2,956	4,287
<b>TOTAL INCOME FROM ACTIVITIES</b>	<b>190,445</b>	<b>176,840</b>
<b>TOTAL OTHER OPERATING INCOME</b>	<b>24,868</b>	<b>14,741</b>
Research and development	723	724
Education and training	5,859	4,957
Receipt of capital grants and donations	13	76
Non-patient care services to other bodies	1,534	1,928
Sustainability and Transformation Fund	10,547	0
Car parking	1,583	1,576
Staff Accommodation	874	992
Catering	980	859
Salary income	927	841
Other income	1,828	2,788

\* A £1.8 billion Sustainability and Transformation Fund (STF) was made available to NHS providers in 2016-17, linked to the achievement of financial controls and performance targets. NHS Improvement (NHSI), an arms length body of DH, has awarded STF income to Trusts which have achieved their assigned financial targets ('control totals') and specified clinical performance trajectories ('core' STF), exceeded their assigned 'control totals' through a £ for £ reward scheme ('incentive' STF), and to the extent that funds are available to NHSI, additional STF to Trusts meeting and/or exceeding their assigned 'control totals' ('bonus' STF)

The amount of core, incentive and bonus funding included above are £7.3m, £2.2m and £1m respectively.

### 2.3 Private patient income

The Health and Social Care Act from the 1st October 2012 repealed the statutory limitation on private patient income in section 44 of the National Health Services Act 2006. The Trust earned 0.3% of total patient care income from private patients in both 2016/17 and 2015/16.

## 2.4. Operating Income from patient Care Activities (by source)

	2016/17 £000	2015/16 £000
<b>INCOME FROM PATIENT CARE ACTIVITIES RECEIVED FROM:</b>		
CCGs and NHS England	186,306	171,137
Local authorities	1,625	2,370
NHS Foundation Trusts	657	493
NHS Trusts	3	285
NHS Other	78	563
Non-NHS: private patients	516	578
Non-NHS: overseas patients (chargeable to patient)	393	373
NHS injury scheme (was RTA)	807	906
Non NHS: other	60	135
<b>TOTAL INCOME FROM ACTIVITIES</b>	<b>190,445</b>	<b>176,840</b>
<b>OF WHICH:</b>		
Related to continuing operations	190,445	176,840

The responsibility for the commissioning of Healthcare services is from two main NHS Bodies, Clinical Commissioning Groups (CCG's) and NHS England. The major CCG for the Trust is Milton Keynes CCG and this accounts for 70% of the Trust's clinical income.

NHS England commissions nationally for a number of specialist services which includes HIV, Neonatology and Specialist Cancers and screening. The Trust received £24.7m 2016/17 in respect of these services (22.3m 2015/16). The Trust also received an additional £1.5m 2016/17 (£1.5m 2015/16) from the Cancer Drugs Fund.

## 2.5 Analysis of overseas visitors income

	2016/17 £000	2015/16 £000
Income recognised this year	393	373
Cash payments received in-year	238	215
Amounts added to provision for impairment of receivables	68	107
Amounts written off in-year	87	35

### 3. Operating expenses

#### 3.1 Operating expenses (by Type)

	2016/17 £000	2015/16 £000
Services from NHS foundation Trusts	2,036	1,578
Services from NHS Trusts	1,747	1,508
Services from CCGs and NHS England	477	100
Services from other NHS bodies	242	111
Purchase of healthcare from non NHS bodies	3,420	3,548
Employee expenses - executive directors	1,277	1,451
Remuneration of non-executive directors	115	114
Employee expenses - staff	152,964	143,969
Supplies and services - clinical	15,653	14,519
Supplies and services - general	3,382	3,427
Establishment	2,247	1,926
Transport Business only	277	271
Transport Other	135	143
Premises	12,005	10,728
Increase/(decrease) in provision for impairment of receivables	640	1,030
Change in provisions discount rate(s)	133	35
Drugs Inventories consumed/Drugs Costs	17,468	16,091
Rentals under operating leases	552	527
Depreciation on property, plant and equipment	7,071	6,654
Amortisation on intangible assets	1,807	2,232
Impairments	242	267
Audit fees payable to the external auditor		
audit services- statutory audit	101	90
other auditor remuneration (external auditor only)	29	13
Clinical negligence	4,425	3,782
Legal fees	236	717
Consultancy costs	1,600	1,387
Internal audit costs	133	185
Training, courses and conferences	596	1,040
Patient travel	5	7
Car parking & security	49	64
Hospitality	27	26
Insurance	126	133
Other services, eg external payroll	678	807
Losses, ex gratia & special payments	165	178
Other	421	374
<b>TOTAL</b>	<b>232,481</b>	<b>219,032</b>
<b>OF WHICH</b>		
Related to continuing operations	232,481	219,032

#### 3.2 Arrangements containing an operating lease

	2016/17 £000	2015/16 £000
<b>OPERATING LEASE EXPENSE</b>		
Minimum lease payments	552	527
<b>TOTAL</b>	<b>552</b>	<b>527</b>

Operating lease includes rentals for a variety of medical equipment as well as photocopiers and lease cars.

