

Annual Report

and Summary Financial Statements

2011-12

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section one

Foreword

by the Trust Chairman
and Chief Executive

Welcome to the third annual report of Western Sussex Hospitals NHS Trust.

This report covers 2011/12, a period when the Trust really began to fulfil its great potential. By the end of that 12-month period we had completed a truly impressive transition - from being a fledgling organisation still adjusting to the challenges of merging two trusts into one, into a maturing Trust capable of the highest levels of performance. That achievement is testimony to the skill and dedication of all our staff and volunteers, and we must begin this year's report by thanking them for their tremendous efforts.

Just how high those levels of performance have reached is apparent from the last quarterly assessment of NHS performance for 2011/12, published by the Department of Health. Judged across the whole range of measures - performance, quality, finance - our Trust was ranked joint top nationally, gaining top ratings across the board.

Maintaining such excellence will be extraordinarily tough, even for the outstanding staff working at the Trust, but the foundations are in place.

Central to the development of our organisation has been the development of our vision: We Care. It is a deliberately simple phrase, which is central to everything we must aspire to - caring about the patient, about safety, about quality, about improvement, about the future of the Trust, about serving local people, about working well with other organisations on behalf of our patients.

These are the values which are demonstrated, every day, by the Trust's 6,500 staff and these are the values which must always guide us as we strive to maintain and improve the standards of the care we offer to our patients.

Right from the formation of this Trust we decided to place patient safety and service quality centre-stage. That initial decision was reaffirmed in this year with the publication of our Quality Strategy which is explicitly designed to improve clinical outcomes, improve safety, and improve the patient experience.

On many of the measures which matter most to patients, this year has seen remarkable successes. Our infection control record rivals any organisation, with not a single case of hospital-acquired MRSA bacteraemia throughout the entire 12 months. The number of Clostridium difficile infections also fell significantly, and our focus on avoiding pressure injuries produced impressive results. The experience of stroke patients has been transformed, and patients are now treated in an environment which the National Patient Safety Agency's Patient Experience Action Team rates as 'excellent'. Patients consistently report high standards of cleanliness, and privacy and dignity.

Driving up quality is hard. Doing so while also improving performance is doubly difficult. We began the year with a considerable number of patients waiting longer than 18 weeks from referral to treatment, the maximum acceptable time period under the NHS Constitution. We declared that we would eradicate the backlog by October - that was achieved, and we have sustained compliance ever since. Staff have also ensured that patients have accessed cancer treatments within the demanding targets set, and A&E waiting times have remained low - a good indicator that patient 'pathways' throughout the Trust are working well.

Public sector organisations always have a duty to deliver value, but especially so in the current climate of economic hardship. The Trust delivered on its financial commitments in 2011/12, not only balancing the books but also generating a £5.2m surplus to repay historic debts. We are under no illusions as to the extent of the financial challenge ahead of us all, but since merger our track record in terms of budgetary control has been extremely strong, and that should provide us with confidence for the future.

Looking ahead, one of our central objectives is to achieve Foundation Trust status. This is not an end in itself, but is a significant milestone. Being an 'FT' will democratise us, will transform our relationship with local people, and will grant us greater freedoms to develop services more closely aligned to the needs of our population.

It will also indicate to staff that the excellence of their work is recognised, and assure patients that their local hospitals are of the highest quality.

More traditional challenges lie ahead as well. We will seek to improve our clinical care, and explore still further the potential benefits of working as a unified Trust. Our estate will improve, with new operating theatres, a new Breast Screening Unit, new ophthalmology facilities, and our appeal for a new Cardiac Cath Lab is well advanced. We will seek to improve training and skills within our workforce, while strengthening our links with the partner organisations without whom we could not possibly hope to offer our patients high quality care. And we will seek to build a strong relationship with our members, a new alliance which will shape our future as a Foundation Trust.

We have already recruited more than 7,500 members. Such an exceptional display of local interest in our services, allied to the skill and commitment of our staff and volunteers, gives us great hope that we will meet our challenges and provide local people with the high standards of hospital care they deserve. Thank you all for your continued support.

Mike Viggers, Trust Chairman

Marianne Griffiths, Chief Executive

section two

About Western Sussex Hospitals

NHS Trust

Western Sussex Hospitals NHS Trust was established on 1 April 2009 by the merger of the Royal West Sussex and Worthing and Southlands Hospitals NHS Trusts. This brought together two acute NHS Trusts 20 miles apart on the south coast of West Sussex, with hospitals sited in Chichester, Worthing and Shoreham-by-Sea.

Both St. Richard's and Worthing Hospitals provide a full range of acute hospital care, including accident and emergency services, acute medical care, maternity and children's services and a range of surgical specialties. Southlands Hospital in Shoreham is to be developed as an important centre for ambulatory care - i.e. treatment that does not require an overnight inpatient stay, such as outpatients, diagnostics and eye services - and does not have an accident and emergency, paediatric or obstetric department. The Trust also runs outpatient clinics in Bognor War Memorial Hospital, plus a number of health centres and general practitioner surgeries.

Every year, our 6,000 staff:

- o Treat 120,000 inpatients and day cases
- o Make 485,000 outpatient appointments
- o See 130,000 people in the two Accident and Emergency departments
- o Deliver 5,600 babies
- o Dispense and issue around 765,000 medicines
- o Take more than 280,000 imaging exams (x-rays/scans)

We are committed to working closely with our provider of community hospitals, Sussex Community NHS Trust, and the local provider of mental health services, Sussex Partnership NHS Foundation Trust. The Trust does not provide tertiary services and looks towards Brighton, Portsmouth and Southampton for these.

The Trust has an annual budget of around £360 million. We are committed to working with the commissioners of our services to provide high-quality integrated care across the local health economy. In 2011/12 our primary commissioner was NHS West Sussex. However, the implementation of the Health and Social Care Act during 2012/13 will see a change in arrangements for service commissioning, which will in future be led by the Coastal West Sussex GP Federation, our new local clinical commissioning group.

section three

The Year in review

The third year of Western Sussex Hospitals' life saw the Trust continue to improve the quality of care it offers its patients by developing new facilities and services, continuing to focus on safety, privacy and dignity, and progressing the important strategic projects that will shape its long-term future.

2.1 Prioritising our patients' safety

Healthcare-Associated Infections

Infection control remained a top priority during 2011/12, a stance that enabled us to go through the entire year without a single incidence of hospital-attributable MRSA bacteraemia.

This remarkable achievement is the result of a culture of zero tolerance at St Richard's, Southlands and Worthing hospitals that has ensured the hundreds of thousands of patients cared for by Trust staff each year have been protected from the dangers of MRSA infection. The same approach has also led to another significant fall in incidence of Clostridium difficile (C.diff), which fell from 125 cases in 2010/11 to 76 in 2011/12 - a decline of 40%.

Our permitted maximum limits for both types of infection will be reduced again in 2012/13 - from 90 to 75 for C.diff and from six to just two for MRSA bacteraemia - and we will continue to do all we can to minimise incidence once again.

PEAT inspections

All three of our hospitals are regularly inspected by the National Patient Safety Agency's Patient Environment Action Team (PEAT), which advises the Trust on improving the hospital environment and patient experience.

PEAT teams consist of nurses, matrons, doctors, catering staff and housekeeping managers, as well patients, their representatives and members of the public. They look at standards of cleanliness and infection control, the quality of the environment (such as decoration, maintenance and lighting) and the standard of food offered to patients.

The latest results, published in September 2011, rated all three of our hospitals as 'excellent' - the highest possible grade - on each of the three measures.

Patientrack

In August 2011, the Trust became only the second in the country to introduce the Patientrack electronic monitoring system to help staff identify as quickly as possible when a patient's condition is beginning to deteriorate. Patientrack uses a handheld device to enable nurses to record a patient's vital signs, which are monitored online and alerts sent directly to medical staff should any of these give an indication of potential cause for concern.

The software was rolled out across the Trust throughout the second half of 2011 following the pilot of a similar system, which showed this type of technology can reduce Intensive Care Unit admissions, reduce average lengths of stay and increase the confidence of nursing staff.

Pharmacy robot

In February 2012 the Trust was able to extend the medicines dispensing service offered by the pharmacy robot at Worthing Hospital thanks to a £20,000 investment by the hospital's Friends charity. The robot has been a major help in improving patient safety since its installation in 2008 thanks to its ability to dispense a large number of medicines quickly and extremely accurately.

The technology purchased by the Friends has now enabled the robot service to run on a 24-hour basis by connecting it to on-call pharmacists via the internet, meaning doctors and nurses can get rapid access to the drugs patients need at night or weekends without having to wait for the pharmacist to travel in to the hospital. Work also began in March 2012 to install a similar robot at the St Richard's Pharmacy. The robot is being funded by a £150,000 donation from the Friends of Chichester Hospitals.

2.2 New facilities for patients**New wards at Worthing**

The Trust opened a new ward block at Worthing Hospital in March 2012 to enable the transfer of inpatient elderly care from Southlands. The two new wards - named Beacon and Barrow by staff, after features of the South Downs - have 38 beds between them, 10 in en-suite single rooms and the remainder in rooms of four or five beds each.

The new wards have been designed to enable doctors and nurses to deliver the best and safest care possible. Each one has a dedicated drug preparation room, where nurses can carefully prepare medications without any distractions, and reducing the risk of infection has also been a top design priority - all rooms have 'non-touch' taps on basins, and surfaces have been made as smooth as possible to be easy to keep clean.

Beacon and Barrow wards are situated on the first floor of the new building. The ground floor is occupied by a new outpatients area, which has 24 consulting rooms and three treatment rooms for minor procedures. This new department was scheduled to open in April 2012 and will create more space in the main hospital building for specialist facilities and a new 'emergency floor'.

Worthing A&E

Work on a two-storey extension to the Accident and Emergency Unit at Worthing Hospital was carried out during the year to create a new, entirely separate children's accident and emergency department, scheduled to open later in 2012. The Paediatric A&E will have four treatment rooms and a dedicated plaster room, as well as waiting and interactive play areas.

Ongoing projects

A number of other building projects commenced during the year are expected to complete during 2012/13. These include two new laminar flow operating theatres in the East Wing at Worthing and a £1.8 million ophthalmology outpatients facility in the West Block at St Richard's.

2.3 New services and initiatives

One Call/One Team

The Trust began the year by introducing the One Call/One Team service to help reduce unscheduled hospital admissions and enable patients to receive urgent care in the most appropriate setting as quickly as possible.

The service is a partnership between Western Sussex Hospitals NHS Trust, Sussex Community NHS Trust, the Coastal West Sussex GP Federation, NHS West Sussex, SECamb, Harmoni, and the local network of nursing and care homes. It was introduced at Worthing Hospital in April 2011 and St Richard's in May.

The service offers complete assessment and management of patients with an urgent care need that may not require admission to hospital. The service consists of a multidisciplinary team of community consultant geriatricians, acute general practitioners, nurses, paramedic practitioners, occupational therapists, physiotherapists and social workers, and the multi-agency rapid response teams are based at both Worthing and St Richard's.

Clot-busting round the clock

In September 2011, the Trust introduced a new thrombolysis service making 'clot-busting' drugs available to stroke patients around the clock. With the previous service operating only during normal office hours, the new 24/7 access means approximately twice as many people will receive the drugs each year.

Thrombolysis is not appropriate for most people who have suffered a stroke, but a third of those for whom it is will make a full recovery and a further third will experience significantly less disability in the longer term. As part of the new service, a stroke consultant is available round the clock to assess patients' suitability for this treatment.

Weight management in pregnancy

The Trust's midwifery team has developed a new programme to support mothers-to-be in managing their weight during pregnancy. The initiative - called the 2gether Weight Management in Pregnancy Programme - targets women who have a Body Mass Index (BMI) of 30 or more through weekly group and individual support sessions led by midwives who have specialist training in weight management during pregnancy.

Being overweight in pregnancy increases the risk of complications for both the pregnant mother and her baby, so helping women to maintain a healthy weight is critical. However, the programme is not about dieting or slimming, it is about adopting a healthy lifestyle in order to prevent excessive weight gain. The specially-trained midwives seek to help women maintain a healthy weight as their baby grows.

The Trust supports around 6,000 women to give birth each year, an estimated 950 of whom would benefit from the weight management programme.

2.4 Improving patients' food and nutrition

The Trust's Catering department received consistently good reviews of the more than one million meals it served to patients in St Richard's, Southlands and Worthing Hospitals during 2011/12. Our ingredients are sourced locally and food is prepared and cooked in the kitchens at St Richard's and Worthing to the requirements of our hospital dietitians, who develop our menus and approve any changes made to them.

Our PEAT report rated the food at all three hospitals as 'excellent', the highest grade available. Patients taking part in the Care Quality Commission's national inpatient survey also gave the Trust a rating of 58 out of 100 - only one point off the top 20% nationally, and an improvement of nine points in a single year. We also received just three formal complaints about the quality of our food.

Ensuring our patients get the nutrition they need is not just about food quality, though. We also work hard to ensure they are supported to consume the right food and drink for their individual health needs. Our hospitals operate a system to ensure the bustle on wards is kept to a minimum when food is being served, and that staff and volunteers are available to help those patients who need support. Relatives and carers are also encouraged to assist, if appropriate, and there is a 'Red Tray' system to make it easy for staff to identify any patient who may need help eating.

2.5 Protecting patients' privacy and dignity

Treating patients with dignity and respecting their privacy continue to be among the Trust's top priorities, and are areas in which we were again rated 'excellent' in our PEAT inspection. Single-sex accommodation is also now the norm throughout the Trust. The only places in which male and female patients may be treated in the same area are highly-specialised clinical facilities such as Critical Care and the Bariatric Unit.

