

**South Devon Healthcare NHS Foundation Trust**

**Annual Report and Annual Accounts 2014/15**



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



Annual Report and Annual Accounts 2014/2015  
Incorporating the quality report, directors' report, financial review and  
required reporting on equality and diversity, sustainability and regulatory  
findings.

### **Alternative formats**

This report is available in large print, on-line or other formats on request.  
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## **Laid before Parliament**

This Annual Report 2014/15 has been produced to be laid before Parliament in July 2015, together with the full accounts for the same period, and to be presented to the Trust's Council of Governors at its annual members' meeting. It will be available on the Trust's website [www.sdhct.nhs.uk](http://www.sdhct.nhs.uk) and Monitor's website.

A Summary Annual Review, based on this report will also be available later in the year.

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# Contents

## Strategic Report

<b>Part I: Review of the year</b>	8
Chairman's statement	8
Interim chief executive's statement	9
About our Trust	10
- At a glance - how 2014/15 shaped up...facts and figures	10
- Our values and the NHS constitution	11
- Our ambition	11
- Our vision	11
- Our priorities	11
- 2014/2015 – a year in headlines	12
<b>Part II: Quality</b>	19
Introduction and statement of quality from the chief executive	19
<b>Part III: Sustainability</b>	20
Sustainability strategy 2011/2015	20
Greenhouse gas emissions	20
Waste	23
Water	24
<b>Part IV: Valuing people</b>	26
Staff wellbeing at work	26
2014 national NHS staff survey	27
Equality and diversity	30
<b>Part V: Foundation Trust membership</b>	33
<b>Part VI: Regulatory findings</b>	34
<b>Part VII: Local assurance</b>	38
The NHS Foundation Trust - background	38
Our Council of Governors	39
Our directors' report	54
Our Board of Directors	54
Annual Report on Remuneration (unaudited information)	62
Annual Report on Remuneration report (audited information)	66
Financial overview	70
Prospects	78
Required reporting	80
Statement of accounting officer's responsibilities	85
Annual governance statement	86
Further information and contact details	98
<b>Appendices</b>	101
Appendix one – Quality report for 2014/15	
Appendix two – Independent auditors' limited assurance report to the Council of Governors of South Devon Healthcare NHS Foundation Trust on the annual quality report	
<b>Annual accounts 2014/15</b>	183

# Strategic report

## Part I: Review of the year

### Chair's statement

Richard Ibbotson

This introduction is written as I approach the end of my first year as Chairman of South Devon Healthcare NHS Foundation Trust. The first thing I am struck with is what a remarkable, dedicated team we have. I have been daily impressed and humbled by the quality of our people and the level of service they deliver, day in day out, to the local community. This has been achieved during a year of increasing operational pressures and strictly limited resources. Hardly a recipe for success, and yet our staff have delivered. I therefore start by offering my heartfelt thanks, on behalf of all the board, to the healthcare professionals and support staff employed by the Trust for the outstanding levels of delivery that they have maintained during a difficult period. It really is gratefully acknowledged.

I was appointed as chairman in June last year, following a period when David Allen had been our acting chair. May I take the opportunity to thank him for so doing, and successfully managing a difficult period in our Trust's history. At the same time I would formally identify Dr John Lowes who has selflessly and admirably been our interim Chief Executive until the beginning of April this year, with Dr David Sinclair equally standing in as a thoroughly effective interim Medical Director. Between them they have successfully brought the Trust into a position to move forward to an exciting, integrated future. They deserve our grateful thanks.

On 1 April 2015 Mairead McAlinden joined as our Chief Executive, and we are nearing the end of the recruitment processes that will deliver a wholly substantive group of Trust executives. This team has a lot to do, though they inherit strength and some specific successes. As an example, Torbay Pharmaceuticals continues to flourish and supports our parent Trust notably well. The Trust, or more specifically the hospital continues to enjoy a genuinely remarkable reputation and affection in the area. I have been bowled over by the positive comments that I receive on a daily basis about the care provided.

Turning to challenges, we know that the NHS will continue to face financial difficulties. They are well publicised nationally, and whilst I judge that they have been well managed locally, we are not immune from them, which leads us to record a deficit in this report. There is a real determination to do our utmost to manage this to best effect as the future develops, but no one should underestimate the scale of the problem. This is important solely because it has an effect on our whole purpose as a Trust – delivering the best healthcare that we can to the population and patients that we serve.

The planned integrated care organisation gives us a good opportunity to provide the best possible healthcare. The logic behind integrating health and social care delivery for our community is compelling. I believe that, notwithstanding the operational and financial challenges, the future is therefore really exciting. I feel very privileged to be involved in its provision.

## **Interim Chief Executive's statement**

Dr John Lowes

This past year has seen its fair share of challenges for all parts of the health service and we are no exception. We have continued to see a rising number of patients with more and more complex conditions which has resulted in increasing pressures on our services. This winter has seen an unprecedented demand and our staff have worked tirelessly to ensure all our patients receive the best possible care and treatment.

There has been a sharp rise in numbers of people attending the emergency department and many have been very unwell and as a consequence we have not always been able to meet the targets we are set. In particular the challenge of seeing and treating these patients within four hours has been difficult to achieve. However, by working closely with colleagues across the local health economy we are addressing this and I am pleased to say we are now seeing an improvement in our ability to treat people quicker. We also opened a new acute medical unit (AMU) that is helping us look after the many acutely unwell patients in more comfortable surroundings, with the aim of improving flow in the emergency department and avoiding overnight stays. This is already having a big impact on improving care.

We will continue to look at new and innovative ways of working to ensure we are able to deal with the increasing demand. One of these innovations is our pre-assessment service that identifies high risk surgical patients. High risk elective orthopaedic patients are now cared for in the High Care Unit which allows a greater level of monitoring for the first 24 hours post-operatively. By working differently we have improved patient safety, reduced surgical cancellations by reducing the need for post-operative Intensive Therapy Unit (ITU) care, and enhanced our patients' experience.

Another innovation is that in the last year the Horizon Institute has been created. The aim of the Institute is to help us design better health and care services together with our patients and clients, and their families. The Institute provides coaching to all staff to help them improve the job they do in a meaningful and sustainable way.

Our greatest resource is our highly committed and expert staff and it is pleasing to see that our staff survey shows that they express a high level of engagement which puts us in the top 20 per cent of acute trusts. We also have had excellent results in our GMC (General Medical Council) trainee survey which had a 100 per cent response rate. And it was very good to see that in terms of overall satisfaction, which looks at quality of experience, supervision and teaching our hospital receiving the highest scores of all Trusts within the Peninsula.

Financially this year has been difficult but I am pleased to say that we have met our end of year plan albeit that we did need to make an early revision to our earlier plans. We know that it will continue to be financially challenging in the coming years which will mean having a limited ability to make capital investments.

One of our greatest achievements this year has been the progress towards greater integration. It has been our ambition for the last few years to merge with our colleagues in the Torbay and Southern Devon Health and Care Trust. We have a successful history of working in close partnership but becoming one integrated care organisation will mean we can provide truly integrated care without organisational boundaries.

I am proud of what we have achieved over the last year in some quite difficult circumstances and I am pleased to be able to hand over to the new permanent Chief Executive Mairead McAlinden as we approach new and exciting challenges.

## About our Trust

South Devon Healthcare NHS Foundation Trust runs Torbay Hospital – a medium-sized district general hospital which serves the South Devon area.

Our catchment area covers 300 square miles - from South Dartmoor to the length of coastline which stretches from Dawlish, at the mouth of the River Exe, past the Teign and Dart estuaries and up to Dartmouth. Around 300,000 people live in this area and are served by Torbay Hospital. However, in summer the population increases by as many as 100,000 people at any one time, as South Devon is a popular holiday destination.

As a Foundation Trust we are part of the NHS and subject to national standards and inspections put in place by the government. Our Board of Directors is accountable to local people, who are represented by elected members on our Council of Governors.

Most of the services that we provide are commissioned by Clinical Commissioning Groups (CCGs). We receive funding from two CCGs: the majority comes from South Devon and Torbay CCG, but we also provide some services for Northern, Eastern and Western (NEW) Devon CCG. These organisations receive an allocation of NHS money from the government each year and decide on the healthcare priorities for their local populations. The amount of income that we receive depends on the services we are commissioned to deliver. We also provide services for other commissioners including local councils, which now have responsibility for public health.

We are very proud in South Devon to be part of a healthcare community that works in partnership to provide the best possible health and care for its population. Our partner organisations include Torbay and Southern Devon Health and Care NHS Trust, Devon Partnership NHS Trust, Torbay Council, Devon County Council and Rowcroft Hospice. Along with the CCG, we are all members of the local JoinedUp Board, which makes decisions about how to develop services to achieve the best outcomes for patients.

### At a glance - how 2014/15 shaped up...facts and figures

	Previous year (2013/14)	This year (2014/15)
Total revenues	£231,295,000	£245,216,000
Trust funded Capital Expenditure	£16,761,000	£13,394,000
Total expenses (including PDC*)	£229,018,000	£253,865,000
Pay expenditure (excluding capitalised costs)	£141,021,000	£153,555,000
Non-pay expenditure (including depreciation and PDC)	£87,997,000	£100,310,000
How much we spend per day (excluding depreciation)	£649,000	£707,000
Worked FTE*	3,647	3,803
Staff numbers headcount	4,131	4,228

\*PDC: Public Dividend Capital; FTE: Full-Time Equivalent and includes worked FTE of bank and agency staff

## **Our values and the NHS Constitution**

The NHS belongs to all of us and the NHS Constitution sets out the rights and responsibilities of patients and staff. We have adopted the core values set out in the NHS Constitution. This is consistent with our vision and in particular our aim to improve quality through partnership.

Our staff will put patients first by following the NHS Constitution's core values:

- respect and dignity
- commitment to quality of care
- compassion
- improving lives
- working together for patients
- everyone counts

## **Our ambition**

'For Torbay to be the best hospital of its class in England, achieving the highest standards and demonstrating excellence in all that we do.'

## **Our vision**

To have an integrated healthcare system where all our patients can receive the best possible care that meets their needs.

We are committed to providing integrated health and social care for the people we serve. This will enable us to deliver tailored, patient-focused services in the right place and at the right time.

To achieve this we work in partnership with GPs in South Devon and with the community healthcare provider, Torbay and Southern Devon Health and Care NHS Trust, to identify, develop and implement innovative healthcare solutions to achieve the best possible outcomes for patients.

We believe that integration will enable us to continue to deliver high-quality, safe, cost-effective and sustainable services.

We believe patients deserve to be treated with dignity, compassion and respect. We will continue to listen to our patients and learn from what they tell us.

## **Our priorities**

Our strategy is to pursue the integration of services; initially through the planned merger with Torbay and Southern Devon Health and Care NHS Trust. Together, we will create a new integrated care organisation (ICO) that brings together acute, community health and adult social care services.

We submitted the full business case to our regulator Monitor to start their final assessment at the end of January; a process that is nearing completion. The Trust Board plans to make a formal recommendation to the Council of Governors in June for their approval. The planned start date for the ICO is 1 August 2015.

The ICO will take a person-centred approach to develop new clinical models of care for our population. Our initial priorities will be services for older people and those with long-term conditions. We expect more services to be provided locally in the community, with

hospital services reducing and becoming more specialist. To achieve this, we will work more closely with local care providers and the voluntary sector to support a vibrant and resilient community of providers.

In the new ICO we will see:

- Care focused on the individual
- Joined-up professional practice with the further integration of health and social care teams; staff working flexibly to deliver care in the right place, at the right time
- A networked approach with primary care, mental health and the independent and voluntary sector; sharing expertise to encourage and enable people to stay well
- Health and social care records that are linked so that information is not duplicated. We will ensure that, as far as possible, the information we use to help deliver care is owned by individuals and shared appropriately by care professionals to deliver world-class care

The new organisation, with a turnover in excess of £350m, will be of sufficient size to operate effectively into the future.

## **2014/2015 – a year in headlines**

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### **April 2014**

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#### **Recruitment open day for registered nurses**

Recruiting the best possible staff is an on-going aim of Torbay Hospital. A recruitment open day was held on 23 April at the Torbay Hospital Emergency Department with the aim of recruiting registered nurses for adults and children and emergency nurse practitioners to expand the registered nurse team in the Emergency Department.

Attendees had the opportunity of experiencing team work, development and training, all of which enable the ED nurse team to deliver a highest standard of nursing care in every area from triage and assessment to resuscitation and minor injury skills.

#### **Torbay Hospital volunteer, Pat, celebrates 90th birthday**

Fellow volunteers and staff joined Torquay pensioner Pat Bishop at the Hospital's Bay View Restaurant on Wednesday 19 March, where she was presented with flowers, gifts and a cake for her 90th Birthday.

Pat started working for Torbay Hospital in 1977 as a ward clerk on Allerton ward. When that role ended after 11 years she became a League of Friends volunteer. She began volunteering for the 'Working with us panel' in 2008, and was one of the founder members. As a member she attends the hospital on a weekly basis, talking with soon to be discharged patients about their experience of the hospital. She also became a Lay Chaplain and continues to read the lessons to this day.

### **New Chairman for Torbay Hospital**

On 1 May 2014, the Council of Governors appointed a new chairman to lead the Trust as it prepares to join forces with Torbay and Southern Devon Health and Care NHS Foundation Trust.

Sir Richard Ibbotson, a recently retired Admiral, took over from Acting Chair, David Allen, OBE, on 1 June. Richard's long and distinguished naval career includes periods as Commodore of Britannia Royal Naval College, Commander British Forces Falkland Islands and, most recently, Deputy Commander-in-Chief Fleet.

### **Torbay surgeons first in UK to trial Google Glass in the operating theatre**

Torbay Hospital Orthopaedic Surgeon, Mr David Isaac, was the first surgeon in the UK to use Google Glass throughout a live operation and has since used it during a variety of orthopaedic procedures. A number of other surgeons at Torbay have also used Google Glass for ear nose and throat operations.

Google Glass has huge potential for medical education - students sitting in a lecture theatre can see and hear, from the surgeon's viewpoint, exactly what is happening during a surgical procedure. However, before they reached this point, doctors in Torbay had to address a number of technical and confidentiality issues and they are now investigating the potential for using Google Glass in medical and surgical education.

### **Health and social care staff shine in the spotlight**

NHS staff and volunteers from across Torbay and Southern Devon were recognised at an awards ceremony celebrating their hard work and dedication to health and social care.

There were 22 winners and 18 highly commended awards across 12 categories, including individual, team, partnership, sustainability, equality and diversity, volunteer and lifetime achievement. Certificates were presented by executive and non-executive directors from both Trusts.

### **Thank you tea party for volunteers**

South Devon Healthcare NHS Foundation Trust and Torbay and Southern Devon Health and Care NHS Trust held their fourth annual afternoon tea party to thank the Trusts' 800 plus volunteers for their hard work and commitment throughout the year.

The volunteers work on site at Torbay Hospital, within the 11 community hospitals and other sites run by Torbay and Southern Devon Health and Care NHS Trust and give up their time to help make a difference to many patients and their carers.

## **Young people with learning disabilities graduate from landmark employment scheme**

A group of young people with learning disabilities graduated from Project SEARCH, the ground-breaking internship scheme based at Torbay Hospital.

Project SEARCH has had success all over the world and is being delivered in Torbay by South Devon Healthcare NHS Foundation Trust, South Devon College and local social enterprise Pluss which provides specialist employment support services across South Devon for people with disabilities and long-term health conditions.

The programme runs over an academic year, during which time the students work towards a City and Guilds Diploma in Employability and Personal Development. The aim is to remove the significant barriers faced by people with a learning disability and to help the students find paid employment within the hospital or elsewhere in the community.

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### **July 2014**

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#### **Patient Access Centre rated highly by patients**

The Patient Access Centre handles all calls regarding out-patient appointments including issuing appointment letters for most specialties. It was established in 2011 to improve the patient experience, bring trained skilled staff together under one roof and have a standard process to handle bookings, supported by sophisticated computer systems.

Calls coming into the Access Centre are now answered much quicker and over 90 per cent of respondents to a survey of callers said that the time taken for their call to be answered was acceptable. Also an outstanding 100 per cent confirmed that the person who spoke to them was well-mannered and 98 per cent being satisfied with the service overall.

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### **August 2014**

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#### **Trust launches Choose Better campaign**

South Devon Healthcare NHS Foundation Trust, working in collaboration with Torbay and Southern Devon Health and Care NHS Trust, and with South Devon and Torbay Clinical Commissioning Group, launched a campaign to ensure that residents and visitors are armed with the right information to help them choose the right place to be treated should they fall ill or become injured during the summer season.

The Trusts sought help from local newspapers and radio to spread the word with residents and visitors. Local hotels, bed and breakfasts, campsites and holiday parks also helped with ensuring that leaflets detailing all the available were readily available to the additional 100,000 visitors expected in the area over the summer months.

#### **Tranquil sanctuary for grieving parents**

The newly refurbished Mary Delve Bereavement Suite was officially opened by new Chairman Sir Richard Ibbotson. The suite is used by families affected by the loss of a baby during pregnancy or immediately after birth.

Hospital staff worked in partnership with SANDS, a national organisation that funds research into still birth and supports those affected by the loss of a baby, when designing

the suite to help create an environment that will serve as a sanctuary for families during their time of grief.

The renovations, new equipment and soft furnishings were made possible through generous donations from the Torbay Hospital League of Friends, Torquay Lions Club, Torbay Crematorium, the hospital orthopaedic team, individual families and South Devon SANDS (Stillbirth and Neonatal Death Society).

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## September 2014

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### **Diamond Anniversary Celebration for Torbay Hospital League of Friends**

A Diamond Anniversary Service of Celebration and Thanksgiving was held on 28 September 2014 during the Torbay Hospital League of Friends' sixtieth year of fundraising for the Hospital. The service was held for all who support the work of the League.

### **Hospital celebrates top PLACE**

Torbay Hospital received some top ratings in a report published by the NHS Health and Social Care Information Centre following a Patient-Led Assessment of the Care Environment (PLACE).

PLACE reviewed key areas from a patient perspective across a range of non-clinical services within four main categories: cleanliness; food and hydration; privacy, dignity and wellbeing; and condition, appearance and maintenance. The hospital performed above the national average in most key areas, although a few minor improvements were also identified, in respect of which action plans have been made to address these.

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## October 2014

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### **Faster diagnosis and treatment for rheumatology patients**

The rheumatology department at Torbay Hospital celebrated the arrival of two new state of the art ultrasound scanners thanks to a generous donation of £78,000 from Torbay Arthritis Project (TAP).

South Devon Healthcare NHS Foundation Trust is one of only two trusts within the south west to house an ultrasound machine within their rheumatology department, meaning patients will be seen and diagnosed much earlier. In the longer term this also equates to better disease control and less damage to joints.

Prior to the arrival of the new scanners patients would have been referred to the general radiology department which performs scans for a wide range of conditions, and for rheumatology patients this often meant of a wait up to 12 weeks.

### **Gallstone patients first in the UK to benefit from state-of-the-art technology**

Thanks to a substantial donation of £110,000 from Torbay Hospital League of Friends, patients with gallstone disease from Torbay and South Devon are the first NHS patients in the UK to benefit from state-of-the-art bile duct exploration equipment, including a high definition videoscope.

This has meant for patients where gallstones have lodged in the bile duct which can cause serious problems such as obstructive jaundice or acute pancreatitis, they can now have a 'one-stop-shop' treatment where their gallbladder can be removed and bile duct cleared at the time of surgery rather than having two or more separate procedures, resulting in a much improved patient experience.

### **A 'first' for Torbay Hospital's Audiology Department**

The Audiology Department at Torbay Hospital were declared the first service in the South West to receive the internationally recognised UKAS (United Kingdom Accreditation Service) accreditation.

The accreditation gives patients assurance that the service they receive is compliant with the latest international standards of practice. It covers a wide range of competences including excellent safety practices, patient experience, and efficient use of facilities and resources.

This is a real achievement for both the Audiology Department and South Devon and is a testament to the team's dedication and hard work to strive towards providing a first class service to all its users.

### **League aids closer-to-home neurophysiology service**

South Devon and Torbay patients can now have neurophysiology tests closer to home thanks to a generous donation of new equipment worth around one hundred and twenty thousand pounds from the Torbay Hospital League of Friends.

Neurophysiology is a specific field which is fundamental to the management of many neurological disorders of the nervous system and requires specialist equipment to carry out diagnostic tests as well as nerve conduction studies. The new equipment funded by the League enables these diagnostic tests to be undertaken at Torbay Hospital.

### **New Chief Executive announced for Torbay Hospital**

The Trust was delighted to announce the appointment of Mairead McAlinden as its new substantive Chief Executive. Mairead has personal experience of integrating health and care services in her role as Chief Executive of the Southern Health and Social Care Trust in Northern Ireland, which she has held since September 2009.

Announcing the appointment, Sir Richard Ibbotson, Chair of South Devon Healthcare NHS Foundation Trust, said: "We had an exceptionally strong field of candidates for this post, which I believe reflects our track record of providing excellent health and care and

our innovative and ambitious agenda to be a national lead for integrating and delivering truly person-centred services.

“Mairead already has experience of integrating different organisations successfully, but what particularly inspired us was her vision and leadership style. She clearly leads by example and understands the scale of the challenge that lies ahead for us. We look forward to welcoming her to Torbay

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## January 2015

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### Hospital appoints Chief Operating Officer

The appointment of Liz Davenport to the substantive post of Chief Operating Officer for the Trust was announced on 19 January 2015.

Liz had been carrying out the role on an interim basis since September 2014 and came to the Trust with a wealth of experience, having worked at Devon Partnership Trust since 2001, as a Locality Director, Director of Workforce and Organisational Development and for the past four years as Director of Operations. She had also been Deputy Chief Executive since April 2013 and was acting Chief Executive for a time until a substantive appointment was made.

Before moving to Devon in 2001, Liz worked for five organisations that delivered mental health and learning disability services and held a number of professional leadership, team management and clinical roles as an Occupational Therapist, including Professional Lead for Occupational Therapy at Devon Partnership Trust.

### League donation means more accurate hearing test results for children

South Devon babies and children now have access to a much improved hearing test system thanks to a generous donation of £6,450 from the Torbay Hospital League of Friends.

The donation enabled the Trust to buy four new visual response audiometry (VRA) cabinets. VRA cabinets work on a reward system - these newer models with multiple rewards mean the test results are likely to be more accurate and successful, which is particularly important when it comes to fitting hearing aids for those with a permanent childhood hearing impairment.

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## February 2015

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### National Apprenticeship Week 2015

The Trust hosted a drop-in event as part of National Apprenticeship Week 2015. The aim of the event was to boost apprenticeships and employment opportunities through the Trust's employability hub focusing on apprenticeships, traineeships and work experience within the NHS.

The event included key speakers from the NHS Apprenticeship Service, Job Centre Plus, South Devon College and the Trust's Vocational Education Team. The NHS Business and Employability Manager and Work Experience Co-ordinator was also available to help guide attendees through the different options available in the NHS.

## **Trust receives high praise from staff**

Results of the national 2014 NHS staff survey show that staff working for South Devon Healthcare NHS Foundation Trust give the Trust a resounding 'thumbs-up'.

The survey results highlighted excellent levels of staff engagement and scored above the national average in staff's recommendation of the Trust as a place to work or receive treatment. Results reveal further positive feedback with staff rating the Trusts better than average or average in 21 out of the 28 categories.

A number of areas for improvement were also identified and action plans will be agreed to address these.

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## **March 2015**

### **Jane Viner is named a Fellow of NICE**

Director of Professional Practice, Nursing & People's Experience, Jane Viner, is one of just ten senior healthcare leaders in the country this year to be named a Fellow of the National Institute for Health and Care Excellence (NICE).

NICE Fellows are senior health and social care leaders who are ambassadors for the Institute at regional and national levels and among their professional groups and peers. NICE Fellows build networks of influential professionals who support NICE in the implementation of its guidance.

### **'Universally Challenged' NHS staff raise £6,000 for Comic Relief**

Local NHS consultants and speciality teams from this Trust and Torbay and Southern Devon Health and Care NHS Trust raised over £6,000 for Comic Relief in a University Challenge themed quiz.

The quiz heats took place at Torbay Hospital over several weeks and culminated in the Grand Final on Comic Relief Night, 13 March 2015, when Colorectal defeated Radiology and were declared the outright winners. Gastroenterology grabbed the second prize by beating Anaesthetics in the runners-up plate final.

A total of 20 teams took part in the heats, all of them joining in the spirit of the fundraising with varying degrees of enthusiasm, seriousness and states of comic attire. The Comic Relief quiz has been held at Torbay Hospital every second year for the past 10 years and has raised a total of £17,000 since then.

## Part II: Quality

### Introduction & statement of quality from the Chief Executive



I am delighted to introduce this year's annual quality report. As the new chief executive at South Devon Healthcare NHS Foundation Trust, I have been impressed with the Trust's commitment to quality and its ethos of placing the patient at the centre of all that it does.

We all know what great care looks like and what we expect, as we have all needed to use NHS services at one time or another. It's about 'what really matters to me' and not just 'what is the matter with me'. The Trust embraces what really matters to the patient, carer or family. A really good

example of this is the Trust's work with carers which is described in this report. Small practical things such as free car parking can make a real difference.

It is also good to see the progress made over the last year with our work on managing severe sepsis; a potentially life-threatening infection complication, and our commitment to make further improvements this year. It is important that we continually improve the quality of our care and services, as well as measuring any changes. This way we know whether they are leading to an improvement.

Ensuring that at least 95 per cent of patients spend less than four hours in the emergency department has been a significant challenge for Torbay Hospital over the past year. I am pleased to see alongside our current plans to improve performance that one of our improvement priorities for the coming year is the development of a seven day ambulatory emergency care service.

This year we are looking forward to formally joining up with Torbay and Southern Devon Health and Care NHS Trust (TSDHCT) to become an integrated care organisation, which will improve the quality of services for the people of Torbay and South Devon, and our Quality Account priorities reflect this integrated approach to our work. All five of our key priorities will be delivered in collaboration with our community colleagues.

Our quality improvement initiatives reflect local, regional and national priorities and the feedback we receive from our patients and their representatives, staff and commissioners. Our annual quality report stakeholder event to agree the key areas continues to be well supported and all the recommendations have been agreed by our board and the TSDHCT board.

Embarking on a period of significant change whilst working within a limited financial budget will make 2015/16 a challenging year but I have no doubt that the staff working at Torbay Hospital and the community will rise to this challenge.

I commend this quality report to you and confirm that, to the best of my knowledge, the information it contains is accurate.

A handwritten signature in black ink, appearing to read 'Mairead McAlinden'.

Mairead McAlinden  
Chief Executive

For the Trust's quality report please see pages 101 to 175.

## **Part III: Sustainability**

### **Sustainability strategy 2011/2015**

As a caring and considerate environmental neighbour, South Devon Healthcare NHS Foundation Trust has a corporate social responsibility to increase sustainability and reduce carbon emissions as a result of its activities. The ever increasing funding challenges means that we need to become more innovative in meeting these targets.

Managing sustainability has become ingrained into all the business activities that we undertake, from the strategic planning and development of the site to the purchases we make. It is important for us to ensure that we consider the impact on the environment in everything we do. To this end we are constantly reviewing our strategy, taking action, refocusing our efforts and measuring success against set targets, both locally and nationally.

Key elements of sustainability are now included in our redevelopment of the site, from reusing building waste to purchasing sustainable materials and encouraging all of our contractors to embrace the sustainable agenda through recycling and by minimising land fill waste.

The Trust is running a number of low carbon schemes including introducing LED lighting and giving consideration to Combined Heat and Power generators. The Trust continues to benefit from the new low energy boilers recently installed.

The Trust continues to develop a strong working partnership with Torbay Council to propagate sustainable strategies that link business activities, such as travel to and from work, business car use and car sharing. Further bike to work schemes have been launched and are fully supported on site with additional and enhanced secure bike storage and changing facilities for those who choose to cycle to work. The Trust will shortly be introducing car park improvements which will include 2 electric vehicle charging points.