	2016/17 £000	2015/16 £000
<b>FUTURE MINIMUM LEASE PAYMENTS DUE:</b>		
- not later than one year;	331	457
- later than one year and not later than five years;	11	133
<b>TOTAL</b>	<b>342</b>	<b>590</b>

## 4.0 Staff costs

### 4.1 Staff costs

	2016/17 Total £000	2015/16 Total £000
Salaries and wages	112,676	102,319
Social security costs	11,314	8,441
Employer's contributions to NHS pensions	12,604	11,844
Temporary staff	17,647	22,816
<b>TOTAL GROSS STAFF COSTS</b>	<b>154,241</b>	<b>145,420</b>

### 4.2 Retirements due to ill-health

During 2016/17 there was 1 early retirement from the Trust agreed on the grounds of ill-health (4 in the year ended 31 March 2016). The estimated additional pension liability of these ill-health retirements is £55,000 (£181,000 in 2015/16).

The cost of the ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

### 4.3 Employee Benefits

Employee benefits relate to payments made over and above salary costs. There were no employee benefits paid in the year or in the previous financial year.

### 4.4 Termination Benefits

There were no termination benefits during the year (Nil in 2015/16) and there were no non-compulsory departures agreed in 2016/17 or 2015/16.

## 4.5 Salary and pension entitlements of Directors

The aggregate amounts payable to directors were:

	2016/17 £000	2015/16 £000
Salary	1,213	1,290
Taxable benefits	0	0
Employer's pension contributions	137	156
<b>TOTAL</b>	<b>1,350</b>	<b>1,446</b>

### 4.6 Highest paid Director Analysis

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

The banded remuneration of the highest paid director in Milton Keynes University Hospital NHS Foundation Trust in the financial year 2016/17 was £175,000-£180,000 (2015/16 £170,000-£175,000). This was 5.91 times (2015/16 5.83 times) the median remuneration of the workforce which was £30,333 (2015/16 £29,600).

In 2016/17 no employees received remuneration in excess of the highest-paid director. In 2015/16 there were two employees that received remuneration in excess of the highest-paid director. Remuneration ranged from £9,500 to £179,300 (2015/15 from £9,500 to £186,500).

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.

The median remuneration has been calculated using the full time equivalent annualised salary costs taken from the March payroll data, excluding the highest paid director but including agency and bank costs.

The Trust's highest paid Director was the Chief Executive and the remuneration costs that have been used in the calculation are the banded, full time equivalent annualised total remuneration costs. The previous year's highest paid director was the Medical Director.

## 5.0 Better Payment Practice Code

### 5.1 Better Payment Practice Code-measure of compliance

	2016/17 Number	2016/17 £000	2015/16 Number	2015/16 £000
Total trade invoices paid in the year	83,645	124,114	88,239	113,333
Total trade invoices paid within target	74,298	110,326	79,267	100,310
Percentage of total trade invoices paid within target	89%	89%	90%	89%

The Better Payment Practice Code requires the Trust to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later. The Trust's improvement is due to the agreed cash support the Trust received in year from the DoH which enabled the Trust to plan the payment of its creditors in a more timely manner. As a result there were no payments made in year in respect of late payment of invoices under the Late Payment of Commercial Interest Act 1998 (2015/16 £0)

## 6.0 Audit Fees

The Trust incurred statutory audit fees totalling £101,000 which also includes £12,000 relating to additional work undertaken on the 2015/16 accounts, charged in 2016/17 (£90,000 in 15/16) and £29,000 other auditor remuneration in 16/17, (£13,000 in 15/16). All the amounts include irrecoverable VAT. Other auditor remuneration is detailed below.

	2016/17 £000	2015/16 £000
<b>OTHER AUDITOR REMUNERATION PAID TO THE EXTERNAL AUDITOR:</b>		
All taxation advisory services	6	0
Other services	9	0
Audit related assurance services	14	13
<b>TOTAL</b>	<b>29</b>	<b>13</b>

## 7.0 Finance income and expense

### 7.1 Finance Income

	2016/17 £000	2015/16 £000
Interest on bank accounts	19	25
<b>TOTAL</b>	<b>19</b>	<b>25</b>

### 7.2 Finance Expenses

	2016/17 £000	2015/16 £000
<b>INTEREST EXPENSE</b>		
Loans from the Department of Health	1,196	793
Finance leases	335	351
<b>TOTAL INTEREST EXPENSE</b>	<b>1,531</b>	<b>1,144</b>
Unwinding of Discount on Provisions	0	12
Other finance costs	133	35
<b>TOTAL</b>	<b>1,664</b>	<b>1,191</b>

### 7.3 Impairment of Assets (PPE)

	2016/17 £000	2015/16 £000
<b>NET IMPAIRMENTS CHARGED TO OPERATING SURPLUS / DEFICIT RESULTING FROM</b>		
Unforeseen obsolescence	0	267
Changes in market price	242	0
<b>TOTAL NET IMPAIRMENTS CHARGED TO OPERATING SURPLUS / DEFICIT</b>	<b>242</b>	<b>267</b>
Impairments charged to the revaluation reserve	4,974	2,069
<b>TOTAL NET IMPAIRMENTS</b>	<b>5,216</b>	<b>2,336</b>

The Trust had a valuation during 2016/17 and as a result there was a £5.2m impairment of assets of which, £5.0m related to Buildings and was charged to the revaluation reserve and £0.2m related to a new building which was charged to the income and expenditure reserve.

