The Royal Wolverhampton NHS Trust

Annual Accounts for the period

1 April 2015 to 31 March 2016

Contents

Foreword to the Accounts

Financial Review - year ended 31 March 2016

The Financial results achieved by the Trust are shown in the table below. In common with all NHS Trusts we are required to meet a number of financial

Financial Target	Actual Performance	
	2015/16	2014/15
To break even on income and expenditure, taking one year with another, excluding 2014/15 transfer gain by absorption	Deficit of £2.814m	Surplus of £3.120m
To achieve a capital cost absorption rate of between 3% and 4%	3.5%	3.5%
To operate within an External Financing Limit set by the Department of Health	Undershoot of £0.606m	Undershoot of £0.608m
To remain within a Capital Resource Limit set by the Department of Health	Under-spent by £0.233m	Under-spent by £0.098m
To pay 95% of non-NHS trade creditors within 30 days	88%	92%

Kevin Stringer
Director of Finance
02 June 2016

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

The Chief Executive of the NHS Trust Development Authority 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 Chief Executive of the NHS Trust Development Authority. 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.

I confirm that, as far as I am aware, there is no relevant audit information of which the trust's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the trust's auditors are aware of that information.

I confirm that the annual report and accounts as a whole is fair, balanced and understandable and that I take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

Signed.....Chief Executive

Date

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

1/6/16 Date.....Chief Executive

1/6/16 Date.....Finance Director

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF THE ROYAL WOLVERHAMPTON NHS TRUST

We have audited the financial statements of The Royal Wolverhampton NHS Trust for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014. These financial statements have been prepared under applicable law and the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to NHS Trusts in England. We have also audited the information in the Remuneration and Staff Report that is subject to audit.

This report is made solely to the Board of Directors of The Royal Wolverhampton NHS Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Board of the Trust, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of the Trust, as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of Directors, the Accountable Officer and auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

As explained in the statement of the Chief Executive's responsibilities, as the Accountable Officer of the Trust, the Accountable Officer is responsible for the arrangements to secure economy, efficiency and effectiveness in the use of the Trust's resources. We are required under section 21(3)(c), as amended by schedule 13 paragraph 10(a), of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Section 21(5)(b) of the Local Audit and Accountability Act 2014 requires that our report must not contain our opinion if we are satisfied that proper arrangements are in place.

We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition we read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in

November 2015, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2016 and of the Trust's expenditure and income for the year then ended; and

- have been properly prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to NHS Trusts in England.

Opinion on other matters

In our opinion:

- the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to NHS Trusts in England; and

- the other information published together with the audited financial statements in the Annual Report and Accounts is consistent with the financial statements.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the governance statement does not comply with the NHS Trust Development Authority's guidance; or

- we refer a matter to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency; or

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or

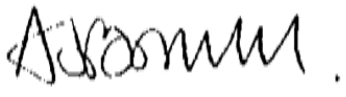
- we make a written recommendation to the Trust under section 24 of the Local Audit and Accountability Act 2014; or

- we are not satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

We have nothing to report in respect of the above responsibilities.

Certificate

We certify that we have completed the audit of the accounts of The Royal Wolverhampton NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.



Andrew Bostock for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

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2 June 2016

The Royal Wolverhampton NHS Trust

Governance Statement 2015-2016

Organisation Code: RL4

1 Scope of responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Trust policies, aims and objectives, whilst safeguarding quality standards, the public funds and the Trust's assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the Trust is administered prudently and economically and that resources are applied efficiently and effectively.

I also acknowledge my responsibilities for propriety and accountability issues as set out in the NHS Accountable Officer Memorandum.

I acknowledge that I must discharge my duty of partnership, and this is effected in a number of ways. As Chief Executive, I attend the Local Authority Overview and Health Scrutiny Panel in Wolverhampton where a range of topics has been discussed with elected members during the year. Our relationship with the Staffordshire health economy is growing closer and stronger, which has been reflected in our interactions with partner organisations there.

There has been a board to board meeting with the Wolverhampton Clinical Commissioning Group (CCG) and members of my Executive Team and I have attended meetings with Wolverhampton Healthwatch, and the Wolverhampton Health and Wellbeing Board.

Close links are maintained with NHS England and the NHS Trust Development Authority (TDA) through a range of group, individual, formal and informal meetings. I participate in the meetings of West Midland NHS provider trust Chief Executives. All Executive Directors are fully engaged in the relevant networks, including finance, nursing, medical, operations and human resources.

I am supported in my engagement with partner organisations by the Chairman of the Board, who this year has met with his counterparts at The Dudley Group NHS FT, Walsall Healthcare NHS Trust, University Hospital of the North Midlands, Sandwell and West Birmingham Hospital NHS Trust, The Shrewsbury and Telford Hospital NHS Trust, Black Country Partnership NHS Foundation Trust, West Midlands Ambulance Service NHS Foundation Trust, as well as regular meetings with local authority members and officers, and other key players in the city's business and third sector communities.

I meet periodically with the local Members of Parliament.

2 The Purpose of the System of Internal Control

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

3 The governance framework of the organisation

The Trust has a well-established framework for governance to inform the Board of operational and strategic risks as well as to provide assurance on business performance and compliance. The framework sets in place under the Trust Board a high level committee and management structure for the delivery of assured governance.

Sub Board assurance committees are constituted to ensure the delegated operation of effective risk management systems, processes and outcomes. These committees inform and assure the Board through the functioning and reporting of sub-groups and specialist working groups defined in their terms of reference.

Trust Board

The Board has met monthly (except in August and December). Other than for matters requiring commercial confidence or having sensitive human resources implications, it has conducted its business in public and allowed time for the press, public and other observers to ask questions of the Directors at each meeting. A high attendance rate by Directors was recorded during the year. A new Non-executive Director (NED) joined in May and a new Associate Non-executive Director took up position in July. The Director of Human Resources left the Trust in September 2015, and was immediately replaced by an Interim Director. The Director of Performance and Contracting left the Trust in September, and her successor started in post on 1 January 2016. The process to recruit an Associate Non-executive Director with a particular interest in Research and Development was still on-going at the end of the year. At 31 March 2016 the Board comprised 7 female and 9 male directors; two from a minority ethnic background.

At each meeting the Trust Board considered reports on:

- Quality and safety;
- Serious incidents;
- Operational Performance;
- Financial issues and performance;
- Reports and minutes from the Board's standing committees;
- Cost Improvement Programme (financial and qualitative delivery – within the finance report); and
- Mortality (within the Integrated Quality and Performance Report)

The Board receives a monthly Integrated Quality and Performance report (including national performance measures and 12 month trends). This report includes workforce data such as staff turnover and appraisal rates, metrics relevant to patient experience (such as medication incidents, infection prevention, Friends and Family Test scores and cancelled operations), and those relating to operational performance (such as targets for Referral to Treatment Times, time spent in the Emergency Department, ambulance handover times and cancer waiting times). The indicators within the report are reviewed annually and approved by the Trust Board.

The Board strives to maintain an appropriate balance between strategic matters and supervising the management of the Trust. Among the former during 2015/16 were: the integration of services from MSFT (including Cannock Chase Hospital), the opening of a new Urgent and Emergency Care Centre, nurse recruitment, the development of the Health Clinical Research Network (West Midlands) for which the Trust serves as host, the 5-year capital programme, the development of the Health Futures UTC, the Lord Carter Programme, the 100,000 Genomes Project, the development of the University of

Wolverhampton Postgraduate Academic Institute of Medicine, and the financial challenges within the NHS.

Whilst the detailed provisions of the UK Corporate Governance Code are not mandatory for public sector bodies, compliance with relevant principles of the Code is considered to be good practice. This Governance Statement is intended to demonstrate how the Trust had regard to the principles set out in the Code considered appropriate for the Trust for the financial year ended 31 March 2016. The Board was in a position to comply with the Fit and Proper Persons Test regulations from 1 April 2015.

The Board maintains strong relations with stakeholders, including local commissioners, Healthwatch, and local authority overview and scrutiny committees. In the early part of the year a considerable amount of time was spent attending meetings in Staffordshire, variously supported by other Directors, to maintain the strong working relationships.

The Non-executive Directors are committed to self-development and learning, as evidenced by frequent attendance at events arranged by NHS Providers, Healthcare Financial Management Associate (HFMA) NED forum, Chair and NED events put on by the Health Services Management Centre, and networking via private firms (particularly legal firms specialising in healthcare law).

The organisation has reviewed the ways in which Board members can understand what is happening in the Trust, the impact of Boardroom decisions on everyday life at RWT and how employees feel. To bring members of the Board and our staff closer together within the Trust we have launched 'Meet the Board' sessions, which will see a number of Board members offering monthly sessions for staff to come and meet them.

In addition to the Committees listed below, Non-executive Directors are also involved in sub Board level groups. This enables them to gather information, question and, when appropriate, offer challenge and/or assurance at different levels within the organisation. As a group they have visited Cannock Chase Hospital, community services, and visited a number of key building projects on the New Cross site, as well as individually taking part in the new format safety walkabouts, the Royal Awards, and chairing consultant interview panels.

Board composition and commitment

All voting positions substantively filled
Senior independent director in position
Clarity over who is entitled to vote at Board meetings
At least half of the board of directors comprises non-executive directors who are independent
The appointment terms of NEDs are staggered so they are not all due to leave the board at the same time
Appropriate blend of NEDs from the public, private and voluntary sectors
One NED has clinical healthcare experience
Appropriate balance between directors who are new to the board and those who have served for longer
Majority of Board are experienced board members
Chairman has had previous non-executive director experience
Two members of the audit committee have recent and relevant financial experience
Board members have a good attendance record at all formal board and committee meetings, and at other board events.

Audit Committee

Members: R Dunshea, J Anderson, M Martin, and R Edwards.

The aims of the Committee are to provide the Board with an independent and objective review of its financial systems, financial information, risk management and compliance with laws, guidance, and regulations governing the NHS.

During 2015-16 the Audit Committee met quarterly, and at each meeting considered progress updates on: risk management and assurance, internal audit, external audit, fraud prevention, security management and tracking of the implementation of auditors' recommendations across the Trust. Each meeting received an update on any new risks or assurance concerns from the chairs of the Quality Governance Assurance Committee (QGAC), the Finance and Performance Committee and the Trust Management Committee. One joint meeting was held with QGAC.

The Committee received and discussed reports on the:

- Annual Report for Trust Charitable Funds 2014-15
- Trust Annual Report 2014-15
- Quality Account and Annual Accounts 2014-15
- Proposed changes to the Asset Lives Policy
- Quality of Clinical Coding
- Governance arrangements for the vertical integration with two GP practices
- Governance arrangements for the Transforming Cancer Services Consortium Board.

These matters featured in the Committee's reports to the Board, as did a high level summary of the Internal Audit reports received at each meeting. The Board has been kept informed of when audit reports showed high or medium risk recommendations requiring management attention, and has been assured that mitigating actions are being taken in accordance with the agreed timeframes.

The Committee also receives regular reports from the Local Counter Fraud Specialist. The Trust currently complies fully with the National Strategy to combat and reduce NHS fraud, having a zero tolerance policy on fraud, bribery and corruption, and has a counter fraud plan and strategy in place designed to make all staff aware of what they should do if they suspect fraud. The Committee monitors this strategy and oversees where fraud is suspected and fully investigated. The Committee seeks assurance that appropriate action has been taken, which can result in criminal, disciplinary and civil sanctions being applied. There were no significant frauds detected during the year, although some cases reported to the counter fraud team remain on-going.

The Chair of the Quality Governance Assurance Committee (a retired consultant paediatrician) is a member of the Audit Committee, which helps to maintain the flow of information between the two committees, particularly on clinical audit matters. Two of the other three Committee members have recent and relevant financial experience.

The Auditor Panel, to appoint the Trust's internal and external auditors, was appointed by 31 March 2016.

Non-executive Directors' attendances were recorded as being high during the year, and the Committee was quorate at each meeting.

Quality Governance Assurance Committee (QGAC)

Members: J Anderson, R Edwards, J Vanes and Dr J Parkes (from 1 October 2015).

The Quality Governance Assurance Committee provides assurance to the Board that patient care is of the highest achievable standard and in accordance with all statutory and regulatory requirements. It also provides assurance of proactive management and early detection of risks across the Trust. High Non-executive Directors' attendance rates at the monthly meetings of this Committee were recorded throughout the year.

The Committee considered various matters during the year. The Board Assurance Framework (BAF) and Trust Risk Register (TRR), and the Integrated Quality and Performance Report were reviewed in detail at each meeting. Other topics reported during the year included health and safety assurance, national guidance compliance, external review registry, safeguarding assurance, Care Quality Commission (CQC) regulatory compliance assurance, claims and litigation, annual audit plan, mortality performance, summary report of the outcome of the Quality Review visits during the year, and subgroup reporting on risks and exception from Patient Safety Improvement Group and the Quality Standards Action Group.

The work streams shared between the two reporting subgroups support the management of priority patient safety issues, such as World Health Organisation (WHO) checklist compliance, timely and appropriate serious untoward incident (SUI) investigation, safety alert response, venous thromboembolism (VTE) compliance, as well as performance against regulation, national audits and benchmarks. In January the Committee received the first quarterly report from the Complaints, Litigation, Incidents and PALs group (CLIP) to oversee themes and trends. The Committee also reviewed this Governance Statement at a joint meeting with the Audit Committee in April 2016 (alongside the opinion of the Head of Internal Audit).

The following items were escalated/notified to the Audit Committee in the period:

- Compliance with the Complaints process and timescales
- Review of the BAF format
- Improved compliance with safety checklists in Obstetrics
- Continuing concern over the use of both the NHS and Hospitals numbers, leading to double registrations
- National Guidance report
- VTE work development
- Sign up to Safety project
- The impact of 12 hour v 8 hour shifts on staff sickness absence/ burn out
- Concerns regarding sickness and absence percentages reflecting workforce pressure and short staffing

The Committee receives reports and minutes from two sub groups:

- **Patient Safety Improvement Group**

This Group met monthly, and reports discussed every month included serious untoward incidents, the use of safer surgery checklists, ward performance monitoring reports, various applications for new procedures/techniques and quality impact assessments for CIP schemes in 2015/16. At scheduled times during the year the Group received reports on complaints performance (Ombudsman), audits for being open, discharge, transfer, legal processes, specialist subgroup reports (including Mortality, Medicines Management, Organ

Donation and Medication Safety Group) and ad hoc reports relevant to quality and safety of care (for example, Supervisor of Midwives Report).

- **Quality Standards Action Group**

This Group met monthly. Reports included CQC on-going compliance monitoring, Wolverhampton and Dudley breast screening, safeguarding, external reviews and inspections, clinical audit (progress and annual), national audit reports (for example, National Care of the Dying Audit report, cervical screening outcome data), National Confidentiality Reports (for example Freedom to speak up, Time to Intervene - National Confidential Enquiry into Patient Outcome and Death (NCEPOD)), miscellaneous national reports (such as Clwyd Hart, NCISH (self-harm/suicide), Francis report), and subgroup reports (for example, Radiation Protection, Information Governance, NICE).