Recycling too has an important place and by working in partnership with Torbay Council, we aim not only to reduce landfill waste through recycling, but to support the council in meeting its key targets. We have invested in additional recycling containers and continue to monitor performance of our recycling levels through stringent key performance indicators (KPI's) that are reported at board level.

### **Greenhouse gas emissions**

The second phase of the long-term energy reduction strategy has nearly completed, helping the Trust achieve the national carbon emission targets for the NHS. The new, more efficient boiler plant is delivering a ten per cent in carbon emissions on top of the other savings generated from more efficient lighting and tighter controls on heating and ventilation systems.

The conclusion of the national energy negotiations has made sure that utilities are purchased at the most competitive thereby releasing further funds for reinvestment into the sustainability agenda.

We are also exploring the opportunity to assist with the electrical generation for the national grid. Our standby generators will support the local power community, supporting costly electrical generation to manage peaks and troughs in demand.

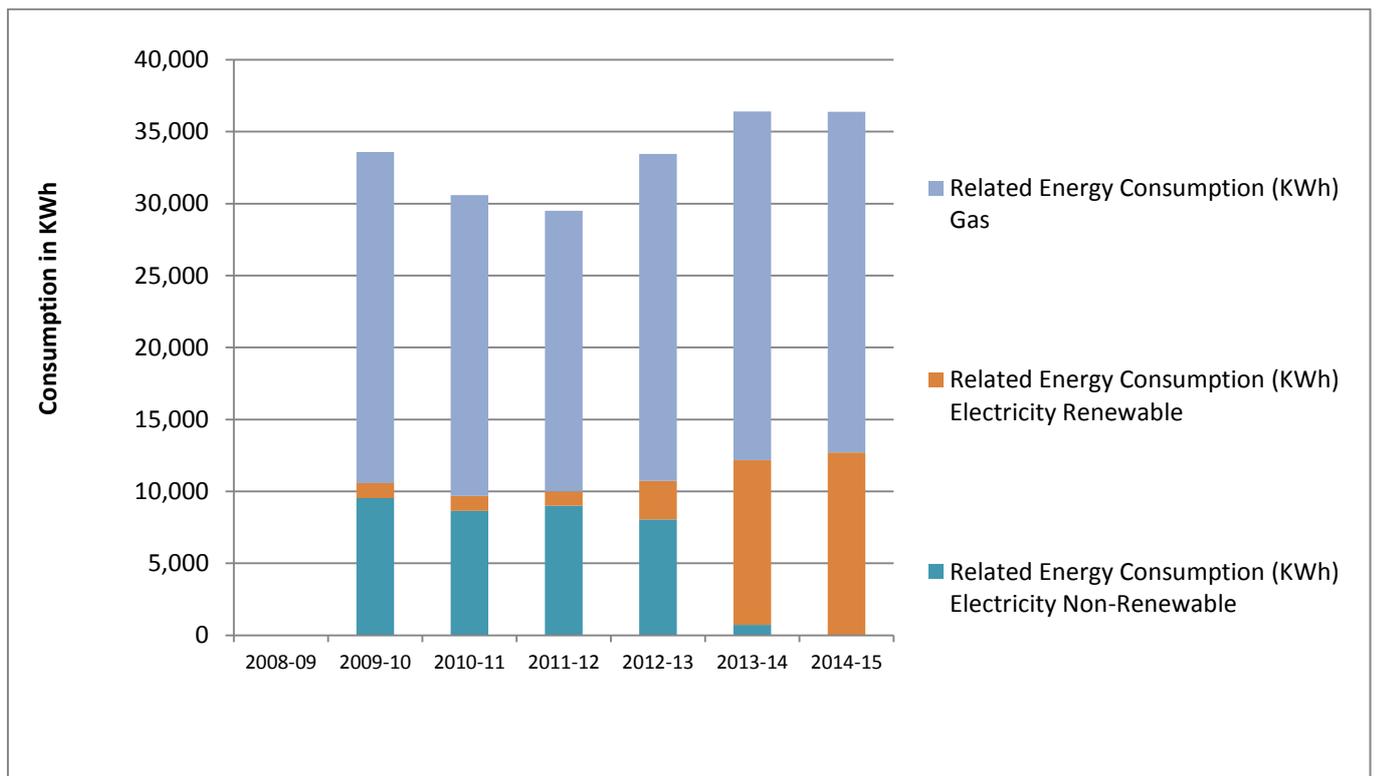
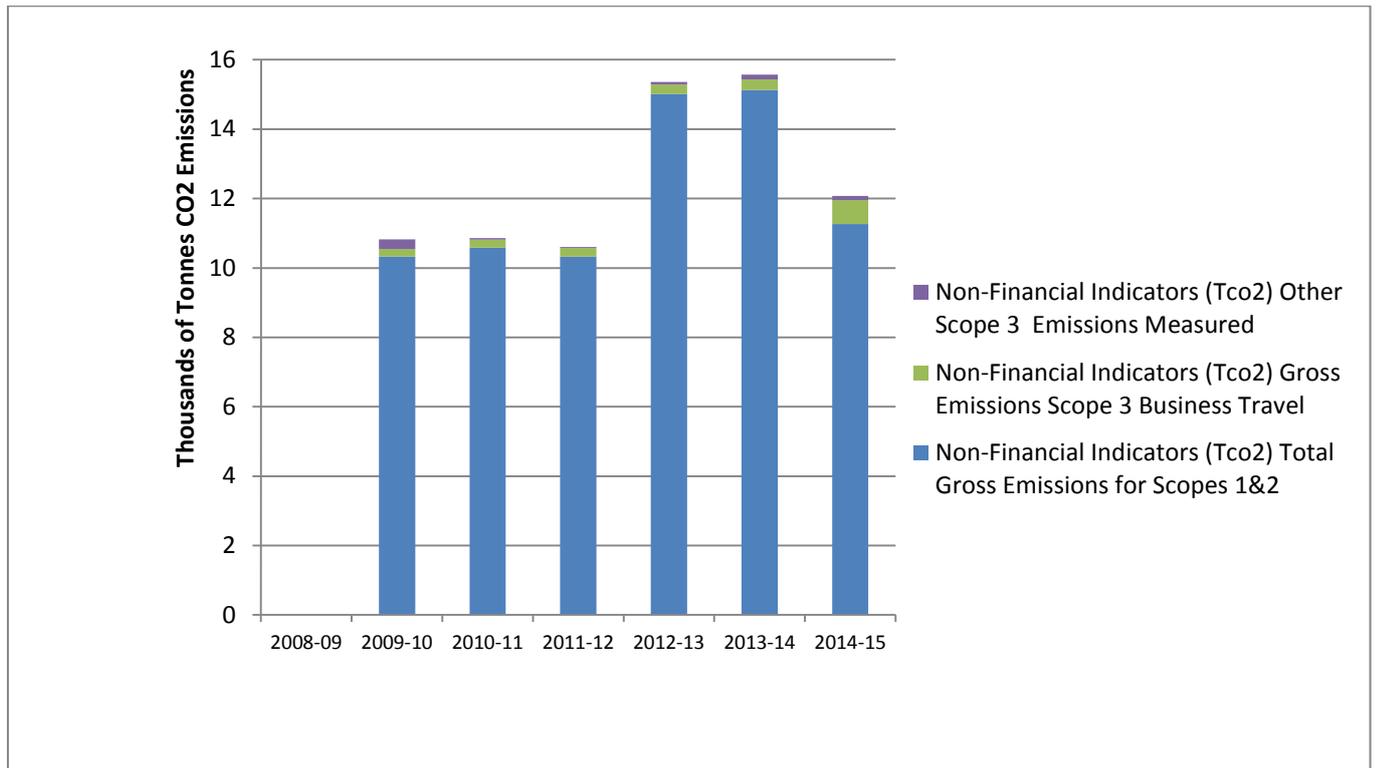
The drive for investment in technology, such as conferencing facilities, will enabled us to reduce business travel for staff attending meetings next year. Although patient transport vehicles are excluded from general business use, the vehicles continue to be well serviced. A driver training exercise soon to be introduced, will aid drivers to recognise and operate their vehicles in a more efficient and sustainable manner.

Phase two of the lighting upgrade within the communal areas of the hospital is being carried out which, combined with further lighting controls, continues to reduce energy consumption.

Additional controls that can switch off the ventilation plant in areas that are not in use will save both on the cost of operating the plant and maintenance, as filters and other equipment will last longer.

Greenhouse Gas Emissions		2011-12	2012-13	2013-14	2014-15
Non-Financial Indicators (Tco2)	Total Gross Emissions for Scopes 1&2	10,326	15,006	15,131	11,267
	Total Net Emissions for Scopes 1&2 (ie less reductions - e.g. Green Tariffs)	10,326	15,006	15,131	11,267
	Gross Emissions Scope 3 Business Travel	249	284	299	684
	Other Scope 3 Emissions Measured	32	66	139	124
Related Energy Consumption (KWh)	Electricity Non-Renewable	8,995,761	8,043,452	11,457,937	0
	Electricity Renewable	999,499	2,681,150	720,183	12,702,250
	Gas	19,517,285	22,727,106	24,224,855	23,684,984
Financial Indicators	Expenditure on Energy	£2,122,804	£2,238,248	£2,229,740	£2,263,178
	CRC License Expenditure (2010 onwards)	£1,100	£1,100	£1,100	£1,100
	CRC Income from Recycling Payments	N/A	N/A	N/A	N/A
	Expenditure on Accredited offsets	N/A	N/A	N/A	N/A
	Expenditure on Official Business Travel	£104,277	£120,426	£129,285	£403,384

## Greenhouse gas emissions - graphical analysis



## Waste

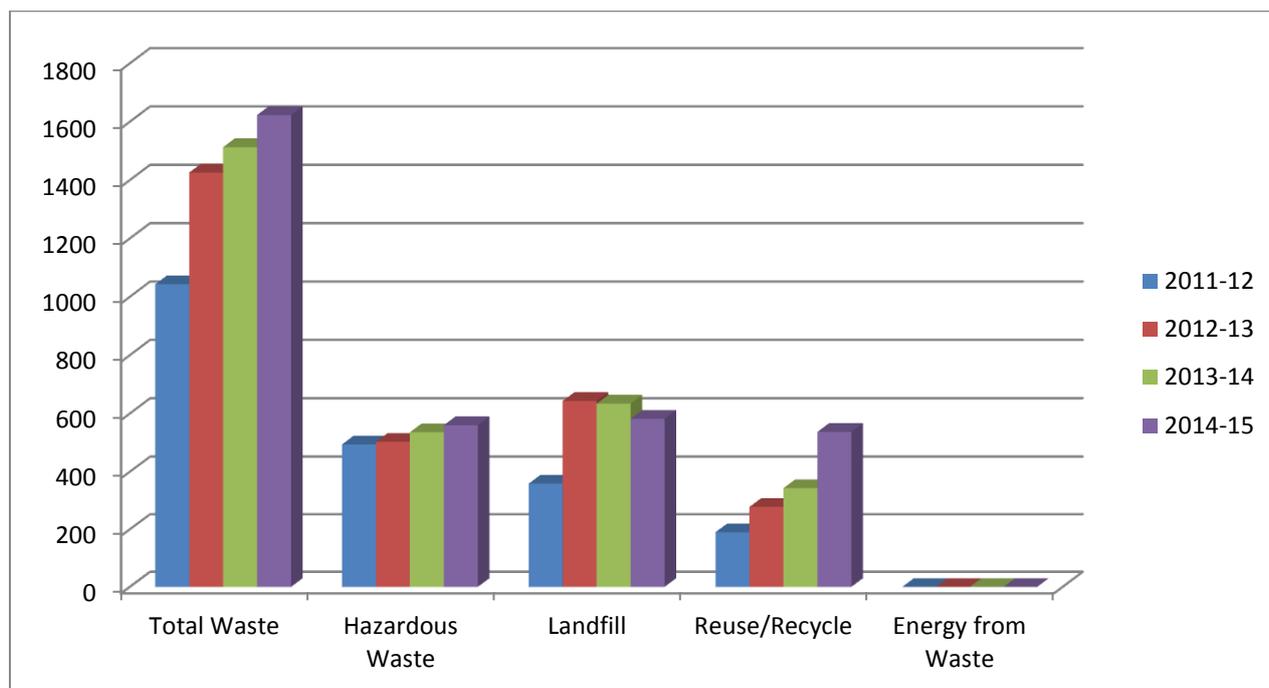
Although the overall amount of waste produced has once again increased in the last twelve months, the way in which the Trust manages the waste it produces has had a positive effect on the environment.

The amount of waste being recycled has increased and there has been a small decrease in the waste going to landfill. This is due to a concerted effort across the organisation to improve the segregation of waste into appropriate streams as well as the start of a new Recycling and Disposal of Domestic Waste contract which provides the opportunity for the Trust to recycle a wider range of waste materials

The new contract started in February 2015 and hopefully will continue to provide the necessary processes for the Trust to improve on this upward trend in recycling over the forthcoming year.

Waste		2011-12	2012-13	2013-14	2014-15	
Non-Financial Indicators (Tonnes)	Total Waste		1043	1426	1513	1623
	Non Hazardous Waste	Total	494	503	536	560
		Landfill	359	643	634	582
		Reuse / Recycle	190	278	343	537
	Incinerated Energy from Waste	0	0	0	0	
Financial Indicators	Total Disposal Cost		£351,904	£392,154	£341,403	£352,000
	Hazardous Waste Disposal Cost		£271,390	£287,184	£217,855	£217,000
	Non Hazardous Waste	Landfill	£70,164	£93,970	£99,563	£110,000
		Reuse / Recycle	£10,350	£11,000	£23,985	£25,000
Incinerated Energy from Waste		0	0	0	0	

## Waste - graphical analysis



## Water

Despite the clear benefits exercised through recent leak detection and rectification works, water consumption has marginally increased. This is a direct result of the continued flushing required in all wards and departments as a measure against the formation of legionella bacteria.

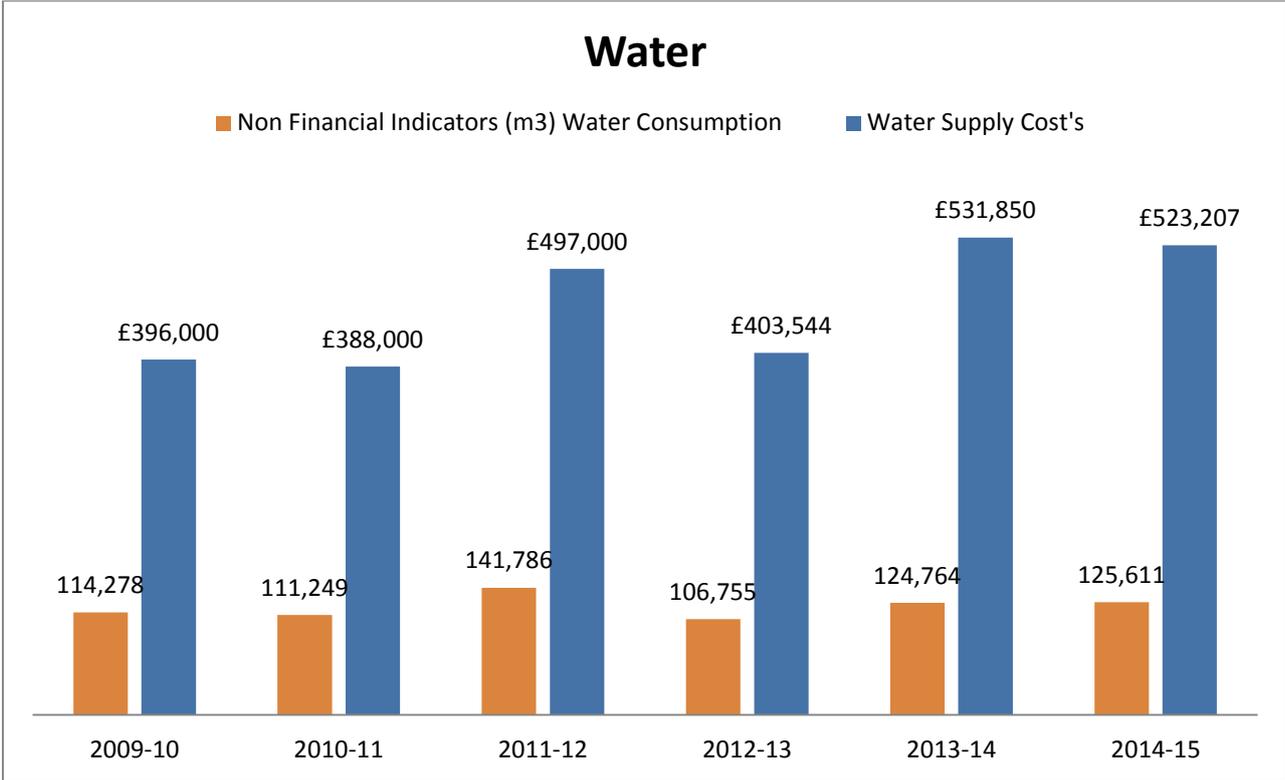
The increased flushing regimes are now regularly performed, monitored and reported to provide the Trust with assurance about minimising the likelihood of an occurrence.

We have engaged the support of South West Water to establish our 'base load' (the minimum amount of water we consume). This will enable us to understand patterns of use and quickly identify variations, so that we identify leaks and changes and better manage our consumption. This has reduced the Trust costs.

Reducing water consumption is a continued focus and, with the available investment, will form a key element of the overall sustainability strategy.

Water			2011-12	2012-13	2013-14	2014-15
Non-Financial Indicators (m3)	Water Consumption	Supplied	141,786	106,755	124,764	125,611
		Abstracted	0	0	0	0
Financial Indicators	Water Supply Costs		£497,000	£403,544	£531,850	£523,207

Water - graphical analysis



## **Part IV: Valuing people**

### **Staff wellbeing at work**

South Devon Healthcare NHS Foundation Trust recognises the health and wellbeing of NHS staff as a key driver for improvement to quality, innovation, productivity and prevention and aim to achieve best practice guidance to deliver sustainable improvements to the holistic health and well-being of staff.

The Trust has a 'wellbeing@work' project board which is chaired by the Interim Director of Human Resources or his deputy and reports into the Workforce and Educational Governance Board, Workstream 4.

The purpose of the group is to ensure that the holistic health and wellbeing of staff remains a priority and focus.

Our wellbeing@work programme promotes health and wellbeing for all our staff, providing opportunities and support through a range of services and offers. Through the development of the Wellbeing@work monthly newsletter which goes to every member of staff across the health community has helped to raise the awareness of what wellbeing@work offers in terms of activity, commitment, support and signposting.

### **WOW for staff!**

The WOW award system is now embedded into the organisation where clients, visitors other colleagues have a system that enables them to nominate individuals or teams where they feel they have gone over and above what would be expected of them.

The unique part of this process is that the nominations are judged externally and once a month the chairman of the Trust Sir Richard Ibbotson will present certificates to the successful nominees in the workplace

## 2014 national NHS staff survey

### Staff engagement

The Trust has a multi-faceted approach to staff engagement which includes a range of opportunities for staff to have their views heard and to engage with the wider Trust agenda. These opportunities include:

- 'listening into action' sessions for all staff;
- all managers briefing;
- all staff conference;
- staff bulletin;
- joint consultations/negotiations with the trade unions;
- staff friends and family test and
- annual staff survey.

The Trust objectives are to enhance and improve these mechanisms and encourage greater engagement with staff.

### Response rate

The National NHS Staff Survey 2014 was issued to a random sample of 850 staff in September 2014. By the time the survey closed in early December a total of 438 members of staff had taken part in the survey. This represents a response rate of 53 per cent, which is in the highest 20 per cent of acute trusts nationally.

### Summary of findings

In comparison to acute trusts in England, staff responses have rated South Devon Healthcare NHS Foundation Trust (SDHFT) as average or better than average in 21 out of the 29 key findings. This includes being rated in the best 20% of acute trusts nationally in six key findings, which include:

- Staff recommendation of the Trust as a place to work or receive care;
- Staff job satisfaction;
- High levels of reporting on near misses or incidents witnessed in the last month;
- Low levels of bullying, harassment or abuse from staff;
- Low levels of staff working extra hours; and
- Low levels of staff feeling under pressure to attend work when they were feeling unwell.

The Trust's findings are favourable when compared to local trusts within the peninsula.

Trust	Top 20%	Above average	Average	Below average	Bottom 20%
SDHFT	6	8	7	6	2
SW1	8	6	11	3	1
SW2	0	3	5	6	15
SW3	2	0	1	4	22
SW4	1	6	13	4	5

SW – another South West NHS Trust

The Trusts overall indicator of staff engagement is measured via a scale summary score from 1 to 5, where 1 represents poorly engaged and 5 represents highly engaged. The Trusts score of 3.83 is in the highest (best) 20% of acute trusts nationally.

### Top and bottom four ranking scores

The following table is based on Monitor's template taken from the NHS Foundation Trust Annual Reporting Manual 2014/15.

Top four ranking scores		2014		2013		Trust Improvement / Deterioration
		Trust	National Average	Trust	National Average	Trust
KF9	Support from line manager	3.65	3.65	3.74	3.64	-0.09 scale score (Deterioration)
KF13	Percentage of staff reporting errors, near misses or incidents witnessed in last month	97%	90%	92%	90%	+5% (Improvement)
KF20	Percentage of staff feeling pressure in the last 3 months to attend work when feeling unwell	23%	26%	25%	28%	-2% (Improvement)
KF23	Staff job satisfaction	3.69	3.6	3.71	3.6	-0.02 scale score (Deterioration)

Bottom four ranking scores		2014		2013		Trust Improvement / Deterioration
		Trust	National Average	Trust	National Average	Trust
KF2	Percentage of staff agreeing that their roles make a difference to patients	89%	91%	90%	91%	-1% (Deterioration)
KF7	Percentage of staff appraised in last 12 months	78%	85%	85%	84%	-7% (Deterioration)
KF8	Percentage of staff having well-structured appraisals in last 12 months	32%	38%	36%	38%	-4% (Deterioration)
KF16	Percentage of staff experiencing physical violence from patients, relatives or the public in last 12 months	17%	14%	13%	15%	+4% (Deterioration)

### Areas for development

The key priorities for the Trust are:

1. Helping staff to understand how their roles make a real difference to patient care.
2. Improving the quantity and quality of appraisals completed.
3. Improving communication between senior management and staff.
4. Helping staff to feel secure in raising concerns about clinical practice.
5. Continuing to review and develop initiatives focused on addressing violence from patients.
6. Ensuring staff feel they are treated fairly and that there are equal opportunities for career progression.

An action plan is being developed to improve those areas identified above. In progressing the action plan the Trust is committed to ensuring staff have every opportunity to input their suggestions and are utilising a variety of methods including; open forums, attendance at team meetings and establishing a generic e-mail address for comments. These comments will be amalgamated with the views of key management leads.

The action plan will be submitted and monitored through the Trust's Workstream 4 (Workforce and Educational Governance Board) meeting.

## Equality and diversity

South Devon Healthcare NHS Foundation Trust is committed to providing an inclusive and welcoming environment for our patients, staff and visitors. The values (adopted from the NHS Constitution) of our organisation emphasise the importance of respecting the needs of individuals. Our aim is to promote good relations, meeting the needs of our patients, service users, staff and visitors in the best way, whilst celebrating the very positive benefits to be gained from being part of a diverse community.

The **Equality Act 2010** provides a cross-cutting legislative framework which updated, simplified and strengthened previous legislation to protect individuals from unfair treatment and promote a more equal society. The Equality Act came into force in October 2010.

Section 149 of the Equality Act, known as the public sector equality duty (PSED), specifically requires public sector organisations (including NHS foundation trusts) to have *due regard*, in the exercise of their functions, to the three aims of the general duty:

- eliminate unlawful discrimination, harassment and victimisation and any other conduct prohibited by the Equality Act;
- advance equality of opportunity (between people who share a protected characteristic and people who do not share it); and
- foster good relations (between people who share a protected characteristic and people who do not share it).

### The Equality Delivery System

The NHS equality delivery system (EDS) was formally launched by the NHS Equality Delivery Council on 8 November 2011 to help NHS organisations systematically improve their equality and diversity performance. The EDS is not a self-assessment tool to measure equality. Rather, it is an engagement mechanism to capture patient, carer and service user feedback with regards to equality.

### What are we doing as a Foundation Trust?

The Trust is committed to using the EDS as a framework to support continuous improvement in equality and diversity. The EDS has been fully embedded within the organisation and the aim is now to use it as a lever to drive improvements.

In May 2014 the Trust held an EDS stakeholder engagement event in which patients, voluntary organisations, governors and people from the community were in attendance from across 'protected characteristic' groups.

### Equality objectives

The Trust is required to produce specific and measurable equality objectives in order to maintain legal compliance with the PSED. Equality objectives must be published every four years, however, the Trust will review its objectives annually.

The Trust developed four strategic equality objectives from the EDS grading in May 2014. Each objective is linked to one or more EDS goals. These objectives aim to advance equality for patients and staff. Our equality objectives are available on the Trust's public website (<http://www.sdhct.nhs.uk/aboutus/equalityanddiversity/>)

## **Equality and diversity action plan**

The Trust has an action plan which sets out its equality and diversity priorities. This action plan is informed by our equality objectives. It is regularly updated and is available on the Trust's public website.

## **Equality and diversity policy**

The Trust reviewed its equality and diversity policy which was approved in December 2013. The policy clearly states that all staff are expected to behave in a way that is consistent with the organisations values. The policy also sets out the anti-discrimination and inclusion mechanisms to support staff with protected characteristics such as disability. For example, we participate in the 'two ticks' positive about disabled people scheme. The Trust is also committed to providing reasonable adjustments for staff with disabilities as required by the Equality Act 2010. In addition, we are a signatory to the 'mindful employer' charter and we are committed to supporting staff with mental health conditions. Disability equality is advanced through staff training and our disability awareness and action working group.

As well as linking with other Trust policies such as bullying and harassment, the policy also includes the procedure for conducting equality analysis. The equality analysis procedure (EAP) should be conducted for all Trust policies, strategies and service re-designs. If significant equality risks are identified (affecting patients or staff) a full impact assessment will be required. However, an initial pre-screening analysis may only be necessary where there is low risk or there is no relevance to equality.

The purpose of the EAP is to ensure that departmental and senior managers have due regard to the aims of the general duty in key decision-making. The EAP is structured to avoid a 'tick box' process and encourage an approach that is proportionate and measured. If this approach is consistently applied it will lead to action and change which improves equality outcomes.

## **Our achievements for 2014/2015**

- The Trust launched an Employability Strategy, supported by an Employability Hub in early 2014. The purpose of the Hub is to recruit and retain a diverse and highly skilled workforce which is representative of the local community. This means supporting local people from disadvantaged backgrounds to improve their employment prospects. The Trust has provided a number of placements for several candidates which have resulted in successful job outcomes.
- Project SEARCH, an employment-focused programme for young people (aged 18-24) with learning disabilities, started in September 2012. The young people participate in a variety of work 'rotations' within Torbay Hospital to develop their skills. This diversity initiative has had a significant positive impact throughout the Trust, particularly on staff morale. Approximately 80% of the 2014 cohort are now employed by the Trust.
- A working group was established to review the process for amending patient details specifically relating to a change in gender identity. As a result of this group, a protocol and subsequent guidance was approved to support patients who are planning, currently undergoing, or have gone through the process of gender reassignment.

- An innovative education and training programme has been developed to improve patient care. A cultural awareness course has been designed to support overseas and UK staff by developing their understanding of cultural differences.
- Working in partnership with the Clinical Commissioning Group (CCG), the Trust has developed an Equality Reference Group to continually engage with the diverse groups of our local community. Anyone is welcome to join this group and will have an opportunity to contribute to the design and delivery of local services. The group meets on a quarterly basis, but also offers a virtual network.