As part of our ongoing efforts to continue raising standards in this area, we participated in February 2012's national Dignity in Action Day, led by Dignity Champion and Ashling ward Staff Nurse Helen Herniman. Helen organised demonstrations of some of the services provided for patients such as hand and nail treatments, head and shoulder massages and reminiscence therapy, which are all part of our efforts to see each person in our care as an individual with a past, present and future, and not just as a patient.

2.6 NHS Foundation Trust application

Becoming an NHS Foundation Trust (FT) is a central part of the strategy we have developed to deliver our vision of a future that puts the patient at the heart of everything we do, guided by the vision and values that demonstrate 'We Care'.

During 2011/12 our application passed through a number of important stages. We took our membership numbers past 7,500, were put forward to the Department of Health as 'FT-ready' in October 2011 and at the end of March 2012 we were awaiting the go-ahead to enter the final phase of the approval process - a

3-4 month review of our standards and services by Monitor, the independent regulator of Foundation Trusts.

If we meet the required standards of this appraisal, we remain on course to become a Foundation Trust during autumn 2012. Once Monitor begins its review we will also be able to hold the first elections for our Council of Governors. You can read more about the Council and its election in the Listening to our Patients and our Community section of this report.

2.7 Service Redesign for Quality in West Sussex

We began 2011/12 in the middle of a public consultation on proposals drawn up with our partner organisations NHS West Sussex, the Coastal West Sussex GP Federation and Sussex Community Trust to change the way in which we deliver orthopaedic surgery, elderly care and ophthalmology (eye services).

The proposals were approved in their final form by all three organisations in July 2011, and significant progress towards their implementation has been made over the remainder of the year. Inpatient elderly care was able to move from Southlands Hospital in March 2012 following the opening of a new ward block at Worthing, where work is also well under way on the building of two modern new laminar flow operating theatres closer to the critical care facilities required under current best practice.

The final phases of the programme will see further important facility developments at both Worthing and Southlands hospitals.

At Southlands, we plan to create a state-of-the-art ophthalmology department and develop the site as a centre for day surgery, outpatient clinics, diagnostics and other hospital services that do not require an overnight stay. At the end of 2011/12, the Trust was also exploring potential future community uses for Southlands' main ward building, which is no longer used for inpatient services following the transfer of these to the new facilities at Worthing.

In the main hospital building at Worthing, we are preparing to create a new 'emergency floor' that will bring together all the clinicians and services required to assess, diagnose and prescribe treatment for urgently admitted patients in a single space.

The aim of the project is to improve quality of care by enabling patients to recover more quickly, by keeping them safer through improved access to critical care facilities, diagnostic services and senior clinicians, and by reducing the transfers between hospitals that are discomforting and inconvenient for patients and relatives, and which can lead to delays in decision-making, treatment and discharge.

Early indications are that the elements in place by the end of 2011/12 are already delivering the improved outcomes and shorter stays anticipated.

2.8 Celebrating success

40 Top Hospitals Award

For the third year in succession, the Trust received a 40 Top Hospitals Award from CHKS, a leading independent provider of healthcare intelligence and quality improvement services. The awards recognise excellence and outstanding performance in 21 areas covering safety, clinical effectiveness, health outcomes, efficiency, patient experience and quality of care, all of which we believe are critical to delivering excellent patient care.

Innovations awards

Western Sussex Hospitals NHS Trust staff took first and second prize in the NHS South East Coast Strategic Health Authority's Associated Healthcare Professionals Innovation Competition. Physiotherapist Vanessa Haines-Matos won first prize for her presentation on the Attentional Reasoning Processing Screen for Brain Injury, and Chief Dietitian Sue Durrant was runner-up for her work in Extending the Role of the Dietitian.

Learning from success

As well as celebrating the good work of our staff, we are also committed to using examples of best practice in individual clinical areas to inspire and inform improvements to patient care across the whole Trust.

Learning events are one important way in which we can share good work more widely, and we staged several of these during 2011/12. Our Learning to Make Change Happen conference centred on a series of presentations from staff outlining Ways in which they had managed personal or team change in their area, and giving real, tried and tested tips for colleagues to take back to their own departments.

We also staged our first Nursing and Midwifery Conference, which proved highly popular with attendees and established itself as a valuable platform on which to bring together all our clinical divisions, learn from each other and showcase the progress made since the launch of our new nursing strategy last year.

section three

Performance

The Trust's performance is currently monitored against the standards of the NHS Performance Framework. This framework incorporates a number of assessment thresholds that determine on a quarterly basis how health organisations are classified in performance terms. For the final quarter of 2011/12, Western Sussex Hospitals NHS Trust scored 2.93 - the maximum it could achieve due to performance in stroke care being measured on historical data. This score gave the Trust the highest of the three available ratings, 'Performing'.

Throughout 2011/12, we have also been tracking our hospitals' performance against the Monitor Compliance Framework, which sets the benchmarks required of Foundation Trusts. Western Sussex Hospitals NHS Trust is currently progressing towards being authorised as a Foundation Trust by the end of 2012 and was fully compliant with the standards of the Monitor framework in 2011/12.

The NHS Performance Framework will change for 2012/13, with several new metrics introduced and some existing ones removed. The Trust has forecast its performance expectations for the first quarter of the year to enable an indicative assessment of its likely position under the new framework and the Monitor version, which has undergone less change. At the anticipated levels of performance, the Trust would receive a compliant, 'Green' rating from Monitor and continue to be assessed as 'Performing' under the NHS framework, maintaining its score of 2.93, this time out of a possible maximum of 3.00.

The Trust's progress towards meeting its required national performance standards and the demands of its own corporate objectives and quality strategy is monitored on an ongoing basis and reported each month to the meeting of the Trust Board.

3.1 Progress against key national targets

Emergency care

The Trust fully met its requirement to ensure that:

- o 95% of patients do not have to wait longer than four hours in Accident and Emergency (A&E) from their arrival to either their admission into the hospital for further treatment, their transfer to another healthcare organisation or their discharge.

Access to cancer diagnosis and treatment

The Trust fully met its requirement to ensure that:

- o 93% of patients do not have to wait longer than two weeks for their first hospital outpatient appointment after an urgent referral by their GP for suspected cancer
- o 93% of patients do not have to wait longer than two weeks for their first hospital outpatient appointment after being identified as at risk of breast cancer on the basis of symptoms described in a referral letter.
- o 85% of patients do not have to wait longer than 62 days from their urgent referral by their GP to starting cancer treatment
- o 96% of patients do not have to wait longer than 31 days from their diagnosis to starting their cancer treatment

Infection control

The Trust has fully met both its MRSA bacteraemia and Clostridium difficile limits:

- o The maximum permitted number of cases of hospital-attributable MRSA bacteraemia identified at St Richard's, Southlands and Worthing Hospitals during the year was six. The actual number reported was zero, down from seven in 2010/11.
- o The maximum permitted number of incidences of Clostridium difficile across the hospitals was 90. The actual total for the year was 76 - a 40% reduction from the 125 cases recorded in 2010/11.

Elective waiting times

The Trust has fully met its requirement to ensure that:

- o 90% of admitted patients are treated within 18 weeks of their referral
- o 95% of patients not requiring hospital admission are treated within 18 weeks of their referral

Cancelled operations

The Trust has fully met its requirement to ensure that:

- o 95% of patients whose operations were cancelled on, or after, the day of their hospital admission were subsequently guaranteed readmission within 28 days.

section four

Listening to our patients and our community

4.1 Trust membership

One immediate benefit of Western Sussex Hospitals' application for NHS Foundation Trust (FT) status has been the opportunity it has created to build a large and diverse membership base that will enable us to become more accountable to local people. Members of the Trust receive and are invited to give feedback on our reports, plans and other strategic documents, may attend special member events, elect representatives to the new Council of Governors and can stand for one of these positions themselves.

By the end of March 2012, we had recruited 7,500 members and set a new target of reaching 8,000 by the end of March 2013. The Trust also staged its first members' events, at St Richard's Hospital in December 2011 and at Worthing Hospital in March 2012. Around 200 people attended the two meetings, where they could meet staff and learn about the latest developments taking place in hospital care. Members were able to sample our highly-rated hospital food, try out the new handheld devices we use to obtain patient feedback, find out how we keep our wards and departments clean and infection-free, and put questions to members of the Trust Board.

Between October and December 2011 we also held a series of well-attended information sessions for members interested in standing for election to the Council of Governors, at which they could find out more about the process and the role. The new Council of Governors will represent members' views when discussing with the Board the organisation's strategies and plans, and it will hold the Board to account for delivery. It will also lead our engagement with members.

Importantly, the Council of Governors will also appoint and set the terms and conditions of office for the Chairman and the Non-executive Directors, and approve the appointment of the Chief Executive. The Council of Governors will also appraise the performance of the Chairman. We will be able to hold elections to the Council once our Foundation Trust application reaches the point at which we are inspected by Monitor, the independent FT regulator, which we expect will be during the first half of 2012.

4.2 Public consultation

The Trust and its local health care partners began 2011/12 consulting with patients, staff, stakeholders and the public on their plans to change the way in which the Trust delivers some of its services - principally orthopaedic (joint) surgery, elderly care and ophthalmology (eye) services. The 12-week consultation ran until 29 April 2011, included seven public meetings, a series of internal events for staff and the circulation of 4,000 copies of the consultation document.

The public meetings were attended by more than 270 people, over 3,700 viewed the consultation information online, and 503 formal responses were received. Feedback was reviewed independently and a report of issues raised presented to the Trust Board. As a result, the final proposal approved in July 2011 by the Trust, its partners and the Health Overview and Scrutiny Committee of West Sussex County Council incorporated a number of changes suggested during the consultation, such as the reinstatement of a shuttle bus between Worthing and Southlands hospitals, and a commitment by the Trust to work with other public sector organisations to investigate the potential for new, economically viable uses of the main

Southlands Hospital block for the benefit of the community. The Trust advertised for alternative-use proposals at the beginning of 2012 and received two submissions, which are being explored in more detail during the first months of 2012/13.

4.3 Stakeholder Forum

The Trust's Stakeholder Forum continues to meet on a quarterly basis and is open to patients, voluntary organisations, carers and interested members of the public - indeed anyone who lives in the area we serve and who is interested in our hospitals.

The Forum exists to enable the Trust to learn the views and priorities of patients, the public and stakeholders in our community. The Chairman, Chief Executive and senior managers of the Trust attend the Forum and information about meeting dates is published in the local media, in the hospitals and on the Trust website as it becomes available. (www.westernsussexhospitals.nhs.uk/get-involved).

We are especially keen to involve minority groups in the Forum and would particularly welcome interest from these sections of the local community. Please email communications@wsht.nhs.uk for more information.

4.4 Patient Advice and Liaison Service

The Trust's Patient Advice and Liaison Service (PALS) provides patients and the public with easily accessible information and assistance. It is a free, confidential service that helps people who need advice or have concerns. The PALS officers are based at St Richard's and Worthing hospitals and can be contacted in person, by telephone, email or letter. Please go online to www.westernsussexhospitals/pals for more information.

4.5 Surveys and feedback

Our patients are the best judges of how well we are meeting their needs, so it is important that they are able to tell us what we did well and where they think we can improve. To help them do this, during 2011/12 the Trust introduced a new, real-time patient experience feedback system that enables our clinicians to capture instant feedback at patients' bedsides using handheld wireless devices. The forms are also available through the Trust website so patients are also able to complete them after they leave our care. By the end of the year, inpatient and outpatient surveys were available, with others for Accident and Emergency and day case services to be added in 2012/13.

Patients' views are also collected by the Care Quality Commission (CQC), which runs national inpatient and outpatient surveys annually. The inpatient survey published in April 2011 gave the Trust an overall care rating of 80 out of 100 (just one point outside the top 20% of trusts nationwide) and scored us highly on cleanliness, food and treating patients with dignity and respect. Areas identified for improvement

centred on asking patients' views on quality of care, highlighting ways of making a complaint and providing information on what to do after leaving hospital.

In the outpatients survey published in February 2012, Western Sussex Hospitals scored more than 75/100 on a majority of questions and 90/100 or more on some important measures around confidence in doctors, and treating patients with privacy, dignity and respect. Areas for improvement also focused on provision of information and communication.

Patients, their carers and relatives are also able to share their views and opinions on our services through the NHS Choices website. We constantly monitor and analyse the feedback we receive through all these channels to identify changes we can make that will improve the quality of our services for patients.

4.6 Patient groups

The Trust works closely with a number of groups that represent the interests of particular types of patient - e.g. cancer sufferers - and expanded the number of these during 2011/12. New additions included a support group for women with ovarian cancer and an Inflammatory Bowel Disease Patient Panel.

4.7 Customer relations

The Trust has a Customer Relations Service to provide assistance to patients, relatives and carers wishing to make a formal complaint either by telephone or in writing. Formal complaints are managed through the Trust's complaints procedure, in accordance with the statutory NHS Complaints Regulations 2009.

Complaints are dealt with carefully by following up all the issues raised and the majority will receive a full response within 25 working days, focusing on the learning required to improve the patient experience.

Compliments paid to the Trust and its staff are also recorded by the customer relations team and shared within the hospitals through an electronic 'compliments board' available on the Western Sussex Hospitals extranet and website.

section five

Our staff

In the last 12 months we have been busier than ever. Our key achievements include:

- o The transfer of inpatient beds from Southlands to Worthing, which involved more than 150 staff
- o Reduction in our reliance on temporary staff by an average of 52 whole-time-equivalents (wte) per month and in expenditure on agency staff by over £900,000 when compared to the previous year. This has been achieved by increasing our average substantive staff by 117 wte compared to 2010/11. The number of doctors and nurses we employ increased by 3%.
- o The implementation of an Electronic Rostering System on all inpatient wards, which has supported the reduction achieved in reliance on temporary staffing. The system supports senior nurses in allocating shifts to their contracted staff on a fair and equitable basis, ensuring staff with the right skills are in the right place at the right time to deliver the highest possible quality of patient care, and that any gaps in cover are clearly identified.