During the year, QGAC, through its reporting subgroups and its own scheduled agenda, has been able to provide assurance to the Board on, for example, the monitoring of outcome and actions following inspections and visits by external agencies, the progress of the Trust clinical audit plan, service compliance with national reports and audit benchmarks including the follow up of actions and risks identified from this analysis. It sought further information in reports on third and fourth degree tears and perinatal data in Obstetrics and the impact of staffing shortages on service areas to enable more accurate assurance judgments. It received reports of individual Quality Review visits and on the progress of action plans where a domain was deemed to require improvement. It asked for continued development of the BAF format and requirements for completion. As well as routine reporting the QGAC have requested a schedule of themed review (deep dive reports) to cover priority areas for assurance.

Finance and Performance Committee

Members: M Martin, S Rawlings, J Hemans (from 1 October 2015), and J Vanes (until 30 September 2015).

The Finance and Performance Committee provides assurance to the Board on the effective financial and external performance targets of the organisation. It also supports the development, implementation and delivery of the Medium Term Financial Plan, and the efficient use of financial resources. The Committee meets monthly and considers in detail, among other things, the Trust's financial position, the progress of the capital programme, and performance aspects of the Board's quality and performance report. It also considers the Cost Improvement Programme, service line reporting, reference costs, contractual performance against contractual standards, Commissioning for Quality and Innovation (CQUIN), Local Clinical Research Network (LCRN) finance report, the procurement strategy and other matters associated with operational finance and budgeting. As the Committee with oversight of the majority of risks highlighted on the Board Assurance Framework, it has spent a considerable amount of time reviewing progress with the mitigations against each of the risks assigned.

The Committee meetings have always been quorate and well attended. As with the other Committees, the Chair submits a report on each meeting to the next available Board and highlights pertinent issues. This is done in a timely fashion as the Committee meets the week before the Board. In addition, the minutes are submitted to the Board for information.

Remuneration Committee

Members: J Vanes, J Anderson, R Dunshea, R Edwards, J Hemans, M Martin and S Rawlings.

The purpose of this Committee is to advise the Board about appropriate remuneration and terms of service for the Chief Executive and other Executive Directors. The Remuneration Committee met several times during the year and reviewed Executive Director remuneration and appraised the performance of the Chief Executive (in his absence). The Chairman appraised all of the Non-executive Directors. The TDA undertakes the appraisal of the Chairman, and his second appraisal is due to take place in April 2016.

Charitable Funds Committee

Members: S Rawlings, R Dunshea, and J Vanes, and R Edwards (until 30 September 2015).

The aim of the Committee is to administer the Trust's Charitable Funds in accordance with any statutory or other legal requirements or best practice required by the Charities Commission.

During another busy year, the Committee has enjoyed the continued dedicated support of an in-house fundraising coordinator, and the support of an Interim Head of Communications, as well as the on-going help of the Finance Team and external investment adviser. It has started to develop a volunteering programme and has developed a new marketing and communications strategy to raise awareness of the charity and the work it supports. The official re-launch of the charity's strategy is due to take place in May 2016. Projects supported this year have included the development of an information and support hub for people living with dementia and their carers, and the paediatric waiting area in the new Emergency Centre.

Trust Management Committee

The Trust Management Committee provides a formal platform for the major decision-making process for clinical and non-clinical operations, and as such is not attended by Non-executive Directors, but all of the Executives attend, along with Divisional Medical Directors and Heads of Service. High attendance rates were recorded at all of these meetings.

The Committee, chaired by the Chief Executive, receives monthly reports from the Divisions on governance, nursing and quality issues, as well as business cases above a certain value. The Committee also receives monthly updates on finance, human resources, the capital programme, vertical integration, policies, the integrated quality and performance report, and the Trust Efficiency Programme Group. Quarterly updates are presented on cancer services, infection prevention, research and development, and the integrated electronic patient record project. Reports on other matters, such as education and training, are also submitted periodically.

4 Risk Assessment

The Trust has a Board-approved Risk Management Assurance Strategy, which identifies that the Chief Executive has overall responsibility for risk management within the Trust. Within the Strategy (and supporting policies) all managers and staff have delegated responsibility identified for the management of risk as part of their core duties. Training is provided to equip staff with appropriate knowledge and skills via a combination of e training packages and handbook resources. The risk management training was reviewed, taking account of current risk priorities and performance, and an application to reinstate its status as mandatory for all staff is to be made.

CQC Internal Compliance Framework

The Trust has developed a framework for assessing on-going compliance with CQC Fundamental standards of care (and 5 key questions of Safe, Caring, Effective, Responsive and Well Led). The assessment of compliance uses a combination of quality performance indicators, clinical audits and observational ward and department visits to measure on-going compliance with care standards. The Trust uses the CQC rating characteristics to make judgements about compliance with the fundamental standards of care and judgments are informed by local managers with confirmation and challenge by Executive Directors. This approach allows for information to be triangulated between performance results and observation of care standards and allows for assurance reporting from ward to Board.

The Trust manages risk through a series of processes that identifies risks, assesses their potential impact, and implements action to reduce/control that impact. In practice this means:

- Interrogating internal sources of risk intelligence and activity to inform local and Trust level risk registers and assurance frameworks (eg incident, complaint, claim, audit, and compliance).
- Using committee/subgroup reporting to inform the risk registers.
- Reviewing external/independent accounts of Trust performance to inform risk status (e.g. Care Quality Commission standards, national benchmarks and internal audit reports).
- Integrating functions (strategic and operational) at all levels of the Trust to feed a risk register and escalation process.
- Using a standardised approach to risk reporting, grading and escalation. The Trust categorisation matrix supports a standard approach to risk tolerance.
- Monitoring controls through positive and negative assurance and treatment actions for each risk, to mitigate and manage residual risks.
- Developing and implementing a risk management and patient safety reporting policy (OP10) across the Trust.
- Refinement of risk management training made available to all staff (including senior managers).

Management of Risk Registers within the Trust:

Risk registers are managed at the following levels:

- Divisional/Directorate/Departmental – operational risks that include clinical, business/service, financial, reputational, and patient/staff/stakeholders.
- Trust Risk Register (TRR) – Any risks graded as 12 or above are escalated to the Trust Risk Register for consideration by Directors. Clinical divisions and corporate departments are instructed to escalate all risks graded 12 or above to the Trust Risk Register to inform Directors and the Board of operational risks which may adversely impact the Board Assurance Framework and strategic objectives. Risks/elements of controls may also be delegated from the Board Assurance Framework to operational risk registers for management.
- Board Assurance Framework (BAF) – Contains all risks which impact on the Trust strategic objectives.

Each risk on the Board Assurance Framework and Trust Risk Register has an identified Director and operations lead to manage the risk.

The Trust Risk Register and BAF are reviewed by Directors and the Board at the following frequencies:

- Executive Director Meetings – Monthly.

- Quality Governance Assurance Committee – Monthly.
- Trust Board – Bi Monthly

In 2015/16 the Trust published revised strategic objectives and began the process of risk alignment and monitoring. In addition the BAF has been subject to review and development during 2015/16, without the Board losing sight of the key risks facing the Trust.

During the year the Trust continued to strengthen the quality of controls assigned to risks at all levels and the principles of measurable controls were cascaded down to risk registers beneath the BAF.

A total of 55 risks on the BAF and TRR were managed during the year 2015/16. 28 of these were new risks identified in year. Of the 55 risks, 6 were red (red being the highest risk rating), 46 were amber, and 3 yellow.

There were 21 risks closed as at 31 March 2016. Of the remaining 34 to be carried forward to 2016/17, 6 are rated red (Workforce - Recruitment and Retention of staff across the Trust and in particular the future pipeline of nursing and medical staff, failure to deliver recurrent CIP's, that staff retention and development costs are unaffordable, Risk to patient safety and quality of care caused by staffing levels, Supply Disruption of Baxter Colleague Pump compatible IV administration sets and Baxter blood admin sets), and 28 are amber. All remaining risks will be managed and regularly reviewed on the Trust risk register and Board Assurance Framework.

5 The risk and control framework

The Board-approved Risk Management Assurance Strategy includes the following:

- The aims and objectives for risk management in the organisation, aligned to the Trust vision.
- A description of the committee arrangements and relationships between various corporate committees and subgroups.
- The Board Assurance Framework and process for management of risk registers.
- The identification of the roles and responsibilities of all staff with regard to risk management, including accountability and reporting structures.
- The promotion of standard risk management systems as an integral part of assurance provision.
- A description of the risk management process and a requirement for all risks to be recorded in a risk register prioritised (i.e. graded) and escalated using a standard scoring methodology.

The Trust seeks to identify risks through all available intelligence sources including independent/external review/assessment. The risk management process is supported by a number of policies which direct risk assessment, incident reporting and investigation, mandatory training, health and safety, conflict resolution, violence and aggression, complaints, infection prevention, fire safety, human resources management, consent, manual handling and security. All policies have identified audit/monitoring and training arrangements.

During 2015/16 the Trust rolled out a programme of Quality Review Visits (QRV) in line with the Care Quality Commission Fundamental Standards of care and key line of enquiry for hospital inspections. The programme aims to:

- Create a positive and proactive approach to observational assessment and external reviews
- Ensure robust/reliable compliance reporting: ward to board
- Support continuous quality improvement and patient safety
- Highlight good practice and areas of excellence

Between January to December 2015 12 QRVs were conducted identifying areas of good and excellent practice to be shared, as well as areas for improvement for local follow up. The QRVs are well received within the Trust with positive feedback and quality benefits being reported by both the clinical areas visited and those conducting the inspections.

The Board Assurance Framework identifies the risks to the Trust strategic objectives, the key controls in place to manage these risks and the effectiveness of the controls shown in positive and negative assurance. The Internal Audit advisory work supporting the development of the Board Assurance Framework during 2015/16 will advise on any further development to the BAF.

In addition, during 2015/16 the local audit of the Risk Management Reporting Policy (OP10) showed that 100% of directorates across the Trust held and reviewed risk registers, and improvements were noted in the prompt escalation of appropriate risks to the Trust risk register from lower levels.

All Committees of the Trust Board (excluding Trust Management Committee) are chaired by Non-executive Directors to reflect the need for independence and objectivity, ensuring that effective governance and controls are in place. This structure facilitates appropriate scrutiny and challenge of the performance of the organisation. The Committees met regularly throughout the year, and they report to the Board following their meetings.

Looking ahead to 2016/17

Over the coming year the Trust will continue to progress enhancements to its internal assurance including increased risk management training across all staff levels, with a focus on local ownership and application, roll out of an enhanced CQC compliance framework (having regard to a wider specification of quality indicators, audits etc) and consider further developments in how we identify and share lessons to improve.

The key risks identified as the Trust goes into the new financial year are:

- Workforce – Recruitment and retention of staff across the Trust
- Competition causing a significant shift in activity
- Potential impact on income due to enacted Commissioner intentions
- Failure to deliver recurrent CIPs
- Risk that financial balance (and surplus) is not achieved
- Insufficient cash generation
- Condition of the existing estate – quality and flexibility
- Risk that staff retention and development costs are unaffordable

Information Governance

Summary of serious incident requiring investigations involving personal data as reported to the Information Commissioner's Office in 2015-16

The table below details the level 2 or above incidents reported on the Health and Social Care Information Centre (HSCIC) incident reporting tool and to the Information Commissioner's Office (ICO), within the financial year 2015/16. Any incidents that are still being investigated for the period 2015/16 are not included.

Date Incident occurred (Month)	Nature of incident	Number of data subjects potentially affected	Description/ Nature of data involved	Further action on information risk
Apr-15	Unauthorised Access/Disclosure	6	It was alleged that a member of the admin team in the Education Dept. had accessed computerised patient records for another member of staff.	The organisation has carried out a review of all access to clinical systems within the education team to ensure access is appropriate. A disciplinary investigation was also conducted and the staff member involved received a final written warning.
May-15	Unauthorised Access/Disclosure	2	It was suspected that a member of staff of Paediatrics admin at the community health centre had accessed relative's records inappropriately.	Staff member was up to date with IG training and it was deemed by the organisation that they understood the implications of their actions. Disciplinary investigation was conducted and staff member was dismissed.
May-15	Lost or stolen paperwork	<500	Plastic bag of mixed paper records found in the staff changing room, originating from two other Trusts as well as this organisation.	Registrar had discovered at home some old handover sheets from when they had been on-call at two other Trusts. The sheets were brought into work to dispose of them in a shredding bin along with information from this Trust. Other Trusts involved were informed. The organisation has conducted a review of secure waste disposal facilities and all staff in area reminded of policy requirement in relation to secure disposal.
Jun-15	Other	1 record	A Patient file (medical records) was sent in a sealed envelope by Royal Mail recorded delivery to the CCG. When received the envelope had been damaged in transit and therefore the patient details were clearly visible thus causing a potential confidentiality breach.	Incident occurred due to the member of staff leaving who dealt with such requests. The new member of staff was unaware of correct process on sending files to CCG or off site. A process has been developed and communicated to all staff.
Jun-15	Lost or stolen paperwork	12	12 Patient Home Visit pro forma were identified as missing in a folder were left in the back of a hire car by a member of staff	The information was retrieved and accounted for. The car was not used during this period. A procedure has been developed for the handling of patient data whilst off site, which is specific to community adult services and communicated to all staff within the service.
Jul-15	Disclosed in Error	1 Record	Patient letter (child protection report) was sent to school nurses at a GP surgery in West Yorkshire. The GP surgery name was the same as the one that was supposed to have been	Incident occurred due to system pulling down incorrect address. Process has been developed to ensure checks are in place to: 1. Ensure all addresses are checked prior to sending 2. A query of unknown address for out of area children should have been undertaken

			sent at West Bromwich. The school nurse had passed this to the safeguarding team who contacted us to discuss this.	
Sep-15	Unauthorised Access/Disclosure	1 record	Staff member working in Health Records team allegedly has accessed relatives information	A disciplinary investigation was undertaken. Staff member involved handed in their notice and no longer works for organisation. The organisation has recently increased communications to staff re unauthorised access. Awareness week was carried out in Jan 2016. A process for proactive auditing of records is also being developed. The organisation currently has warnings on clinical system to inform staff access is only permitted for their role as well as full audit logs to ensure access is monitored.

Incidents classified at lower severity level

Incidents classified at severity level 1 are aggregated and provided in table below.

SUMMARY OF OTHER PERSONAL DATA RELATED INCIDENTS IN 2015-16		
Category	**Breach Type**	**Total**
A	Corruption or inability to recover electronic data	0
B	Disclosed in Error	44
C	Lost in Transit	4
D	Lost or stolen hardware	4
E	Lost or stolen paperwork	15
F	Non-secure Disposal – hardware	0
G	Non-secure Disposal – paperwork	1
H	Uploaded to website in error	0
I	Technical security failing (including hacking)	11
J	Unauthorised access/disclosure	3
		82

Information Governance Toolkit Return 2015/2016

The annual self-assessment submission on the Information Governance Toolkit to the Department of Health for 2015/16 demonstrated an overall score of 81% and was graded satisfactory in all 45 requirements.