## 8. Intangible Assets

### 8.1 Intangible assets – 2016/17

	Software licences (Purchased) £000	Information technology (internally generated) £000	Development expenditure (internally generated) £000	Intangible assets under construction £000	Total £000
<b>VALUATION / GROSS COST AT 1 APRIL 2016 BROUGHT FORWARD</b>	<b>4,102</b>	<b>6,822</b>	<b>468</b>	<b>0</b>	<b>11,392</b>
Additions	316	2	0	2,065	2,383
Disposals / de-recognition	0	(105)	0	0	(105)
<b>GROSS COST AT 31 MARCH 2017</b>	<b>4,418</b>	<b>6,719</b>	<b>468</b>	<b>2,065</b>	<b>13,670</b>
<b>AMORTISATION AT 1 APRIL 2016 - BROUGHT FORWARD</b>	<b>2,694</b>	<b>3,155</b>	<b>290</b>	<b>0</b>	<b>6,139</b>
Provided during the year	544	1,164	99	0	1,807
<b>AMORTISATION AT 31 MARCH 2017</b>	<b>3,238</b>	<b>4,319</b>	<b>389</b>	<b>0</b>	<b>7,946</b>
<b>NBV TOTAL AT 31 MARCH 2017</b>	<b>1,180</b>	<b>2,400</b>	<b>79</b>	<b>2,065</b>	<b>5,724</b>
<b>NBV TOTAL AT 1 APRIL 2016</b>	<b>1,408</b>	<b>3,667</b>	<b>178</b>	<b>0</b>	<b>5,253</b>

### 8.2 Intangible assets - 2015/16

	Software licences (Purchased) £000	Information technology (internally generated) £000	Development expenditure (internally generated) £000	Intangible assets under construction £000	Total £000
<b>VALUATION / GROSS COST AT 1 APRIL 2015 BROUGHT FORWARD</b>	<b>3,466</b>	<b>4,106</b>	<b>951</b>	<b>331</b>	<b>8,854</b>
Additions	635	2,653	(1)	0	3,287
Impairments	(77)	(232)	(41)	0	(350)
Reclassifications	78	321	(341)	(58)	0
Revaluations	0	(27)	(100)	0	(127)
Disposals / de-recognition	0	1	0	(273)	(272)
<b>GROSS COST AT 31 MARCH 2016</b>	<b>4,102</b>	<b>6,822</b>	<b>468</b>	<b>0</b>	<b>11,392</b>
<b>AMORTISATION AT 1 APRIL 2015 - BROUGHT FORWARD</b>	<b>2,270</b>	<b>1,749</b>	<b>166</b>	<b>0</b>	<b>4,185</b>
Provided during the year	450	1,543	239	0	2,232
Impairments	(26)	(94)	(15)	0	(135)
Reclassifications	0	(16)	0	0	(16)
Revaluations	0	(27)	(100)	0	(127)
<b>AMORTISATION AT 31 MARCH 2016</b>	<b>2,694</b>	<b>3,155</b>	<b>290</b>	<b>0</b>	<b>6,139</b>
<b>NBV TOTAL AT 31 MARCH 2016</b>	<b>1,408</b>	<b>3,667</b>	<b>178</b>	<b>0</b>	<b>5,253</b>
<b>NBV TOTAL AT 1 APRIL 2015</b>	<b>1,196</b>	<b>2,357</b>	<b>785</b>	<b>331</b>	<b>4,669</b>

## 9.0 Property, Plant and Equipment

Property, plant and equipment as at 31st March 2017 is broken down in the following elements:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction & POA	Plant & machinery	Transport equipment	IT	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>VALUATION / GROSS AT 1 APRIL 2016 - BROUGHT FORWARD</b>	<b>20,801</b>	<b>121,229</b>	<b>805</b>	<b>0</b>	<b>22,102</b>	<b>26</b>	<b>7,338</b>	<b>297</b>	<b>172,598</b>
Additions	0	3,557	0	110	2,595	0	939	105	7,306
Impairments	0	(5,207)	0	0	(9)	0	0	0	(5,216)
Revaluations	2,830	3,692	50	0	0	0	0	0	6,572
Disposals / de-recognition	0	(505)	0	0	(249)	0	(9)	0	(763)
<b>VALUATION / GROSS AT 31 MARCH 2017</b>	<b>23,631</b>	<b>122,766</b>	<b>855</b>	<b>110</b>	<b>24,439</b>	<b>26</b>	<b>8,268</b>	<b>402</b>	<b>180,497</b>
<b>ACCUMULATED DEPRECIATION AT 1 APRIL 2016 - BROUGHT FORWARD</b>	<b>0</b>	<b>2</b>	<b>(1)</b>	<b>0</b>	<b>12,480</b>	<b>26</b>	<b>4,476</b>	<b>207</b>	<b>17,190</b>
Provided during the year	0	4,037	24	0	1,870	0	1,123	17	7,071
Revaluations	0	(4,039)	(23)	0	0	0	0	0	(4,062)
Disposals/ de-recognition	0	0	0	0	(85)	0	0	0	(85)
<b>ACCUMULATED DEPRECIATION AT 31 MARCH 2017</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,265</b>	<b>26</b>	<b>5,599</b>	<b>224</b>	<b>20,114</b>
<b>NET BOOK VALUE AT 31 MARCH 2017</b>	<b>23,631</b>	<b>122,766</b>	<b>855</b>	<b>110</b>	<b>10,174</b>	<b>0</b>	<b>2,669</b>	<b>178</b>	<b>160,383</b>
<b>NET BOOK VALUE AT 1 APRIL 2016</b>	<b>20,801</b>	<b>121,227</b>	<b>806</b>	<b>0</b>	<b>9,622</b>	<b>0</b>	<b>2,862</b>	<b>90</b>	<b>155,408</b>

The disposals all relate to non-relevant assets ie they are not used in the delivery of Commissioner Requested Services.

