NHS
Birmingham Women's
NHS Foundation Trust

2016-17
Annual Report and Accounts

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Audited Accounts

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

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Our journey through the year

Chief Executive's Foreword

Welcome to the final annual report of Birmingham Women's NHS Foundation Trust. This year's publication is a little different as it details our activity from 1 April 2016 up until 31 January 2017, when we joined together with Birmingham Children's Hospital to create Birmingham Women's and Children's NHS Foundation Trust – the first organisation of its type in the UK.

Being able to turn our vision into a reality on 1 February 2017, our official integration date, was only possible with the support of our dedicated staff and leadership teams and everyone involved has much to be proud of. We now have an exciting future ahead, where we will be able to offer more seamless services, particularly for babies, invest more in making greater advances in our specialist services and help shape the future of family centred care for generations to come.

The months leading up to our integration were certainly busy. While preparations were taking place to create our new Trust, we also welcomed Care Quality Commission (CQC) inspectors in April 2016. The CQC inspected our maternity inpatient and community services, surgery (gynaecology), outpatients and diagnostic imaging, as well as our neonatal services.

We were pleased the final report, published in November, recognised Birmingham Women's Hospital as a safe and caring organisation, with an 'Outstanding' inpatient maternity service. It was particularly satisfying to see our fantastic staff praised for their positivity, passion and commitment to helping our patients.

However, the overall rating we received was 'Requires Improvement,' as despite there being many examples of good practice across the organisation, there were several that required urgent attention or further service improvement work. We started this straight away and there's been much progress thanks to the tireless work, energy and enthusiasm of the teams involved. Our ambition is now to be 'Outstanding' ensuring all our women and babies get the services they deserve.

We also received really positive news that we had been allocated a £16.1million loan to carry out essential works to our hospital's estate. This investment has been badly needed for some time and will help fund work to modernise our gynaecology and genetics services, as well as a range of site-wide infrastructure improvements.

A major project that has the potential to transform maternity services, which started under our leadership, is our Birmingham and Solihull Maternity and Newborn Partnership, known affectionately as Bump. Working together with Heart of England NHS Foundation Trust and Birmingham Community Healthcare Trust, along with a host of other partners, we are committed to offering our mums-to-be more choice, access to services and control on where and how they give birth. We are one of the first areas of the country to be working together in this way and have been allocated funding by NHS England in recognition of our leadership role.

Another project that we are proud to be leading on, working with University of Birmingham and baby charity, Tommy's, is our miscarriage research centre, which opened in April 2016. Through the pioneering work of the centre we are looking to give hope to families who go through this deeply personal and emotional experience by offering answers and understanding. Research is critical to this and we are proud to be bringing our expertise when it comes to early pregnancy treatment and support.

It has been my privilege to lead such a special organisation that plays a huge part in the lives of thousands of women and families each year. Change brings many challenges as well as opportunities, and I know it has not been easy, particularly for our staff. The professionalism and dedication they have shown has been inspiring and drives me on to create the organisation they deserve to work in.

We will always cherish our hospital's wonderful history as we move forward to our next chapter as Birmingham Women's and Children's NHS Foundation Trust.

Sarah-Jane Marsh
Chief Executive Officer

Introduction

Birmingham Women's NHS Foundation Trust formally integrated with Birmingham Children's Hospital NHS Foundation Trust on 1 February 2017 to become Birmingham Women's and Children's NHS Foundation Trust – the first of its kind in the UK. This annual report covers the period of 1 April 2016 to 31 January 2017.

Birmingham Women's Hospital is a centre of excellence, providing a range of specialist health care services to over 50,000 women, men and families every year from Birmingham, the West Midlands and beyond. Along with delivering around 8,000 babies annually, we offer a full range of gynaecological, maternity and neonatal care, as well as a comprehensive genetics service, which serves men and women. Our fertility centre is one of the best in the country, while our fetal medicine centre receives regional and national referrals. Our hospital is also an international centre for education, research and development with a research budget of over £3m per year.

Our journey through the year

It was an action packed year for us with many important firsts, successes and celebrations, all while we worked hard on our plans to formally integrate with Birmingham Children's Hospital on 1 February 2017.

The year kicked off with the launch of our new Tommy's National Centre for Miscarriage Research in April 2016. As the lead in this important partnership project with Tommy's, the baby charity and the University of Birmingham, our experts are working hard to find answers for mothers and partners about what is the largest cause of early pregnancy loss - but also the least understood. Specialist clinics and ground-breaking research studies are underway as work continues to answer the questions of so many families affected by miscarriage.

Our director of the centre, Professor Arri Coomarasamy, was named Investigator of the Year at the West Midlands Clinical Research Network (CRN) awards for his tireless commitment to this project, which is aiming to support the thousands of couples who go through this deeply personal and sometimes isolating experience.

Research and development has been a key strength for us for another year running. In addition to our work to support the national 100,000 Genomes Project, which is aiming to transform the diagnosis and treatment of rare diseases and cancer, our teams have worked hard to increase both the number of clinical trials we are involved in and the number of patients taking part. A total of 8% of our patients now take part in trials, helping to further understand conditions and advance treatment.

These impressive statistics resulted in us being named as the top specialist trust in the CRN Research Activity Table, recognised at its annual regional awards in September. It was a special night as our Professor of Neonatal Medicine, Andrew Ewer, received the Clinical Research Impact award for his role in leading the PulseOx Trial, which investigates pulse oximetry as a screening test for congenital heart defects in newborn babies, and our research team walked away with the Team of the Year prize.

In August, Sara Webb was awarded a fellowship from the Royal College of Midwives (RCM), recognising her outstanding contribution to midwifery and maternity services. Highlighting exceptional leadership, innovation and excellence in practice, research or education, the honour showcases work to improve care for women, children and families. Sara, who has worked as a specialist midwife for childbirth-related perineal trauma for the last 12 years impressed the RCM with her passion for developing this important service at our hospital.

And on the theme of awards, we were delighted to hold our annual Star Awards in May to celebrate the amazing work of our teams across the hospital. With more than 100 nominations for 10 awards it was hard to choose our winners, but we were pleased to acknowledge the following staff and teams as our winners:

Patient Champion of the Year:
Jodie Jeynes, Safeguarding Domestic Abuse Midwife, Safeguarding Department

Mentor of the Year:
Katie Joyce, Practice Placement Manager, Nursing Development

Student of the Year:
Fiona Stockdale, Rotational Student Midwife, Maternity

Values Champion of the Year:
Julie Wentworth-Pollock, Midwife, Antenatal Clinic

External Partnership of the Year:
Yousri Afifi, Gynaecology Consultant, Gynaecology Department

Innovative Leader of the Year:
Kate Holtermann, Specialist Nurse, Neonatal Directorate

Inspirational Leader of the Year:
Mark Harvey, Neonatal Nurse, Neonatal Directorate

Team Excellence Award:
Cellular Pathology Team

Chief Executive's 'Star of the Year' Award:
Jessica Forknall, Neonatal Nurse

Another important development was the launch of the first ever national guidance to support women who suffer from severe nausea and vomiting during pregnancy and need hospital treatment (hyperemesis gravidarum). Our Consultant Obstetrician and Gynaecologist, Dr Manjeet Shehmar, played an instrumental role in developing the guidelines, including mental health support and therapeutic services for managing the condition.

We were also proud to support the Twins and Multiple Births Association's (TAMBA) twin to twin transfusion syndrome registry – a new scheme aimed at saving the lives of unborn identical twins diagnosed with the life-threatening condition while in the womb. As a specialist fetal medicine centre our leading clinicians will enter data into the registry with the aim of saving the lives of unborn babies and improving outcomes for families in the future.

This year we received the 'Baby Friendly' stamp of approval from UNICEF UK, in recognition of our work to promote and support breastfeeding, and strengthen mother-baby and family relationships, and we 'went purple' for World Prematurity Day in November. Our teams care for around 1,000 premature babies each year, offering support to their families at the same time, so we were delighted to change the colour of our main entrance to mark this important occasion.

Our facilities have had a colour injection this year too. Working together with volunteers and artists, many from the Birmingham area, we've added a splash of colour for our patients and families to enjoy in the form of an innovative art trail through our corridors. We were also pleased to cut the ribbon on a major refurbishment scheme to our gynaecology theatre, which now boasts new flooring, repainted walls and colourful artwork too.

On a grander scale, we received a capital commitment of £16.1 million from the Department of Health to carry out essential works on our estate over the next few years. This investment is much needed and critical for us to maintain our buildings and improve our gynaecology and genetics services.

And while the preparations were being made ahead of our integration with Birmingham Children's Hospital, we welcomed a team from the Care Quality Commission (CQC) in April as part of a routine inspection. In its report published in November it rated us as being 'Good' for safety and caring, 'Good' for our neonatal and community midwifery teams and 'Outstanding' for our inpatient maternity service - something which we were amazingly proud of as only a handful of trusts across the country have achieved this.

However, our overall rating was 'Requires Improvement' because it felt that more work was needed in a number of areas: our outpatients and diagnostics service, where we know there are issues with long waits associated with antenatal and scan appointments, and in gynaecology. While it was noted that local leadership in gynaecology was good, there were improvements that could be made in theatre and within the abortion care service. Immediate action has been taken and significant progress has been made which will continue as we work towards our ambition of being 'Outstanding' in all parts of our hospital.

We know we've got what it takes and will be working together as a team with our colleagues at Birmingham Children's Hospital to make this happen - a union that we are very excited about. Bringing together the two hospital teams is not only important for developing services between our two sites, but for what it will mean for our women, children and families. We have the knowledge, skills, expertise and enthusiasm to make a huge difference and lead the development of women's and children's services not only in Birmingham but across the region too, and we can't wait to get started.

More information about Birmingham Women's Hospital after February 2017 can be found in the Birmingham Women's and Children's NHS Foundation Trust Annual Report 2016/17.

SECTION 2

The governance of our organisation

Performance Report

Overview

The purpose of this overview is to provide a short summary of the Trust, its purpose and its performance during the period 1 April 2016 to 31 January 2017 (the reporting period).

Birmingham Women's NHS Healthcare Trust was granted Foundation Trust status on 1 February 2008 under the Health and Social Care (Community Health and Standards) Act 2003 and was named Birmingham Women's NHS Foundation Trust (BWH).

On 1 February 2017 the Trust was acquired by Birmingham Children's Hospital NHS Foundation Trust, which changed its name to Birmingham Women's and Children's NHS Foundation Trust in recognition of the extended services of the enlarged, integrated organisation.

The aim of the acquisition by Birmingham Children's Hospital NHS Foundation Trust was to strengthen the future for both organisations in an increasingly challenging environment. After due and careful consideration the Board had concluded that BWH was not able to continue to operate on a standalone basis as a result of the increasing economic pressures it faced and complexity of environment in which it operated and that the acquisition represented the best value for money for both organisations, for the health economy and for the public.

This report relates to the period from 1 April 2016 to 31 January 2017 (the reporting period) only.

Chief Executive's Statement on Performance

The development of a new financial management approach across the NHS introduced a new dynamic during the financial year. The eventual financial control target was agreed later than we would ideally have liked after our initial financial plans had been communicated across the organisation which placed a stronger emphasis on the level of efficiencies we were required to make.

As this report shows we were successful in achieving the financial control target and the operational targets through the first three quarters of the year which allowed the organisation to secure £1.5 million of Sustainability and Transformation Funding (STF). Great credit for this achievement goes to the hard work of the teams throughout the Trust.

Despite the receipt of the £1.5 million STF monies the organisation's headline financial performance remained in deficit with an outlook that was financially unsustainable. During the course of the year we have had to continue to make every penny count without compromising patient care or the patient experience whilst absorbing the impact of increased activity growth.

Purpose of the Trust and activities

The Trust's purpose during the reporting period was to provide NHS healthcare services to the population of Birmingham and the wider West Midlands Region; specifically activities involved:

- Maternity services to the South Birmingham area
- Specialised maternity services across the West Midlands
- Neonatal care services through the Southern Midlands Neonatal Network
- Genetics services across the West Midlands
- Gynaecology services for South Birmingham and the wider community

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

The major risks to the Trust's objectives during the reporting period are described in the Annual Governance Statement.

Going concern

The NHS Foundation Trust's directors are required to assess and satisfy themselves that it is appropriate to prepare financial statements on a going concern basis. On 1 February 2017 the functions, assets and liabilities of Birmingham Women's NHS Foundation Trust were transferred to Birmingham Children's Hospital NHS Foundation Trust, at which point Birmingham Women's NHS Foundation Trust was dissolved. Birmingham Children's Hospital NHS Foundation Trust, subsequently renamed Birmingham Women's and Children's NHS Foundation Trust, is deemed the successor body per the grant of application for acquisition signed in accordance with the National Health Service Act 2006. Birmingham Women's NHS Foundation Trust's services will continue into the future, utilising existing assets and liabilities in the successor body following the transfer.

Taking all this into consideration the financial statements for the ten month period ending 31 January 2017 have been prepared on a going concern basis under the historical cost convention, modified by the revaluation of property, plant and equipment. This is the same basis that would be applied if Birmingham Women's NHS Foundation Trust was expected to continue to exist and provide services into the future.

Performance analysis

During the reporting period the Trust's performance was reported to the Board of Directors each month across Operations, Safety and Quality, Finance and Workforce. From September 2016 this included an Integrated Performance Report, which gave a rating of red, amber or green to each of these areas. More detailed performance reports were scrutinised at the relevant Board Committee, as follows:

- Operations – Finance, Performance and Business Development Committee
- Safety and Quality – Quality Committee
- Finance – Finance, Performance and Business Development Committee
- Workforce – Finance, Performance and Business Development Committee and Quality Committee

The reports detail the measures seen as key to the Trust's overall performance.

Operations

Performance is reported on a mix of national and local access measures:

- Referral to treatment
- Diagnostic waits
- Oncology access
- Bookings before 12 weeks
- Maternity refusals
- NICU access
- Laboratory genetics turnaround

Performance is also reported on Utilisation: Cancelled Operations Theatres and Clinics.

Safety

The Safety and Quality Dashboard incorporates the following key measures:

- Never Events
- Serious Incidents Requiring Investigation
- Complaints
- Infection Control:
  - MRSA
  - C-difficile
  - E-coli
- Extreme Risks
- Performance against local indicators based on the Trust's Quality Strategy

There was one Never Event during the reporting period; more information about this is detailed in the Quality Report, which is included in the Annual Report of the integrated Birmingham Women's and Children's NHS Foundation Trust.

The Trust is pleased to report that there were no other significant concerns regarding the performance in each of these measures during the reporting period; however, the operational teams continue to focus on learning from each serious incident, never event and complaint to ensure improvement in the quality of services.

Finance

The report measures performance against the Monitor Financial Risk Rating, Income & Expenditure, Efficiency (Cost Improvement Programme, productivity, temporary spend levels) and Liquidity (Cash and Capital Expenditure).

Workforce

The report measures performance against Developing our People (Mandatory Training and Staff Appraisals) and Caring for our People (Sickness, Turnover, Staff Engagement) initiatives.

Operationally focus has been placed on specific areas where performance has been below the levels we aspire to. This has seen the Board Committees receiving detailed performance reports, presentations and action plans as part of their routine agendas. This has enabled the Board to understand, develop and improve performance across a range of measures.

With 2016/17 being another very challenging period for the NHS the impact on the Trust and its efforts to achieve its key financial targets was considerable. 2016/17 saw the introduction of Control Totals for NHS provider organisations; after consideration of the advantages and disadvantages to signing up to a challenging control target the Board agreed that on balance it was in the best interests of the Trust to do so. Achieving the control total allowed the Trust to access Sustainability and Transformation Funding (STF) that would provide much needed cash to cover operational expenses.

As a consequence of the integration with Birmingham Children's Hospital (BCH) the Trust's financial performance is only for the first ten months of the 2016/17 financial year. The financial performance targets linked to the final quarter of the year were transferred to BCH with the latter's targets adjusted accordingly by NHS Improvement.

The introduction of STF monies as well as the integration with BCH does not allow direct comparisons to be made with previous financial years.

The reported £2.1 million deficit included £1.5 million of STF monies. Although there were some non-recurrent costs incurred in-year, these, and the STF monies, cannot disguise the underlying trading deficit of the Trust which was in excess of £3 million.

The deficit, albeit a lower one compared to 2015/16, was also reflected in the earnings before interest, tax, depreciation and amortisation (EBITDA) which were low at 1.5% for the financial year. Although the overall financial position has improved the Trust has also had to absorb additional pressures in 2016/17 so this improvement on 2015/16's position is a net result of:

- The achievement of the control total and the subsequent receipt of Sustainability and Transformation monies
- The changing nature of the national tariff
- The final movements of expenditure from capital to revenue associated with the decision to cease the VITA project
- The transfer of the Neonatal Transport Service to BCH
- Continued difficulty in fully realising the cost efficiency targets both in-year and on a recurrent basis
- The impact of integrating with BCH; BCH recharged the costs of joint posts which helped to support the integration of the two organisations
- The increasing reliance and cost of services received from other NHS organisations

Overall income increased by the equivalent of 4%. Underpinning this increased position were the additional STF income and gains associated with the national tariff. The percentage of total income derived through clinical activities fell by 1% to 85% of total income. This is directly attributable to the STF monies.

It is pleasing to report that the Trust achieved 91% of its CQUIN targets in 2016/17.

It cost £85 million to run the Trust during the 10 months; an equivalent 3% increase on 2015/16. The changing nature of the running of the Trust as well as external contracting arrangements saw significant changes in the cost of services purchased from other organisations. These are linked to the services recharged from BCH, University Hospitals Birmingham NHS Foundation Trust and from other providers of maternity services via the maternity pathway.

The three highest spend categories are staff, clinical supplies and services purchased from other foundation trusts.

The other key cost change in year was in our clinical negligence premium with the NHS Litigation Authority (NHS Resolution from April 2017). This has continued to rise with the increase in cost only partially offset by funding through the national tariff. In 2016/17 the full year cost of this rose by 17% to £4.3 million.

At 1,545 Whole Time Equivalent (WTE), the average number of employees throughout the year remained static compared to 2015/16.

During the 10 months to the end of January 2017, we saved £4.1 million in planned cost releasing savings (full year requirement was £4.6 million compared to £5.1 million in 2015/16), which contributed towards the nationally determined efficiency target. This represents 100% of the phased target we set at the beginning of the year. As experienced in previous years it was the impact of the nonrecurrent element of the prior year's programme carried forward that caused difficulties, combined with the impact of increased activity levels and lead time for scheme delivery. It was acknowledged that 2016/17 would again be a difficult year for delivering recurring savings whilst plans for Trustwide schemes were developed. During October and November the Trust was able to participate in the Financial Improvement Programme (FIP) commissioned by BCH. This was intended to identify and generate £3 million of savings at BCH with opportunities for savings at BWH also scoped as part of the process. However, the identification of savings in Phase One of the FIP did not materialise, leaving the Trust to continue with its original savings plans to bridge any financial gap in 2016/17.

During the year there continued to be a focus on the Trust's cash position. This was also an area of concern for the Trust during the previous financial year and, with a continued deficit being reported, external cash support was required. The focus on cash was an active part of the workplan of the Finance, Performance and Business Development Committee. The closing cash balance at 31 January was £1.5 million, a drop of £2.8 million on the 31 March 2016 position. With future deficits forecast the working capital position of the Trust was untenable without further external support or securing a partner organisation.

With reducing cash balances the opportunities for investing in maintaining the estate and the development of new facilities and new equipment were limited. During the course of the year we spent £2.5 million on capital items with replacement medical equipment being the area of focus.

Through the integration with BCH, Birmingham Women's and Children's NHS Foundation Trust (BWC) has secured £16.1 million of financial support to undertake much needed enhancements to the estate and wider infrastructure primarily at Birmingham Women's Hospital (BWH). This work will commence during 2017/18.

Financial risk management objectives and policies

Our Finance, Performance and Business Development Committee oversaw the cash management and investment strategy which is based on Monitor best practice and is reviewed by our auditors. Following previous changes to the calculation of public dividend capital all surplus cash is retained within Government Banking Services/National Loans Funds accounts thereby negating any risk of loss through inappropriate investments. Cashflow forecasts were updated on a weekly basis to ensure that cashflow and liquidity risks were managed.

The Committee also scrutinised all capital investment and business cases above the delegated threshold of the Investment Committee. The Scheme of Delegation was revised during 2015/16 and fully implemented in 2016/17.

With the increased importance of efficiency savings the Committee scrutinised the delivery of the savings plan during the year to ensure that the approach does not impact on the quality of services provided.

The Trust's activities exposed it to a variety of financial risks, though due to their nature the degree of exposure was reduced compared to that faced by many business entities. The financial risks were mainly credit and inflation risks with minimal exposure to market or liquidity risks. The nature of how the Trust was financed exposed it to a degree of customer credit risk. The Trust regularly reviewed the level of actual and contracted activity with commissioners to ensure that any income risk was resolved at a high level at the earliest available opportunity. The Trust mitigated its exposure to credit risk through regular review of receivables due and by calculating a bad debt provision.