## Part V: Foundation Trust membership

### Comparison 2013 and 2014 - staff and public membership

	Staff Membership				Public Membership			
	2013/14	%	2014/15	%	2013/14	%	2014/15	%
<b>Age</b>								
0-16	47	1.3	57	1.4	3	<1	0	<1
17-21					15	<1	18	<1
22+	3581	98.7	3915	98.6	12737	98.2	11895	98.2
Not stated					219	1.7	202	1.7
TOTAL	3628		3972		12974		12115	
<b>Ethnicity</b>								
White	3388	93.4	3741	94.1	11726	90.4	11106	91.7
Mixed	33	0.9	25	0.6	12	<1	12	<1
Asian	16	0.4	16	0.4	25	<1	26	<1
Asian British	78	2.1	79	2.0				
Black	2	0.1	1	0.3	4	<1	4	<1
Black British	17	0.5	11	1.2				
Other	42	1.2	49	1.2	21	<1	20	<1
Undefined	0	0	0	0	0	0	0	0
Not stated	52	1.4	50	1.4	1186	9.1	947	7.8
TOTAL	3628		3972		13303		12115	
<b>Sex</b>								
Male	819	22.7	842	23.2	5385	41.5	4976	41.1
Female	2794	77.3	2786	76.8	7365	56.8	6988	56.7
Not stated	0		0		224	1.7	151	1.2
TOTAL	3613		3628		12974		12115	
<b>Recorded Disability</b>								
Yes	77	2.1	78	2.1	8	<1	7	<1
No	2599	71.9	2619	72.2	-	-	-	-
Not declared	182	5.0	192	5.3	-	-	-	-
Undefined	755	20.9	739	20.4	-	-	-	-
TOTAL	3613		3628		8	<1	7	<1

\* Not applicable

Staff Membership figures exclude opt-outs and staff on fixed term contracts under 12 months.

## Part VI: Regulatory findings

NHS foundation trusts receive regulatory ratings from the independent regulator Monitor and from the Care Quality Commission. This section of the annual report describes the ratings, the reasons for them and the actions being taken to address any significant issues. It details our ratings from Monitor in comparison with the expectation of the annual rating which had been published in our annual plan.

The Trust's Care Quality Commission declaration is reported elsewhere in this annual report – see page 90.

### Monitor's regulatory findings

**Table of analysis – 2013/14 and 2014/15**

	Annual Plan 2014/15	Quarter 1 2014/15	Quarter 2 2014/15	Quarter 3 2014/15	Quarter 4 2014/15
Continuity of service risk rating	3	3	3	3	TBC FROM MONITOR
Governance rating	Green	Green	Green	Under review	TBC FROM MONITOR

	Annual Plan 2013/14	Quarter 1 2013/14	Quarter 2 2013/14	Quarter 3 2013/14	Quarter 4 2013/14
<b><i>Under the compliance framework</i></b>					
Financial risk rating	4	3	3		
Governance risk rating	Green	Green	Green		
<b><i>Under the risk assessment framework</i></b>					
Continuity of service risk rating				4	4
Governance rating				Green	Green

### Explanation of ratings

All NHS foundation trusts need a licence from Monitor (sector regulator for health services in England) that stipulates specific conditions the Trust must meet.

Monitor uses a 'risk assessment framework' (RAF) that outlines a set of rules with two specific aspects of our work being regularly monitored throughout the year: the continuity of services and governance conditions in our provider licence.

The aim of a Monitor assessment under the RAF is to show when there is:

- a significant risk to the financial sustainability of the Trust in delivery of its key services which in turn endangers the continuity of those services; and/or
- poor governance at the Trust.

These will be assessed separately using types of risk categories and each NHS foundation trust will therefore be assigned two ratings. The role of ratings is to indicate when there is a cause for concern at a provider. It is important to note that these ratings will not automatically indicate the Trust's breach of its licence or trigger regulatory action. Rather, the ratings will prompt Monitor to consider where a more detailed investigation may be necessary to establish the scale and scope of any risk.

Monitor's oversight of continuity of services and of governance at NHS foundation trusts comprises four stages:

- (i) monitoring the licence holders;
- (ii) assessing risks to compliance with the continuity of services and NHS foundation trust licence conditions for governance;
- (iii) investigating potential breaches of licence conditions; and
- (iv) prioritisation and taking regulatory action.

Where Monitor's concerns overlap with those of the Care Quality Commission (CQC), Monitor will seek to align their regulatory approaches.

For the annual risk assessment, Monitor initially requires a detailed two-year operational plan including forecast financial performance, and details of any major risks to compliance with mitigating actions. Following the submission of the operational plan and Monitor feedback, trusts' are then required to provide an additional three-year strategic plan taking the forward thinking of foundation trusts into the next five years.

**Continuity of services risk rating** – The continuity of services risk rating incorporates two common measures of financial robustness:

- (i) **liquidity:** days of operating costs held in cash or cash-equivalent forms, including wholly committed lines of credit available for drawdown; and
- (ii) **capital servicing capacity:** the degree to which the organisation's generated income covers its financing obligations.

The continuity of services risk rating states Monitor's view of the risk facing a provider of key NHS services.

There are four rating categories ranging from one, which represents the most serious risk, to four, representing the least risk. A low rating does not necessarily represent a breach of the provider's licence; rather, it reflects the degree of financial concern Monitor may have about a provider and consequently the frequency with which they will monitor it.

**Governance risk rating** – Monitor will primarily use a governance rating, incorporating information across a number of areas, to describe views of the governance of an NHS foundation trust

. Monitor will generate this rating by considering the following information regarding the Trust and whether it is indicative of a potential breach of the governance condition:

- performance against selected national access and outcomes standards;
- Care Quality Commission (CQC) judgments on the quality of care provided;
- relevant information from third parties;
- a selection of information chosen to reflect quality governance at the organisation;

- the degree of risk to continuity of services and other aspects of risk relating to financial governance; and
- any other relevant information.

There are three categories to the new governance rating which are:

- Green – no grounds for concern.
- Narrative – with additional description of the concern and steps being taken. At some point Monitor would expect this to either revert to green or move to red.
- Red – where Monitor has begun enforcement action

Further information about foundation trust ratings is available on Monitor's website at <https://www.gov.uk/government/organisations/monitor>

### **Summary of rating performance throughout the year and comparison to prior year**

2014/15 was another challenging year for South Devon Healthcare NHS Foundation Trust although the organisation achieved continuity of service risk ratings in line with the annual plan expectations. Unfortunately, compliance with governance targets was maintained during quarters one and two, but was challenged at quarter three due to failing to meet both the accident and emergency (A&E) four-hour target and 18-weeks in aggregate referral to treatment (RTT) time for admitted patients. The Trust was placed on weekly reporting for A&E and monthly reporting for the RTT standard.

The Trust has responded and performed well during 2014/15 in many areas other areas whilst delivering the financial challenges imposed on all NHS trusts. The Trust reported a year-end position excluding impairments that was below the financial target submitted in its annual plan to Monitor in June 2014.

The continuity of services and governance risk ratings at the end of March 2015 has yet to be confirmed by Monitor.

### **Analysis of actual quarterly rating performance compared with expectation in the annual plan**

The following commentary covers the explanation for differences in actual performance versus expected performance at the time of the annual risk assessment.

**Quarter one 2014/15** – The governance risk rating was in line with our plans with the Trust meeting all healthcare targets and indicators. The continuity of services risk rating was in line with our annual plan.

**Quarter two 2014/15** – The governance risk rating was in line with our plans with the Trust meeting all healthcare targets and indicators. The continuity of services risk rating was on plan, but there was an adjustment downwards in respect of the Trust's year-end financial forecast.

**Quarter three 2014/15** – The Trust's governance risk rating was challenged by Monitor at quarter three due to failing to meet both the accident and emergency (A&E) four-hour target and 18-weeks in aggregate referral to treatment (RTT) time for admitted patients. The Trust was placed on weekly reporting for A&E and monthly reporting for the RTT

standard. The continuity of services risk rating remained at three (low risk) in line with our annual plan.

**Quarter four 2014/15** – At the time of writing this report the quarter four response from Monitor was unavailable.

There have been no formal interventions by Monitor during 2013/14 or 2014/15.

## Part VII: Local Assurance

### The NHS Foundation Trust – background (pre 1 April 2015)



**Above:** Our NHS Foundation Trust public membership is divided into three public constituencies and elections are held within each to choose representatives to sit on the Council of Governors.

#### The legislative basis

South Devon Healthcare NHS Foundation Trust has been founded as a public benefit corporation under the Health and Social Care (Community Health and Standards) Act 2003.

The Board of Directors is accountable to a Council of Governors. Because the NHS foundation trust is entrusted with public funds, it is essential that we operate according to the highest corporate governance standards. For this reason, the Trust is following the guidance laid down by Monitor (sector regulator for health services in England), in the NHS Foundation Trust Code of Governance. Monitor's website address is <https://www.gov.uk/government/organisations/monitor>

#### Decision making and responsibilities

The operation, resource management and standards of the NHS foundation trust are the responsibility of the Board of Directors, with day-to-day decisions delegated to management. The main function of the Council of Governors is to work with the Board of Directors to ensure that the Trust acts in a way that is consistent with its constitution and objectives, and to help set the Trust's strategic direction. The Council of Governors is not involved in matters of day-to-day management, but has powers of appointment to the

Board of Directors (non-executives) and represents the interests and views of the community (members and public), staff and partner organisations, ensuring these are taken into account in the Trust’s forward plans. Governors also have an important, outward-facing role to play with regards to the NHS Foundation Trust membership.

**Our Council of Governors**

<b>Public (17)</b>  <i>elected by public members</i>	<b>Staff – 2 clinical and 2 non clinical (4)</b>	<i>Elected by staff members</i>  <i>Decided with partners</i>
	<b>Torbay and Southern Devon Health and Care NHS Trust (1)</b>	
	<b>Clinical Commissioning Group (1)</b>	
	<b>Local authority (4)</b>	
	<b>Other partnerships (3)</b>	
	<b>University (1)</b>	

**31 + chairman = 32 in total**

In the lists on the following pages, each representative’s term of office is recorded; new public, staff and nominated governors are elected for a three-year term of office. Each governor’s number of attendances at Council of Governors meetings during the year is also shown, and also membership of, and attendance at, any sub-committees. Membership numbers are given for each constituency. All numbers are as at 31 March 2015.

Any declarations of interests for the Council of Governors members and for the Board of Directors is called for at the beginning of each Council of Governors or Board of Directors meeting. You can ask to see the register of interests at any other time or to contact your elected Council of Governors members.

*Contact: Foundation Trust Office, Hengrave House, Torbay Hospital, Torquay TQ2 7AA, telephone 01803 655705.*

## Council of Governors members

### South Hams and Plymouth (eastern area)

#### Elected public governors

(3 representatives: 1,369 members)

Name	Term of office  Committee and Group membership	Declaration of interests  Council of Governors Attendance record 2014/15
<b>Roy Allison</b>	<p><b>Current</b></p> <p>Re-elected for 2 year term (1 March 2014 – 29 February 2016)</p> <p>Member of Remuneration Committee</p> <p>Member of Mutual Development Group</p> <p>Governor observer – Torbay Pharmaceuticals Board</p>	<p>None declared</p> <p>Attended Council of Governors 4/4</p>
<b>Christina Carpenter</b>	<p><b>Current</b></p> <p>Re-elected for 3 year term (1 March 2014 – 28 February 2017)</p> <p>Member of Mutual Development Group</p> <p>Governor observer – Charitable Funds Committee</p>	<p>None declared</p> <p>Attended Council of Governors 3/4</p>
<b>Anne Harvey</b>	<p><b>Current</b></p> <p><b>Council of Governors lead governor</b></p> <p>Re-elected for 3 year term (1 March 2013 – 28 February 2016)</p> <p>Member of Nominations Committee (until April 2014)</p> <p>Governor observer – workstream 5 (infrastructure and environment)</p> <p>Member of Quality and Compliance Committee</p>	<p>None declared</p> <p>Attended Council of Governors 3/4</p>

## Teignbridge Constituency

Elected public governors  
(7 representatives: 4,521 members)

Name	Term of office  Committee and Group membership	Declaration of interests  Council of Governors Attendance record 2014/15
<b>Terry Bannon</b>	<p><b>Current</b></p> <p>Re-elected for 3 year term (1 March 2014 – 28 February 2017)</p> <p>Member of Nominations Committee</p>	<p>None declared.</p> <p>Attended Council of Governors 4/4</p>
<b>Barrie Behenna</b>	<p><b>Term ended</b></p> <p>Re-elected for 3 year term (1 March 2012 – 28 February 2015)</p> <p>Member of Nominations Committee</p> <p>Member of Remuneration Committee</p> <p>Governor observer – workstream 4 (Workforce and Educational Governance Board)</p> <p>Chair of Quality and Compliance Committee</p>	<p>None declared</p> <p>Attended Council of Governors 4/4</p>
<b>Carol Day</b>	<p><b>Current</b></p> <p>Elected for 3 year term (1 March 2013 – 28 February 2016)</p> <p>Governor observer – Infection Prevention and Control Committee</p>	<p>None declared</p> <p>Attended Council of Governors 3/4</p>
<b>Cathy French</b>	<p><b>Current</b></p> <p><b>Council of Governors lead governor</b></p> <p>Re-elected for 3 year term (1 March 2015 – 28 February 2018)</p> <p>Member of Nominations Committee</p>	<p>None declared</p> <p>Attended Council of Governors 4/4</p>

Name	Term of office  Committee and Group membership	Declaration of interests  Council of Governors Attendance record 2014/15
	<p>Member of Remuneration Committee</p> <p>Member of Quality and Compliance Committee</p> <p>Chair of Mutual Development Group</p>	
<b>Alan Hitchcock</b>	<p><b>Current</b></p> <p>Re-elected for 3 year term (1 March 2013 – 28 February 2016)</p> <p>Member of Mutual Development Group</p>	<p>None declared</p> <p>Attended Council of Governors 3/4</p>
<b>George-Alfred Husband</b>	<p><b>Current</b></p> <p>Re-elected for 3 year term (1 March 2013 – 28 February 2016)</p>	<p>Interests declared: Patient lead and chair of newly formed PPG (Patient Participation Group) at Cricketfield Surgery/Newton Abbot. Director/Trustee – H.I.T.S (Homeless In Teignbridge Support). Trustee – Meadowside Charity Teignbridge concerning persons with learning difficulties. Trustee – T.C.V.S (Teignbridge Community Volunteer Service).</p> <p>Attended Council of Governors 3/4</p>
<b>Barbara Inger</b>	<p><b>Current</b></p> <p>Elected for 3 year term (1 March 2015 – 28 February 2018)</p>	<p>None declared</p> <p>Attended Council of Governors 0/0</p>
<b>Sally Rhodes</b>	<p><b>Current</b></p> <p>Elected for 3 year term (1 March 2013 – 28 February 2016)</p> <p>Member of Mutual Development Group</p>	<p>None declared</p> <p>Attended Council of Governors 4/4</p>

## Torbay Constituency

Elected public governors  
(7 representatives: 6,225 members)

Name	Term of office  Committee and Group membership	Declaration of interests  Council of Governors Attendance record 2014/15
<b>Stephen Acres</b>	<b>Term ended</b>  Re-elected for 3 year term (1 March 2012 – 28 February 2015)	None declared  Attended Council of Governors 4/4
<b>Will Baker</b>	<b>Term ended</b>  Elected for 3 year term (1 March 2012 – 28 February 2015)  Governor observer – workstream 2 (Patient Experience and Community Partnerships)  Member of Quality and Compliance Committee	Interests declared: South Devon Cardiac Services Clinical Pathway Group. One son is currently employed on the physiotherapy bank, working in Dartmouth Hospital; the other son is a physiotherapist currently on rotation at Torbay Hospital.  Attended Council of Governors 4/4
<b>David Brothwood</b>	<b>Current</b>  Elected for 3 year term (1 March 2013 – 29 February 2016)  Governor observer – workstream 3 (Finance Committee)  Member of Quality and Compliance Committee	None declared  Attended Council of Governors 4/4
<b>Sylvia Gardner-Jones</b>	<b>Current</b>  Re-elected for 3 year term (1 March 2014 – 28 February 2017)  Member of Mutual Development Group	Member of Torbay Hospital Chaplaincy Team.  Attended Council of Governors 3/4
<b>Rick Hillier</b>	<b>Current</b>  Re-elected for 3 year term (1 March 2013 – 28 February 2016)  Member of Nominations Committee	Interests declared: Chairman of the Community Care Trust (South Devon) Ltd.  Attended Council of Governors 3/4

Name	Term of office  Committee and Group membership	Declaration of interests  Council of Governors Attendance record 2014/15
	Member of Remuneration Committee	
<b>Lynne Hookings</b>	<p><b>Current</b></p> <p>Elected for 3 year term (1 March 2013 – 28 February 2016)</p> <p>Governor observer – Audit and Assurance Committee</p> <p>Member of Quality and Compliance Committee</p> <p>Member of Mutual Development Group</p>	<p>Interests declared: Trustee of Torbay Hospital League of Friends.</p> <p>Attended Council of Governors 3/4</p>
<b>Wendy Marshfield</b>	<p><b>Current</b></p> <p>Elected for 3 year term (1 March 2014 – 28 February 2017)</p> <p>Governor observer – workstream 1 (Patient Safety Committee)</p> <p>Member of Quality and Compliance Committee</p>	<p>None declared</p> <p>Attended Council of Governors 3/4</p>
<b>Simon Slade</b>	<p><b>Current</b></p> <p>Elected for 3 year term (1 March 2015 – 28 February 2018)</p>	<p>None declared</p> <p>Attended Council of Governors 0/0</p>
<b>Peter Welch</b>	<p><b>Current</b></p> <p>Elected for 3 year term (1 March 2015 – 28 February 2018)</p>	<p>Interests declared: Member of Torbay Hospital League of Friends – Wellswood Branch. Member of Torbay Hospital League of Friends Management / Executive Committee.</p> <p>Attended Council of Governors 0/0</p>

## Staff Constituency

**Elected staff governors**  
**(4 representatives: 3,628 members)**

<b>Name</b>	<b>Term of office</b>	<b>Declaration of interests</b> <b>Attendance record 2014/15</b>
<b>Cleo Allen</b>	<b>Current</b>  Elected for 3 year term (1 March 2013 – 28 February 2016)  Member of Mutual Development Group	None declared  Attended Council of Governors 3/4
<b>Lesley Archer</b>	<b>Current</b>  Elected for 3 year term (1 March 2015 – 28 February 2018)	None declared  Attended Council of Governors 0/0
<b>Rachael Glasson</b>	<b>Term ended</b>  Elected for 3 year term (1 March 2012 – 28 February 2015)  Governor observer – workstream 4 (Workforce and Educational Governance Board)  Member of Quality and Compliance Committee	None declared  Attended Council of Governors 4/4
<b>Diane Gater</b>	<b>Current</b>  Elected for 3 year term (1 March 2015 – 28 February 2018)	None declared  Attended Council of Governors 0/0
<b>Jon Goldman</b>	<b>Term ended</b>  Elected for 3 year term (1 March 2012 – 28 February 2015)  Member of Nominations Committee	None declared  Attended Council of Governors 2/4

<b>Name</b>	<b>Term of office</b>	<b>Declaration of interests</b> <b>Attendance record 2014/15</b>
<b>Helen Wilding</b>	<p><b>Current</b></p> <p>Elected for 3 year term (1 March 2013 – 28 February 2016)</p> <p>Governor observer – Equality, Diversity and Human Rights Group</p> <p>Member of Mutual Development Group</p>	<p>None declared</p> <p>Attended Council of Governors 2/4</p>

## Partner Organisations

### Nominated governors (10 representatives)

Name	Term of office  Committee and Group membership	Declaration of interests  Attendance record 2014/15
<b>Julia Blood</b>	Carers  <b>Resigned 14 April 2014</b>  1 March 2013 – 29 February 2016	Interests declared: Development manager and lead practitioner for learning disability for Devon carers centre. Employed by registered charity south Devon Carers Consortium (SDCC) working in partnership with the carers+ consortium, which commissions SDCC to deliver services in South Devon. The carers+ consortium receives funding from Devon Primary Care Trust and Devon County Council. The carers centre provides information, support and short breaks for carers living in Devon.  Attended Council of Governors 0/0
<b>Gill Montgomery</b>	Devon Partnership Trust  <b>Current</b>  1 March 2013 – 29 February 2016	Interests declared: Assistant director – Devon Partnership Trust.  Attended Council of Governors 1/4
<b>Mark Procter</b>	South Devon and Torbay CCG  <b>Current</b>  1 July 2013 – 30 June 2016	None declared  Attended Council of Governors 3/4
<b>Rosemary Rowe</b>	Devon County Council  <b>Current</b>  1 June 2013 – 31 May 2016	None declared  Attended Council of Governors 1/4
<b>Sylvia Russell</b>	Teignbridge Council  <b>Current</b>  1 June 2013 – 31 May 2016	None declared  Attended Council of Governors 2/4
<b>Christine Scouler</b>	Torbay Council  <b>Current</b>	Interests declared: Executive lead for adult social care, co-chair of supporting

<b>Name</b>	<b>Term of office Committee and Group membership</b>	<b>Declaration of interests Attendance record 2014/15</b>
	1 June 2011 – 7 May 2015	learning disabilities board, member of health and wellbeing board, councillor on South Devon Healthcare NHS Foundation Trust board.  Attended Council of Governors 2/4
<b>Lindsay Ward</b>	South Hams District Council  <b>Current</b>  1 July 2012 – 30 June 2015	None declared  Attended Council of Governors 3/4
<b>Jon Welch</b>	Torbay and Southern Devon Health and Care NHS Trust  <b>Current</b>  Re-nominated for 3 year term (1 March 2013 – 29 February 2016)	Interests declared: Board member of Torbay and Southern Devon Health and Care NHS Trust.  Attended Council of Governors 1/4
<b>Carers</b>		Vacant
<b>Peninsula College of Medicine and Dentistry</b>		Vacant
<b>Voluntary Services</b>		Vacant

The Council of Governors was chaired by acting chair David Allen from 1 April 2014 to 31 May 2014. Richard Ibbotson took over as chairman on 1 June 2014 and from this date he attended all of the Council of Governors meetings held during the year.

## **Elections**

Some of the public and staff member representatives, known as governors, came to the end of their terms of office during the year. Approximately a fifth of the elected seats come up for election each year, to ensure that the Trust's public and staff memberships have a regular opportunity to exercise their right to vote for the representatives of their choice.

During the last 12 months, elections have been held in November 2014, December 2014 and March 2015.

November 2014 – both clinical staff seats were available, but only one candidate put themselves forward. Lesley Archer, Consultant Radiologist was elected unopposed. Lesley took up her seat on 1 March 2015 for a three-year term of office.

December 2014 - two of the seven Teignbridge constituency seats and two of the seven Torbay constituency seats were contested. There were four candidates for the Teignbridge seats; Cathy French was re-elected for a further three-year term and Barbara Inger took up her seat on 1 March 2015 for a three-year term of office. Five candidates put themselves forward for the Torbay constituency seats; Simon Slade and Peter Welch took up their seats on the Trust's Council of Governors for a three-year term of office from 1 March 2015.

March 2015 – the remaining clinical seat was elected unopposed. Diane Gater, Registered Dietician took up her three-year term of office from 1 March 2015.

The 17 publicly-elected representatives form the majority on the Council of Governors.

## **Community involvement**

We have been authorised as an NHS Foundation Trust for eight years now, and we are maintaining a public membership of just over 12,000 people whom we stay in contact with several times a year. Annual surveys and real-time feedback of their views about our forward plans and about their experiences of our service – as recent patients, carers or visitors - is now an established part of our communications with our members. The level of responses we receive gives us a statistically significant sounding board from households across the South Devon community. Most of the respondents were happy with the level of service being provided, but where we do not always get it right first time, the Trust is committed to improving these areas for everyone.

The membership is represented by the 17 people elected to our Council of Governors, whose responsibility it is to ensure that the Trust's directors take account of the collective views of the membership, members of the public and work in the interests of the local community when setting the Trust's strategy and forward plans.

## **Understanding the patient experience**

The Trust continues to increase its understanding of what patients and the public think about the services we offer and recognise the value of their ideas about how services can be developed and improved.

Feedback from formal national surveys and from sources such as complaints, compliments, patient advice and liaison service (PALS) provide important information about the patient experience. In addition, we receive valuable ideas and suggestions from patients and the service user groups which are well established in a number of specialties.

Over the last year we have continued to harness the knowledge and experience of members of our Foundation Trust. The members of our working with us panel have provided useful insight and perspective, as patients or members of the public, using real time feedback to improve the patient experience. This has included the virtual Patient Information Review Group involving working with us panel members, Healthwatch and governor representatives, and including patient representation on working groups to resolve particular issues.

Foundation Trust members also sit on important groups such as our Patient Safety Committee, our Learning from Complaints Group and the committee responsible for developing partnerships with patients and patient groups in the wider community so that the Trust better understands the patient experience.

The Trust board recognises the importance of understanding the patient experience and continues to receive a patient story at each board meeting. This practice has been extended to workstream two (patient experience) and divisional board meetings

We maintain contact with the local Healthwatch and see this as potentially valuable source of information from local people who use the services at Torbay Hospital and our aim is to work in partnership with them.

## **Work of the Council of Governors**

The Council of Governors held four public meetings during the year and made decisions in accordance with the Trust's constitution. In addition, to routine agenda items, governors received presentations on the staff survey, integrated care organisation, nursing establishment, horizon institute and adult social care. The Trust welcomes anyone who would like to attend these public meetings.

In February 2015, the Council of Governors held its annual self-assessment session; a review of the previous year and actions being agreed for 2015/16.

The committees/groups that report to the Council of Governors are described below.

## **Non-Executive Director Nominations Committee**

The Nominations Committee is a standing committee of the Council of Governors whose primary function is to assist the Board of Directors with its oversight role through:

- periodic review of the numbers, structure and composition (including the person specifications) of the chairman and non-executive directors, to reflect the expertise and experience required, and to make recommendations to the Council of Governors;
- developing succession plans for the chairman and non-executive directors, taking into account the challenges and opportunities facing the Trust; and
- identifying and nominating candidates to fill the chairman and non-executive director posts.

The meetings are chaired by the Trust chairman except when the committee is dealing with any matter of appointment concerning the chairman; the chair for this item will be the lead governor.

Following Peter Hildrew's and Topsy Murray's resignation in January and February 2014 respectively, an executive search agency was used in the first instance to fill the vacant chair position for South Devon Healthcare NHS Foundation Trust. Interviews for the position were held in April 2014 following a robust, open and transparent process involving presentations and focus groups attended by staff, governors and local organisations that work closely with the Trust. The Council of Governors appointed Sir Richard Ibbotson on 30 April 2014, for a three-year term of office from 1 June 2014. Following Sir Richard's start date, he quickly initiated an external agency to find a new non-executive director to fill the vacant non-executive director seat on the Board of Directors. Interviews for the position were held in September 2014 and the Council of Governors appointed Jacqui Lyttle, for a three-year term of office from 1 October 2014.

In the spring (2015), the Nominations Committee and the Senior Independent Director conducted an annual performance review of the Chairman. The Non-Executives' annual performance reviews were conducted by the Chairman of the NHS Foundation Trust and the Council of Governors' lead governor. Reports generated by the reviews are put forward to the Council of Governors

## **Non-Executive Director Remuneration Committee**

The Non-Executive Director Remuneration Committee is a standing committee of the Council of Governors whose primary functions are:

- to receive advice as necessary on overall remuneration and terms and conditions of service for the chairman and non-executive directors;
- to recommend to the Council of Governors the levels of remuneration and terms and conditions of service for chairman and non-executives;
- to monitor the performance of the non-executive directors through the Trust chairman; and
- to monitor the performance of the Foundation Trust chairman.

The meetings are chaired by the lead governor.

All the recommendations for 2014/15 put forward by the Remuneration Committee were agreed by the majority of the Council of Governors in July 2014.

## Mutual Development Group

One of the Council of Governors' sub-groups, the Mutual Development Group, focuses on ensuring that there is an ongoing dialogue with our members and that we continue to develop the membership to make it as representative as possible of the whole community.

Public membership at the end of March 2014 totalled 12,974 and 12,115 at the end of March 2015. We estimate that this represents around seven per cent of the households in our catchment area.