Looking forward to 2016/17 for Information Governance

The Trust are continuing to monitor patterns and trends of Information Governance incidents and implementing measures to reduce these to the lowest level practicable, in line with the Trust's Information Governance Strategy 2016-18. An IG risk profile is also being developed in order for the Trust to identify and manage IG risk.

6 Review of economy, efficiency, and effectiveness of the use of resources

The Trust has a robust governance structure in place ensuring monitoring and control of the effective and efficient use of the Trust's resources. Financial monitoring, service performance, quality and workforce information is scrutinised at meetings of the Trust Board, Finance and Performance Committee, Trust Management Committee and at Divisional Team meetings.

The Trust has achieved all of its statutory financial targets, achieving an end of year surplus of £0.1M, delivering the Capital Programme within its Capital Resource Limit and achieving its External Funding Limit.

The Trust has arrangements in place for setting objectives and targets on a strategic and annual basis. These arrangements include ensuring the financial strategy is affordable and scrutiny of cost savings plans to ensure achievement, with regular monitoring of performance against the plans. This is done through:

- Approval of the annual budget by the Board.
- Monthly reporting to the Board on key performance indicators covering finance, activity, governance, quality and performance.
- Monthly reporting to the Finance and Performance Committee.
- Regular reporting at Operational and Divisional meetings on financial performance.
- Monthly Trust Efficiency Programme Group meetings to oversee the Lord Carter economies work streams, and the Cost Improvement Programme.

Internal Audit has provided assurance on internal controls, risk management and governance systems to the Audit Committee and to the Board. Where scope for improvement in controls or value for money was identified during their review, appropriate recommendations were made and actions were agreed with management for implementation. The implementation of these actions is monitored by the Audit Committee.

7 Annual Quality Report

The Directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year. Guidance has been issued to NHS Trust Boards on the form, content and reporting arrangements of annual quality reports.

Our priorities for 2015/16 were chosen after consulting both our staff and clinical teams who work in the Trust, looking at what patients and members of the public say about us and our services in national and local surveys and in patient feedback received through complaints, compliments and the Friends and Family Test. We have also taken account of our CQC feedback and of what people say nationally about health services and where services need to improve.

The Department of Health Quality Accounts Toolkit 2015/16 influenced the format and content of the Quality Account. The existing reporting structure has been the source for information, for example Datix for numbers and themes of complaints and incidents. Specific information has been validated by the key leaders in the Trust, for example Infection Prevention data provided by the Director of Infection Prevention and Control (DIPC), and incident data by the Head of Governance and Legal Services.

A draft version of the Quality Account is approved by Directors before being circulated to the local authority's Overview and Scrutiny Committee, and Wolverhampton Healthwatch. The

Quality Account is subject to a limited assurance review by the Trust External Auditors before a final version is produced for publication.

8 Operational Performance

2015/16 saw continuing increased operational pressures nationally and this gave rise to increased demand across all key services. In addition to this the Trust saw the opening of the new Urgent and Emergency Care Centre (UECC). The opening of the UECC is part of on-going efforts to improve access to urgent care and emergency services for the people of Wolverhampton and the surrounding areas.

A comprehensive and robust performance management process exists across the Trust to monitor delivery against operational standards. This involves weekly review at the Chief Operating Officer's performance meeting and through subsequent meetings across the Divisions. A detailed integrated quality and performance report is produced monthly; this is discussed in-depth at the monthly Finance and Performance Committee, which is chaired by a Non-executive Director, with further scrutiny taking place at the full Trust Board, Examples of the Operating Framework targets can be evidenced below:

- The Trust maintained compliance with the headline position for all Referral to Treatment (RTT) measures at Trust level for incomplete pathways. Critically, no patients waited longer than 52 weeks for any treatment. During 2015/16 waiting times have remained static - 93.17% of the waiting list was under 18 weeks, compared with 93.69% in the previous year; this performance is encouraging, given that the Trust has seen an overall increase in referrals into our services over the period.

- The Emergency Department continued to see rising numbers during 2015/16 in both attendances and ambulance conveyances. This has had the inevitable detrimental impact on performance. Overall the Trust saw an increase of 7.68% in attendances which meant nearly 13,000 additional patients were seen during the year. Consequently, the Trust only met the 95% target in 3 months of the year. In addition to this the Trust saw an additional 2,156 ambulance conveyances during the period: a rise of 4.88% compared with the previous year.

- Cancer targets remain a high priority and again, there has been increased demand for all areas. Despite this, six of the nine targets maintained the standard in every month of the year to date.

The Trust has faced difficulties in year in achieving the key cancer 62 day referral to treatment target. This is largely due to capacity issues in key specialties where it has been difficult to recruit consultants, a position that is reflected nationally. In addition to this the Trust also experiences late tertiary referrals which continue to have an impact on performance.

The Trust is working to address these issues and invited the National Intensive Support Team to visit the Trust and identify any potential areas for improvement.

Emergency Planning/Resilience

The Civil Contingencies Act 2004 outlines a single framework for civil protection in the United Kingdom. This establishes a clear set of roles and responsibilities for those involved in emergency preparedness and response at the local level. The Trust as a Category 1 responder is subject to a series of civil protection duties: assess the risk of emergencies

occurring and use this to inform contingency planning; ensuring there are robust plans in place for emergency preparedness, resilience and response (EPRR); a clearly defined business continuity management process and to co-operate and work with local responders to enhance co-ordination and efficiency and to ensure education and training for staff.

The Trust is required to undertake a yearly self-assessment of the EPRR Core Standards (2013), to provide assurance, which are monitored by NHS England West Midlands to ensure the Trust is compliant against these standards. The Trust was assessed as 'substantially compliant' in 2015.

Emergency Preparedness also forms part of the Trust's Internal Audit Programme, with two audits being undertaken in 2014 - 2016, namely Major Incident Planning and Business Continuity Management.

An Emergency Preparedness Annual Report and plan is produced, identifying the status of the Trust's resilience over the last 12 months and identifying objectives for the year. In addition, the Trust has key requirements to meet against Care Quality Commission as well as meeting the guidance set out in the NHS Operating Framework.

The Trust has an Accountable Emergency Officer (AEO) who takes executive responsibility and leadership at service level, supported by the Head of Emergency Planning & Business Continuity, who works to provide resilience to manage emergencies and incidents that affect the Trust, with escalation where necessary. The organisation works collaboratively with local multi-agency partners to facilitate inclusive planning and response and ensures preparedness to maintain critical services in periods of disruption, along with facilitating NHS EPRR assurance including business continuity.

The Trust is an active member and participates in the following health and multi-agency groups to ensure a proactive and co-ordinated approach to warning and informing and sharing best practice, encouraging a joint approach to emergency preparedness in terms of planning, responding and recovery.

- Local Health Resilience Partnership – Executive Group (LHRP) – bi monthly
- Local Health Resilience Forum for Emergency Planning Officers - monthly
- Wolverhampton Resilience Group (WRG) – quarterly
- Safety Advisory Group (SAG) Wolverhampton Council – as and when required
- Health Protection Forum for Public Health Response - quarterly

Health and Safety at Work

The Trust Health and Safety Strategy has been reviewed and fully approved during this financial year (June 2015). This has seen the introduction of the Trust health and safety risk profile which shows all areas of HSE legislation relevant to the Trust RAG rated to reflect Trust compliance with regulations. This is being further developed with the specialist leads reporting on their subjects to Health and Safety Steering Group (HSSG) and onwards to Quality Standards Action Group (QSAG) and identifying gaps and providing action plans to fill these gaps. This is work in progress but gives the Trust an improved assurance around compliance with HSE Regulations.

2015/16 has seen Cannock Chase Hospital integrated into the Trust. We have seen significant improvement in the embedding of the Trust's Management of Health and Safety Policy (HS01) and the use of SharePoint to store health and safety documentation including risk assessments enabling review and monitoring remotely. This is progressing well and continues to support the health and safety team audit process.

Health and safety incidents have seen a 6.5% decrease overall 2015/16 v 2014/15. Focus this year has been on high incident reporting areas, ensuring investigations are undertaken where needed and risk assessments are reviewed to improve control measures where possible to help reduce further incidents. Emphasis has been on sharing lessons learnt across the Trust, using various forums to do this including the Safety Rep Forum, the health and safety newsletter 'SPOT' and Trust Risk Newsletter 'Risky Business'. The Trust Top 5 hot topics for incidents continue to be:

- Slips, trips & falls (down 3%)
- Sharps incidents (remain the same)
- Contact (down 0.6%)
- Manual Handling (down 9.6%) and
- Violence and Aggression (down 19%)

During quarter 4 of the year the Trust has introduced several safer sharps mechanisms including insulin pens, butterflies and insulin needles, the impact of which will be monitored by the HSSG. In March 2016 the Trust received a planned inspection from the Health & Safety Executive (HSE) on progress with the implementation of safer sharps. Following the visit there was no further action to be taken. This is a very positive outcome and the Trust continues to work towards the provision of safe sharps which is being monitored by the Safer Sharps Group.

RIDDOR reportable incidents have decreased 33% 2015/16 v 2014/15 (financial years) with manual handling (including both patient and inanimate) and slips, trips falls being the highest reported subjects in both years. These subjects have decreased in the numbers over 2015/16 from 2014/15 reporting period, with manual handling (both patient and inanimate) down 40% and slip, trip falls down 33% showing the Trust can demonstrate it is moving in the right direction.

Social Economic Responsibilities: Modern Slavery and Forced Labour

The Trust is committed to its Social Economic Responsibilities and ensuring that it is a Good Corporate Citizen (GCC). In its procurement practices the Trust stipulates that: the successful contractor will ensure that its supply chain is monitored and that there is zero tolerance of modern slavery within their supply chain; the successful contractor must ensure that at no point, throughout the delivery of their contractual agreement with the Trust, will any materials used to deliver the agreement be created through the use of bonded labour or infringement of human rights; and that where any such issues arise within the extended supply chain, the successful contractor will act to remove these items from entering the Trust's extended supply chain and implement ethical sourcing programs and supply chain audits to prevent any repetition.

In addition, sourcing staff within the Procurement team are undertaking external e-learning covering Ethical & Sustainable Procurement.

9 Annual Declarations

1. The Royal Wolverhampton NHS Trust is required to register with the Care Quality Commission and its current registration status is active. The Royal Wolverhampton NHS Trust has no conditions with its continued registration.

The Care Quality Commission has not taken enforcement action against The Royal Wolverhampton NHS Trust during 2015/16.

In June 2015, The Royal Wolverhampton NHS Trust received an announced comprehensive CQC inspection, utilising the CQC fundamental care standards under the 5 following domains:

- Safe
- Effective
- Caring
- Responsive
- Well-led

Although areas of 'good' and 'outstanding' practice were noted, the inspection found a number of areas 'requiring improvement', and the subsequent CQC report classified the Trust as overall "requiring improvement". A detailed action plan was developed. This has been monitored monthly and reported quarterly via the Trust's governance framework and demonstrates compliance and completion of a significant number of actions, which have evidence of assurance for closure. Those remaining open will continue to be progressed through the Trust's internal governance framework.

2. As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension scheme records are accurately updated in accordance with the timescales detailed in the Regulations. The Trust as part of the Pensions Regulations is required to complete an Annual Assurance Statement for the Pension Agency by the 5th of April each year, and this has been done.

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

4. The Trust has undertaken risk assessments, and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on the United Kingdom Climate Impact Programme (UKCIP) 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the adaptation reporting requirements are complied with.

5. The Trust made its annual self-assessment submission to the Department of Health by the 31st March 2016 on the Information Governance Toolkit. The overall score was 81% and the Trust was graded satisfactory all 45 requirements.

Head of Internal Audit Opinion

For the 12 months ended 31 March 2016, the Head of Internal Audit opinion for The Royal Wolverhampton NHS Trust is that the organisation has an adequate and effective framework for risk management, governance and internal control.

However in the course of their work the Internal Auditors have identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective. Whilst not significant issues in themselves, the Head of Internal Audit identified a small number of specific internal control compliance weaknesses, in particular those in respect of: Serious Incidents – Quality Assurance (10.15/16); Return of Deceased Patients Property (11.15/16); and Consultant Job Planning (25.15/16).

During the year, Internal Audit did identify a number of other specific internal control weaknesses, however through the recommendation tracking process the delivery of the recommended improvement has been monitored via the Audit Committee and the Executive Team.

During the year, Internal Audit has provided assurance and/or recommendations including the following Governance related areas:

- Duty of Candour – Assessment of compliance with Care Quality Commission Regulation 20 – Reasonable Assurance.
- Serious Incidents – Quality Assurance – cannot take assurance
- Follow up of the Information Governance (IG) Toolkit - Interim Report – incomplete evidence to support the IG Toolkit scores at the time of the audit. However IG toolkit leads continue to upload and update evidence for the submission on 31st March 2016. IG will be subject to re-audit in 2016/17 Internal audit plan.
- Board Assurance Framework – An advisory review of the Board Assurance Framework to consider the new Strategic Objectives and developments to the format.
- Clinical Audit Progress report – Compliance with Healthcare Quality Improvement Partnership (HQIP) 10 Simple Rules for NHS Boards – Reasonable Assurance.

10 Review of the effectiveness of risk management and internal control

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors, the Trust risk management and governance reporting framework, and the executive managers and clinical leads within the Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the quality report attached to this annual report and other performance information available to me. My review is informed by reports from external inspecting bodies including external audit and the PLACE inspections (the system for assessing the quality of the patient environment). It is also informed by comments made by the External Auditors in their report to those charged with governance (ISA 260) and other reports. I have been advised on the implications of the result of my review of effectiveness of the system of internal control by the Board, the Audit Committee, and the Quality Governance Assurance Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

10 Conclusion

No significant internal control issues have been identified during 2015/16.

Accountable Officer: David Loughton CBE

Organisation: The Royal Wolverhampton NHS Trust

Signature.....

