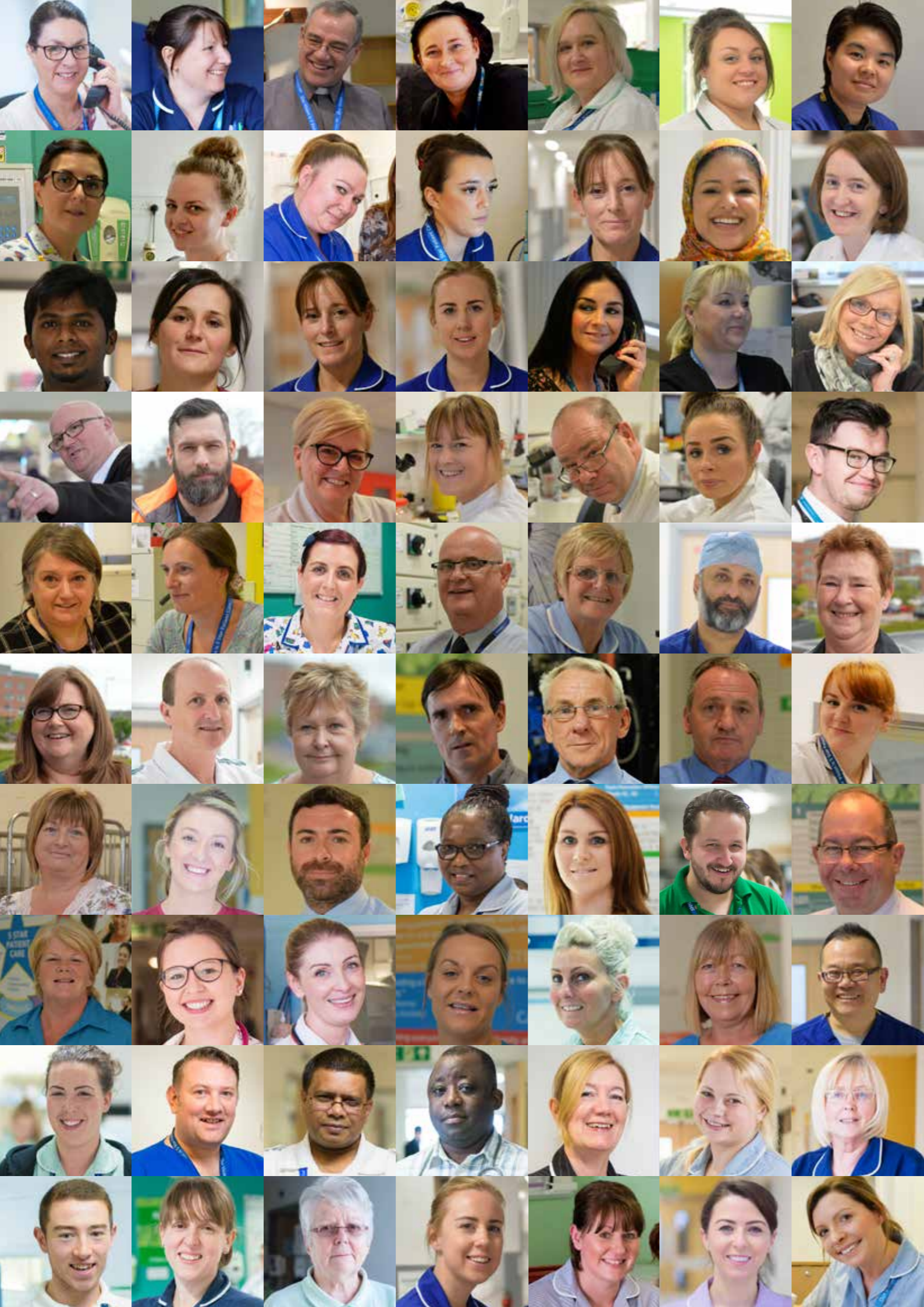


Annual Report 2017-18





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Performance Report

This section provides the reader with information on the organisation, its purpose, how it has performed in 2017-18, and the key risks to the achievement of its objectives.

Overview

1. Statement from the Chief Executive

2017-18 was an extremely challenging year for the NHS as a whole and for the health and care sector locally, and yet despite this, there were many successes for the Trust.

The Trust's vision is to deliver 5 Star Patient Care by providing high quality health services and an excellent patient experience. The following bullet points highlight some of the exceptional achievements of the Trust and its staff:

- Patients received above 98.9% new harm-free care (NHS Safety Thermometer)
- There was a 10% reduction in falls resulting in severe harm
- Maintained a low rate of Clostridium Difficile infections, performing significantly better than the threshold set by NHS Improvement (19 reported compared to the threshold of 41)
- The Trust was able to sustain an overall registered nurse fill rate (a measure of safe staffing) of 93.9% for the year despite the national recruitment and retention challenges for nursing staff
- In the Patient Led Assessments of the Care Environment (PLACE) the Trust had the highest scores in the country in all categories of the assessment; cleanliness, food, privacy and dignity, facilities for patients living with dementia and disability, condition, appearance and maintenance of the hospital buildings
- Leading national performer for frontline staff receiving flu vaccination (87.1%)
- 95.8% of inpatients would recommend our

services, as recorded by the Friends and Family Test

- Once again, performance in the Sentinel Stroke National Audit Programme was excellent, and 90.3% of stroke patients spent at least 90% of their hospital stay on a stroke unit
- Sustained achievement of referral to treatment (RTT) pathway waiting times with 94% of pathways completed within 18 weeks
- The Trust continued to meet all the national cancer performance targets
- Extremely positive national staff survey results with the Trust rated as the best place to work or receive treatment across the whole NHS, and having the best score nationally for 10 out of the 32 key findings and scoring above the national average in 27 indicators.

Whilst not every target that we set ourselves was achieved in full, the Trust continues to learn from these experiences and uses them to improve performance going forward.

During 2017-18, the Trust has experienced unprecedented demand for services and responded to extreme winter pressures. There have been more A&E attendances and non-elective admissions than any previous year, more cases of flu and patients unable to leave hospital because of similar pressures on primary and social care services and in the care home sector. The percentage bed occupancy (for general and acute beds) within the Trust throughout winter was over 96.3%, meaning that frequently patients

attending A&E and requiring admission could not be accommodated until other patients were discharged. In spite of these pressures, the Trust was able to avoid any 12 hour trolley waits, cancelled less than 0.6% of planned operations (of which 99% were re-booked within 28 days), and less than 2.3% of medical patients had to be accommodated in another area (medical outliers).

The ongoing national shortage of clinical staff and the need to respond to the increased demand meant that the Trust had to utilise bank and agency staff, and overtime to maintain patient safety. However, despite these pressures the Trust did achieve a 12% reduction in agency expenditure compared to 2016-17 (£9.4m compared to £10.7m in 2016-17). The Trust has continued to explore all avenues to increase recruitment of medical and nursing staff, including overseas recruitment from a number of countries where training is undertaken using the English language. Maintaining safe levels of staffing and patient safety standards are constant challenges being managed by the Trust. During 2017-18, there has been a fall in the number of formal complaints made to the Trust and an increase in the informal concerns raised with our ward managers and Patient Advice and Liaison Service (PALS) team that have been successfully resolved locally.

Following this exceptionally challenging year, I would like to formally record my gratitude for the dedication of all our staff, who have worked tirelessly and flexibly to ensure the best possible care for our patients. They are supported by our team of volunteers and carer groups whose involvement and time is generously provided and always gratefully received.

1.1 The purpose and activities of the Trust

The Trust provides acute healthcare services at St Helens and Whiston hospitals, both of which are modern, high quality facilities. During 2017-18, the Trust has also started to deliver adult community nursing services (in partnership with North West Boroughs Healthcare NHSFT) and a primary care practice. Community intermediate care services are now delivered from Newton Community Hospital in Newton le Willows, which is also a modern purpose-built facility.

The Trust has an excellent track record of providing high standards of care to a population of approximately 360,000 people principally from St Helens, Knowsley, Halton, and Liverpool, but also from other neighbouring areas such as Warrington, Ormskirk and Wigan. In addition, the Mersey Regional Burns and Plastic Surgery Unit provides treatment for patients across Merseyside, Cheshire, North Wales, the Isle of Man and other parts of the North West, serving a population of over 4 million.

The Trust employed an average of 5,014 whole time equivalent (WTE) staff during 2017-18 (including 372 temporary staff).

The Trust's income in 2017-18 was c£384m.

Our catchment population

The communities served by the Trust are characterised by their industrial past, with local people being generally less healthy than the rest of England, and a higher proportion of people suffering from a long-term condition.

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

Many areas also have high levels of deprivation, which in turn is linked to health inequalities.

The population in our catchment area is growing as a result of new housing developments and regeneration, but is also ageing faster than the general population of the UK. This means there are proportionally more older people in this area who are living in poor health.