The group has adopted the following objectives for 2015/16 and these are annually reviewable:

**Advice** - To continue to offer advice and information to the Council of Governors on the community perception of the Foundation Trust's conduct of its healthcare provision.

**Recruitment** - To seek to maintain the registered membership at its present level of 12,000 – 13,000 and to maintain under review means of achieving a representation of all sectors of the community.

**Information** - To promote a series of seminars for members, focusing on significant sectors of the Foundation Trust's work.

**Communication** - To promote the on-line facility for newsletters and all other communications to and from members.

**Partnership** - To actively work with HealthWatch, the local Clinical Commissioning Groups and other appropriate agencies whose experience might add to the pool of knowledge about the public response to the Foundation Trust and the delivery of its services.

Members of the public, living in any of the three public constituencies and aged over 16, are eligible to become members. Our map (see page 38) shows the areas covered by our public constituencies.

The Trust always welcomes new members.

It is simple to sign up and add yourself to the membership, so that you can vote in the elections and receive regular news from Torbay Hospital and the NHS Foundation Trust which runs it. Just ring **01803 655705** to register your details (or visit [www.sdhct.nhs.uk](http://www.sdhct.nhs.uk)). This is also the number to call to request a nomination form, if you might be interested in standing as a public representative on the Council of Governors. **It is also the contact point for any member wishing to communicate with their elected representatives or with the Trust's directors.**

The Trust ran several medicine for members events during the year attracting between 40 and 70 members per event to see a variety of presentations from clinical and non-clinical staff. All events were very well received and have included topics such as haematology and care of the elderly.

## Quality and Compliance Committee

The Quality and Compliance Committee is a standing committee of the Council of Governors whose primary function is to develop and maintain the Council of Governors' understanding and oversight of the Care Quality Commission (CQC) registration requirements and of the Trust's assurance processes underpinning its self-assessment declarations of compliance.

Membership of the committee shall be in accordance with the constitution and shall comprise of at least eight governors composed as follows:

- governor observers from workstreams one to five;
- governor observer from the Audit and Assurance Committee;
- lead governor;
- staff governor chosen by the staff governors; and
- one other publicly-elected governor.

It is the Quality and Compliance Committee's responsibility to write the governor statement in the quality report (page 169).

Three members of the Quality and Compliance Committee attended the annual stakeholders' meeting to decide upon the priorities for care in the forthcoming year.

A buddying system was put in place during the year, and each member of the Quality and Compliance Committee is partnered with one of the non-executive directors. In addition, the lead governor has been identified as the principal functional link between the non-executive directors and the governors in general. Members of the Quality and Compliance Committee are invited to communicate any matters related to their performance for inclusion in the annual appraisal of non-executive directors which is conducted jointly by the chair and the lead governor.

The operation of the five workstreams (and the Audit and Assurance Committee), which provide assurance on the quality of services offered at Torbay, includes at each meeting a governor observer. The governor observer's role is to provide evidence that the workstream has considered the appropriate Care Quality Commission (CQC) outcomes as part of their meeting. The governor report is shared with the workstream and presented to every meeting of the Quality and Compliance Committee. The portfolio of reports is presented to the CQC inspectorate when visiting the Trust. It also enables the Quality and Compliance Committee to gain a better overview of patient safety and quality.

The practice of inviting speakers to the Quality and Compliance Committee has continued though this year. The Matron of Healthcare for Older People, Dementia and Acute Stroke Services spoke especially about the management of dementia within the local community, a topic which emerges from time to time in the governors' annual survey of members.

The committee reports to the Council of Governors on its proceedings after each meeting on all matters within its duties and responsibilities and makes whatever recommendations to the Council of Governors it deems appropriate.

## **Our Directors' report**

The Directors of South Devon Healthcare NHS Foundation Trust state that, as far as they are aware, there is no relevant audit information of which the NHS body's auditors are unaware.

The Directors have taken all appropriate steps to ensure they are aware of relevant audit information and that the auditors are aware of such information.

## **Our Board of Directors**

South Devon Healthcare NHS Foundation Trust is managed by our Board of Directors made up of both executive and non-executive directors. The board is responsible for the operational management of the hospital and, with input from the Council of Governors, sets the future direction of the hospital.

It is also responsible for monitoring performance against national, regional and local objectives and ensuring the highest levels of standards and performance.

The executive directors work in the Trust on a substantive, full-time basis while the non-executive directors are appointed by the Council of Governors for a term of up to three years; a further term/extension may be offered. Non-executive directors commit as much time as they can to the Trust by attending board meetings and working on specific committees and groups and by offering their expertise in a specific field.

The Trust seeks to ensure that at least some of the following specialist skills are available within the overall complement of non-executive directors: accountancy, corporate finance or commercial leadership; entrepreneurial; human resources; leadership of democratic or membership-based organisations; legal experience; management of large professional-based organisations; marketing or customer services; strategic development; clinical experience.

Several of the non-executive directors are allocated a liaison role with one of the clinical divisions, enabling them to develop a closer understanding of the hospital, arrange ward visits and meet key staff including clinical directors. Meetings of the non-executive directors have continued to be held on a regular basis during the year. Executive and non-executive directors attend meetings of the Council of Governors, and at each meeting one of the non-executive directors has the opportunity of giving a report covering their portfolio of committee responsibilities as well as putting forward their key priorities and associated risks.

As mentioned above there have been two appointments to the non-executive team during 2014/15 year; Richard Ibbotson was appointed as chairman for three years following an open process which attracted more than 10 applications from around our constituency areas. Jacqui Lyttle was appointed as non-executive director by the Council of Governors and started her three-year term of office from 1 October 2014 following a separate open process.

Appraisal of executive directors is conducted by the chief executive.

A review of the Trust's corporate strategy continues to take account of changes in the external environment whilst ensuring that the revised board establishes clear direction and priorities. For 2014/15 the board adopted a set of key corporate objectives, linked to the Annual Plan.

The board collectively reviewed its performance against the corporate objectives towards the end of the financial year; sub-committees are reviewed periodically.

## Non-Executive Directors

Non-Executive Directors, place of residence, term of office, attendance at meetings	Background
<p><b>Sir Richard Ibbotson</b>, Plymouth, appointed for three years until May 2017.</p> <p>Board of Directors 9/9</p> <p>Council of Governors 3/3</p> <p>Nominations Committee 4/4</p> <p>Charitable Funds 1/2</p> <p>Risk &amp; Assurance Integrated Governance Group 3/4</p> <p>Executive Nominations &amp; Remuneration Committee 6/6</p>	<p>Sir Richard Ibbotson was appointed Chair of the Trust in June 2014 shortly after retiring as Admiral in the Royal Navy. His naval career included periods as Commodore of Britannia Royal Naval College, Commander British Forces Falkland Islands and, most recently, Deputy Commander-in-Chief Fleet (effectively Chief Operating Officer of the Royal Navy and Royal Marines). As well as being knighted for his services, Sir Richard is a Companion of the Most Honourable Order of the Bath and holds the Distinguished Service Cross and the NATO meritorious service medal. He also holds other public roles, as a Deputy Lord Lieutenant for Devon, Governor of Plymouth University and Chairman of the Royal Navy Royal Marines Charity and was a Member of the Armed Forces Pay Review Body.</p>
<p><b>David Allen</b>, OBE, Chudleigh, re-appointed for three years until February 2018.</p> <p>Attendance:</p> <p>Board of Directors 12/12</p> <p>Audit and Assurance Committee 3/5</p> <p>Executive Nominations and Remuneration Committee 6/7</p>	<p>David Allen OBE has been a Non-Executive Director for the Trust since 2012 and was Acting Chair from February 2014 to May 2014. He spent 37 years in higher education and retired as Registrar and Deputy Chief Executive of the University of Exeter in 2013. David is a Council member of the Higher Education Funding Council for Wales. He is a Governor of Exeter College and was awarded an OBE for services to higher education in the 2012 New Year Honours List.</p>
<p><b>John Brockwell</b>, Salcombe, re-appointed for one year until March 2016.</p> <p>Attendance:</p> <p>Board of Directors 12/12</p> <p>Audit and assurance committee 5/5</p> <p>Executive Nominations and Remuneration Committee 6/6</p> <p>Torbay Pharmaceuticals Board 7/11</p> <p>Charitable Funds 2/2</p>	<p>Mr John Brockwell from Salcombe, has operated at Board level as a finance professional in both the public and private sectors and in 2000 he was President of the Association of Chartered Certified Accountants. John spent much of his career with Marks and Spencer, where roles included Group Financial Controller for UK Stores and Head of Finance for one of the four UK divisions of Marks and Spencer, where he was responsible for financial management and strategy. He also served for six years as a Non-Executive Director and Vice Chair on the Royal Berkshire &amp; Battle Hospitals NHS Trust and more recently four years as a Non-Executive Director and Chair of the Audit Committee for Torbay Care Trust.</p>

<p><b>Les Burnett</b>, Torquay, re-appointed for three years until February 2017.</p> <p>Attendance:</p> <p>Board of Directors 10/12</p> <p>Audit and Assurance Committee 2/5</p> <p>Torbay Pharmaceuticals Board 10/11</p> <p>Executive Nominations and Remuneration Committee 3/6</p>	<p>Mr Les Burnett, from Maidencombe in Torquay and appointed from March 2008, brings expertise as a chartered accountant to the Board as well as experience of giving financial, tax and strategic advice. He is a Managing Partner at Francis Clark, Chartered Accountants. Mr Burnett has also been Chair of Torbay Development Agency Ltd.</p>
<p><b>Jacqui Lyttle</b>, Torquay, appointed until September 2017</p> <p>Attendance:</p> <p>Board of Directors 4/6</p> <p>Audit and Assurance Committee 1/2</p> <p>Executive Nominations and Remuneration Committee 2/3</p>	<p>Jacqui Lyttle joined the Board as a Non-Executive Director in October 2014. Having spent over 20 years working in the NHS at very senior manager and board level, Jacqui established her own independent healthcare consultancy in 2008. She has a genuine passion for improving care for patients and has spoken both nationally and internationally about service improvement and transformational change. Jacqui continues to work actively within the NHS, being a director of a small specialist provider organisation to NHS England, and as executive commissioning advisor to five Clinical Commissioning Groups (CCGs) and one Commissioning Support Unit, Royal College of General Practitioners (Pain faculty), The Dystonia Society and The European Parliament. She is also a lecturer for Health Education Wessex, and the Royal College of Surgeons (Dental Faculty).</p>
<p><b>Sally Taylor</b>, Modbury, appointed for three years until December 2015.</p> <p>Attendance:</p> <p>Board of Directors 10/12</p> <p>Audit and Assurance Committee 4/5</p> <p>Executive Nominations and Remuneration Committee 6/7</p>	<p>Sally Taylor joined the board in January 2013. She has been the Chief Executive of St Luke's Hospice in Plymouth since 1994. St Luke's delivers specialist palliative care, including advice and support to other professionals, for patients in Derriford, at home and in the hospice in-patient unit. Prior to that she spent nine years as a Chartered Accountant with PricewaterhouseCoopers (PwC) in London, specialising in corporate finance for small and growing businesses. She has been trustee/ treasurer/ chairman of a number of charities including Help the Hospices (the national membership body for hospices), the Harbour Centre drug and alcohol advisory service and the Barbican Theatre in Plymouth. She currently sits on the Local Education and Training Board for health in the South West.</p>

<p><b>James Furse</b>, Totnes, appointed for three years until January 2017.</p> <p>Attendance:</p> <p>Board of Directors 11/12</p> <p>Audit and Assurance Committee 5/5</p> <p>Executive Nominations and Remuneration Committee 5/6</p>	<p>James was appointed as a Non-Executive Director in January 2014. He enjoyed a long and distinguished career with the John Lewis Partnership from 1981 to 2010, the last four years of which he was the first Managing Director of their financial services arm, Greenbee.com, now John Lewis Financial Services. In 2010, James was appointed Executive Director of The Prince's Social Enterprises Ltd and became a member of a number of related boards, including Duchy Originals Ltd. James was appointed as a Non-executive Director of NS&amp;I in January 2012 and is Chairman of its Appointments and Remuneration Committee.</p>
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## Executive Directors

Executive Directors and responsibilities, Board of Directors attendance record	Background
<p><b>Paula Vasco-Knight</b>, Chief Executive (resigned 30 May 2014)</p> <p>Attendance:</p> <p>Board of Directors 0/1</p>	<p>Paula Vasco-Knight began her career as an enthusiastic nurse and throughout her career she has continued as a nursing professional, committed to making a difference to patients and their families.</p>
<p><b>Paul Cooper</b>, Director of Finance, Performance and Information and Deputy Chief Executive</p> <p>Attendance:</p> <p>Board of Directors 10/12</p> <p>Audit and Assurance Committee 3/5</p> <p>Charitable Funds 2/2</p> <p>Risk and Assurance Integrated Governance 4/4</p> <p>Torbay Pharmaceuticals Board 3/11</p>	<p>Paul Cooper qualified as a chartered accountant with KPMG (KPMG is a global network of professional firms providing audit, tax and advisory services) before joining the NHS in 1992. He has undertaken a wide variety of financial management roles in health authority, primary care trusts and provider organisations, all within the South and West Devon area. Paul joined the Trust in July 2010, from his previous post at Plymouth Hospitals NHS Trust. As well as leading on all aspects of financial management, Paul has a wealth of experience in contracting, performance and information management and is committed to integrating all of these disciplines, delivering comprehensive business support to clinical teams as they steer their services through what are challenging times for the NHS. Paul is an active member of the Healthcare Financial Management Association. Paul is also the Trust's deputy chief executive.</p>
<p><b>John Lowes</b>, Medical Director (until 13 April 2014), Interim Chief Executive (from 14 April 2014 to 31 March 2015)</p> <p>Attendance:</p> <p>Board of Directors 11/12</p>	<p>John Lowes qualified in medicine from Cambridge University and King's College Hospital, London in 1980. After training jobs in London, Oxford, and Birmingham he was appointed consultant gastroenterologist at Torbay Hospital in 1993, clinical tutor 1994, director of education 2003-2009, and became medical director October 2009. John chairs the Torbay Hospital Clinical Management Group and has board responsibility for patient safety.</p>
<p><b>Adrienne Murphy</b>, Director of Workforce and Organisational Development (resigned 20 August 2014)</p> <p>Attendance:</p> <p>Board of Directors 0/5</p>	<p>Adrienne Murphy has been a manager in the NHS for over 20 years working in a variety of settings including acute, primary care and strategic health authority. She is a fellow of the Chartered Institute of Personnel Development.</p>

Executive Directors and responsibilities, Board of Directors attendance record	Background
<p><b>Lesley Darke</b>, Director of Estates and Commercial Development</p> <p>Attendance:</p> <p>Board of Directors 10/12</p>	<p>Lesley Darke began her career as a nurse, training at Guy' Hospital London and in cardiothoracics at the Royal Brompton. She has held a variety of senior nursing and management posts in a variety of provider organisations and a health authority most recently director of planning, deputy and interim chief operating officer and director of estates, facilities and site services. She also has a masters degree in business administration. Lesley is experienced in strategic planning and managing support and commercial services. She retains her nursing values and is passionately committed to ensuring estates and facilities management services support quality care, and are person centred. She is extremely proud to be the champion of the patient environment. Lesley joined the Trust in August 2012.</p>
<p><b>Liz Davenport</b>, Interim Chief Operating Officer (1 September to 31 January 2015), Chief Operating Officer (from 1 February 2015)</p> <p>Board of Directors 7/7</p> <p>Risk and Assurance Integrated Governance Group 0/2</p>	<p>Liz Davenport was interim Chief Operating Officer at SDHFT from September 2014 until she was appointed to the substantive post in January 2015. She came to the Trust with a wealth of experience, having worked at Devon Partnership Trust (a mental health and learning disability trust) since 2001, including four years as a Locality Director, five years as Director of Workforce and Organisational Development, and four years as Director of Operations. Alongside this role, Liz was also Deputy Chief Executive since April 2013 and was acting Chief Executive for a time until a substantive appointment was made. Before moving to Devon in 2001, Liz worked for five organisations that delivered mental health and learning disability services and held a number of professional leadership, team management and clinical roles as an Occupational Therapist, including Professional Lead for Occupational Therapy at Devon Partnership Trust.</p>
<p><b>John Harrison</b>, Interim Director of Operations (until August 2014)</p> <p>Attendance:</p> <p>Board of Directors 5/5 Risk and Assurance Integrated Governance Group 2/2</p>	<p>John began his career in the NHS in South and West Devon Health Authority in 1997. He has held various commissioning roles in a local primary care trust (PCT) which has given John a good overview of NHS services from primary and community to acute, mental health and learning disabilities. Johns' last role in a PCT was director of commissioning and performance. This experience has enabled John to gain a good insight to NHS performance and contracting across a broad range of health services both NHS and private. His last role before joining South Devon Healthcare was director of the peninsula cancer network. This involved significant work on reconfiguration of cancer services in the Peninsula. John has also provided the lead contract and performance function for the Peninsula heart and stroke</p>

Executive Directors and responsibilities, Board of Directors attendance record	Background
	<p>network.</p> <p>Prior to joining the NHS John worked in the regional newspaper industry where he trained as a chartered management accountant.</p> <p>John joined South Devon Healthcare in February 2012 initially as head of planning and contracts before moving to his current role in July 2013.</p>
<p><b>Martin Ringrose</b>, Interim Director of Human Resources (from 1 January 2015)</p> <p>Board of Directors 2/3</p> <p>Risk and Assurance Integrated Governance Group 0/1</p>	<p>Martin was appointed Interim Director of Human Resources in January 2015, a joint position covering SDHFT and TSDHCT. One of his key responsibilities will be guiding staff through the creation of the Integrated Care Organisation.</p> <p>Martin has a long history in the NHS and started as a trainee in London in 1980. In 1989 he became the Deputy HR Director of SDHFT and in late 1992 was appointed to his first Director of HR role, in the West Midlands. Since that time he has worked as a HR Director in a variety of Trusts in the West Midlands, East Midlands and Devon. In 2005 he became the HR Director of Torbay Care Trust and his role at that stage was to bring together the workforces from both healthcare and social services. In 2010 Martin became the HR Director of the local mental health trust, Devon Partnership Trust.</p>
<p><b>David Sinclair</b>, Interim Medical Director (from 14 April 2014 to 31 March 2015)</p> <p>Board of Directors 8/11</p> <p>Risk and Assurance Integrated Governance Group 0/5</p>	<p>David Sinclair qualified in medicine from Birmingham University in 1981. After training jobs in the armed forces, London and the south east he was appointed consultant in respiratory medicine at Torbay Hospital in 1996. Subsequent posts have included clinical director for medicine, clinical sub dean for the peninsula medical school, director of cancer services and deputy medical director. David was interim medical director between April 2014 and March 2015.</p>
<p><b>Jane Viner</b>, Director of Professional Practice, Nursing and People's Experience</p> <p>Attendance:</p> <p>Board of Directors 12/12</p>	<p>Jane qualified as a nurse in 1985 and specialised in critical care and emergency medicine where she held a wide range of clinical, management and education roles. Jane has held various posts in the South West since 2001, including Nurse Consultant and Associate Director of Nursing at SDHFT, Deputy Director of Nursing at RD&amp;E, and Director of Nursing and Professional Practice and Deputy Chief Executive at TSDHCT.</p> <p>Jane joined this Trust in April 2013 and leads on a number of Trust objectives including patient experience, infection prevention and control, clinical governance and safety.</p>

The board has given careful consideration to the range of skills and experience required for the running of an NHS foundation trust and confirms that the necessary balance and completeness has been in place during the year under report.

Richard Ibbotson, Trust chairman had no other significant commitments other than to the Foundation Trust.

You can request to see the register of interests for the Council of Governors and for the Board of Directors by contacting the Foundation Trust office, Torbay Hospital, Torquay TQ2 7AA, telephone 01803 655705. The register of interests is also made available at each Council of Governors meeting and through our freedom of information publication scheme on our website [www.sdhct.nhs.uk](http://www.sdhct.nhs.uk)

# Annual Report on Remuneration (unaudited information)

## Annual Statement on Remuneration

### The role of the Executive Nominations and Remuneration Committee

The Executive Nominations and Remuneration Committee advise the Trust board on matters regarding the remuneration and conditions of service for senior managers.

The term 'senior managers' covers Trust employees in senior positions, who have authority and responsibility for directing and controlling major Trust activities. These employees influence the decisions of the entire Trust, meaning that the definition covers the chief executive and board-level directors.

The advice offered covers all aspects of salary, including performance-related pay, bonuses, pensions, provision of cars, insurance and other benefits. Advice on arrangements for termination of contracts and other general contractual terms also falls within the remit of the committee. Specifically, the committee is charged with:

- advising on appropriate contracts of employment for senior managers;
- monitoring and evaluating the performance of individual senior managers;
- making recommendations regarding the award of performance-related pay based; on both the Trust's performance and the performance of individuals; and
- advising on the proper calculation of termination payments.

The committee is empowered to obtain independent advice as it considers necessary. At all times, it must have regard to the Trust's performance and national arrangements for pay and terms of service for senior managers.

The committee meets approximately twice per year, in order to enable it to make its recommendations to the board. It formally reports in writing to the board, explaining its recommendations and the basis for the decisions it makes.

### Membership

The committee's membership includes all non-executive directors. The chief executive and other senior managers should not be present when the committee meets to discuss their individual remuneration and terms of service, but may attend by invitation from the committee to discuss other staff's terms. Accordingly, the chief executive and the director of workforce and organisational development (Interim Director of Human Resources from 1 January 2015) attend the committee when required.

Membership of the Executive Nominations and Remuneration Committee for 2014/15:

Period 1 April 2014 – 31 March 2015

Member	Meeting date						
	28 May 2014	20 Aug 2014	12 Nov 2014	26 Nov 2014	11 Dec 2014	16 Dec 2014 <sup>1</sup>	22 Dec 2014
Sir R Ibbotson*	n/a	✓	✓	✓	✓	✓	✓
Mr D Allen**	✓	apol	✓	✓	✓	✓	✓
Mr J Brockwell	✓	✓	✓	✓	✓	n/a	✓
Mr L Burnett	✓	apol	apol	apol	✓	n/a	✓
Mr J Furse	✓	✓	✓	✓	✓	n/a	apol
Mrs J Lyttle	n/a	n/a	n/a	✓	apol	n/a	✓
Mrs S Taylor	✓	✓	✓	✓	apol	✓	✓

\*chairman \*\*vice chair n/a = non-applicable apol = apologies

<sup>1</sup>16 December 2014 was the date of the chief executive interviews.

## **Senior managers Remuneration Policy**

Trust senior managers' remuneration is based on market rates. Board-level executive directors are paid spot level salaries rather than on an incremental scale and may collectively receive an annual uplift depending on the decisions taken by the Executive Nominations and Remuneration Committee. Their other terms and conditions e.g. holidays, pensions, sick pay are in accordance with Agenda for Change terms and conditions. Individual items such as lease cars are not offered as part of a remuneration package. Board level directors may, however, put forward an individual request in respect of such items.

To ensure that the pay and terms of service offered by the Trust are both reasonable and competitive, comparisons are made between the scale and scope of responsibilities of senior managers at the Trust and those of employees holding similar roles in other organisations.

A report is prepared for the Executive Nominations and Remuneration Committee by the Director of Workforce and Organisational Development, which makes these comparisons between the Trust's remuneration rates for senior managers and market rates.

The Executive Nominations and Remuneration Committee also takes note of the annual NHS cost of living increase.

For all staff other than doctors and board-level directors, remuneration is set in accordance with NHS agenda for change. Pay and conditions of service for doctors is agreed at a national level.

The Trust has not utilised a performance-related pay system for board-level directors for 2014/15.

### **Performance objectives**

In order to agree the objectives of each senior manager, the following process is adopted:

- senior managers meet annually with the chief executive to agree core and individual performance objectives;
- senior managers then meet with the chief executive on a monthly basis to discuss these objectives and the progress that has been made towards the targets set and
- a formal interim progress review is held six months after the objectives were set, a final review of performance and achievement of objectives is held at the end of the year, when objectives for the following year are also discussed and agreed.

The chief executive's performance is subject to appraisal using the same system, but her performance objectives are agreed with and monitored by the Trust chairman.

This process was designed to ensure that clearly defined and measurable performance objectives are agreed, and progress towards these objectives is regularly and openly monitored, both formally and informally.

### **Duration of contracts, notice periods and termination payments**

The chief executive and the majority of senior managers have permanent contracts of employment. The exception to this is the medical director, whose contract is for a fixed term three-year period, which started on 1 October 2012.

The Trust's current policy is to appoint with a requirement for six months' notice by either party.

There are no arrangements relating to termination payments other than the application of employment contract law.

### **Service contracts**

The terms outlined above apply to the service contracts held by:

- Chief executive;
- Director of nursing, professional practice and patient experience;
- Director of finance, performance and information;
- Director of workforce and organisational development
- Director of estates and commercial development;
- Chief Operating Officer; and
- Medical director.

Unless noted above, all of these post holders have been in post throughout 2014/15. There were two resignations in May and August 2014 as per the executive table above. Interim appointments were held during the year and notified to Monitor. Interim appointments can be made under separate conditions to those members of staff on substantive appointments.

No significant awards have been made to either present or past senior managers within 2014/15.

### **Chairman and Non-Executive Director Remuneration**

Chairman and Non-executive director (NED) remuneration is set by the Non-Executive Director Remuneration Committee as outlined on page 51. On pages 66 to 67, it can be noted that the Chairman and NEDs receive spot level remuneration, but can claim reasonable expenses as per other employees. The NEDs (excluding the Trust chairman), also detailed on pages 66 and 67 receive baseline remuneration currently set by governors as £12,687.50 with some NEDs receiving an additional one-off yearly allowance based on particular roles i.e. on an annual basis, the Chair of the Audit and Assurance Committee receives an additional £3,000, the Senior Independent Director receives an additional £1,500 and the Chair of the Torbay Pharmaceuticals Board receives an additional £1,500. There is no annual allowance for the vice chair.

### **Governor expenses**

Governors may be reimbursed for legitimate expenses, incurred in the course of their official duties, as governors of the South Devon Healthcare NHS Foundation Trust. The total amount of expenses claimed by 12 governors during the year was £2,800.25.

**Off payroll arrangements**

The Trust did not have any off payroll engagements between 1 April 2014 and 31 March 2015 that meets Monitor’s guidance.

**Signed**



Chief Executive

**Date**

27 May 2015

## Annual Report on Remuneration (audited information)

### Salary and pension entitlements of senior managers

Name and Title	2013/14			2014/15		
	Salary	Other remuneration	Benefits in kind	Salary	Other remuneration	Benefits in kind
	(bands of £5,000) £000	(bands of £5,000) £000	(to nearest £100) £	(bands of £5,000) £000	(bands of £5,000) £000	(to nearest £100) £
<b>Ms P Vasco-Knight</b> Chief Executive	160 - 165	25 - 30	4,400	105 - 110	-	-
<b>Dr J R Lowes</b> Interim Chief Executive	85 - 90	105 - 110	1,200	190 - 195	5 - 10	-
<b>Dr D G Sinclair</b> Interim Medical Director				55 - 60	155 - 160	-
<b>Mrs J Viner</b> Director of Professional Practice, Nursing and People's Experience	65 - 70	-	-	100 - 105	-	-
<b>Mr P Cooper</b> Director of Finance, Performance and Information	140 - 145	-	2,500	140 - 145	-	-
<b>Mrs A Murphy</b> Director of Workforce and Organisational Development	110 - 115	-	400	100 - 105	-	600
<b>Mr M Ringrose</b> Interim Director of Human Resources				15 - 20	-	-
<b>Mr J Harrison</b> Interim Director of Operations	70 - 75	-	-	40 - 45	-	-
<b>Ms L Davenport</b> Chief Operating Officer				55 - 60	-	-
<b>Mrs L Darke</b> Director of Estates and Commercial Development	100 - 105	-	400	100 - 105	-	1,100
<b>Mrs C Bessent</b> Acting Director of Nursing	30 - 35	-	-			
<b>Mr P Hildrew</b> Chairman	35 - 40	-	-			
<b>Sir R Ibbotson</b> Chairman				35 - 40	-	400
<b>Dr P I Johnston</b> Non-Executive Director	5 - 10	-	-			
<b>Mr L M Burnett</b> Non-Executive Director	10 - 15	-	-	10 - 15	-	-
<b>Mrs L Murray</b> Non-Executive Director	10 - 15	-	1,700			
<b>Mr D Allen</b> Non-Executive Director	15 - 20	-	-	15 - 20	-	-
<b>Mr J Brockwell</b> Non-Executive Director	15 - 20	-	1,900	15 - 20	-	300

	2013/14			2014/15		
	Salary	Other remuneration	Benefits in kind	Salary	Other remuneration	Benefits in kind
<b>Mr S Taylor</b> <a href="#">Non-Executive Director</a>	10 - 15	-	1,200	10 - 15	-	200
<b>Mr J Furse</b> <a href="#">Non-Executive Director</a>	0 - 5	-	-	10 - 15	-	-
<b>Mrs J Lyttle</b> <a href="#">Non-Executive Director</a>				5 - 10	-	-

The benefits in kind are in respect of lease cars provided by the Trust, and travel expenses that are subject to income tax.