The Trust had exposure to annual price increases of medical and non-medical supplies and services arising out of its core healthcare activities. This risk was mitigated through, for example, transferring the risk to suppliers by contract tendering, negotiating fixed purchase costs and in the case of external agency staff costs, via the operation of the Trust's own staff bank. This latter issue has been further controlled through the imposition of national price and wage caps, the enforcement of which has escalated since April 2016.

Details of other risks and uncertainties facing the Trust are described in the Annual Governance Statement.

Environmental matters

Details of the impact of the Trust's business on the environment are set out in the Sustainability Report.

Social, community and human rights issues

During the reporting period, the Trust engaged with service users and the community to ensure the needs of the population were met. The Trust met with the Family and Patient Advisory Council and Maternity Services Liaison Committee throughout the year to discuss topics and put in place initiatives that were most important to our patients. These included:

- Bereavement support services
- Tongue-tie and breastfeeding support services
- Personalisation of maternity care for women with complex needs
- Fathers and partners care journey support, including the introduction of Dads Only Workshops
- Maternal mental health support
- Polish Mother and Baby Group meetings
- Muslim parenting group meetings
- Endometriosis support group meetings

Important events since the end of the financial year affecting the Trust

The Trust was acquired by Birmingham Children's Hospital NHS Foundation Trust on 1 February 2017. More information regarding Birmingham Women's Hospital after this date can be found in the 2016/17 Annual Report of the integrated Birmingham Women's and Children's NHS Foundation Trust.

Sarah-Jane Marsh
Chief Executive Officer
30 May 2017

Accountability Report

Directors' Report

The Trust's Executive and Non-Executive Directors in 2016-17	
Name	Role
Elisabeth Buggins	Chairman (until 30.04.16)
Christine Braddock	Chairman (from 01.05.16)
Colin Horwath	Deputy Chairman (from 01.05.16)
Clare Robinson	Non-Executive Director (01.07.16 – 01.02.17)
Chris Ainslie	Non-Executive Director (until 01.02.17)
Judith Smith	Non-Executive Director (03.10.16 – 31.01.17)
Mary Daunt	Non-Executive Director (until 30.09.16)
Penny Peet	Non-Executive Director (until 30.04.16)
Anita Bhalla	Non-Executive Director
Marianne Skelcher	Non-Executive Director
Ruth Stevens	Non-Executive Director (until 01.05.16)
Sarah-Jane Marsh	Chief Executive
David Melbourne	Deputy Chief Executive/Chief Finance Officer
	Interim Chief Executive (01.04.16 – 18.04.16)
Georgina Dean	Director of Finance (01.03.16 – 17.04.16)
Michelle McLoughlin	Chief Nurse (from 05.09.16)
Alison Bedford Russell	Medical Director (until 04.09.16)
Fiona Reynolds	Chief Medical Officer (from 05.09.16)
Neil Savage	Director of Operations (until 03.07.16)
Tim Atack	Chief Operating Officer (from 04.07.16)
Theresa Nelson	Chief Officer for Workforce Development (from 04.07.16)
Helen Young	Director of Nursing (until 04.09.16)
	Director of Maternity Transformation (from 05.09.16)
Suzanne Cleary	Director of Strategy (until 03.07.16)
Matthew Boazman	Chief Officer for Strategy and Innovation (from 04.07.16)

Details of all significant interests held by directors are contained in a Register of Interests. The register for current directors of the integrated Birmingham Women's and Children's NHS Foundation Trust is available to view on the Trust's website: www.bwc.nhs.uk. The register of Interests of all the directors listed above can be obtained via the Trust's Publication Scheme, also available on this website.

So far as each director is aware, there is no relevant audit information of which the Trust's auditor is unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

Policy and payment of creditors

The Trust adopted the Better Payment Practice Code, under which all undisputed invoices should be paid either by the agreed due date or within 30 days of receiving goods/invoice. The Trust aimed to pay 95% of all payable invoices within 30 days to comply with the Better Payments Practice Code.

Performance against these targets has remained strong during the course of the year. We did not incur any interest charges under the Late Payment of Commercial Debts Act 1998.

Better Payment Practice Code Measure of Compliance 2016/17		
Better Payment Practice Code - measure of compliance	**Number**	**£000s**
Total Non-NHS trade invoices paid in the year	10,355	19,201
Total Non-NHS trade invoices paid within target	9,800	18,707
Percentage of Non-NHS trade invoices paid within target	94.64	97.43
Total NHS trade invoices paid in the year	2,388	33,011
Total NHS trade invoices paid within target	2,069	32,377
Percentage of NHS trade invoices paid within target	86.64	98.08

Finance Statements

The Trust's accounts have been prepared under a direction issued by NHS Improvement.

The Trust has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information Guidance.

The Trust has complied with the requirement that the income from the provision of goods and services for the purposes of the health service in England must be greater than the income from the provision of goods and services for any other purposes. The Trust has made no political donations.

Pensions and benefits

Accounting policies for pensions and other retirement benefits are set out in note 1.6 to the accounts. Details of senior managers' remuneration can be found in the Remuneration Report.

Ill health retirements and redundancies

There were three ill health retirements in the reporting period. These are outlined in Note 5.3 to the accounts.

Only one redundancy occurred during the year. The detail associated with this is as follows.

Redundancies 2016/17

Exit Package Cost Band	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages by Cost Band
<£10,000	0	0	0
£10,000-£25,000	0	0	0
£25,001-£50,000	0	0	0
£50,001-£100,000	0	0	0
£100,001-£150,000	0	0	0
£151,001-£200,000	1	0	1
Total Number of Exit Packages	1	0	1
Total Resource Cost	£160,000	£0	£160,000

Enhanced quality governance reporting

At the end of the previous reporting period the Trust received a report following an independent review of the Trust's governance arrangements against NHS Improvement's Well-led Framework for Governance. The report highlighted a number of areas that required urgent attention in order to strengthen the effectiveness of the Trust's governance arrangements, including quality governance. The Trust took immediate action to ensure improvements were made, including:

- A revised Board governance structure
- A revised quality governance structure, including a new Quality Committee and three new sub-committees: Clinical Assurance and Safety, Patient Experience and Workforce
- Revised quality governance and risk processes
- A revised Board Assurance Framework and associated processes
- A revised approach to Board and committee reporting, agenda planning and meeting format

The Audit Committee oversaw these improvements on behalf of the Board of Directors, with regular progress reports throughout the reporting period. This oversight culminated in a follow-up independent report in January 2017, which concluded that significant progress had been made, particularly in relation to quality governance.

A key change made in response to the independent report was the establishment of a Quality Committee, which met monthly from May 2016. The terms of reference of the Committee are aligned to the Care Quality Commission's five domains of quality: safe, effective, responsive, caring and well-led. This ensured an appropriate level of focus on relevant matters, including workforce issues that impact on the quality of services.

Sub-committees of the Quality Committee were also established to ensure sufficient opportunity for detailed review and scrutiny of quality issues at an operational level and improved reporting to the Quality Committee.

A number of new reports were developed to support the flow of information to the Board via the Quality Committee:

- Monthly Quality and Safety Report: this report provided a monthly summary of key quality issues, including high risks, mortality rates, serious incidents, infections, complaints, patient feedback, safeguarding and achievement of the aims of the Quality Strategy.
- Monthly People Report: this report summarised key workforce information, including sickness and turnover rates, mandatory training performance and the percentage of temporary workforce.
- Key Issues and Assurance Reports from the four sub-committees: Clinical Assurance and Safety, Health and Safety, Patient Experience and Workforce from the Quality Committee to the Board.
- Integrated Performance Report: this monthly report highlighted to the Board key performance information relating to operations, finance, workforce and quality, enabling the Board to consider key performance metrics across these quadrants to identify any commonalities or themes.
- Monthly Quality Briefing: the Quality Committee received a verbal report at each meeting from the Chief Nurse and Chief Medical Officer about emerging issues or 'stones in their shoes', based on new or 'soft' intelligence to ensure the committee was fully sighted at an early stage on all potential risks to quality.

As well as reviewing information about safety, patient experience and compliance with quality standards, the committee also undertook detailed thematic reviews of areas identified as needing greater focus and/or assurance. In the reporting period the Quality Committee considered the following areas:

- Maternity workforce
- Antenatal clinic scanning pathway
- Abortion care service
- Neonatal services
- Gynaecology services
- Theatres safety
- Junior doctors' experience
- Maternal mortality
- Data quality

The Board Assurance Framework (BAF) is a key element of the governance framework, which provides the Board with assurance regarding the risks to the achievement of its strategic objectives. The Trust's BAF and its systems and processes were fully revised in response to the Well-led Board review described above. The new system ensured that the agendas of the Board's Committees were driven by the BAF and that the Committee debates informed the content and development of the BAF to ensure up to date assurance was provided to the Board.

The use of a Key Issues and Assurance Report was established during the reporting period as a tool to provide highlights of the most salient points from each committee meeting in addition to the minutes. The use of this report was adopted by all Board and sub-committees and improved the flow of information throughout the governance structure and contributed to the development of a live, robust Board assurance process.

In April 2016 the Trust's services were inspected by the Care Quality Commission (CQC) as part of a comprehensive inspection of the Trust's compliance with quality standards. The initial feedback provided following the inspection highlighted a number of areas that required improvement. These had already been recognised by the Trust as issues of concern and the findings gave further impetus to their rapid improvement. The final report was received in September 2016 with a rating of Requires Improvement.

The Trust submitted an action plan to the CQC to address the areas requiring improvement. This action plan was regularly monitored by the Clinical Assurance and Safety Committee, which reported to the Quality Committee. Two significant projects were established to address the concerns in abortion care service and in the antenatal scanning pathway, and these, together with gynaecology services, were given priority focus by the Quality Committee throughout the reporting period.

The Trust used a range of means to obtain and monitor feedback from patients and their families. This is integrated with staff feedback and with information obtained through formal processes, such as incident reporting and complaints, to identify areas that require improvement. The Board regularly started each meeting by hearing a patient story, which highlighted the realities of the experience of patients and their families and enabled the Board to learn and improve.

Following integration the key areas of focus on the Quality Committee were absorbed into the work of the equivalent committee of Birmingham Women's and Children's NHS Foundation Trust. The Clinical Risk and Assurance sub-committee at the Women's Hospital has remained active post-integration to ensure the high level of scrutiny of quality issues at an operational level is maintained.

Partnerships

During the reporting period the Trust entered into or continued with formal arrangements with the following organisations, which are essential to the Trust's business:

- **Birmingham Children's Hospital NHS Foundation Trust (BCH):** in the previous reporting period, in anticipation of the likely integration of the two Trusts, the Trust appointed the BCH Chief Executive and Chief Finance Officer as members of the Trust's executive team. Integration of the executive team continued during the reporting period with the phased appointment of executive members across both Trusts, plus the appointment of a joint Chairman and the integration of a number of corporate departments. This enabled a smoother transition at the point of integration on 1 February 2017.
- **University Hospitals Birmingham NHS Foundation Trust (UHB):** the Trust has a range of Service Level Agreements in place with UHB for the delivery of some clinical services.
- **Birmingham and Solihull United Maternity and Newborn Partnership:** during the reporting period the Trust was a partner with a number of other organisations in the development and implementation of Bump, the aim of which is to integrate maternity services for women and families across the region. Partners now include: Heart of England NHS Foundation Trust, Birmingham Community Healthcare NHS Foundation Trust, Birmingham and Solihull Mental Health NHS Foundation Trust and Birmingham Women's and Children's NHS Foundation Trust.

Consultations

During the reporting period the Trust engaged with staff and members of the public as follows:

- Consultation on the planned integration with Birmingham Children's Hospital NHS Foundation Trust.
- The Family and Patient Advisory Council, made up of patients, parents and families, past and present, meets bi-monthly and a department, team or issue is focussed on from a patient experience perspective.
- The Maternity Services Liaison Committee is a bi-monthly clinical meeting chaired by a former patient, which reviews parent feedback and develops strategies for service improvement.
- Polish Mother and Baby Group.
- Shared maternity care messages via Unity FM, Muslim Parenting Radio Hour.
- Visit to Approachable Parenting Muslim parenting group.
- Breastfeeding support drop-in sessions at two community locations and within the hospital.

More information regarding the quality of our services and quality governance arrangements can be found in the Quality Report and the Annual Governance Statement later in this report.

Sarah-Jane Marsh
Chief Executive Officer
30 May 2017

Remuneration Report

1. Annual Statement on Remuneration

During the reporting period executive appointments to the Board of Directors were made by a joint Appointments and Remuneration Committee for both the Trust and Birmingham Children's Hospital NHS Foundation Trust. This reflected the joint chairmanship and the joint Chief Executive and the development over the reporting period of an integrated executive team.

No decisions on the remuneration of senior managers at the Trust were made during the period; appointments of executives to the Trust's Board were made on the basis of a management contract, with executives continuing to receive remuneration from Birmingham Children's Hospital NHS Foundation Trust only.

2. Senior Managers' Remuneration Policy
Senior Managers' Remuneration Package

Future policy

Senior staff employed by the Trust during the reporting period have now been transferred to the employment of Birmingham Women's and Children's NHS Foundation Trust.

No changes were made to the existing components of the remuneration package during the reporting period.

The general policy for employee remuneration was to apply the national agreement as recommended by the Pay Review Body (PRB) and accepted by the treasury. The Trust would not normally deviate from this position.

With regard to individuals on a Very Senior Manager (VSM) contract (mainly the Executive Directors), the Appointments and Remuneration Committee reviewed the performance of individuals and set this against the current and future organisational context together with market forces, to come to an agreed remuneration package.

Non-Executive Director Remuneration

Fee payable	Additional fees for other duties	Other items considered to be remuneration
Annual remuneration for non-executive Board member role	The Deputy Chairman was paid additional fees to reflect additional responsibilities.	None

Salary benchmarking

Three senior managers were paid more than £142,500 during the reporting period: the Chief Executive Officer, the Deputy Chief Executive Officer, and the Chief Medical Officer (including salary for clinical work). The Appointments and Remuneration Committee awarded these salaries having considered the depth and breadth of each role and is satisfied that they are appropriate.

Service contracts obligations

No obligations on the Trust were contained in any senior managers' service contracts which could give rise to or impact on remuneration payments or payments for loss of office.

Policy on payment for loss of office

The notice period for all non-executive directors was set at one month. The notice period for all other senior managers was set at six months.

The Trust does not have a policy for the payment of loss of office and does not propose to set such a policy. No payments were made for loss of office in the reporting period.

Statement of consideration of employment conditions

In making its decisions regarding components of and increases to senior managers' remuneration packages the Appointments and Remuneration Committee took into account the pay and conditions of the Trust's employees, including any annual NHS pay award.

The Trust's employees were not consulted in the reporting period regarding decisions relating to senior managers' remuneration.

3. Annual Report on Remuneration

a) Information not subject to audit

Senior Managers' Service Contracts

A senior manager is defined as an Executive or Non-Executive Director of the Board of Directors

Senior Manager Service Contract Details					
Senior Manager	Title	Date of Contract	Unexpired Term	Notice Period	Provision for compensation for early termination
Dame Christine Braddock	Chairman	01/05/2016	None	1 month (informal)	None
Ms Elisabeth Buggins	Chairman	01/10/2011	None (ended 30.04.16)	1 month (informal)	None
Mr Colin Horwath	Non- Executive Director	01/05/2016	None	1 month (informal)	None
Mr Chris Ainslie	Non-Executive Director	01/12/2011	None	1 month (informal)	None
Ms Clare Robinson	Non-Executive Director	01/07/2016	None	1 month (informal)	None
Professor Judith Smith	Non- Executive Director	01/10/2016	None	1 month (informal)	None
Mrs Marianne Skelcher	Non- Executive Director	01/04/2010	None	1 month (informal)	None
Mrs Anita Bhalla	Non- Executive Director	01/12/2011	None	1 month (informal)	None
Ms Mary Daunt	Non-Executive Director	01/06/2014	None (ended 30.09.16)	1 month (informal)	None
Ms Penny Peet	Non-Executive Director	01/08/2014	None (ended 30.04.16)	1 month (informal)	None
Ms Ruth Stevens	Non-Executive Director	11/02/2015	None (ended 01.05.16)	1 month (informal)	None
Ms Sarah-Jane Marsh	Chief Executive Officer	18/08/2015	None	6 months	None
Mr David Melbourne	Deputy Chief Executive Officer/Chief Finance Officer (interim Chief Executive 1- 18 April 2016)	18/09/2015	None	6 months	None
Mrs Michelle McLoughlin	Chief Nursing Officer	05/09/2016	None	6 months	None
Mr Tim Atack	Chief Operating Officer	04/07/2016	None	6 months	None
Mrs Theresa Nelson	Chief Officer for Workforce Development	04/07/2016	None	6 months	None
Mr Matthew Boazman	Chief Officer for Strategy	04/07/2016	None	6 months	None
Ms Fiona Reynolds	Chief Medical Officer	05/09/2016	None	6 months	None
Professor Helen Young	Director of Maternity Transformation	26/09/2012	None	6 months	None
Alison Bedford Russell	Medical Director	07/09/2015	None (ended 04.09.16)	6 months	None
Suzanne Cleary	Director of Transformation	17/08/2015	None (ended 03.07.16)	6 months	None
Neil Savage	Director of Operations	13/10/2008	one (ended 03.07.16)	6 months	None
Georgina Dean	Director of Finance	01/03/2016	17.04.16	6 months	None

Appointments and Remuneration Committee

The Appointments and Remuneration Committee was established under paragraph 18 (2) of Schedule 7 to the NHS Act 2006. The committee met twice in the reporting period. The work of the committee is described above.

Appointments and Remuneration Committee: Membership and Attendance*		
Member of Committee	27 April 2016	22 June 2016
Christine Braddock, Chairman	✓	✓
Vijith Randeniya, Deputy Chairman BCH**	✘	✓
Colin Horwath, Deputy Chairman***	✓	✘
Sarah-Jane Marsh, Chief Executive Officer	✓	✓

*Theresa Nelson, Chief Officer for Workforce Development and Fiona Reynolds, Chief Medical Officer attended meetings by invitation to provide advice and assistance to the committee.

**Vij Randeniya was Deputy Chairman at BCH during the reporting period.

*** Colin Horwath became a member of the Board of Birmingham Women's NHS Foundation Trust between 01/05/2016 and 31/01/2017.

The Trust's policy and procedures on pay

The Trust followed national pay arrangements for employees. The Trust had a range of policies in place which described any local variations to or the application of national arrangements.

Expenses paid

Director's Expenses

Year	Total number of directors in office	Number of directors receiving expenses	Aggregate sum of expenses paid to directors
2015/16	18	7	£6,083
2016/17	18	7	£4,917.06

Governor's Expenses

Year	Total number of governors in office	Number of governors receiving expenses	Aggregate sum of expenses paid to governors
2015/16	21	0	£0
2016/17	20	0	£0

b) Information subject to audit

Salary and pension entitlements of senior managers

2016/17 Remuneration Table

Name and Title	Salary	Other Remuneration	Benefits in Kind	Pension Related Benefits	Total
	(bands of £5000) £000	(bands of £5000) £000	Rounded to the nearest £100	(Bands of £2,500)	(bands of £5000) £000
EXECUTIVE DIRECTORS:					
Suzanne Cleary, Director of Strategy	15-20				
Helen Young, Director of Nursing	80-85			32.5-35	115-120
Neil Savage, Managing Director	5-10			0	5-10
Alison Bedford Russell, Medical Director	45-50			27.5-30	75-80
NON EXECUTIVE DIRECTORS:					
Elisabeth Buggins	15-20				15-20
Penny Peat	0-5				0-5
Ruth Stevens	0-5				0-5
Anita Bhalla	10-15				10-15
Chris Ainslie	10-15				10-15
Mary Daunt	10-20				15-20
Marianne Skelcher	10-15				10-15
Colin Horwath	15-20				15-20
Clare Robinson	5-10				5-10

1) The services of Christine Braddock, Sarah-Jane Marsh, David Melbourne, Tim Atack, Matthew Boazman, Theresa Nelson, Fiona Reynolds, Michelle McLoughlin and Judith Smith were provided under an agreement with Birmingham Children's Hospital NHS Foundation Trust, and they were not directly remunerated by the Trust for service as a Director.
2) The following is a calculation of the benefits paid in respect of their services.
3) Christine Braddock, Chairman, appointed 1 May 2016, £11,342.
4) Sarah-Jane Marsh, Chief Executive Officer (maternity leave for period 1 April 16 to 17 April 16), £91,160.
5) David Melbourne, Interim Chief Executive Officer 1 April 2016 to 17 April 2016. Deputy Chief Executive Officer & Chief Finance Officer, £71,999.
6) Georgina Dean, Director of Finance 1 April 2016 to 17 April 2016, no benefit paid.
7) Tim Atack, Chief Operating Officer, appointed 4 July 2016, £35,386.
8) Matthew Boazman, Chief Strategy & Innovation Officer, appointed 4 July 2016, £35,386.
9) Theresa Nelson, Chief Officer for Workforce Development, appointed 4 July 2016, £35,386.
10) Fiona Reynolds, Chief Medical Officer, appointed 5 September 2016, £18,653.
11) Michelle McLoughlin, Chief Nursing Officer, appointed 5 September 2016, £24,871 and
12) Judith Smith, Non-Executive Director, appointed 3 October 2016, £4,667.
13) Alison Bedford Russell's total single remuneration figure for the time she was an Executive Director includes remuneration as a Consultant, and a proportionate part of her pension benefits will relate to this work.
14) Elisabeth Buggins ceased to be a Director on 30 April 2016. Colin Horwath was appointed as a Director on 1 May 2016. Penny Peat and Ruth Stevens ceased to be Directors on 31 May 2016. Neil Savage and Suzanne Cleary ceased to be Directors on 30 June 2016. Claire Robinson was appointed as a Director on 1 July 2016. Alison Bedford Russell ceased to be a Director on 5 September 2016.