Property, plant and equipment prior year

	Land	Buildings excluding dwellings	Dwellings	Assets under construction & POA	Plant & machinery	Transport equipment	IT	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>VALUATION / GROSS AT 1 APRIL 2015 - BROUGHT FORWARD</b>	<b>20,205</b>	<b>113,655</b>	<b>872</b>	<b>547</b>	<b>19,409</b>	<b>26</b>	<b>7,067</b>	<b>297</b>	<b>162,078</b>
Additions	0	6,929	0	(181)	2,393	0	678	0	9,819
Impairments	0	0	0	0	(8)	0	(76)	0	(84)
Reclassifications	0	31	0	(366)	339	0	(4)	0	0
Revaluations	596	614	(67)	0	0	0	(327)	0	816
Disposals / de-recognition	0	0	0	0	(31)	0	0	0	(31)
<b>VALUATION / GROSS AT 31 MARCH 2016</b>	<b>20,801</b>	<b>121,229</b>	<b>805</b>	<b>0</b>	<b>22,102</b>	<b>26</b>	<b>7,338</b>	<b>297</b>	<b>172,598</b>
<b>ACCUMULATED DEPRECIATION AT 1 APRIL 2015 - BROUGHT FORWARD</b>	<b>0</b>	<b>3,385</b>	<b>24</b>	<b>4</b>	<b>10,647</b>	<b>26</b>	<b>3,633</b>	<b>186</b>	<b>17,906</b>
Provided during the year	0	3,561	24	0	1,851	0	1,197	21	6,654
Impairments	0	2,071	0	0	(3)	0	(31)	0	2,037
Reclassifications	0	0	0	(4)	16	0	4	0	16
Revaluations	0	(9,015)	(49)	0	0	0	(327)	0	(9,391)
Disposals/ de-recognition	0	0	0	0	(31)	0	0	0	(31)
<b>ACCUMULATED DEPRECIATION AT 31 MARCH 2016</b>	<b>0</b>	<b>2</b>	<b>(1)</b>	<b>0</b>	<b>12,480</b>	<b>26</b>	<b>4,476</b>	<b>207</b>	<b>17,191</b>
<b>NET BOOK VALUE AT 31 MARCH 2016</b>	<b>20,801</b>	<b>121,227</b>	<b>806</b>	<b>0</b>	<b>9,622</b>	<b>0</b>	<b>2,862</b>	<b>90</b>	<b>155,407</b>
<b>NET BOOK VALUE AT 1 APRIL 2015</b>	<b>20,205</b>	<b>110,270</b>	<b>847</b>	<b>543</b>	<b>8,762</b>	<b>0</b>	<b>3,434</b>	<b>111</b>	<b>144,171</b>
<b>NET BOOK VALUE AT 31 MARCH 2017</b>									
Owned	23,331	102,216	(0)	110	9,349	0	2,669	178	137,853
Finance leased	300	5,140	855	0	619	0	0	0	6,914
Government Granted	0	12,204	0	0	-	0	0	0	12,204
Donated	0	3,206	0	0	206	0	0	0	3,412
<b>NBV TOTAL AT 31 MARCH 2017</b>	<b>23,631</b>	<b>122,766</b>	<b>855</b>	<b>110</b>	<b>10,174</b>	<b>0</b>	<b>2,669</b>	<b>178</b>	<b>160,383</b>
<b>NET BOOK VALUE AT 31 MARCH 2016</b>									
Owned	20,205	92,359	202	543	7,789	0	3,295	111	124,503
Finance leased	0	4,432	645	0	666	0	139	0	5,882
Government Granted	0	11,082	0	0	93	0	0	0	11,175
Donated	0	2,394	0	0	216	0	0	0	2,610
<b>NBV TOTAL AT 31 MARCH 2016</b>	<b>20,205</b>	<b>110,267</b>	<b>848</b>	<b>543</b>	<b>8,764</b>	<b>0</b>	<b>3,434</b>	<b>111</b>	<b>144,171</b>

## 9.1 Analysis of Plant, Property and Equipment

The Trust does not have any government granted or donated assets which have any restrictions or conditions imposed on them.

The Trust can disclose that there have been no disposals in year of land and building assets used for the delivery of commissioner requested services (CRS). In addition, as at 31 March 2017, the Trust had no land and buildings valued at open market value.

## 9.2 Capital commitments

There is one capital commitment (£4.1m) under Intangible capital expenditure relating to the EPR project.

## 10. Investments Carrying Amount

Associate entities are those over which the Trust has the power to exercise a significant influence, but not control over the operating and financial management policy decisions. This is generally demonstrated by the Trust holding in excess of 20% but no more than 50% of the voting rights.

With effect from August 2009 the Trust has an associate investment in Milton Keynes Urgent Care Services, a community interest company (CIC) and holds an equity investment of 40% voting rights. The sum of the investment was £40. The entity is incorporated in the UK and accounted for at cost

The Trust has chosen not to reflect any surplus or deficit from the associate in the Trust accounts as the Trust deems the impact of its share to not be material. In the event of any impact becoming material, the Trust will review the position and reflect this as appropriate.