Date: 2 June 2016

Statement of Comprehensive Income for year ended 31 March 2016

	NOTE	2015-16 £000s	Restated* 2014-15 £000s
Gross employee benefits	9.1	**(301,356)**	(269,592)
Other operating costs	7	**(197,038)**	(177,117)
Revenue from patient care activities	4	**428,983**	391,454
Other operating revenue	5	**80,422**	70,356
Operating surplus/(deficit)		**11,011**	15,101
Investment revenue	11	**99**	107
Other gains and (losses)	12	**41**	15
Finance costs	13	**(1,667)**	(1,658)
Surplus/(deficit) for the financial year		**9,484**	13,565
Public dividend capital dividends payable		**(12,298)**	(10,445)
Transfers by absorption - gains		**0**	30,462 *
Transfers by absorption - (losses)		**0**	0
Net Gain/(loss) on transfers by absorption		**0**	30,462
Retained surplus/(deficit) for the year		**(2,814)**	33,582

Other Comprehensive Income

	2015-16 £000s	2014-15 £000s
Impairments and reversals taken to the revaluation reserve	**0**	0
Net gain/(loss) on revaluation of property, plant & equipment	**(6,556)** **	29,861
Total Other Comprehensive Income	**(6,556)**	29,861
Total comprehensive income for the year	**(9,370)**	63,443

Financial performance for the year

Retained surplus/(deficit) for the year	**(2,814)**	33,582
IFRIC 12 adjustment (including IFRIC 12 impairments)	**0**	296
Impairments (excluding IFRIC 12 impairments)	**3,101**	354
Adjustments in respect of donated gov't grant asset reserve elimination	**(134)**	(107)
Adjustment re absorption accounting	**0**	(30,462)
Adjusted retained surplus/(deficit)	**153**	3,663

It is important to note that 2015-16 cannot be directly compared to the prior year 2014-15 due to the transfer of Mid Staffordshire NHS Foundation Trust, (MSFT), services from 1 November 2014, as part of the solution for Mid Staffordshire services, providing a part year impact in the comparable prior year figures.

* To ensure comparability over the 2 financial years the CRN Income for 14/15 has been re-categorsied as other operating revenue (see note 4 & 5)

The notes on pages 31 to 59 form part of this account.

* On 1 April 2014 the Trust received Land, Buildings and Vehicles transferred from NHS Property Services (NHSPS) in respect of Pendeford Health Centre and on 1 November 2014 the formal transfer of Cannock Chase Hospital and other services and assets, from MSFT to the Trust took place.

** The net gain shown in Other Comprehensive Income represents the change in value of Property, Plant and Equipment, (PPE), following revaluation by the professional valuer.

Statement of Financial Position as at 31 March 2016

	NOTE	31 March 2016 £000s	Restated * 31 March 2015 £000s
Non-current assets:			
Property, plant and equipment	14	**395,710**	382,971
Intangible assets	15	**813**	676
Trade and other receivables	20.1	**826**	1,710
Total non-current assets		**397,349**	385,357
Current assets:			
Inventories	19	**6,981**	6,291
Trade and other receivables	20.1	**22,524**	20,876
Cash and cash equivalents	21	**16,927**	41,598
Sub-total current assets		**46,432**	68,765
Non-current assets held for sale	22	**800**	800
Total current assets		**47,232**	69,565
Total assets		**444,581**	454,922
Current liabilities			
Trade and other payables	23	**(51,457)**	(53,591)
Provisions	27	**(3,254)**	(5,821)
Borrowings	24	**(1,912)**	(1,885)
Total current liabilities		**(56,623)**	(61,297)
Net current assets/(liabilities)		**(9,391)**	8,268
Total assets less current liablilities		**387,958**	393,625
Non-current liabilities			
Provisions	27	**(631)**	(648)
Borrowings	24	**(5,343)**	(5,943)
Total non-current liabilities		**(5,974)**	(6,591)
Total assets employed:		**381,984**	387,034
FINANCED BY:			
Public Dividend Capital		**229,568**	225,252
Retained earnings		**26,906**	28,550
Revaluation reserve		**125,320**	133,042
Other reserves		**190**	190
Total Taxpayers' Equity:		**381,984**	387,034

*

The notes on pages 31 to 59 form part of this account.

The financial statements on pages 27-30 were approved by the Board on 27th May 2016 and signed on its behalf by

Chief Executive: **Date:**

1/6/16

Statement of Changes in Taxpayers' Equity
For the year ending 31 March 2016

	Public Dividend capital	Retained earnings	Revaluation reserve	Other reserves	Total reserves
	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2015	**225,252**	**28,550**	**133,042**	**190**	**387,034**
Changes in taxpayers' equity for 2015-16					
Retained surplus/(deficit) for the year		(2,814)			**(2,814)**
Net gain / (loss) on revaluation of property, plant, equipment			(6,556)		**(6,556)**
Transfers between reserves		1,160	(1,160)	0	**0**
Reclassification Adjustments					
Permanent PDC received - cash	6,816				**6,816**
Permanent PDC repaid in year	(2,500)				**(2,500)**
PDC written off	0	0			**0**
Other movements	0	10	(6)	0	**4**
Net recognised revenue/(expense) for the year	**4,316**	**(1,644)**	**(7,722)**	**0**	**(5,050)**
Balance at 31 March 2016	**229,568**	**26,906**	**125,320**	**190**	**381,984**
Balance at 1 April 2014	**173,281**	**38,551**	**88,879**	**190**	**300,901**
Changes in taxpayers' equity for the year ended 31 March 2015					
Retained surplus/(deficit) for the year		33,582			33,582
Net gain / (loss) on revaluation of property, plant, equipment			29,861		29,861
Reclassification Adjustments					
Transfers to/(from) Other Bodies within the Resource Account Boundary	0	(30,462)	0	0	(30,462)
Transfers between revaluation reserve & retained earnings reserve in respect of assets transferred under absorption		(14,302)	14,302		0
On disposal of available for sale financial assets			0		0
New temporary and permanent PDC received - cash	22,690				22,690
New temporary and permanent PDC repaid in year	0				0
Other movements	29,281	1,181	0	0	30,462
Net recognised revenue/(expense) for the year	**51,971**	**(10,001)**	**44,163**	**0**	**86,133**
Balance at 31 March 2015	**225,252**	**28,550**	**133,042**	**190**	**387,034**

Public Dividend Capital, (PDC), above refers to when NHS trusts were first established, everything they owned, (land, buildings, equipment and working capital), was transferred to them from the Government. The value of these assets, is in effect, the public's equity stake in the new NHS Trust and is known as Public Dividend Capital. It is similar to company share capital and, as with company shares, a Dividend is payable to the Department of Health. This Dividend is calculated at 3.5% of average net relevant assets.

The Retained Earnings figure is the cumulative surplus made by the Trust since its inception. It is held in perpetuity and cannot be released to the SoCiTE.

Other Reserves arose at the time of inception of the Trust and are considered likely to remain at their present value.

On 1 April 2014 the Trust received Land, Buildings and Vehicles transferred from NHSPS mainly in respect of Pendeford Health Centre, where the Trust now occupies over 50% of the building. The property was transferred using absorption accounting with the transfer being charged to Retained Earnings.

On 1 November 2014 the Trust received land, buildings and other assets and liabilities in respect of the transfer of Cannock Chase Hospital and other services from MSFT. The transfer of assets and liabilities took place using modified absorption accounting with the transfer being actioned with a transfer of Public Dividend Capital.

Statement of Cash Flows for the Year ended 31 March 2016

	NOTE	2015-16 £000s	Restated 2014-15 £000s
Cash Flows from Operating Activities			
Operating surplus/(deficit)		**11,011**	15,101
Depreciation and amortisation	7	**15,913**	17,265
Impairments and reversals	16	**3,101**	650
Interest paid		**(1,657)**	(1,649)
PDC Dividend (paid)/refunded		**(12,926)**	(10,265)
Release of PFI/deferred credit		**(785)**	0
(Increase)/Decrease in Inventories		**(690)**	(116)
(Increase)/Decrease in Trade and Other Receivables		**(442)**	(5,583)
(Increase)/Decrease in Other Current Assets		**0**	0
Increase/(Decrease) in Trade and Other Payables		**2,851**	13,112
(Increase)/Decrease in Other Current Liabilities		**0**	(71)
Provisions utilised		**(2,227)**	(1,052)
Increase/(Decrease) in movement in non cash provisions		**(366)**	2,011
Net Cash Inflow/(Outflow) from Operating Activities		**13,783**	29,403
Cash Flows from Investing Activities			
Interest Received		**99**	107
(Payments) for Property, Plant and Equipment		**(41,049)**	(35,668)
(Payments) for Intangible Assets		**0**	(249)
Proceeds of disposal of assets held for sale (PPE)		**67**	15
Proceeds of disposal of assets held for sale (Intangible)		**0**	0
Net Cash Inflow/(Outflow) from Investing Activities		**(40,883)**	(35,795)
Net Cash Inform / (outflow) before Financing		**(27,100)**	(6,392)
Cash Flows from Financing Activities			
Gross Temporary (2014/15 only) and Permanent PDC Received		**6,816**	22,690
Gross Temporary (2014/15 only) and Permanent PDC Repaid		**(2,500)**	0
Cash transferred to NHS Foundation Trusts or on dissolution		**0**	1
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		**(1,887)**	(1,788)
Net Cash Inflow/(Outflow) from Financing Activities		**2,429**	20,903
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(24,671)**	14,511
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		**41,598**	27,087
Cash and Cash Equivalents (and Bank Overdraft) at year end	**21**	**16,927**	41,598

NOTES TO THE ACCOUNTS

1. Accounting Policies

The Secretary of State for Health has directed that the financial statements of NHS trusts shall meet the accounting requirements of the Department of Health Group Manual for Accounts, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the DH Group Manual for Accounts 2015-16 issued by the Department of Health. The accounting policies contained in that manual follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Trust are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

1.2 Acquisitions and discontinued operations

Activities are considered to be 'acquired' only if they are taken on from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one public sector body to another.

1.3 Movement of assets within the DH Group

Transfers as part of reorganisation fall to be accounted for by use of absorption accounting in line with the Treasury FReM. The FReM does not require retrospective adoption, so prior year transactions (which have been accounted for under merger accounting) have not been restated. Absorption accounting requires that entities account for their transactions in the period in which they took place, with no restatement of performance required when functions transfer within the public sector. Where assets and liabilities transfer, the gain or loss resulting is recognised in the SOCI, and is disclosed separately from operating costs.

Other transfers of assets and liabilities within the Group are accounted for in line with IAS 20 and similarly give rise to income and expenditure entries.

1.4 Charitable Funds

Under the provisions of IAS 27 Consolidated and Separate Financial Statements, those Charitable Funds that fall under common control with NHS bodies are consolidated within the entity's financial statements. In accordance with IAS 1 Presentation of Financial Statements, restated prior period accounts are presented where the adoption of the new policy has a material impact.

1.5 Critical accounting judgements and key sources of estimation uncertainty

In the application of the NHS trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

1.5.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the NHS trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

- Leases

The Trust applies the tests contained in IAS17 to all of its present and proposed leases in order to ascertain if they should be classed as operating or finance leases. Often the information available may be inconclusive and therefore judgement is made regarding the transfer of the risks and rewards of ownership of the associated assets in order that a decision may be made.

1.5.2 Key sources of estimation uncertainty

- Useful economic lives of assets

The Trust estimates the useful economic lives of its non-current assets. Every care is taken to ensure that estimates are robust however factors such as unforeseen obsolescence or breakdown may impact on the actual life of the asset held.

- Provisions

When considering provisions for events such as pension payments, NHSLA claims and other legal cases the Trust uses estimates based on expert advice from agencies such as the NHS Litigation Authority, legal advice from Trust advisors and the experience of its managers.

1.6 Revenue

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable. The main source of revenue for the Trust is from commissioners for healthcare services. Revenue relating to patient care spells that are part-completed at the year end are apportioned across the financial years on the basis of length of stay at the end of the reporting period compared to expected total length of stay.

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

The NHS Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. The NHS Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

1.7 Employee Benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees, except for bonuses earned but not yet taken which, like leave earned but not yet taken is not accrued for at the year end, on the grounds of immateriality.

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

Retirement benefit costs
Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the Trust commits itself to the retirement, regardless of the method of payment.

1.8 Other expenses
Other operating expenses are recognised when, and to the extent that, the goods or services have been received. They are measured at the fair value of the consideration payable.

1.9 Property, plant and equipment

Recognition
Property, plant and equipment is capitalised if:
● it is held for use in delivering services or for administrative purposes;
● it is probable that future economic benefits will flow to, or service potential will be supplied to the Trust;
● it is expected to be used for more than one financial year;
● the cost of the item can be measured reliably; and
● the item has cost of at least £5,000; or
● Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
● Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

Valuation
All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at fair value.
Land and buildings used for the [NHS body]'s services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any impairment.

Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:
● Land and non-specialised buildings – market value for existing use
● Specialised buildings – depreciated replacement cost

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

Fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive income in the Statement of Comprehensive Income.

Subsequent expenditure
Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

1.10 Intangible assets

Recognition
Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the Trust's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the Trust; where the cost of the asset can be measured reliably, and where the cost is at least £5000.

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:
● the technical feasibility of completing the intangible asset so that it will be available for use
● the intention to complete the intangible asset and use it
● the ability to sell or use the intangible asset
● how the intangible asset will generate probable future economic benefits or service potential
● the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it
● the ability to measure reliably the expenditure attributable to the intangible asset during its development

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

Measurement
The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, at amortised replacement cost (modern equivalent assets basis), indexed for relevant price increases, as a proxy for fair value. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

1.11 Depreciation, amortisation and impairments
Freehold land, properties under construction, and assets held for sale are not depreciated.

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

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

A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

1.12 Donated assets
Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

1.13 Government grants
Government grant funded assets are capitalised at their fair value on receipt, with a matching credit to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

1.14 Non-current assets held for sale
Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Income. On disposal, the balance for the asset on the revaluation reserve is transferred to retained earnings.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

1.15 Leases
Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The Trust as lessee
Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the trust's surplus/deficit.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases.

The NHS Trust as lessor
Amounts due from lessees under finance leases are recorded as receivables at the amount of the NHS Trust's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Trust's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.16 Private Finance Initiative (PFI) transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The Trust therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

a) Payment for the fair value of services received;
b) Payment for the PFI asset, including finance costs; and
c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'

PFI Asset

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the Trust's approach for each relevant class of asset in accordance with the principles of IAS 16.

PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Income.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Income.

Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

Assets contributed by the NHS trust to the operator for use in the scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the NHS Trust's Statement of Financial Position.

Other assets contributed by the NHS Trust to the operator

Assets contributed (e.g. cash payments, surplus property) by the NHS trust to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, are recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset is made available to the NHS trust, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

1.17 Inventories

Inventories are valued at the lower of cost and net realisable value using the *first-in first-out* cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1.18 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the NHS trust's cash management.

1.19 Provisions

Provisions are recognised when the NHS Trust has a present legal or constructive obligation as a result of a past event, it is probable that the NHS Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rates and 1.3% for employee early departure obligations.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

A restructuring provision is recognised when the Trust has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.20 Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. The contribution is charged to expenditure. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the NHS trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the trust is disclosed at Note 27.

1.21 Non-clinical risk pooling

The NHS Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the NHS Trust pays an annual contribution to the NHS Litigation Authority and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses as and when they become due.

1.22 Carbon Reduction Commitment Scheme (CRC)

CRC and similar allowances are accounted for as government grant funded intangible assets if they are not expected to be realised within twelve months, and otherwise as other current assets. They are valued at open market value. As the Trust makes emissions, a provision is recognised with an offsetting transfer from deferred income. The provision is settled on surrender of the allowances. The asset, provision and deferred income amounts are valued at fair value at the end of the reporting period.

1.23 Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NHS Trust, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NHS Trust. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value.