2015/16 Remuneration Table

	Salary/Fees (Band of £5,000)	Taxable Benefits (Band of £100)	Annual Performance-Related Bonus (Band of £5,000)	Long-term Performance-Related Bonus (Band of £5,000)	Pension-related benefits (Band of £2,500)	Total (Band of £5,000)
Chris Ainslie	10-15	0	0	0	0	10-15
Alison Bedford Russell	140-145	0	0	0	50-52.5	195-200
Anita Bhalla	10-15	0	0	0	0	10-15
Elisabeth Buggins	45-50	0	0	0	0	45-50
Suzanne Cleary	50-55	0	0	0	15-17.5	70-75
Mary Daunt	15-20	0	0	0	0	15-20
Ros Keeton	20-25	0	0	0	17.5-20	35-40
Penny Peet	10-15	0	0	0	0	10-15
Neil Savage	105-110	0	0	0	145-147.5	255-260
Marianne Skelcher	10-15	0	0	0	0	10-15
Ruth Stevens	10-15	0	0	0	0	10-15
Peter Thompson	160-165	0	0	0	NIL	150-155
Tim Woodhead	40-45	0	0	0	25-27.5	65-70
Helen Young	95-100	0	0	0	80-82.5	180-185

1) The services of Sarah-Jane Marsh, David Melbourne and Georgina Dean were provided under an agreement with Birmingham Children's Hospital NHS Foundation Trust, and they were not directly remunerated by the Trust for service as a director. Margaret Ashworth's services were retained through an agency, and she was not directly remunerated.
2) The following is a calculation of the benefit paid in respect of their services - Sarah-Jane Marsh £17,701 David Melbourne £23,175 Margaret Ashworth £56,880 Georgina Dean £5,243.
3) Ros Keeton ceased to be a director on 31st May 2015.
4) Suzanne Cleary was appointed as a director on 17th August, 2015.
5) Margaret Ashworth was a director between 21st September 2015 and 28th February 2016.
6) Peter Thompson ceased to be a director on 6th September 2015, and Alison Bedford Russell was appointed on 7th September 2016.
7) Tim Woodhead ceased to be a director on 13th September 2015.
8) Alison Bedford Russell's Total Single Remuneration figure includes remuneration as a consultant in the band £125,000 to £130,000, and a proportionate part of her pension benefits will relate to this work.
9) Peter Thompson Single Total Remuneration figure includes remuneration as a consultant in the band £145,000 to £150,000, and a proportionate part of his pension benefits will relate to this work.

2016/17 Pensions Table

Name and Title	Real increase in pension at pension age	Real increase in pension lump sum at pension age	Total accrued pension at pension age at 31 Jan 17	Lump sum at pension age related to accrued pension at 31 Jan 17	Cash Equivalent Transfer Value at 31 March 16	Real Increase / (Decrease) in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 Jan 17
	(bands of £2500) £000	(bands of £2500) £000	(bands of £5000) £000	(bands of £5000) £000	£'000	£'000	£'000
Suzanne Cleary					205	(51)	0
Helen Young	0-2.5	5-7.5	30-35	100-105	519	71	590
Neil Savage	0-2.5	(2,5)-0	30-35	85-90	517	8	549
Alison Bedford Russell	0-2.5	2.5-5	55-60	165-170	1,093	46	1,199

Pension information for the directors provided by Birmingham Children's Hospital NHS Foundation Trust under a service agreement is available in the annual report of Birmingham Women's and Children's NHS Foundation Trust as at 31 March 2017. Pension-related benefits do not represent an amount that will be received by the employees. This is a calculation intended to provide users of the accounts with an estimate of the benefit that being a member of the NHS Pension Scheme could provide.

2015/16 Pensions Table

	Real increase in pension at pension age	Real increase in pension lump sum at pension age	Total accrued pension at pension age, at 31st March 2016	Lump sum at pension age related to accrued pension, at 31st March 2016	Cash-Equivalent Transfer Value at 1st April 2015	Real increase in Cash-equivalent Transfer Value	Cash-Equivalent transfer value at 1st April 2016
	Band of £2,500	Band of £2,500	Band of £5,000	Band of £5,000	£'000's	£'000's	£'000's
Alison Bedford Russell	0-2.5	0-2.5	50-55	160-165	1,023	57	1,093
Suzanne Cleary	0-2.5	0-2.5	10-15	40-45	195	8	205
Ros Keeton	0-2.5	0-2.5	55-60	175-180	1,271	16	1,302
Neil Savage	5-7.5	10-12.5	30-35	90-95	429	83	517
Peter Thompson	0-(2.5)	0-(2.5)	40-45	120-125	818	(18)	810
Tim Woodhead	0-2.5	0-2.5	20-25	60-65	322	10	336
Helen Young	2.5-5	7.5-10	30-35	95-100	462	51	519

On 16th March 2016, Mr Chancellor of the Exchequer announced a change in the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate, from 3.0% to 2.8%. This change affects the calculation of Cash-Equivalent Transfer Values (CETV) in this report.

Due to the lead-in time required to perform the calculations and prepare the Annual Report, the CETV figures quoted above for members of the NHS Pension Scheme are based on the previous discount rate (3.0%), and have not been recalculated.

Median Remuneration

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

The banded remuneration of the highest paid director at the Trust in the financial year 2016/17 was £180,000-185,000 (2015/16, £175,000-£180,000). This was 6.41 times (2015/16, 7.32 times) the median remuneration of the workforce, which was £28,462 (2015/16, £19,742).

Although there has been a change in the remuneration of the highest paid director there has been a significant change in the value of the median salary of the Trust which has reduced the multiple in 2016/17.

Sarah-Jane Marsh
Chief Executive Officer
30 May 2017

Staff Report

Analysis of average staff numbers

	31-Jan-17		
Average number of employees (WTE basis)	**Total WTE**	**Permanent**	**Other**
Medical & Dental	111.35	55.58	55.77
Administration & Estates	402.34	366.66	35.68
Healthcare Assistants and other Support Staff	207.00	204.27	2.73
Nursing & Midwifery	515.15	509.15	6.00
Scientific, Therapeutic and Technical	33.53	32.00	1.53
Healthcare Science Staff	242.60	215.86	26.73
Other	16.00		16.00
Total	1527.97	1383.52	144.45

Breakdown of the gender of our personnel as at 31 January 2017:

	Male	Female	Male	Female
	(Number)	(Number)	(%)	(%)
Board members	6	9	40%	60%
Other employees	249	1518	14%	86%

Analysis of staff costs

Costs of permanently employed staff	£53,934k
Costs of other staff	£1,693k

Sickness absence data

The Trust has seen a rise in overall staff sickness rates from 4.56% for the same period in 2015/16 to 4.80% in 2016/17. A comparison at Directorate level is shown below:

Sickness levels	April 16 to Jan 17	Sickness Levels April 15 to Jan 16
Trust-wide	4.80%	4.56%
Corporate	2.66%	2.84%
Facilities	4.74%	3.11%
Genetics	2.30%	2.45%
Gynaecology	5.24%	5.09%
Neonates	6.74%	6.59%
Maternity	6.08%	5.10%

The top three reasons for sickness absence were stress (both personal and work related), musculoskeletal and cold and flu related illnesses. The table below indicates the proportion of days lost to sickness absence in these areas.

Sickness Reason	% of overall sickness absence		Average calendar days lost	
	Apr 15 to Jan 16	Apr 16 to Jan 17	Apr 15 to Jan 16	Apr 16 to Jan 17
Stress (Work & Non Work Related)	1.23%	1.17%	27.3	22.0
Musculoskeletal	0.85%	0.97%	20.9	18.7
Cold/Flu	0.41%	0.49%	3.70	4.00

The overall average length of sickness absence for Birmingham Women's Hospital reduced slightly to 10.2 calendar days for April 1016 to January 2017, compared to 10.5 calendar days lost for April 2015 to January 2016.

Staff policies and actions applied during the financial year:

Equal Opportunities for Disabled Staff

We know that people perform their best when they can be themselves. Attracting and developing a diverse workforce is essential if we are to deliver our strategic priorities and unlock potential. Our Diversity and Inclusion Strategy sets out our commitment to ensuring equality and human rights will be taken into account in everything we do, both as an employer and a provider of healthcare. We have maintained our Personal, Fair and Diverse accreditation from NHS Employers.

The standards laid out in our Recruitment and Selection Policy are applied to all candidates for posts and the Trust's Recruitment and Selection Toolkit provides advice on equal opportunities. The aim of the policy is to ensure that all applicants who declare a disability are offered an interview if they meet the minimum requirements for the post. Monitoring and auditing is used to help identify and eliminate possible discrimination and to constantly improve recruitment processes.

Reasonable adjustments are made for staff with a disability in relation to training and all other work related activities. This is based on individual needs with occupational health advice in consultation with the member of staff.

Our work with staff on being a more inclusive organisation has seen more pace this year, with the creation of our Inclusivity Action Group. This is a self-selected group of individuals with a passion about diversity in the workplace. They are there to act as 'critical friends' to the organisation, feeding back on good or poor practice, supporting culture change.

Consulting and involving staff
During the reporting period, we maintained regular contact with staff in a number of ways to ensure they were involved with the Trust's performance:

- Daily email bulletin containing significant items of news linked to intranet
- Weekly operational activity blog by the Chief Operating Officer
- Monthly Chief Executive Briefing sessions (vodcasts stored on intranet)
- Regular managers briefing
- Invitation to monthly Board of Directors meeting in public

We involved our staff in all decisions about our future strategy, their working environment and the development of services. We held a range of annual staff listening and engagement events. During the reporting period, the Trust consulted with staff in the following key areas:

- Innovation and working differently - through our InTent 2016 engagement week
- Clinical engagement sessions on capacity and flow challenges
- The integration with BCH

Occupational Health

Occupational Health Management Referrals and Pre-Employment Assessments 2016/17

Number of Management Referrals	390
Number of Pre-Employment Screening Assessments	433

Health and Safety Performance

During the reporting period there were:

- 0 Dangerous Occurrences as defined in Reporting of Injuries Diseases and Dangerous Occurrences Regulations (RIDDOR)
- 0 Diseases as defined in RIDDOR
- 8 Major Injuries as defined in RIDDOR (over 7 days' absence)
- 0 HSE improvement notices
- 0 HSE prohibition notices
- 0 non-clinical safety related Serious Incidents Requiring Investigation.
- 0 non-clinical safety related Never Events

Counter Fraud and Bribery

One of the basic principles of public sector organisations is the proper use of public funds. The Counter Fraud service at BCH aims to prevent fraudulent activity which threatens this principle. This is supported by the Trust's Counter Fraud, Bribery and Corruption Policy.

Informing staff of their responsibilities, encouraging them to think about how their behaviour is a major control against fraud, and helping them spot fraud and raise concerns are at the core of developing a counter fraud culture. This has been achieved by the inclusion of counter fraud training at the core of our mandatory training programme, supplemented with an online learning module and presentations by the Local Counter Fraud Specialist. Staff have responded, telling us about concerns where they work and allowing us to tackle those issues, investigate worries and make necessary improvements. Together with other sources of intelligence this has helped us develop a risk-prioritised programme of fraud prevention. We built on this during the reporting period with the completion of the Local Counter Fraud programme of planned work and by responding to fraud cases that have emerged. We have taken positive action as a result of this work and provided additional learning for staff as a result of these experiences and build on the counter fraud response.

Staff survey results

The Trust undertook a census survey in 2016 as we wanted to give as many staff as possible an opportunity to give feedback. The Trust takes the results very seriously and uses these to inform significant workstreams to improve staff experience over the year.

Our results have unfortunately seen an overall decline since 2015, indicating that staff feel less satisfied and happy. It is recognised that significant focus and targeted support will be needed by the integrated Trust to improve the environment for staff and how they feel at work. There will be a lot of engagement with staff about the results to understand how they feel things could be improved.

Summary of 2016/17 Staff Survey performance

N.B. national average is the average of specialist acute trusts, not all trusts. In 2016, BWH ran the survey as a census.

Response rate				
	2015 (previous year)	2016 (current year)		Trust improvement/ deterioration
	Trust	Trust	Benchmarking group (trust type) average	
Response rate	33%	42%	44%	9%

Top four ranking scores				
	2015 (previous year)	**2016 (current year)**		**Trust improvement/ deterioration**
	Trust	**Trust**	**Benchmarking group (trust type) average**	
KF27. Percentage of staff / colleagues reporting most recent experience of harassment, bullying or abuse	42%	47%	47%	5%
KF22. Percentage of staff experiencing physical violence from patients, relatives or the public in last 12 months	1%	2%	2%	1%
KF21. Percentage of staff believing that the organisation provides equal opportunities for career progression or promotion	90%	86%	86%	4%
KF16. Percentage of staff working extra hours	77%	74%	74%	3%

Bottom five ranking scores				
	2015 (previous year)	**2016 (current year)**		**Trust improvement/ deterioration**
	Trust	**Trust**	**Benchmarking group (trust type) average**	
KF14. Staff satisfaction with resourcing and support	3.19	3.13	3.43	0.06
KF2. Staff satisfaction with the quality of work and care they are able to deliver	3.85	3.77	4.04	0.08
KF15. Percentage of staff satisfied with the opportunities for flexible working patterns	49%	49%	53%	0%
KF17. Percentage of staff feeling unwell due to work related stress in the last 12 months	36%	40%	33%	4%
KF25. Percentage of staff experiencing harassment, bullying or abuse from patients, relatives or the public in last 12 months	25%	29%	20%	4%

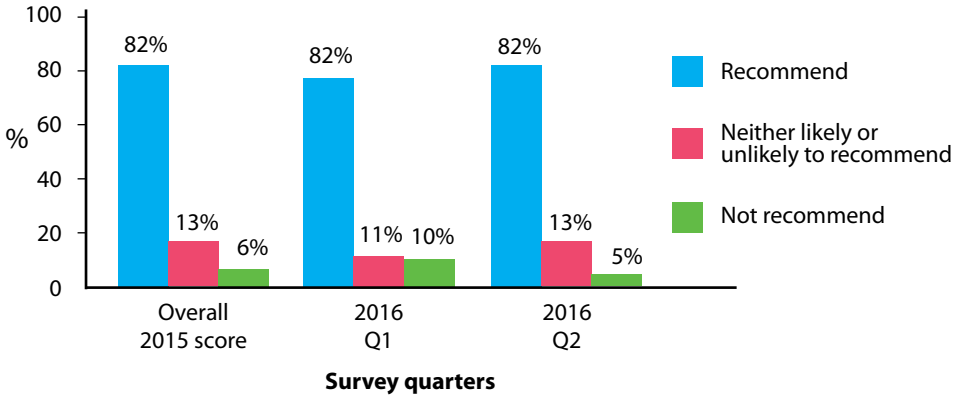
Staff Survey 2016 – Largest local changes since the 2015 survey				
Largest Local Changes since the 2015 Survey Where we have seen the largest change compared to 2015	**2016 National Average**	**2016 Results**	**2015 Results**	**Variance 2015-2016**
KF18. Percentage of staff attending work in the last three months despite feeling unwell because they felt pressure from their manager, colleagues or themselves	57%	70%	59%	11%
KF7. Percentage of staff able to contribute towards improvements at work	73%	66%	72%	6%
KF1. Staff recommendation of the organisation as a place to work or receive treatment	4.12	3.75	3.86	0.11

Summary of Local Surveys and Results

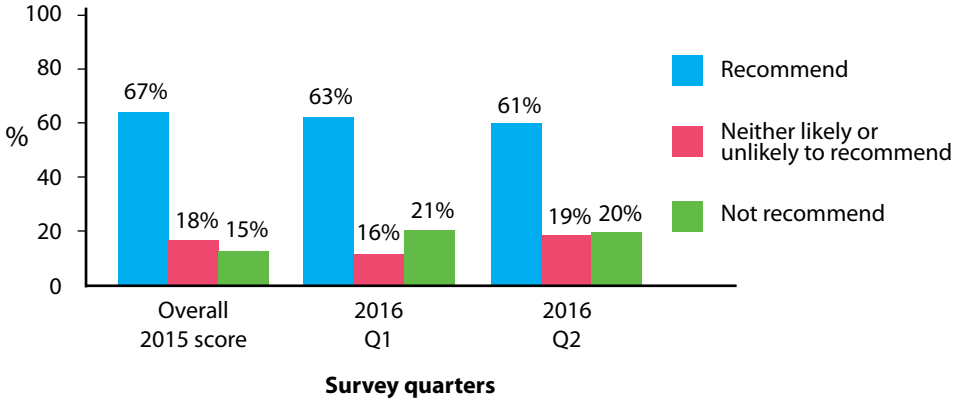
The Staff Friends and Family Test asks staff two key questions. The Trust ran this quarterly, asking different staff groups within each quarter.

Friends and Family Test staff questions:

- How likely are you to recommend this organisation to family and friends if they needed treatment?



- How likely are you to recommend this organisation to friends and family as a place to work?



Areas of Concern and Action Plans from 2016 survey

Based on our 2016 results, our areas of concern and action plans to address are:

Theme	Improvements already on plan	Further Improvements	Improvement target for 2017 survey
Team work	Team Maker programme Targeted support from staff experience team	Review of team structures Further targeted leadership development and coaching	Overall score for key finding to achieve >3.87
Contribution to Improvement	Magnificent 7 streams in place Transformation team support Innovation hubs Methodology training	Introduction of rapid improvement event methodology; Clear branding for improvement methodology; Improvement for everyone model at induction Resources on intranet	Overall score for key finding to achieve >76%
Harassment & Bullying	Dignity at work policy in place Ambassador for Raising Concerns in place	Communication campaign Review and re-launch of dignity at work policy; Communication on Ambassador role; Inclusion Group to develop plans; Development of vision and values for the whole organisation	KF 25 White to be <22% BME to be <17% KF 26 White to be <22% BME to be <21%
Wellbeing Culture	Ongoing work with NHS England Policy and processes in place Confidential Care Service in place	Occupational Health re-tender to embed better wellbeing support; Redesign of key policies; Roll out of exercise class offer; Leadership development in absence management/support Resources on internet Specific ward/area focus	Pressure to attend work when unwell to achieve <54% Organisational interest in wellbeing to achieve >3.80 Questions around MSK and Stress to have improved by 3% each
Equality & Diversity (Discrimination and Career Progression)	Equality & Diversity Annual Plan and priorities	Inclusivity Group to develop plans; Review education and training; Focused work on recruitment, interview panels, unconscious bias and observing panels; Re-launch of dignity at work policy and zero tolerance to discrimination	KF 21 White to be >93% BME to be >74% Q17b White to be <4% BME to be <11%

Priorities and targets

The priorities for improvement described above have been adopted as priorities by Birmingham Women's and Children's NHS Foundation Trust and will be monitored through the performance framework.

Expenditure on consultancy

The Trust's expenditure on consultancy decreased by 50% to £10k in 2016/17.

High Paid Off-payroll engagements

The Trust allowed off-payroll arrangements to be made only in circumstances where vital specialised roles cannot, in the short-term, be supported through standard payroll arrangements. The Trust regularly monitored and reviewed all high paid off payroll arrangements to ensure alternative solutions are sought in order to reduce the duration of such arrangements to the minimum. This included the use of HMRC's online employment status indicator tool. The Trust sought from individuals with whom such arrangements are made evidence that appropriate arrangements are in place in relation to tax and national insurance.

The Trust does not make off payroll arrangements with members of the Board of Directors.