All of these factors give rise to a population with greater health needs that require increased access to both health and social care.

Collaborative working

In order to help create both clinically and financially sustainable services, the Trust is working in several different collaborations with other partners in the local health system.

The Trust is a member of the Cheshire and Merseyside Health and Care Partnership (formerly known as the STP), which is made up of all NHS Commissioners, Provider Trusts and Local Authorities in Cheshire and Merseyside. The objective is to transform services locally to achieve the ambitions set out in the NHS Five Year Forward View that was published in 2014.

During 2017-18, the structure of the Cheshire and Merseyside Health and Care Partnership was revised to focus on a number of cross cutting themes, for example; Urgent and Emergency Care and Prevention at Scale and nine areas where local "place based" care could be developed.

The Trust is actively involved in a number of the cross cutting work streams e.g. cancer services, women's and children's services, clinical support services and corporate services collaboration. The Trust's Chief Executive is the Senior Responsible Officer for the cancer work stream.

The Trust is also working in partnership with Clinical Commissioning Groups and Local Authority partners and other provider Trusts, to develop opportunities for integrated care systems in St Helens, Knowsley and Halton. Although each borough is at a different stage of development, there is a strong commitment in each to achieve greater integration of services.

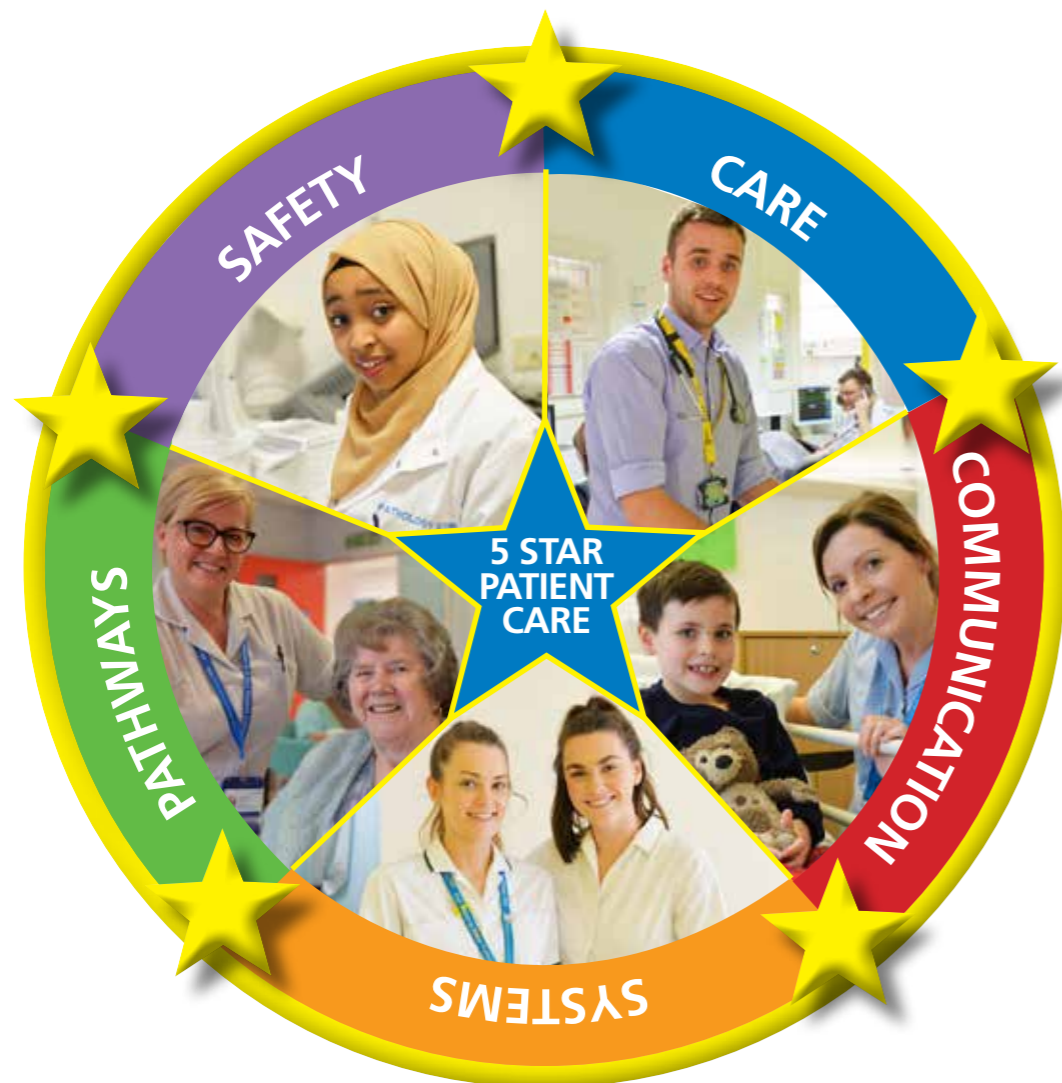
The Trust continues to provide services to other NHS organisations. The Health Informatics Service (HIS) which provides information systems and expertise to several Clinical Commissioning Groups and Trusts in Mid-Mersey and our Human Resources and Payroll teams have secured contracts to deliver the payroll service to a large proportion of the Trusts in Merseyside. The Trust also acts as the lead employer for Junior Doctors in training on behalf of a number of Deaneries, across the country.

There is also work in progress to create pathology and diagnostic imaging networks across the North Mersey area and the Trust is an active member of both these groups.

The Chief Executive is chair of the local A&E delivery board, which coordinates the urgent care response across St Helens, Knowsley, Halton and Warrington.



Trust's Vision



1.2 The Trust's objectives

The Trust's vision is to deliver 5 Star Patient Care by providing an excellent patient experience through high quality health services. This is captured in the "Star Chart" which is used in Trust publications and displayed on notice boards throughout the Trust.

This vision underpins the Trust objectives, which set out plans for improving safety, care, systems, communication and pathways of treatment, supported by robust operational and financial performance and strategic developments.

The objectives are refreshed each year, reflecting national and local goals, the views of our stakeholders, carers, patients and staff as well as the Trust's own development plans.

The use of a familiar format for displaying the objectives since 2005 has ensured that staff throughout the organisation are able to recognise the Trust's high-level aims and understand how they individually

can contribute towards their achievement.

The objectives are launched each year at a Start of Year Conference in which the Chief Executive summarises performance and achievements from the previous year and gives an overview of plans for the year to come.

Each objective is owned at a senior level by a director and they are cascaded to teams and individuals to form the basis of personal objectives for all staff.

Twice a year the Trust Board formally reviews progress against these objectives and initiates mitigating actions, where necessary, to ensure success and compliance.

The objectives for 2018-19 are publicised in poster form throughout the Trust buildings and are available on the Trust website at: www.sthk.nhs.uk/about/trust-publications/trust-objectives

5 STAR PATIENT CARE - Care

We will deliver care that is consistently high quality, well organised, meets best practice standards and provides the best possible experience of healthcare for our patients and their families

- We will improve the effectiveness of discharge planning, by enhancing communication with patients
- We will continue effective assessment and monitoring of all patients in the Emergency Department to maintain patient safety at all times
- We will expand the range of services we provide 7 days a week.

5 STAR PATIENT CARE - Safety

We will embed a culture of safety improvement that reduces harm, improves outcomes and enhances patient experience. We will learn from mistakes and near-misses and use patient feedback to enhance delivery of care

- We will reduce further the rate of avoidable harm from falls, pressure ulcers and medication incidents, including implementation of e-prescribing
- We will implement changes to our policies as a result of lessons learned from incidents and complaints
- We will fully establish the new systems for reviewing hospital deaths, identifying and sharing learning and reporting the outcomes, in line with best-practice national guidance.

5 STAR PATIENT CARE - Pathways

As far as is practical and appropriate, we will reduce variations in care pathways to improve outcomes, whilst recognising the specific individual needs of every patient

- We will meet the target of 85% of e-discharge summaries sent to GPs within 24 hours
- We will maximise the benefits of managing the adult community nursing services in St Helens to improve patient outcomes
- Develop integrated pathways across community and acute settings for adult continence, heart failure and respiratory conditions.

5 STAR PATIENT CARE - Communication

We will respect the privacy, dignity and individuality of every patient. We will be open and inclusive with patients and provide them with more information about their care. We will seek the views of patients, relatives and visitors, and use this feedback to help us improve services

- We will improve the systems used to investigate, and will respond to 90% of complaints within the agreed timescale
- We will implement the action plans developed in response to all national patient surveys
- We will use patient feedback to shape future service developments – identifying themes from different sources e.g. Friends and Family Test, Healthwatch, patient surveys, 'Ask Ann', social media, complaints, patient led assessments.