1.24 Financial assets

Financial assets are recognised when the NHS Trust becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are classified into the following categories: financial assets at fair value through profit and loss; held to maturity investments; available for sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that do not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to surplus/deficit on de-recognition.

Loans and receivables

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

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

At the end of the reporting period, the NHS trust assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in expenditure through a provision for impairment of receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.25 Financial liabilities

Financial liabilities are recognised on the statement of financial position when the NHS Trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

Loans from the Department of Health are recognised at historical cost. Otherwise, financial liabilities are initially recognised at fair value.

Other financial liabilities

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

1.26 Value Added Tax

Most of the activities of the Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.27 Foreign currencies

The Trust's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses for either of these are recognised in the Trust's surplus/deficit in the period in which they arise.

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.28 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the trust has no beneficial interest in them. Details of third party assets are given in Note 36.

1.29 Public Dividend Capital (PDC) and PDC Dividend

Public dividend capital represents taxpayers' equity in the NHS Trust. At any time the Secretary of State can issue new PDC to, and require repayments of PDC from, the Trust. PDC is recorded at the value received. As PDC is issued under legislation rather than under contract, it is not treated as an equity financial instrument.

An annual charge, reflecting the cost of capital utilised by the Trust, is payable to the Department of Health as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities (except for donated assets and cash balances with the Government Banking Service). The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets.

In accordance with the requirements laid down by the Department of Health (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

1.30 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had the Trust not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

1.31 Subsidiaries

Material entities over which the NHS Trust has the power to exercise control are classified as subsidiaries and are consolidated. The NHS Trust has control when it is exposed to or has rights to variable returns through its power over another entity. The income and expenses; gains and losses; assets, liabilities and reserves; and cash flows of the subsidiary are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the NHS Trust or where the subsidiary's accounting date is not co-terminus.

Subsidiaries that are classified as 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'.

From 2013-14, the NHS trust has consolidated the results of Royal Wolverhampton Charitable Funds over which it considers it has the power to exercise control in accordance with IFRS10 requirements. However, as this is not considered material the Charitable Funds have not been consolidated.

1.32 Research and Development

Research and development expenditure is charged against income in the year in which it is incurred, except insofar as development expenditure relates to a clearly defined project and the benefits of it can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the SOCI on a systematic basis over the period expected to benefit from the project. It should be revalued on the basis of current cost. The amortisation is calculated on the same basis as depreciation, on a quarterly basis.

1.33 Accounting Standards that have been issued but have not yet been adopted

The HM Treasury FReM does not require the following Standards and Interpretations to be applied in 2015-16. These standards are still subject to HM Treasury FReM interpretation, with IFRS 9 and IFRS 15 being for implementation in 2018-19, and the government implementation date for IFRS 16 still subject to HM Treasury consideration.

- IFRS 9 *Financial Instruments* – Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted
- IFRS 15 *Revenue for Contracts with Customers* - Application required for accounting periods beginning on or after 1 January 2017, but not yet adopted by the FReM: early adoption is not therefore permitted
- IFRS 16 *Leases* – Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM: early adoption is not therefore permitted.

2. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Trust Board that makes strategic decisions.

The Trust has identified two operating segments:-

Healthcare Services

This is the core activity of the Trust. It is primarily the provision of NHS Healthcare services to patients, paid for by the relevant NHS Commissioner.

Clinical Research Network

The Trust hosts the Greater Midlands Clinical Research Network. It receives funds from the National Institute for Health Research and pays for research provided by 28 NHS Trusts (including this Trust) plus 3 Universities. The total turnover for the Network is approximately £30m. The Network operates on a break even basis.

	Healthcare Services		**Clinical Research**		**Total**	
	2015-16	2014-15	**2015-16**	2014-15	**2015-16**	2014-15
	£000s	£000s	**£000s**	£000s	**£000s**	£000s
Income	**478,736**	431,811	**30,669**	29,999	**509,405**	461,810
Surplus/(Deficit)						
Segment surplus/(deficit)	**(1,568)**	18,481	**0**	0	**(1,568)**	18,481
Common costs	**(479,982)**	(416,710)	**(30,669)**	(29,999)	**(510,651)**	(446,709)
Surplus/(deficit) before interest	**(2,814)**	**33,582**	**0**	**0**	**(2,814)**	33,582
Net Assets:						
Segment net assets	**381,984**	387,034	**0**	0	**381,984**	387,034

All assets are reported to the Trust Board at a consolidated level so it is not possible to separate these by segment.

3. Income generation activities

The Trust undertakes income generation activities with an aim of achieving profit, which is then used in patient care. The following provides details of income generation activities whose full cost exceeded £1m or was otherwise material.

Summary Table - aggregate of all schemes	**2015-16**	2014-15
	£000s	£000s
Income	**2,830**	2,812
Full cost	**1,265**	935
Surplus/(deficit)	**1,565**	1,877

The income generation schemes employed by the Trust include income from non-patient care income generation activities such as car parking, staff residences and catering. The objective is to ensure all costs associated with the operation of such activities are covered and that any surplus generated for the Trust is used to re-invest in the operation of its core services.

4. Revenue from patient care activities

	2015-16	Restated * 2014-15
	£000s	£000s
NHS Trusts	**3,689**	1,360
NHS England	**91,620**	90,144
Clinical Commissioning Groups	**316,256**	286,305
Foundation Trusts	**912**	2,113
Department of Health	**0**	324
NHS Other (including Public Health England and Prop Co)	**2,117**	1,528
Additional income for delivery of healthcare services	**2,500**	0
Non-NHS:		
Local Authorities	**9,435**	7,233
Private patients	**768**	671
Overseas patients (non-reciprocal)	**70**	58
Injury costs recovery	**1,010**	1,155
Other	**606**	563
Total Revenue from patient care activities	**428,983**	391,454

* To ensure comparability over the 2 financial years the CRN Income for 14/15 £29,999 has been re-categorsied as other Education, Training & Research Income from Department of Health

It is important to note that 2015-16 cannot be directly compared to the prior year 2014-15 due to the transfer of Mid Staffordshire NHS Foundation Trust, (MSFT), services from 1 November 2014, as part of the solution for Mid Staffordshire services, providing a part year impact in the comparable prior year figures.

The additional income for delivery of healthcare services shown in 2015-16 relates to the capital to revenue transfer action by the NHS TDA.

5. Other Operating Revenue

	2015-16 £000s	Restated * 2014-15 £000s
Recoveries in respect of employee benefits	**0**	0
Patient transport services	**0**	0
Education, training and research	**47,403**	45,639
Charitable and other contributions to revenue expenditure - NHS	**0**	0
Charitable and other contributions to revenue expenditure -non- NHS	**0**	0
Receipt of donations for capital acquisitions - Charity	**336**	257
Support from DH for mergers	**11,000**	7,000
Receipt of Government grants for capital acquisitions	**0**	48
Non-patient care services to other bodies	**10,546**	9,616
Income generation (Other fees and charges)	**4,314**	3,638
Rental revenue from finance leases	**0**	0
Rental revenue from operating leases	**383**	164
Other revenue	**6,440**	3,994
Total Other Operating Revenue	**80,422**	70,356
Total Operating Revenue	**509,405**	461,810

* To ensure comparability over the 2 financial years the CRN Income for 14/15 £29,999 has been re-categorsied as other Education, Training & Research Income from Department of Health

6. Overseas Visitors Disclosure

	2015-16 £000	2014-15 £000s
Income recognised during 2015-16 (invoiced amounts and accruals)	**70**	58
Cash payments received in-year (re receivables at 31 March 2015)	**51**	10
Cash payments received in-year (iro invoices issued 2014-15)	**40**	48
Amounts added to provision for impairment of receivables (re receivables at 31 March 2014)	**364**	81
Amounts added to provision for impairment of receivables (iro invoices issued 2014-15)	**211**	334
Amounts written off in-year (irrespective of year of recognition)	**14**	179

7. Operating expenses

	2015-16 £000s	Restated 2014-15 £000s
Services from other NHS Trusts	**1,184**	2,468
Services from CCGs/NHS England	**0**	46
Services from other NHS bodies	**139**	135
Services from NHS Foundation Trusts	**2,491**	1,760
Total Services from NHS bodies*	**3,814**	4,409
Purchase of healthcare from non-NHS bodies	**1,623**	3,026
Purchase of Social Care	**0**	
Trust Chair and Non-executive Directors	**95**	66
Supplies and services - clinical	**101,052**	82,008
Supplies and services - general	**9,725**	8,973
Consultancy services	**424**	2,202
Establishment	**6,336**	7,084
Transport	**632**	2,358
Service charges - ON-SOFP PFIs and other service concession arrangements	**2,008**	2,053
Service charges - On-SOFP LIFT contracts	**0**	0
Total charges - Off-SOFP PFIs and other service concession arrangements	**0**	0
Total charges - Off-SOFP LIFT contracts	**0**	0
Business rates paid to local authorities	**2,246**	2,003
Premises	**15,872**	12,671
Hospitality	**0**	0
Insurance	**0**	0
Legal Fees	**0**	0
Impairments and Reversals of Receivables	**343**	19
Inventories write down	**0**	0
Depreciation	**15,690**	17,023
Amortisation	**223**	242
Impairments and reversals of property, plant and equipment	**3,101**	650
Impairments and reversals of intangible assets	**0**	0
Impairments and reversals of financial assets [by class]	**0**	0
Impairments and reversals of non current assets held for sale	**0**	0
Internal Audit Fees	**92**	
Audit fees	**80**	100
Other auditor's remuneration [*]	**12**	10
Clinical negligence	**6,290**	5,395
Research and development (excluding staff costs)	**23,799**	24,239
Education and Training	**1,461**	1,510
Change in Discount Rate	**0**	0
Other	**2,120**	1,076
Total Operating expenses (excluding employee benefits)	**197,038**	177,117
Employee Benefits		
Employee benefits excluding Board members	**300,143**	268,610
Board members	**1,213**	982
Total Employee Benefits	**301,356**	269,592
Total Operating Expenses	**498,394**	446,709

It is important to note that 2015-16 cannot be directly compared to the prior year 2014-15 due to the transfer of Mid Staffordshire NHS Foundation Trust, (MSFT), services from 1 November 2014, as part of the solution for Mid Staffordshire services, providing a part year impact in the comparable prior year figures.

It should be noted that in 2015-16, in line with NHS revised guidance, on the grounds of immateriality, the Trust reversed the prior year provison for outstanding holiday pay due at 31 March 2016 estimated at circa £0.2million, (prior year provision £0.8million).
It should be noted that in 2015-16 the Trust changed the asset life methodology for Buildings to a Single Residual Life Methodology, resulting in a reduction to annual depreciation. Full details of Accounting Policies with regard to Property, plant and equipment, including Private Finance Initiative, (PFI), and Leases transactions, are provided within Notes 1.9 to 1.16."

* Other Auditors remuneration relates to external audit of Quality Accounts, 2014-15 restated to include the split

8. Operating Leases

Included in this note is the arrangement for the lease of buildings from NHS Property Services which were previously owned by Wolverhampton City PCT. The value of this arrangement is £2.5 million per annum, some of the leased properties transferring to the Trust and others being transferred to NHS Property Services. There are no other individually significant operating leases included in the figures below.

8.1. The Royal Wolverhampton NHS Trust as lessee

	Land £000s	Buildings £000s	Other £000s	2015-16 Total £000s	2014-15 £000s
Payments recognised as an expense					
Minimum lease payments				**2,576**	2,717
Contingent rents				**0**	0
Sub-lease payments				**0**	0
Total				**2,576**	2,717
Payable:					
No later than one year	0	0	232	**232**	405
Between one and five years	0	0	123	**123**	131
After five years	0	0	0	**0**	0
Total	**0**	**0**	**355**	**355**	536
Total future sublease payments expected to be received:				0	0

8.2. The Royal Wolverhampton NHS Trust as lessor

	2015-16 £000	2014-15 £000s
Recognised as revenue		
Rental revenue	383	164
Contingent rents	0	0
Total	**383**	164
Receivable:		
No later than one year	183	205
Between one and five years	699	723
After five years	568	421
Total	**1,450**	1,349

9. Employee benefits and staff numbers

Not relevant for trust

9.1. Employee benefits

Not relevant for trust

Employee Benefits - Gross Expenditure 2015-16	Total £000s	Permanently employed £000s	Other £000s
Salaries and wages	**255,361**	230,916	24,445
Social security costs	**17,742**	17,022	720
Employer Contributions to NHS BSA - Pensions Division	**28,756**	27,590	1,166
Other pension costs	**0**	0	0
Termination benefits	**0**	0	0
Total employee benefits	**301,859**	**275,528**	**26,331**
Employee costs capitalised	**503**	503	0
Gross	**301,356**	**275,025**	**26,331**

Employee Benefits - Gross Expenditure 2014-15	Total £000s	Permanently employed £000s	Other £000s
Salaries and wages	227,500	214,883	12,617
Social security costs	16,300	15,690	610
Employer Contributions to NHS BSA - Pensions Division	25,754	24,789	965
Other pension costs	0	0	0
Termination benefits	497	497	0
TOTAL - including capitalised costs	270,051	255,859	14,192
Employee costs capitalised	459	459	0
Gross	269,592	255,400	14,192

9.2. Staff Numbers

Not relevant for trust

	2015-16 Total Number	2015-16 Permanently Number	2015-16 Other Number	2014-15 Total Number
Average Staff Numbers				
Medical and dental	**831**	738	93	710
Ambulance staff	**0**	0	0	0
Administration and estates	**1,606**	1,558	48	1,436
Healthcare assistants and other support staff	**1,535**	1,351	184	1,358
Nursing, midwifery and health visiting staff	**2,269**	2,182	87	2,147
Nursing, midwifery and health visiting learners	**0**	0	0	0
Scientific, therapeutic and technical staff	**1,102**	1,087	15	1,015
Social Care Staff	**0**	0	0	0
Healthcare Science Staff	**0**	0	0	0
Other	**0**	0	0	0
TOTAL	**7,343**	**6,916**	**427**	6,666
Of the above - staff engaged on capital projects	**9**	9	0	8

9.3. Staff Sickness absence and ill health retirements

Not relevant for trust

	2015-16 Number	2014-15 Number
Total Days Lost	67,387	53,243
Total Staff Years	6,872	6,129
Average working Days Lost	9.81	8.69

	2015-16 Number	2014-15 Number
Number of persons retired early on ill health grounds	**8**	6

	£000s	£000s
Total additional pensions liabilities accrued in the year	**215**	491

9.4. Exit Packages agreed in 2015-16

Exit package cost band (including any special payment element)	*Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed.	Total number of exit packages	Total cost of exit packages	Number of Departures where special payments have been made	Cost of special payment element included in exit packages
	Number	£s	Number	£s	Number	£s	Number	£
Less than £10,000	0	0	13	33,613	**13**	**33,613**	0	0
£10,000-£25,000	0	0	0	0	**0**	**0**	0	0
£25,001-£50,000	0	0	0	0	**0**	**0**	0	0
£50,001-£100,000	0	0	0	0	**0**	**0**	0	0
Total	**0**	**0**	**13**	**33,613**	**13**	**33,613**	**0**	**0**

2014-15

Exit package cost band (including any special payment element)	*Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed.	Total number of exit packages	Total cost of exit packages	Number of Departures where special payments have been made	Cost of special payment element included in exit packages
	Number	£s	Number	£s	Number	£s	Number	£
Less than £10,000	0	0	18	57,996	**18**	**57,996**	0	0
£10,000-£25,000	0	0	2	28,704	**2**	**28,704**	0	0
£25,001-£50,000	0	0	6	265,380	**6**	**265,380**	0	0
£50,001-£100,000	0	0	2	144,797	**2**	**144,797**	0	0
Total	**0**	**0**	**28**	**496,877**	**28**	**496,877**	**0**	**0**

This disclosure reports the number and value of exit packages agreed in the year. Note: the expense associated with these departures may have been recognised in part or in full in a previous year

9.5. Exit packages - Other Departures analysis

	2015-16 Agreements	**2015-16 Total value of agreements**	2014-15 Agreements	2014-15 Total value of agreements
	Number	**£000s**	Number	£000s
Voluntary redundancies including early retirement contractual costs	0	0	0	0
Mutually agreed resignations (MARS) contractual costs	0	0	10	395
Early retirements in the efficiency of the service contractual costs	0	0	0	0
Contractual payments in lieu of notice	13	34	17	92
Exit payments following Employment Tribunals or court orders	0	0	0	0
Non-contractual payments requiring HMT approval*	0	0	1	10
Total	13	34	28	497
Non-contractual payments made to individuals where the payment value was more than 12 months of their annual salary	0	0	0	0

The Remuneration Report includes disclosure of exit payments payable to individuals named in that Report.