Table 1: All off-payroll engagements as of 31 January 2017 for more than £220 per day that last for longer than six months

Total number of existing engagements as of 31 January 2017	0
Of which...	
Number that have existed for less than one year at time of reporting.	0
Number that have existed for between one and two years at time of reporting.	0
Number that have existed for between two and three years at time of reporting.	0
Number that have existed for between three and four years at time of reporting.	0
Number that have existed for four or more years at time	0

Table 2: All new off-payroll engagements, or those that reached six months in duration, between 1 April 2016 and 31 January 2017, for more than £220 per day and that last for longer than six months

Number of new engagements, or those that reached six months in duration, between 1 April 2016 and 31 January 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
Of which...	0
Number for whom assurance has been received	0
Number for whom assurance has not been received	0
Number that have been terminated as a result of assurance not being received.	0

Table 3: Any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2016 and 31 January 2017

Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during 2016/17.	0
Number of individuals that have been deemed "board members and/or senior officials with significant financial responsibility" during 2016/17, including both off-payroll and on-payroll engagements.	0

Sarah-Jane Marsh
Chief Executive Officer
30 May 2017

NHS Foundation Trust Code of Governance

Birmingham Women's NHS Foundation Trust applied the principles of the NHS Foundation Trust Code of Governance on a comply and 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.

Board of Directors and Council of Governors

Constitutionally formed, the Council of Governors had the following key responsibilities:

- **Strategic** – Providing advice on our general direction and ensuring that our plans assist in the delivery of our long-term goals.
- **Guardianship** – Ensuring that the Board of Directors conform to the terms of authorisation, acting as a trustee of the Trust.
- **Advisory** – Providing advice to the Board of Directors to ensure that we continue to deliver services to meet the needs of the members, patients, parents, families and the wider local communities.

The Council of Governors was specifically responsible for:

- Representing the views of the members and acting as a source of information on members' needs.
- Working with the Board of Directors to inform the future strategic direction and development plan.
- Appointing (and removing) the Chairman and Non-Executive Directors.
- Setting the salary levels of the Chairman and Non-Executive Directors.
- Approving the appointment of the Chief Executive Officer.
- Appointing the External Auditor.
- Receiving copies of our annual reports, annual accounts and the External Auditor's report.
- Holding the Non-Executive Directors individually and collectively to account.
- Approving any amendments to the Core Constitution.

The Board of Directors was legally accountable for the services we provide and was specifically responsible for:

- Setting the strategic direction (having taken into account the Council of Governors' views).
- Ensuring that clinical services provide high-quality and safe care for patients, parents and their families.
- Ensuring that governance arrangements are implemented to provide assurance that there are safe systems of internal control in place.
- Ensuring that a rigorous performance management framework is implemented which ensures that we continue to be a high performer against national and local targets.
- Ensuring that we are at all times compliant with our Terms of Authorisation.

The Constitution sets out the key responsibilities of the Board of Directors. The accountability framework defines the committees of the Board and sets out within the approved terms of reference the responsibilities for each of these committees. Non-Executive Directors are members (or the Chair) of each of these committees.

The Constitution provides that in the event of dispute between the Council of Governors and the Board of Directors:

- In the first instance the Chairman, on the advice of the Secretary, and such other advice as the Chairman may see fit to obtain, shall seek to resolve the dispute.
- If the Chairman is unable to resolve the dispute he shall appoint a special ad hoc committee comprising equal numbers of Directors and Governors ("Dispute Resolution Committee") to consider the circumstances and to make recommendations to the Council of Governors and the Board of Directors with a view to resolving the dispute.
- If the recommendations (if any) of the Dispute Resolution Committee are unsuccessful in resolving the dispute, the Chairman may refer the dispute back to the Board of Directors who shall make the final decision.

During the reporting period, Governors' views were shared with the Board of Directors through the formal meetings of the Council of Governors, which was chaired by the Chairman who presided over the Board of Directors. The Executive and Non-Executive Directors were invited to attend the meetings to present reports and information.

Board of Directors meetings

* Board members are required to attend Council of Governors meetings by invitation. All Board members attended Council of Governors meetings when requested to do so.

Non-Executive Directors All the Non-Executive Directors of the Board are considered to be independent					
Board member	**Title**	**Board of Directors**	***Council of Governors**	**Appointments & Remuneration Committee**	**Audit Committee**
Christine Braddock	Chairman (from 01.05.16)	7/8	5/6	1/1	0/0
Elisabeth Buggins	Chairman (until 30.04.16)	1/1	0/1	0/0	0/0
Chris Ainslie	Non-Executive Director (until 31.01.17)	8/9	2/6	0/0	4/6
Anita Bhalla	Non-Executive Director	8/9	5/6	0/0	0/0
Judith Smith	Non-Executive Director (01.10.16-31.01.17)	3/4	0/2	0/0	0/0
Mary Daunt	Non-Executive Director (until 16.09.16)	4/4	2/3	0/0	1/1
Penny Peet	Non-Executive Director (until 30.04.16)	1/1	0/1	0/0	0/0
Marianne Skelcher	Non-Executive Director	8/9	3/6	0/0	0/0
Ruth Stevens	Non-Executive Director (until 01.05.16)	1/1	0/1	0/0	0/0
Colin Horwath	Non-Executive Director	9/9	5/6	1/1	6/6
Clare Robinson	Non-Executive Director (01.07.16-31.01.17)	6/7	4/4	0/0	4/4

Executive Directors					
Board member	**Title**	**Board of Directors**	***Council of Governors**	**Appointments & Remuneration Committee**	**Audit Committee**
Sarah-Jane Marsh	Chief Executive Officer (maternity leave 01.04.16-17.04.16)	6/8	5/6	1/1	0/0
David Melbourne	Deputy Chief Executive/Chief Finance Officer Interim Chief Executive (01.04.16-17.04.16)	9/9	5/6	0/0	0/0
Matt Boazman	Chief Strategy and Innovation Officer (from 01.07.16)	6/6	0/3	0/0	4/6
Theresa Nelson	Chief Officer for Workforce Development (from 01.07.16)	6/6	0/3	0/0	0/0
Alison Bedford Russell	Medical Director (until 04.09.16)	2/4	2/3	0/0	0/0
Fiona Reynolds	Chief Medical Officer (from 05.09.16)	4/4	0/3	0/0	1/1
Suzanne Cleary	Director of Transformation (until 03.07.16)	3/3	0/3	0/0	0/0
Michelle McLoughlin	Chief Nurse (from 05.09.16)	4/4	1/3	0/0	0/0
Neil Savage	Director of Operations (until 03.07.16)	1/3	1/3	0/0	0/0
Helen Young	Director of Nursing Director of Maternity Transformation	7/9	4/6	0/0	6/6
Tim Atack	Chief Operating Officer (from 04.07.16)	6/6	1/3	0/0	4/4

Council of Governors and Meetings

Composition of the Council of Governors and Attendance at Core Meetings 2016/17					
Governor	**Constituency/ Class**	**Elected or nominated**	**Tenure**	**Council of Governors meetings**	**Standing Appointments Committee**
Miss Alma Aganovic	Patient & Carer	Elected	Ended 31 January 2017	2/6	0/0
Kate Archer	Public – Midlands North	Elected	Ended 31 January 2017	3/6	2/2
Ms Janet Ballintine	Midwifery Staff	Elected	Ended 31 January 2017	4/6	0/0
Dr Elizabeth Bernthal	Patient & Carer	Elected	Ended 31 January 2017	3/6	0/0
Elizabeth Blackburn	Public South Birmingham	Elected	Ended 31 January 2017	2/6	0/0
Malcolm Bowcock	Public – South Birmingham	Elected	Ended 31 January 2017	5/6	0/0
Sarah Francis	Public – South Birmingham	Elected	Ended 31 January 2017	6/6	0/0
Shabana Mahmood	Partner – South Birmingham MP	Nominated	Ended 31 January 2017	0/6	0/0
Councillor Karen McCarthy	Partner – Birmingham City Council	Nominated	Ended 31 January 2017	4/6	1/2
Bridget Nisbet	Public South Midlands	Elected	Ended 31 January 2017	4/6	1/2
Sasha Londono	Patient & Carer	Elected	Ended 31 January 2017	3/6	1/2
Jean Perks	Patient & Carer	Elected	Ended 31 January 2017	5/6	0/0
Eleanor Smith	Staff – Nursing	Elected	Ended 31 January 2017	1/6	0/2
Helen Stokes-Lampard	Appointed – Birmingham University	Nominated	Ended 31 January 2017	5/6	0/0
Claire Terry	Public – South Birmingham	Elected	Resigned in January 2017	3/6	2/2
Louise Toner	Partner – Birmingham City University	Nominated	Ended 31 January 2017	4/6	0/0
Lily Islam	Staff – Medical	Elected	Ended 31 January 2017	3/5	0/0
Joanne Keogh	Public - Midlands South	Elected	Ended 31 January 2017	1/5	0/0
Sandy Sewell	Public South Birmingham	Elected	Ended 31 January 2017	4/6	0/0

Balance and Completeness of the Board of Directors

During the reporting period, a joint executive team was appointed in recognition of the integration between the Trust and Birmingham Children's Hospital. A number of changes to the non-executive Board membership were made to ensure the Board continued to provide a balance and breadth of knowledge, experience and skills. The Executive Directors had at a senior level considerable NHS experience in a range of areas including finance, medicine, nursing, strategic and operational planning, research and workforce development. Their expertise was complemented by the Non-Executive Directors who had extensive private and public sector experience in business, education, IT, human resources, local enterprise, media, accounting, audit, research, management and leadership, marketing, and health policy.

The Chairman has no other significant commitments.

Individual Board Member Skills, Expertise and Experience

Dame Christine Braddock - Chairman	
Appointed	May 2016
Expertise and Experience	Christine came from a long and very successful career in education being CEO of one of the largest and most successful further education colleges in the UK. She has undertaken numerous board roles at local, regional and national level, including the president of the Greater Birmingham Chamber of Commerce, the LEP and Council member of the CBI. She has chaired a number of key forums and sat on numerous boards including the Engineering UK Education and Skills, the Quality Improvement Agency and the Learning and Skills Agency. She was Deputy Chair of Midland Heart, a large housing association in the Midlands, a Director of Marketing Birmingham, and has been a council member of both Aston and Birmingham Universities. Christine is a Deputy Lord Lieutenant and in 2014 was the High Sheriff of the West Midlands. She was awarded both a CBE and later a DBE for services to Education and Business.
Qualifications	DBE DL

Colin Horwath – Non-Executive Director	
Appointed	May 2016
Expertise and Experience	Audit Partner, KPMG, with responsibility to develop public sector audit practice in the Midlands. Colin was Chair of the Audit Committee until February 2015.
Qualifications	BSc, CIPFA, ACA, PIIA

Chris Ainslie – Non-Executive Director	
Appointed	December 2011
Expertise and Experience	Chris currently manages a diverse portfolio of business interests including being founder and director of Chilli Tree Group, a leadership and sales management consultancy, The 848 Group, an IT services company focussed on shifting client IT requirements to the cloud and various property businesses. Previously he held executive positions in BT Global Services as VP and Managing Director of Local Government, following 20 years of experience in the IT and Telecommunications Industry.

Clare Robinson – Non-Executive Director	
Appointed	June 2016
Expertise and Experience	Clare has extensive experience as a non-executive director in the NHS in the West Midlands. Over the last 20 years she has served on the boards of the Royal Orthopaedic Hospital NHS Foundation Trust, University Hospitals Birmingham Foundation Trust and Sandwell and West Birmingham Hospitals NHS Trust. Early in her career she qualified as a Chartered Accountant with KPMG and subsequently specialised in corporate finance. She gained her senior business experience through private sector roles in finance, operations and change management in the engineering and energy sectors. Her early academic study included a joint honours degree from the University of Nottingham in psychology and pharmacology and more recently she has obtained qualifications in the field of executive coaching. She currently works as an independent consultant and business coach in the financial services, healthcare, professional services and energy sectors.

Judith Smith – Non-Executive Director	
Appointed	October 2016
Expertise and Experience	Judith Smith is Professor of Health Policy and Management and Director of the Health Services Management Centre (HSMC) at the University of Birmingham. She has worked in health services research and policy analysis for over 20 years in the UK and New Zealand, prior to which she was a senior manager in the NHS, and a graduate of the NHS Management Training Scheme. Judith took up post at HSMC in June 2015 following six years as Director of Policy at the Nuffield Trust, an independent charitable health research foundation in London. Earlier in her career, she was Fellow, Senior Lecturer and Director at HSMC from 1995-2007. Other roles have included: expert advisor on NHS organisation and commissioning, and policy assessor to the Mid Staffordshire NHS Foundation Trust Public Inquiry; board member of the UK Health Services Research Network; and chair of the Royal Pharmaceutical Society Commission on Future Models of Care.
Qualifications	BA (Hons) French Language and Literature, Diploma in Health Services Management, MBA, PhD Health Management.

Marianne Skelcher – Non-Executive Director	
Appointed	April 2010
Expertise and Experience	Currently combining her own consulting and coaching business with a portfolio of non-executive roles, Marianne has a background in organisation development and human resources. A graduate of the University of Wales, with professional qualifications in counselling, people development, company direction and executive coaching, Marianne is a Chartered Fellow of the Chartered Institute of Personnel and Development, and a Chartered Director. She has experience in a variety of senior roles in local authority and not for profit settings, the most recent being Group HR Director with a large housing association.

Anita Bhalla - Non-Executive Director	
Appointed	December 2011
Expertise and Experience	Anita is currently Chair of Performances Birmingham PLC (Town Hall and Symphony Hall), Chair of Creative City Partnership, Director of Greater Birmingham and Solihull LEP (Local Enterprise Partnership), Governor of the RSC, Member of the Council of Warwick University, Director of the High Speed Rail College, Chancellor of Birmingham Children's University, and Non-Executive Director of Birmingham Women's and Children's NHS Foundation Trust. Anita has a strong commitment to public service and her portfolio in this area ranges from being a Commissioner on The Chancellor's Commission (Warwick University), member of Birmingham's Social Inclusion Commission to being the past chair of mac (Midlands Arts Centre), a previous chair of a Junior and Infant School, member of the governing body of Birmingham City University to currently being a Trustee of the Children's University. In 2009 she was awarded an OBE for her services to Broadcasting and Communities, and in 2012 Anita was the High Sheriff for the West Midlands. Anita has been awarded Honorary Degrees from Wolverhampton University, Birmingham City University and Warwick University. She is also a fellow of the Royal Society of Arts.
Qualifications	OBE DL

Sarah-Jane Marsh – Chief Executive Officer	
Appointed	August 2015
Expertise and Experience	Sarah-Jane joined the NHS via the Graduate Management Scheme, holding various roles in Primary and Secondary Care and at the Department of Health, before promotion to Director of Planning and Productivity at Walsall Hospitals NHS Trust. Appointed Chief Operating Officer at BCH in December 2007, and Chief Executive Officer in March 2009. As well as her CEO role, Sarah-Jane is an active Coach, nurturing emerging leaders from across the region. She chairs the West Midlands Provider CEO Group. Her special interests are quality and service improvement, and patient, family and staff engagement.
Qualifications	BA (Hons) History, MA Russian and Eastern European Studies, MSc Health Care Management

Michelle McLoughlin – Chief Nursing Officer	
Appointed	September 2016
Expertise and Experience	Michelle is a qualified adult, community and paediatric nurse, with vast experience of providing clinical care in a variety of acute and community healthcare settings. Michelle joined BCH as a Specialist Liaison Nurse in 1991, progressing to Chief Nursing Officer in 2007. Michelle is also Chair of the Birmingham Health Forum, which focuses on Safeguarding in the city; Caldicott Guardian; and professional lead for the Allied Health Professionals and Health Care Scientists. Michelle is responsible for quality, patient experience and participation; infection prevention and control; safeguarding and facilities. Michelle is passionate about Patient Experience and Children and Young People Participation, and is widely recognised as a thought leader in the field of Children's Nursing.
Qualifications	MSc, RGN, RSCN, DN

Tim Atack – Chief Operating Officer	
Appointed	July 2016
Expertise and Experience	Tim started his career in the field of IT, working for both NHS and commercial providers. With a growing interest in using information and IT to transform and improve healthcare, he moved into the hospital sector, holding various roles before becoming Director of ICT at Sandwell and West Birmingham Hospitals. In this role he took on more development and operational responsibilities, ultimately becoming Chief Operating Officer. Tim took a similar role in Coventry before being appointed as the Director of Performance and ICT at Birmingham Children's Hospital in 2010, and was appointed as Chief Operating Officer in September 2012. As a parent of three children who have been treated at BCH, Tim is passionate about working smarter to improve the service to every child we care for. Since April 2015 Tim has also been a Trustee of BCH Charities.
Qualifications	BSc (Hons) Maths and Computing

David Melbourne – Chief Finance Officer/Deputy Chief Executive/ Interim Chief Executive	
Appointed	September 2015 (Interim Chief Executive from 1/4/16 to 17/4/16)
Expertise and Experience	David joined the NHS from KPMG in the late 1990s and has held a variety of Board positions in Derbyshire, Lincolnshire and Birmingham. David joined BCH in late 2009 and his current roles include Board responsibility for finance, information and technology, performance, fundraising, estates and capital planning. He is a board member of Birmingham Children's Hospital Pharmacy Limited that operates the outpatient pharmacy. He is also a board member and chair of finance at the Health Exchange - a community interest company that provides health advice to communities across the West Midlands. He was selected as NHS Director of Finance of the Year in December 2011.
Qualifications	BA (Hons) Economics and History, ACA, CPFA, MBA

Theresa Nelson – Chief Officer for Workforce Development	
Appointed	July 2016
Expertise and Experience	Theresa joined the NHS in 2003 following a long career with Marks and Spencer. She joined University Hospitals Birmingham as a HR manager and her career developed through many senior roles including Director of HR at Good Hope Hospital and Head of Organisational Development at Heart of England Foundation Trust. She held a national role as Lead for Clinical Leadership at the Department of Health and continues to champion clinical leadership through her regional lead role for the LETB. Theresa is passionate about workforce development and getting the best out of people through staff engagement, culture development and coaching. She is also the LETC lead for nursing workforce planning and chair of the FTB Partnership Board.
Qualifications	FCIPD; NLP Practitioner and Executive Coach

Fiona Reynolds – Chief Medical Officer	
Appointed	September 2016
Expertise and Experience	Fiona joined Birmingham Children's Hospital in 2002 as a Consultant Paediatric Intensivist and held a variety of clinical leadership roles. Between 2007 and 2010 she was the clinical lead in PICU, overseeing a major expansion of the department. She was appointed as Deputy Chief Medical Officer in 2010. In 2012, Fiona led implementation of BCH becoming a Major Trauma Centre. She has led projects in long term ventilation, paediatric palliative care, electronic prescribing and e-learning. Fiona's major interests include patient safety and service and workforce redesign.
Qualifications	BSc, MBChB, FRCA

Matthew Boazman - Chief Officer for Strategy and Innovation	
Appointed	July 2016
Expertise and Experience	Matthew joined the NHS in 2002 via the Graduate Management Training Scheme and has worked across a number of roles within adult and paediatric secondary and primary care, the Strategic Health Authority and spent time working abroad for the AIDS Committee of Toronto. Before joining BCH Matthew was Director of Operations for the Whittington Hospital NHS Trust and then Whittington Health following the merger of the Whittington Hospital and Islington and Haringey community services. Matthew joined BCH in 2013 as the Director of Strategy & Planning before being appointed as the Chief Strategy Officer in 2015. Matthew was also the Managing Director for the Forward Thinking Birmingham mental health partnership when it was set up in late 2014.
Qualifications	MSc (Hons) Biological Chemistry, MChem Biological Chemistry, MSc Health Care Management

Helen Young – Director of Maternity Transformation	
Appointed	September 2012 – appointed as Director of Maternity Transformation in September 2016
Expertise and Experience	After training as a nurse at Westminster Hospital in London, Helen held Sisters posts in Surgery and Critical Care and Medicine before setting up a Nurse Led Development Unit with Leeds University. She is passionate about developing nursing practice, education and leadership and completed her Masters in Education. She has held posts as Head of Practice Development and Education in Guys and St Thomas and then Chelsea and Westminster as well as Chief Nurse and Deputy Chief Nurse positions in a number of Trusts. Helen was also in a national role as Clinical Director and Chief Nurse for NHS Direct for six years. Helen is a Visiting Professor at Birmingham City University, a Florence Nightingale Leadership Scholar and Harvard University Graduate. She is also a Trustee of Dorothy House Hospice, Chief Nurse for national charity called ACROSS, Regional Nurse for a national children's charity, HCPT and executive member and President of her local Soroptimist International Club, an organisation that works to empower, educate and enable women and girls in the UK and worldwide.
Qualifications	RN, MEd, PGCE, BSc (Hons) Nursing, Dip Mangt, FIoD. Florence Nightingale Leadership Scholar. Executive Mentor/leadership Coach.

Standing Appointments Committee

During 2016/17, the Standing Appointments Committee continued with its function to advise the Council of Governors about decisions related to the remuneration of the Non-Executive Directors.