Timesheet and absence information is sent electronically to payroll, resulting in improved accuracy of pay for staff working within these areas. Work has begun to implement the system in theatres and plans are underway to use the system for all medical staff. Eventually the system will be used by all Trust staff, removing the need for paper timesheets and absence returns

- o A further increase in the number of staff receiving statutory and mandatory training
- o A further and significant increase in the number of staff receiving an appraisal
- o The publication of our objectives as part of the Equality Delivery System, which involved engagement with our local community
- o Vaccinating more than 2,600 staff against flu
- o A back office review of our recruitment and temporary staffing functions
- o The participation for a second year of more than 3,500 staff in the national NHS staff survey
- o Opening a new Learning and Development centre at Liverpool Gardens in Worthing, following the sale of Thakeham House at Southlands

5.1 Staff survey

The 2011 staff survey results indicate we are above average for acute hospitals in a number of areas:

- o The number of staff receiving health and safety training in the last 12 months
- o Staff intention to leave jobs
- o Effective team working

- o The percentage of staff receiving equality and diversity training in the last 12 months

We are also pleased that the percentage of staff who had received an appraisal and the percentage of staff who had been appraised and had a personal development plan had significantly improved since last year.

We have developed actions plans by division to address the areas in which staff satisfaction is not as high as we would like it to be.

5.2 Equality and Diversity

In the last 12 months we have worked very hard to ensure equality and diversity is an integral part of everything we do. In our annual monitoring report we sought to address the key questions that are important and reflect the Trust's core values about which 'We Care' most deeply. This includes being representative of and accessible to all, and we believe that our monitoring report gives a clear picture of how we are performing on both counts.

Equality Delivery System

In the last 12 months, our re-established Diversity Matters Steering Group has continued to oversee compliance with our public sector Equality Duties and to continue to meet the Care Quality Commission's (CQC) Essential Standards of Quality and Safety.

This year we used the Equality Delivery System (EDS) to support our delivery. At the heart of the EDS is a set of 18 outcomes grouped into four goals. These outcomes focus on the issues of most concern to patients, carers, communities, NHS staff and Boards. It is against these outcomes that performance is analysed, graded and action determined. The four EDS goals are:

- o Better health outcomes for all
- o Improved patient access and experience
- o Empowered, engaged and included staff
- o Inclusive leadership at all levels

In January 2012 we completed an audit to assess how well we are meeting the EDS goals. We involved our local community and key stakeholders, which together with the findings of the Staff Survey 2011 has enabled us to develop our equality objectives going forward. These are:

- o To improve the number, quality and range of internal and external groups and contacts that represent the nine protected characteristics, by April 2013.
- o By April 2014, to ensure that data is collected, reported and analysed for all patients and for the number of complaints received, by protected group and to ensure that all protected groups are aware of the complaints process.

- o To ensure, by September 2012, a process is in place and reports are analysed and monitored to ensure that all flexible working options are made available to all staff consistent with the needs of the patients and the way people lead their lives.
- o To educate and motivate middle and other line managers to encourage their staff to work in culturally competent ways with a work environment free from discrimination, by April 2013.
- o To significantly reduce the level of staff feeling discriminated against within the Trust by December 2012

Members of the Diversity Matters Group lead our equality and diversity forums including Disability, Religion and Belief, and Black and Minority Ethnic staff. The forums enable staff and service users to raise, share and seek to resolve issues affecting them directly. We would like to encourage more staff and our community groups to become more involved in the forums so that we continue to ensure that "We Care" is the experience of everyone who is involved with our hospitals.

5.3 Outstanding teams and individuals

The Trust again celebrated the most outstanding efforts of its teams and individuals through the second annual Staff Achievement and Recognition (STAR) Awards, the winners of which were announced at a presentation evening staged at Fontwell Racecourse in June 2011, funded by the Love your hospital charity.

Awards were made in 10 different categories, ranging from patient safety and innovative practice to education and partnership working. The Employee of the Year was chosen from the winners of the Trust's Employee of the Month scheme, which has now been running since 2009, and was revealed as Birdham ward Healthcare Assistant Carrie Pedrick, who received two nominations from patients for her willingness to go beyond the call of duty to improve their experience of being in hospital.

5.4 Learning and Development

Alongside the education provided by contract to the Universities of Surrey and Brighton and through monies available to doctors from the Kent Surrey Sussex Deanery, a total of 1,404 training courses were delivered by the Trust's Learning and Development Unit in 2011/12.

More than 27,000 bookings were made for these courses, the content of which ranged from venepuncture to management programmes as well as all the mandatory topics - e.g. information governance - the Trust is required to cover. New training courses introduced during the year included a series of two-hour leadership masterclasses on subjects including 'Influencing, Relationship Management and Conflict Resolution' and 'Project Management and Internal Consulting Skills'. Courses planned for 2012 include Customer Care and the roll-out of the Productive Leader Programme to 100 managers.

Attendance on statutory and mandatory training for 2011-12 has increased by 10% in the last twelve months and is now currently at 81.2%. Another key achievement was the introduction of charges for non-attendance on courses, which has reduced the proportion of non-attendees from 12.6% to 3.5%.

A new e-learning package, which provides 15 statutory training modules for Trust doctors, has been developed and will go-live on 1 April 2012. This provides a more flexible training package and enables busy doctors to spend more time providing patient care.

The Patient Handling team was won the STAR Award for best team due to their outstanding commitment and support for both patients and staff.

During the year, 147 staff completed NVQs spanning a range of subjects including cleaning, health, hospitality and laboratory studies. We also have 37 staff enrolled in apprenticeship courses, 15 of whom are new recruits to the Trust, and we aim to recruit a further 30 apprentices in 2012/13.

The Learning and Development Centre at Thakeham House, Southlands Hospital was relocated to Worthing at the end of March 2012, and will open on 4 April 2012 to provide a high-quality suite of training rooms and offices for the Learning and Development team.

section six

Our volunteers and Friends

6.1 Volunteers

All three of our hospitals are very fortunate to have the support of many volunteers who assist throughout the Trust and fundraise in the community. There are more than 1,000 dedicated volunteers across the hospitals who freely give up their time to help patients and staff.

The WRVS, the Seaside and Chichester Hospital Radio teams, our chaplaincy volunteers, the Friends charities at all three hospitals, the clinical volunteers and the independent volunteers are all a central part of the team who help to ensure the hospitals have a friendly, welcoming atmosphere and provide high quality care.

6.2 Love your hospital charity

Love your hospital charity raises funds to ensure the Trust's clinicians and nursing staff have the best facilities and equipment available to treat patients within our community. The work of the charity enables us to invest in projects that fall outside usual NHS funding limits and to have access to the latest technologies and equipment.

Love your hospital manages hundreds of individual ward funds across the hospitals, enabling our loyal donors to give to a specific hospital or clinical area, as well as to the organisation as a whole.

During 2011/12 the charity team organised a number of successful events and campaigns to raise money for specific projects around the Trust, including the £1 million Cardiac Catheter Lab appeal at Worthing Hospital.

Love your hospital charity also runs a charity lottery and other campaigns to continually raise money for our patients and their families, and to support our staff.

Donations to the charity are always welcomed. If you would like to continue our work and support our community, please telephone 0800 028 4890 or visit www.loveyourhospital.org for more information.

6.3 Friends

The Trust is very fortunate to have three Friends charities that raise money for the hospitals. The Friends of Chichester Hospitals has been in existence since 1948, the Friends of Worthing Hospitals was established in 1949 and the League of Friends of Southlands Hospital was set up in 1952. All are run by independent committees of trustees who co-ordinate activities, manage funds and approve specific donations. There are shops and cafes run by the Friends' volunteers on all three sites.

During the last year, the Friends of our hospitals have provided items ranging from Christmas gifts to state of the art operating theatre equipment. These include:

At St Richard's Hospital

- o A ureteroscope accessory, bought for £38,400 to supplement laser surgical equipment donated previously to the urology department
- o A £20,786 communications system enabling cardiologists to collaborate with colleagues in other NHS Trusts on diagnosis and treatment decisions
- o £11,901 for a portable ultrasound device to make inserting intravenous lines more accurate, more comfortable and safer
- o A £5,445 investment in BIRD and Cough Assist machines to help physiotherapy patients with post-operative breathing and clearing mucus/phlegm respectively
- o Specialist ENT examination equipment for babies and young children, costing £5,337
- o Four variable height cribs for fragile newborn babies in the neonatal intensive care unit, provided for £5,300
- o Three computer-linked spirometers to monitor breathing capacity of Respiratory Clinic patients, collectively worth £4,108
- o Two new CPM machines costing £3,990 to help physiotherapists improve patients' recoveries from knee surgery

At Southlands Hospital

- o A prescription tracking system costing £5,410
- o Physiotherapy equipment totalling £3,040
- o A £4,063 ECG machine for the Outpatients department

At Worthing Hospital

- o Three ultrasound machines for use in anaesthetics, costing £46,001
- o £20,764 for two new workstations in the Ophthalmic Clinic
- o Six Inspiration cots for paediatrics, bought at a cost of £16,862
- o A £15,484 investment in 15 syringe drivers for cancer services
- o A patient simulator for resuscitation training, worth £13,645
- o £8,793 for three new monitoring systems for elderly and stroke patients
- o A £7,010 ophthalmoscope in the eye department
- o Courtesy packs for all inpatient wards, costing £4,656 in total
- o Christmas gifts for patients on all wards to the value of £4,185
- o Three Lifecard recorders for £4,121

section seven

Our environment

The standard of the facilities and conditions in which our patients are treated has a major impact on the quality and outcomes of their hospital experience, so effective cleaning and maintenance are important priorities for the Trust.

During 2011, all three hospital sites achieved an 'excellent' rating against the national standards. This is an improvement from the previous year.

National Patient Safety Agency Patient Environment Action Team assessment, 2011

Hospital	Rating		
	Environment	Food	Privacy and dignity
St Richard's	Excellent	Excellent	Excellent
Southlands	Excellent	Excellent	Excellent
Worthing	Excellent	Excellent	Excellent

The annual external Patient Environment Action Team (PEAT) inspection for 2012 took place in February 2012; the results are expected from the Information Centre in the summer.

7.1 Measuring standards

The Trust uses a range of internal and external systems to ensure its facilities are maintained to the highest possible standards. Regular peer group reviews are in place to assess cleaning services across the Trust. These reviews provide ongoing assurance that the methods of cleaning are being delivered against the National Cleaning Standards criteria.

7.2 Building projects

As part of the year's Capital Programme, the Trust committed to a number of schemes aimed at improving the services provided to our patients and the hospital environment.

Worthing Hospital continues to develop its estate, with the successful completion of building work on a new Paediatric Accident and Emergency department, a new Outpatients department and a 38-bedded inpatient ward. In addition, two new laminar flow operating theatres are in the final phase of construction and will come into use in June 2012.

At St Richard's Hospital, a new Ophthalmology department is being created which will provide state of the art eye care. This project will be completed in June 2012.

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Plans are also under way for developing services at Southlands Hospital, which will include a new Ophthalmology department to serve Worthing and Shoreham residents.

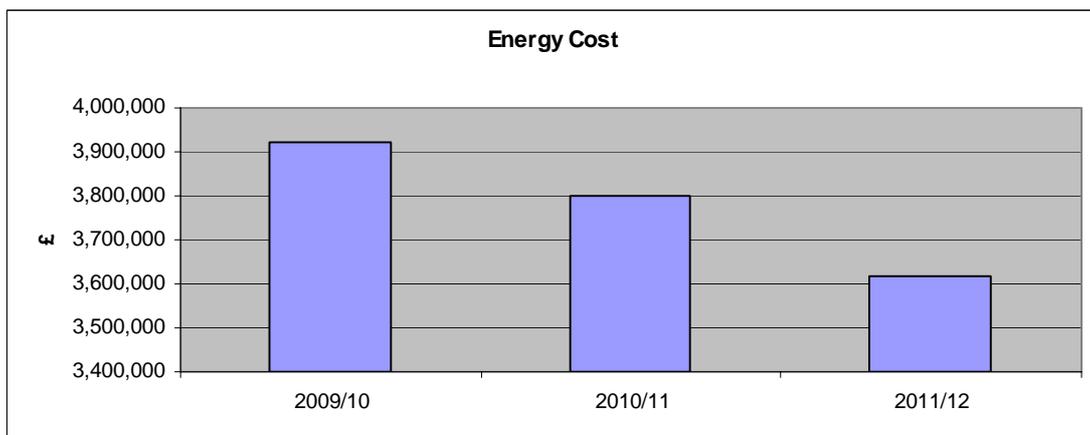
7.3 Catering services

All patients at the three hospitals now receive a choice from a standardised menu offering a wide range of food options that enhance nutritional standards. Throughout 2011/12 patient surveys have demonstrated improved ratings and satisfaction with the food service provided.

7.4 Sustainability

The Trust has now launched its Sustainability Development Management Plan, which is aimed at reducing its carbon footprint and improving performance on key sustainability issues. The NHS Carbon Reduction Strategy asks for the boards of all NHS organisations to approve such a plan which is a good way to ensure that an NHS organisation fulfils its commitment to conducting all aspects of its activities with due consideration to sustainability, whilst providing high quality patient care. The NHS aims to reduce its carbon footprint by 10% between 2009 and 2015. Reducing the amount of energy used in our organisation contributes to this goal.