The other remuneration received by Dr J R Lowes and Dr D G Sinclair are in respect of duties performed in their roles as clinicians in the Trust.

## Pension benefits

Name and title	Real increase in pension and related lump sum at age 60  (bands of £2,500) £000	Total accrued pension and related lump sum at age 60 at 31 March 2015  (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2015  £000	Cash Equivalent Transfer Value at 31 March 2014  £000	Real Increase / (Decrease) in Cash Equivalent Transfer Value  £000	Employers Contribution to Stakeholder Pension  To nearest £100
<b>Ms P Vasco-Knight</b> Chief Executive	0	170 - 175	764	758	- 15	-
<b>Dr J R Lowes*</b> Interim Chief Executive	-	-	-	-	-	-
<b>Dr D G Sinclair</b> Interim Medical Director	2.5 - 5.0	175 - 180	943	897	22	-
<b>Mrs J Viner</b> Director of Professional Practice, Nursing and People's Experience	7.5 - 10.0	150 - 155	770	684	67	-
<b>Mr P Cooper</b> Director of Finance, Performance and Information	10.0 - 12.5	165 - 170	705	620	69	-
<b>Mrs A Murphy</b> Director of Workforce and Organisational Development	0	125 - 130	552	525	13	-
<b>Mr M Ringrose</b> Interim Director of Human Resources	12.5 - 15.0	160 - 165	877	753	103	-
<b>Mr J Harrison</b> Interim Director of Operations	0	85 - 90	347	337	2	-
<b>Ms L Davenport</b> Chief Operating Officer	0	145 - 150	635	609	9	-
<b>Mrs L Darke</b> Director of Estates and Commercial Development	0 - 2.5	115 - 120	537	499	24	-

\*Dr J R Lowes has opted out of the pension scheme.

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

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2005-06 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV - this reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

## Financial overview

This describes the Board of Directors' view on the Trust's financial position and prospects, and complements the information in the financial statements in the Trust's annual accounts.

### Financial performance in 2014/15

For 2014/15 the Trust planned and delivered a Continuity of Service Risk Rating of three on a scale of one to four, with a score of four being the strongest.

In delivering that rating the Trust in common with the sector as a whole has seen underlying operational challenges which have resulted in financial pressures.

The Sector Regulator for NHS Services (Monitor) in conjunction with NHS England set a challenging tariff for 2014/15 particularly for small and medium sized acute providers. Accordingly the Trust set a deficit budget for 2014/15 of £2.4m given the significant Continuous Improvement Programme (CIP) delivery having been required year-on-year and the challenges seen to be building in delivering this recurrently every year. The quarterly performance figures seen in the foundation trust sector for these small and medium sized acute providers showed Monitor's forecast to be true. The sector found the marginal rate tariff for emergency activity of particular challenge with increasing demand, the need to maintain safer staffing levels and the challenges of recruiting sufficient medical and nursing staff. The sector as a whole saw increasing use of agency and temporary staff and increasing costs associated with that. This cost increase combined with only a marginal rate for the increased activity caused more organisations to fall into deficit.

This National picture was mirrored in South Devon Healthcare NHS Foundation Trust. The Trust due to its demographic profile also saw a significant demand for additional nursing staff to undertake supportive observations for the increasing number of complex elderly cases being seen. As a result for these pressures the Trust set a revised budget in October 2014 moving to £4.1million deficit (excluding impairment and donated asset income).

The Trust has ended the year slightly better than that at £3.8 million (excluding impairment and donated asset income). Impairment charges and reversal of impairment charges, as disclosed on the statement of comprehensive income (SOCl), arise as a consequence of revaluing property, plant and equipment during the course of the financial year. The processing of donated assets as income, required under International Accounting Standards, is also excluded.

### Funding overview

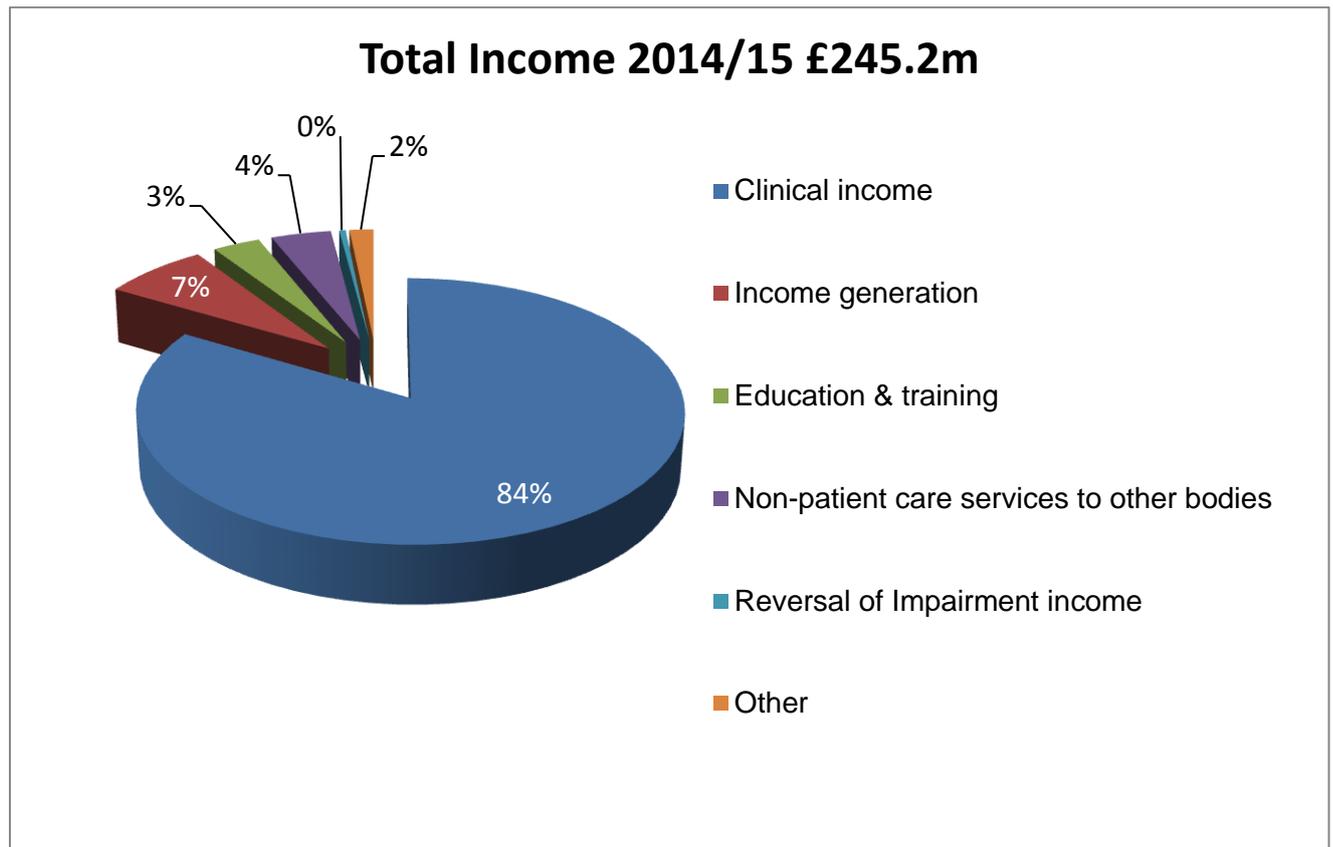
The Trust earned £245.2 million of income during 2014/15 primarily from clinical activities, but also received a considerable amount of income from education and training and income generation schemes.

A proportion of the clinical income received by the Trust was derived from activity undertaken at a tariff price, following the funding principles of the system known as payment by results, which is now embedded within the NHS. Under this system, the Trust received income based on the number of in-patient, day case, outpatient and emergency patients treated. The majority of the Trust's patient-related income was received on a block contract basis, with the Trust receiving a fixed amount of income for providing a

defined range of services. This mainly related to risk sharing arrangements the Trust entered into with Southern Devon and Torbay Clinical Commissioning Group (CCG).

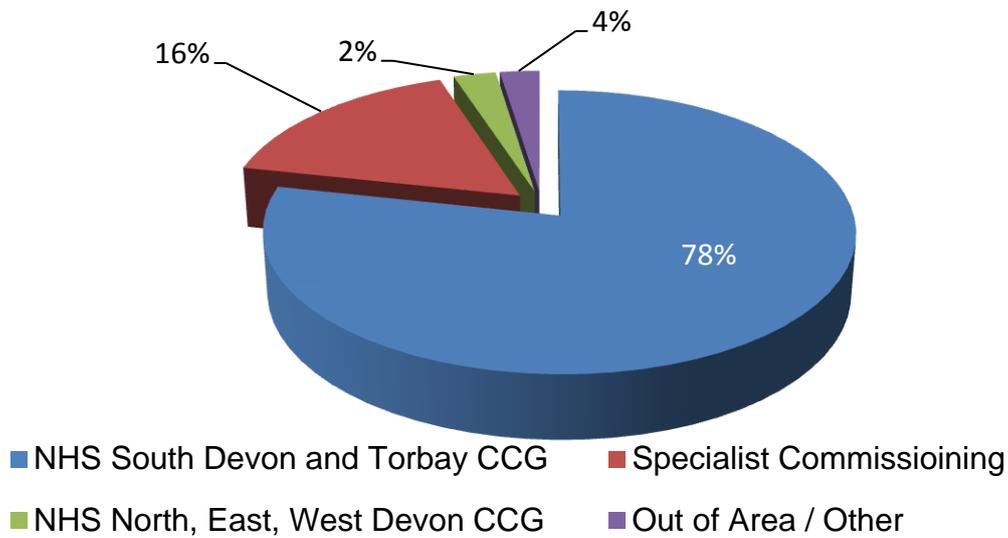
The payment by results system presents the Trust with challenges as we have to provide services at a fixed tariff, adjusted by a market forces factor to reflect the assumed cost of delivering healthcare in a given area. The Trust has been allocated one of the lowest market forces factors and therefore one of the lowest relative incomes of the acute Trusts in the country. This system was used as the basis for setting the block arrangement with Southern Devon and Torbay CCG.

**An analysis of the Trust's income and expenditure for 2014/15 is shown in the following charts:**



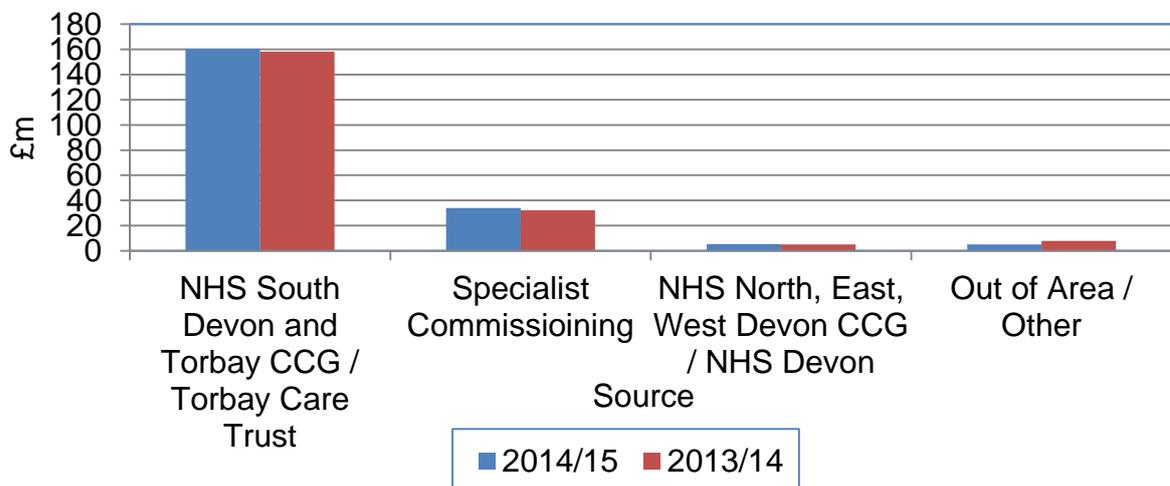
The above chart, 'total income 2014/15 £245.2 million', shows the income split by the income type.

## Clinical Income by Commissioner 2014/15 £204.7m



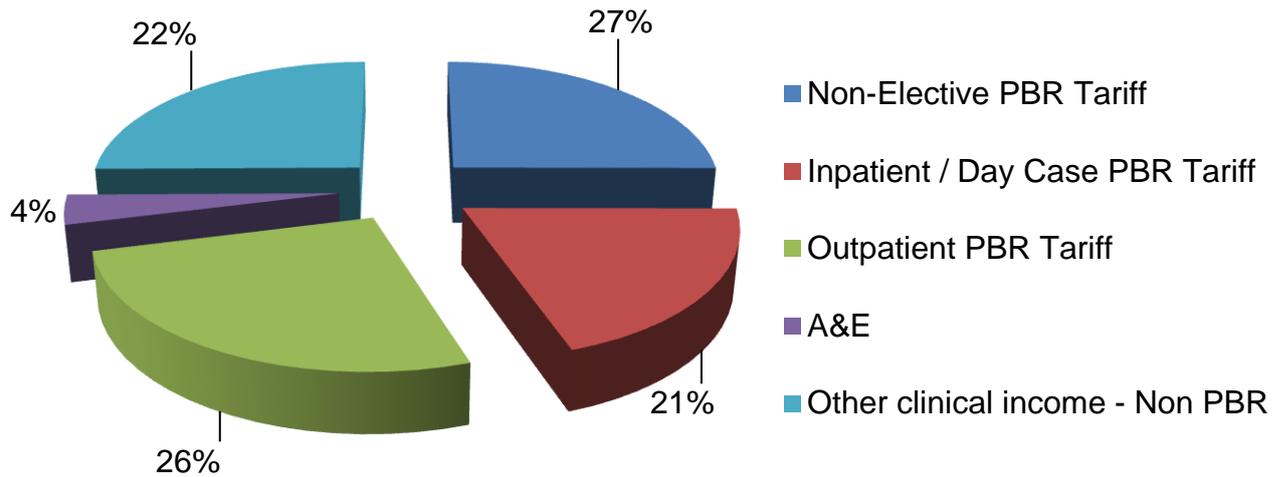
The above chart, 'clinical income by commissioner 2014/15 £204.7 million', shows the clinical income split by purchasing commissioner. CCG stands for Clinical Commissioning Group.

## Movement between Financial Years 2014/15 & 2013/14



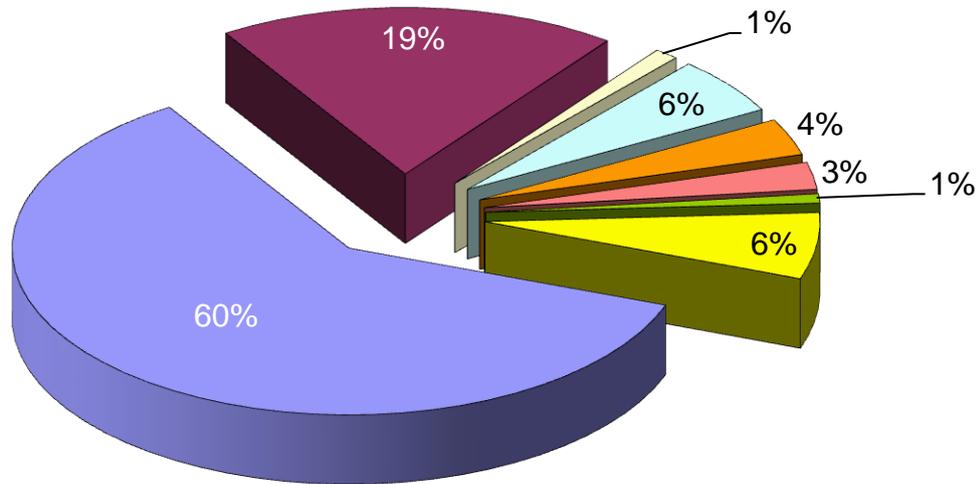
The above chart, 'movement between financial years 2014/15 and 2013/14', shows the total clinical income by commissioner for each of the financial years.

### Clinical Income by Type 2014/15 £204.7m



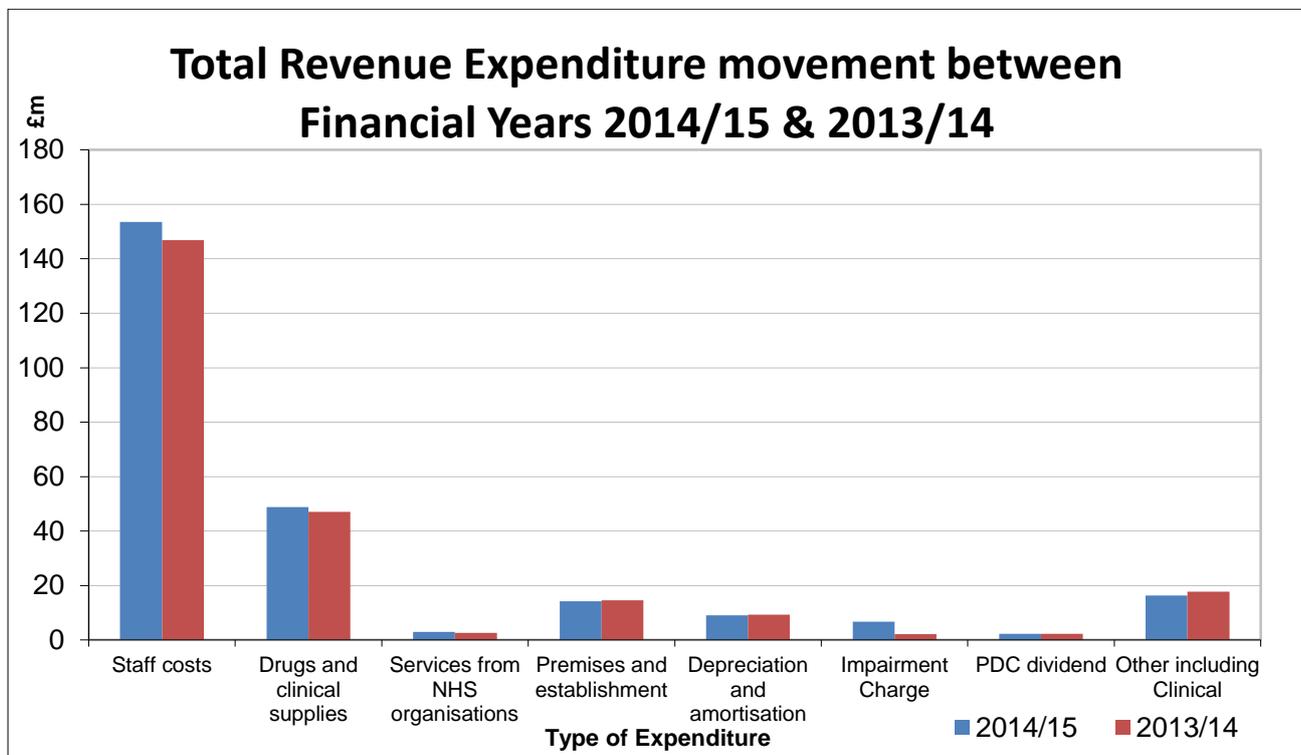
The above chart, 'clinical income by type of activity 2014/15 £204.7 million', shows the split of the clinical income by the type of clinical activity undertaken. PBR stands for Payment by Results.

### Total Revenue Expenditure (including Impairments) £253.9m

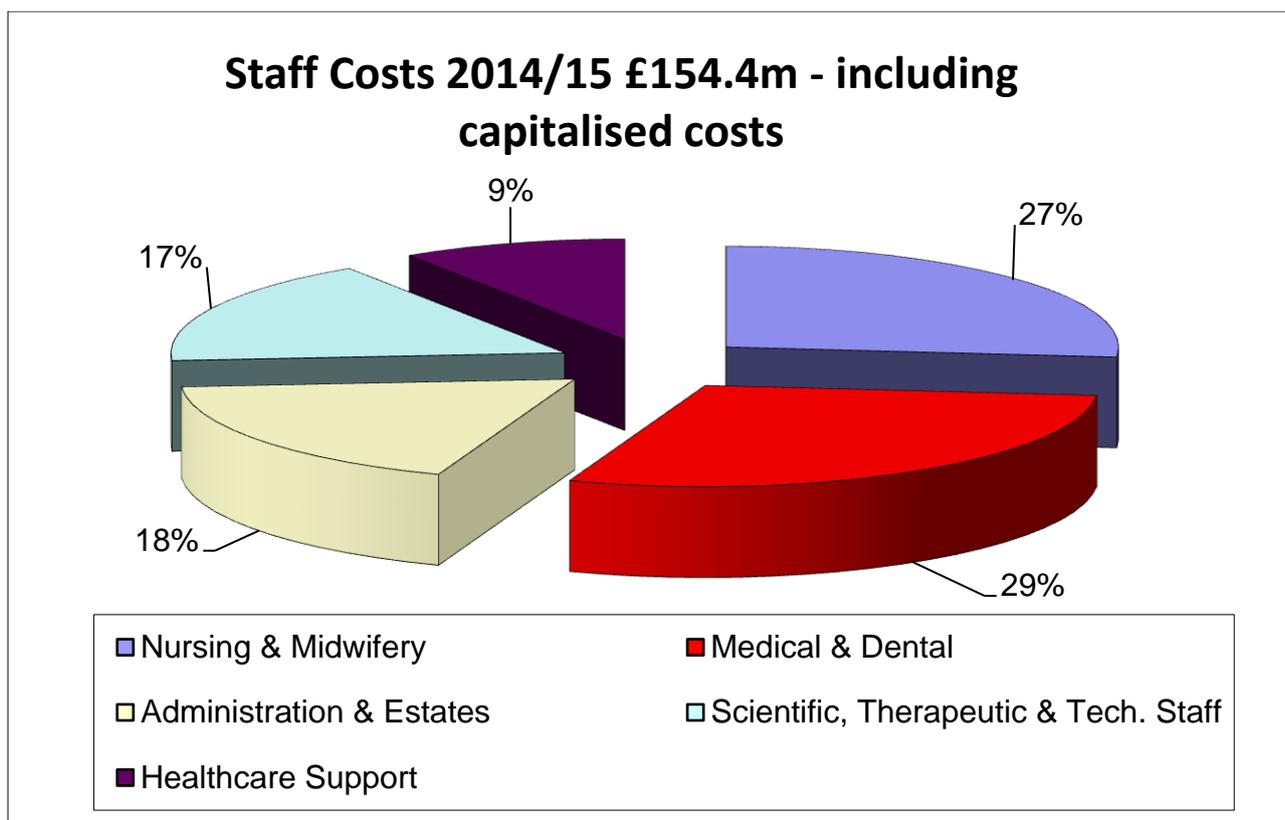


- Staff costs
- Drugs and clinical supplies
- Services from NHS organisations
- Premises and establishment
- Depreciation and amortisation
- Impairment Charge
- PDC dividend
- Other including Clinical Negligence premium

The above chart, 'total expenditure (including Impairments) £253.9 million', shows the split of operating expenditure over the cost types. The largest proportion is staff costs which include doctors, nurses, other clinicians, managers and support staff. Drugs and clinical supplies make up the second largest element.

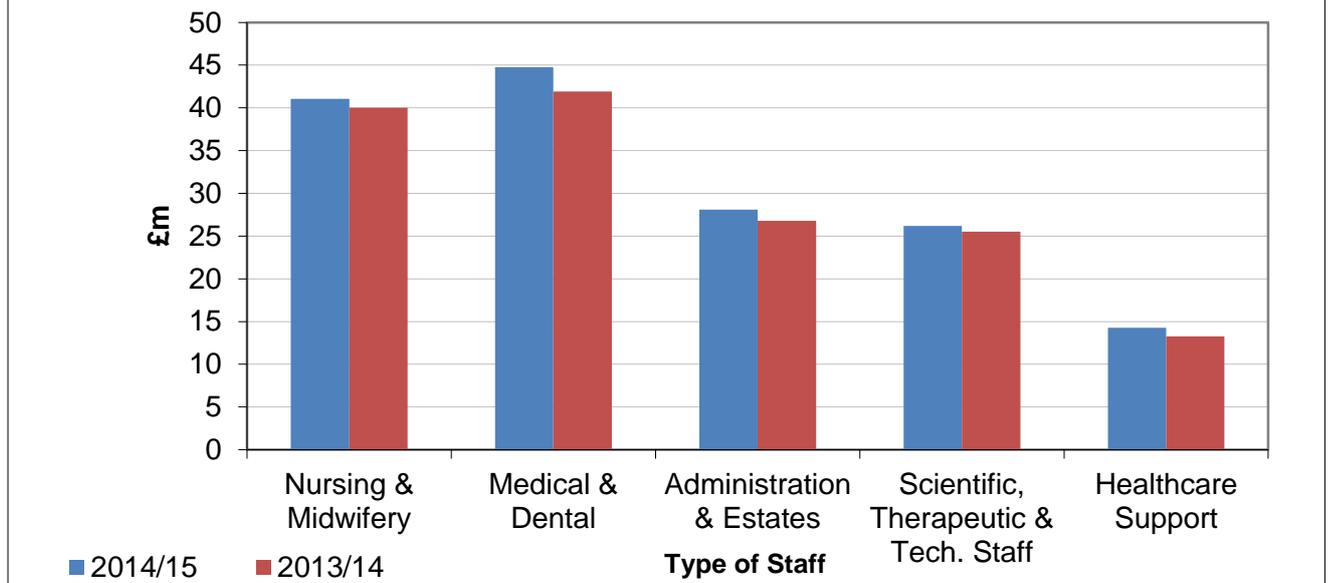


The adjacent chart, 'total revenue expenditure movement between financial years 2014/15 and 2013/14', shows the costs by category for the two financial years.



The above chart, 'staff costs 2014/15 £147.6m' shows the split of staff cost across the types of staff used in the delivery of the Trust's services. It shows that 82 per cent of staff cost is clinical and only 18 per cent is admin and estates.

## Staff Costs Movement between Financial Years 2014/15 & 2013/14



The chart above, 'staff costs movement between financial years 2014/15 and 2013/14', shows the staff costs charged in each of the years. A one per cent consolidated pay rise was awarded to all staff up to point 42; a £200 consolidated increase was given to all staff on points three to eight. No increments were awarded to staff on and above point 34. The minimum salary for staff working 37.5 hours per week was £15,100. Medical staff who are at the top of their pay scale received a non-consolidated rise of either one per cent or two per cent of basic pay. Incremental points are applicable as per NHS terms and conditions.

## **Value for money**

As an NHS Foundation Trust, we focus on ensuring economy, efficiency and effectiveness in the use of resources. We aim to provide the best possible healthcare within available resources. Ensuring value for money in all of the Trust's activities is, therefore a fundamental part of our financial strategy. The national tariff, which forms the basis of the funding that NHS trusts receive for the activity they complete, assumes that annual efficiency savings will be made. In 2014/15, the Trust estimated that savings of £12.2 million would be required and achieved a total of £10.3 million in the year. The non-recurrent element is over £7.7 million.