During the year, the committee recommended, and the Council agreed:

- The remuneration for Mary Daunt and Colin Horwath following their appointment as Deputy Chairmen
- Membership of Board committees
- The appointment of Clare Robinson and Judith Smith as Non-Executive Directors
- The extension of the term of Anita Bhalla, Non-Executive Director

The Trust's policy on remuneration of the Non-Executive Directors is to provide remuneration through fees to reflect the responsibility of the post, but also recognising that they are not management and have outside responsibilities. The Council also bears in mind that Non-Executive Directors serve as part of the National Health Service, and there is a public view as to acceptable levels of remuneration.

Non-Executive Directors do not qualify for pension provision, holiday leave or similar benefits. Given their status, there are no arrangements for 'claw-back' from Non-Executive Directors in relation to under-performance.

The Standing Appointments Committee was made up of members of the Council of Governors and chaired by the Trust Chairman.

Standing Appointments Committee Members and attendance

	May 2016	November 2016
Christine Braddock, Chairman	✓	✓
Kate Archer, Lead Governor	✓	✓
Sasha Londono, Patient Governor	✓	✘
Karen McCarthy, Partner Governor	✓	✘
Claire Terry, Public Governor	✓	✓
Eleanor Smith, Staff Governor	✘	✘
Bridget Nisbet, Public Governor	✘	✓

Performance evaluation of the Board, its committees and its directors

The performance of the Board of Directors, its committees and individual directors has been evaluated as follows:

- External, independent evaluation of the Board of Directors against Monitor's (now NHS Improvement) Well Led framework, including a review of the Board's committee structure and the performance of the committees. This review was undertaken by Deloitte LLP, who were subsequently appointed as the Trust's external auditor.
- Appraisal and Performance Development Review for each Executive Director by the Chief Executive.
- Appraisal and Performance Development Review of Chief Executive by the Chairman.
- Review of performance appraisal of Executive Directors and Chief Executive by the joint Appointments and Remuneration Committee.
- Performance and development reviews of each Non-Executive Director by the Chairman.
- Performance and development review of the Chairman led by the Senior Independent Director.
- Review of performance of Non-Executive Directors and Chairman by the Standing Appointments Committee.

The Board has conducted a review of the effectiveness of its system of internal control.

Responsibility for Preparation of the Annual Report and Accounts

The directors are responsible for preparing the annual reports and accounts. The directors consider that the Annual Report and Accounts for the reporting period 1 April 2016 to 31 January 2017, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy.

The Audit Committee

During the reporting period the Audit Committee's key role was to provide oversight and assurance to the Board, specifically with regard to the Trust's financial reporting, audit arrangements, risk management and internal control processes and governance framework. The committee:

- Provided assurance of independence for external and internal audit.
- Ensured that appropriate standards were set and that compliance with them was monitored.
- Monitored corporate governance.

In the reporting period, the Audit Committee considered the following significant issues in relation to financial statements, operations and compliance:

Integration with Birmingham Children's Hospital
The committee received regular progress reports throughout the year in relation to the integration with Birmingham Children's Hospital, and focused in particular on obtaining assurance on behalf of the Board regarding the process behind the Value for Money opinion.

Financial Standing and Financial Assurance
In addition to the independent Value for Money Opinion, obtained to inform the Board's decision regarding the integration, the committee considered two reports regarding the Trust's financial standing:

- Going Concern Report: the report set out the risks to the Trust's going concern status and concluded that the Committee could be assured that sufficient mitigations were in place to enable the Annual Accounts to be prepared on a Going Concern basis.
- Medium Term Financial Position Report: the report set out the Trust's projected financial position and concluded that it was clear from the analysis that the Trust as a standalone organisation would not be viable on a financial basis beyond the following 12 months without significant cash support.

Well Led Board Review
In November 2015 the Board commissioned an independent review of governance arrangements from Deloitte LLP. The report, received in March 2016, highlighted a number of areas that required urgent attention in order to strengthen the effectiveness of the Trust's governance arrangements. The committee maintained oversight of the improvements during the reporting period, with a particular focus on improvements in quality governance. In January 2017 a follow-up report concluded that significant progress had been made. The committee was satisfied that all outstanding issues would be monitored as part of the work of the integrated Trust.

Data Quality
An internal audit of nurse staffing data quality resulted in a rating of 'no assurance'. The committee considered a detailed response from the responsible executive officer, which provided partial assurance pending a follow-up internal audit review.

Internal Audit
The Audit Committee is responsible for oversight of the internal audit function, which includes:

- Reviewing and assessing the annual internal audit work plan.
- Receiving a report on the results of the internal auditor's work on a periodic basis.
- Reviewing and monitoring management's responsiveness to the internal auditor's findings and recommendations and
- Monitoring and assessing the role and effectiveness of the internal audit function in the overall context of the Trust's risk management system.

The Trust's internal audit service was provided by RSM until September 2016 when, following a review of the effectiveness of Internal Audit, the committee agreed to appoint KPMG as internal auditor for the remainder of the reporting period.

External Audit
The Audit Committee was also responsible for providing independent oversight of external audit, including reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process.

In November 2016, following an assessment of the effectiveness of the external audit process Deloitte LLP was appointed as the Trust's external auditor. Prior to this date, the external auditor was PwC. The Audit Committee advised the Council of Governors on this short-term appointment in recognition of the impending integration with Birmingham Children's Hospital (BCH) where Deloitte was the external auditor. The appointment was based on an assessment of the effectiveness of the process by the BCH Audit Committee and the joint Chief Finance Officer.

The external auditor also provided non audit services; the value of the non-audit services provided during the reporting period was £51,000, which related to other assurance services.

Membership Report

Eligibility
During the reporting period, membership of Birmingham Women's NHS Foundation Trust was open to:

- Any person who is or has been a patient/carer of Birmingham Women's Hospital in the last ten years
- All permanent staff members and those staff members who are on a temporary contract of 12 months or greater
- Any member of the public aged 14 or over who lives in one of the following constituencies:
  - South Birmingham
  - Midlands North
  - Midlands South

Membership Numbers

Membership 2016/17	
Constituency	**Members at 31 January 2017**
Total Public Members	4039
Total Patient/Carer Members	543
Total Staff Members	1806
GRAND TOTAL	6388

Membership Engagement
During the reporting period the Trust continued its approach to membership communications through fully electronic means.

Members were consulted regarding the name for the new integrated Trust and were updated as to the progress of the integration.

Staff members were engaged during the reporting period on the Trust's strategy, and their input set the agenda of InTent, a joint engagement event with Birmingham Children's Hospital, which drove the development of the strategy for the integrated Trust.

Members of the Board of Directors regularly attended meetings of the Council of Governors to ensure governors were kept up to date with the Trust's performance and strategic progress and plans, and to ensure they understood the views of Governors and members.

Membership Strategy
During the reporting period, the Trust was able to access a wealth of information about the make-up of our membership. The data allowed us to determine whether our membership was representative of the population we serve. This assisted us to identify where sections of the population were under-represented which helped inform the membership strategy for the integrated Trust after 1 February 2017.

Members who wished to communicate with Governors or Directors were able to do so via details provided on the Trust's website.

NHS Improvement's Single Oversight Framework

NHS Improvement's Single Oversight Framework provides the framework for overseeing providers and identifying potential support needs. The framework looks at 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 of accountability was different. This is in line with NHS Improvement's guidance for annual reports.

Segmentation

The Trust was placed in segment 2 and this was the position up until 31 January 2017 when the Trust was dissolved. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

Finance and use of resources

The finance and use of resources theme is based on the scoring of five measures from '1' to '4', where '1' reflects the strongest performance. These scores are then weighted to give an overall score. Given that finance and use of resources is only one of the five themes feeding into the Single Oversight Framework, the segmentation of the Trust disclosed above might not be the same as the overall finance score here.

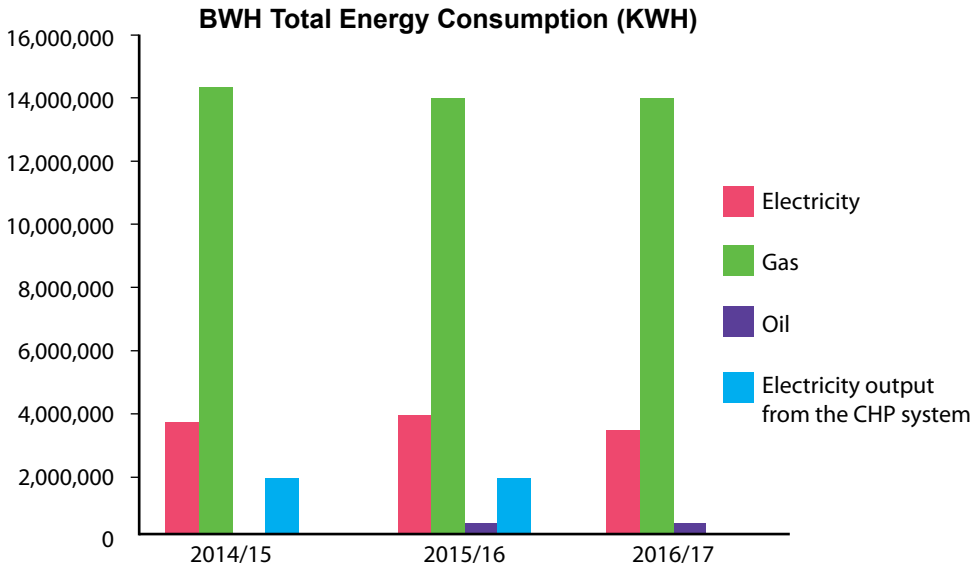
Area	Metric	Q3 2016/17 Score	Month 10 2016/17 Score
Financial sustainability	Capital service capacity	4	4
	Liquidity	3	3
Financial efficiency	I&E margin	4	4
Financial controls	Distance from financial plan	1	1
	Agency plan	1	1
Overall scoring		3	3

The Use of Resources scoring is included for Month 10 as this was the final position of the Trust prior to integration with BCH. The rating at the end of January was the same as at the end of Quarter Three and was the second lowest rating with two of the five measures recording the lowest possible level.

Energy and water use in our buildings

At Birmingham Women's Hospital, imported electricity, gas and oil has reduced year-on-year (a total of 3% between 2014/15 and 2016/17). The site also has a Combined Heat and Power (CHP) unit that has been in place since 2009 to reduce our impact on the environment and energy costs. This CHP unit provides just over a third of peak site electricity demands.

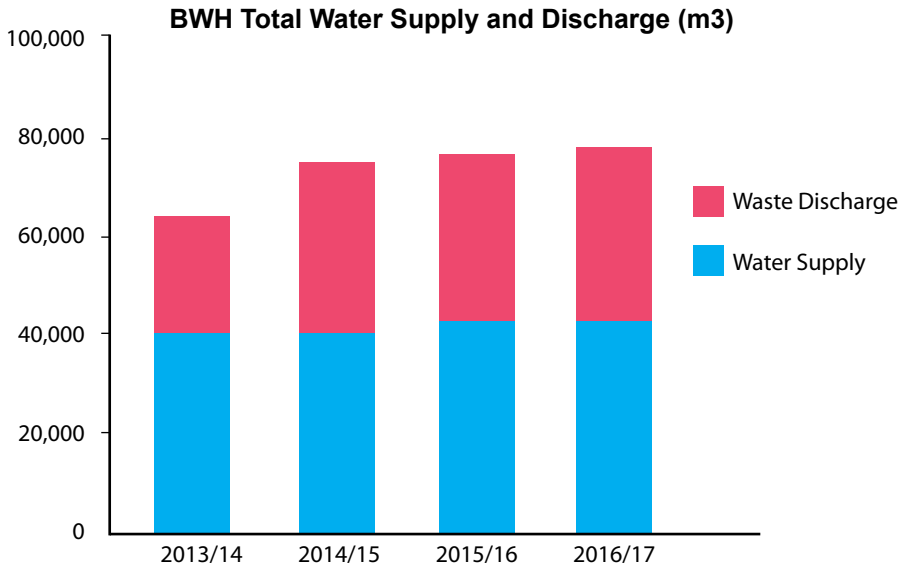
Figure 1: BWH total energy consumption, 2014/15 to 2016/17*



*CHP data for 2016/17 not available at the time of compiling this report.

Water is essential in maintaining high levels of hygiene. Water supply and discharge have increased year-on-year since 2013/14 by around 9%. As the Trust takes on more services and increases in activity, further water is required. Water systems throughout the Trust are flushed regularly in order to maintain a safe water supply, increasing consumption. Through constant monitoring, leak detection and repair, the Trust endeavours to keep water wastage to a minimum.

Figure 2: BWH total water supply and discharge trends



Statement of the Chief Executive's responsibilities as the accounting officer of Birmingham Women's NHS Foundation Trust

The NHS Act 2006 states that the Chief Executive is the accounting officer of the NHS Foundation Trust. The relevant responsibilities of the accounting officer, including 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 Birmingham Women's 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 Birmingham Women's 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 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.

Sarah-Jane Marsh
Chief Executive Officer
30 May 2017

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 Birmingham Women's Hospital 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 on-going process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Birmingham Women's 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 Birmingham Women's Hospital NHS Foundation Trust for the reporting period ended 31 January 2017 and up to the date of approval of the annual report and accounts.

On 1 February 2017 the Trust was acquired by Birmingham Children's Hospital NHS Foundation Trust. This Governance Statement therefore relates to the period 1 April 2016 to 31 January 2017 only (the reporting period).

Capacity to Handle Risk

Leadership

During the reporting period the Board of Directors had ultimate responsibility for risk management and internal control. This was managed through the Board's corporate governance arrangements, including layers of risk reporting through the Board's committee structure which ensured a link between risk management at Board and local department level.

Risk Management Training

A range of risk management and information governance training is provided to staff and there are policies in place to describe roles and responsibilities in relation to the identification and management of risk. This begins with mandatory risk training for new staff on induction. The importance of feedback to staff following incidents is stressed at all levels of training.

The Risk and Control Framework

Identification and management of risk

The Board set and regularly reviewed its strategic objectives. The most significant risks to achievement of those objectives were set out in the Board Assurance Framework (BAF). The BAF described the ways in which each risk was controlled, the actions required to further control and manage each risk, the negative and positive assurances as to the effectiveness of those controls, the current risk score and a target risk score.

The Board agreed its appetite or tolerance for each individual risk by setting the target risk score.

The BAF was a live document, informed by the work of the Board and its committees through Key Issues and Assurance Reports, which assigned an assurance rating to each issue considered. In turn the agendas of the committees were informed by the need for assurance or oversight of action implementation highlighted by the BAF.

The sub-committee review of risk was informed through regular reports from the Trust's clinical and corporate departments and through oversight and analysis of the Trust's Risk Register.

The Risk Assessment Policy set out the responsibilities and accountability for the assessment of risks and provided guidance on how to undertake a risk assessment, scoring and prioritisation of risk and the role of the risk register. It defined the escalation routes from local risk assessments to consideration at a Directorate and corporate level.

The Clinical Assurance and Safety Committee has been maintained by the integrated Trust, with responsibility for reviewing information provided in reports extracted from the risk register and significant risks escalated by the Directorates, and for ensuring appropriate controls and mitigations are in place.

The Trust's risk management processes were used to identify any potential risks to compliance with Care Quality Commission (CQC) registration requirements. Any areas of concern were reviewed in depth to identify any actions for improvement required. In addition, mock CQC inspections were used as a way of identifying areas requiring improvement in individual clinical areas.

In April 2016 the Trust's services were inspected by the CQC as part of a comprehensive inspection of compliance with quality standards. Immediate feedback highlighted some areas requiring improvement; the Quality Committee had oversight of the delivery of a comprehensive action plan to address these issues, including detailed reviews of the relevant clinical services as part of the Committee's business for the remainder of the reporting period. The CQC report was received in September 2017 providing an overall rating of Requires Improvement. The Quality Committee received full assurance that the requirement notices were appropriately addressed.

The Internal Auditor undertook an annual review of IT controls, including data security, to help the Trust identify areas where improvements were required. In the reporting period the review of the controls in place provided only partial assurance with improvements required. The Trust took action to ensure these controls are improved.

Major Risks

The major risks faced by the organisation at the end of the reporting period are detailed below. They were regularly reviewed as part of the Board Assurance Framework.

Subject	In Year or Future	Management & Mitigation	Assessment of Outcomes
Failure of the transaction with Birmingham Children's Hospital NHS Foundation Trust	In year	• Programme Management arrangements • Assurance support by Internal Auditor • Programme of engagement with Council of Governors	Integrated organisation
Failure to achieve financial stability	In year	• Back on Track meetings • Revised scheme of delegation • Implementation of tight budgetary controls • Financial Improvement Programme • Cash management plan • Cost Improvement Plans and monitoring	Achievement of financial targets
Inability to invest in existing estate	In year	• Investment in key risk areas secured	Key risk areas rendered safe
Failure to demonstrate improved compliance with quality issues	In year	• Project governance arrangements in place for all key quality improvement areas • Monitoring by sub-committees • Oversight and deep-dive reviews by Quality Committee	Completion of project plans Improved ratings by CQC

Compliance with NHS Foundation Trust Condition 4 (foundation trust governance)
At the end of the reporting period the Board was assured that the Trust was fully compliant with NHS Foundation Trust Condition 4 (foundation trust governance).

In November 2015 the Board commissioned an independent review of governance arrangements from Deloitte LLP. The report, received in March 2016, highlighted a number of areas that required urgent attention in order to strengthen the effectiveness of the Trust's governance arrangements. The Audit Committee maintained oversight of these risks during the reporting period, with a particular focus on improvements in quality governance. In January 2017 the committee received assurance that significant progress had been made with some outstanding areas, with the highest priorities relating to:

- Implementation of the new Performance Management framework
- Implementation of the Data Quality Improvement plan
- Further Standardisation of clinical governance responsibilities within the Directorates

The committee was satisfied that these issues were all included in the Post Transaction Integration Plan and would be subject to business as usual monitoring, including internal audit review.

This external review provided validity to the Corporate Governance Statement.

Embedded Risk Management
The Trust's Risk Management policies clearly set out responsibilities for risk management within the organisation. As Chief Executive Officer I had overall responsibility and accountability for risk management. This was shared with the Executive Directors who were responsible for ensuring that the risk management framework was systematically implemented and developed across the organisation.

In addition they, through the Board's committee structure, were responsible for providing assurance to the Board of Directors that risk management continued to be an essential element of all management systems and corporate planning, as well as the setting of strategy and objectives.

The Risk Assessment policy set out the responsibilities for assessment of risks alongside the process and guidance for doing so.

Risks were reported via the Trust's risk register and interrogated and challenged through the appropriate committee.

Structured processes were in place for incident reporting and the investigation of Serious Incidents Requiring Investigation (SIRIs) and complaints. Incident reporting was openly encouraged across the Trust through training.

Public Stakeholders
The Trust provided information and assurance on risk management to the public through the Council of Governors, which included governors elected by the public, patients, carers and staff, and governors appointed to represent our key partners.

This information and assurance was provided in a range of ways, including:

- Provision of all papers of the public meetings of the Board of Directors and an opportunity to discuss the contents of these papers at each meeting of the Council of Governors.
- Reports on the work of the Board's committees and the key issues they considered.
- Reporting led by the non-executive members of the Board to provide assurance on how the Board was controlling risk.

Board Statements

The Trust is fully compliant with the registration requirements of the Care Quality Commission (CQC).

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

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

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

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

The Trust had a range of processes embedded throughout the organisation to monitor the economic, efficient and effective use of resources and these were reported each month to the Board through a detailed Resources Report and an Integrated Performance Report. The latter provided a summary of performance against key indicators relating to operations, finance, workforce and quality. This included efficiency and productivity measures within a financial balanced scorecard.

The Finance, Performance and Business Development Committee undertook regular in-depth reviews of the Trust's financial position, business cases for significant revenue and capital investments, and the investment of cash balances.

The Audit Committee supported the delivery of effective, efficient and economic services through detailed review of the internal controls in areas such as procurement, reference costs, accounting policies and practices, financial reporting and fraud.

The Audit Committee was supported by the work of the Internal Auditor, which undertook reviews of core risk areas such as financial controls, payroll, data quality and risk management.

A range of management processes were embedded within the operational management of the organisation which provided a framework for ensuring that value for money was secured from the resources available.

Information Governance

During the reporting period risks to information were managed through the use of the NHS Information Governance Toolkit (IGT). The Trust's policies provided documented mechanisms for the reporting and investigation of actual or suspected information security breaches and potential vulnerabilities.

The Trust's IGT score for 2016/17 was 60%, assessed as Satisfactory with Improvement Plan (Green). The improvement plan relates to a number of areas and takes into account the impact of the integration of Birmingham Women's and Birmingham Children's Hospitals which was effective from 1st February 2017.

No information governance incidents classed as Level 2 in the Information Governance Reporting Tool were reported in the reporting period.

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 (in exercise of the powers conferred on Monitor) has issued guidance to NHS foundation trust boards on the form and content of annual Quality Reports which incorporate the above legal requirements in the NHS Foundation Trust Annual Reporting Manual.