## 11. Inventories

	Drugs	Consumables	Energy	Total
	£000	£000	£000	£000
<b>AS AT 1 APRIL 2016</b>	<b>1033</b>	<b>1,914</b>	<b>21</b>	<b>2,968</b>
Additions	17,409	17,339	62	34,810
Inventories consumed (recognised in expenses)	(17,468)	(17,244)	(22)	(34,734)
<b>AS AT 31 MARCH 2017</b>	<b>974</b>	<b>2,009</b>	<b>61</b>	<b>3,044</b>
<b>AS AT 1 APRIL 2015</b>	<b>887</b>	<b>2,091</b>	<b>71</b>	<b>3,049</b>
Additions	16,237	12,721	23	28,981
Inventories consumed (recognised in expenses)	(16,091)	(12,898)	(73)	(29,062)
<b>AS AT 31 MARCH 2016</b>	<b>1,033</b>	<b>1,914</b>	<b>21</b>	<b>2,968</b>

The increase in inventories is due to the opening of a new ward.

## 12. Trade and Other Receivables

	31 March 2017	31 March 2016
	£000	£000
<b>CURRENT</b>		
Trade receivables due from NHS bodies	16,564	8,637
Provision for impaired receivables	(3,210)	(3,093)
Prepayments (non-PFI)	1,306	831
Accrued income	1,947	1,787
PDC dividend receivable	0	26
VAT receivable	1,109	939
Other receivables	2,070	2,141
<b>TOTAL CURRENT TRADE AND OTHER RECEIVABLES</b>	<b>19,786</b>	<b>11,268</b>
<b>NON-CURRENT</b>		
Provision for impaired receivables	(211)	(158)
Other receivables	486	509
<b>TOTAL NON-CURRENT TRADE AND OTHER RECEIVABLES</b>	<b>275</b>	<b>351</b>

NHS receivables are mainly considered recoverable because the majority of trade is with CCG's, as commissioners for NHS patient care services. CCG's are funded by the Government to purchase NHS patient care services, therefore no credit scoring of them is considered to be necessary. However, the Trust has recognised an impairment for receivables which relates to CCG income. Similarly other receivables with related parties are with other Government bodies, so no credit scoring is considered necessary.

Trade and Other Receivables includes £1.6m for the value of partially completed patient episodes as at 31st March 2017 (31st March 2016 £1.7m).

At the Statement of Financial Position date there were no material concentrations of risk, the maximum exposure to credit risk being the carrying values of trade receivables.

### 12.1 Provision For Impairment of Receivables

	2016 / 2017
	£000
<b>AT 1 APRIL AS PREVIOUSLY STATED</b>	<b>3,251</b>
Increase in provision	2,459
Amounts utilised	(470)
Unused amounts reversed	(1,819)
<b>AT 31 MARCH</b>	<b>3,421</b>

The NHS Bad debt provision increased in 2016/17. The main increases were caused by contract challenges and penalties expected to be levied against the Trust, and CQUIN, to reflect the higher reported achievement, recorded by the trust, yet to be challenged by commissioners

## 12.2 Analysis For Impairment of receivables

	31 March 2017	31 March 2016
	Trade & other Receivables £000	Trade & other Receivables £000
<b>AGEING OF IMPAIRED RECEIVABLES</b>		
0 - 30 days	35	20
30-60 Days	26	31
60-90 days	0	64
90- 180 days	1,553	2,252
Over 180 days	1,807	884
<b>TOTAL</b>	<b>3,421</b>	<b>3,251</b>
<b>AGEING OF NON-IMPAIRED RECEIVABLES PAST THEIR DUE DATE</b>		
0 - 30 days	2,180	2,294
30-60 Days	1,591	1,449
60-90 days	191	391
90- 180 days	133	668
Over 180 days	669	263
<b>TOTAL</b>	<b>4,764</b>	<b>5,065</b>

Impaired receivables, aged over 180 days in the main relates to payments from CCG's and payments from the Compensation Recovery Unit in relation to recovering costs arising through road traffic accidents. The irrecoverable debt provision has increased to 22.94% from 21.99% as notified by the Department of Health.

## 13. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	2016 / 2017	2015 / 2016
	£000	£000
<b>AT 1 APRIL</b>	<b>2,503</b>	<b>1,264</b>
Net change in year	1,403	1,239
<b>AT 31 MARCH</b>	<b>3,906</b>	<b>2,503</b>
<b>BROKEN DOWN INTO</b>		
Cash at commercial banks and in hand	53	50
Cash with the Government Banking service	3,853	2,453
<b>TOTAL CASH AND CASH EQUIVALENTS AS IN SOFP</b>	<b>3,906</b>	<b>2,503</b>
<b>TOTAL CASH AND CASH EQUIVALENTS AS IN SOCF</b>	<b>3,906</b>	<b>2,503</b>

Milton Keynes University Hospital NHS Foundation Trust held cash and cash equivalents which relate to monies held by the foundation trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts.