5 STAR PATIENT CARE - Systems

We will improve Trust arrangements and processes, drawing upon best practice to deliver systems that are efficient, patient-centred, reliable and fit for their purposes

- We will implement the new Patient Administration System, without any disruption to patient services
- We will implement SafeCare (an electronic system) that helps to ensure we make the most effective use of the skills of our nursing workforce
- We will implement phase 1 of the Shared Care Record with community service partners in St Helens, so we can provide better care to patients wherever they are treated.

DEVELOPING ORGANISATIONAL CULTURE AND SUPPORTING OUR WORKFORCE

We will use an open management style that encourages staff to speak up, in an environment that values, recognises and nurtures talent through learning and development. We will maintain a committed workforce that feel valued and supported to care for our patients

- We will implement innovative approaches to recruitment and retention
- We will act on feedback from the staff survey to improve the experience of working for the Trust, so that we are recognised as an employer of choice
- We will optimise the use of the apprenticeship levy to support staff in realising their potential
- We will expand the implementation of e-rostering to allied health professionals to support effective use of resources across all staff groups.

OPERATIONAL PERFORMANCE

We will meet and sustain national and local performance standards

- We plan to achieve national performance access standards including:
 - The agreed trajectory for emergency access standards
 - Cancer treatment standards
 - 18 week access to treatment for planned care
 - Diagnostic tests completed within 6 weeks
 - Ambulance handover times
- We plan to achieve local performance indicators including:
 - CQUINS
 - Contract performance indicators and compliance
 - Activity levels to meet Trust operational plans

FINANCIAL PERFORMANCE, EFFICIENCY AND PRODUCTIVITY

We will achieve statutory and other financial duties set by regulators within a robust financial governance framework, delivering improved productivity and value for money

- We will use benchmarking and comparative data to increase productivity
- We will continue to work with partners across Cheshire and Merseyside and in local Integrated care systems to improve the efficiency and sustainability of services
- We will collaborate to provide non-clinical back-office services, where cost improvement opportunities can be demonstrated.

STRATEGIC PLANS

We will work closely with NHS Improvement, and commissioning, local authority and provider partners across Cheshire and Merseyside to develop proposals to improve the clinical and financial sustainability of services

- By working closely with community, primary and social care partners we will transform community services
- We will collaborate with partners in the development and implementation of integrated care partnerships to benefit patient experience through the provision of integrated high quality, safe, efficient and effective services
- We will meet all the compliance requirements set by NHSI in the Single Oversight Framework to maintain the long-term sustainability of clinical services for local people, collaboratively with partners where appropriate.

Our 2018-19 objectives cover all aspects of patient care, our staff, use of resources and our longer-term plans for sustainability. These objectives are demanding but despite the pressures being faced across the NHS, the Board remain confident that our staff will continue to improve services and achieve positive results for the benefit of patients, visitors and work colleagues

1.3 Key issues and risks

The Chief Executive's opening statement highlights the key pressures that the Trust has experienced during 2017-18, and it is expected that they will continue to be the key risks facing the Trust in the next year. These include recruitment and staff shortages, increasing demand for services and NHS financial pressures.

The Trust's approach to managing risks is covered in detail within the Governance Statement later in this document. However, in summary, it is founded on an effective IT recording and reporting system which all senior managers can use to document risks; gauge their potential impact; capture appropriate plans in mitigation; and share across the organisation.

1.4 Going concern

The Directors have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts. This approach has been approved by the Audit Committee. (See also note 1 accounting policies, in the Trust's accounts for more detail.)

2. Performance analysis

2.1 Key performance measures

Each month, the Trust produces an Integrated Performance Report (IPR) which charts performance against over 800 measures. Some of these reflect national and constitutional targets, some are local to this health economy, and some are internally generated to help monitor achievement of the Trust objectives. Summaries of these reports can be accessed on the Trust's website within regular Board papers at: <http://www.sthk.nhs.uk/about/trust-board>

Whilst this section provides some indicators of the Trust's performance in 2017-18, more detailed data on quality achievements is presented in the Trust's Annual Quality Account available on the Trust's website at: <http://www.sthk.nhs.uk/about/Pages/Quality-Accounts.aspx>

The level and types of clinical activity for 2017-18 compared to 2016-17 are detailed in the following table:

	2016-17	2017-18	Variation
Activity Type	(000's)	(000's)	%
Outpatient 1st attendances	140.6	138.1	(1.8)
Outpatient follow-up attendances	314.9	314.8	0
Ward attenders	17.3	19.1	10.4
Outpatient procedures	100.5	102.5	2.0
Elective inpatients	7.3	7.0	(4.0)
Day case	41.5	42.8	3.1
Non-elective inpatients (less Obstetrics)	51.6	54.4	5.4
A&E attendances	103.3	111.3	7.8
Births	4.1	4.1	0

During 2017-18, the Trust has experienced a significant increase in A&E attendances and Non-Elective admissions, above commissioned levels. However, in relation to elective care there has been a reduction in the rate of growth as a result of the Referral Management Schemes (RMS) introduced by all three of our main commissioning CCGs, during 2016-17. There has also been a shift as more elective procedures are undertaken as day cases.

2.2 Performance in 2017-18

Key performance against national targets in 2017-18 is provided in the following table:

Summary of key national targets 2017-18	Target	Perform.
Emergency Department waiting times within 4 hours (all types mapped)	95.0%	88.0%
% of patients first seen within two weeks when referred from their GP with suspected cancer	93.0%	95.1%
% of patients receiving first treatment within 31 days from diagnosis of cancer	96.0%	97.6%
% of admitted patients treated within 18 weeks of referral	92.0%	94.0%
% of patients treated within 28 days following a cancelled operation	100.0%	99.3%
Number of Hospital Acquired MRSA bacteraemia incidences	0	1 (1)*
Number of Hospital Acquired C. Difficile incidences	41	19
% of patients admitted with a stroke spending at least 90% of their stay on a stroke unit	83.0%	90.3%
Staff sickness	4.5%	4.7%

*1 MRSA and 1 contaminant

It is testament to the hard work of Trust staff that despite escalating activity in our hospitals and operating at full capacity for much of the year, the Trust performed exceptionally well against the majority of the national access targets.

2.3 Financial Performance

For the financial year 2017-18, the Trust received £384m of income. At the start of the year, the Trust submitted a plan for a £8.5m surplus, which was predicated, on receiving the full allocation of £9.1m from the Sustainability and Transformation Fund (STF). The Trust actually received £7.9m STF.

Further cash support of £5.105m was provided by the Department of Health and Social Care (DHSC) in the last four months of the financial year, which relates to delayed STF payments from NHS England and brings the total cash support balance to £7.63m. These loans are in the form of a revenue support loan facility, which attracts 1.5% interest each year with the principal amount being re-payable between January 2020 and March 2021 (although £5.105m is anticipated to have been repaid by July 2018).

In responding to the unprecedented demand for services over the winter period and opening additional capacity (escalation beds), combined with increased staff shortages the Trust has maintained patient safety, but this also resulted in increased expenditure, often at premium rates. Additionally, these pressures have meant that the Trust was unable to achieve the 95% target of 4-hour A&E waiting times and, therefore, also lost a significant element of the STF funding that had been assumed in the financial plans. The resulting financial outturn position is therefore a performance surplus of £5m, which is an underlying deficit of (£2.9m) if the final STF income of £7.9m is excluded.

The Trust has an effective financial governance framework in place, supported through independent external and internal scrutiny. In 2017-18, Grant Thornton UK LLP provided independent external assurance that the Trust is properly accounting for public money; that it is efficient and effective in its use of resources.

Income

Of the income received by the Trust, £310m (80%) came from patient-related activities. The largest contribution of £132m was from St Helens Clinical Commissioning Group (CCG). The remaining 20% came mainly from three sources: NHS North West Deanery for the education and training of junior doctors; services provided to other organisations; and Private Finance Initiative (PFI) support funding.

Expenditure

The Trust strives to secure better value and become more efficient each year, thereby freeing up resources for direct patient care. In this regard, the Trust delivered £12m of savings through its cost improvement programme in 2017-18.

A robust Quality Impact Assessment is undertaken for all proposed saving initiatives to ensure they do not inadvertently impact on the quality of the care provided, the clinical outcomes, or patient experiences. It is only following a successful conclusion of this process that approval to proceed is provided by the Trust's medical and nursing Directors.

In 2017-18, the Trust's capital expenditure was £9.2m primarily for the provision of new and replacement equipment.

2.4 Collaboration and partnership working

In addition to the Trust's collaborative working with other providers and the Cheshire and Merseyside Health and Social Care Partnership, the Trust also has an excellent track record of good relationships with patient groups and representatives, such as Healthwatch.