NHS Improvement has confirmed that in view of the integration of Birmingham Women's NHS Foundation Trust and Birmingham Children's Hospital NHS Foundation Trust on 1 February 2017, a single annual quality report for the integrated Trust only is required. This is included in the Annual Report for Birmingham Women's and Children's NHS Foundation Trust.

During the reporting period improvement in data quality was a significant priority for the Trust and this was overseen by both the Audit Committee and the Quality Committee with support from the Internal Auditor. A selection of the Trust's priority quality indicators were reviewed by the Trust's External Auditor in previous reporting periods to provide assurance on the annual Quality Report.

Since integration, Birmingham Women's and Children's NHS Foundation Trust identified four 52-week waiting time breaches relating to Women's Hospital patients, two within the Gynaecology service and two within Genetics. Details of the work undertaken to improve and assure the quality and accuracy of elective waiting time data is described in the Annual Governance Statement of the integrated Trust.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of quality 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, Performance and Business Development Committee and Quality Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Role of the Board

The Board maintained oversight of the system of internal control through:

- Regular review of reports on quality, finance, workforce and operations.
- Key Issues and Assurance reports from the Board Committees.
- Regular reviews of the Board Assurance Framework.
- Regular refresh of the Board Assurance Framework to ensure it reflected the changing internal and external environment and the Trust's shifting priorities and objectives.

During the reporting period the Board received assurance from Deloitte who carried out an independent follow-up review of the Board against the Well-Led framework, which identified substantial improvements since an earlier report in March 2016, referred to above.

Role of the Quality Committee

The Quality Committee provided assurance to the Board that:

- There were adequate controls in place to ensure patients using the services provided by the Trust received high quality and safe care.
- Risks to the quality of clinical care, safety, leadership and workforce culture have been identified and appropriately controlled.

The Quality Committee also maintained oversight of the delivery of the Trust's quality, safety and people strategies and highlighted to the Board through the Key Issues and Assurance Report any risks to implementation of those strategies.

Role of the Audit Committee

The Audit Committee was responsible for:

- Monitoring the integrity of the Trust's financial statements.
- Reviewing the Trust's internal financial controls.
- Reviewing the Trust's internal control and risk management systems.
- Monitoring and reviewing the effectiveness in the internal audit function.
- Providing assurance to the Board on these matters.

Role of the Finance, Performance and Business Development Committee

The Finance and Business Development Committee provided assurance to the Board as to the effective management and utilisation of the Trust's resources and maintained oversight of financial control and management arrangements.

Role of Internal Audit

The Trust used a comprehensive Internal Audit service as part of its assurance process around internal controls. An annual risk-based internal audit work programme was approved by the Audit Committee with progress reported at each meeting.

The following areas were reviewed by the Internal Auditor in the reporting period:

Internal Auditor RSM

Report	Opinion
Treasury management – cashflow forecasting process	Substantial assurance
Budgetary control – maternity and genetics	Reasonable assurance
Data quality – nurse staffing	No assurance

Internal Auditor KPMG

Report	Opinion
Board Assurance Framework and Risk Management	Significant assurance with minor improvement opportunities
Key financial controls	Significant assurance with minor improvement opportunities
Payroll	Significant assurance with minor improvement opportunities
Charitable funds	Significant assurance with minor improvement opportunities
IT general controls	Partial assurance with improvement required
CQC compliance – medicines management	Partial assurance with improvement required

Reviews which did not provide adequate levels of assurance were as follows:

Data Quality - Nurse Staffing: no assurance
The report identified weaknesses in the control framework that resulted in inaccurate and inconsistent data being reported both internally and externally. The Audit Committee was satisfied by the management plan to address these issues.

IT general controls
The review found some issues regarding the controls around IT administration and security. The Audit Committee was satisfied by the management plan to address these issues.

CQC compliance – medicines management
The review found some variances in documentation and monitoring. The Audit Committee was satisfied by the management plan to address these issues.
Where areas for improvement were identified by these reviews, actions were agreed and monitored until completion by the Internal Auditor, with a regular report on progress to the Audit Committee.

The Head of Internal Audit and the Audit Committee have advised me that 'significant with minor improvements' assurance can be given on the overall adequacy and effectiveness of the Trust's framework of governance, risk management and control.

Conclusion

There are no significant internal control issues that I wish to report. I am satisfied that all internal control issues raised have been addressed by the Trust or appropriately highlighted to the Board of Birmingham Women's and Children's NHS Foundation Trust through due-diligence undertaken as part of the acquisition process.

Sarah-Jane Marsh
Chief Executive Officer
30 May 2017

SECTION 3

Audited Accounts

Birmingham Women's NHS Foundation Trust
Financial Statements for the 10 month period ended 31 January 2017

Foreword to the financial statements
Birmingham Women's NHS Foundation Trust

These financial statements for the 10 month period ended 31 January 2017 have been prepared by Birmingham Women's NHS Foundation Trust under Schedule 7 of the National Health Service Act 2006, paragraphs 24 and 25 and in accordance with directions given by NHS Improvement, the sector regulator for health services in England, exercising the statutory functions conferred on Monitor.

Sarah-Jane Marsh
Chief Executive Officer
30 May 2017

Consolidated Statement of Comprehensive Income for the 10 month period ended 31 January 2017

		Group		Foundation Trust	
		10 month period ended 31st January 2017	Year ended 31st March 2016	**10 month period ended 31st January 2017**	Year ended 31st March 2016
	Note	**£000**	£000	**£000**	£000
Operating income	3	**84,033**	97,051	**84,036**	96,936
Operating expenses before exceptional items	4	**(85,325)**	(99,211)	**(85,086)**	(98,967)
Operating deficit for the period/year before exceptional items		**(1,292)**	(2,160)	**(1,050)**	(2,031)
Finance income	7	**39**	50	**11**	14
Public dividend capital dividends payable		**(1,053)**	(1,399)	**(1,053)**	(1,399)
Net finance costs		**(1,014)**	(1,349)	**(1,042)**	(1,385)
Deficit for the period/year before exceptional items		**(2,306)**	(3,509)	**(2,092)**	3,416)
Net impairment of property following a change in market price	20	**0**	(1,075)	**0**	1,075)
Deficit for the period/year after exceptional items		**(2,306)**	(4,584)	**(2,092)**	(4,491)
Other comprehensive income/(expenditure)					
Will not be classified to income and expenditure:					
Revaluation losses on property, plant and equipment		**0**	(413)	**0**	413)
May be reclassified to income and expenditure when certain conditions are met:					
Fair value gains/(losses) on financial investments	10	**63**	(51)	**0**	0
Total other comprehensive income/(expenditure) for the period/year		**63**	(464)	**0**	(413)
Total comprehensive expenditure for the period/year		**(2,243)**	(5,048)	**(2,092)**	(4,904)

All income and expenditure is derived from continuing operations.

Notes 1 - 25 form part of these financial statements.

Consolidated Statement of Financial Position for the 10 month period ended 31 January 2017

		Group		Foundation Trust	
		31st January	31st March	**31st January**	31st March
		2017	2016	**2017**	2016
	Note	**£000**	£000	**£000**	£000
Non-current assets					
Intangible assets	8	**571**	64	**571**	64
Property, plant and equipment	9	**44,895**	45,539	**44,895**	45,539
Other investments	10	**607**	767	**0**	0
Total non-current assets		**46,073**	46,370	**45,466**	45,603
Current assets					
Inventories	11	**1,174**	989	**1,174**	989
Trade and other receivables	12	**10,098**	8,722	**10,090**	8,740
Cash and cash equivalents	16	**1,701**	4,530	**1,539**	4,306
Total current assets		**12,973**	14,241	**12,803**	14,035
Current liabilities					
Trade and other payables	13	**(9,157)**	(10,326)	**9,093)**	(10,217)
Provisions	15	**(122)**	(123)	**(122)**	(123)
Other liabilities	14	**(6,075)**	(4,227)	**(6,075)**	(4,227)
Total current liabilities		**(15,354)**	(14,676)	**(15,290)**	(14,567)
Total assets employed		**43,692**	45,935	**42,979**	45,071
Financed by taxpayers' equity					
Public dividend capital		**44,067**	44,067	**44,067**	44,067
Revaluation reserve		**5,725**	5,736	**5,725**	5,736
Income and expenditure reserve		**(6,813)**	(4,732)	**(6,813)**	(4,732)
Charitable fund reserves	25	**713**	864	**0**	0
Total taxpayers' equity		**43,692**	45,935	**42,979**	45,071

Notes 1 - 25 form part of the financial statements.

The financial statements were approved by the Board of Directors and signed on its behalf below.

Sarah-Jane Marsh
Chief Executive
30 May 2017

Consolidated Statement of Changes in Equity for the 10 month period ended 31 January 2017

Group	Charitable Funds Reserve	Public Dividend Capital	Revaluation Reserve	Income and Expenditure Reserve	Total Equity
	£000	£000	£000	£000	£000
Taxpayers' equity at 1st April 2015	**1,008**	**44,007**	**6,149**	**(241)**	**50,923**
Surplus/(deficit) for the year	9	0	0 (	4,593)	(4,584)
Impairment charged to revaluation reserve	0	0	(2,125)	0	(2,125)
Revaluations: property	0	0	1,712	0	1,712
Revaluations: charitable funds investments	(51)	0	0	0	(51)
Total comprehensive expenditure for the year	(42)	0	(413)	(4,593)	(5,048)
Public Dividend Capital received	0	60	0	0	60
Charitable funds consolidation adjustments	(102)	0	0	102	0
Taxpayers' equity at 31st March 2016	**864**	**44,067**	**5,736 (**	**4,732)**	**45,935**
Surplus/(deficit) for the period	(26)	0	0	(2,280)	(2,306)
Revaluations: charitable funds investments	63	0	0	0	63
Total comprehensive expenditure for the period	37	0	0	(2,280)	(2,243)
Charitable funds consolidation adjustments	(188)	0	0	188	0
Transfer to I&E reserve on disposal of assets	0	0	(11)	11	0
Taxpayers' equity at 31st January 2017	**713**	**44,067**	**5,725**	**(6,813)**	**43,692**

Foundation Trust	Public Dividend Capital	Revaluation Reserve	Income and Expenditure Reserve	Total Taxpayers' Equity
	£000	£000	£000	£000
Taxpayers' equity at 1st April 2015	**44,007**	**6,149**	**(241)**	**49,915**
Deficit for the year	0	0	(4,491)	(4,491)
Impairment charged to revaluation reserve	0	(2,125)	0	(2,125)
Revaluations: property	0	1,712	0	1,712
Total comprehensive expenditure for the year	0	(413)	(4,491)	(4,904)
Public Dividend Capital received	60	0	0	60
Taxpayers' equity at 31st March 2016	**44,067**	**5,736**	**(4,732)**	**45,071**
Deficit for the period	0	0	(2,092)	(2,092)
Total comprehensive expenditure for the year	0	0	(2,092)	(2,092)
Transfer to I&E reserve on disposal of assets	0	(11)	11	0
Taxpayers' equity at 31st January 2017	**44,067**	**5,725**	**(6,813)**	**42,979**

Consolidated Statement of Cash Flows for the 10 month period ended 31 January 2017

		Group		Foundation Trust	
		10 month period ended 31 January 2017	Year ended 31 March 2016	**10 month period ended 31 January 2017**	Year ended 31 March 2016
	Note	**£000**	£000	**£000**	£000
Cash flows from operating activities					
Operating deficit before exceptional items for the year/period		**(1,292)**	(2,160)	**(1,050)**	(2,031)
Depreciation and amortisation		**2,281**	3,974	**2,281**	3,974
Impairments	20	**258**	269	**258**	269
Loss on disposal		**257**	6	**257**	6
Non-cash donations from charities for property, plant & equipment		**(480)**	(23) (	**(480)**	(23)
(Increase)/Decrease in trade and other receivables		**(1,387)**	1,607	**(1,387)**	1,665
(Increase)/Decrease in inventories		**(185)**	88 (	**(185)**	88
Decrease in trade and other payables		**(1,443)**	(1,053)	**(1,443)**	(1,053)
Increase in other liabilities		**1,848**	304	**1,848**	304
Increase/(Decrease) in provisions		**(1)**	62	**(1)**	62
NHS Charitable Funds - net adjustments *		**(63)**	50	**0**	0
Net cash generated from/(used in) operations		**(207)**	3,124	**98**	3,261
Cash flows from investing activities					
Interest received		**11**	14	**11**	14
Purchase of property, plant and equipment		**(2,185)**	(2,523)	**(2,185)**	(2,523)
Receipt of cash donations to purchase capital assets		**0**	23	**0**	23
NHS Charitable funds - net cash flows from investing activities		**243**	136	**0**	0
Net cash used in investing activities		**(1,931)**	(2,350)	**(2,174)**	(2,486)
Cash flows from financing activities					
Public dividend capital received		**0**	60	**0**	60
Public dividend capital dividend paid		**(691)**	(1,444)	**(691)**	(1,444)
Net cash generated used in financing activities		**(691)**	(1,384)	**(691)**	(1,384)
Decrease in cash and cash equivalents		**(2,829)**	(610)	**(2,767)**	(609)
Cash and cash equivalents at beginning of period/year		**4,530**	5,140	**4,306**	4,915
Cash and cash equivalents at end of period/year	16	**1,701**	4,530	**1,539**	4,306

* for working capital movements, non-cash transactions and non-operating cash flows.

1 Accounting policies

1.1 Basis of preparation

NHS Improvement, in exercising the statutory functions conferred on Monitor, is responsible for issuing an accounts direction to NHS foundation trusts under the NHS Act 2006. NHS Improvement 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 DH GAM 2016/17 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 financial statements.

As per IAS 1 the NHS Foundation Trust's directors are required to assess and satisfy themselves that it is appropriate to prepare financial statements on a going concern basis. On 1 February 2017 the functions, assets and liabilities of Birmingham Women's NHS Foundation Trust were transferred to Birmingham Children's Hospital NHS Foundation Trust, at which point Birmingham Women's NHS Foundation Trust was dissolved. Birmingham Children's Hospital NHS Foundation Trust, subsequently renamed Birmingham Women's and Children's NHS Foundation Trust, is deemed the successor body per the grant of application for acquisition signed in accordance with the National Health Service Act 2006. Birmingham Women's NHS Foundation Trust's services will continue into the future, utilising existing assets and liabilities in the successor body following the transfer. Taking all this into consideration the financial statements for the ten month period ending 31 January 2017 have been prepared on a going concern basis under the historical cost convention, modified by the revaluation of property, plant and equipment. This is the same basis that would be applied if Birmingham Women's NHS Foundation Trust was expected to continue to exist and provide services into the future.

1.2 Accounting convention

These financial statements 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 Basis of consolidation

The NHS Foundation Trust is the Corporate Trustee to Birmingham Women's NHS Foundation Trust Charities (Charitable Fund). The NHS Foundation Trust has assessed its relationship to the Charitable Fund and determined it to be a subsidiary because the NHS Foundation Trust has the power to obtain benefits from its activities for itself, its patients or its staff.

The Charitable Fund's financial statements are prepared to 31 January 2017 in accordance with the UK Charities latest Statement of Recommended Practice (SORP) which is based on UK Generally Accepted Accounting Principles (UK GAAP). On consolidation, necessary adjustments are made to the Charity's assets, liabilities and transactions to:

- recognise and measure them in accordance with the NHS Foundation Trust's accounting policies; and
- eliminate intra-group transactions, balances, gains and losses.

Detailed information on the Charitable Fund can be found on the Charity Commission website (Charity Number: 1089035).

1.4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the NHS Foundation 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 those estimates and the underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

1 Accounting policies (continued)

The NHS Foundation Trust is required under IAS 1 (Presentation of Financial Statements), to disclose key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The NHS Foundation Trust has reviewed the areas where there are sources of estimation uncertainty, including provision balances, income and debtor balances relating to contracted NHS income, and asset valuations.

As detailed in accounting policy note 1.8 “Property, plant and equipment”, Cushman & Wakefield provided the NHS Foundation Trust with a valuation of the land and building assets (estimated fair value and remaining useful life) in March 2016. The significant estimation being the NHS Foundation Trust’s buildings - depreciated replacement value, using modern equivalent asset methodology. This valuation, based on estimates provided by a suitably qualified professional in accordance with HM Treasury guidance, led to a change in the reported value of the Trust’s land and buildings at 31 March 2016. Future revaluations of the NHS Foundation Trust’s property may result in further material changes to the carrying values of non-current assets. The Foundation Trust has chosen not to undertake a further valuation as at 31 January 2017 on the basis that with a full valuation being undertaken on 31 March 2016 valuations will not have materially changed during this period.

Provisions have been made for probable legal and constructive obligations of uncertain timings and amount as at the reporting date. These are based on estimates using relevant and reliable information as is available at the time the financial statements are prepared. These provisions are estimates of the actual costs of future cash flows and are dependent on future events. Any difference between expectations and the actual future liability will be accounted for in the period when such determination is made.
The carrying amounts of the Trust’s provisions are detailed in note 15 of the financial statements.

1.5 Revenue recognition and deferred 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 NHS Foundation Trust is contracts with commissioners in respect of healthcare services. When a patient is admitted and treatment begins, then the income for that treatment or spell can start to be recognised. An income value is attributed to these spells by reference to episode type (elective, non-elective, etc.), the relevant Healthcare Resource Group (HRG) and any local or national tariff. Income relating to those spells which are partially completed at the financial year end is accrued for.

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.

Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

1.6 Expenditure on employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period. Details in respect of retirement benefits and the NHS Pension Scheme are disclosed in Note 5.5.

Pension costs

Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. It is not possible for the NHS foundation trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme.

1 Accounting policies (continued)

Employer's pension cost contributions are charged to operating expenses as and when they become due.

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.

1.7 Expenditure on other goods and services

Expenditure on goods and services is recognised when, and to the extent that they have been received, and 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 a non-current asset such as property, plant and equipment.

1.8 Property, plant and equipment

Recognition

Property, plant and equipment 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 be provided to, the NHS Foundation Trust;
- It is expected to be used for more than one financial year; and
- the cost of the item can be measured reliably.

The capitalisation thresholds currently used are:-
- individually items 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. These grouped assets must be functionally interdependent, with broadly simultaneous purchase dates and are anticipated to have simultaneous disposal dates whilst being under single managerial control, or form part of the initial equipping and setting-up cost of a new building, ward or unit irrespective of their individual or collective cost. Items not meeting these thresholds are treated as operating expenditure and fully expensed during the period.

Measurement

Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs 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.

Land and buildings used for the Trust's services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

The fair value of land and buildings is determined from market-based evidence by appraisal undertaken by professionally qualified valuers. Valuations are undertaken having due regard to International Financial Reporting Standards (IFRS) as applied to the United Kingdom public sector and in accordance with HM Treasury guidance, International Valuation Standards and the requirements of the Royal Institution of Chartered Surveyors (RICS) Valuation Standards 6th Edition. Valuations are undertaken with sufficient regularity to ensure that the carrying values do not differ materially from the fair value. A valuation of the NHS Foundation Trust's land and buildings was carried out by an external body, Cushman & Wakefield and was accounted for as at 31st March 2016.

Fair values are determined as follows:-

- Specialised operational assets - fair value is estimated using a depreciated replacement cost (DRC) approach subject to the assumption of continuing use. DRC is defined as the current cost of replacing an asset with its modern equivalent asset (MEA) less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.
- Non-specialised operational assets - Existing Use Value (EUV).

Fixtures and equipment are carried at depreciated historical cost as this is not considered to be materially different from the fair value of assets which have a low value and/or short useful lives.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is recognised in operating income to the extent of the decrease previously charged to operating expenses.

1 Accounting policies (continued)

A revaluation decrease is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive income in the Statement of Comprehensive Income.

Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is added to the asset's carrying value. Where subsequent expenditure is simply restoring the asset to the specification assumed by its economic useful life then the expenditure is charged to operating expenses.

Derecognition of Property, Plant & Equipment

Assets planned to be scrapped or demolished are held as operational assets with revised lives to reflect the period over which the assets economic life has been shortened. Once the asset has been disposed of it ceases to be recognised and is removed from NHS Foundation Trust's fixed asset register.

Assets planned for sale on disposal are reclassified as 'Held for Sale' once all of 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 sales;
- there is documented management intent and approval in line with the Standing Financial Instructions (SFIs) to sell the asset;
- an active programme has begun to find a buyer and complete the sale;
- the asset is being actively marketed at a reasonable price;
- the sale is expected to be completed within 12 months of date classification as 'Held for Sale';

and

- it is highly unlikely that the plan to sell the asset will be cancelled or materially changed so as to delay or impair the process such that the sale will take longer than 12 months or cease completely.

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 revalued, 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. there are currently no Property, Plant and Equipment assets "Held for Sale".