## 14. Liabilities

### 14.1 Trade and other payables

	31 March 2017	31 March 2016
	£000	£000
<b>CURRENT</b>		
NHS trade payables	5,259	3,802
Amounts due to other related parties	1,759	1,662
Other trade payables	3,128	5,367
Capital payables	258	251
Social security costs	1,645	1,264
Other taxes payable	1,441	1,293
Other payables	1,999	2,131
Accruals	10,644	7,913
PDC dividend payable	91	0
<b>TOTAL CURRENT TRADE AND OTHER PAYABLES</b>	<b>26,224</b>	<b>23,683</b>

### 14.2 Other Liabilities

	31 March 2017	31 March 2016
	£000	£000
<b>CURRENT</b>		
Deferred goods and services income	968	888
Other deferred income	657	638
<b>TOTAL OTHER CURRENT LIABILITIES</b>	<b>1,625</b>	<b>1,526</b>

## 15. Borrowings

	31 March 2017	31 March 2016
	£000	£000
<b>CURRENT</b>		
Loans from the Department of Health	32,153	604
Obligations under finance leases	166	213
<b>TOTAL CURRENT BORROWINGS</b>	<b>32,319</b>	<b>817</b>
<b>NON-CURRENT</b>		
Loans from the Independent Trust Financing Facility	5,668	6,432
Loans from the Department of Health	49,300	53,110
Obligations under finance leases	6,109	6,001
<b>TOTAL NON-CURRENT BORROWINGS</b>	<b>61,077</b>	<b>65,543</b>

In year the Trust took out the following additional loan funding with the Department of Health.

- £25.7m in interim revenue loans, (£3.4m related to the balance of the 15/16 interim revenue loan, £15.2m conversion of a revolving working capital loan, and £7.1m uncommitted term loan; and
- £1.9m in respect of capital funding.

The Loan profile along with the repayment details are show in the table below

Category of Loan	Amount of Loan	Term	Interest Rate	Principal Repayment	Interest Payments
Revolving Revenue Working Capital Facility Conversion Loan 2016/17	£15.2m	3 Years	1.50%	Nothing until in full Jan 2020	from July 2017 to Jan 2020
Uncommitted Term Revenue Loan - Feb 2017	£3.2m	3 Years	1.50%	Nothing until in full Feb 2020	from Aug 2017 to Feb 2020
Uncommitted Term Revenue Loan - March 2017	£3.9m	3 Years	1.50%	Nothing until in full Mar 2020	from Sep 2017 to Mar 2020
Interim Revenue Loan for 15/16	£31.2m	3 Years	1.50%	Nothing until in full Mar 2018	from Mar 2016 to Mar 2018
Interim Revenue Loan for 14/15	£25.3m	5 Years	1.50%	Nothing until in full Mar 2020	from Sep 2015 to Mar 2018
Uncommitted Term Capital Loan 16/17	£1.9m	10 Years	0.61%	Sept 17 through to Mar 2027	from Sep 2017 to Mar 2027
Interim Capital Loan for 15/16	£5.3m	17 Years	1.84%	Aug 16 through to Nov 2032	May 2016 to Nov 2032
Capital IT Loan for 10/11	£4.0m	10 Years	4.00%	Aug 11 through to Feb 2020	Dec 2010 to Feb 2020

## 16. Finance Lease obligations

The finance leases cover a number of different items of equipment, but the main items include the Trust's Accommodation Block, Beds and Multi-Function Devices (Printers).

The accommodation block has no option to extend or purchase in the current lease agreement. The Trust entered the 7 year extension period of the beds lease in 2016/17, with no option to purchase under the current lease terms. The Trust has the option to extend the lease for the Multi-Function Devices to the end of the useful economic life of the equipment, with no option to purchase under the current lease agreement.

### Minimum Lease Payments

	31 March 2017	31 March 2016
	£000	£000
<b>GROSS LEASE LIABILITIES</b>	<b>11,080</b>	<b>11,336</b>
of which liabilities are due:		
- not later than one year;	488	546
- later than one year and not later than five years;	1,754	1,576
- later than five years.	8,838	9,214
	11,080	11,336
Finance charges allocated to future periods	(4,805)	(5,122)
<b>NET LEASE LIABILITIES</b>	<b>6,275</b>	<b>6,214</b>
of which liabilities are due:		
- not later than one year;	166	213
- later than one year and not later than five years;	611	391
- later than five years.	5,498	5,610
	<b>6,275</b>	<b>6,214</b>

## 17. Provisions

	Pensions (other staff)	Other * legal claims	Other **	Total
	£000	£000	£000	£000
<b>AT 1 APRIL 2016</b>	<b>44</b>	<b>2,001</b>	<b>798</b>	<b>2,843</b>
Change in the discount rate	7	0	126	133
Arising during the year	0	1,575	0	1,575
Utilised during the year	(7)	(55)	(34)	(96)
Reversed unused	0	(475)	0	(475)
<b>AT 31 MARCH 2017</b>	<b>44</b>	<b>3,046</b>	<b>890</b>	<b>3,980</b>
<b>EXPECTED TIMING OF CASHFLOWS:</b>				
Not later than one year	7	3,046	34	3,087
Later than one year and not later than five years	26	0	135	161
Later than five years	11	0	721	732
<b>TOTAL</b>	<b>44</b>	<b>3,046</b>	<b>890</b>	<b>3,980</b>

\* Other legal claims includes contractual changes £0.5m, changes in regulations £1.0m, diagnostic records storage £0.9m and various smaller provisions totalling £0.6m

\*\*Other includes two injury benefit cases, one of which amounts to £0.5m.