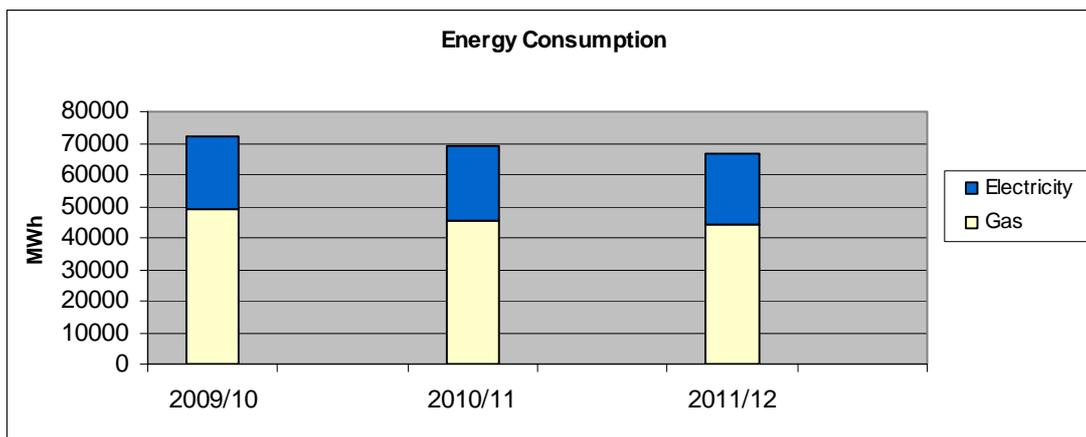
There is also a financial benefit which comes from reducing our energy bill. By reducing our energy costs by 5% in 2011/12, we have saved £181,450, the equivalent of 32 hip operations.



Projects are under way to improve or reduce energy consumption and improve energy performance, with a number of schemes scheduled to start in spring 2012. From plans to reduce carbon emissions and improve our environmental sustainability, we expect to save £1.426m over the next 10 years as a result of these measures.

The new Outpatient/ward block at Worthing has achieved an 'excellent' rating for its design and sustainable construction. This includes a variety of initiatives from an air source heat pump and touch-sensitive taps through to 'green' roof spaces.

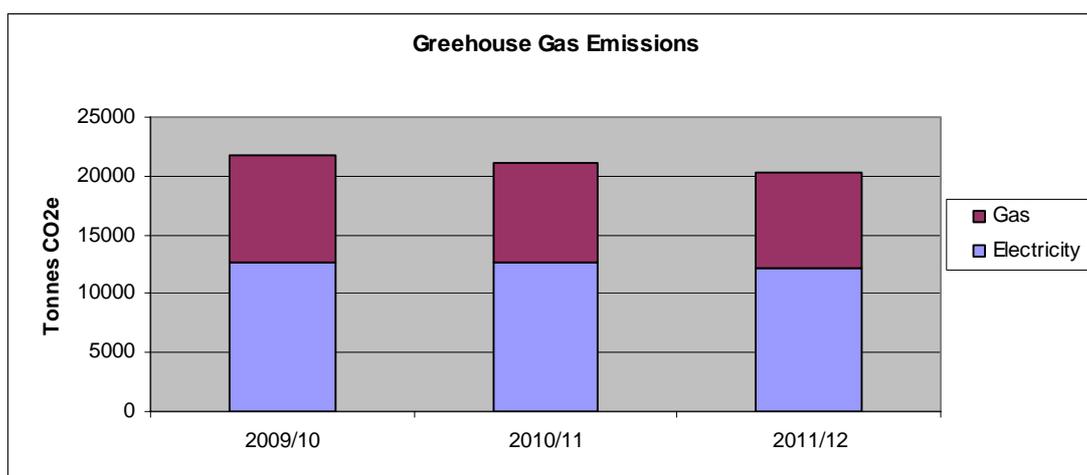
Our total energy consumption has fallen during the year, from 69,293 MWh to 66,698 MWh.



Our relative energy consumption has changed during the year, from 0.43 to 0.42 MWh per square metre.

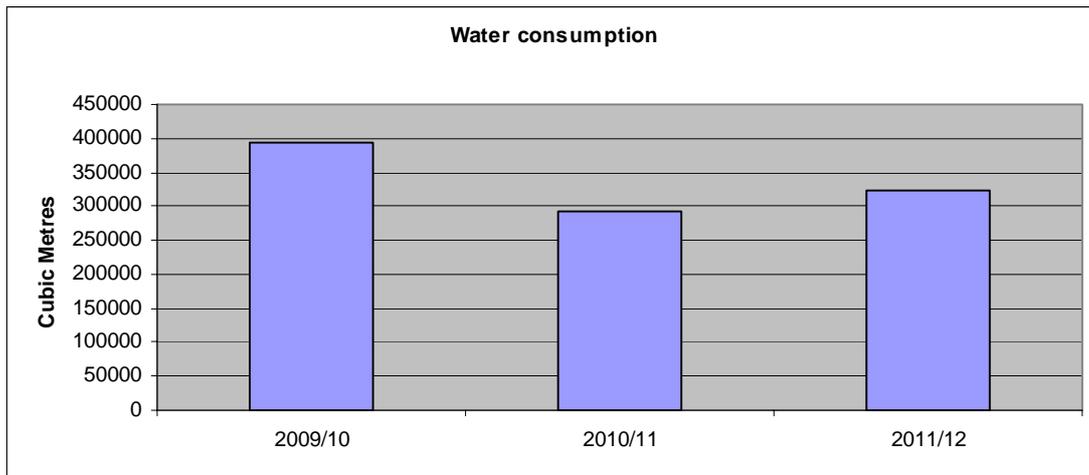
We do not produce any renewable energy and do not have arrangements to purchase electricity from renewable resources.

Our measured greenhouse gas emissions have reduced by 806 tonnes this year.



We do not currently collect data on our annual Scope 3 emissions.

Our water consumption has increased by 31,419 cubic metres in the past financial year. In 2011/12 we spent £736,166 on water.

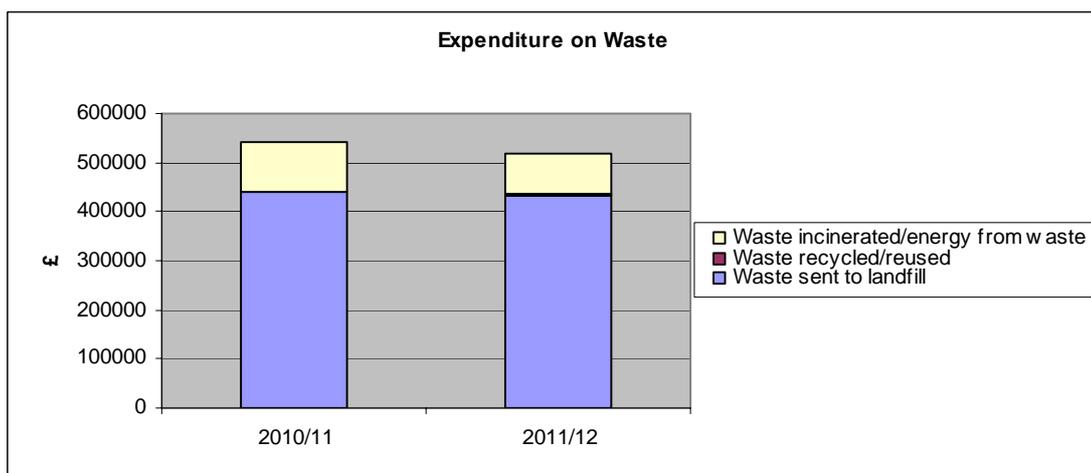


The CRC Energy Efficiency Scheme is a mandatory scheme aimed at improving energy efficiency and cutting emissions in large public and private sector organisations. During 2011/12 our gross expenditure on the CRC Energy Efficiency Scheme was £1,290.

During 2011/12 our total expenditure on business travel was £751,306.

The Trust has employed a Waste Officer, who has already made significant improvements in managing and segregating waste into appropriate types. This means more waste has been recycled and that the Trust has reduced the costs associated with disposal, along with a reduction of waste sent to landfill sites.

We recover or recycle 96 tonnes of waste, which is 7% of the total waste we produce. Our expenditure on waste in the last two years was incurred as follows:



We consider the potential need to adapt the organisation's activities as a result of climate change, but not the potential need to adapt the organisation's activities buildings and estates.

Sustainability issues are included in our analysis of risks facing our organisation. NHS organisations have a statutory duty to assess the risks posed by climate change. Risk assessment, including the quantification and prioritisation of risk, is an important part of managing complex organisations.

In addition to our focus on carbon, we are also committed to reducing wider environmental and social impacts associated with the procurement of goods and services. This will be set out within our policies on sustainable procurement. We plan to start work on calculating the carbon emissions associated goods and services we procure and a review of all aspects of the Trust's purchasing arrangements will be a key part of the sustainability review during 2012/13.

The Director of Finance is the Board level lead for sustainability. A Board Level lead ensures that sustainability issues have visibility and ownership at the highest level of the organisation.

A sustainable NHS can only be delivered through the efforts of all staff. Staff awareness campaigns have been shown to deliver cost savings and associated reductions in carbon emissions. Our last campaign was conducted in March 2012. Sustainability issues, such as carbon reduction, are not currently included in the job descriptions of all staff.

Our organisation does not yet have a Sustainable Transport Plan. The NHS places a substantial burden on the transport infrastructure, whether through patient, clinician or other business activity. This generates an impact on air quality and greenhouse gas emissions. It is therefore important that we consider what steps are appropriate to reduce or change travel patterns.

section eight

Using technology

Technology plays an important and expanding role in enabling the Trust to deliver high quality care for patients. These are some of the key developments that took place during 2011/12.

8.1 Data warehouse

The Trust's Information Development Team has continued to extend the functionality of the Ardentia data warehouse to improve the provision of accurate and timely information across the hospitals. SemaHelix Theatres, Patientrack and waiting times data are now available via the warehouse, with Pathology, Pharmacy and Maternity the next areas of focus.

The reporting capabilities of the warehouse have been enhanced through the implementation of a new tool from Microsoft, Reporting Services. All new reports are created using this tool which provides superior presentation and analysis abilities to the native Ardentia reporting tools.

8.2 Patientrack

This near-patient monitoring system is used to record observations on all medical and surgical wards at both Worthing and Chichester. During the rest of 2012 we will be recording nine of the main assessments undertaken within the Trust through Patientrack and Assessment Pack.

8.3 Outpatient letters

This method of producing and sending letters to general practitioners (GPs) is being used by medical secretaries at Southlands, Worthing and Chichester. It is now sending over 6,000 emails a week to GP practices in the surrounding area. A pilot is under way to integrate this method fully with GP systems and early results are proving favourable with the GPs.

8.4 Paper-light

Alongside moves to reduce the amount of paper the hospitals post to GPs, the Trust's Medical Records department is investigating options for going 'paper-light' by digitalising existing current records and developing electronic versions of our current paper records.

It is envisaged that in the future all records will be made available via an Electronic Document Management (EDM) system. Eventually this will allow health professionals access to all records from one IT application. The project has already started and is likely to take several years to complete.

8.5 Trust-wide generic health record

From April 2012 a new generic, sequential style of paper record will be introduced. This will move the Trust from speciality-ordered casenotes to a chronological style. This is in line with what is currently regarded as best practice and will place the Trust in the best position to transfer to a paper-light solution in the future.

8.6 IT infrastructure

During 2011-12, the Trust took a number of steps to improve the flexibility, resilience and cost-effectiveness of its IT services. These included migrating services to a virtual server environment and reducing the number of supported servers and equipment. A VLAN (Virtual Local Area Network) has been introduced on the Chichester site to improve network provision and to bring the site in line with Worthing. The wireless network has also been extended throughout the Trust to allow better connection for mobile devices and to underpin the Patienttrack project.

section nine

Governance

The Trust is governed by a Board of Directors comprising the Chairman, Chief Executive, Non-executives and Executives.

The Board has established a number of Committees to support and advise it, including the Audit Committee, Quality & Risk Committee and Finance & Investment Committee. Each Committee has a Non-executive Chair and, with the exception of the Audit Committee which is comprised of Non-executives only, all have Non-executives and Executives in their membership. The Board is supported by the Executive Team under the leadership of the Chief Executive, who is accountable to the Board.

The Board and Committees have established reporting and other governance arrangements to ensure they receive comprehensive, accurate and timely information in order to direct and control the organisation, hold the Executive to account for delivery and the performance of the organisation, and address strategic issues for the Trust.

The Board focuses on continuously improving the quality of care and services provided by the Trust, through discussions about operational performance and about the strategic development of services. In April 2011 the Board established the Quality & Risk Committee and Patient Experience & Feedback Committee to increase focus at strategic level on improving quality of care and patient experience.

9.1 Managing risk

In order to deliver its objectives and ensure continuous improvement in quality of care, the Trust actively identifies risks at strategic and operational level.

Strategic risks are managed through the Board Assurance Framework (BAF), which is approved by the Board for each financial year and is reviewed by the Executive and the Board each quarter. BAF risks are also subject to in-depth review throughout the year. The BAF is a principal element in the Trust's risk management and internal control arrangements.

At operational level, risks are identified, recorded and managed through the Risk Register. The register is reviewed by Divisional managers and clinicians to ensure active attention to risks. High-level risks are reviewed each quarter by the Board.

The Trust's risk management arrangements are described in more detail in the BAF and Risk Management Strategy, both of which are available in published Board papers.

9.2 Clinical governance

The revised Clinical Governance frameworks have continued since merger and the establishment of the Clinical Divisional structures in October 2009. This process included the development of a programme of quarterly Divisional Governance Reviews of the clinical divisions plus IT and Facilities/Estates, which are monitored by the Quality and Risk Committee on behalf of the Trust Board.