1 Accounting policies (continued)

1.9 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the NHS Foundation Trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Trust and where the cost of the asset can be measured reliably.

Internally generated intangible assets

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised.

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 NHS Foundation Trust intends to complete the asset and sell or use it;
- the NHS Foundation Trust has the ability 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 it or 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 NHS Foundation Trust to complete the development and sell or use the asset; and
- the NHS Foundation Trust can measure reliably the expenses attributable to the asset during development.

Software

Software which is integral to the operation of hardware (e.g. an operating system), is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware (e.g. 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 carried at fair value. Amortised historical cost is used as a proxy for fair value. There are currently no intangible assets classified as "Held for Sale".

Derecognition

Assets are de-recognised when scrapping or demolition occurs.

1 Accounting policies (continued)

1.9 Intangible assets

Recognition

1.10 Depreciation, amortisation and impairments

Freehold land and assets under construction are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. This is done on a straight line basis. The estimated useful life of an asset is the period over which the NHS Foundation Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over their estimated useful lives or the length of the lease term.

At each reporting period end, the NHS Foundation Trust checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

In accordance with the Department of Health Group Accounting Manual, impairments that are due to a loss of economic benefits 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 operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment arising from a loss of economic benefit or service potential is reversed when, and to the extent that, the circumstances that give rise to the loss is reversed. Reversals are recognised in operating income to the extent that the asset is restored to the carrying amount that 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.

The estimated useful lives for each class of asset is as follows:

- Buildings excluding dwellings 10-80 years
- Plant and machinery 5-15 years
- Information technology 3-7 years
- Furniture and fittings 3-5 years
- Intangible assets - software licences 5-7 years

1.11 Donated, government grant and other grant funded assets

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 imposes 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 Accounting policies (continued)

1.12 Revenue government and other grants

Government grants are grants from Government bodies other than income from CCGs, NHS England or NHS trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure or, if specific conditions exist in relation to the grant, when these conditions have been satisfied. Where the grant is used to fund capital expenditure the grant is held as deferred income and released to operating income over the life of the asset in a manner consistent with the depreciation charge for that asset.

1.13 Leases

Finance leases

Where substantially all the risks and rewards of ownership of a leased asset are borne by the NHS Foundation Trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are initially recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease.

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. The annual rental is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability is de-recognised when the liability is discharged, cancelled or expires.

Operating leases

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Any operating lease incentives received at the inception of the lease are deducted from lease rentals and charged to 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 and the classification for each is assessed separately.

1.14 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the weighted average cost method.

1.15 Cash and cash equivalents

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.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand.

1.16 Provisions

The NHS Foundation Trust provides for legal or constructive obligations that are of uncertain timing or amount at the reporting date on the basis of 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 the discount rates published and mandated by HM Treasury.

1 Accounting policies (continued)

1.16 Provisions (continued)

Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the NHS Foundation 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 NHS Foundation Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed in note 15, but it is not recognised in the NHS Foundation Trust's financial statements on the basis any claims are settled by the NHSLA involving no cash outflows or incurred expenditure by the Foundation Trust.

Non-clinical risk pooling

The NHS Foundation Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the NHS Foundation Trust pays an annual contribution to the NHS Litigation Authority 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.

1.17 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the NHS Foundation Trust's control) are not recognised as assets, but are disclosed in the notes to the financial statements where an inflow of economic benefits is probable. There are no contingent assets.

Contingent liabilities are not recognised, but are disclosed in the notes to the financial statements, unless the probability of a transfer of economic benefits 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 NHS Foundation Trust'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.

1.18 Financial assets

Financial assets are recognised when the NHS Foundation Trust becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Contracts are entered into in accordance with the NHS Foundation Trust's normal purchase, sale or usage requirements. Financial assets are de-recognised when the contractual rights have expired or the asset has been transferred.

Financial assets are initially recognised at fair value.

Financial assets are classified into the categories of loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market, and they are included within current assets. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the initial fair value of the financial asset.

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 NHS Foundation Trust intends to dispose of them within 12 months 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 recognised are transferred from reserves and recognised in "Finance Costs" in the Statement of Comprehensive Income.

1 Accounting policies (continued)

1.18 Financial assets (continued)

Impairment of financial assets

At the Statement of Financial Position date, the NHS Foundation Trust assesses whether any financial assets are impaired. Financial assets are impaired and impairment losses recognised 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 amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of 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 directly.

1.19 Financial liabilities

Financial liabilities are recognised in the statement of financial position when the NHS Foundation 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. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired. All financial liabilities held by the group in the current period and prior year are classified as other financial liabilities amortised at cost.

Financial liabilities are initially recognised at fair value.

Other financial liabilities

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

1.20 Value Added Tax

Most of the activities of the NHS Foundation 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.

1.21 Corporation Tax

NHS Foundation Trusts are exempt from tax on their principal health care income under section 519A ICTA 1988. Significant commercial non-core health care activities may be subject to tax. Significant is defined as annual taxable profits in excess of £50,000 per trading activity. The NHS Foundation Trust does not have any significant commercial non-core health care activities.

1 Accounting policies (continued)

1.22 Public dividend capital (PDC) and PDC dividend

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 predecessor 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 NHS Foundation Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS Foundation Trust during the financial year. 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 balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in the GBS accounts that relate to a short-term working capital facility, and (iii) any PDC dividend balance receivable or payable. In accordance with the requirements laid down by the Department of Health (as the 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 financial statements. The dividend thus calculated is not revised should any adjustment to net assets occur as a result of the audit of the financial statements.

1.23 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 note on losses and special payments is compiled directly from the losses and compensations register which reports amounts on an accruals basis with the exception of provisions for future losses.

1.24 Subsidiaries

Subsidiary entities are those over which the NHS Foundation Trust has the power to exercise control or a dominant influence so as to gain economic or other benefits. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the Trust's or where the subsidiary's accounting date is before 1st January or after 1st July.

Where subsidiaries' accounting policies are not aligned with those of the NHS Foundation Trust (including where they report under UK GAAP) then amounts are adjusted during consolidation where the differences are material. Inter-entity balances, transactions and gains/losses are eliminated in full on consolidation.

1.25 Accounting standards that have been issued but have not yet been adopted

The DH GAM does not require the following Standards and Interpretations to be applied in 2016/17. These standards are still subject to HM Treasury FReM adoption, with IFRS 9 and IFRS 15 being for implementation in 2018/19, and the government implementation date for IFRS 16 still subject to HM Treasury consideration.

- IFRS 9 Financial Instruments – Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted;
- IFRS 15 Revenue from Contracts with Customers –– Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted;
- IFRS 16 Leases – Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM: early adoption is not therefore permitted; and
- IFRIC 22 Foreign Currency Transactions and Advance Consideration – Application required for accounting periods beginning on or after 1 January 2018.

The NHS Foundation Trust has considered the above new standards, interpretations and amendments to published standards that are not yet effective. The NHS Foundation Trust has concluded that they are either not relevant or that they would not have a significant impact on the NHS Foundation Trust's financial statements apart from some additional disclosures.

2 Operating segments

The provision of healthcare (including medical treatment, research and education) is within one main geographical segment, the United Kingdom, and materially from Departments of HM Government in England.

Operational Healthcare refers to the core activities of the NHS Foundation Trust that fall under the remit of the Chief Operating Decision Maker (CODM), which has been determined to be the Board of Directors. These activities are primarily the provision of NHS healthcare, the income for which is received through contracts with commissioners. The contracts follow the requirements of Payment by Results where applicable and services are paid for on the basis of tariffs for each type of clinical activity. The planned level of activity is agreed with our main commissioners for the year.

The Operational Healthcare segment comprises the four clinical directorates (Maternity, Neonatal, Gynaecology and Genetics). These directorates have been aggregated into a single operating segment because they have similar economic characteristics, the nature of the services they provide are the same (NHS care), they have similar customers (the general public from surrounding geographical areas), and have the same regulators (Monitor, the Care Quality Commission and the Department of Health). The overlapping activities and interrelation between the directorates also suggests that aggregation is appropriate. The directorate management teams report to the CODM, and it is the CODM that ultimately makes decisions about the allocation of budgets, capital funding and other financial decisions.

The Corporate and Facilities departments are those that provide support services to the clinical directorates. These departments earn some income but as it is ancillary to the main purpose of the departments and relatively small in comparison to the income of the Trust, they are not deemed to be a segment of their own. Their results are included within the Operational Healthcare segment as their function is to support the provision of healthcare.

3 Operating income before exceptional items

3.1 Operating income

	Group		Foundation Trust	
	10 month period ended 31 January 2017	Year ended 31 March 2016	**10 month period ended 31 January 2017**	Year ended 31 March 2016
	£000	£000	**£000**	£000
Income from activities (see note 3.2 below)	71,616	83,720	71,616	83,720
Other operating income (See note 3.4 below)	12,417	13,331	12,420	13,216
Total operating income	**84,033**	**97,051**	**84,036**	**96,936**

3.2 Income from activities

	10 month period ended 31 January 2017	12 month period ended 31 March 2016	**10 month period ended 31 January 2017**	12 Month period ended 31 March 2016
	£000	£000	**£000**	£000
Elective income	3,034	3,625	3,034	3,625
Non elective income	17,795	20,223	17,795	20,223
Outpatient income	13,534	15,525	13,534	15,525
Other NHS clinical income	35,925	42,724	35,925	42,724
Private patient income	1,310	1,549	1,310	1,549
Overseas patients	18	74	18	74
	71,616	**83,720**	**71,616**	**83,720**

The above figure for “Income from Activities” can be analysed between Commissioner Requested Services of £70,288k (year ending 31 March 2016: £82,097k) and non Commissioner Requested Services of £1,328k for the period (year ending 31 March 2016: £1,623k). The latter figure is the total for private and overseas patient income.

3.3 Income from activities in 3.2 analysed by type

	Group		Foundation Trust	
	10 month period ended 31 January 2017	Year ended 31 March 2016	**10 month period ended 31 January 2017**	Year ended 31 March 2016
	£000	£000	**£000**	£000
Foundation Trusts	2,577	2,951	2,577	2,951
NHS Trusts	2,511	2,919	2,511	2,919
CCGs and NHS England	65,092	75,948	65,092	75,948
NHS Other	108	279	108	279
Private patients	1,310	1,549	1,310	1,549
Overseas patients	18	74	18	74
	71,616	83,720	**71,616**	83,720

3.4 Other operating income

	10 month period ended 31 January 2017	Year ended 31 March 2016	**10 month period ended 31 January 2017**	Year ended 31 March 2016
	£000	£000	**£000**	£000
Research and development	2,393	2,851	2,393	2,851
Education and training	3,645	4,524	3,645	4,524
Charitable and other contributions[1]	480	25	480	25
Non-patient care services to other bodies	263	304	263	304
Sustainability and Transformation Fund Income	1,483	0	1,483	0
Laboratory Genetics clinical tests	1,357	1,998	1,357	1,998
Clinical Excellence Awards	530	784	530	784
Other income	2,081	2,628	2,269	2,730
NHS Charitable Funds: Incoming resources[2]	185	217	0	0
	12,417	13,331	**12,420**	13,216

[1] Charitable and other contributions for the period ended 31 January 2017 relates to computer software transferred from the Department of Health to the Foundation Trust as at 1 December 2016. The asset transferred is disclosed as an intangible asset in note 8 to the accounts.

[2] Excluding investment income.

4 Operating Expenses before exceptional items

4.1 Operating expenses by type:	Group		Foundation Trust	
	10 month period ended 31 January 2017	Year ended 31 March 2016	**10 month period ended 31 January 2017**	Year ended 31 March 2016
	£000	£000	**£000**	£000
Services from Foundation Trusts	**6,236**	4,814	**6,236**	4,814
Services from other NHS Trusts	**895**	476	**895**	476
Services from CCGs and NHS England	**74**	126	**74**	126
Services from other NHS bodies	**89**	117	**89**	117
Executive directors' costs	**785**	623	**785**	623
Non-executive directors' costs	**116**	142	**116**	142
Staff costs	**54,682**	65,954	**54,632**	65,897
Drug costs	**1,551**	1,807	**1,551**	1,807
Supplies and services - clinical (excluding drug costs)	**7,281**	8,434	**7,281**	8,434
Supplies and services - general	**1,157**	1,315	**1,157**	1,315
Establishment	**651**	779	**651**	779
Transport	**325**	574	**325**	574
Premises	**3,350**	3,107	**3,350**	3,107
Reduction in provision for impairment of receivables	**(76)**	(87)	**(76)**	(87)
Reduction in other provisions	**0**	0	**0**	0
Inventories write down	**12**	6	**12**	6
Rentals under operating leases - minimum lease payments	**196**	204	**196**	204
Depreciation on property, plant and equipment	**2,244**	3,882	**2,244**	3,882
Amortisation on intangible assets	**37**	92	**37**	92
Impairments of property, plant and equipment	**258**	269	**258**	269
Statutory audit fees payable to Trust's external auditor - Trust	**70**	65	**70**	65
Statutory audit fees payable to Trust's external auditor - Charity	**8**	7	**0**	0
Other remuneration payable to the external auditor	**51**	0	**51**	0
Audit services via internal auditor for internal audit services	**99**	47	**99**	47
Clinical Negligence Scheme for Trusts (CNST) premium	**3,635**	3,752	**3,635**	3,752
Loss on disposal of plant and equipment	**257**	6	**257**	6
Legal Fees	**69**	109	**69**	109
Consultancy costs	**10**	20	**10**	20
Training, courses & conferences	**204**	328	**204**	328
Patient travel	**6**	7	**6**	7
Insurance	**42**	57	**42**	57
Redundancy	**160**	28	**160**	28
Other services	**189**	250	**189**	250
Other[1]	481	1,721	**481**	1,721
Charitable Funds expenditure other than pay and external audit costs	**181**	180	**0**	0
	85,325	99,211	**85,086**	98,967

[1] Other costs for the year ended 31 March 2016 include £1,294k incurred in relation to the cessation of a capital project to rebuild and refurbish the majority of the Trust's estate during the evaluation phase.

The NHS Foundation Trust's contract with its external auditors, Deloitte LLP, provides for a limitation of the auditor's liability of one million pounds sterling. In addition to statutory audit work Deloitte LLP also undertook a Well Led Board Review - a review of the Trust's corporate governance. Remuneration for this review totalled £51k.

4.2 Operating Leases

	Group	
	10 month period ended 31 January 2017	Year ended 31 March 2016
	£000	£000
Minimum lease payments included within operating expenses	**196**	204
Total future minimum operating lease payments		
Payable:		
Not later than one year	**102**	199
Between one and five years	**19**	342
After five years	**0**	0
Total	**121**	541

All operating leases are held by the NHS Foundation Trust

5 Employee expenses and numbers

5.1 Employee expenses

	10 month period ended 31 January 2017			Year ended 31 March 2016		
	Permanently employed	**Other**	**Total**	Permanently employed	Other	Total
	£000	**£000**	**£000**	£000	£000	£000
Salaries and wages	44,127	636	**44,763**	52,652	1,472	54,124
Social security costs	3,952	0	**3,952**	3,723	0	3,723
Employer contributions to NHS Pensions	5,644	0	**5,644**	6,693	0	6,693
Agency/contract staff	0	1,223	**1,223**	0	2,189	2,189
Termination benefits	160	0	**160**	28	0	28
Pension costs other	1	0	**1**	2	0	2
NHS Charitable funds staff	50	0	**50**	57	0	57
Total gross staff costs	53,934	1,859	**55,793**	63,155	3,661	66,816
Recoveries of staff costs from other bodies	0	(166)	**(166)**	0	(211)	(211)
Total net employee benefits	**53,934**	**1,693**	**55,627**	63,155	3,450	66,605

The total employer pension contributions payable for the period ended 31 January 2017 are £5,644k (for the year ended 31 March 2016: £6,693k).

5.2 Average number of employees

	10 month period ended 31 January 2017			Year ended 31 March 2016		
	Permanently employed	**Other**	**Total**	Permanently employed	Other	Total
Medical and dental	105	0	**105**	109	0	109
Administration and estates	292	0	**292**	301	0	301
Healthcare assistants and other support staff	267	0	**267**	265	0	265
Nursing, midwifery and health visiting staff	480	0	**480**	485	0	485
Scientific, therapeutic and technical staff	88	0	**88**	83	0	83
Healthcare science staff	266	0	**266**	259	0	259
Agency and contract staff	0	25	**25**	0	17	17
Other	0	22	**22**	0	26	26
Total	**1,498**	**47**	**1,545**	1,502	43	1,545

5.3 Early retirements due to ill health

For the period ended 31 January 2017 the NHS Pensions Agency has provided information that there were three early retirements from the NHS Foundation Trust on the grounds of ill-health (for the year ended 31 March 2016: two). The estimated additional pension of this ill-health retirement will be £356k (for the year ended 31 March 2016: £54k). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

5.4 Termination Benefits

The NHS Foundation Trust incurred termination benefit costs during the year of £160k for one post made compulsorily redundant (for the year ended 31 March 2016: £28k). No special payments were made in these cases.

5. Employee expenses and numbers (continued)

5.5 Pension costs

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.

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:

a) 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.

b) 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.

The next actuarial valuation is to be carried out as at 31 March 2016. This will set the employer contribution rate payable from 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.

6 Better Payment Practice Code

6.1 Better Payment Practice Code - measure of compliance

	Number		Value	
	10 month period ended 31 January 2017	Year ended 31 March 2016	**10 month period ended 31 January 2017**	Year ended 31 March 2016
			£000	£000
Total non-NHS trade invoices paid in the period/year	**10,355**	12,881	**19,201**	24,355
Total non NHS trade invoices paid within target	**9,800**	11,994	**18,707**	23,310
Percentage of Non-NHS trade invoices paid within target	**94.6%**	93.1%	**97.4%**	95.7%
Total NHS trade invoices paid in the period/year	**2,388**	2,149	**33,011**	32,553
Total NHS trade invoices paid within target	**2,069**	1,968	**31,972**	31,972
Percentage of NHS trade invoices paid within target	**86.6%**	91.6%	**96.9%**	98.2%

The Better Payment Practice Code requires the NHS Foundation 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.

6.2 The Late Payment of Commercial Debts (Interest) Act 1998

The NHS Foundation Trust did not incur any interest costs under the Late Payment of Commercial Debts (Interest) Act 1998 nor pay any compensation to cover debt recovery costs under this legislation (for the year ended 31 March 2016: nil).

7 Finance income

	Group		Foundation Trust	
	10 month period ended 31 January 2017	Year ended 31 March 2016	**10 month period ended 31 January 2017**	Year ended 31 March 2016
	£000	£000	**£000**	£000
Interest received on excess cash balances	**11**	14	**11**	14
NHS Charitable funds - investment income	**28**	36	**0**	0
	39	50	**11**	14

8 Intangible assets - Software Licences

All intangible assets in the group are held by the NHS Foundation Trust and relate to software licences purchased with NHS Exchequer funding.

	31 January 2017	31 March 2016
	£000	£000
Cost at start of period/year	**454**	454
Donation of asset from the Department of Health	**480**	0
Reclassification from property, plant and equipment	**56**	0
Disposals	**(87)**	0
Cost at end of period/year	**903**	454
Accumulated amortisation at start of period/year	**390**	298
Charge during the period/year	**37**	92
Reclassification from property, plant and equipment	**(8)**	0
Disposals	**(87)**	0
Accumulated amortisation at end of period/year	**332**	390
Net book value at start of period/year	**64**	156
Net book value at end of period/year	**571**	64

There are no revaluation reserves relating to intangible assets.

9 Property, plant and equipment

9.2 Prior year ending 31 March 2016	Land	Buildings excluding dwellings	Assets under construction	Plant and machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2015	7,375	31,484	1,763	16,434	9,017	481	**66,554**
Additions purchased	0	215	1,229	735	137	61	**2,377**
Additions donated	0	0	0	23	0	0	**23**
Impairments charged to operating expenses	(933)	(524)	(267)	0	0	0	**(1,724)**
Impairments charged to the revaluation reserve	(2,125)	0	0	0	0	0	**(2,125)**
Reversal of impairments credited to operating income	0	380	0	0	0	0	**380**
Reversal of impairments credited to the revaluation reserve	0	(2,539)	0	0	0	0	**(2,539)**
Reclassifications	0	613	(1,394)	133	648	0	**0**
Revaluations	0	1,712	0	0	0	0	**1,712**
Disposals	0	0	0	(830)	0	0	**(830)**
Cost or valuation at 31 March 2016	**4,317**	**31,341**	**1,331**	**16,495**	**9,802**	**542**	**63,828**
Accumulated depreciation at 1 April 2015	0	805	0	11,928	4,674	362	**17,769**
Provided during the year	0	1,734	0	1,300	828	20	**3,882**
Reversal of impairments credited to the revaluation reserve	0	(2,539)	0	0	0	0	**(2,539)**
Disposals	0	0	0	(824)	0	0	**(824)**
Accumulated depreciation at 31 March 2016	**0**	**0**	**0**	**12,404**	**5,502**	**382**	**18,288**
Net book value							
Purchased at 31 March 2016	4,317	29,983	1,331	3,950	4,290	158	44,029
Finance Lease at 31 March 2016	0	590	0	0	0	0	590
Donated at 31 March 2016	0	768	0	140	10	2	920
Net book value at 31 March 2016	**4,317**	**31,341**	**1,331**	**4,090**	**4,300**	**160**	**45,539**

10 Other investments	10 month period ended 31 January 2017 £000	Year ended 31 March 2016 £000
Carrying value at start of period/year	767	918
Acquisitions	0	0
Movements in fair value	63	(51)
Disposals	223)	(100)
Carrying value at end of period/year	**607**	**767**

All these investments are held by the Group's Charity within its investment portfolio. The portfolio is a Multi-Asset fund listed on the London Stock Exchange.