	Pensions (other staff)	Other legal claims	Other *	Total
	£000	£000	£000	£000
<b>AT 1 APRIL 2015</b>	<b>46</b>	<b>1,316</b>	<b>794</b>	<b>2,156</b>
Change in the discount rate	4	0	31	35
Arising during the year	0	1,497	0	1,497
Utilised during the year	(7)	(85)	(38)	(130)
Reversed unused	0	(726)	0	(726)
Unwinding of discount	1	0	11	12
<b>AT 31 MARCH 2016</b>	<b>44</b>	<b>2,001</b>	<b>798</b>	<b>2,843</b>
<b>EXPECTED TIMING OF CASHFLOWS:</b>				
Not later than one year	7	2,001	34	2,042
Later than one year and not later than five years	26	0	131	157
Later than five years	11	0	633	644
<b>TOTAL</b>	<b>44</b>	<b>2,001</b>	<b>798</b>	<b>2,843</b>

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event and it is probable that the Trust will be required to settle the obligation and a reliable estimate can be made of the obligation.

The above provision for pension costs relates to additional pension liabilities arising from early retirements. Unless due to ill-health, these are not funded by the NHS Pension Scheme. As noted within note 1.5 the full amount of such liabilities is charged to the income and expenditure account at the time the Trust commits itself to the retirement.

The Trust provides for legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the Treasury's discount rate of 0.24% in real terms.

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution to the NHSLA, which, in return, settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, and all clinical negligence claims are recognised in the accounts of the NHSLA, the legal liability remains with the NHS Foundation Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is £71.3m (year ended 31 March 2016 £58.9m). No contingencies or provisions are in the accounts at 31 March 2017 in relation to these cases, even though the legal liability for them remains with the Trust.

The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk-pooling schemes under which the Trust pays an annual contribution to the NHSLA and in return receives assistance with the costs of claims arising. The annual membership contributions, and any 'excesses' payable in respect of particular claims are charged to operating expenses when the liability arises.

## 18. Revaluation Reserve

	Property, Plant & Equipment £000
<b>REVALUATION RESERVE AT 1 APRIL 2016</b>	<b>64,889</b>
Impairment losses property, plant and equipment	(4,974)
Revaluation gains property, plant and equipment	10,634
Other reserve movements	0
<b>REVALUATION RESERVE AT 31 March 2017</b>	<b>70,549</b>
<b>REVALUATION RESERVE AT 1 APRIL 2015</b>	<b>57,253</b>
Impairment losses property, plant and equipment	(2,069)
Revaluation gains property, plant and equipment	10,207
Other reserve movements	(501)
<b>REVALUATION RESERVE AT 31 March 2016</b>	<b>64,890</b>

## 19. Post Balance Sheet events

There are no post balance sheet events having a material effect of the accounts.

## 20. Contingent Liabilities

The Trust has reviewed its liabilities and it does not consider that it has any material contingent liabilities for the forthcoming financial year. The provisions that the Trust has made for liabilities and charges are disclosed in note 17 including provisions held by the NHSLA as at 31 March 2017 in respect of clinical negligence liabilities of the NHS Foundation Trust.

## 21. Related Party Transactions

The Trust is a body corporate established by the Secretary of State for Health. Government departments and their agencies are considered by HM Treasury as being related parties. During the year, the Trust has had a significant number of material transactions with other NHS bodies and in the ordinary course of its business with other Government departments and other central and local Government bodies. Most of these transactions have been with HMRC in respect of deductions and payment of PAYE, NHS Pensions Agency, Milton Keynes Council in respect of payment of rates and Milton Keynes CCG which is the Trust's local commissioner of NHS services. There are additional related parties of NHSI, Milton Keynes NHS Foundation Trust Charitable Funds and the Milton Keynes Urgent Care Service, with which there have been no significant transactions in year.

	2016 / 17				2015 / 16			
	Payments to related party £000	Receipts from related party £000	Amounts owed to related party £000	Amounts due to related party £000	Payments to related party £000	Receipts from related party £000	Amounts owed to related party £000	Amounts due to related party £000
Department of Health	(3)	0	90	0	0	0	0	26
NHS Bodies	1,225	3,483	203	1,275	1,922	6,824	594	1,781
Buckinghamshire Healthcare NHS Trust	1,414	18	285	27	1,118	88	295	180
Milton Keynes CCG	464	132,855	2,760	6,115	111	123,357	2,582	4,236
Bedfordshire CCG	0	12,917	64	420	0	11,426	61	469
NHS England	13	36,779	2,223	7,431	4	24,394	699	816
NHS Aylesbury Vale CCG	0	8,439	12	489	0	7,457	11	422
NHS Nene CCG	0	3,332	11	100	0	2,983	82	82
Bedford Hospital NHS Trust	206	167	62	49	142	197	59	182
Oxford University Hospital NHS FT	1,047	1,769	196	335	1,091	1,075	307	470
NHS Litigation Authority	4,538	0	0	0	3,907	0	0	0
Central and North West London NHS Foundation Trust	348	1,107	22	275	0	0	0	0
Luton & Dunstable University Hospital NHS Foundation Trust	779	0	340	0	0	0	0	0
Health Education England	25	4,831	0	0	0	0	0	0
<b>OTHER</b>								
Other WGA Bodies	11,334	78	0	1,064	19	-17	0	6
NHS Blood and Transplant (outside DH Group)	1,027	10	49	0	1,053	15	0	0
Local Authorities	108	2,465	0	0	18	3,978	527	20
HMRC	0	0	3,086	1,109	8,441	0	2,557	939
NHS Pensions	12,604	0	1,761	0	11,844	0	1,662	0
<b>TOTAL</b>	<b>35,129</b>	<b>208,240</b>	<b>11,164</b>	<b>18,689</b>	<b>29,670</b>	<b>181,777</b>	<b>9,436</b>	<b>9,629</b>

The key management personnel of the Trust are all directors of the Trust. Their remuneration is disclosed in note 4.5. During the year none of the members of the key management personnel, or parties related to them, have undertaken any material transactions with the Trust.