9.6. Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2016, is based on valuation data as 31 March 2015, updated to 31 March 2016 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.

The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

10. Better Payment Practice Code

10.1. Measure of compliance

	2015-16 Number	2015-16 £000s	2014-15 Number	2014-15 £000s
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	**109,624**	**215,480**	93,642	158,933
Total Non-NHS Trade Invoices Paid Within Target	**94,954**	**185,915**	87,215	146,571
Percentage of NHS Trade Invoices Paid Within Target	**86.62%**	**86.28%**	93.14%	92.22%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**3,293**	**52,780**	3,014	**46,805**
Total NHS Trade Invoices Paid Within Target	**2,622**	**48,855**	2,816	**46,026**
Percentage of NHS Trade Invoices Paid Within Target	**79.62%**	**92.56%**	93.43%	98.34%

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

The deterioration in the 2015-16 performance has been reviewed and main issues identified. The Trust has taken action to encourage suppliers, in particular drugs and suppliers of other clinical supplies, to provide consolidated electronic invoices, to reduce manual intervention and improve the speed of payment.

10.2. The Late Payment of Commercial Debts (Interest) Act 1998

	2015-16 £000s	2014-15 £000s
Amounts included in finance costs from claims made under this legislation	**0**	0
Compensation paid to cover debt recovery costs under this legislation	**0**	0
Total	**0**	0

11. Investment Revenue

	2015-16 £000s	2014-15 £000s
Rental revenue		
PFI finance lease revenue (planned)	**0**	0
PFI finance lease revenue (contingent)	**0**	0
Other finance lease revenue	**0**	0
Subtotal	**0**	0
Interest revenue		
LIFT: equity dividends receivable	**0**	0
LIFT: loan interest receivable	**0**	0
Bank interest	**99**	107
Other loans and receivables	**0**	0
Impaired financial assets	**0**	0
Other financial assets	**0**	0
Subtotal	**99**	107
Total investment revenue	**99**	107

12. Other Gains and Losses

	2015-16 £000s	2014-15 £000s
Gain/(Loss) on disposal of assets other than by sale (PPE)	**41**	15
Total	**41**	15

13. Finance Costs

	2015-16 £000s	2014-15 £000s
Interest		
Interest on loans and overdrafts	**0**	0
Interest on obligations under finance leases	**1**	0
Interest on obligations under PFI contracts:		
- main finance cost	**509**	535
- contingent finance cost	**1,148**	1,114
Interest on obligations under LIFT contracts:		
- main finance cost	**0**	0
- contingent finance cost	**0**	0
Interest on late payment of commercial debt	**0**	0
Total interest expense	**1,658**	1,649
Other finance costs	**0**	0
Provisions - unwinding of discount	**9**	9
Total	**1,667**	1,658

14.1. Property, plant and equipment

2015-16	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Cost or valuation:									
At 31 March 2015	21,968	300,086	2,008	27,277	74,479	643	13,850	5,788	**446,099**
Opening Balance Adjustment		165							**165**
At 1 April 2015	**21,968**	**300,251**	**2,008**	**27,277**	**74,479**	**643**	**13,850**	**5,788**	**446,264**
Additions of Assets Under Construction				34,654					**34,654**
Additions Purchased	0	0	3		1,094	28	245	10	**1,380**
Additions - Non Cash Donations (i.e. physical assets)	0	0	0	0	0	0	0	0	**0**
Additions - Purchases from Cash Donations & Government Grants	0	0	0	97	239	0	0	0	**336**
Additions Leased (including PFI/LIFT)	0	619	0		1,483	0	0	0	**2,102**
Reclassifications	0	43,926	11	(51,833)	3,736	0	3,384	416	**(360)**
Reclassifications as Held for Sale and reversals	0	0	0	0	0	0	0	0	**0**
Disposals other than for sale	0	0	0	0	(5,487)	0	0	0	**(5,487)**
Upward revaluation/positive indexation	0	(14,193)	(102)	0	0	0	0	0	**(14,295)**
Impairment/reversals charged to operating expenses	0	(3,101)	0	0	0	0	0	0	**(3,101)**
Impairments/reversals charged to reserves	0	0	0	0	0	0	0	0	**0**
Transfers to NHS Foundation Trust on authorisation as FT	0	0	0	0	0	0	0	0	**0**
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0	0	0	0	0	0	**0**
At 31 March 2016	**21,968**	**327,502**	**1,920**	**10,195**	**75,544**	**671**	**17,479**	**6,214**	**461,493**
Depreciation									
At 31 March 2015	0	(165)	0		48,167	523	10,016	4,587	**63,128**
Opening Balance Adjustment		165							**165**
At 1 April 2015	**0**	**0**	**0**	**0**	**48,167**	**523**	**10,016**	**4,587**	**63,293**
Reclassifications	0	0	0		0	0	0	0	**0**
Reclassifications as Held for Sale and reversals	0	0	0		0	0	0	0	**0**
Disposals other than for sale	0	0	0		(5,461)	0	0	0	**(5,461)**
Upward revaluation/positive indexation	0	(7,681)	(58)		0	0	0	0	**(7,739)**
Impairment/reversals charged to reserves	0	0	0		0	0	0	0	**0**
Impairments/reversals charged to operating expenses	0	0	0		0	0	0	0	**0**
Charged During the Year	0	7,681	58		5,829	49	1,774	299	**15,690**
Transfers to NHS Foundation Trust on authorisation as FT	0	0	0		0	0	0	0	**0**
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0		0	0	0	0	**0**
At 31 March 2016	**0**	**0**	**0**	**0**	**48,535**	**572**	**11,790**	**4,886**	**65,783**
Net Book Value at 31 March 2016	**21,968**	**327,502**	**1,920**	**10,195**	**27,009**	**99**	**5,689**	**1,328**	**395,710**
Asset financing:									
Owned - Purchased	21,968	316,953	1,920	10,098	21,327	99	5,688	1,323	**379,376**
Owned - Donated	0	1,109	0	97	779	0	1	5	**1,991**
Owned - Government Granted	0	0	0	0	0	0	0	0	**0**
Held on finance lease	0	0	0	0	42	0	0	0	**42**
On-SOFP PFI contracts	0	9,440	0	0	4,861	0	0	0	**14,301**
PFI residual: interests	0	0	0	0	0	0	0	0	**0**
Total at 31 March 2016	**21,968**	**327,502**	**1,920**	**10,195**	**27,009**	**99**	**5,689**	**1,328**	**395,710**

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2015	7,104	122,755	1,516	0	416	5	3	21	**131,820**
Revaluation	0	(6,512)	(44)	0	0	0	0	0	**(6,556)**
At 31 March 2016	**7,104**	**116,243**	**1,472**	**0**	**416**	**5**	**3**	**21**	**125,264**

Additions to Assets Under Construction in 2014-15

Land	0
Buildings excl Dwellings	30,091
Dwellings	11
Plant & Machinery	4,552
Balance as at YTD	**34,654**

14.2. Property, plant and equipment prior-year

2014-15	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Cost or valuation:									
At 1 April 2014	18,122	245,633	2,644	7,580	62,401	577	12,611	5,614	**355,182**
Additions of Assets Under Construction				34,417					**34,417**
Additions Purchased	43	2,260	4		3,446	48	314	181	**6,296**
Additions - Non Cash Donations (i.e. Physical Assets)	0	0	0	0	0	0	0	0	**0**
Additions - Purchases from Cash Donations & Government Grants	0	200	0	0	105	0	0	0	**305**
Additions Leased (including PFI/LIFT)	0	0	0		922	0	0	0	**922**
Reclassifications	190	12,380	26	(16,241)	3,209	0	340	(7)	**(103)**
Reclassifications as Held for Sale and Reversals	0	0	0	0	0	0	0	0	**0**
Disposals other than for sale	0	0	0	0	(1,991)	0	0	0	**(1,991)**
Revaluation	(142)	14,539	(666)	0	0	0	0	0	**13,731**
Impairments/negative indexation charged to reserves	0	0	0	0	0	0	0	0	**0**
Reversal of Impairments charged to reserves	0	0	0	0	0	0	0	0	**0**
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	3,755	25,074	0	1,521	6,387	18	585	0	**37,340**
At 31 March 2015	**21,968**	**300,086**	**2,008**	**27,277**	**74,479**	**643**	**13,850**	**5,788**	**446,099**
Depreciation									
At 1 April 2014	0	4,555	718	0	40,026	445	8,320	4,311	**58,375**
Reclassifications	0	73	0		0	0	0	(73)	**0**
Reclassifications as Held for Sale and Reversals	0	0	0		0	0	0	0	**0**
Disposals other than for sale	0	0	0		(1,991)	0	0	0	**(1,991)**
Revaluation	0	(15,318)	(812)		0	0	0	0	**(16,130)**
Impairments/negative indexation charged to operating expenses	0	350	0	0	309	0	0	0	**659**
Reversal of Impairments charged to operating expenses	0	(9)	0	0	0	0	0	0	**(9)**
Charged During the Year	0	9,561	94		5,449	75	1,495	349	**17,023**
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	623	0		4,374	3	201	0	**5,201**
At 31 March 2015	**0**	**(165)**	**0**	**0**	**48,167**	**523**	**10,016**	**4,587**	**63,128**
Net Book Value at 31 March 2015	**21,968**	**300,251**	**2,008**	**27,277**	**26,312**	**120**	**3,834**	**1,201**	**382,971**
Asset financing:									
Owned - Purchased	21,968	290,096	2,008	27,277	21,074	120	3,832	1,193	**367,568**
Owned - Donated	0	1,150	0	0	710	0	2	8	**1,870**
Owned - Government Granted	0	0	0	0	48	0	0	0	**48**
Held on finance lease	0	0	0	0	54	0	0	0	**54**
On-SOFP PFI contracts	0	9,005	0	0	4,426	0	0	0	**13,431**
PFI residual: interests	0	0	0	0	0	0	0	0	**0**
Total at 31 March 2015	**21,968**	**300,251**	**2,008**	**27,277**	**26,312**	**120**	**3,834**	**1,201**	**382,971**

14.3. (cont). Property, plant and equipment

The Royal Wolverhampton Hospitals NHS Trust Charity was the donor of all assets donated to the Trust in the year ended 31 March 2016.

The value of the Trust's land and buildings have been assessed by an independent professional valuer as at 31 March 2016 to give an overall valuation, which was deemed reasonable by the external auditors. New additions and refurbishments completed in year were valued by the same independent valuer on a modern equivalent asset basis. The valuation was incorporated into the figures shown above. The useful life for each asset subject to revaluation is established as part of the revaluation exercise.

Valuation

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at fair value.

Land and buildings used for the Trust's services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

- Land and non-specialised buildings – market value for existing use;
- Specialised buildings – depreciated replacement cost

Until 31 March 2008, the depreciated replacement cost of specialised buildings has been estimated for an exact replacement of the asset in its present location. HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. HM Treasury has agreed that NHS Trusts must apply these new valuation requirements by 1 April 2010 at the latest. The Trust has obtained and incorporated a modern equivalent asset valuation of its properties into the accounts from the year ended 31 March 2014.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

Until 31 March 2008, fixtures and equipment were carried at replacement cost, as assessed by indexation and depreciation of historic cost. From 1 April 2008 indexation has ceased. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure; the Trust's revaluation decrease at 31 March 2016 falls into this category. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure.