A comprehensive programme of policy review has continued throughout the year, and, as such, the organisation is working towards achieving Level 2 of the NHS Litigation Authority (NHSLA) Risk Management Standards for Acute Trusts 2012/13 and Level 2 accreditation in the Clinical Negligence Scheme for Trusts (CNST) at its planned assessments in November 2012.

9.3 Information governance

The Trust can confirm it did not report during the year any Serious Incidents Requiring Investigation (SIRI) involving data loss or breaches of confidentiality.

9.4 Patient safety

All patient safety incidents are entered onto and monitored via the Datix system, which was implemented Trust-wide in September 2010. This system enables the robust analysis and interpretation of incidents by identifying themes and trends from which valuable lessons can be shared throughout the organisation.

All incidents graded as moderate or above are subject to a Root Cause Analysis Investigation, and are monitored through the divisional governance processes. In addition, the Patient Safety Incident Review Group reviews and analyses the metrics for all patient safety incidents including outcomes from investigations, to identify cross divisional themes for learning. The Triangulation Group identifies existing or potential links between reported events from incidents, complaints, claims and PALS.

Each quarter, a Non-Executive Director chairs a SIRI Panel for the purpose of reviewing actions and outcomes arising out of SIRI Root Cause Analysis investigations

The Trust Board receives a monthly SIRI report, a quarterly Patient Safety Incident Report and a quarterly 'CLIP' report (Complaints, Legal, Incidents and PALS) which provides analysis and identification of correlating themes and trends from these areas.

section ten

Emergency planning

Emergency planning incorporates all elements of dealing with emergencies that are beyond the normal capabilities of an organisation.

Examples range from localised flooding that causes widespread disruption but affects just a few residents to a terrorist attack resulting in large numbers of people being injured or killed. Hospitals, primary care trusts and the Ambulance Service have a wealth of expertise, which is used daily to deliver the services expected by the public.

10.1 Major incidents/emergencies

All major incidents/major emergencies will require special action to be taken in response. Within the Civil Contingencies Act 2004, which governs the national response to emergencies, there is an agreed definition that sets out when a major incident/major emergency should be declared:

An emergency is an event or situation which threatens serious damage to human welfare, the environment or security in the United Kingdom.

As an acute trust, Western Sussex Hospitals NHS Trust works closely in liaison with the Ambulance Service and other community services in the preparation of these plans. Particular focus is placed on the triage, treatment and management of casualties from an incident who may be transported to the Accident and Emergency departments at either St Richard's or Worthing Hospital sites. If a major incident does occur, it is imperative that additional resources are made available.

It is important that specific elements of the plans are tested regularly. In October 2011 Western Sussex Hospital NHS Trust completed a full communications exercise. This involved calling off-duty staff, out of hours, to ensure a sufficient number of additional staff could be contacted and would have been available to report for work if necessary. It is not just doctors and nurses that would be called in such a situation - an incident would require support from all departments including supporting services such as Pathology, Radiology, Catering, Housekeeping, back office staff and many more. The exercise was successful and the positive responses from staff provided assurance that Western Sussex Hospitals NHS Trust will have complete support at all levels should an incident occur.

10.2 Business continuity

Business continuity exists to ensure continuity of critical functions in the event of a disruption, and the effective recovery afterwards. Examples of the types of incident that would affect and require business continuity management would be:

- o Loss of utilities
- o Loss of IT/telecommunications
- o Flooding
- o Severe weather

- o Heat wave
- o Disruption to fuel supplies
- o Pandemic Influenza

During 2011/12, Western Sussex Hospital NHS Trust's Business Continuity Plans were tested to the full. Both St Richard's Hospital and Worthing Hospital experienced power failures that were beyond their control. The plans were activated and with the support of staff, our local NHS partners, the local authority, the media and the police, the Trust was able to ensure critical services continued and that there was as little disruption as possible. Unfortunately, there was an interruption to some services but with the patience of the public and the commitment of the staff this was kept to a minimum.

10.3 Pandemic Influenza

Some may remember the episode of Pandemic Influenza, Swine Flu, in 2009. Western Sussex Hospitals NHS Trust does not underestimate the impact the pandemic had on public health. The WSHT Pandemic Influenza Plan is regularly reviewed and training continues. In order to protect patients, staff and their families from the flu and its effects, a comprehensive vaccination programme was undertaken during the winter months with an increased number of front line staff receiving the vaccine in 2011.

section 11

Our plans for the future

11.1 Achieving Foundation Trust status

To continue to improve the standard of care available to its population, and to increase its accountability to the public it serves, Western Sussex Hospitals NHS Trust is committed to achieving Foundation Trust (FT) status.

During 2011/12 the Trust made significant progress towards its aspiration to become a Foundation Trust, recruiting 7,500 public and patient members in addition to its 6,500 staff members.

The Strategic Health Authority has completed its in-depth review of our Foundation Trust application, and given its support. As at the end of March 2012, the Department of Health was finalising its review of the application, and we anticipate a referral to Monitor, the FT regulator, in early 2012/13 for their review. Should this be successful, we anticipate being authorised as an FT during autumn 2012.

11.2 Achieving our plans for 2011/12

At the outset of the year, the Trust set out its plans for 2011/12 as part of its Annual Plan, which details the Trust's Corporate Objectives and how we intend to deliver them. These objectives are based on our vision and values - 'We Care' - and have been achieved in the following ways:

We care about you, the patient

- Successful introduction of Real Time Patient Experience Tracker to identify and address clinical concerns immediately
- Excellent feedback from the external privacy and dignity review
- Very positive reports from the Care Quality Commission regarding the care provided to patients

We care about quality

- A reduction in our Hospital Standardised Mortality Rate stemming from improvements made in the way we rapidly identify and treat patients
- A significant reduction in the time taken to surgery following hip fracture
- Improved services for stroke patients, such as the introduction of 24/7 thrombolysis

We care about safety

- No cases of hospital-acquired MRSA bacteraemia for the whole of 2011/12, and a 40% reduction in the number of C.difficile cases
- We exceeded the national target for Venous Thrombo-embolism (VTE) assessment in order to offer preventative treatment

We care about serving local people

- New inpatient block and outpatient unit at Worthing
- Refurbishment and re-opening of Day Surgery Unit at St Richard's
- We treated more patients than ever before

We care about working better together

- Introduction of the One Call/One Team service
- Delayed discharges down to record lows
- Redesigning elective pathways

We care about improvement

- 96.6% of people seen within four hours in our A&E departments
- More than 90% of patients treated within 18 weeks of referral throughout the last six months of 2011/12
- Commenced work on building two new laminar flow theatres at Worthing Hospital

We care about the future

- Delivered a surplus of more than £5 million for the third consecutive year
- Secured Strategic Health Authority support for our Foundation Trust Application
- According to the NHS Performance Framework, we were the country's joint top trust in performance terms

11.3 Developing our plans for 2012/13

As in 2011/12, the Trust's Corporate Objectives for 2012/13 are set out in our Annual Plan and led by the focus of our vision and values, 'We Care'.

Our top priorities for 2012/13 are:

We care about you, the patient

- Improving the quality of feedback on our services we receive, through the continuing roll out of our new Real Time Patient Experience Tracker
- Improving dementia care by giving staff instant access to information about the lives, likes and dislikes of patients who may struggle to communicate as a result of conditions affecting memory

We care about quality

- Achieving further reductions in our mortality rate through improvements in the patient pathway
- Promoting natural childbirth
- Continuing to improve standards of stroke care

We care about safety

- Maintaining our focus on continuing to reduce incidence of hospital-acquired infections
- Rolling out the Patientrack electronic monitoring system across the Trust
- Introducing a new, more accurate electronic system of medicines prescribing

We care about serving local people

- Opening a new ophthalmology outpatient clinic at St. Richard's Hospital
- Installing a second cardiac catheterisation laboratory at Worthing Hospital
- Developing our plans for an ambulatory care centre, including a new ophthalmology department, at Southlands Hospital
- Listening to community need through our expanding membership and links with other stakeholder groups

We care about working better together

- Beginning work on an 'Emergency Floor' at Worthing Hospital to help achieve the objectives of the 'Sussex Together' initiative with our partner health care organisations
- Developing the community geriatrician role to help deliver care in the most appropriate settings and reduce unnecessary hospital admissions for elderly patients

We care about improvement

- Opening two modern new laminar flow operating theatres at Worthing Hospital
- Doubling the number of patients receiving chemotherapy at St Richard's Hospital through the introduction of a new weekly clinic
- Creating a new breast screening centre at Worthing Hospital to accommodate the increased number of women needing to be screened as the national programme is expanded

We care about the future

- Delivering our ambitious cost improvement programme to make sure we are able to continue to invest in services for the future
- Achieving Foundation Trust status to gain more freedom to set our own priorities and be more responsive to local need
- Striving to improve our performance further still

section 12

Trust Board

12.1 Board members (full membership)

Mr Mike Viggers (Chairman)

Commenced on 16th May 2011

Chair of Trust Board, Finance & Investments Committee and Appointments & Remuneration Committee

Mr Hywel Evans (Chairman)

Commenced on 1st April 2009 on formation of Trust

Resigned 15th April 2011

Chair of Trust Board, Finance & Investments Committee and Appointments & Remuneration Committee

Mr Anthony Clark (Vice-Chairman)

Commenced as Non-Executive Director on 1st April 2009

Vice-Chairman since 1st December 2009

Acting Chairman 16th April 2011 to 15th May 2011

Chair of Quality and Risk Committee, Patient Experience and Feedback Committee and Serious Incidents Requiring Investigation (SIRI) Review Panel

Member of Finance & Investments Committee

Ms Marianne Griffiths (Chief Executive)

Commenced on 1st April 2009 on formation of Trust

Mr Spencer Prosser (Director of Finance and Joint Deputy Chief Executive)

Commenced on 14th September 2009

Ms Jane Farrell (Chief Operating Officer and Joint Deputy Chief Executive)

Commenced on 1st April 2009 on formation of Trust

Dr Phillip Barnes (Medical Director)

Commenced on 21st September 2009

Mrs Cathy Stone (Director of Nursing and Patient Safety)

Commenced on 1st April 2009 on formation of Trust

Mrs Joanna Crane (Non-Executive Director)

Commenced on 1st April 2009

Member of Audit Committee and Quality and Risk Committee

Mr Jon Furmston (Non-Executive Director)

Commenced on 1st April 2009

Chair of Audit Committee, Member of Appointments and Remuneration Committee and Charitable Funds Committee

Mr Martin Phillips (Non-Executive Director)

Commenced on 1st April 2009 on formation of Trust

Chair of Charitable Funds Committee

Member of Patient Experience and Feedback Committee and SIRI Review Panel, Finance & Investment Committee and Quality and Risk Committee

Mr William Brown (Non-Executive Director)

Non-Executive Director Designate from 1st April 2009, Non-Executive Director from 31st March 2011

Member of Patient Experience and Feedback Committee and SIRI Review Panel, Audit Committee, Appointments and Remuneration Committee, and Security Committee (Non-Executive)

12.2 In attendance at the Board

Mrs Denise Farmer (Director of Organisational Development and Leadership)

Commenced on 1st April 2009 on formation of Trust

Mr Nick Fox (Director of Strategy)

Commenced on 1st April 2009 on formation of Trust

Resigned on 8th September 2011

Mr Giles Peel (Director of Corporate/Foundation Trust Development)

Commenced on 6th July 2009

Resigned on 5th July 2011

section 13

Remuneration report

Part 1

Membership of the Appointments and Remuneration Committee

The committee is chaired by the Chairman of the Trust and members include two non-executive directors.

Policy Statement on the remuneration of senior managers for current and future financial years

In coming to any decision on remuneration, the Committee must take into account the circumstances of the organisation, the size and difficulty of the job (benchmarked against other NHS organisations), any changes in the director's portfolio, the performance of the individual and national guidance as appropriate. Senior managers are remunerated based on these decisions. Bonuses awarded by the Committee are based within the context of the NHS Very Senior Manager Pay Framework.

Methods used to assess whether performance conditions were met and why those methods were chosen

All Directors' performance is subject to an annual appraisal and, additionally, a report submitted to the Committee from the Chief Executive Officer prior to any decision on remuneration. For the Chief Executive Officer appraisal is undertaken by the Chief Executive Officer of the Strategic Health Authority and a report is submitted to the Committee by the Chairman of the Board.

The annual appraisal method is chosen as it is the most common way of assessing performance. The method includes 360 degree feedback and assessment of performance from non-executive directors and peers.

Statement of policy on duration of contracts, notice periods and termination payments

HM Treasury has issued specific guidance on severance payments (i.e. payments that are not made under either legal or contractual obligation) within "Managing Public Money." Special severance payments when staff leave require Treasury approval.

All contracts are permanent with no fixed end date. There are no contractual provisions for payments on termination of contract.