11 Inventories	Group and Foundation Trust	
	10 month period ended 31 January 2017 £000	Year ended 31 March 2016 £000
Carrying value at start of period/year	**989**	1,077
Additions	**1,800**	1,620
Inventories consumed	**(1,603)**	(1,702)
Write down of inventories	**(12)**	(6)
Carrying value at end of period/year	**1,174**	**989**

12 Trade and other receivables

12.1 Trade and other receivables - current

	Group		Foundation Trust	
	31January 2017	31 March 2016	**31 January 2017**	31 March 2016
	£000	£000	**£000**	£000
NHS receivables	**5,652**	6,266	**5,652**	6,266
Receivables with related parties	**0**	0	**0**	0
Provision for impaired receivables	**(174)**	(250)	**(174)**	(250)
Prepayments	**1,717**	654	**1,717**	654
Accrued income	**1,872**	786	**1,872**	786
PDC Receivable	**0**	18	**0**	18
Other receivables	**1,023**	1,247	**1,023**	1,266
NHS Charitable funds: Trade and other receivables	**8**	1	**0**	0
Total	**10,098**	8,722	**10,090**	8,740

12.2 Provision for impairment of receivables

	Group		Foundation Trust	
	10 month period ended 31 January 2017	Year ended 31 March 2016	**10 month period ended 31 January 2017**	Year ended 31 March 2016
	£000	£000	**£000**	£000
Balance at start of period/year	**250**	337	**250**	337
Increase in provision	**116**	61	**116**	61
Unused amounts reversed	**(192)**	(148)	**(192)**	(148)
Balance at end of period/year	**174**	250	**174**	250

13 Trade and other payables - current	Group		Foundation Trust	
	31January 2017	31 March 2016	**31 January 2017**	31 March 2016
	£000	£000	**£000**	£000
NHS payables	**1,505**	3,136	**1,505**	3,136
Amounts due to other related parties *	**915**	929	**915**	929
Trade payables - capital	**256**	279	**256**	279
Tax and social security costs	**1,280**	1,190	**1,280**	1,190
Other payables	**417**	459	**415**	459
Accruals	**4,378**	4,224	**4,378**	4,224
PDC payable	**344**	0	**344**	0
NHS Charitable funds: Trade and other payables	**62**	109	**0**	0
Total	**9,157**	10,326	**9,093**	10,217

* Amounts due to other related parties are for outstanding pensions contributions as at 31 January.

14 Other liabilities - current	Group		Foundation Trust	
	31January 2017	31 March 2016	**31 January 2017**	31 March 2016
	£000	£000	**£000**	£000
Deferred income	**6,075**	4,227	**6,075**	4,227

15 Provisions

	Current		Non-current	
	31January 2017	31 March 2016	**31 January 2017**	31 March 2016
	£000	£000	**£000**	£000
Legal claims[1]	**36**	36	**0**	0
Redundancy	**0**	22	**0**	0
Other [2]	**86**	65	**0**	0
Total	**122**	123	**0**	0

	Legal claims	**Redundancy**	**Other**	**Total**
	£000	**£000**	**£000**	**£000**
At 1 April 2016	36	22	65	**123**
Arising during the period	0	0	21	**21**
Used during the period	0	0	0	**0**
Reversed unused	0	(22)	0	**(22)**
At 31 January 2017	36	0	86	**122**
Expected timing of cash flows:				
To 31 Jan 2018	36	0	86	**122**
Between 1 Feb 2018 and 31 Jan 2019	0	0	0	**0**
Thereafter	0	0	0	**0**
Total	36	0	86	**122**

[1] The 'Legal claims' provision relates to amounts notified by the NHS Litigation Authority for employer and public liability claims. The exact amount and timing of payments will only be known once the cases have been heard. The resulting outflows are expected to be in the next financial year.

[2] The 'Other' provision relates to a genetics test patent dispute and has been made following consultation with the NHS FoundationTrust's legal advisors.

£165,264k is included in the provisions of the NHS Litigation Authority at 31 March 2017 in respect of clinical negligence liabilities of the NHS Foundation Trust (31 March 2016: £125,602k). No figure has been made available for the liability at 31 January 2017.

16 Cash and cash equivalents

	10 month period ended 31 January 2017			Year ended 31 March 2016		
	Foundation Trust	**Charitable Funds**		Foundation Trust	Charitable Funds	
	£000	**£000**	**Group £000**	£000	£000	Group £000
Balance at 1 April	4,306	224	**4,530**	4,915	225	5,140
Net change in period/year	(2,767)	(62)	**(2,829)**	(609)	(1)	(610)
Balance at 31 January : March	**1,539**	**162**	**1,701**	4,306	224	4,530
Made up of						
Cash at commercial banks and in hand	140	162	**302**	74	224	298
Cash with the Government Banking Service	1,399	0	**1,399**	4,232	0	4,232
Cash and cash equivalents	**1,539**	**162**	**1,701**	4,306	224	4,530

17 Capital commitments

Contracted capital commitments at 31 January 2017 not otherwise included in these financial statements relate to property plant and equipment and total £16k (year ended 31 March 2016: £236k).

18 Events after the reporting date

On 1 February 2017 the assets and liabilities of Birmingham Women's NHS Foundation Trust were acquired by Birmingham Children's Hospital NHS Foundation Trust via a transfer by absorption following approval by the Secretary of State for Health. Birmingham Women's NHS Foundation Trust ceased to exist from this date. From 1 February 2017 the previous operations of Birmingham Women's NHS Foundation Trust form part of Birmingham Women's and Children's NHS Foundation Trust.

19 Contingent Liabilities

The group had no contingencies to report as at 31 January 2017 (31 March 2016: nil).

20 Impairments

10 month period ended 31 January 2017: During the current period an impairment of £258k was recognised in relation to the cessation of a capital project to rebuild and refurbish the majority of the Trust's estate during the evaluation phase. This is disclosed within note 4 as part of Operating Expenses before exceptional items

Year ended 31 March 2016: In the prior year, following a revaluation of the Trust's property assets at 31 march 2016, an impairment of £930k reflecting changes in land values and a net impairment of £145k reflecting changes in building values, were taken through the Trust's Consolidated Statement of Comprehensive Income. This resulted in a net impairment due to revaluation of £1,075k. This was disclosed as an exceptional item on the face of the Trust's Statement of Comprehensive Income.
In addition, a further £269k impairment charge was recognised in Consolidated Statement of Comprehensive Income relating to the cessation of a capital project to rebuild and refurbish the majority of the Trust's estate during the evaluation phase. This is disclosed within note 4 as part of Operating Expenses before exceptional items.

21 Related Parties

21.1 Ultimate Parent Company

The NHS Foundation Trust is a public benefit corporation established under the NHS Act 2006. Monitor, the NHS Foundation Trust regulator has the power to control the Foundation Trust within the meaning of IAS 27 "Consolidated and Separate Financial Statements" and therefore can be considered as the Foundation Trust's parent. Monitor does not prepare group financial statements but does prepare separate NHS Foundation Trust Consolidated Financial Statements. The NHS FT Consolidated Financial Statements are then included within the Whole of Government Accounts. Monitor is accountable to the Secretary of State for Health. The Foundation Trust's ultimate parent is therefore HM Government.

21.2 Related Party Transactions During the Year

During the year the NHS Foundation Trust did not enter into any material transactions with Board members, governors, key staff members or parties related to them. The NHS Foundation Trust did enter into material transactions with entities within the Whole of Government, the details of which are listed below:

	Revenue Greater than £1 million	
	10 month period ended 31 January 2017	Year ended 31 March 2016
	£000	£000
NHS England	**27,380**	30,781
NHS Birmingham South Central CCG	**16,928**	18,640
NHS Birmingham Cross City CCG	**14,604**	16,512
NHS Sandwell And West Birmingham CCG	**4,545**	5,668
Health Education England	**3,584**	4,508
Sandwell and West Birmingham Hospitals NHS Trust	**2,307**	2,634
Heart of England NHS Foundation Trust	**1,796**	2,049
NHS Redditch and Bromsgrove CCG	**1,627**	1,619
Department of Health	**1,131**	60
Other Whole Government bodies with revenue individually less than £1 million	**7,602**	11,367
	81,504	93,838

	Expenditure greater than £1 million	
	10 month period ended 31 January 2017	Year ended 31 March 2016
	£000	£000
NHS Pension Scheme	**5,644**	6,693
HM Revenue & Customs	**3,952**	3,723
University Hospitals Birmingham NHS Foundation Trust	**3,902**	4,399
NHS Litigation Authority	**3,647**	3,745
Birmingham Children's Hospital NHS Foundation Trust	**1,170**	752
Other Whole Government bodies with expenditure less than £1 million	**3,173**	3,011
	21,488	22,323

21.3 Related Party Balances

At the period end the NHS Foundation Trust had material balances with entities within the Whole of Government, the details of which are listed below:

	Receivables greater than £0.5 million	
	31 January 2017	31 March 2016
	£000	£000
NHS England	**1,169**	691
Sandwell and West Birmingham Hospitals NHS Trust	**1,083**	1,183
Other Whole Government bodies with receivable balances held less than £0.5 million	**3,520**	5,240
	5,772	7,114

	Payables greater than £0.5 million	
	31 January 2017	31 March 2016
	£000	£000
HM Revenue & Customs	**1,280**	1,190
University Hospitals Birmingham NHS Foundation Trust	**974**	2,017
NHS Pension Scheme	**915**	929
Birmingham Children's Hospital NHS Foundation Trust	**681**	723
Other Whole Government bodies with payable balances held less than £0.5 million	**1,429**	2,864
	5,279	7,723

The NHS Foundation Trust also received revenue and capital payments from Birmingham Women's Foundation Trust Charitable Funds, the Trustee of which is Birmingham Women's NHS Foundation Trust.

All related party balances are not secured, are on standard terms and conditions and will be settled in cash.

21 Related Party (continued)

21.4 Key Management Personnel

Key management includes directors, both executive and non-executive. The compensation paid or payable in aggregate to key management for employment services is shown below:

	10 month period ended 31 January 2017	Year ended 31 March 2016
	£000	£000
Salaries and other short term benefits	**886**	712
Post employment benefits [1]	**15**	53
Total	**901**	765

[1] Post employment benefits are pension contributions paid in relation to 4 executive directors in 2016/17 (2015/16: 7 executive directors).
There were no amounts owing to Key Management Personnel at the beginning or end of the financial year.

22 Financial assets and liabilities

22.1 Financial assets by category

	31 January 2017	**31** March 2016
	£000	£000
Assets as per Statement of Financial Position		
Trade and other receivables excluding non financial assets	**7,391**	7,263
Cash and cash equivalents	**1,539**	4,306
NHS Charitable funds: financial assets	**767**	991
Total	**9,697**	12,560

All financial assets held by the group are classified as loans and receivables other than £607k of NHS Charitable funds: financial assets classified as assets held at fair value (31 March 2016: £767k).

22.2 Financial liabilities by category

Key management includes directors, both executive and non-executive. The compensation paid or payable in aggregate to key management for employment services is shown below:

	31 January 2017	**31** March 2016
	£000	£000
Liabilities as per Statement of Financial Position		
Trade and other payables excluding non financial liabilities	**9,123**	10,215
Provisions under contract	**122**	123
NHS Charitable funds: financial liabilities	**0**	0
Total	**9,245**	10,338

All related party balances are not secured, are on standard terms and conditions and will be settled in cash.

23 Financial instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. The nature of the NHS Foundation Trust's activities means that exposure to risk, although not eliminated, is substantially reduced. The major risks identified are:-

Market risk
This is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is sub-divided Trust has minimal exposure to interest rate risk. A review of the operating lease contracts indicates that there is a degree of sensitivity to interest rate movements in respect of some agreements. However, the monetary impact is insignificant. As the NHS Foundation Trust is principally a domestic organisation with no overseas operations, the NHS Foundation Trust has low exposure to currency rate fluctuations and, therefore, currency risk.

Credit risk
This is the risk that one party to a financial instrument will cause financial loss for another party by failing to discharge an obligation. Trade receivables primarily relate to NHS debtors where the likelihood of non payment is extremely low. Cash and cash receivables is primarily held with the GBS (Government Banking Service). The NHS Foundation Trust mitigates its exposure to credit risk through review of debtor balances and by calculating a bad debt provision at year end.

The following shows the age of such financial assets that are past due and for which no provision for bad or doubtful debts has been raised:

	31 January 2017 £000	31 March 2016 £000
By up to three months	**4,331**	5,077
By three to six months	**805**	791
By more than six months	**803**	1,262
	5,939	7,130

The NHS Foundation Trust has not raised bad or doubtful debt provisions against these amounts as they are considered to be recoverable based on previous trading history.

Liquidity risk
This is the risk that the NHS Foundation Trust will encounter difficulties meeting obligations associated with financial liabilities. The nature of the NHS Foundation Trust's activities means that there is minimal liquidity risk. The NHS Foundation Trust has a strong cash position and does not have any borrowings.

24 Losses and special payments

There were 92 cases of losses and special payments (2015/16: 56 cases) totalling £42k (2015/16: £16k) paid during the 10 months ended 31 January 2017 all falling within the Foundation Trust.

There were no clinical negligence, fraud, personal injury, compensation under legal obligation or fruitless payment cases where the net payment for the individual case exceeded £300,000 (2015/16 - nil cases).

Losses and special payments are accounted for on an accruals basis with the exception of provisions for future losses.

25 Charitable fund reserves

	31 January 2017 £000	31 March 2016 £000
Restricted income funds	**692**	830
Unrestricted income funds	**21**	34
	713	864

Restricted funds will be utilised in accordance with restrictions imposed when the funds were donated, granted to or raised by the Charity. Unrestricted funds will be utilised at the discretion of the Charity's Trustees in line with the Charity's objectives.

Independent auditor's report to the council of governors and board of Directors of Birmingham Women's NHS Foundation Trust

Opinion on financial statements of Birmingham Women's NHS Foundation Trust

In our opinion the financial statements:

- give a true and fair view of the state of the Group and Trust's affairs as at 31 January 2017 and of the Group and Trust's 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 Group and Trust Statements of Comprehensive Income;
- the Group and Trust Statements of Financial Position;
- the Group and Trust Statements of Changes in Taxpayers' Equity;
- the Group and Trust Statements of Cash Flows; and
- the related notes 1 to 25.

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.

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

Key risks	The key risks that we identified in the current year were: ● Recognition of NHS clinical revenue; and ● Property valuations and capital developments.
Materiality	The materiality that we used was £1.7m which was determined on the basis of 2% of revenue.
Scoping	Our group audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement at the Group level. The focus of our audit work was on the Trust, with work performed at the Trust's head offices in Birmingham directly by the audit engagement team, led by the audit partner.
Significant changes in our approach	There has been no significant change in our approach.

Going concern

We have reviewed the Accounting Officer's statement contained within the Annual Report that the Group is a going concern.

We confirm that:

- we have concluded that the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

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 group and we have fulfilled our other ethical responsibilities in accordance with those standards.

We confirm that we are independent of the Group 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 are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

Recognition of NHS clinical revenue	
Risk description	There are significant judgements in recognition of revenue from care of NHS service users and in provisioning for disputes with commissioners due to: ● The complexity of the Payment by Results regime, in particular in determining the level of over-performance and Commissioning for Quality and Innovation revenue to recognise; ● The judgemental nature of provisions for disputes, including in respect of outstanding over-performance income for quarters 3 and 4; and ● The risk of revenue not being recognised at fair value due to adjustments agreed in settling current year disputes and agreement of future year contracts. Details of the Group's income, including £70.3m of Commissioner Requested Services are shown in note 3.2 to the financial statements. The majority of the Trust's revenue comes substantially from only three sources: Birmingham Cross City CCG, Birmingham South Central CCG and NHS England, therefore 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. We performed detailed substantive testing on a sample basis of the recoverability of over-performance income and adequacy of provision for underperformance through the year, 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, reviewed correspondence with commissioners and considered the mismatches identified through the Agreement of Balances exercise.
Key observations	Based on the audit evidence obtained, we conclude that NHS clinical revenue is appropriately recognised.

Property valuations and capital developments	
Risk description	The Group holds property assets within Property, Plant and Equipment at a modern equivalent use valuation of £35.3m as per note 9. The valuation is by nature a significant estimates which is based on specialist and management assumptions (including the floor areas for a Modern Equivalent Asset, the basis for calculating build costs, the level of allowances for professional fees and contingency, and the remaining life of the assets) and which can be subject to material changes in value. Following a full revaluation exercise in March 2016 by a professionally accredited valuer, given the current accounting period is not a full year and the carrying value of the Group's estate has not changed significantly in the period to 31 January 2017, the Group has not considered it necessary to engage a professional valuer to undertake a revaluation exercise in the current period. Capital additions for the period were £2.2m. Determining whether expenditure should be capitalised can involve significant judgement.
How the scope of our audit responded to the risk	We evaluated the design and implementation of controls over property valuations, and tested the accuracy and completeness of data provided by the Group to the valuer.

How the scope of our audit responded to the risk (continued)	We used Deloitte internal valuation specialists to review and challenge the appropriateness of the key assumptions used in the valuation of the Group's properties, including through benchmarking against revaluations performed by other Groups at 31 March 2016 (date of the valuation report). We also reviewed the assumption that the valuation of the Trust's estate has not changed significantly in the period 31 March 2016 to 31 January 2017. We tested spend on both capital additions and revenue and maintenance on a focused sample basis to confirm that it complies with the relevant accounting requirements, and that the depreciation rates adopted are appropriate.
Key observations	Based on the audit evidence obtained, we conclude that the valuation of the Trust's estate and capitalisation of expenditure are appropriate.

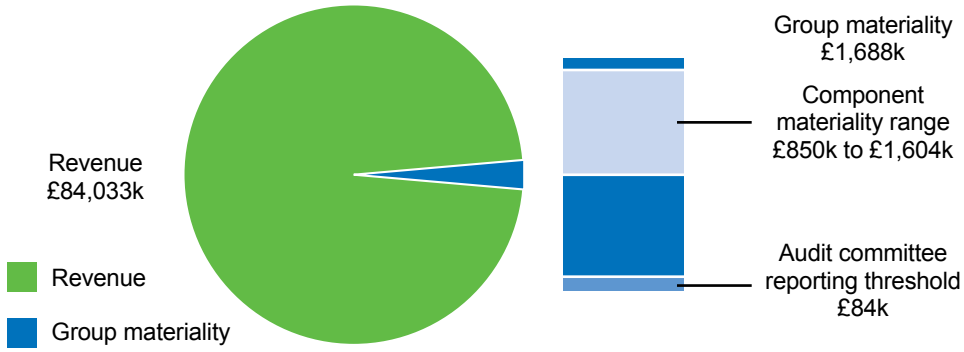
These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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:

Group materiality	£1.7m (2016: £1.9m)
Basis for determining materiality	2% of revenue (2016: 2% of revenue)
Rationale for the benchmark applied	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 £84,000 (2016: £95,000), 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 group audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement at the Group level.

Our audit covered all of the entities within the Group, including Birmingham Women's NHS Foundation Trust Charities, which account for 100% of the Group's net assets, revenue and surplus.

Our audit work was executed at levels of materiality applicable to each individual entity which were lower than group materiality. The range of materiality used was £0.85m to £1.604m.

At the Group level we also tested the consolidation process.

Opinion on other matters prescribed by the National Health Service Act 2006

In our opinion:

- the parts of the Directors' Remuneration Report and the Staff Report to be audited have 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

Annual Governance Statement, use of resources, 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;
- the NHS foundation trust has not made proper arrangements for securing economy, efficiency and effectiveness in its use of resources; or
- proper practices have not been observed in the compilation of the financial statements.

We have nothing to report in respect of these matters.

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.

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 Group acquired in the course of performing our audit; or
- otherwise misleading.

We confirm that we have not identified any such inconsistencies or misleading statements.

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.

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.

This report is made solely to the Council of Governors and Board of Directors ("the Boards") of Birmingham Women's 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 Boards 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 Group's and 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.

Gus Miah (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, United Kingdom
30 May 2017