## 22. Financial Instruments

	31 March 2017	31 March 2016
	£000	£000
Cash	3,906	2,503
<b>TOTAL CAPITAL</b>	<b>3,906</b>	<b>2,503</b>
Total Equity	3,906	2,503
Borrowings	93,396	66,360
<b>OVERALL FINANCING</b>	<b>97,302</b>	<b>68,863</b>
<b>CAPITAL TO OVERALL FINANCING RATIO</b>	<b>4%</b>	<b>4%</b>

### Capital Risk Management

The Trust's capital management objectives are:

- to ensure the Trust's ability to continue as a going concern; and
- to provide an adequate return to reinvest in healthcare services by providing healthcare services commensurately with the level of risk of receiving income for those services provided.

The Trust monitors capital on the basis of the carrying amount of Public Dividend Capital less cash presented on the face of the balance sheet.

The Trust sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Trust manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

### Interest Rate Risk

The Trust is not exposed to significant interest rate risk as the Borrowings are all at a fixed rate of interest.

### Liquidity Risk

The Trust's net operating income is mainly incurred under legally binding contracts with the local CCG's, which are financed from resources voted annually by Parliament. Under Payment by Results, the Trust is paid for the activity on the basis of nationally set tariffs. For contracted activity, the Trust is paid in 12 monthly instalments throughout the year, which significantly reduces the liquidity risk. Performance in excess of contracted levels up to the end of October 2016 has been agreed and paid for by Milton Keynes CCG at PbR rates. However, the Trust is looking for further support to its working capital during 2017/18 from the DoH.

## 22.1 Financial assets by category

	31 March 2017	31 March 2016
	Loans & Receivables	Loans & Receivables
	£000	£000
Trade and other receivables excluding non-financial assets	17,646	9,823
Cash and cash equivalents at bank and in hand	3,906	2,503
<b>Total at 31 March 2016</b>	<b>21,552</b>	<b>12,326</b>

## 22.2 Financial liabilities by category

	31 March 2017	31 March 2016
	Other financial liabilities	Other financial liabilities
	£000	£000
Borrowings excluding finance lease	87,121	60,146
Obligations under finance leases	6,275	6,214
Trade and other payables excluding non-financial liabilities	26,224	23,683
Provisions under contract	2,096	2,001
<b>Total at 31 March 2016</b>	<b>121,716</b>	<b>92,044</b>

## 22.3 Fair values of financial assets

	31 March 2017	31 March 2016
	£000	£000
Non-current trade and other receivables excluding non-financial assets	275	351
<b>TOTAL</b>	<b>275</b>	<b>351</b>

Current Financial Assets Book and Fair values are assumed to be the same values.

## 22.4 Fair values of financial liabilities

Current and Non-Current Financial Liabilities Book and Fair values are assumed to be the same values.

## 22.5 Maturity of Financial Liabilities

	31 March 2017	31 March 2016
	£000	£000
In one year or less	60,639	26,501
In more than one year but not more than two years	1,052	28,787
In more than two years but not more than five years	48,035	27,321
In more than five years	11,990	9,435
<b>TOTAL</b>	<b>121,716</b>	<b>92,044</b>

## 23 Third Party assets

The Trust held no third party assets at the end of financial year 2016/17.

## 24. Losses and special payments

There were 245 cases at 31 March 2017 of losses and special payments totalling £165,000 approved during the year (182 cases to 31 March 2016 totalling £178,000) These payments are the cash payments made in the year and are calculated on an accruals basis. There were no compensation payments recovered during the year. Details of the payments are shown in the table on the following page.

	31 March 2017		31 March 2016	
	Total number of cases	Value £000	Total number of cases	Value £000
<b>1. LOSSES OF CASH DUE TO:</b>				
a. theft, fraud etc	0	0	0	0
b. overpayment of salaries etc.	25	12	9	10
<b>2. FRUITLESS PAYMENTS AND CONSTRUCTIVE LOSSES</b>	0	0	0	0
<b>3. BAD DEBTS AND CLAIMS ABANDONED IN RELATION TO:</b>				
a. private patients	13	3	7	1
b. overseas visitors	81	87	27	35
c. other	82	11	101	2
<b>4. DAMAGE TO BUILDINGS, PROPERTY ETC. DUE TO:</b>				
b. stores losses	16	40	3	19
<b>TOTAL LOSSES</b>	<b>217</b>	<b>153</b>	<b>147</b>	<b>67</b>
<b>SPECIAL PAYMENTS</b>				
<b>5. COMPENSATION UNDER LEGAL OBLIGATION</b>	0	0	0	0
<b>6. EXTRA CONTRACTUAL TO CONTRACTORS</b>	0	0	1	95
<b>7. EX GRATIA PAYMENTS IN RESPECT OF:</b>				
a. loss of personal effects	18	10	19	5
b. clinical negligence with advice	0	0	9	10
d. other negligence and injury	0	0	2	0
g. other	10	2	4	1
<b>TOTAL SPECIAL PAYMENTS</b>	<b>28</b>	<b>12</b>	<b>35</b>	<b>111</b>
<b>TOTAL LOSSES AND SPECIAL PAYMENTS</b>	<b>245</b>	<b>165</b>	<b>182</b>	<b>178</b>







**Milton Keynes  
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