The Trust is a provider of services for other NHS organisations, via our shared Health Informatics Service (HIS), the provision of payroll services to the majority of Trusts in Merseyside and being the Lead Employer for junior doctors in training on behalf of the Deanery.

The Trust works in partnership with recognised trade unions and has effective and productive employee relations.

There is regular contact with the Local Authorities and the Trust attends the Health and Wellbeing Boards in St Helens, Knowsley and Halton.

3. Directors Report

This section provides the reader with information on the composition and organisation of the Trust's governance structures and how they support the achievement of objectives.

3.1 The Board of Directors

The Trust is managed by a Board of Directors that consists of both Executive and Non-Executive Directors (NED) with a Non-Executive Chairman. The composition of the Board during 2017-18 was as follows:

	Position	Name	Term of Office	Committee Membership
Non-Executive Directors	Chairman	Richard Fraser	Appointed May 2014 & 2016	Remuneration
	Deputy Chairman / SID	Denis Mahony	Appointed August 2012 & 2016	Charitable Funds / Audit / Finance & Performance / Remuneration
	Non-Executive Director	Val Davies	Appointed July 2017	Charitable Funds / Quality / Remuneration
	Non-Executive Director	Su Rai	Appointed September 2012, 2014 & 2016	Audit / Finance & Performance / Remuneration
	Non-Executive Director	George Marcall	Appointed April 2013 Left December 2017	Audit / Finance & Performance / Quality / Remuneration
	Non-Executive Director	David Graham	Appointed December 2014 & 2016	Quality / Remuneration
	Non-Executive Director	Jeff Kozar	Appointed January 2018	Finance & Performance / Audit / Remuneration
Executive Directors	Chief Executive	Ann Marr	Appointed January 2003	Executive / Quality
	Director of Human Resources/ Deputy CEO	Anne-Marie Stretch	Appointed July 2003	Executive / Quality
	Medical Director	Kevin Hardy	Appointed November 2012 (Retired Feb 2018 to return part time in April 2018)	Executive / Finance & Performance / Quality
	Director of Nursing Midwifery and Governance	Sue Redfern	Appointed May 2013	Executive / Quality
	Director of Finance	Nik Khashu	Appointed Oct 2015	Executive / Finance & Performance / Quality
Associate Directors	Director of Transformation	Tiffany Hemming	Appointed May 2017	Executive
	Director of Corporate Services	Peter Williams	Appointed August 2006 Retired July 2017	Executive Finance & Performance Quality
		Nicola Bunce	Appointed as interim (internal secondment) July 2017 and substantive January 2018	
	Director of Informatics	Christine Walters	Appointed September 2015	Executive
	Director of Operations and Performance	Rob Cooper	Appointed January 2017	Executive Finance & Performance / Quality
	Director of Estates and Facilities	Peter Williams	Took up part time post August 2017	Executive
Associate Non-Executive Director	Jeff Kozar	Appointed August 2017 Became substantive NED in January 2018	Finance & Performance	

The six Non-Executive Directors and five Executive Directors detailed in the table above are voting members ensuring that in the event of a vote the non-executive directors always have the majority.

Directors are appraised each year to review their contribution over the previous twelve months and to set objectives linked to those of the Trust for the following year. The Chairman is appraised by an officer of NHS Improvement.

Any skills gaps and training and development requirements are also reviewed annually against the NHS Improvement Well Led Framework to ensure continuous development and optimum functioning as a unitary board.

Under the Trust's standards of business conduct, Directors and senior staff are required to declare any interests which are published annually on the Trust's website. Those declared for 2017-18 are available through the following link:
<http://www.sthk.nhs.uk/about/trust-board>

3.2 Fit and Proper Persons Requirement (FPPR)

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

The Trust requires all Directors to make an annual declaration of compliance with the FPPR standards. In 2017-18, all Board members were required to complete a self-certificate to confirm compliance with these standards, and where appropriate external assessments, including Disclosure and Barring Service (DBS) checks were undertaken.

The results were scrutinised by the Trust Chairman who concluded that the Board members were, and remain, fit to carry out the roles they are in.

3.3 Statement on disclosure to auditors

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

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

The Trust has a duty to report any incident regarding the loss of personal data to the Information Commissioners Office, and the one such incident occurring in 2017-18 is covered in the Governance Statement of this Annual Report.

4. Annual Governance Statement

4.1 Scope of responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS 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 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 Trust Accountable Officer Memorandum.

4.2 The Purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can 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 St Helens and Knowsley Teaching Hospitals NHS 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 St Helens and Knowsley Teaching Hospitals NHS Trust for the year ended 31 March 2018 and up to the date of approval of the annual report and accounts.

4.3 Capacity to handle risk

The Trust supports staff to identify and plan for potential risks to the delivery of the Trust's objectives. All risks are owned by an appropriate manager and reviewed regularly to ensure the mitigation plans are effective in reducing the level of risk exposure. There is a Risk Management Council that is part of the Trust's governance arrangements.

The Trust risk profile is reviewed by the Risk Management Council each month, which includes representation from each care group and corporate service and members of the Executive Team. A report is then drafted by the chair for presentation to the Executive Committee. There are also regular updates to the Trust Board.

The involvement of the Executive Committee and the Board in regularly reviewing risks ensures that the level of exposure that the Trust is willing to tolerate (the risk appetite) is regularly tested.

Training in undertaking clinical risk assessments, and of identifying and reporting risks and incidents using the DATIX is part of the induction process for all staff joining the Trust. Regular training is also available to staff and risk management is included as part of management development programmes. Guidance on the risk management process and use of the DATIX system is also available to staff via the Trust intranet.

4.4 The risk and control framework

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

Clinical risk assessments, incidents, complaints, claims, learning from staff views, and social media channels are other sources of information which support the Trust in identifying and responding to any underlying themes. These are reviewed by the Patient Safety Council.

The Trust has an electronic risk and incident recording system (DATIX) and all senior managers within the organisation have access to it.

Potential risks are identified and assessed (using the recognised NPSA 5 x 5 matrix of likelihood and consequence) and added to the register. The risk owner details controls and assurances that are within their remit and then re-asses the risk to see whether these measures have been beneficial in reducing the current risk score. The risk owner also identifies the relevant line manager who will also have sight of the risk and be able to review the actions in mitigation.

Risks with a score below 15 are controlled locally within care groups or corporate departments. Each risk is allocated an appropriate review date and on a monthly basis local governance meetings are held with appropriate representation and senior management to consider the risk profile, any missing risks, and to evaluate those requiring review. Frequent evaluation of risks takes place to ensure that the plans in mitigation are updated and accurately recorded on the Datix system.

If, following review and mitigating action within the care group or corporate department, the risk score is 15 or above, it is automatically escalated to the relevant Executive Director to see if more senior intervention can further reduce the potential risk to the organisation. All such risks are captured on the Corporate Risk Register (CRR).

As at 31st March 2018, there were a total of 765 risks recorded on DATIX. The table below shows the profile of the risk scores (between 1 and 25):

Very Low Risk			Low Risk			Moderate Risk				High / Extreme Risk			
1	2	3	4	5	6	8	9	10	12	15	16	20	25
61	53	29	112	11	149	51	141	34	108	4	6	6	0
143 = 18.69%			272 = 35.56%			334 = 43.66%				16 = 2.09%			

As can be seen, 16 of these risks were scored at 15 or above and captured on the CRR. In summary, these related to:

- Cyber security
- Delivery of national access standards whilst operating at maximum capacity
- Staffing levels in a number of areas due to the difficulty in being able to recruit permanent or temporary staff due to national staff shortages (particularly in Nursing)
- The challenges of meeting the Trust's financial targets
- The impact of the apprenticeship levy

In addition to CRR risks, which can be escalated to the Trust Board, the Board has identified its own strategic risks that in theory could be catastrophic to the delivery of the organisations strategic goals, and these are captured in the Board Assurance Framework (BAF) which is considered by the Board three times per year. Strategic concerns on the BAF as at 31st March 2018 were:

- Systemic failures in the quality of care
- Failure to develop or deliver long term financial sustainability plans for the Trust and with system partners
- Sustained failure to maintain operational performance/deliver contracts
- Failure to protect the reputation of the Trust
- Failure to work in partnership with stakeholders
- Failure to attract and retain staff with the skills required to deliver high quality services
- Major and sustained failure of essential assets, infrastructure
- Major and sustained failure of essential IT systems.