15. Intangible non-current assets

15.1. Intangible non-current assets

2015-16	IT - in-house & 3rd party software	Computer Licenses	Licenses and Trademarks	Patents	Development Expenditure - Internally Generated	Total
	£000's	£000's	£000's	£000's	£000's	£000's
At 31 March 2015	**0**	**2,593**	**0**	**0**	**0**	**2,593**
Opening Balance Adjustment	0	18	0	0	0	18
At 1 April 2015	**0**	**2,611**	**0**	**0**	**0**	**2,611**
Additions Purchased	0	0	0	0	0	**0**
Additions Internally Generated	0	0	0	0	0	**0**
Additions - Non Cash Donations (i.e. physical assets)	0	0	0	0	0	**0**
Additions - Purchases from Cash Donations and Government Grants	0	0	0	0	0	**0**
Additions Leased (including PFI/LIFT)	0	0	0	0	0	**0**
Reclassifications	0	360	0	0	0	**360**
Reclassified as Held for Sale and Reversals	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	**0**
Upward revaluation/positive indexation	0	0	0	0	0	**0**
Impairments/reversals charged to operating expenses	0	0	0	0	0	**0**
Impairments/reversals charged to reserves	0	0	0	0	0	**0**
Transfers to NHS Foundation Trust on authorisation as FT	0	0	0	0	0	**0**
Transfer (to)/from Other Public Sector bodies under Absorption	0	0	0	0	0	**0**
At 31 March 2016	**0**	**2,971**	**0**	**0**	**0**	**2,971**
Amortisation						
At 31 March 2015	**0**	**1,917**	**0**	**0**	**0**	**1,917**
Opening Balance Adjustment	0	18	0	0	0	18
At 1 April 2015	**0**	**1,935**	**0**	**0**	**0**	**1,935**
Reclassifications	0	0	0	0	0	**0**
Reclassified as Held for Sale and Reversals	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	**0**
Upward revaluation/positive indexation	0	0	0	0	0	**0**
Impairment/reversals charged to reserves	0	0	0	0	0	**0**
Impairments/reversals charged to operating expenses	0	0	0	0	0	**0**
Charged During the Year	0	223	0	0	0	**223**
Transfers to NHS Foundation Trust on authorisation as FT	0	0	0	0	0	**0**
Transfer (to)/from Other Public Sector bodies under Absorption	0	0	0	0	0	**0**
At 31 March 2016	**0**	**2,158**	**0**	**0**	**0**	**2,158**
Net Book Value at 31 March 2016	**0**	**813**	**0**	**0**	**0**	**813**
Asset Financing: Net book value at 31 March 2016 comprises:						
Purchased	0	813	0	0	0	**813**
Donated	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	**0**
Finance Leased	0	0	0	0	0	**0**
On-balance Sheet PFIs	0	0	0	0	0	**0**
Total at 31 March 2016	**0**	**813**	**0**	**0**	**0**	**813**

Revaluation reserve balance for intangible non-current assets

	£000's	£000's	£000's	£000's	£000's	**£000's**
At 1 April 2015	0	0	0	0	0	**0**
Movements (specify)	0	0	0	0	0	**0**
At 31 March 2016	**0**	**0**	**0**	**0**	**0**	**0**

15.2. Intangible non-current assets prior year

2014-15	IT - in-house & 3rd party software	Computer Licenses	Licenses and Trademarks	Patents	Development Expenditure - Internally Generated	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Cost or valuation:						
At 1 April 2014	0	2,241	0	0	0	2,241
Additions - purchased	0	249	0	0	0	249
Additions - government granted	0	0	0	0	0	0
Additions Leased (including PFI/LIFT)	0	0	0	0	0	0
Reclassifications	0	103	0	0	0	103
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
Transfer (to)/from Other Public Sector bodies under Absorption	0	0	0	0	0	0
At 31 March 2015	0	2,593	0	0	0	2,593
Amortisation						
At 1 April 2014	0	1,675	0	0	0	1,675
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0
Impairments charged to operating expenses	0	0	0	0	0	0
Reversal of impairments charged to operating expenses	0	0	0	0	0	0
Charged during the year	0	242	0	0	0	242
Transfer (to)/from Other Public Sector bodies under Absorption	0	0	0	0	0	0
At 31 March 2015	0	1,917	0	0	0	1,917
Net book value at 31 March 2015	0	676	0	0	0	676
Net book value at 31 March 2015 comprises:						
Purchased	0	676	0	0	0	676
Total at 31 March 2015	0	676	0	0	0	676

15.3. Intangible non-current assets

Intangible assets are not revalued. They are valued at fair value using historic cost as an approximation.

Intangible assets are capitalised when they are capable of being used in a Trust's activities for more than one year; they can be valued and they have a cost of at least £5,000.

Intangible fixed assets held for operational use are valued at historical cost and are depreciated over the estimated life of the asset on a straight line basis, except capitalised Research and Development which is revalued using an appropriate index figure. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred. They are amortised over the shorter of the term of the licence and their useful economic lives, which is usually estimated at being 5 years.

16. Analysis of impairments and reversals recognised in 2015-16

	2015-16 Total £000s
Property, Plant and Equipment impairments and reversals taken to SoCI	
Loss or damage resulting from normal operations	0
Total charged to Departmental Expenditure Limit	**0**
Unforeseen obsolescence	0
Loss as a result of catastrophe	0
Other	0
Changes in market price	3,101
Total charged to Annually Managed Expenditure	**3,101**
Total Impairments of Property, Plant and Equipment changed to SoCI	**3,101**
Total Impairments charged to SoCI - DEL	**0**
Total Impairments charged to SoCI - AME	**3,101**
Overall Total Impairments	**3,101**

Donated and Gov Granted Assets, included above	
PPE - Donated and Government Granted Asset Impairments: amount charged to SOCI - DEL	0
Intangibles - Donated and Government Granted Asset Impairments: amount charged to SOCI - DEL	0

	Property Plant and Equipment	Intangible Assets	Financial Assets	Non-Current Assets Held for Sale	Total
	£000s	£000s	£000s	£000s	**£000s**
Impairments and reversals taken to SoCI	0	0	0	0	
Loss or damage resulting from normal operations	0	0	0	0	**0**
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**	**0**	**0**
	0	0	0	0	
Unforeseen obsolescence	0	0	0	0	**0**
Other	0	0	0	0	**0**
Changes in market price	3,101	0	0	0	**3,101**
Total charged to Annually Managed Expenditure	**3,101**	**0**	**0**	**0**	**3,101**
Total Impairments of Property, Plant and Equipment changed to SoCI	**3,101**	**0**	**0**	**0**	**3,101**

Donated and Gov Granted Assets, included above	**£000s**
PPE - Donated and Government Granted Asset Impairments: amount charged to SOCI - DEL	**0**
Intangibles - Donated and Government Granted Asset Impairments: amount charged to SOCI - DEL	**0**

17. Commitments

17.1. Capital commitments

Contracted capital commitments at 31 March not otherwise included in these financial statements:

	31 March 2016	31 March 2015
	£000s	£000s
Property, plant and equipment	**3,023**	18,642
Intangible assets	**0**	0
Total	**3,023**	18,642

17.2. Other financial commitments

The trust has not entered into non-cancellable contracts (which are not leases or PFI contracts or other service concession arrangements).

	31 March 2016	31 March 2015
	£000s	£000s
Not later than one year	**0**	0
Later than one year and not later than five year	**0**	0
Later than five years	**0**	0
Total	**0**	**0**

18. Intra-Government and other balances

	Current receivables	**Non-current receivables**	**Current payables**	**Non-current payables**
	£000s	**£000s**	**£000s**	**£000s**
Balances with Other Central Government Bodies	1,730	0	4,211	0
Balances with Local Authorities	716	0	2	0
Balances with NHS bodies outside the Departmental Group	0	0	34	0
Balances with NHS bodies inside the Departmental Group	14,125	0	9,443	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with Bodies External to Government	5,953	826	39,679	5,343
At 31 March 2016	**22,524**	**826**	**53,369**	**5,343**
prior period:				
Balances with Other Central Government Bodies	0	0	9,391	0
Balances with Local Authorities	902	0	832	0
Balances with NHS bodies outside the Departmental Group	0	0	94	0
Balances with NHS bodies inside the Departmental Group	13,985	0	5,878	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with Bodies External to Government	4,896	1,710	38,188	5,943
At 31 March 2015	**19,783**	**1,710**	**54,383**	**5,943**

19. Inventories

	Drugs	Consumables	Work in Progress	Energy	Loan Equipment	Other	Total	Of which held at NRV
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2015	**2,019**	**4,060**	**0**	**123**	**0**	**89**	**6,291**	6,291
Additions	42,882	27,091	0	55	0	369	**70,397**	0
Inventories recognised as an expense in the period	(42,543)	(26,735)	0	(79)	0	(350)	**(69,707)**	0
Write-down of inventories (including losses)	0	0	0	0	0	0	**0**	0
Balance at 31 March 2016	**2,358**	**4,416**	**0**	**99**	**0**	**108**	**6,981**	**6,291**

20.1. Trade and other receivables

	Current		Non-current	
		Restated *		
	31 March 2016	31 March 2015	**31 March 2016**	31 March 2015
	£000s	£000s	**£000s**	£000s
NHS receivables - revenue	**13,633**	15,076	**0**	0
NHS receivables - capital	**0**	0	**0**	0
NHS prepayments and accrued income	**1,600**	0	**0**	0
Non-NHS receivables - revenue	**3,409**	2,042	**1,388**	0
Non-NHS receivables - capital	**0**	0	**0**	0
Non-NHS prepayments and accrued income	**2,215**	1,592	**0**	0
PDC Dividend prepaid to DH	**322**	0		
Provision for the impairment of receivables	**(776)**	(754)	**(562)**	(298)
VAT	**1,541**	1,116	**0**	0
Current/non-current part of PFI and other PPP arrangements prepayments and accrued income	**0**	0	**0**	1,014
Interest receivables	**0**	0	**0**	0
Finance lease receivables	**0**	0	**0**	0
Operating lease receivables	**0**	0	**0**	0
Other receivables	**580**	1,804	**0**	994
Total	**22,524**	20,876	**826**	1,710
Total current and non current	**23,350**	22,586		
Included in NHS receivables are prepaid pension contributions:	**0**			

* Relates to Maternity pathway deferred income re-categorised in 14/15 to trade and other payables (see note 23)

The great majority of trade is with Clinical Commissioning Groups (CCGs) and NHS England . As these bodies are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary.

20.2. Receivables past their due date but not impaired

	31 March 2016	31 March 2015
	£000s	£000s
By up to three months	**1,705**	773
By three to six months	**190**	56
By more than six months	**0**	0
Total	**1,895**	829

20.3. Provision for impairment of receivables

	2015-16	2014-15
	£000s	£000s
Balance at 1 April 2015	**(1,052)**	(1,104)
Amount written off during the year	**57**	71
Amount recovered during the year	**0**	0
(Increase)/decrease in receivables impaired	**(343)**	(19)
Balance at 31 March 2016	**(1,338)**	(1,052)

Factors determining whether a receivable is impaired include the age of the debt and whether or not the debt is collectable or collectable by instalments.

21. Cash and Cash Equivalents

	31 March 2016 £000s	31 March 2015 £000s
Opening balance	**41,598**	27,087
Net change in year	**(24,671)**	14,511
Closing balance	**16,927**	41,598
Made up of		
Cash with Government Banking Service	**16,886**	41,578
Commercial banks	**31**	12
Cash in hand	**10**	8
Liquid deposits with NLF	**0**	0
Current investments	**0**	0
Cash and cash equivalents as in statement of financial position	**16,927**	41,598
Bank overdraft - Government Banking Service	**0**	0
Bank overdraft - Commercial banks	**0**	0
Cash and cash equivalents as in statement of cash flows	**16,927**	41,598
Third Party Assets - Bank balance (not included above)	**74**	74
Third Party Assets - Monies on deposit	0	0

22. Non-current assets held for sale

	Land £'000s	**Total £'000s**
Balance at 1 April 2015	800	800
Balance at 31 March 2016	**800**	**800**
Liabilities associated with assets held for sale at 31 March 2016	0	0
Balance at 1 April 2014	800	800
Balance at 31 March 2015	800	800
Liabilities associated with assets held for sale at 31 March 2015	0	0
Revaluation Reserve associated with assets held for sale 31 March 2016	**1216**	**1216**
Revaluation Reserve associated with assets held for sale 31 March 2015	1216	1216

The non-current assets held for sale are the building and land relating to the former Eye Infirmary Unit on Compton Road, in Wolverhampton. These assets became surplus to requirements following the rationalisation of the Trust's estate onto the New Cross Hospital site.

The Compton Road site has been valued on the open market by a professional chartered surveyor for £0.8m, and it is anticipated that disposal will be completed by the end of 2016.

23. Trade and other payables

	Current		Non-current	
		Restated *		
	31 March 2016 £000s	31 March 2015 £000s	**31 March 2016 £000s**	31 March 2015 £000s
NHS payables - revenue	**9,477**	5,614	**0**	0
NHS accruals and deferred income	**0**	0	**0**	0
Non-NHS payables - revenue	**11,739**	10,530	**0**	0
Non-NHS payables - capital	**4,750**	9,429	**0**	0
Non-NHS accruals and deferred income	**20,960**	17,813	**0**	0
Social security costs	**25**	2,670		
PDC Dividend payable to DH	**0**	306		
VAT	**151**	103	**0**	0
Tax	**21**	2,820		
Other	**4,334**	4,306	**0**	0
Total	**51,457**	53,591	**0**	0
Total payables (current and non-current)	**51,457**	**53,591**		
Included above:				
outstanding Pension Contributions at the year end	**4,013**	3,798		

* Relates to Maternity pathway deferred income re-categorised in 14/15 from trade and other receivables (see note 20.1)

24. Borrowings

	Current		Non-current	
	31 March 2016 £000s	31 March 2015 £000s	**31 March 2016 £000s**	31 March 2015 £000s
PFI liabilities:				
Main liability	**1,897**	1,871	**5,328**	5,913
Finance lease liabilities	**15**	14	**15**	30
Total	**1,912**	**1,885**	**5,343**	**5,943**
Total other liabilities (current and non-current)	**7,255**	**7,828**		

25. Deferred income

	Current		Non-current	
		Restated		
	31 March 2016 £000s	31 March 2015 £000s	**31 March 2016 £000s**	31 March 2015 £000s
Opening balance at 1 April 2015	**2,134**	1,414	**0**	0
Deferred revenue addition	**3,460**	1,266	**0**	0
Transfer of deferred revenue	**(87)**	(546)	**0**	0
Current deferred Income at 31 March 2016	**5,507**	2,134	**0**	0
Total deferred income (current and non-current)	**5,507**	2,134		

* Relates to Maternity pathway deferred income re-categorised in 14/15 from trade and other receivables (see note 20.1)

26. Finance lease obligations as lessee

Amounts payable under finance leases (Other)	Minimum lease payments		Present value of minimum lease	
	31 March 2016 £000s	31 March 2015 £000s	**31 March 2016 £000s**	31 March 2015 £000s
Within one year	**15**	14	**15**	14
Between one and five years	**15**	30	**15**	30
After five years	**0**	0	**0**	0
Less future finance charges	0	0		
Minimum Lease Payments / Present value of minimum lease payments	**30**	44	**30**	44
Included in:				
Current borrowings			**15**	14
Non-current borrowings			**15**	30
			30	44

27. Provisions

	Total	Comprising: Early Departure Costs	Legal Claims	Other
	£000s	**£000s**	**£000s**	**£000s**
Balance at 1 April 2015	**6,469**	0	1,032	5,437
Arising during the year	**1,718**	0	234	1,484
Utilised during the year	**(2,227)**	0	(133)	(2,094)
Reversed unused	**(2,084)**	0	(177)	(1,907)
Unwinding of discount	**9**	0	9	0
Change in discount rate	**0**	0	0	0
Transfers to NHS Foundation Trusts on being authorised as FT	**0**	0	0	0
Transfers (to)/from other public sector bodies under absorption accounting	**0**	0	0	0
Balance at 31 March 2016	**3,885**	**0**	**965**	**2,920**
Expected Timing of Cash Flows:				
No Later than One Year	**3,254**	0	334	2,920
Later than One Year and not later than Five Years	**175**	0	175	0
Later than Five Years	**456**	0	456	0

Amount Included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities:

As at 31 March 2016	121,696
As at 31 March 2015	48,552

Legal claims represent provisions for personal injury and injury benefits. For these claims the Trust has taken legal advice regarding legal liability and cash flow settlement timings.

Other includes: provisions for the possible return of money received by the Trust for contractual income, provision for payments under the Carbon Reduction Commitment scheme and provisions for payments to be made regarding HR issues. There is reasonable certainty that all claims will be settled within the 12 months to 31 March 2015.