Name	Title	Date of contract	Notice period from the Trust	Notice period to the Trust
Ms Marianne Griffiths	Chief Executive Officer	01/04/2009	6 months	3 months
Ms Jane Farrell	Chief Operating Officer and Joint Deputy Chief Executive	01/04/2009	6 months	3 months
Mr Spencer Prosser	Director of Finance and Joint Deputy Chief Executive	14/09/2009	6 months	3 months
Mrs Cathy Stone	Director of Nursing and Patient Safety	01/04/2009	6 months	3 months
Mr Nick Fox	Director of Strategy	01/04/2009	Resigned on 8th September 2011	
Mrs Denise Farmer	Director of Organisational Development and Leadership	14/09/2009	6 months	3 months
Mr Giles Peel	Director of Corporate/ Foundation Trust Development	06/07/2009	Resigned on 5th July 2011	
Dr Phillip	Medical Director	21/09/2009	6 months	3 months

Salary and pension entitlements of senior managers

A) Remuneration

Name and Title	2011/12				2010/11			
	Salary (Bands of £5000)	Bonus Payments (Bands of £5000)	Other Remuner ation (Bands of £5000)	Benefits in Kind (Rounded to the nearest £00)	Salary (Bands of £5000)	Bonus Payments (Bands of £5000)	Other Remuneration (Band of £5000)	Benefits in Kind (Rounded to the nearest £00)
	£000	£000	£000	£00	£000	£000	£000	£00
Ms M Griffiths Chief Executive	185 - 190	5 - 10	0	0	185 - 190	5 - 10	0	0
Ms J Farrell Chief Operating Officer and joint Deputy Chief Executive	125 - 130	0 - 5	0	0	125 - 130	5 - 10	0	0
Mr S Prosser Director of Finance and joint Deputy Chief Executive	135 - 140	5 - 10	0	0	135 - 140	0 - 5	0	8
Dr P Barnes Medical Director	175 - 180	35 - 40	0	0	175 - 180	35 - 40	0	0
Mrs C Stone Director of Nursing and Patient Safety	95 - 100	0 - 5	0	0	95 - 100	0 - 5	0	0
Mr N Fox Director of Strategy – resigned on 8 th Sept 2011	50 - 55	0	0	0	115 - 120	0	0	0
Mrs D Farmer Director of Organisational Development & HR	110 - 115	5 - 10	0	0	95 - 100	0 - 5	0	0
Mr G Peel Director of Corporate / Foundation Trust Development – resigned on 5 th Jul 2011	30 - 35	0	0	0	125 - 130	0	0	0
Mr H Evans Chairman – resigned on 15 th April 2011	0 - 5	0	0	0	20 - 25	0	0	0
Mr M Viggers - Chairman	15 -20	0	0	0	0	0	0	0
Mr A Clark Vice Chairman (Acting Chairman 16 Apr to 15 th May 2011	5 - 10	0	0	0	5 - 10	0	0	0
Mrs J Crane Non-Executive Director	5 - 10	0	0	0	5 - 10	0	0	0
Mr J Furnston Non-Executive Director	5 - 10	0	0	0	5 - 10	0	0	0
Mr M Phillips Non-Executive Director	5 - 10	0	0	0	5 - 10	0	0	0
Mr W Brown Non-Executive Director	5-10	0	0	0	5 - 10	0	0	0

B) Pension Entitlements

	increase in pension at age 60 (bands of £2,500)	Real increase in pension lump sum at aged 60	Total accrued pension at age 60 at 31 March 2012	Lump sum at age 60 related to accrued pension at 31 March 2012 (bands of £5000)	Cash Equivalent Transfer Value at 31 March 2012	Cash Equivalent Transfer Value at 31 March 2011	Real increase in Cash Equivalent Transfer Value	Employer's contribution to Stakeholder Pension
	£000	£000	£000	£000	£000	£000	£000	£000
Ms M Griffiths	0 - 2.5	5 - 7.5	15 - 20	55 - 60	357	278	70	0
Ms J Farrell	(0 - 2.5)	(0 - 2.5)	40 - 45	130 - 135	841	755	63	0
Mrs C Stone	(0 - 2.5)	(0 - 2.5)	35 - 40	115 - 120	708	624	64	0
Mr N Fox – resigned on 8 th Sep 2011	(0 - 2.5)	(2.5 - 5)	55 - 60	175 - 180	0	0	0	0
Mrs D Farmer	2.5 - 5	15 - 17.5	40 - 45	130 - 135	894	725	147	0
Mr G Peel	Opted out of Pension Scheme. Left 5 th July 2011							
Mr S Prosser	2.5 - 5	7.5 - 10	35 - 40	110 - 115	582	449	119	0
Dr P Barnes	0 - 2.5	0 - 2.5	60 - 65	190 - 195	1,168	1,007	129	0

Information on exit packages, covering all staff, is disclosed under Note 10.4 to the accounts.

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

Cash Equivalent Transfer Values

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

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

Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses market valuation factors for the start and end of the period. The Department of Health has advised that the most appropriate uplift value for inflation is 3.1% and this is the percentage used in the calculating the real increase in CETV.

Pay Multiples

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

The banded remuneration of the highest paid director in the Trust in the financial year 2011-12 was £210-215k (2010-11, £215-220k). This was 10 times (2010-11, 10 times) the median remuneration of the workforce, which was £21.8k (2010-11, £21.8k).

In both 2011-12 and 2010-11 no employees received remuneration in excess of the highest-paid director. Remuneration ranged from £1.9k to £214.9k (2010-11 £5.1k -£215k)

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

section 14

Financial review

14.1 Financial performance and risk

Consistent with the previous financial year, the Trust set itself a target surplus of £5.22m to ensure that sufficient cash could be generated to meet working capital loan repayments falling due (£4.02m) and invest in capital projects.

Through tightly managed budgetary control and the successful implementation of a £16.70m cost improvement programme, the control total agreed with South East Coast Strategic Health Authority was achieved. Adjustments of £4.12m to account for the reversal of some of the past land and building impairments and £0.67m due to new accounting rules concerning the accounting of donated assets, resulted in a final outturn against the control total of £5.35m.

	£000s
Retained surplus for the year	8,807
Impairments	(4,125)
Adjustments in respect of donated asset reserve elimination	668
Adjusted retained surplus	5,350

A key feature of the financial performance was an unconditional fixed sum agreed with NHS Sussex to cover the commissioning contract for the financial year. This shared the financial risk of increased activity within the local health economy, and encouraged the Trust to manage its activity levels, as work in excess of the agreement would be performed for no additional income. The Trust successfully managed this risk and continues to work with its partners to implement effective clinical pathways.

The financial year continued to bring improved services to patients through an £18.12m capital programme, creating the new Outpatients block at Worthing Hospital, completing other estate based projects, purchasing medical equipment and improving information technology. At the end of the financial year, loans totalling £7.49m were drawn down to build and equip a new Breast Care Unit at Worthing Hospital, with work commencing in the 12/13 financial year. These loans are at a fixed rate of interest at a time of historically low rates.

The results of the Foundation Trust (FT) metrics on which overall financial risk is assessed is as follows (5 is the lowest risk, 1 is the highest):

	Trust Performance	Rating
EBITDA* Actual vs Plan (A measure of how the Trust delivered against Plan)	7.4	3
EBITDA Margin (%) (A measure of Trust financial efficiency)	97.5	4
Return on Assets (%) (A measure of how effectively the Trust uses its assets)	5.4	4
I&E Surplus Margin (%) (A further measure of Trust financial efficiency)	1.3	3
Liquidity** (days) (Stating how many days cash cover the Trust has)	22	2
Overall Rating 3 (A weighted combination of the above)		

**EBITDA = Earnings before interest, taxation, depreciation and amortisation*

*** The liquidity calculation includes a maximum working capital facility of 30 days.*

The Trust is seeking to reduce financial risk in future periods and is currently reviewing options to increase liquidity as part of its FT application. Both merger partners prior to 1st April 2009 had weak balance sheets with working capital loans. These loans will be paid in full by the end of 2014/15 but the need for a sounder balance sheet is immediate. Models have been developed under various future conditions so that the extent of any future financial risk can be measured and assessed.

The Trust had good cash flow during the year with improved results for payment to non-NHS suppliers, as set out in Note 11 to the accounts which reports on compliance with the Better Payment Practice Code. As a large public body, the Trust's responsibility for maintaining good cash flow with local suppliers in the current economic environment cannot be overstated.

NHS Trusts have four key financial duties:

Break-even duty: NHS Trusts normally plan to meet this duty by achieving a balanced position on their income and expenditure accounts each and every year. The break-even duty is calculated after adjusting for any impairments charged to the Statement of Comprehensive Income.

Capital cost absorption duty: The Trust is required to absorb the cost of capital at a rate of 3.5% of average relevant net assets and pay this to the Department of Health as a dividend.

Capital resource limit: This a limit on the amount of capital expenditure the Trust can incur in the year. The limit is set by the Department of Health. The Trust can underspend against the limit but may not exceed this limit.

External financing limit: This is a control on the net cash flows of the Trust. The limit is set by the Department of Health and may not be exceeded.

The Trust's performance against all of these external financial targets are summarised as below:

	Target	Trust Performance	Status
In-year break-even duty	£5.2m	£5.4m	Achieved
Capital cost absorption duty	3.5%	3.5%	Achieved
External Financing Limit	£8.861m	(£4.755m)	Achieved
Capital Resource Limit	£26.878m	£17.592m	Achieved

The accounts provide fuller information on the Trust's financial position and performance. They set out the accounting policies which are largely unchanged from the previous year. The main changes are:

The donated asset reserve has been discontinued and the accounting credit against the fixed asset received now recorded within the Statement of Comprehensive Income. In line with directions received by HM Treasury, this is outside of the Trust's control total.

An accounting policy has been introduced on assets held for sale

The accounts are prepared on a going concern basis under International Financial Reporting Standards using the historic cost accounting convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

The results of the Trust's own charitable funds, the "Love your hospital" charity, are not consolidated within these results but reported separately. All charitable income and expenditure is maintained and accounted for separately from exchequer funds. The Trust Board acts as trustee and is grateful to the many donors that have given over the past year. The charity's own annual report and accounts on the application of these funds will be available later in the year.

14.2 External audit

The Trust's external auditor is the Audit Commission. The total audit fee for the statutory audit in 2011/12 was £138,000 plus VAT. A further £12,500 plus VAT was charged for the Trust's quality accounts. There were no further assurance services or other services provided to the Trust by the Audit Commission during the period reported.

14.3 Pension liabilities

Past and present employees are covered by the NHS Pension Scheme. Details of the treatment of pension costs can be found in notes 1.5 and 10.5 of the annual accounts.

14.4 Severance payments

HM Treasury has specific guidance on severance payments and NHS bodies have no delegated authority to make such payments unless so approved. In the period reported, one severance payment was made.

14.5 Glossary of NHS financial terms

The following glossary is provided for terms not already defined above and is designed to assist the reader of this report and others produced by the Trust over the year.

Capital and depreciation

Recorded on the Statement of Financial Position under fixed assets, capital expenditure is that in excess of £5,000 applied to the estate (other than maintenance) and equipment purchases. It is written off over its useful life to the Statement of Comprehensive Income and this is termed depreciation.

Charitable funds

This relates to donations by patients, relatives, fundraisers, charities and the public. The charity's financial performance is accounted for separately and does not form part of these accounts.

Payment by Results (PbR)

The principle funding mechanism for the treatment of patients, providing a national tariff framework.

Public Dividend Capital (PDC)

Effectively the public's equity stake in the Trust, it represents the value of total assets employed, other than donated assets, on the original formation. A dividend is payable to the Department of Health at the rate of 3.5%.

section 15

Summary financial statements

The summary financial statements do not contain sufficient information to allow as full an understanding of the results of the Trust and its state of affairs, policies and arrangements concerning directors' remuneration as would be provided by the full annual accounts and reports. Where more detailed information is required a copy of the Trust's full accounts and reports are obtainable free of charge from the Company Secretary, Worthing Hospital, Lyndhurst Road, Worthing, West Sussex, BN11 2DH.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2012

	2011/12 £000	2010/11 £000 (restated)
Revenue		
Revenue from patient care activities	325,154	321,382
Other operating revenue	42,662	39,793
Operating expenses	<u>(351,185)</u>	<u>(346,305)</u>
Operating Surplus	16,631	14,870
Finance costs:		
Investment revenue	28	21
Other gains and (losses)	40	(384)
Finance costs	(786)	(1,074)
Surplus for the Financial Year	15,913	13,433
Public Dividend capital dividends payable	<u>(7,106)</u>	<u>(6,850)</u>
RETAINED SURPLUS FOR THE YEAR	<u>8,807</u>	<u>6,583</u>

The retained surplus for the year of £8.807m includes net impairment adjustments of £4.125m and donated asset accounting adjustments of £0.668m that are excluded from the Trust's breakeven duty.

The restated comparative balance arises from a change in accounting policy in the HM Treasury's Financial Reporting Manual (FReM).

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2012 (continued)

	2011/12	2010/11
	£000	£000
		(restated)
Other Comprehensive Income:		
Retained surplus/(deficit) for the year, as before:	8,807	6,583
Net gain/(loss) on revaluation of property, plant & equipment	3,388	889
Total comprehensive income for the year	12,195	7,472

The restated comparative balance arises from a change in accounting policy in the HM Treasury's Financial Reporting Manual (FReM).

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2012

	31 March 2012 £000	31 March 2011 £000 (restated)
Non-current assets	250,180	239,410
Property, plant and equipment	1,271	1,858
Intangible assets	517	552
Trade and other receivables	251,968	241,820
Total non-current assets		
Current assets	4,979	4,491
Inventories	19,669	24,781
Trade and other receivables	7,738	2,326
Cash and cash equivalents	600	0
Non-current assets held for sale	32,986	31,598
Total current assets	284,954	273,418
Total assets		
Current liabilities	(29,151)	(38,325)
Trade and other payables	(3,655)	(4,020)
DH Working capital loan	(900)	(82)
DH Capital Investment Loan	(451)	(445)
Borrowings	(543)	(1,172)
Provisions	(34,700)	(44,044)
Total current liabilities	(1,714)	(12,446)
Net current assets/(liabilities)	250,254	229,374
Total assets less current liabilities		
Non-current liabilities		
Borrowings	(2,724)	(3,007)
DH Working capital loan	(4,834)	(8,489)
DH Capital Investment Loan	(14,171)	(1,927)
Provisions	(2,397)	(2,420)
Total assets employed	226,128	213,531
Financed by taxpayers' equity:		
Public dividend capital	237,785	237,383
Retained earnings	(33,794)	(42,700)
Revaluation reserve	22,137	18,848
Total Taxpayers' Equity	226,128	213,531

The restated comparative balance arises from a change in accounting policy in the HM Treasury's Financial Reporting Manual (FReM).