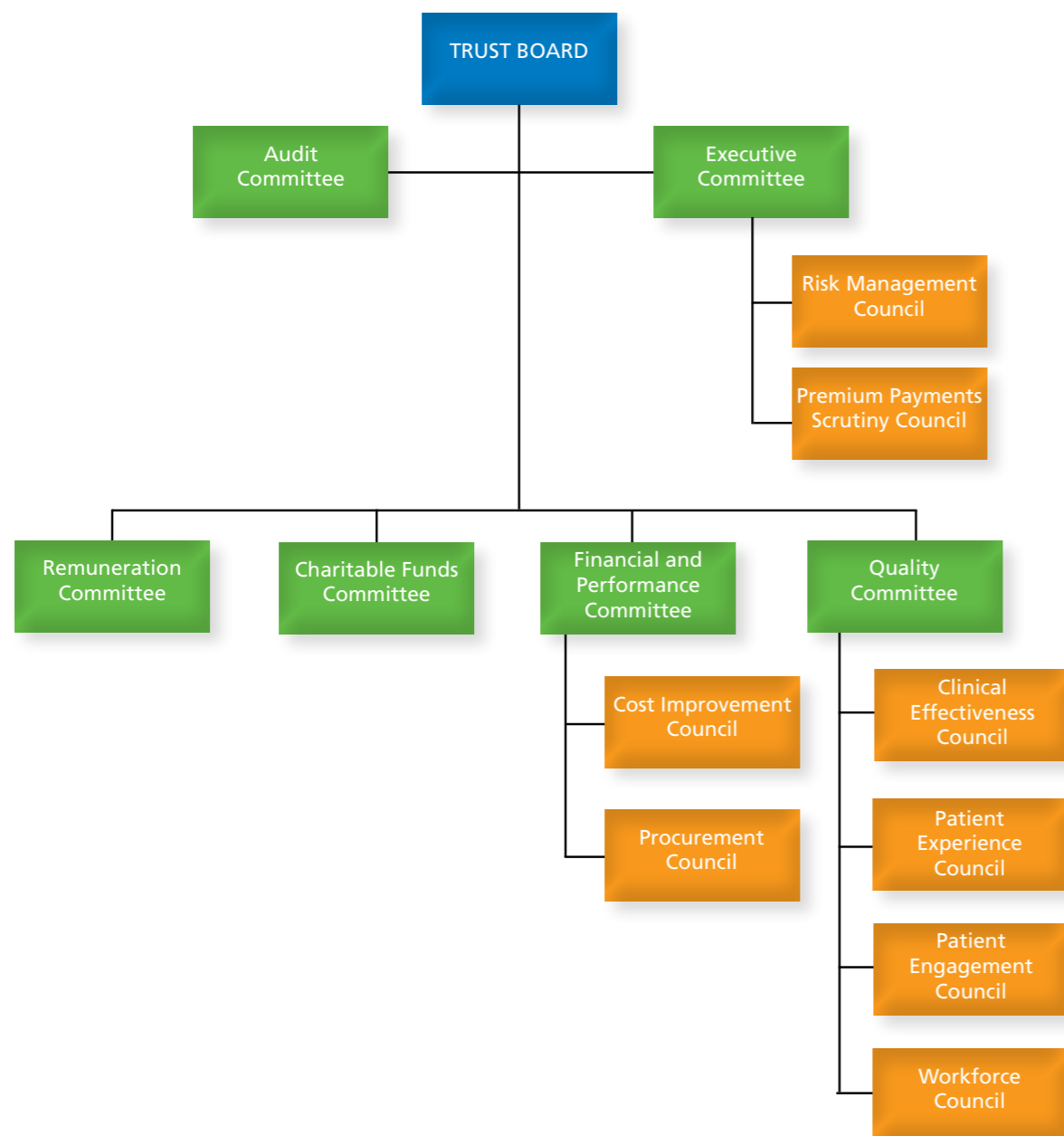
The Trust's Internal Auditors undertook a review of the BAF in 2016-17 and concluded that it is structured to meet the NHS requirements; is visibly used by the Board; and reflects the risks discussed by the Board. They concluded that the required assurance level was fully met.

In developing its plans for 2018-19, the Board has assessed the future risks that will need to be managed, these remain similar to the key risks in 2017-18. These include recruitment and staff shortages, increasing demand for services and financial pressures including the significant level of efficiency and productivity savings required to achieve the cost improvement programme, particularly as a significant proportion of this is dependent on plans for collaborative working across the health and care system and not wholly within the control of the organisation.

Copies of reports to the Board are readily available on the Trust website within regular Board papers: www.sthk.nhs.uk/about/trust-board/trust-board-papers-2017

Governance structure

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



With the exception of the Executive Committee, chaired by the Chief Executive, each is chaired by a Non-Executive Director. After each meeting, the respective chair prepares a report to the Trust Board on matters considered on the agenda, the areas where assurance is being provided, and any issues requiring escalation for Board intervention or decision.

Remuneration Committee

The Remuneration Committee is comprised of the Chairman and all five Non-Executive Directors. Its duties include approving the remuneration and terms of service for the Chief Executive and Executive Directors, and to consider the appointment of Executive Directors and other very senior managers.

The Committee met 5 times during the year in June 2017, October 2017, November 2017 (twice) and January 2018.

Audit Committee

The Audit Committee has a membership of three NEDs, one of whom is a qualified accountant, and the others have commercial and business experience at a senior level.

In addition, the Trust’s external and internal auditors along with the Director of Finance are regularly invited to attend. In 2017-18, the Committee met on five occasions.

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

Through the agreement of an annual programme of independent audits, the Committee gains assurance that the data being provided to the Board, on which decisions are based, is accurate and complies with guidance.

This programme included audits of the quality spot checks including medicines storage, third party access to critical IT applications, combined financial systems, workforce data and systems, discharge planning and data quality. These audits provide independent assurance to the Board that the quality and accuracy of the information reported is sufficiently robust to be relied on.

Quality Committee

The Quality Committee oversees quality governance. Performance within the Trust is measured against a range of parameters, including those related to activity levels, quality of care, staffing and finance. This is captured each month in an Integrated Performance Report (IPR), which incorporates commentary from senior management to aid understanding of the performance data. This commentary also seeks to identify links between factors such as staffing numbers, quality of care, costs, activity levels and performance against national targets to turn raw data into information that can be used to support decision-making.

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

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

Finance and Performance Committee

Like the Quality Committee, this Committee meets each month (excluding August and December) and reviews the IPR in detail, however, their focus is on performance against the financial and activity targets.

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

The Committee is also supported in its work by a number of Councils that undertake detailed reviews to ensure that the data received by the Committee is robust, and provides the appropriate basis for management decision-making.

Charitable Funds Committee

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

The Committee actively promotes fundraising and regular expenditure from funds and also ensures that the Trust receives a reasonable rate of interest from investments made of the funds held in trust.

Executive Committee

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

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

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

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

Governance framework of the organisation

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

The Board of Directors consists of a non-executive Chair, five Non-Executive Directors, a Chief Executive and four Executive Directors. A further four non-voting Associate Directors regularly attend Board meetings. The Board also aims to include 1 associate Non-Executive Director, to support succession planning.

The Board has a suite of documents (the Corporate Governance Manual) which contains the Trust's standing orders, standing financial instructions, and scheme of reservation and delegation of powers, which set out the regulatory framework for the business conduct of the Trust.

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

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

Changes to the Board

2017-18 saw the following changes in the Board of Directors membership:

- Richard Fraser, Chairman, continued to be interim Chair at Southport and Ormskirk Hospitals NHS Trust; an arrangement that started in 2016 and is planned to end when a permanent Chair is appointed
- George Marcall, Non-Executive Director left the organisation in December 2017
- Val Davies, Non-Executive Director was appointed in July 2017 (replacing Bill Hobden whose term of office ended in March 2017)
- Jeff Kozar was appointed as an Associate Non-Executive Director in August 2017 and then as a substantive Non-Executive Director in January 2018, replacing George Marcall
- Denis Mahoney, Non-Executive Director was appointed as the Deputy Chair and Senior Independent Director (SID) in September 2017
- Professor Hardy retired on 28 February 2018 and returned part-time on 1st April, resuming his role as Medical Director. In the interim period, Dr Terry Hankin acted up in the role
- Tiffany Hemming was appointed as the Director of Transformation in May 2017
- Peter Williams retired from the post of Director of Corporate Services in July 2017, but returned to the Trust in a part time capacity as the Director of Estates and Facilities in August 2017
- Nicola Bunce was appointed to the substantive position of Director of Corporate Services in January 2018.

All new Directors are provided with tailored induction programmes on their commencement and this was the case in 2017-18.

Board Meetings

The Trust Board held ten meetings in public during 2017-18. Part 2 of these meetings are held in private to discuss confidential issues such as the details of serious untoward incidents relating to patients, confidential staff matters or commercial decisions such as bidding to provide new services.