To demonstrate value for money, the Trust also uses benchmarking information such as the NHS productivity metrics. For procurement of non-pay related items, the Trust has a procurement strategy which maximises value through the use of national contracts and through collaboration with other NHS bodies in the Peninsula Purchasing and Supply Alliance.

## **Capital developments during the last year**

During 2014/15, the Trust continued to invest in its facilities and equipment and carried out capital projects totalling £13.4 million. In addition to this sum the Trust received Charitable Donations totalling £0.8 million which has predominantly been invested in new medical equipment. Part of the Trust's capital expenditure has been supported by loans received from the Department of Health's Independent Trust Financing Facility (ITFF). The loans received in year are for defined purposes, specifically investment in the Trust's new critical care unit facility, to upgrade the Trust's radiotherapy facilities and to enable the expansion of Torbay Pharmaceuticals which supplies products to both NHS and commercial customers. In addition to the above loans the Trust has secured a loan totalling £1.9 million to improve the car parking facilities on site, but as at 31 March 2015 none of this loan principle had been drawn down. As at 31 March 2015 the total net loan liability of the Trust is £40.7 million. The Torbay Pharmaceuticals loan has now been drawn down in full. The remaining balance of the critical care unit, radiotherapy service and car park loans which total £12 million, £6.9 million and £1.9 million respectively will be drawn down as and when the Trust incurs future expenditure on these projects.

## **Cashflow**

During 2014/15, the Trust has continued to review its cash and working capital management. The cash balance has reduced from a balance of £18.5 million to £12.1 million during the course of 2014/15 predominantly as a consequence of the reported income and expenditure deficit.

## **Financial framework**

Being licensed as an NHS Foundation Trust means that the Trust, as well as being more accountable to its local public and patients, has greater financial freedoms. NHS foundation trusts are free to retain any surpluses they generate and to borrow in order to support investment.

As noted in Part VI of the annual report, the Trust's financial performance is monitored by the sector regulator for NHS services in England; Monitor. The Trust has planned and achieved a Continuity of Service Risk Rating (COSRR) of three in 2014/15 – in a range of one (weakest) to four (strongest).

## **Accounting framework**

As an NHS Foundation Trust, we apply accounting policies compliant with Monitor's foundation trust annual reporting manual which are judged to be the most appropriate to our particular circumstances for the purpose of giving a true and fair view.

## **Resources management**

A fundamental principle of operation for the healthcare organisations within the South Devon health economy is that resources will be managed on a community wide basis. Chief executives, clinical leaders meet on a monthly basis at the Joined Up Health and Care Cabinet to review progress against the key targets across the whole of the health system.

Within the Trust, resource management forms a high priority and is controlled through a well-defined internal governance structure. The Finance Committee, involving executive and non-executive directors, a governor and senior managers, meets monthly to review financial performance and the progress made against the annual efficiency targets. Clinical teams are also informed of progress monthly and fully involved in the decision making processes of the Trust.

## **Managing risks**

Managing risk effectively is a key requirement for all NHS bodies. The Trust has an established risk management structure and all its divisions have a risk register highlighting key service risks. The major risks against the Trust's corporate objectives are brought together on a board assurance framework and reviewed regularly by the Trust Board of Directors, Audit and Assurance Committee and Risk and Assurance Integrated Governance Group.

## Prospects

### What are the trends for the future?

Going forward, the financial outlook becomes increasingly challenging. The government has set out its spending plans requiring significant efficiencies to be delivered throughout the public sector. Despite the health sector being protected relative to other public sector bodies, the efficiency challenge will increase in the coming years. For 2015/16, the enhanced tariff offer has a gross deflator of 3.5 per cent on average and this is expected to continue. The Trust will therefore need to maintain a strong focus on cost control and achieve significant annual efficiency savings, estimated to be at least four to five per cent per annum to accommodate cost inflation within this environment.

The Trust has submitted its full business case to Monitor for the acquisition of Torbay and Southern Devon Health and care NHS Trust with a view to establish an integrated care organisation covering acute community and adult social care in one organisation. The aim of this integration is to better manage care and particularly emergency medical and long term conditions. Patients will be seen in the most appropriate setting, freeing the system to make the necessary changes without the current organisational barriers which could slow change.

Through the creation of the integrated care organisation the Trust is actively engaged in assisting commissioners in achieving a balanced financial position and with this in mind has been seeking to agree a risk management strategy aimed at stabilising our contract with South Devon and Torbay CCG. The Trust continues to support the redesign needed to secure cost-effective delivery through task and finish groups, with local general practitioners (GPs) and Trust consultants to devise the best clinical pathways for local patients.

Monitor and governors are aware of the Trust's long-held intention to pursue integration with Torbay and Southern Devon Health and Care NHS Trust. The Trust believes that the integration of care across secondary, community and social care would deliver the best patient experience, improve efficiency and would best underwrite the provision of acute services in Torbay and South Devon into the future.

### Our budget for 2014/15

Given the financial context outlined above, the budget position for the Trust in 2015/16 is extremely challenging, with waiting list activity reductions to deliver, to improve the referral to treatment target whilst delivering at just over £8m cost improvement. With the significant challenge in delivering efficiency savings at the same time as managing non-elective activity at a marginal rate, whilst having to maintain the quality and safety of services, the Trust does not believe that it can achieve a surplus in 2014/15. Delivering activity, costs and efficiencies within planned levels will allow the Trust to deliver a deficit of £6 million.

Achieving a surplus in the medium term is necessary in order to invest in service developments and for further capital investment in upgrading the hospital site. Good relationships and partnership working with other organisations, together with the opportunity to explore new business and commercial opportunities, will be key to the Trust in the coming year, as will its performance against existing and new national targets.

## **Future spending plans**

The Trust has developed a long-term financial strategy that includes financial projections up to and including 2020/21; a period during which the integrated care organisation will invest in community services and continue its refurbishment of the hospital site. This will be achieved through the use of cash surpluses and exercising the right to apply to borrow funds in order to provide updated hospital buildings and equipment.

The ability to spend capital funding to improve buildings, equipment and infrastructure beyond 2014/15 will be dependent upon the affordability of the loan repayments and revenue cost of the capital.

The key priorities of the Trust's capital plans for 2015/16 are to start the construction of a new critical care unit, continue with new 'bunker' for a replacement linear accelerator, investment in continued building maintenance programmes to ensure the Trust's premises are fit for purpose; investment in community wide information technology; the integrated care organisation St Kilda project and complete the improvements to Torbay Pharmaceuticals.

The expected value of capital investments in 2015/16 is £30.3 million.

## **Key financial and operational risks**

The key financial and operational risks identified include:

- delivering an affordable contract with Southern Devon and Torbay CCG;
- progressing the acquisition of Torbay and Southern Devon Health and Care NHS Trust;
- delivering efficiency requirements of the NHS funding settlement;
- maintaining the risk rating assigned by Monitor at a minimum level of three in order to demonstrate financial viability and sound financial governance;
- achieving national targets, including the referral-to-treatment targets, four-hour admissions target, cancer waiting times and infection control targets; and
- protecting infrastructure through maintenance and ongoing development of the hospital site and implementation of new information technology systems.

Only by managing these risks effectively will the Trust ensure achievement of our key objectives, supporting the delivery of high quality patient care.

## **South Devon Healthcare (SDH) Developments Ltd**

The company is registered in the UK, company no. 08385611 with a share capital comprising one share of £1 owned by the Trust. The company commenced trading on 1 July 2013 as an outpatient dispensing service in Torbay Hospital and a significant proportion of the company's revenue is inter group trading with the Trust which is eliminated upon the consolidation of these group financial statements.

## **Competitive environment**

Experience to date of patient choice has shown the local health market to be relatively stable. Progress on reducing waiting times and improving patient safety is keeping the Trust in a strong competitive position. Given the size of the population the Trust serves it is unlikely that a significant new service provider will enter the Torbay market and there should not be any major impact on the Trust's operations.

## Required reporting

### Private Patient Income

Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) requires that the Trust's income from the provision of goods and services for the purposes of the health service in England (its 'principal purpose income') must be greater than its income from the provision of goods and services for any other purposes. The ratio of principal purpose income to total income must therefore remain above 50 per cent. This ratio is monitored by the Trust board on a monthly basis. For the financial year 2014/15, the ratio was 91 per cent.

	2014/15 £000	2014/15 %
Principal Purpose Income	£220,916	91
Other Income	£22,421	9
Total Income	£243,337	100

Other Income of £22.4 million represents nine per cent of total income. This largely consists of income relating to the supply of support services to other organisations (e.g. internal audit, IT), the supply of services ancillary to the normal operation of a hospital (e.g. car parking, catering, accommodation) and other income-generating activities which have a net financial benefit to the Trust. The Trust considers that these activities are either complementary or beneficial to its principal purpose activities.

### Charitable funds

The South Devon Healthcare Charitable Fund is a registered charity and as such a separate legal entity, established to benefit the patients of South Devon Healthcare NHS Foundation Trust and Torbay and Southern Devon Health and Care NHS Trust. Donations are received from individuals and organisations and are independent of the monies provided by the government.

These charitable donations are a very important source of funds and continue to provide benefits for both patients and staff. In 2014/15, the charitable fund received £1,791k of income. This included funding of £305k from the Torbay Hospital League of Friends for bile duct equipment, neurophysiology equipment, a fibroscan and other items. Community Hospital Leagues of Friends were also very generous in contributing a total of £99k towards the purchase of equipment at their respective hospitals, including £16k from Teignmouth Hospital League of Friends for two Transducers.

Torbay Medical Research Fund (TMRF) contributed £67k in respect of various research projects within the Trust. Other notable donations included £60k from the Tropical Health and Education Trust for partnership projects in Kenya.

Torbay Hospital benefitted from a substantial legacy from the late Mrs Hilda Hooper Scotton, for the purchase of equipment. £124k of this legacy was received in 2014/15, bringing the total value of this very generous legacy to £349k. A number of other legacies were received which have benefitted various funds within the Charitable Fund.

Numerous items of medical and other equipment across the Trust and community health services were donated, as well as benefiting staff training and education and patient welfare. Full details of charitable funds are available in a separate annual report produced by the Corporate Trustee of the fund.

## Cost allocation and charging

As set out in HM Treasury and Office of Public Sector Information guidance and guidance issued by Monitor, the Trust has complied with the cost allocation and charging requirements.

## Accounting policies

Accounting policies for pensions and other retirement benefits are set out in a note to the full accounts (note 1.5) and details of senior employees' remuneration are given in this report – see page 66. To obtain a copy of the full accounts please contact the Director of Finance, South Devon Healthcare NHS Foundation Trust, Regent House, Regent Close, Torquay, TQ2 7AN.

## Director Remuneration

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

The banded remuneration of the highest-paid director in South Devon Healthcare NHS Foundation Trust in the financial year 2014/15 was £190,000 - £195,000 (2013/14, £165,000 - £170,000). This was 8.5 times (2013/14, 6.7 times) the median remuneration of the workforce, which was £22,546 (2013/14, £24,645).

In 2014-15, two (2013/14, 14) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £14,294 to £211,869 (2013/14, £14,294 - £213,924).

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

The median calculation is based on the full-time equivalent staff of the Trust at the reporting period end date on an annualised basis. The calculation made by the Trust has excluded all agency based staff.

## Sickness Absence Figures for NHS 2013/14 and 2014/15

Year	12 Months Sickness	FTE	FTE Days Available	FTE Days Lost to Sickness Absence	Average Number of Days' Sickness Absence*
2013/14	3.8%	3,475	781,797	29,567	8.5
2014/15	4.2%	3,564	801,801	33,724	9.5

\*per employee

Source: Health and Social Care Information Centre - Sickness Absence and Workforce Publications - based on data from the Electronic Staff Record (ESR) Data Warehouse

- Period covered: January to December 2014
- Data items: ESR does not hold details of normal number of days worked by each employee. (Data on days lost and days available produced in reports are based on a 365-day year.

- The number of Full-Time Equivalent (FTE) days available has been estimated by multiplying the average FTE for 2014 (from March 2015 Workforce publication) by 225.
- The number of FTE days lost to sickness absence has been estimated by multiplying the estimated FTE days available by the average sickness absence rate.
- The average number of sick days per FTE has been estimated by dividing the estimated number of FTE days sick by the average FTE.
- Sickness absence rate is calculated by dividing the sum total sickness absence days (including non-working days) by the sum total days available per month for each member of staff).

### **Serious data loss**

The Trust is required under NHS Information Governance rules to publish details of serious untoward incidents involving data loss or confidentiality breach. The Trust reported one incident regarding a data breach to the Information Commissioner during 2014/15. The conclusion of the Information Commissioner's Office (ICO) on 29 October 2014 to its investigation of the incident was that there was no regulatory action required against the Trust as the incident did not meet the criteria set out in the ICO's Data Protection Regulatory Action Policy. Further information can be found on page 92.

Any other incidents recorded during 2014/15 were assessed as being of low or little significant risk.

### **Counter fraud**

The Trust acknowledges that it has a responsibility to ensure that public money is spent appropriately and that it has policies in place to counter fraud and corruption. The Trust has detailed standing financial instructions and a counter fraud policy to ensure probity. In addition, the Trust raises awareness of fraud in its staff communications and through displays in public and staff areas.

The Trust has support from an independent Local Counter Fraud Specialist (LCFS) to ensure risks are mitigated and systems are resilient to fraud and corruption. During 2014/15 a total of 121 days were provided to the Trust. The Audit and Assurance Committee receives and approves the counter fraud annual work plan and the annual report and monitors the adequacy of counter fraud arrangements at the Trust and reports on progress to the board.

## Audit and Assurance Committee

The Trust's Audit and Assurance Committee has met on five occasions during the financial year. The names of the six non-executive directors and their attendance record at the Audit and Assurance Committee meetings are listed on pages 55 to 57, under Board of Directors. The committee has been chaired by a non-executive director, Mr John Brockwell (from 1 April 2012). The Trust's chairman and chief executive both have rights of attendance at the Audit and Assurance Committee. The chairman and one other non-executive director are also members of the Risk and Assurance Integrated Governance Group which keeps the principal risks to the Trust's achievement of its objectives under constant review. The audit chair regularly attends the Risk and Assurance Integrated Governance Group as an observer. The committee is the senior sub-committee of the board and its role is central to the organisation's governance. The committee is responsible for scrutinising the risks and controls which affect the organisation's business and for ensuring that appropriate assurance is in place when reviewed against the Trust's corporate objectives.

During 2014/15, the committee has reviewed the Trust's risk management and governance arrangements and undertaken a number of reviews of major areas of activity including the Care Quality Commission regulations, integrated care organisation programme, information governance, main accounting system, critical estates functions, service line reporting, management of whistleblowing concerns, doctors revalidation, data quality, capital projects, new clinical interventions authorisation process, safeguarding adults, training of bank staff, incident reporting, information asset owner business continuity and disaster recovery plans (follow-up), Torbay Pharmaceuticals expansion and banking, cashiering and cash flow management. All the reviews were conducted by internal audit using a risk-based approach.

The external auditors focused on the quality report, internal audit's processes in line with ISA requirements, the internal audit plan, which links to the Trust's strategic objectives and the Care Quality Commission outcomes as well as performing a review of the design of IT general controls, financial accounts and the arrangements in place to prevent and detect fraud and corruption. No incidences of material fraud were brought to the auditor's attention.

In line with the external auditor report and the Trust's annual accounts, below outlines the key assumptions and critical judgements concerning the future. Key sources of estimated uncertainty is also described that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Annual leave accrual** - The Trust is required to calculate the value of annual leave that employees have not taken at the end of the year and which is being carried forward into the following year. In 2014/15 the Trust has obtained precise records of untaken leave from all staff groups with the exception of medical staff (85 per cent return). Based upon the non-medical staff information and medical staff returns to-date, the annual leave accrual is grossed up in the accounts to produce a total accrual for the Trust.

**Income from non-contracted activity** - A significant percentage of the Trust's income is from non-contracted income. In the absence of last month's activity data being unavailable at the time the accounts were prepared, an accrual for the income has been calculated, based on the non-contracted income activity in period 11.

**Partially completed patient spells** - Income in the accounts related to 'partially completed spells' is accrued based on the number of occupied bed days per care category, and an average cost per bed day per care category.

**Risk of fraud in revenue and expenditure recognition** - Under ISA (UK&I) 240 there is a (rebuttable) presumption that there are risks of fraud in revenue recognition. The testing of revenue recognition, as set out in the external audit plan, is focused on utilising computer aided audit techniques. Audit work performed over the first eight months of the year did not identify any issues in relation to the Trust's significant cost reduction plans.

**Going concern** - Through workstream three (Finance Committee) and the Continuous Improvement Programme (CIP) Board, the Trust has robust arrangements for planning and managing financial and other resources in place. The Trust initially submitted a deficit plan of £2.2 million for 2014/15, though this was subsequently revised to a deficit of £4.6 million in July 2014, reflecting additional pressures caused by agency spend, CIP under performance and escalation capacity that had not been predicted in the initial budget setting process. The Trust board made an active decision to revise the financial plan, having determined that the impact of actions that would have been required to deliver the original target position would have had an unacceptable impact on operational / clinical standards.

**Valuation of Property, Plant and Equipment (PPE)** – The valuation of PPE is an elevated risk raised by the external auditors, as identified in their audit plan. This is due to the level of assumptions and estimation that is required by the District Valuer (DV) in their assessment of the values of buildings and land. The Trust engaged the DV to perform a review in March 2015. As part of external audit's year-end procedures, PricewaterhouseCoopers (PwC) will consult with the DV and their own internal valuers to determine whether the valuation methodology and assumptions used were appropriate. In addition, PwC will also focus our testing on the information provided to the DV for their assessment.

### **Auditors' appointment**

At its meeting on 23 October 2013 the Council of Governors agreed to reappoint PricewaterhouseCoopers (PwC) to undertake the audit of the Trust's annual accounts for a further three years, subject to the agreement of an acceptable audit fee by the Director of Finance, Performance and Information, and subject to the conduct of the 2014/15 external audit being to a satisfactory standard.

If management wishes to use the services of the Trust's external auditor for any non-audit purposes, we demonstrate why this is appropriate. The Director of Finance, Performance and Information will provide professional advice on the appropriateness of such an arrangement and approves any arrangements. The approval of the Audit and Assurance Committee will be required in advance of any commitment being made to the external auditor. This safeguard is in place to ensure independence. PwC also confirm that they would be able to carry out any non-audit work without impacting on their independence.

## Statements

### Statement of Accounting Officer's Responsibilities

#### Statement of the Chief Executive's responsibilities as the accounting officer of South Devon Healthcare NHS Foundation Trust

The NHS Act 2006 states that the chief executive is the accounting officer of the NHS Foundation Trust. The relevant responsibilities of the accounting officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the NHS foundation trust accounting officer memorandum issued by Monitor.

Under the NHS Act 2006, Monitor has directed South Devon Healthcare NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the accounts direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of South Devon Healthcare NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the accounting officer is required to comply with the requirements of the NHS foundation trust annual reporting manual and in particular to:

- observe the accounts direction issued by Monitor, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the NHS foundation trust annual reporting manual have been followed, and disclose and explain any material departures in the financial statements;
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance; and
- prepare the financial statements on a going concern basis.

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

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in Monitor's NHS foundation trust accounting officer memorandum.

**Signed**



**Mairead McAlinden**  
Chief Executive

**Date: 27 May 2015**

# Annual Governance Statement

## 1.0 Scope of responsibility

As accounting officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS Foundation Trust's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the NHS Foundation Trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the NHS Foundation Trust Accounting Officer Memorandum.

## 2.0 The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of South Devon Healthcare NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in South Devon Healthcare NHS Foundation Trust for the year ended 31 March 2015 and up to the date of approval of the annual report and accounts.

## 3.0 Capacity to handle risk

Responsibility for the oversight of the risk management process has been delegated by the Board of Directors to the Risk and Assurance Integrated Governance Group consisting of two non-executive directors, one being the chair (acting chair until June 2014), all executive directors and divisional general managers supported by the company secretary, governance lead and patient safety lead. The Risk and Assurance Integrated Governance Group manages the risk and assurance framework. In addition, the executive directors have in place a process whereby all significant risks to the achievement of divisional and directorate objectives, Monitor governance and compliance requirements and Care Quality Commission regulations are kept under review.

Divisional general managers are responsible and accountable to the chief operating officer (interim director of operations before the appointment of the chief operating officer in January 2015) for the quality of the services that they manage and ensure that any identified risks are placed on the divisional risk register. All such risks are reviewed by the relevant divisional board and any necessary escalation managed in accordance with the risk reporting process.

Divisional and directorate risk management activities are supported by a risk management training programme and the Risk and Assurance Integrated Governance Group, whose purpose is to provide a cross-organisational support network. Executives and non-executives are provided with risk management training on an individual basis or collectively at board seminars.

The Trust continues to maximise its opportunity to learn from other trusts, internal / external audit and continuous feedback is sought internally on whether the systems and processes in place are fit for purpose.

## **4.0 The management, risk and control framework**

### **4.1 Risk and controls framework**

Risk is managed at all levels of the Trust and is co-ordinated through an integrated governance framework consisting of five workstreams covering patient safety, patient experience and community partnerships, finance, human resources and educational governance and infrastructure and environment.

The Trust's risk management strategy provides an integrated framework for the identification and management of risks of all kinds, whether clinical, organisational or financial and whether the impact is internal or external. This is supported by a board assurance framework, which is used to record corporate objectives, risks to their achievement, key risk controls, sources of assurance and gaps in assurance to ensure effective risk management.

There is a review process under the leadership of the executive directors, who meet weekly, which includes discussion and review of the five workstreams and directorate risk management and assurance registers. Any risk identified by a directorate, division or executive lead as likely to impact adversely on organisational objectives, will be taken to either the Leadership Group (previously known as the Clinical Executive Group) meeting or the Risk and Assurance Integrated Governance Group, whichever is the sooner.

In addition, the Risk and Assurance Integrated Governance Group reviews the risk and assurance framework every three months and the Audit and Assurance Committee reviews gaps in assurance throughout the year. The Board of Directors evaluates the board assurance framework on a regular basis following the meeting of the Risk and Assurance Integrated Governance Group with any exceptions being reported at other times of the year.

The assessment and subsequent management of risk is informed by its quantification using a risk grading matrix, which is set by the Board of Directors. Consequence and likelihood tables are outlined in the risk and assurance policy and procedure. Across a range of domains, the consequence tables grade each risk by reference to its expected impact. This, combined with the likelihood score, defines a measure of overall risk. The Trust risk tolerance is defined as: 'the amount of risk the Trust is prepared to accept, tolerate or be exposed to at any point in time'. In setting a tolerance, it has been determined that any risks to the delivery of the organisation's objectives with inherent consequence scores of five will be brought through the exception reporting process and managed by the Trust Board of Directors. In addition, risks with inherent consequence scores of four are listed for information and appropriate challenge at the Audit and Assurance Committee / Board of Directors. Actions and timescale for resolution are agreed and monitored. Such risks are deemed to be acceptable by the Risk and Assurance Integrated Governance Group only when there are adequate control mechanisms in place and a decision has been made that the risk has been managed as far as is considered to be reasonably practicable. Risks scored below this level are managed by the relevant divisional board or workstream.

An example of where risk management is integrated into core Trust business is in relation to the quality report. The Trust identifies up to five quality improvements for the year, which have been developed through discussions with clinical teams, our commissioners and the senior clinical and business leaders in our organisation. The Trust arranged an engagement meeting early in the New Year to take into account the views of our key stakeholders and governors before agreeing the priority areas for 2014/15. These

priorities were then signed off by the Trust board and are managed in accordance with our internal risk management process. An external audit review is undertaken on the quality report during May each year resulting in an independent auditor's limited assurance opinion on the annual quality report that can be found on page 176.

During the past twelve months the Trust's Board of Directors has provided Monitor (sector regulator for health services in England) with quarterly governance reports against the domains outlined within the compliance framework; one of which is risk and assurance management.

Locally, there is regular dialogue with our partners in the South Devon health community. This is supported by the strategically focused JoinedUp Health and Care Cabinet, which includes representation of chief executives, senior medical and commissioning staff including general practitioners from across Torbay and Southern Devon. Risks that may impact on the objectives of our principal commissioners are kept under review by the JoinedUp Health and Care Cabinet.

## **4.2 Major risks**

2014/15 was another challenging year for South Devon Healthcare NHS Foundation Trust although the organisation achieved continuity of service risk ratings in line with the annual plan expectations. Compliance with governance targets was maintained during quarters one and two, but this rating was challenged at quarter three due to failing to meet both the accident and emergency (A&E) four-hour target and 18-weeks in aggregate referral to treatment (RTT) time for admitted patients, even though a number of actions were initiated during the year. The quarter three governance risk rating from Monitor was 'under review' rather than a 'green' or 'red' risk rating. In January 2014, Monitor was informed that the Trust's Board of Directors had agreed to take action in quarter four [2013/14] to reduce the RTT backlog for admitted care and so would breach one standard in one quarter. This approach was extended into the first two quarters of 2014/15 in response to a national requirement to reduce the number of patients waiting 18 weeks. The Trust agreed with Monitor and commenced a programme to increase the capacity to treat the longest waiting patients against the admitted RTT pathways at the end of 2013/14 and into 2014/15. This plan meant underachievement of this standard for admitted pathways, but would mean that a position for sustainable delivery at speciality level, agreed with commissioners, is achieved through an overall reduction in RTT backlog. Unfortunately, on 29 August 2014, South Devon and Torbay Clinical Commissioning Group issued a suspension notice for cataract surgery on a local provider, which resulted in a number of the Trust's patients being referred back to Torbay Hospital rather than being treated by a third party under a sub-contract agreement. The closure of the external provider had a negative impact on the Trust's recovery plans. During quarter four, additional capacity was implemented in plastic surgery (outsourcing) and ophthalmology (twilight lists) as part of the RTT recovery plan. This stopped the increase in backlog in these key specialties and allowed the backlog number to be reduced. The backlog reduction overall did not meet the sustainable position needed for RTT delivery and these plans will continue into 2015/16. The trajectory for RTT recovery and sustainable delivery has been submitted to Monitor and shows compliance from the end of quarter two 2015/16. The A&E recovery plan has delivered improvements during the year and the target was achieved in November 2014 for the first time in 2014/15. The pressures from peaks in demand and in particular patient flow across the wider sector to community hospitals and for packages of social care was a particular challenge in December 2014. Due to the Winter pressures experienced across the whole of the NHS continuing into the New Year, the full impact of A&E plans for sustainable performance of greater than 95 per cent will not be seen until quarter one 2015/16. The governance risk ratings from Monitor for quarter four 2014/15

have yet to be received. The Trust was placed on weekly reporting for A&E and monthly reporting for the RTT standard and continues to report to these timeframes as the Trust moves into 2015/16. The Trust remains on monthly monitoring for the challenging clostridium difficile target and continues to perform well on having a low number of cases related to lapses in care.

Throughout the year, major risks are escalated to the board assurance framework which is regularly reviewed and managed by the Board of Directors, Audit and Assurance Committee and Risk and Assurance Integrated Governance Group.