Signed:  (Chief Executive)

Date: 7 June 2012

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

	Public dividend capital (PDC) £000	Retained earnings £000	Revaluation reserve £000	Total £000
Changes in taxpayers' equity for 2011/12				
Balance at 1 April 2011	237,383	(42,700)	18,848	213,531
Retained surplus for the year		8,807		8,807
Net gain on revaluation of property, plant, equipment			3,388	3,388
Transfer between reserves		99	(99)	0
New PDC received	402			402
Balance at 31 March 2012	237,785	(33,794)	22,137	226,128

Changes in taxpayers' equity for 2010/11

Balance at 1 April 2010	237,383	(49,283)	17,959	206,059
Retained surplus for the year		6,583		6,583
Net gain on revaluation of property, plant, equipment			889	889
Balance at 31 March 2011	237,383	(42,700)	18,848	213,531

STATEMENT OF CASH FLOWS

for the year ended 31 March 2012

	2011/12 £000	2011/12 £000 (restated)
Cash flows from operating activities		
Operating surplus	16,631	14,870
Depreciation and amortisation	14,818	13,223
Impairments and reversals	(4,125)	(1,767)
Transfer from donated asset reserve	(495)	(758)
Interest paid	(709)	(1,007)
Dividends paid	(6,950)	(6,850)
(Increase)/decrease in inventories	(488)	(55)
(Increase)/decrease in trade and other receivables	5,147	(4,138)
Increase/(decrease) in trade and other payables	(9,568)	7,324
Provisions Utilised	(465)	(1,476)
Increase/(decrease) in provisions	(260)	122
Net cash inflow from operating activities	13,536	19,488
Cash flows from investing activities		
Interest received	28	21
(Payments) for property, plant and equipment	(17,352)	(16,823)
Proceeds from disposal of plant, property and equipment	65	5
(Payments) for intangible assets	(31)	0
Proceeds from disposal of intangible assets	0	33
Net cash inflow/(outflow) from investing activities	(17,290)	(16,764)
Net cash inflow/(outflow) before financing	(3,754)	2,724
Cash flows from financing activities		
Public dividend capital received	401	0
Loans received from DH – Capital Investment Loans	13,309	2,050
Loans repaid to the DH – Capital Investment Loans	(247)	(41)
Loans repaid to the DH - Working Capital Loans	(4,020)	(4,020)
Capital element of finance leases and PFI	(277)	(511)
Net cash inflow/(outflow) from financing	9,166	(2,522)
Net increase in cash and cash equivalents	5,412	202
Cash and cash equivalents (and bank overdrafts) at the beginning of the financial year	2,326	2,124
Cash and cash equivalents (and bank overdrafts) at the end of the financial year	7,738	2,326

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

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

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

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



Signed.....Chief Executive

Date: 7 June 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;

- make judgements and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

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

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

By order of the Board

Date: 7 June 2012.....Chief Executive

Date: 7 June 2012..... Director of Finance

Related Party Transactions

Details of related party transactions with individuals are as follows:

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£	£	£	£
J Furmston, Non Executive Director (Note 1)	111,099	0	0	0

Note 1: Transactions between the Trust and BT plc. J Furmston is Director of Group Regulatory Compliance for BT and his wife works for BT in the department supplying services to the NHS

The Department of Health is regarded as a related party. During the year Western Sussex Hospitals NHS Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are:

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£000	£000	£000	£000
South East Coast Strategic Health Authority	212	1,949	43	0
West Sussex Primary Care Trust	2,577	305,179	1,101	3,167
Hampshire Primary Care Trust	0	8,331	0	662
West Kent Primary Care Trust	0	2,564	0	896
NHS Litigation Authority	7,401	0	1	0
NHS Blood & Transplant	2,654	0	0	0
Surrey PCT	130	1,070	0	446
Brighton and Sussex University Hospitals	3,705	7,990	454	628
Sussex Community NHS Trust	1,126	4,976	231	806

Western Sussex Hospitals NHS Trust is sole corporate trustee of Western Sussex Hospitals Charitable Trust, from whom the Trust has received revenue and capital payments. There are no guarantees given or received. No amounts were written off during the year and no provisions made for doubtful debt at year end.

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£000	£000	£000	£000
Western Sussex Hospitals Charitable Trust	0	469	0	73

Better Payments Practice Code

(Note 11 to the full accounts)

11.1 Measure of compliance

	2011-12 Number	2011-12 £000	2010-11 Number	2010-11 £000
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	97,129	99,379	103,482	105,068
Total Non-NHS Trade Invoices Paid Within Target	93,123	96,309	96,880	95,180
Percentage of NHS Trade Invoices Paid Within Target	95.88%	96.91%	93.62%	90.59%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	4,609	32,209	3,077	27,952
Total NHS Trade Invoices Paid Within Target	2,508	16,420	1,375	11,873
Percentage of NHS Trade Invoices Paid Within Target	54.42%	50.98%	44.69%	42.48%

The Better Payment Practice Code requires the Trust to aim to pay all valid invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later.

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

	2011-12 £000	2010-11 £000
Amounts included in finance costs from claims made under this legislation	1	0
Compensation paid to cover debt recovery costs under this legislation	0	0

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF WESTERN SUSSEX HOSPITALS NHS TRUST

I have examined the summary financial statement for the year ended 31 March 2012 which comprises the Statement of Comprehensive Income for the year ended 31 March 2012, the Statement of Financial Position as at 31 March 2012, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows for the year ended 31 March 2012, the Related party transactions note and the Better Payment Practice Code Note.

This report is made solely to the Board of Directors of Western Sussex Hospitals NHS Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 45 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the Annual Report.

My responsibility is to report to you my opinion on the consistency of the summary financial statement within the Annual Report with the statutory financial statements.

I also read the other information contained in the Annual Report and consider the implications for my report if I become aware of any misstatements or material inconsistencies with the summary financial statement.

I conducted my work in accordance with Bulletin 2008/03 "The auditor's statement on the summary financial statement in the United Kingdom" issued by the Auditing Practices Board. My report on the statutory financial statements describes the basis of my opinion on those financial statements.

Opinion

In my opinion the summary financial statement is consistent with the statutory financial statements of Western Sussex Hospitals NHS Trust for the year ended 31 March 2012.

Darren Wells
District Auditor
Audit Commission
1st Floor, Millbank Tower
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London, SW1P 4HQ

8 June 2012

Annual Governance Statement 2011/12

1. Scope of responsibility

1.1 The Board is accountable for internal control. As Accountable Officer and Chief Executive I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding public funds and the organisation's assets for which I am personally responsible as set out in the Accountable Officer Memorandum.

1.2 I am accountable for the organisation's performance and its compliance with all relevant legal, regulatory and policy requirements. I am accountable in the first instance to the Board but also to the Trust's principal commissioner, NHS Sussex (representing West Sussex Primary Care Trust), and to South of England Strategic Health Authority. Meetings are held regularly with both organisations to review the Trust's performance and its strategies and plans for services. In the context of the forthcoming changes to commissioning arrangements, the Trust has formed a good working relationship with Coastal West Sussex Clinical Commissioning Group. Meetings are also held regularly with other local NHS providers, District Councils, West Sussex County Council and Members of Parliament.

1.3 The Trust is also accountable publicly for its performance, particularly in respect of the quality of care provided by the organisation and progress made against plans for service improvements. The Board meets in public each month; the papers for these meetings are published. There are regular Stakeholder Forum meetings and members of the public are also involved in a range of service or issue-specific consultative groups across the organisation. The Trust has also held a number of pre-authorisation meetings and briefing sessions for Foundation Trust members.

2. The governance framework of the Trust

2.1 The Trust's governance structure comprises the Board, a number of Committees (Quality & Risk, Finance & Investment, Audit, Charitable Funds and Appointments & Remuneration), and an executive management structure. There is good Non-executive and Executive attendance at Board and Committee meetings. Senior clinicians and managers attend Board and Committee meetings as required by the business under discussion. All fora within the structure have approved Terms of Reference and operate in accordance with the Trust's Standing Orders and Scheme of Delegation. The structure and all the associated documents were reviewed thoroughly in 2010/11 and 2011/12. There was a specific review of the inter-Committee working arrangements for Audit and Quality & Risk Committee, to ensure that all aspects of the risk and control framework were being addressed actively, and to ensure inter-Committee communication was effective. An action plan was developed and is being implemented to ensure ongoing effectiveness in this area.

2.2 There are defined arrangements in place throughout the structure to ensure that there is active communication within and between the executive and Board structures, particularly to ensure that the Board and its Committees have appropriate assurance and are able to hold the executive to account. This is reflected in the forward agenda plans for the Board and Committees.

2.3 Appendix A provides a summary of the responsibilities for the principal Board Committees. During the year the Committees have focused on a number of issues, including:

- Audit: Internal Audit reports (in relation to which managers have been asked to attend the Committee where significant recommendations have been made), completion of audit recommendations (which has improved significantly), and reviews of organisational efficiency.
- Quality & Risk: improvement in planning and implementation of clinical audits, focus on improvements in drug prescribing practice, management of patient falls, reviews of the Board Assurance Framework and Risk Register, delivery of the Quality Strategy and reviews of the Foundation Trust self-certification;
- Finance & Investment Committee: consideration of major business cases, including in relation to service developments, active monitoring of the Trust's financial performance and efficiency, preparation and delivery of the financial plan, development of the Long Term Financial Model for Foundation Trust status.

2.4 The Board has kept its own performance and effectiveness under review. This included a comprehensive assessment commissioned from Deloitte LLP in support of the Trust's Foundation Trust application. The (then) South East Coast Strategic Health Authority also reviewed the performance of the Board, the Quality & Risk Committee and the Finance Committee. The assessments confirmed that the Board operates effectively, including in relation to the expectations of Monitor, the regulator of Foundation Trusts, though a number of areas for further development were identified. These actions, together with others identified by the Board, form the basis of a Board Development Plan which is being implemented on an ongoing basis. Linked to the performance and development of the Board, the Directors have completed the Board-related element of the Foundation Trust General Self-certification, including a self-assessment against the requirements of the Board Governance Assurance Framework (BGAF). (Since the Trust is at the Department of Health stage of the application process it is not required to complete the BGAF in full.)

2.5 Since the Trust is well advanced in the Foundation Trust application process, it is considered that any assessment of the Trust's governance against recommended practice should be in relation to the Monitor Code of Governance. The Board has undertaken an initial assessment and it is considered that the Trust complies with all requirements that are applicable pre-authorisation. The Trust has identified the action required to ensure full compliance thereafter, a number of these areas having been considered through the self-certification process.

3. Compliance with standards and requirements

3.1 The Trust's operational performance framework, which has been approved by the Board, integrates the NHS Performance Framework requirements into operational plans and monitoring. Given its aspiration to become a Foundation Trust, the Trust has also integrated into its performance management arrangements the targets within the Monitor Compliance Framework. The Board receives a monthly report of performance in relation to the targets in both frameworks. At the time of writing, the Trust is compliant with all requirements.

3.2 During the year the Trust's hospitals received 5 visits from Care Quality Commission (CQC) Assessors. Of these, a visit in June 2011 resulted in the Trust receiving some improvement and compliance actions. An action plan was developed and implemented swiftly such that following a visit in July 2011, the CQC confirmed that the Trust was compliant with all requirements. Reports from other visits identified high standards of care in a number of areas. In December 2011 the CQC issued a mortality alert in relation to care for patients with urinary tract infections; this is reported under "Significant issues" below. The CQC's Quality Risk Profile, which sets out a good and improving position in respect of the Trust's compliance with the CQC requirements, is reported to the (executive) Management Board bi-monthly. All significant CQC-related activity is reported to the Board at the first available meeting. A Quality Standards Group has been established to undertake a thorough assessment of compliance for each CQC Outcome and NHS Litigation Authority (NHSLA) requirement, and to agree and oversee the action necessary to further improve compliance.

3.3 The Trust has since March 2011 held Level 1 status in respect of the NHSLA and Clinical Negligence Scheme for Trusts. This was maintained throughout 2011/12 and a development plan is being implemented such that the Trust is able to apply for Level 2 status.

3.4 The Trust has arrangements in place to record and address recommendations made by other organisations which assess the organisation, including in relation to facilities, estates, equipment, service management and care standards. The effectiveness of these arrangements is monitored by the Management Board and the Quality & Risk Committee.

4. The risk and control framework, including risk assessment

4.1 The Trust's governance framework integrates clinical and corporate governance and through this structure risks are actively identified and managed. This is achieved through the Board Assurance Framework, Risk Management Strategy (and supporting policy) and risk reports to the Board and Committees.

4.2 Throughout 2011/12 the Quality & Risk Committee provided assurance to the Board that the Trust's risk management arrangements are effective. The Finance & Investment Committee provided assurance in respect of financial management and strategy, and the supporting controls. The Audit Committee provides independent assurance that risk management arrangements are in place and are effective.

4.3 There are clear Executive-level and Divisional Director responsibilities for risk management and

reporting, which I oversee. The Company Secretary has responsibility for strategic risk management and reporting, and works closely with the Director of Nursing and Patient Safety who is responsible for the system through which operational risks are recorded and managed.

4.4 In common with other areas of the Trust's governance arrangements, through the professional approach which responsible Directors and managers take to their roles they identify developing good practice in other organisations and in the NHS generally, and apply relevant learning to improve the Trust's risk management arrangements. In respect of learning on risk management within the Trust, the arrangements include a regular meeting led by the Director of Nursing & Patient Safety which reviews complaints, claims and incidents to identify cross-cutting themes and trends such that improvement action can be taken where necessary.