All Trust Board meetings were quorate, with the target levels of attendance from all but one Associate Director. Attendance by the Directors is summarised in the following table:

Board Members		Trust Board	Audit Committee	Quality Committee	Finance & Performance Committee	Charitable Funds Committee	Executive Committee	Total	Average attendance
Meetings Held		10	5	10	10	3	49	87	%
Richard Fraser	Chair	9						9/10	90%
Denis Mahony	NED	9			7	2		18/23	78%
Su Rai	NED	10	5		10			25/25	100%
George Marcall (until December 2017)	NED	7 (of 7)	2 (of 4)	5 (of 7)	5 (of 7)			19/25	76%
David Graham	NED	8		6				14/20	70%
Val Davies (from July 2017)	NED	7 (of 7)		6 (of 7)				13/14	93%
Jeff Kozar (from January 2018)	NED	2 (of 3)	2 (of 3)		7 (of 7)			11/13	92%
Ann Marr	Chief Executive	10		7			42	59/69	85%
Anne-Marie Stretch	Director of HR/Deputy CEO	10		6			39	59/69	80%
Nikhil Khashu	Director of Finance and Information	9	5	10	10	3	33	70/87	80%
Kevin Hardy	Medical Director	8 (of 9)		7 (of 9)	6 (of 9)		32 (of 44)	53/71	75%
Sue Redfern	Director of Nursing, Midwifery and Governance	9		10			35	54/69	78%
Peter Williams	Director of Estates and Facilities	7 (of 9)					35 (of 44)	42/53	79%
Rob Cooper	Director of Operations and Performance	8		7	8		36	59/79	75%
Tiffany Hemming	Director of Transformation	7 (of 9)					28 (of 45)	35/54	65%
Christine Walters	Director of Informatics	10					39	49/59	83%
Nicola Bunce (from July 2017)	Director of Corporate Services	6 (of 7)					28 (of 36)	34/43	79%
Meetings quorate		Yes	Yes	Yes	Yes	Yes	Yes		79%

In order to discuss in detail key issues affecting the organisation; longer term strategic plans to ensure sustainability; and wider partnership working across the local health economy, four strategy meetings were held in 2017-18. Board Development sessions were also held throughout the year and the topics covered are summarised in the following table:

Purpose	Provider / Lead	Date
Next Steps Five Year Forward View and implications for the Cheshire and Merseyside Sustainability and Transformation Plan	Nik Khashu, Director of Finance and Information Executive	April 2017 Strategy Board
Trust Informatics Strategy	Christine Walters, Director of Informatics	June 2017 Strategy Board
Winter Preparedness and A&E Improvement Plans	Rob Cooper, Director of Operations and Performance	October 2017 Strategy Board
CQC New Well Led Inspection Regime	Sue Redfern, Director of Nursing, Midwifery and Governance	
Legal and Regulatory Update	Hill Dickinson LLP	
Integrated Care Strategy Development	Ann Marr, Chief Executive	November 2018 Board Time Out
Strategic Developments – Health System Shared Care Records	Christine Walters, Director of Informatics	
Operational Plan 2018 -19	Nicola Bunce, Director of Corporate Services	February 2018 Strategy Board
Dementia Awareness Training	Lauren Hanson, Specialist Dementia Nurse	

To effectively carry out their duties, Board members need to be able to probe the data conveyed in formal reports to the Board and its Committees and triangulate that with the softer intelligence gained through attendance at events, staff and carer listening sessions, and ward and department visits. Non-Executive Directors are encouraged to test out material provided when speaking to staff to gain that further assurance of accurate reporting of information throughout the Trust.

All Directors participate in a schedule of Quality Ward Rounds (QWRs) during the year, which supports them to gain a greater understanding of the work in each specialty and the achievements and issues that each ward is managing.

Hearing first-hand experiences from patients, learning from the results of patient and staff surveys, and being conscious of the themes of incidents and complaints is important to the overall effectiveness of the Board, and these topics remain regular agenda items.

In 2017-18, the top five causes of complaints, accounting for 81% of all first stage complaints received, were clinical treatment (42%), admission and discharge (11%), values and behaviours (11%), communications (9%) and patient and nursing care (8%). This reflects a similar picture to the previous year, although there were significantly fewer complaints (a decrease of 44% in first stage complaints received, from 338 in 2016-17 down to 224 in 2017-18). The source of the highest number of complaints was the Emergency Department, which is the department that experiences the highest volume of patients.

The Board remains committed to improvement by reducing the overall numbers of complaints; ensuring complaints are responded to in a timely manner; and making sure that lessons are learned.

Care Quality Commission

The Care Quality Commission (CQC) is the independent regulator for health and social care in England and through inspection makes sure that the public are provided with safe, effective, compassionate and high-quality care, and encourages services improvement. Their report on the Trust, published in early 2016, provided significant assurance to the Board of the quality of services being delivered. The overall 'Good' rating they provided remained in place throughout 2017-18.

The Trust is required each year to register with the CQC and has a legal duty to be compliant with the fundamental standards set out in the Health and Social Care Act. This ongoing compliance was confirmed to the Board in March 2017 and the Trust remains registered with the CQC without conditions.

NHS Improvement (NHSI) and the Provider Licence Conditions

The Trust works closely with NHSI (the Trust's regulating body) in pursuing the national priorities detailed in the NHS Mandate and Single Oversight Framework (SOF). This framework sets out the key policies and processes, which govern the relationship between NHS Trusts and NHSI in terms of oversight and escalation mechanisms, development and support. All requirements for both short and longer-term plans were appropriately met by the Trust.

During 2017-18, the Trust self-certified that it complied with the licence, NHS acts and NHS Constitution (Condition G6 (3)) and with the required governance arrangements (Condition FT4 (8)), as required for the SOF.

During 2017-18, the Trust undertook a self-assessment against the updated Well Led Framework developed jointly by the CQC and NHSI. The resulting action plan will be fully implemented during 2018-19 and the Trust will then commission an independent Well Led review.

NHS 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 Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Equality and Diversity Obligations

The Trust is an equal opportunity employer and has control measures in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. Appropriate policies are maintained to ensure that the required standards are met; examples being:

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

Modern slavery and human trafficking statement

The Trust is fully aware of the responsibility it bears toward its customers, employees and the communities, which it serves. The Trust has created a set of ethical values to guide employees and suppliers in its business dealings.

The Trust expects that all its suppliers of goods and services adhere to similarly high ethical principles, and in compliance with the requirements of the Modern Slavery Act 2015, the Trust has reviewed its supply chains to seek assurance that suppliers can demonstrate the appropriate behaviour. The Trust has also identified potential areas of greater risk including those contractors dealing with the provision of food, construction, cleaning, and clothing.

The Trust has a 'Supplier Code of Conduct' that requires all existing and new suppliers to confirm their compliance with the Act. Evidence gathering questions are also used during our tendering procedures.

Advice and training on slavery and human trafficking is available to staff through the Safeguarding Team.

Board Assurance

Through the systems outlined in this report, the Directors are able to provide the necessary assurances to the Board that its annual and longer-term objectives can be met and risks to their achievement are being appropriately managed.

To support this view, the Trust also receives a significant amount of independent and external feedback from a range of sources that provides the Board with further assurance. Examples are summarised in the following paragraphs.

In accordance with Public Sector Internal Audit Standards, the Director of Internal Audit (DoIA) is required to provide an annual opinion on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the organisation's system of internal control). This is achieved through a risk-based plan of work, agreed with management and approved by the Audit Committee, which can provide assurance covering:

- Financial systems
- M&T and Information Governance
- Performance and Board reporting systems
- Processes to ensure service quality
- Processes underpinning management of the workforce
- Governance risk and legal compliance of statutory functions.

For 2017-18, the DoIA concluded that 'Significant Assurance' can be given that there is a generally sound system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently.

The basis for that opinion was:

- An assessment of the design and operation of the underpinning Assurance Framework and supporting processes
- An assessment of the range of individual assurances arising from risk-based internal audit assignments throughout the period
- An assessment of the Trust's response to Internal Audit recommendations, and the extent to which they have been implemented.

Within the accompanying commentary the following points were included:

- The Trust Board has taken action to improve the financial position of the Trust with regular reporting at Board meetings
- Senior management within the Trust has largely remained stable during 2017-18
- Operationally the Trust has continued to regularly report its performance against a range of targets. It has continued to meet the national Referral to Treatment (RTT) and cancer targets
- The Trust is working with its partners across Cheshire and Merseyside looking at ways to make services more sustainable in the future, with the aim of helping people live longer and healthier lives.

The Trust's external Anti-Fraud advisors report for 2017-18 confirmed that the Trust remained compliant against anti-fraud standards, and was strong with respect to ensuring that NHS resources are protected against fraud, bribery or corruption.



4.5 Review of economy, efficiency and effectiveness and use of resources

Use of Resources Rating (URR)

With effect from October 2016, the Financial Sustainability Risk Rating was amended and renamed the Use of Resources Rating. There are now five equally-weighted metrics: liquidity ratio; capital servicing capacity; I&E margin; I&E margin variance from plan; and performance against the planned agency ceiling.