### In-year and future risks

Governance Risk Description	Consequence / Likelihood <sup>iii</sup>	Mitigating Action	Outcome measurement
Maintaining good working relationships with key players, notably the GP commissioning leaderships, Torbay and Southern Devon Health and Care NHS Trust and the local authorities impacting on the Trust's ability to deliver the integration agenda	4 / 3	<ul style="list-style-type: none"> <li>- Integrated Care Organisation (ICO) delivery programme with project initiation documents etc. confirmed by the two provider trusts and the ICO programme board;</li> <li>- ICO workstreams and terms of reference reporting to programme board with membership from both trusts and local clinical commissioning group;</li> <li>- Regular meetings between the chairs and chief executives of both provider Trusts and local clinical commissioning group;</li> <li>- One board member from Torbay and Southern Devon Health and Care NHS Trust invited to all public/private Foundation Trust board meetings and vice versa;</li> <li>- Joined Up Health and Care meetings;</li> <li>- Governors kept informed at all stages in the process.</li> </ul>	<ul style="list-style-type: none"> <li>- Stage three submission to Monitor (6 February 2015).</li> <li>- Chairman's correspondence regarding the Trust's quarter three financial declaration to Monitor.</li> </ul>
Maintaining effective governance structures in respect of board level positions	4 / 2	<ul style="list-style-type: none"> <li>- Effective recruitment processes supported by policies and procedures;</li> <li>- Use of executive search agencies;</li> <li>- Interim appointments where appropriate;</li> <li>- Governors kept informed at all stages in the process.</li> </ul>	<ul style="list-style-type: none"> <li>- Senior board positions filled.</li> </ul>
Maintaining safety and quality care whilst delivering a challenging financial target	4 / 2	<ul style="list-style-type: none"> <li>- Action plans in place with board approval;</li> <li>- Regular monitoring by workstream 3, Continuous Improvement Project (CIP) Board and Board of Directors;</li> <li>- Monthly contract review meetings with commissioners;</li> <li>- Joined Up Health and Care Meetings</li> <li>- Quarterly reporting to Monitor;</li> <li>- Impact assessment for all savings programmes undertaken by medical</li> </ul>	<ul style="list-style-type: none"> <li>- Reports from Monitor regarding annual risk assessment and quarterly submissions;</li> <li>- Monthly and cumulative financial performance by division to the finance committee and Trust board in line with plan.</li> </ul>

Governance Risk Description	Consequence <sup>i</sup> / Likelihood <sup>ii</sup>	Mitigating Action	Outcome measurement
Managing transition and relationships in new provider/commissioner landscape especially partner resources that are increasingly limited	4 / 3	<p>and nurse directors</p> <ul style="list-style-type: none"> <li>- JoinedUp Health and Care Cabinet;</li> <li>- Board to board meeting with both commissioner and partner provider organisations;</li> <li>- Focus on partnerships / relationships within workstream two;</li> <li>- Workforce, estates and financial models, capacity plan;</li> <li>- workstream three - finance;</li> <li>- Understanding of operating framework / changes to the risk assessment framework and impact of local (contractual) agreements;</li> <li>- Chief executive / interim chief executive 1:1s with local health and care trust, clinical commissioning group and local authorities;</li> <li>- Medical director chairing the JoinedUp Health and Care Cabinet.</li> </ul>	<ul style="list-style-type: none"> <li>- On track with key performance indicators across all workstreams.</li> </ul>
Delivery of the estate strategy to develop our estate	5 / 2	<ul style="list-style-type: none"> <li>- Estates strategy and three year capital programme agreed by the Trust board</li> <li>- Completed action plans from internal audit reviews;</li> <li>- Regular monitoring by workstream 5 and Board of Directors.</li> </ul>	<ul style="list-style-type: none"> <li>- Delivery against the capital plan agreed by workstream 3 and Trust board;</li> <li>- PLACE (Patient-Led Assessments of the Care Environment);</li> <li>- Care Quality Commission submissions/assessments.</li> </ul>
Maintaining compliance with national targets	3 / 4	<ul style="list-style-type: none"> <li>- Actions plans in place with board approval;</li> <li>- Regular monitoring by workstream 3 and Board of Directors;</li> <li>- Divisional performance management process;</li> <li>- Commissioner performance review.</li> </ul>	<ul style="list-style-type: none"> <li>- Reports from Monitor regarding annual risk assessment and quarterly submissions;</li> <li>- Monthly and cumulative performance reviews by workstream / division to the finance committee and Trust board in line with plan;</li> <li>- Outcomes from external reviews e.g. assessments conducted by the Care Quality Commission.</li> </ul>
Achievement savings plans for 2015/16	4 / 2	<ul style="list-style-type: none"> <li>- Completion of business plan for 2015/16;</li> <li>- Programme management function</li> <li>- Monitoring by CIP board / workstream three and Board of Directors.</li> </ul>	<ul style="list-style-type: none"> <li>- Development of plans to release efficiency savings agreed by Trust Board of Directors.</li> </ul>

i. 5 = worst    ii. 5 = most likely

### **4.3 Compliance with NHS pension scheme regulations**

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.

### **4.4 Care Quality Commission (CQC) declaration**

There were no formal visits undertaken by the CQC during 2014/15. At 31 March 2015, the Foundation Trust remains fully compliant with all registration requirements. In respect of the CQC's intelligent monitoring report, which is the CQC's quality risk profile the Trust remains at band four (on a scale of one to six, with six being the lowest risk).

Assurance against the CQC registration requirements is obtained through the five workstreams where executive leads and supporting managers present their evidence/assurance throughout the year. This process is supported by a CQC dashboard showing areas for improvement and regular reviews by the Risk and Assurance Integrated Governance Group / internal audit.

During the year the Trust reported two never events as defined by the Department of Health (DH) never events framework 2014/15.

The first incident involved a registrar that was undertaking an unsupervised YAG laser list in the Eye Clinic. The patient was attending for left laser capsulotomy of the left eye; a treatment used to clear opacity behind the artificial lens that can develop after cataract surgery. However, the registrar treated the right eye. That eye had not had cataract surgery, and as a consequence the capsule was breached. The registrar realised his mistake and proceeded to treat the left eye and the results show that he competently performed the laser capsulotomy on that side. As a consequence of the incorrect laser treatment to the right eye, the natural lens in the patient's right eye swelled causing high pressure in the eye. The patient was admitted to the ward to receive medication and eye drops and the pressure resolved quickly and the patient was not in distress or discomfort. The registrar informed the ophthalmology consultant on call. The patient, their family and care home staff were also informed of the incident immediately.

The second incident involved the retention of a throat pack following surgery. The patient was attending theatre for excision of a submandibular gland under the maxillofacial surgeons. After anaesthetic induction, the registrar inserted a throat pack in line with standard procedures and the operation continued without event. The patient was then transferred to the Post Anaesthetic Care Unit (PACU) where she complained of a dry throat. The practitioner caring for the patient offered her a drink of water and, on helping her with the drink, noticed the throat pack still in situ. It was removed immediately, the patient was reassured and an explanation given. The patient came to no harm nor did they exhibit any signs of desaturation according to the anaesthetic and recovery charts. A review of one part of the procedures concluded that the anaesthetic record showed insertion of a throat pack, but did not show removal.

The Trust conducted detailed and immediate root cause analysis following both incidents that resulted in comprehensive action plans being put in place. Both incidents were reported to the Trust's commissioners, CQC, Trust Development Authority via STEIS (Strategic Executive Information System), Monitor and the Trust Board of Directors. Reviews of the Trust's practices, policies, procedures, assurance, monitoring systems and feedback mechanisms are conducted on a regular basis and following a never event.

#### **4.5 Compliance with equality, diversity and human rights legislation**

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

The Trust is committed to providing an inclusive and welcoming environment for our patients, staff and visitors and is working hard to mainstream equality, diversity and human rights into our culture. The chief executive is the senior responsible officer for the equality delivery system.

Performance is monitored via the Equalities Cooperative (formally known as the Equality, Diversity and Human Rights Group) who report through workstream four – Human Resources and Educational Governance. The group meets every three months to review and report progress on the Trust's equality and diversity action plan.

The Trust Board of Directors receives monthly reports on equality and diversity issues from the director of workforce and organisational development. These include any negative impacts from equality impact assessments and an annual diversity report which will include workforce data profiled by diverse strand and pay bands, and progress against the equality and diversity action plan. Equality impact assessments can be found on the Trust's website.

The Trust has a three-year rolling equality and diversity action plan which is updated annually and is reported via workstream four to the Trust Board of Directors. The Trust recently reviewed and updated the action plan with any on-going actions being carried forward into 2015/16.

The action plan is a standing item on the Equalities Cooperative agenda where priorities and actions are monitored.

#### **4.6 Compliance with climate change adaptation reporting to meet the requirements under the Climate Change Act 2008**

The Foundation Trust has undertaken risk assessments and carbon reduction delivery plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on United Kingdom Climate Impacts 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.

Sustainability is a regular item on the agenda for our Board of Directors, and the Trust's progress is regularly reported to staff and members of the public. The Trust has a sustainability strategy approved by the Trust Board of Directors.

There is an approved sustainable development management plan, approved at Board level, that accompanies the sustainability strategy. This is reviewed each year to ensure that the Trust fulfils its commitment to consider sustainability while providing high-quality patient care. Progress against this plan is monitored and reported annually, with sustainability activities included in the Trust annual report and other documents such as the quality report.

#### **4.7 Compliance with the NHS litigation authority**

The NHS Litigation Authority (NHSLA) forms an opinion based on the number of claims made and levels of payments. For NHS foundation trusts within the NHSLA clinical negligence scheme, all claims are recognised in the accounts of the NHSLA.

Consequently, the NHS Foundation Trust will have no provision for clinical negligence claims. The NHSLA will provide a schedule showing the claims recognised in the books of the NHSLA on behalf of the NHS Foundation Trust. This will be disclosed at the foot of the main provisions table.

In 2013/14, maternity services achieved Clinical Negligence Scheme for Trusts (CNST) level three for the maternity Clinical Risk Management Standards, the highest level of the NHS Litigation Authority's stringent standards to improve the safety of women and their babies. Achieving level three meant a reduction of 30 per cent for the maternity element of the Trust's CNST contributions.

#### **4.8 Compliance with information governance requirements**

Risks to information are managed and controlled by applying a robust assessment against the evidence collected as part of the national information governance toolkit return. The Trust reported one incident regarding a data breach to the information commissioner during 2014/15. The incident involved an NHS secure email with an attachment being sent in error to a non-NHS e-mail address. The attachment contained the forename and surname of a patient together with details regarding a clinical incident. The conclusion of the Information Commissioner's Office (ICO) on 29 October 2014 to its investigation of the incident was that there was no regulatory action required against the Trust as the incident did not meet the criteria set out in the ICO's Data Protection Regulatory Action Policy. Any other incidents recorded during 2014/15 were assessed as being of low or little significant risk. In accordance with the 2014/15 Monitor risk assessment framework, the Trust was able to declare level two compliance against the information governance toolkit requirements by 31 March 2015. A new action plan will be created to deliver improvements against the 2015/16 information governance toolkit and will be overseen by the Information Governance Steering Group which is chaired by the senior information risk owner.

#### **4.9 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. Monitor has issued guidance to NHS foundation trust boards on the form and content of annual quality reports which incorporate the above legal requirements in the NHS foundation trust annual reporting manual.

There are five standards that support the data quality for the preparation of the quality report: governance and leadership; policies; systems and processes; people and skills; data use and reporting. A report is made to the Board of Directors by the medical director describing the steps that have been put in place to ensure that the quality report presents a balanced view and that there are appropriate controls in place to ensure the accuracy of the data.

Clinicians have approved the data included in the quality report. The Data Quality Group creates local standards and procedures to achieve appropriate external benchmarks for data quality. Membership includes local commissioners and internal audit. The quality report has been provided to the Health Scrutiny Board of Torbay Council, lead commissioner, Healthwatch and to Trust governors for comment.

All staff are responsible for the accuracy, completeness, timeliness, integrity and validity of their data. Data entry training encourages an approach to data management that ensures that data is captured 'right first time'. Many of the information systems have built-in controls. Corporate security and recovery arrangements are in place in line with the information governance toolkit requirements. There is a programme of training for data

quality. This includes regular updates for staff to ensure that changes in data quality procedures are disseminated and implemented.

Information that supports the quality report is subject to a system of internal control and validation. Clinical data such as mortality rates, hygiene standards and the early warning trigger tool are reported and, where appropriate challenged at board level.

In respect of the quality and accuracy of elective waiting time data a detailed audit report was issued in May 2014 with an overall assurance opinion of green (lowest risk). Embedded in the performance management processes are weekly meetings designed to challenge data quality, especially in relation to waiting list management of elective pathways. As mentioned above, the Trust has a range of information systems in place designed to capture data for use in patient care, financial management and the measurement of both local and national performance. The accuracy and consistency of this data is monitored through a range of activities, overseen by the Trust's Data Quality Group.

## **5.0 Review of economy, efficiency and effectiveness of the use of resources**

The directors are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the Trust's use of resources. The Trust has established a number of processes to ensure the achievement of this. These include:

- Clear processes for setting, agreeing and implementing strategic objectives based on the needs of the local population, reflecting the priorities of key partners and the Department of Health. This includes a clear strategy for patient and public involvement as well as the Trust's 12,000 Foundation Trust public members, providing a key focus for our engagement work within South Devon. Established objectives are supported by quantifiable and measurable outcomes.
- Clear and effective arrangements for monitoring and reviewing performance which include a comprehensive and integrated performance dashboard used monthly in the performance management of clinical services and reported to the Board of Directors. The performance report details any variances in planned performance and key actions to resolve them plus the implementation in a timely fashion of any external recommendations for improvement e.g. external audit. There is also a performance management regime embedded throughout the Trust including weekly capacity review meetings, executive reviews of services, budget review (undertaken monthly) and regular work to ensure data quality.
- Through workstream three (Finance Committee) and the Continuous Improvement Programme (CIP) Board, the Trust has robust arrangements for planning and managing financial and other resources in place. The Trust initially submitted a deficit plan of £2.2 million for 2014/15, though this was subsequently revised to a deficit of £4.6 million in July 2014, reflecting additional pressures caused by agency spend, CIP under performance and escalation capacity that had not been predicted in the initial budget setting process. The Trust board made an active decision to revise the financial plan, having determined that the impact of actions that would have been required to deliver the original target position would have had an unacceptable impact on operational / clinical standards. The final position for the year was, after allowing for technical adjustments, principally to asset valuations, in line with the revised forecast. Performance in non-pay areas was good with a downward trend toward the end of the year. CIP delivery was £10.3 million against a target of £12.2 million, of which £3.9 million was delivered on a recurring basis.

- The Trust uses Dr Foster and other benchmarking tools such as the NHS productivity metrics to demonstrate the delivery of value for money. The Trust continues to develop its service line reporting data to ensure services are being provided as efficiently as possible and any surpluses generated by the Trust are reinvested back into patient care. For procurement of non-pay related items the Trust has a clear procurement strategy and collaborates with other NHS bodies to maximise value through the NHS South West Peninsular Procurement Alliance.

## **6.0 Review of effectiveness**

As accounting officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the quality report attached to this annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board of Directors, the Audit and Assurance Committee, Patient Safety Committee and Risk and Assurance Integrated Governance Group and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board of Directors is accountable for the system of internal control and actively reviews the board assurance framework to ensure the Board of Directors delivers the Trust's corporate objectives with advice from the following:

- Audit and Assurance Committee - The main purpose of the committee is to provide assurance to the Board of Directors that effective internal control arrangements are in place. In addition, the committee provides a form of independent check upon the executive arm of the Board of Directors.
- Risk and Assurance Integrated Governance Group - The main purpose of the group is to support the development of the Trust's long term strategy and implementation of the Trust's risk management and assurance framework and to review and make recommendations on all major risks to the organisation.
- Five workstreams:
  1. Patient safety - providing assurance to the Trust board that patients are receiving the highest possible quality of clinical care. The workstream monitors the systems and processes of clinical services and assures itself that services within the organisation are person-centred, continuously improving both quality and safety by preventing clinical errors wherever possible or learning from them.
  2. Patient experience and community partnerships - providing the Trust board with assurance that the organisation is delivering an excellent patient experience. Developing, maintaining and monitoring partnerships with patients and with key stakeholder groups in the wider community in order to better understand the patient experience and to meet the needs of service users.

3. Finance - providing assurance to the Trust board on the development and implementation of the Trust's long-term strategy. The effective management on all issues of major risk in relation to the business and performance of the Trust.
4. Human resources and educational governance – providing assurance to the Trust board on all aspects of workforce and educational management including the implementation of the Equality Delivery System (EDS) by developing and monitoring the implementation of the workforce, education and development strategies.
5. Infrastructure and environment - providing assurance to the Trust board on all aspects of its infrastructure and environment, which includes estates and facilities management.

In reference to the quality report there are proper internal controls over the collection and reporting of the measures of performance included in the quality report, and these controls are subject to review by the workstreams and the Board of Directors to confirm that they are working effectively in practice.

My review is also informed by:

- The work conducted by the external auditors who focused on our quality report, the internal audit plan, which links to the Trust's objectives and the Care Quality Commission outcomes, internal audit's processes in line with ISA requirements, IT audit of key systems supporting the financial reporting process, fraud and financial accounts.
- Internal audit, who have conducted reviews against the Care Quality Commission regulations, integrated care organisation programme, information governance, main accounting system, critical estates functions, service line reporting, management of whistleblowing concerns, doctors revalidation, data quality, capital projects, new clinical interventions authorisation process, safeguarding adults, training of bank staff, incident reporting, information asset owner business continuity and disaster recovery plans (follow-up), Torbay Pharmaceuticals expansion and banking, cashiering and cash flow management. Reviews are conducted using a risk based approach and in addition they have annual reviews of the Trust's risk management and governance arrangements.
- Head of Internal Audit Opinion Statement which states that: Significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently.

## 7.0 Conclusion

No other significant internal control issues were identified.

**Signed**



**Mairead McAlinden**  
Chief Executive

**Date: 27 May 2015**

## Statement of compliance with the code of governance

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

The Board of Directors is committed to high standards of corporate governance. For the year ending 31 March 2015 the South Devon Healthcare NHS Foundation Trust complied with all the provisions of the code of governance.

## Going concern

Under international accounting standards the board is required to consider the issue of going concern. After making enquiries, the directors have a reasonable expectation that the NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts. The board has reviewed the following and the South Devon Healthcare NHS Foundation Trust is considered as a going concern.

- The board has approved an annual plan which demonstrates compliance with its licence from Monitor.
- The board has a strategic plan which demonstrates compliance with its licence from Monitor for the next three years.
- The Trust does not intend to apply to the Secretary of State for the dissolution of the NHS foundation trust.
- The Trust does not intend to transfer the services to another entity concern.

South Devon Healthcare NHS Foundation Trust has prepared accounts on a going concern basis.

## Signed



**Mairead McAlinden**  
Chief Executive

**Date: 27 May 2015**

***To obtain a copy of the full accounts please contact the director of finance, South Devon Healthcare NHS Foundation Trust, Regent House, Regent Close, Torquay, TQ2 7AN.***

## Further information

To see our annual reports and accounts:

- You can look on our website at [www.sdhct.nhs.uk](http://www.sdhct.nhs.uk) or request a copy by writing to the Foundation Trust Office, Hengrave House, Torbay Hospital, Torquay TQ2 7AA. Large print or other formats available on request.

### To obtain other information about the Trust's work

- Such as our Council of Governors and Board of Directors meeting agendas and minutes, our public website is at [www.sdhct.nhs.uk](http://www.sdhct.nhs.uk) and tells you about additional information available under the Freedom of Information Act.
- For information not available on our public website, contact the Freedom of Information office at Torbay Hospital on 01803 654868 or email [infogov.sdhct@nhs.net](mailto:infogov.sdhct@nhs.net).

### To hear more

- You can attend any meetings that the Trust holds in public, including the Council of Governors and the Board of Directors which each meet several times a year. This is an opportunity for the public members of the NHS Foundation Trust or any member of the public to attend as an observer. Members are especially welcome to attend the annual general meeting of the Council of Governors which takes place each autumn.
- Contact: chairman's office, on 01803 655705 or email [foundationtrust.sdhct@nhs.net](mailto:foundationtrust.sdhct@nhs.net).

### To tell us what you think

About this annual report or our forward plans.

- Contact: Communications Officer, on 01803 658510, or email [communicationsmanager.sdhct@nhs.net](mailto:communicationsmanager.sdhct@nhs.net).

### To help us to improve our services

There are opportunities offered through our NHS Foundation Trust membership, patient involvement, our League of Friends or through donations. Contact:

- Foundation Trust office: 01803 655705, email [foundationtrust.sdhct@nhs.net](mailto:foundationtrust.sdhct@nhs.net)
- Patient Experience lead, on 01803 654850.
- League of Friends, on 01803 654520, [www.lof.co.uk](http://www.lof.co.uk)
- South Devon Healthcare Trust Charitable Fund (Registered Charity No. 1052232) c/o the Charitable Funds Manager, Regent House, Regent Close, Torquay TQ2 7AN.

The NHS across South Devon benefits enormously from the work of hundreds of volunteers, giving practical support or fundraising. If you may be interested in joining our volunteers, you are welcome to enquire. Sincere thanks to the hundreds of volunteers who support Torbay Hospital.

- Contact: Voluntary Services Co-ordinator, based at Regent House, on 01803 653344.

## **To seek advice or information about aspects of your care**

Our Patient Advice and Liaison Service (PALS) may be able to assist.

- Contact: 01803 655838 or Freephone 0800 02 82 037, text phone 01803 654742, or e-mail pals.sdhc@nhs.net.

The service can provide information about independent advocacy services.

## **To complain**

You can request information by telephone.

- Contact: the Patient Services Department on 01803 655743.

## **To access your health records**

An application form can be obtained for records held by South Devon Healthcare. You may be charged a fee.

- Contact: Data Protection Office, on 01803 654868.

## **To find out about joining our staff**

As a new recruit or returning to work after a break.

- Contact: Recruitment, Retention and Returning Manager on 01803 654537.
- For work experience placements, contact our Employment Plus service on 01803 655803.

## **To find out about South Devon Healthcare arts**

This scheme is supported by staff volunteering their time and by charitable funds generated from the proceeds of sales from art exhibitions staged in The Gallery, Torbay Hospital. The aim is to enhance the healthcare environment.

- Contact: South Devon Healthcare arts, on 01803 654557.

**For general health queries, you can contact NHS advice on 111.**

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## Quality Report for 2014/15

## **About this document**

### **What is the quality account and why is it important to you?**

South Devon Healthcare NHS Foundation Trust is committed to improving the quality of our services we provide to our patients, their families and carers.

Our 2014/15 quality account is an annual report of:

- How we have performed over the last year against the quality improvement priorities which we laid out in our 2014/15 quality account.
- Statements about quality of the NHS services provided.
- How well we are doing compared to other similar hospitals.
- How we have engaged staff, patients, commissioners, governors, Healthwatch and local Overview and Scrutiny Committees (OSCs) in deciding our priorities for the year.
- Statements about quality provided by our commissioners, governors, OSCs, Healthwatch and Trust directors.
- Our quality improvement priorities for the coming year (2015/16).

If you would like to know more about the quality of services that are delivered at Torbay Hospital, further information is available on our website [www.sdhct.nhs.uk](http://www.sdhct.nhs.uk)

### **Do you need the document in a different format?**

This document is also available in large print, audio, braille and other languages on request. Please contact the communications team on 01803 656720.

### **Getting involved**

We would like to hear your views on our quality account. If you are interested in commenting or seeing how you can get involved in providing input into the Trust's future quality improvement priorities, please contact [susan.martin@nhs.net](mailto:susan.martin@nhs.net) or telephone 01803 655690.



## **Part 2: Priorities for improvement**

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### **Looking back: 2014/15**

In our 2013/14 quality account we reported that we would focus on five priority areas for quality improvement in the period 2014/15. These were all locally agreed priorities based on national best practice and best clinical evidence.

#### **Patient safety**

##### **Priority 1: Severe sepsis**

Sepsis is a time-critical condition which is potentially life-threatening. A person's immune system goes into overdrive in response to an infection (SIRS response), which can lead to organ damage, multi-organ failure, septic shock and eventually death. Within the NHS around 35,000 deaths are attributed to sepsis annually and sepsis affects all age groups.

Our aim over the last year has been to design, test and implement severe sepsis bundles to manage severe sepsis in adults and children. We have focused first on the Emergency Department and in the paediatric service.

Since spring 2014, we have tested and have now fully implemented bundles based on 'Sepsis Six' in the Emergency Department. These are bundles of diagnostic and therapeutic steps which need to be delivered rapidly and within the first hour of the initial diagnosis of sepsis. We have designed and introduced sepsis boxes in the Emergency Department, which hold everything required to deliver the severe sepsis bundle.

A video to increase staff awareness of severe sepsis has also been produced. This ninety second video 'Managing adult sepsis: your first hour response' is available within the Emergency Department and to all the wards. It can be viewed anytime by members of the clinical team and can form part of a ward team safety briefing or part of an educational session. To date eighty eight staff have watched this video and our plan is to increase this by at least 20% in 2015/16.

Within paediatrics the Trust has been involved in a peninsula wide sepsis working group. Together a new whole system pathway for paediatric sepsis has been developed, which we believe is the first of its kind in the UK.

We have revised the paediatric sepsis bundle to include the national (NICE) guidance on the management of feverish illness in children and have worked with GP colleagues who have piloted the inclusion of the feverish child traffic light algorithm into GP IT systems. This will provide additional decision support for GPs when seeing sick children. The algorithm for sepsis and feverish illness has also been included into our new Emergency Department IT system which is due to be fully implemented in 2015/16.

The sepsis work is being championed by the Director of Patient Safety, and a Consultant Paediatrician (Acute Care Lead) who have both been involved in setting up systems to capture data with the aim of measuring and demonstrating that the sepsis bundles are being delivered reliably in a timely fashion. Further work is required in this area.

The Trust have also been involved in increasing the public's awareness of paediatric sepsis and provision and support for self-management of febrile illness through supporting the design and production of the 'SAM' leaflet which is now available in GP surgeries and health centres across the South West.

It is now also being used in the Emergency Department, in our minor injury units and the paediatric units at Torbay Hospital.



In 2015/16 we will continue to focus on severe sepsis with an emphasis on demonstrating delivery of reliable care. Sepsis is also now a national quality improvement initiative with agreed national measures and reporting for all acute hospitals. This year we have been developing tools to measure severe sepsis and will build on these to ensure timely reporting in 2015/16.

## Priority 2: Pressure ulcers and falls

The Trust records a high level of harm-free care 98% (Safety Thermometer, February 2015). Two areas of further improvement work that were identified for 2014/15 were to:

- Reduce grade 3 and 4 pressure ulcers by 25%.
- Reduce the number of hip fractures acquired in hospital by 25%.

Although the numbers are small, serious falls and severe pressure ulcers have the potential to be life-changing, moving people in some instances from independence to dependence.

## Pressure ulcers

Over the last year the Trust has taken part in a Pressure Ulcer Collaborative in conjunction with Torbay and Southern Devon Health and Care NHS Trust. Five ward teams were given the opportunity to join the collaborative and learn about how to make improvements using an internationally recognised IHI (Institute for Healthcare Improvement) improvement method and were able to meet other healthcare professionals from the community and other hospitals in the peninsula to share ideas and learning.

The teams were encouraged to make small changes which they thought could improve pressure ulcer prevention in their area. The results of their improvements were shared in

the autumn with the collaborative in the form of pictures, presentations, video, song and even dance.

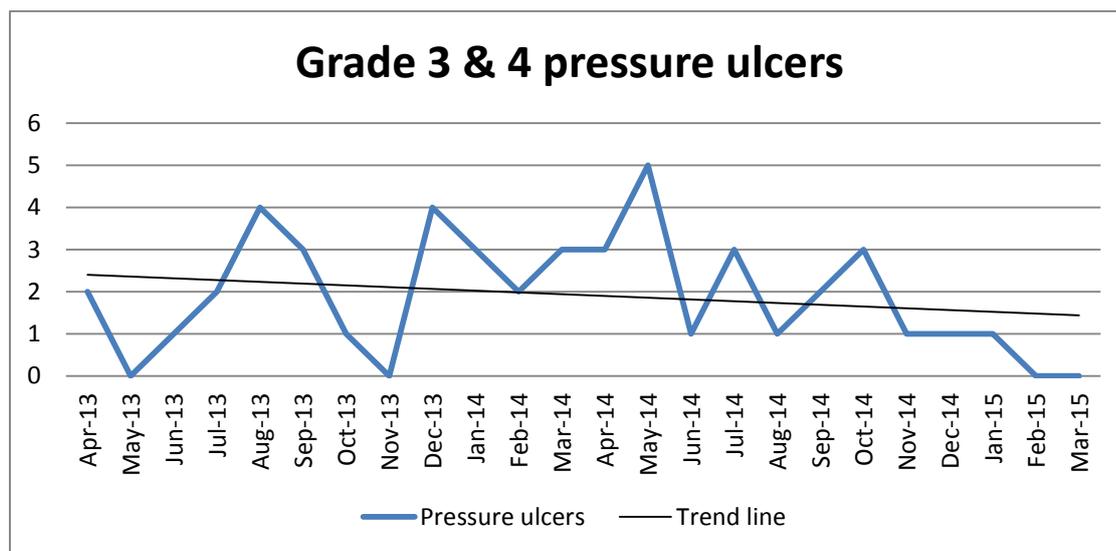
Across the hospital, we have also continued to raise awareness of pressure ulcer prevention. Over 60% of Emergency Department clinical staff have now attended pressure ulcer prevention training resulting in a significant improvement in the use of the pressure ulcer trigger tool, skin checks, use of the repose mattresses and re-positioning techniques.