4.5 All staff have the opportunity to receive training and guidance in basic risk management processes according to their authority and duties. A session on risk management is included in the Trust's induction programme to ensure that all new staff understand the importance of effective risk identification and management. The staff who support and administer the Trust's risk management system meet with responsible managers to provide any additional training which is necessary and generally to facilitate effective risk management.

4.6 The risk and control framework comprises principally of the Board Assurance Framework and the Risk Management Strategy.

4.7 The Risk Management Strategy provides a framework for risk management within the Trust which:

- is based on best practice, national guidance and compliance with the standards for the National Health Service Litigation Authority (NHSLA) and Clinical Negligence Scheme for Trusts (CNST) risk standards and Care Quality Commission Requirements for registration;
- integrates risk management across the Trust and supports convergence of all aspects of Governance;
- supports the Trust Board, in agreeing the Annual Governance Statement and Assurance Framework and realising the significant quality, financial and organisational benefits from minimising risk; and
- embeds risk management practices into the day-to-day function of the Trust and within the role of every staff member, with the aim of preventing risk wherever possible and minimising risks which do arise.

4.8 The Risk Management Strategy is supported by a policy which defines the operational processes through which risks are identified, assessed and managed. Risks identified by staff are reviewed by senior managers to ensure consistency in respect of describing and rating them. The Trust has a Risk Register, relevant parts of which are managed by clinical Divisions and corporate departments. Divisional managers review risks each month to re-assess them and ensure that they are being properly managed, and they

are considered in detail at quarterly Divisional Governance Reviews, which Executive and Non-executive Directors attend. The Board receives each quarter a report of risks rated at 15 or over; the Quality & risk Committee has received at each of its meetings a report of risks rated at 12 and over. (Risks rated at 12 or above are considered to be more significant and therefore require attention at the Board or Board-level Committee.)

4.9 The Trust has a Board Assurance Framework which includes the key components required of an assurance framework, as set out by the Department of Health. The Board Assurance Framework identifies the key risks which relate to the Trust's corporate objectives for the year. The risks are identified, described and rated by objective/risk owners, ie, Executive Directors, and are subject to review and approval by the Board prior to the beginning of the financial year. The Board Assurance Framework is subject to review in each quarter thereafter (in each review the Executive Directors consider the continued relevance of risks as well as their descriptions, ratings, controls and assurances). The Board reviews and re-approves the Board Assurance Framework after each quarterly review and selected risks within the Framework were subject to in-depth reviews, which were reported to the Quality & Risk and Finance Committees as appropriate. The Board Assurance Framework identifies some areas for improvement in controls and sources of assurance but these are not considered to be material. Action plans (which are referenced in the Board Assurance Framework) are in place and are being implemented to address the gaps identified. The Board Assurance Framework supports the preparation of the Annual Governance Statement by identifying risks the achievement of corporate objectives and gaps in internal controls or assurances. I consider the content of the Board Assurance Framework when preparing the Annual Governance Statement. The Board Assurance Framework has been reviewed by Internal Audit and received a "Significant assurance" opinion.

4.10 As part of its quarterly review of the Board Assurance Framework the Board confirmed the four principal risks to the organisation in the year. These risks, which are set out below, were derived from an analysis of the higher-rated risks within the Board Assurance Framework.

- 1 The future financial position of the NHS resulting in reduced income, changes to contractual arrangements or non-payment for activity
- 2 Uncertainty in how services will be commissioned and the QIPP agenda will be delivered arising from the transition of commissioning responsibilities from PCTs to CCGs
- 3 The potential mismatch between the capacity of the Trust and the demand for our services, particularly in the potential rise in demand for emergency care fuelled by demographic changes within our catchment population
- 4 Failing to integrate sufficiently across the Trust's sites and develop a cohesive Trust-wide clinical strategy. Failure to integrate policies, procedures and working practice (particularly clinical) will result in inefficiency and potential reduced quality of care

4.11 A number of more operational risks arose during the year. Of these, the higher-rated risks, ie. 15 and above, were reported to the Board each quarter in public.

4.12 There were no significant data security breaches during the year; none were reported to the Information Commissioner. In respect of the Information Governance Toolkit, the Trust has submitted evidence to demonstrate level-two compliance for 33 of the 45 standards; a further 8 standards being compliant at level-three. The Trust has action plans in place to achieve level-two compliance for the remaining 4 standards.

5. Quality Account 2011/12

5.1 The Trust has arrangements in place to ensure accountability for its performance, including in respect of the quality of care. In particular, the Trust's Quality Account is prepared by the Medical Director and approved by the Trust Board as providing a balanced and accurate view of quality. Priorities for quality improvement are informed by the Trust's Quality Strategy, which was approved by the Board, by discussions at the Trust's Board, the Quality & Risk Committee and the (executive) Quality Board, and by consultation with staff and other stakeholders. The Quality Account will include any statements received from the commissioning PCT, the Local Involvement Network and the local Health and Adult Social Care Select Committee. Recognising the forthcoming changes to commissioning arrangements within the NHS, and the Trust's well-established relationship with the organisation, the Trust also provided Coastal West Sussex Clinical Commissioning Group with a copy of the draft Quality Account.

5.2 The Trust's Quality Account reports on a broad range of performance and quality indicators. The information is consistent with data reported to the Board, either through the monthly Quality Report or through other means such as the quarterly reports on mortality. By way of additional assurance to the Board, an internal audit undertaken between January and March 2012 provided significant assurance that the various sources of data used by the Trust are generally reliable for the purpose of providing accurate, complete and sound information on which KPIs, scorecards and other reports are based. In 2012/13, further audit will be undertaken to provide assurance on the veracity of a number of specific data elements used to generate indicators that will be included in the Trust's next Quality Account. The Board has also reviewed its clinical and quality governance arrangements, including reporting and the use of information more generally, as part of the Foundation Trust self-certification process.

6. Review of the effectiveness of risk management and internal control

6.1 As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the Trust's risk management and internal control arrangements. The opinion for 2011/12 is "Significant assurance". The opinion recognises that improvement is required in a small number of areas, principally information governance as referred to above. Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The Assurance Framework itself, combined with the associated review processes, provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. My review is also informed by:

- the reviews undertaken throughout the year by Internal Audit;
- the outcomes from the clinical audit programme;

- the audit and non-audit work carried out by the External Auditor;
- service-specific reviews undertaken by senior managers;
- Executive-level responsibility for, and review of, audit recommendations; and
- preparation for, and the outcomes of, a range of external assessments, including those undertaken by the CQC, the NHSLA and CNST, and the monitoring arrangements for the action plans arising from such assessments.

6.2 I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, Audit Committee, Quality & Risk Committee, Finance & Investment Committee and other groups/committees within the Trust's clinical governance structure. A plan to address weaknesses and ensure continuous improvement of the system is in place.

6.3 The system of internal control has been maintained and reviewed during 2011/12. There are a range of reports to the Board and Committees and they carry out regular reviews of performance and control arrangements. In addition to these arrangements, the following processes and structures contribute to maintaining the internal control framework:

a) Executive Team, the purpose of which is to:

- develop strategies, plans and business cases, for Board approval where necessary, and manage implementation of them;
- oversee and where necessary direct activity to ensure co-operation with the Trust's commissioners, the Strategic Health Authority and other providers;
- oversee and, where necessary, approve proposals to support organisational development programmes;
- set policy in accordance with the Scheme of Delegation; and generally act as the most senior Executive-level decision-making forum for the Trust.

b) Members of the Executive Team have responsibility for specific aspects of the system of the internal control that are relevant to their role. My review of the systems of internal control is informed by reports made to the Executive Team by individual Directors.

c) Internal Audit: provides an independent and objective opinion on the degree to which risk management, control and governance support the achievement of the Trust's objectives. For 2011/12 the Head of Internal Audit's opinion is "Significant assurance". Internal Audit reports its findings to relevant Executive Directors, to the Audit Committee and to the Chair of the Quality & Risk Committee. The Chairs of these Committees review every Internal Audit report to determine which Committee should consider them; where necessary, reports are presented to both Committees.

d) External Audit: reports (through the Audit Committee) to the Trust on the findings from his/her audit work, in particular the review of the accounts statements and financial aspects of corporate governance.

7. Significant issues

7.1 My review of the effectiveness of the system of internal controls has identified the following significant issues which arose during the year or which remain at year-end:

a) In the context of demand being significantly in excess of capacity, and a number of operational issues including the continued increase in the level of emergency activity, the Trust experienced significant challenges in respect of compliance with the requirement to treat within 18 weeks 90% of patients admitted electively. As a result the Trust was not compliant with this aspect of the NHS Operating Framework (which was in place until 21 June 2010), the South East Coast Operating Framework or the NHS Constitution. This position was reported regularly to the Board and received significant attention from Executives. An action plan was developed in collaboration with partners in the local health economy, particularly NHS Sussex, such that the Trust reached a compliant position in October 2011 and remains at this position to date.

b) Through its own clinical governance arrangements and also through data reported by the Dr Foster organisation and CHKS, the Trust identified the need to improve mortality in a number of services/patient groups. Action was taken to deliver improvement, particularly in respect of mortality in relation to patients with fractured neck of femur, and to fully understand the way in which the Hospital Standardised Mortality Ratio and the Summary Hospital-level Mortality Indicator relate to the Trust. The Board received a monthly report on service improvement in orthopaedic surgery, particularly fractured neck of femur care, and a quarterly report on mortality across a range of services. The reports included analyses of the HSMR and SHMI for the Trust and other organisations. The fractured neck of femur care pathway was substantially revised such that mortality and other measures of care improved steadily. This will remain an area of focus for the Trust.

c) Also in respect of mortality, in December 2011 the CQC issued an alert in relation to care for patients with urinary tract infections. In response, the Trust undertook an audit of patient care which confirmed that there was no cause for concern. This was reported to the CQC and the regulator confirmed that it is content with the action taken. The review identified the need for improvement in some other areas, including in respect of clinical coding (the subject of an Audit Commission review during the year), and an action plan was developed. Implementation of the action plan continues to be monitored through the performance management framework.

d) In March 2012 the Trust declared a Never Event (an incident defined by the Department of Health as "very serious, largely preventable patient safety incidents that should not occur if the relevant preventative measures have been put in place"). A full Root Cause Analysis was undertaken and an action plan was produced to address improvements. This was reported to the Board in March 2012 and the incident was reported externally as required by the Department of Health. Progress against the action plan will be monitored through the performance management framework.

7.2 With the exception of the internal control issues that I have outlined in this statement, my review confirms that Western Sussex Hospitals NHS Trust has a generally sound system of internal controls that supports the achievement of its policies, aims and objectives and that those control issues have been or are being addressed.

Marianne Griffiths

Chief Executive and Accountable Officer
Western Sussex Hospitals NHS Trust



Signature:

Date: 7 June 2012

Appendix A: Summary of Responsibilities of Principal Board Committees

Audit Committee

The Committee's principal responsibilities are to:

- review the establishment and maintenance of an effective system of integrated governance, risk management, internal control and compliance, across the whole of the trust's activities (both clinical and non-clinical), that supports the achievement of the Trust's objectives.
- ensure that there is an effective internal audit function established by management, that meets mandatory NHS Internal Audit Standards and provides appropriate independent assurance to the Audit Committee, CE and Board of Directors.
- review the work and findings of the External Auditor appointed by the Audit Commission and consider the implications and management's responses to their work.
- review the findings of other significant assurance functions, both internal and external to the organisation, and consider the implications to the governance of the organisation.
- review the work of other committees or groups within the organisation, whose work can provide relevant assurance to the Audit Committee's own scope of work. This will particularly include the Quality & Risk Committee.

Quality & Risk Committee

The Committee's principal responsibilities are to:

- review, recommend to the Board and monitor progress against the Trust's quality strategy and quality account.
- monitor the principal indicators of quality of care and ensure that there are robust monitoring arrangements within the clinical Divisions.
- ensure that there are robust clinical governance and risk management arrangements across the Trust, including by reviewing the Board Assurance Framework and Risk Register, ensuring that improvement action is taken in response to incidents and other events (clinical and non-clinical).
- ensure that there is a robust clinical audit programme and consider the principal outcomes from it, particularly in respect of opportunities for improvement.
- maintain oversight of issues, themes and trends from patient feedback, including reports from PALS, LINKs, patient surveys and other sources of information.
- ensure that medical, nursing and other staff education and training arrangements are aligned to the Trust's quality strategy, and ensure that training-related issues and trends are identified and acted upon to ensure improvement where necessary.
- monitor and ensure that the Trust responds to quality-related developments in the regulatory and policy framework within which the Trust operates.

Finance & Investment Committee

The Committee's principal responsibilities are to:

- review and recommend to the Board the Trust's financial strategy and annual budget, and to consider strategic finance issues facing the Trust.
- commission and consider risk-based reviews of financial performance in relevant areas of the organisation, and to monitor Cost Improvement Plans, reporting to the Board as necessary.
- consider proposals for material investments (particularly estate-related activity), approve the Trust's investment strategy and keep relevant activity under regular review.
- review and recommend to the Board the Trust's estates strategy and monitor relevant plans.
- approve the Trust's procurement strategy and related controls, and monitor procurement activity, particularly in respect of significant contracts.
- review the robustness of the Trust's financial reporting controls and related policies.

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We hope you found the Trust's Annual Report and Financial Statements for 2011-2012 informative.

- o Was there something you found particularly interesting?
- o Was there something else you would like to have been included?
- o Was there anything you would have preferred not to have been included?

Please send your comments to:

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Or, if you prefer to email someone, contact communications@wsht.nhs.uk

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