The overall risk rating ranges from 1 to 4, where 4 represents the highest level of financial risk. The rating also has an override methodology, which means:

- Scoring a 4 on any metric returns an overall rating no better than 3
- A provider in financial special measures will score a 4 overall
- A provider without an agreed control total can score no better than a 3 for a planned deficit or 2 for a planned surplus.

The Trust is currently at level 3, primarily reflecting our assets and liabilities from our two PFI funded hospital sites.

Going forward, the Trust's longer-term plans will focus on improving this rating by increasing financial surpluses through greater efficiency, and by creating larger cash balances.

Economy, efficiency and effectiveness

The Trust utilises a range of benchmarking to ensure it is operating effectively, including the Model Hospital, Carter Metrics and Reference Costs, which are reviewed by the Finance and Performance Committee and support the development of improvement plans.

4.6 Information governance

Information Governance is the standards and processes for ensuring that organisations comply with the laws and regulations regarding handling and dealing with personal information. The Trust has clear policies and processes in place to ensure that information, including patient information, is handled in a confidential and secure manner.

The Trust continues to benchmark itself against the Information Governance Toolkit. The toolkit is an online system, which allows NHS organisations and partners to assess themselves against NHS Digital Information Governance policies and standards. It also allows members of the public to view our commitment to information governance standards. The Trust Information Governance Assessment Report overall score for 2017-18 was 82% which was graded 'green'. This means that the Trust is compliant in all sections of the Information Governance Toolkit. The Information Governance Toolkit is being replaced by the Data Security and Protection Toolkit in 2018 and the Trust has a plan in place to ensure it achieves or is working towards the achievement of all the new standards.

The Trust has a robust Information Governance Framework in place headed up by Craig Walker, Head of Information Governance and Quality Assurance. Dr Francis Andrews, Assistant Medical Director as Caldicott Guardian is the designated individual within the Trust who is responsible for ensuring confidentiality of personal information. The Trust also has a Senior Information Risk Owner (SIRO); Christine Walters, Director of Informatics, who is responsible for reviewing and reporting on the management of information risk to the Board. These employees are appropriately qualified, trained, registered and accredited.

Work is underway to ensure that the Trust is working towards compliance with the upcoming General Data Protection Regulations and there is a detailed action plan in place, which is monitored, on a monthly basis at the Trust's Information Governance Steering Group.

The Trust has a duty to report any incident regarding the loss of personal data to the Information Commissioners Office (ICO) and for the financial year 2017-18 there was one such incident. The reported incident was reviewed by relevant members of staff and members of the Information Governance Team, with actions taken to minimise the likelihood of any recurrence. The ICO stated that "the incident warranted no further action from them in their role as the regulatory body for data protection" and was subsequently closed with no action taken against the Trust.

4.7 Annual Quality Account

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.

The Trust assures itself of the quality and accuracy of the data reported in the Quality Account, including the national elective access targets, via the Patient Tracking List (PTL) process. PTL reports are used by the Care Groups to manage the elective waiting list (i.e. issuing appointments) and the validation of individual waiting list entries by Data Quality officers. There is a weekly PTL meeting, which provides continuous scrutiny of the waiting list position.

Daily Referral to Treatment (RTT) reports allow continuous review of the number of patients on the elective waiting list and the time each has waited. The Information Department has a number of standard operating procedures and review protocols in place to identify any anomalies, which are then escalated to the Data Quality Team.

The Quality Committee provides oversight to ensure that the Trust produces the annual Quality Account for presentation to the appropriate Local Authority Overview and Scrutiny Committees established to review and analyse decisions, which affect their residents. The annual Quality Account is audited and the 2017-18 account was published in June 2018.

Sustainable Development

The NHS contract requires providers to take all reasonable steps to minimise their adverse impact on the environment, and demonstrate their progress on climate change adaptation, mitigation and sustainable development. To deliver this obligation, the Trust has a Board approved Sustainable Development Plan, covering the organisation's vision, its action plan, monitoring arrangements and accountability.

The 2008 Climate Change Act requires an 80% reduction in carbon emissions throughout the UK by the year 2050. The Trust is actively pursuing this target across its key components, which include energy (21%), medical equipment (19%), paper products (12%), and waste disposal (6%).

The Trust's Sustainability Action Group meets bi-monthly to share sustainable practice, explore opportunities for savings and implement initiatives that promote sustainable development. Over the last year, the group has focused on travel, carbon hotspots, community engagement, waste and recycling, as well as ideas to change the behaviour of users.

The following paragraphs summarise some initiatives delivered over the last year:

- Investment in external car park LED lighting scheme. By highlighting the mutual benefits of the scheme, the Trust was able to gain partner investment, thereby reducing the schemes payback period. The installation is on target to deliver 50% carbon and energy savings
- The Trust switched to a Smart Print Policy and since its introduction over 216,000 documents were printed double sided saving over half a million sheets of paper, equivalent to 808 trees
- Installation of Climate attendant controls on air-conditioning units. These controls use movement sensor technology to shut air conditioning units down when the area is unoccupied, saving 6,680kg of CO2 each year
- In collaboration with the Local Authority's Healthy Living Team, the Trust ran a sustainability event to encourage exercise and healthy eating with staff, patients and visitors. Smoothie bikes were used to produce health drinks through pedal power
- The Trust partnered with two local primary schools and a local hospice to set up a battery reuse and recycle scheme. Currently, the Trust exchanges hundreds of AA batteries each month in critical medical devices that are still 50- 70% charged. Many of these batteries are now able to be reused and then recycled at the end of their life

The scheme to install a Combined Heat and Power and Heat Recovery System in Whiston Hospital will be completed by mid-2018/19, which will reduce annual carbon emissions by 3,000 tonnes and save the Trust as much as £480k per year.

The 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 UKCP09 climate projections, to ensure that this organisation's obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

4.8 Review of effectiveness

Annual meeting effectiveness review

Each year, the Board and each of its Committees undertakes an effectiveness review each comprising of:

- A review by the Chair and lead Director
- A review of the meeting structure, membership and reporting arrangements
- A review of attendance
- A members effectiveness survey questionnaire
- A review of the Terms of Reference and annual work plan.

The conclusion of the reviews, reported to the Audit Committee, is that the purpose, remit and organisation of the Trust Board and its Committees remains appropriate and provides the necessary assurance that the Trust is effectively and appropriately managed. The review is also used to inform a skills audit, succession planning and the future board development priorities.

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Trust that have responsibility for the development and maintenance of the internal control framework. I have drawn on the information provided in 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. 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, finance and performance committee, and the quality committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

4.9 Conclusion

There are no significant internal control issues identified or reported in the annual governance statement for 2017-18.

Ann Marr

Ann Marr
Chief Executive
23rd May 2018

Remuneration and Staff Report

This section provides the reader with information on the staff within the Trust and where further workforce data can be found within the financial statements.

5. The Trust's approach to its workforce and staffing

The HR & Workforce Strategy supports the Trust's vision by developing a management culture and style that:

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

5.1 Trust employees

At the end of 2017-8, the Trust directly employed over five thousand staff of which 42% are doctors and nurses; 35% are clinical support staff; and the remaining 23% are non-clinical support staff.

Turnover of staff is circa 11% which has increased in the past year, reflecting the national labour market for healthcare staff and increasing staff shortages. There are variations in turnover rates between disciplines and significant recruitment challenges exist for medical, nursing and scientific staff.

The number of senior managers employed by the Trust at 31st March 2018 was 20, this includes Directors who are part of the Executive Team and attend the Trust Board and also the other senior managers at the Trust who have responsibility for controlling major activities and other statutory responsibilities e.g. Chief Pharmacist. All the senior managers are employed on the NHS Agenda for Change pay and contractual conditions.

	Male		Female		All Staff	
	Headcount	FTE	Headcount	FTE	Headcount	FTE
Directors	2	1.80	3	3.00	5	4.80
Non-Executive Directors	5	1.20	2	0.40	7	1.60
Other VSM	10	9.61	10	10.00	20	19.61
All other staff	897	845.48	4,369	3,724.62	5,266	4,570.01
Trust Total	914	858.09	4,384	3,738.02	5,298	4,596.02

The above tables include staff on the Trust's payroll but exclude temporary staff (including agency and bank staff), junior doctors in training recharged from other payrolls and other staff recharged from other organisations. This information is a snap shot rather than the average across the year.

83% of the workforce is female.