It should be noted that in 2015-16, in line with NHS revised guidance, on the grounds of immateriality, the Trust reversed the prior year provision for outstanding holiday pay due at 31 March 2016 estimated at circa £0.2million, (prior year provision £0.8million

28. Contingencies

	31 March 2016 £000s	31 March 2015 £000s
Contingent liabilities		
Other	**0**	(1,393)
Net value of contingent liabilities	**0**	(1,393)

Contingent liabilities as at 31 March 2015 related in the main to MSFT transfer which has since been resolved

Contingent assets		
Contingent assets	**700**	700
Net value of contingent assets	**700**	700

The Trust has submitted Fleming VAT reclaims totalling approximately £0.7m (2013-14 £0.7m) to H.M. Revenue and Customs under s.121 of the Finance Act 2008. The outcome and timing of these claims is uncertain at 31 March 2016.

29. PFI and LIFT - additional information

The information below is required by the Department of Heath for inclusion in national statutory accounts

Charges to operating expenditure and future commitments in respect of ON and OFF SOFP PFI

	2015-16 £000s	2014-15 £000s
Total charge to operating expenses in year - Off SoFP PFI	**0**	0
Service element of on SOFP PFI charged to operating expenses in year	**2,008**	2,053
Total	**2,008**	2,053

Payments committed to in respect of off SOFP PFI and the service element of on SOFP PFI		
No Later than One Year	**2,136**	2,005
Later than One Year, No Later than Five Years	**9,005**	8,750
Later than Five Years	**30,759**	33,149
Total	**41,900**	43,904

The estimated annual payments in future years are expected to be materially different from those which the [organisation] is committed to make materially different from those which the [organisation] is committed to make during the next year. The likely financial effect of this is:

Estimated Capital Value of Project - off SOFP PFI	**0**	0
Value of Deferred Assets - off SOFP PFI	**0**	0
Value of Reversionary Interest - off SOFP PFI	**0**	0

Imputed "finance lease" obligations for on SOFP PFI contracts due

	2015-16 £000s	2014-15 £000s
No Later than One Year	**1,872**	1,871
Later than One Year, No Later than Five Years	**3,904**	3,925
Later than Five Years	**4,310**	4,645
Subtotal	**10,086**	10,441
Less: Interest Element	**(2,861)**	(2,657)
Total	**7,225**	7,784

Present Value Imputed "finance lease" obligations for on SOFP PFI contracts due Analysed by when PFI payments are due	**2015-16 £000s**	2014-15 £000s
No Later than One Year	**1,897**	1,550
Later than One Year, No Later than Five Years	**2,859**	2,900
Later than Five Years	**2,469**	3,334
Total	**7,225**	7,784

Number of on SOFP PFI Contracts	
Total Number of on PFI contracts	**1**
Number of on PFI contracts which individually have a total commitments value in excess of £500m	**0**

Number of off SOFP PFI Contracts	
Total Number of off PFI contracts	**0**
Number of off PFI contracts which individually have a total commitments value in excess of £500m	**0**

Charges to operating expenditure and future commitments in respect of on and off SOFP LIFT

	2015-16 £000s	2014-15 £000s
Total Charge to Operating Expenses in year - OFF SOFP LIFT	**0**	0
Service element of on SOFP LIFT charged to operating expenses in year	**0**	0
Total	**0**	0

Payments committed to in respect of off SOFP LIFT and the service element of on SOFP LIFT.	**2015-16 £000s**	2014-15 £000s
LIFT scheme expiry date:		
No Later than One Year	**0**	0
Later than One Year, No Later than Five Years	**0**	0
Later than Five Years	**0**	0
Total	**0**	0

	2015-16 £000s	2014-15 £000s
The estimated annual payments in future years are expected to be materially different from those which the NHS [organisation] is committed to make during the next year. The likely financial effect of this is:		
Estimated capital value of project - off SOFP LIFT	**0**	0
Value of Deferred Assets - off SOFP LIFT	**0**	0
Value of Residual Interest - off SOFP LIFT	**0**	0

Note 29 PFI & LIFT Continued

Imputed "finance lease" obligations for on SOFP LIFT Contracts due	**2015-16 £000s**	2014-15 £000s
No Later than One Year	**0**	0
Later than One Year, No Later than Five Years	**0**	0
Later than Five Years	**0**	0
Subtotal	**0**	0
Less: Interest Element	**0**	0
Total	**0**	0

Present Value Imputed "finance lease" obligations for on SOFP LIFT contracts due **Analysed by when LIFT payments are due**	**2015-16 £000s**	2014-15 £000s
No Later than One Year	**0**	0
Later than One Year, No Later than Five Years	**0**	0
Later than Five Years	**0**	0
Total	**0**	0

Number of on SOFP LIFT Contracts	
Total Number of LIFT contracts	**0**
Number of LIFT contracts which individually have a total commitments value in excess of £500m	**0**

PFI Contract Details

The Trust has one PFI scheme and this relates to the provision of Radiology services.

The Trust and Impregilo Wolverhampton Limited (Company No: 4235982) entered into a contract dated 20 March 2002 for the design, construction, financing and equipping of, and provision of certain services in connection with the provision of a new serviced radiology facility.

The agreement allows for Variations to the project. For example there were contract variations in 2004 and again in 2010 in line with service requirement.

Operational period of contract years is 30 years from 24 June 2003. The SPV is Impregilo Wolverhampton Limited (Company No: 4235982) of 85E Centurion Court Milton Park Abingdon Oxfordshire OX14 4RY.

Service payments are made to the Operator monthly following the submission to the Trust of an invoice accompanied by a Payment Report and a Performance Monitoring Report which list any payment adjustments.

Radiology staff remain employees of the Trust.

At the end of the project period the Operator shall hand over to the Trust all the Project's Facility and the Equipment; the Trust thereby taking legal ownership.

Under IFRIC 12 , the substance of the contract is that the Trust has a finance lease and payments comprise 2 elements - imputed finance lease charges and service charges. Details of the imputed finance lease charges are provided in the tables above.

30. Impact of IFRS treatment - current year

The information below is required by the Department of Heath for budget reconciliatio	**2015-16 Income £000s**	**Expenditure £000s**	2014-15 Income £000s	Expenditure £000s
Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g PFI / LIFT)				
Depreciation charges		1,231		1,280
Interest Expense		509		1,649
Impairment charge - AME		0		296
Impairment charge - DEL		0		0
Other Expenditure		3,153		2,053
Revenue Receivable from subleasing	0		0	
Impact on PDC dividend payable		165		165
Total IFRS Expenditure (IFRIC12)	**0**	**5,058**	**0**	**5,443**
Revenue consequences of PFI / LIFT schemes under UK GAAP / ESA95 (net of any sublease revenue)		5,532		5,476
Net IFRS change (IFRIC12)		**(474)**		**(33)**
Capital Consequences of IFRS : LIFT/PFI and other items under IFRIC12				
Capital expenditure 2015-16		**2,100**		922
UK GAAP capital expenditure 2015-16 (Reversionary Interest)		**1,231**		1,280

31. Financial Instruments

31.1. Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Trust has with [commissioners] and the way those [commissioners] are financed, the NHS Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The NHS Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS Trust in undertaking its activities.

The trust's management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. Trust treasury activity is subject to review by the Trust's internal auditors.

Currency risk
The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

Interest rate risk
The Trust borrows from government for capital expenditure, subject to affordability as confirmed by the strategic health authority. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2016 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk
The Trust's operating costs are incurred under contracts with primary care Trusts, which are financed from resources voted annually by Parliament . The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

31.2. Financial Assets

	At 'fair value through profit and loss'	Loans and receivables	Available for sale	Total
	£000s	£000s	£000s	£000s
Embedded derivatives	0			**0**
Receivables - NHS		13,338		**13,338**
Receivables - non-NHS		3,213		**3,213**
Cash at bank and in hand		16,927		**16,927**
Total at 31 March 2016	**0**	**33,478**	**0**	**33,478**
Receivables - NHS		13,983		13,983
Receivables - non-NHS		3,788		3,788
Cash at bank and in hand		41,598		41,598
Total at 31 March 2015	0	59,369	0	59,369

31.3. Financial Liabilities

	At 'fair value through profit and loss'	Other	Total
			£000s
Embedded derivatives	0		0
NHS payables		5,614	5,614
Non-NHS payables		40,975	40,975
Other borrowings		0	0
PFI & finance lease obligations		7,828	7,828
Other financial liabilities	0	0	0
Total at 31 March 2015	0	54,417	54,417

32. Events after the end of the reporting period

None

33. 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
	£000	£000	£000	£000
Cannock Chase CCG	0	38,991	0	851
Dudley CCG	0	7,774	0	525
Sandwell & West Birmingham CCG	0	2,207	0	95
Shropshire CCG	0	4,124	249	0
South East Staffordshire & Seisdon Peninsular CCG	0	27,445	0	884
Stafford & Surrounds CCG	0	15,624	1,784	0
Telford & Wrekin CCG	0	2,429	0	33
Walsall CCG	0	28,120	0	2,418
Wolverhampton CCG	0	187,422	709	2,800
NHS England	17	95,913	324	951
Shrewsbury and Telford Hospital NHS Trust	1,021	554	102	275
University Hospital North Midlands	3,246	3,312	1,046	898
University Hospitals of Warwick & Coventry	2,078	42	277	9
Walsall Healthcare NHS Trust	806	1,922	665	1,269
Birmingham Womens NHS Foundation Trust	1,178	3	220	7
Black Country Partnership NHS Foundation Trust	381	1,067	221	355
Burton Hospitals NHS Foundation Trust	1,205	87	568	43
Heart Of England NHS Foundation Trust	1,999	249	286	143
South Staffordshire Healthcare NHS Foundation Trust	625	349	127	65
The Dudley Group of Hospitals NHS FT	2,432	1,723	505	258
University Hospital Birmingham NHS FT	2,252	56	369	0
Wolverhampton City Council	0	8,918	0	643
HM Revenue and Customs	17,742	0	197	1,587
National Health Service Pension Scheme	28,756	0	4,103	0
Department of Health	0	43,896	0	302
Public Health England	139	1,927	25	0
NHS Litigation Authority	6,369	349	11	0
NHS Trust Development Authority	28	1,453	17	659
Health Education England	0	14,072	0	28
Community Health Partnerships	2,042	42	350	2
NHS Property Services	269	49	414	133
NHS Blood and Transplant	2,505	20	33	0

During the year none of the Department of Health Ministers, Trust Board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with The Royal Wolverhampton NHS Trust

The Trust has also received revenue and capital payments from a number of charitable funds for which the Trust acts as the Corporate Trustee, under the umbrella of Royal Wolverhampton NHS Trust Charitable Funds. Charitable funds held by the Trust are a related party as the Trust is Corporate Trustee for the funds.

34. Losses and special payments

The total number of losses cases in 2015-16 and their total value was as follows:

	Total Value of Cases £s	**Total Number of Cases**
Losses	110,344	78
Special payments	166,861	76
Total losses and special payments	277,205	154

The total number of losses cases in 2014-15 and their total value was as follows:

	Total Value of Cases £s	**Total Number of Cases**
Losses	202,455	117
Special payments	260,224	142
Total losses and special payments	462,679	259

35. Financial performance targets

The figures given for periods prior to 2009-10 are on a UK GAAP basis as that is the basis on which the targets were set for those years.

35.1. Breakeven performance

	2006-07 £000s	2007-08 £000s	2008-09 £000s	2009-10 £000s	2010-11 £000s	2011-12 £000s	2012-13 £000s	2013-14 £000s	2014-15 £000s	2015-16 £000s
Turnover	234,507	251,969	266,687	289,830	306,023	374,417	384,917	394,045	461,810	**509,405**
Retained surplus/(deficit) for the year	82	8,335	6,913	880	8,364	8,735	7,023	8,466	33,582	**(2,814)**
Adjustment for:										
Timing/non-cash impacting distortions:										
Pre FDL(97)24 agreements	0	0	0	0	0	0	0	0	0	**0**
2007/08 PPA (relating to 1997/98 to 2006/07)	0									
2008/09 PPA (relating to 1997/98 to 2007/08)	0	0								
Adjustments for impairments			3,872	7,487	319	329	1,604	155	650	**3,101**
Adjustments for impact of policy change re donated/government grants assets						322	61	(730)	(107)	**(134)**
Consolidated Budgetary Guidance - adjustment for dual accounting under IFRIC12*				(332)	(719)	(89)	0	0	0	**0**
Absorption accounting adjustment							0	0	(30,462)	**0**
Other agreed adjustments	0	0	0	0	0	0	**0**	0	0	**0**
Break-even in-year position	**82**	**8,335**	**10,785**	**8,035**	**7,964**	**9,297**	**8,688**	**7,891**	**3,663**	**153**
Break-even cumulative position	**(26,558)**	**(18,223)**	**(7,438)**	**597**	**8,561**	**17,858**	**26,546**	**34,437**	**38,100**	**38,253**

* Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009-10, NHS [organisation]'s financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to IFRIC 12 schemes (which would include PFI schemes), which has no cash impact and is not chargeable for overall budgeting purposes, is excluded when measuring Breakeven performance. Other adjustments are made in respect of accounting policy changes (impairments and the removal of the donated asset and government grant reserves) to maintain comparability year to year.

	2006-07 %	2007-08 %	2008-09 %	2009-10 %	2010-11 %	2011-12 %	2012-13 %	2013-14 %	2014-15 %	2015-16 %
Materiality test (I.e. is it equal to or less than 0.5%):										
Break-even in-year position as a percentage of turnover	0.03	3.31	4.04	2.77	2.60	2.48	2.26	2.00	0.79	**0.03**
Break-even cumulative position as a percentage of turnover	-11.33	-7.23	-2.79	0.21	2.80	4.77	6.90	8.74	8.25	**7.51**

The amounts in the above tables in respect of financial years 2005/06 to 2008/09 inclusive have **not** been restated to IFRS and remain on a UK GAAP basis.

35.2. Capital cost absorption rate

The dividend payable on public dividend capital is based on the actual (rather than forecast) average relevant net assets based on the pre audited accounts and therefore the actual capital cost absorption rate is automatically 3.5%.

35.3. External financing

The Trust is given an external financing limit which it is permitted to undershoot.

	2015-16 £000s	2014-15 £000s
External financing limit (EFL)	**27,706**	7,000
Cash flow financing	**27,100**	6,392
Finance leases taken out in the year	**0**	0
Other capital receipts	**0**	0
External financing requirement	**27,100**	6,392
Under/(over) spend against EFL	**606**	608

35.4. Capital resource limit

The Trust is given a capital resource limit which it is not permitted to exceed.

	2015-16 £000s	2014-15 £000s
Gross capital expenditure	**38,452**	43,796
Less: book value of assets disposed of	**0**	0
Less: capital grants	**0**	(48)
Less: donations towards the acquisition of non-current assets	**(336)**	(257)
Charge against the capital resource limit	**38,116**	43,491
Capital resource limit	**38,349**	43,589
(Over)/underspend against the capital resource limit	**233**	98

36. Third party assets

The Trust held cash and cash equivalents which relate to monies held by the NHS Trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March 2016 £000s	31 March 2015 £000s
Third party assets held by the Trust	**74**	74