Information on 2017-18 staff costs and average FTE's is provided in the tables below:

	2017-18		
	Permanent £000	Other £000	Total £000
Salaries and wages (including bank and locum temporary staff)	166,957	9,477	176,434
Social Security costs	16,017	-	16,017
Apprenticeship levy	886	-	886
Employer's contributions to NHS pensions	19,380	-	19,380
Pension cost - other	18	-	18
Temporary staff (agency)		9,397	9,397
Total staff costs	203,258	18,874	222,132
Average number of employees (WTE basis)			
	2017-18		
	Permanent Number	Other Number	Total Number
Medical and dental	538	72	610
Administration and estates	1,051	73	1,124
Healthcare assistants and other support staff	764	154	918
Nursing, midwifery and health visiting staff	1,449	56	1,505
Scientific, therapeutic and technical staff	529	17	546
Healthcare science staff	308	-	308
Social care staff	3	-	3
Total average numbers (exc. staff engaged on capital schemes)	4,642	373	5,014

The Trust achieved the annual sickness target of 4.5%, with a year-end cumulative figure of 4.7% (percentage of days lost over days available), which is an improvement upon the previous year.

5.2 Payments for staff and services

Trust expenditure in 2017-18 on consultancy is included under note 5 of the Annual Accounts.

Under HM Treasury guidance the Trust is required to disclose information about off-payroll engagements at a cost of more than £245 per day and lasting more than six months.

Total number of existing engagements as of 31st March 2018	7
Of which...	
No. that have existed for less than one year	2
No. that have existed for between 1-2 years	5
No that have existed for between 2-3 years	0
No that have existed for between 3-4 years	0
No that have existed for 4 years or more	0
Total number of new engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018	2
Of which...	
No. assessed as caught by IR35	2
No. assessed as not caught by IR35	0
Of which...	
No engaged directly (via PSC contracted to the entity) and are on the departmental payroll	2
No. of engagements reassessed for consistency/ assurance purposed during the year	0
No. of engagements that saw a change to IR35 status following the consistency review	0

There were no off-payroll engagements relating to the Trust's Executive Board Directors.

There was one compulsory redundancy made in 2017-18 (Cost £231k), this did not relate to a Board Director.

6. Fair Pay Disclosure

The Trust has made the annual disclosure of the relationship between the remuneration of the highest paid director and the median remuneration of the organisations workforce.

Year	2017 - 2018	2016 - 2017
Band of Highest Paid Directors' remuneration (£,000)	190 - 195	190 - 195
Median Total (£)	25,630	25,828
Ratio	7.7	7.45

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

The banded remuneration of the highest paid Director in St Helens and Knowsley Teaching Hospitals NHS Trust in the financial year 2017-2018 was £190,000 to £195,000. This was 7.7 times the median remuneration of the workforce, which was £25,630.

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 Acting Medical Director is the highest paid member of staff for 2017-2018 and the Medical Director for 2016-2017.

Whilst there is little movement in the ratio, there has been a very slight decrease to the median salary. This is due to the recruitment of new staff that commence their employment on an incremental scale.



Directors' Remuneration Report

Salaries and Allowances. Table 1: Single figure table

	2017-18						
	Salary (See note below table)	Other Remuneration (See note below table)	Expense Payments	Performance pay and bonuses	Long term performance pay and bonuses	All pension- related benefits (See note below table)	Total
	(bands of £5,000) £000	(bands of £5,000) £000	(taxable) total to nearest £100	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £2,500) £000	(bands of £5,000) £000
Mr R Fraser, Chairman (Started 1 May 2014, second term of office, ends 30th April 2020)	20 - 25	0	0	0	0	0	20 - 25
Ms AM Marr, Chief Executive	185 - 190	0	0	0	0	45 - 47.5	230 - 235
Mrs AM Stretch, Director of Human Resources & Deputy Chief Executive	125 - 130	0	0	0	0	107.5 - 110	235 - 240
Mr N Khashu, Director of Finance and Information	125 - 130	0	0	0	0	57.5 - 60	185 - 190
Professor K Hardy, Medical Director	25 - 30	175 - 180	0	0	0	27.5 - 30	230 - 235
Mrs S Redfern, Director of Nursing, Midwifery & Governance	105 - 110	0	0	0	0	55 - 57.5	165 - 170
Mr D Graham, Non-Executive Director (Started 1st December 2014, second term of office, ends 30th November 2019)	5 - 10	0	0	0	0	0	5 - 10
Mr D Mahony, Non-Executive Director (Started 1st August 2012, second term of office, ends 31st July 2018)	5 - 10	0	900	0	0	0	5 - 10
Ms S Rai, Non-Executive Director (Started 26th September 2012, third term of office, ends 25th September 2018)	5 - 10	0	0	0	0	0	5 - 10
Mr G Marcall, Non-Executive Director (Started 1st April 2013, left 31st December 2017)	0 - 5	0	2,000	0	0	0	5 - 10
Mrs V Davies, Non-Executive Director (Started 6th July 2017, first term of office, two year terms ends 5th July 2019)	0 - 5	0	200	0	0	0	0 - 5
Mr KJ Kozer, Non-Executive Director (Started 1st January 2018, first term of office, three year term, ends 31st December 2021)	0 - 5	0	0	0	0	0	0 - 5
Mr W Hobden, Non-Executive Director (Started 18 June 2009, left 29th March 2017 following fourth term of office)							

Notes:

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

Professor K Hardy retired on 28th February 2018 and returned part-time on 1st April 2018, resuming his role as Medical Director. In the interim period Dr Terry Hankin acted up in the role.

For the purposes of this exercise the pension-related benefits are calculated using a national standard formula and effectively reflect the real increase in pension at age 60 in 2017-18 multiplied by a valuation factor of 20 plus the real increase in lump sum at age 60 in 2017-18. The resultant figure represents an estimate of the lifetime benefit of the annual increase. Please note that these figures exclude the estimated impact of employee's own contributions unlike in the pensions benefit table which include the impact of both employee and employer contributions.

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

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

2016-17						
Salary (See note below table)	Other Remuneration (See note below table)	Expense Payments	Performance pay and bonuses	Long term performance pay and bonuses	All pension- related benefits (See note below table)	Total
(bands of £5,000) £000	(bands of £5,000) £000	(taxable) total to nearest £100	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £2,500) £000	(bands of £5,000) £000
20 - 25	0	0	0	0	0	20 - 25
180 - 185	0	0	0	0	32.5 - 35	215 - 220
120 - 125	0	0	0	0	25 - 27.5	145 - 150
120 - 125	0	0	0	0	40 - 42.5	160 - 165
30 - 35	185 - 190	0	0	0	35 - 37.5	250 - 255
100 - 105	0	0	0	0	15 - 17.5	120 - 125
5 - 10	0	0	0	0	0	5 - 10
5 - 10	0	600	0	0	0	5 - 10
5 - 10	0	0	0	0	0	5 - 10
5 - 10	0	2,600	0	0	0	5 - 10
5 - 10	0	0	0	0	0	5 - 10

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

In respect of pay awards for Executive Directors, these are made in line with Department of Health guidance. The Trust has a robust appraisal process in place for Executive Directors but does not operate a performance-related pay framework. All the Trust Executive Directors are employed on a full-time substantive contract with a 6 month contract termination notice period either side. There have been no significant awards made to past Executive Directors for early terminations of contract. None of the directors were remunerated in an off-payroll arrangement.

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

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

Pension Benefits

Name and Title	Real increase/ (decrease) in pension at pensionable age (bands of £2500) £000	Real increase/ (decrease) in lump sum at pensionable age related to real increase/ (decrease) in pension (bands of £2500) £000	Total accrued pension at pensionable age at 31 March 2018 (bands of £5000) £000	Lump sum at age 60 related to accrued pension at 31 March 2018 (bands of £5000) £000	Cash Equivalent Transfer Value at 31 March 2018 £000	Cash Equivalent Transfer Value at 31 March 2017 £000	Real increase/ (decrease) in Cash Equivalent Transfer Value £000	Employers Contribution to Stakeholder Pension £000
Ms AM Marr, Chief Executive	2.5 - 5	7.5 - 10	85 - 90	260 - 265	2,011	1,832	133	0
Mrs AM Stretch, Director of Human Resources & Deputy Chief Executive	5 - 7.5	10 - 12.5	55-60	150-155	1,035	885	127	0
Mr N Khashu, Director of Finance	2.5 - 5	2.5 - 5	30 - 35	80 - 85	469	396	52	0
Dr K Hardy, Medical Director	0 - 2.5	5 - 7.5	60 - 65	190 - 195	1,407	1,306	66	0
Mrs S Redfern, Director of Nursing, Midwifery & Governance	2.5 - 5	7.5 - 10	50 - 55	160 - 165	1,198	1,065	107	0

Please note that the above information has been provided by the NHS Business Services Agency - Pensions Division. The Trust's accounting policy on pensions is shown in note 7.3 of the Trust's published accounts.

Please note that Dr Hardy's figures are as at 28 February 2018.

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

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's (or other allowable beneficiary's) pension payable from the scheme. CETVs are calculated in accordance with SI 2008 No.1050 Occupational Pension Schemes (Transfer Values) Regulations 200823.

Real Increase in CETV - This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period.





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