The Trust has introduced an Emergency Department trolley replacement programme to ensure the trolleys are giving optimum pressure relief for the very vulnerable patients. The condition of theatre tables has also been reviewed and theatre and recovery staff have now introduced regular skin checks into their daily clinical routine.

Clinical staff continue to conscientiously report and robustly investigate each patient's management when a pressure ulcer has developed in our care and lessons learnt at all levels have resulted in small but significant improvements for future patients.

Over the last twelve months we have reduced the number of grade 3 and 4 pressure ulcers acquired in hospital by 19% (*total of 21*). The number of grade 1 and grade 2 pressure ulcers reported have slightly increased due to increased reporting.

### Hospital acquired grade 3 and 4 pressure ulcers April 2013 – March 2015



In 2015/16 we will continue training other ward teams into IHI improvement methods to enable them to implement small changes in pressure ulcer prevention. This will be supported by the Tissue Viability team and representatives from the five original wards.

Further training events, posters, resource folders and trials of specific pressure relieving equipment suitable for Emergency Department trolleys are planned for the forthcoming year. We are also planning to implement a new training package which aims to reduce the occurrence and improve the management of 'moisture lesions' which are often mistaken for superficial pressure ulcers.

The overall aim for 2015/16 will be to reduce the number of grade 3 and 4 pressure ulcers further with a target of seventeen or fewer.

### **Falls and hip fractures**

In our last year's quality account we said we would reduce the number of hip fractures acquired in hospital by 25%. The Falls Steering group have supported several hospital initiatives. These include looking at the feasibility of introducing a new floor surface which absorbs energy when people fall. A trial of this new 'hip hop' flooring has been undertaken at Portsmouth Hospital.

To reduce the risk of falls as a result of people feeling faint or dizzy, due to low blood pressure on sitting or standing up (postural hypotension), we have developed an e-learning package. This is the first package on lying and standing blood pressure in the UK and complements our hands on training. We can also provide patients and staff with a postural hypotension leaflet and have commenced a fallsafe audit. This data will provide a baseline from which we can improve the number of patients having their lying and standing blood pressure taken and recorded.

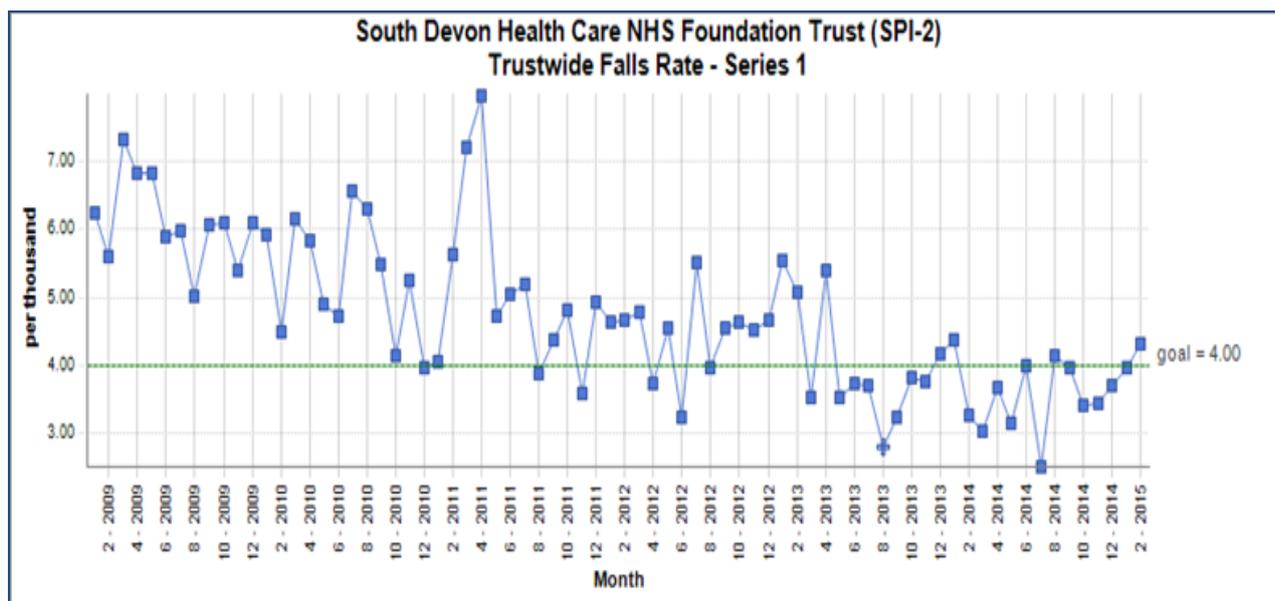
For patients at high risk of falling in hospital, we provide equipment such as frames and we check patients' footwear. Bed/chair sensor alarm pads are available and physiotherapists will also assess and support high risk patients.

For clinical staff there are seven ninety second teaching videos which include techniques on 'how to get up off the floor' as well as a comprehensive ward based teaching programme led by a falls nurse specialist.

Every patient on admission is assessed for patient handling, falls and bedrail risk and on discharge strength and balance classes are available in the community for suitable patients.

In the last twelve months as a result of the work described we have reduced the number of hip fractures acquired in hospital by 20% (*total of 8*). Over the long term our falls rate continues to decline.

## Number of falls at Torbay Hospital February 2009 – February 2015



In 2015/16 we will continue with our falls prevention work. We are planning to purchase some beds which can be lowered closer to the floor which will reduce the risk of harm to patients. We are also working with our community colleagues to develop joint falls prevention policies and processes to ensure that patients anywhere in Torbay and Southern Devon receive consistent and reliable falls prevention support.

### Clinical effectiveness

#### Priority 3: Frailty

Torbay and South Devon has a rapidly ageing population. Currently 35% of our local population is over sixty five and 4% over eighty five. This is higher than most areas in England.

Elderly frail people are significant users of our services and it is important that we continue to develop services to support people to live well for longer.

Our objectives for 2014/15 were to:

- Research, pilot and evaluate a frailty scoring tool to help us understand what levels of frailty we have in our local population so we can tailor our services more effectively.
- Complete the roll out of enhanced recovery in medicine onto our medical wards.
- Deliver specialist training to improve the care of those with dementia and develop a companionship service for patients in hospital with dementia.

## Frailty scoring tool

During 2014/15 the Trust researched into a number of nationally and internationally recognised frailty scoring tools and chose to undertake a small scale trial of the Edmonton Frail Scale.

The Edmonton Frail Scale has been designed to assist clinicians who aren't specialists in geriatric medicine to assess the frailty of an older patient. The tool looks at a patient's cognitive function, their balance and mobility and enables a doctor to classify a patient from 'not frail' through to severe frailty with several indicators in between.

We tested this tool in the Torbay Assessment Investigation & Rehabilitation Unit (TAIRU), where many of our older outpatient clinics are held. From a total of thirty eight patients over the age of seventy five, we found that eighteen were categorised as not frail whilst three were severely frail.

### Edmonton Frail Scale results for patients over seventy five

Category	Score	Results
Not frail	0-5	47%
Apparently vulnerable	6-7	21%
Mild frailty	8-9	14%
Moderate frailty	10-11	10%
Severe frailty	12-17	8%

The information and learning from the trial has been shared with our health and care partners to inform the future service provision for the elderly in Torbay and Southern Devon. We have also used the trial to inform the de-escalation prescribing guidelines for older patients which will be published for clinical staff in early 2015.

We have now stopped the trial of the Edmonton Frail Scale in TAIRU and are investigating whether the scale can be usefully incorporated into advance care planning and treatment escalation plans. The Edmonton Frail Scale is being used in some clinical services to guide treatment, e.g. consideration of surgical versus conservative management in hyperparathyroidism and follow-up in thyroid cancer.

We are also currently trialling an alternative frailty scale in our Emergency Department and Early Assessment Units called the Rockwood Frailty score. This score is more tailored to inpatient assessments and is being used by our frailty nurse to support the development of patients' individualised care plans. This is part of good progress made in the acute frailty service integrated care organisation project.

## Enhanced recovery in medicine

The enhanced recovery in medicine programme seeks to address the acknowledged lack of involvement in shared decision-making experienced by patients when admitted as a medical emergency to hospital. This, together with lack of involvement of carers and families, and processes of care which restrict mobility, freedom and autonomy, can lead to a poor patient outcome and satisfaction.

Over the last two years we have been developing a set of principles based on the internationally recognised enhanced recovery after surgery principles, adapting, testing and creating new principles which can be used for medical patients.

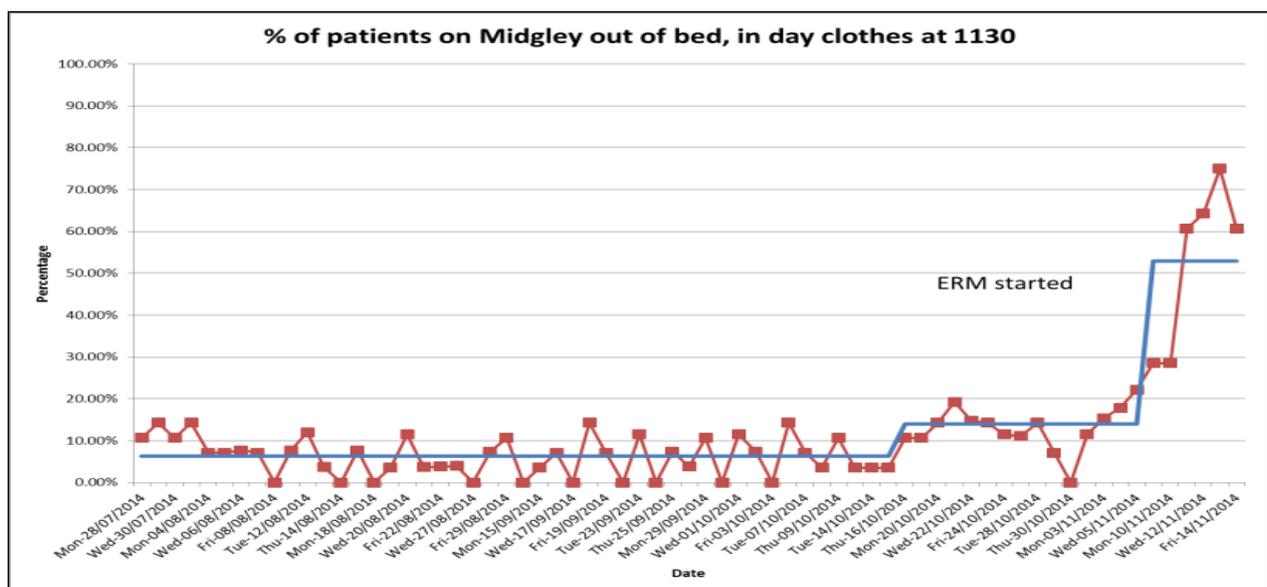
These include:

- Providing open access to the wards for principal family members or unpaid carers.
- Improving nutrition by offering patients an energy drink, as part of their treatment, every day.
- Early mobilisation through encouraging patients to get out of bed dressed in comfortable day clothes.
- 'No decision about me, without me' - with the patient's agreement, offering principal carers the opportunity to attend ward rounds to support the patient and discuss the care plan with the patient and the consultant.

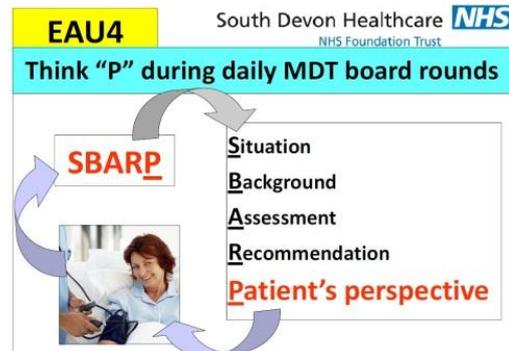
We have now tested and rolled out the programme onto all our medical wards with a mixture of success of embedding it into daily ward routines.

On Midgley ward, where we introduced enhanced recovery in medicine last year, we saw a significant shift in the number of patients out of bed and dressed before late morning.

### Snapshot of test of change: Respiratory ward (Midgley)



On EAU4 a daily enhanced recovery in medicine round is undertaken to check whether the enhanced recovery in medicine principles have been applied such as whether a carer has been given the opportunity to attend a ward round. Daily multi-disciplinary board rounds include the patient's perspective and junior doctors include this as standard when they are making inpatient referrals or documenting requirements for weekend handover.



There has also been national interest in the programme and we have produced a short video to explain what enhanced recovery in medicine is and its value to patients, carers and staff.

<http://vimeo.com/hiblio/review/105631245/4191078be1>

In 2015/16 we will undertake a more detailed analysis of enhanced recovery in medicine on two wards. We are working with Plymouth University and PenCLAHRC, a local research organisation, to develop a set of measurement tools to more fully understand the benefits of enhanced recovery in medicine. We also aim to produce a 'how to' toolkit for use locally and nationally.

We have recently put in a bid to the Health Foundation for £75,000 to fund this analysis and development of enhanced recovery.

## **Dementia**

Torbay and Southern Devon has a rapidly ageing population which means that there will be an increasing number of people with dementia. One of our main goals is to increase dementia awareness, support and access to care. Initiatives range from the introduction of memory cafes in local communities to the use of dementia screening, assessment and referral tools within the hospital.

In 2014/15 we said we would:

- Deliver specialist training to improve the care for people with dementia.
- Develop a companionship service for patients in hospital with dementia.

Through our CQUIN (Commissioning for Quality Improvement and Innovation) work we also stated that we would continue to focus on increasing dementia awareness as well as improve the use of the dementia screening, assessment and referrals tools.

To date, over two thousand staff have undertaken dementia training awareness. All the clinical areas have now been awarded 'Purple Angel' status. The 'Purple Angel' is a national dementia initiative that symbolises when 95% of staff in an area has undergone specific training to become more dementia aware.

In addition, over three hundred have attended the 'Specialising, dementia and safe approaches course', developed in 2014. Three trainers from the educational service have been trained to deliver the course to health and care community staff. The main group trained have been health care assistants as these are often the staff that are called into the wards to work alongside dementia patients and therefore need the most support.

In the last twelve months there has been an overall reduction in the number of security officers attending the care of the elderly wards (Simpson & Cheetham Hill), with a reduction of thirty seven incidents in 2013/14 to seventeen in 2014/15. This may be as a result of staff de-escalating our dementia patients with skills learnt from our course.

We are also in the process of launching our companionship service and have recently recruited 5 volunteers to work on Simpson ward. The service is primarily aimed at people with dementia and/or people who need befriending.

The volunteers, known as ward buddies use activities to stimulate conversation and engagement. They undertake dementia training, mandatory training, ward orientation as well as have links whilst on the ward with the occupational therapy service.

The development of the companionship service is part of a larger volunteer project called VICTor (Volunteering in care Torbay project) which aims to mobilise more volunteers to support patients in the hospital. Currently there are over four hundred registered volunteers of which one hundred and sixty are currently active. A new website has been developed to provide a 'shop window' for volunteer opportunities and a new forum through which volunteers can learn more about what is going on the hospital. The web address is: <http://torbay.volunteercommunity.uk/>

Finally, through our CQUIN work we continue to focus on dementia. Our main challenge continues to be increasing the use of the dementia screening, assessment and referral tool. As a Trust we have failed to meet the national 90% target by the end of the year. This is because despite undertaking screening, we were unable to capture and record the information in one place.

In 2015/16 the national 90% dementia target will remain a Trust priority. The recent purchase of a clinical task management system will streamline processes; ensuring information is reliably captured once.

## **Patient Experience**

### **Priority 4: Bereavement**

Torbay Hospital has a bereavement officer whose role is to liaise with clinical and ward staff, the mortuary and Coroner's Officers to provide bereaved families with the correct advice and paperwork following the death of their loved one. They can provide signposting to services that can support grieving family or friends.

Our aims for 2014/15 were to improve the timeliness of information to GPs about a patient death and improve bereavement support and signposting.

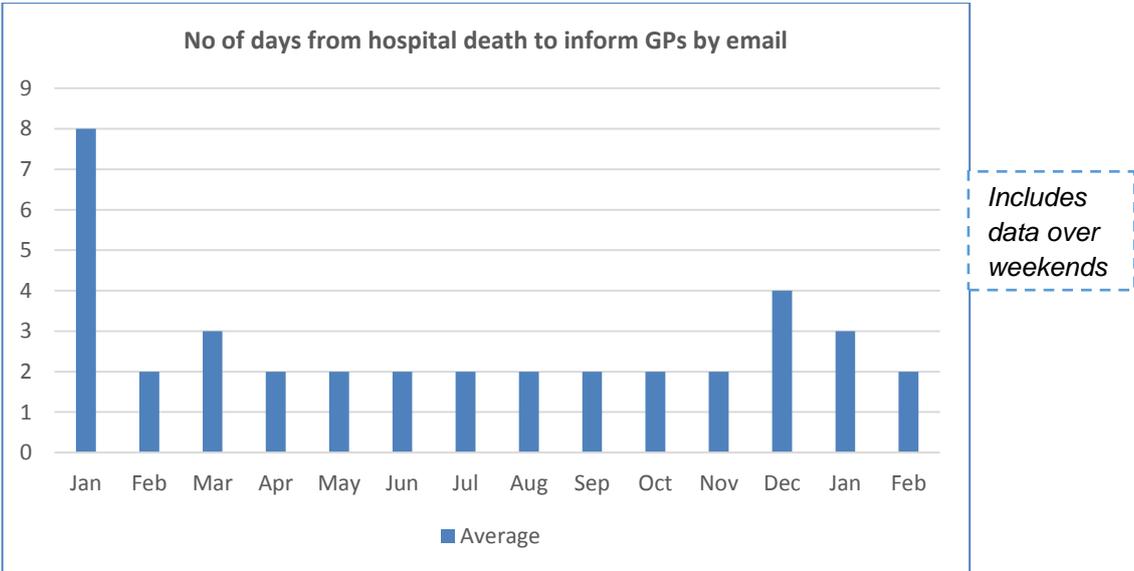
Building on the work in 2013/14 to develop and publish a bereavement booklet ‘Help for you following your bereavement’, which is available on all wards, a new feedback card has been incorporated in the last year. This enables family and friends to comment on their experience in the hospital of end of life care for their loved one as well as offering a courtesy follow-up call four to six weeks later. The latter is generally taken up by spouses of elderly deceased patients who are pleased to be able to comment after a period of time has elapsed.

Overwhelmingly the feedback about the care delivered on the wards to the deceased patients and their families has been positive. This feedback is shared at the Trust’s end of life care group and at our patient experience work stream in a patient services report. As a result of the introduction of the feedback card we have noticed comments about the difficulty in parking for families when collecting death certificates and we are currently exploring options to make this easier for families. Comments from families about the quality of care they have noticed include:

*“Paramedics- excellent. All staff in critical unit- compassionate, professional, excellent. Bereavement Office- excellent. Parking- nightmare”*

In addition during 2014/15, the bereavement officer has worked with the wards to improve the timeliness of information to GPs about a death. Ward teams should always inform GP practices as soon as practicable of a patient’s death. This however was not always consistently happening.

In early 2014 the bereavement team set up an email service to GPs as a failsafe process to inform them of a patient’s death. This has resulted in an overall improvement in timeliness over the year.



At the same time they started to work with a small group including the palliative care consultant to redesign the ward current death verification form. This redesigned form and process is being tested on Turner ward. This has received mixed reviews from the clinicians so far and is planned to be tested on other wards and further changes made before rolling out throughout the organisation.

In 2015//16 we will continue to test and change the verification form and participate in a Trust wide task and finish group to improve timeliness of completion of death certificates.

### **Priority 5: Support for carers in the discharge planning process.**

Unpaid carers, such as family and friends involved in a person's care and support, are an essential part of the discharge planning process. Evidence shows that involving and supporting them from the beginning encourages a safe and effective discharge, fewer readmissions and an improved experience for both the patient and their carer.

To improve the involvement and support of carers in the discharge planning process we asked carers what their top three issues were and then agreed to start to fix them. As there is no annual carers survey as a benchmark from which to improve we used previous Trust evaluations and carer consultations. The top three areas to improve were:

- Communication with carers.
- Involvement in discussions about medication.
- Addressing practicalities for carers.

#### Communication with carers

We worked on developing ways that carers could be treated as experts in a patient's care and amended paperwork to make it more user-friendly. We developed and tested a communication mat for the bed table, with helpful information for both patients and carers.

From testing the mat it soon became clear that the biggest difference to carers was having a person who can sit and talk to them about the situation and give support to them as carers. We therefore have trained some ward based volunteers to encourage carers to become involved and to let them know about the available support.

#### Involvement with medication

Carers are often responsible for administration or supervision of medication after a patient's discharge and it is an area they generally worry about. Carers have not routinely been included in conversations about medication when a patient is on the ward, which has the potential for problems or anxieties post-discharge. Additional funding for a ward-based pharmacist enabled a pilot to be run to improve this.

Carers were contacted at the point of admission to assist with checking what medications people were on and then were informed if there were any medication changes at discharge, plus any side-effects to look out for. Now we have done one test of change, we will continue to do more over the next year.

#### Practicalities for carers

This covers a wide range of issues, from knowing when carers can visit, to supporting carers with parking, caring for in-patients, and spending time at the hospital.

General agreements have been reached with regards to visiting times for carers, and arrangements for their remaining time involved in someone's care while they are in hospital.

Carers who are actively involved in someone's care can get staff reductions at Bayview restaurant, and may be able to stay overnight (in a reclining chair) if agreed with ward staff. A symbol has also been agreed to let staff know that a carer is actively involved, to encourage active communication with the ward team.



One of the biggest improvements is the introduction of free parking for registered carers when supporting someone either attending or staying in the hospital. This has been a resounding success with carers, and will hopefully encourage friends and family who may not realise that we consider them to be carers, to ask about it and then get the appropriate support.

*“Life as a carer is tough. Anything that helps make our lives easier, and makes us feel valued for what we do is really welcomed”*

*“Made attendance at the clinic easier, and my husband did not feel so guilty at the “trouble” his required attendance had put on me and our financial situation. It was a bonus to see him smiling instead of the worried frown he usually has when attending for necessary treatment”*

A leaflet has been developed which will be launched in spring 2015, to let carers know all about the support that is available at Torbay Hospital.

In 2015/16 we will focus on carers and medicines as a quality account priority and more information about this improvement project can be found in the next section.

## **Continuous quality improvement in 2014/15**

As a Trust the organisation is continually focusing on improving the quality of its care, whether this is through large strategic programmes such as developing an integrated care organisation or through small front line projects such as improving the timeliness of consultant to consultant referrals for inpatients.

The Trust also continues to participate in delivering a range of national and local CQUINs (Commissioning for Quality Improvement and Innovation) as well as delivering a number of cost improvement programmes (CIP). It has started to bring together existing staff with quality improvement and innovation skills to form the new Horizon Institute. Its aim is to support all staff to improve care whether this is through improving patient safety, experience and improving health and care outcomes.

A snapshot of our work is described in the next section and more information about the Trust's work can be found on the website [www.sdhft.nhs.uk](http://www.sdhft.nhs.uk) and through our annual report and Trust newsletter.

### **CQUINs 2014/15**

The Trust has been involved in delivering eight CQUINs made up of fifteen projects covering safety, patient experience and clinical effectiveness. As in previous years these are a mixture of national and local areas.

A breakdown of the 2014/15 CQUINs can be found in annex 3 alongside the performance. Two CQUIN examples are described in more detail below.

### **Alcohol**

Alcohol related conditions place a significant financial burden upon healthcare services, both within the community and the hospital setting. We know that Torbay has statistically significantly higher rates of alcohol related and alcohol specific admissions than our South West counterparts, and indeed national averages.

Torbay also has significantly higher rates of alcohol liver disease, early mortality and alcohol related admissions for people under eighteen than regional and national figures. Alcohol misuse within South Devon is also an issue that we need to address, but this is seen to a much lesser extent than in Torbay.

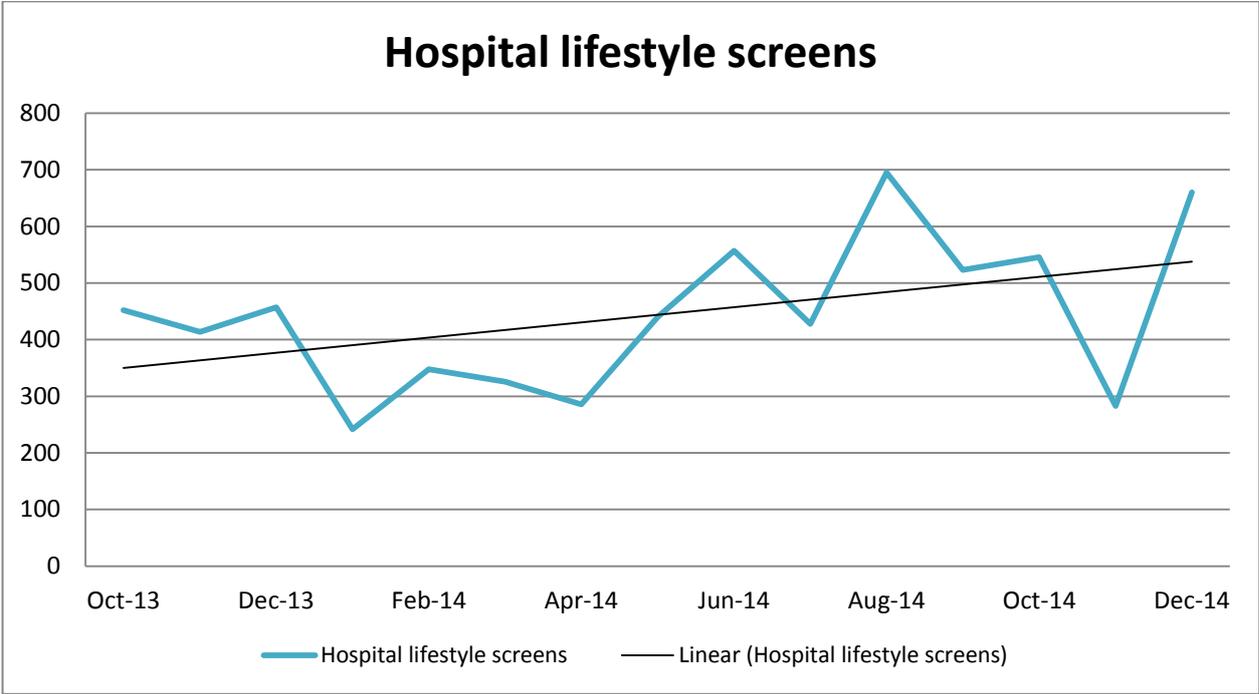
In order to address these issues, the role of early intervention is paramount, and the need for a universal screening programme for alcohol is key to this. Only by asking all patients presenting to the hospital about their alcohol use can we identify people drinking at risky levels and provide an intervention to help them reduce their intake, improve their health and reduce the likelihood that they may present again to the hospital in the future.

As well as identifying dependent drinkers, any such programme also needs to identify people drinking at increasing risk levels (we call these groups hazardous and harmful

drinkers) who may not consider themselves to have an alcohol problem, but are regularly drinking in excess of the recommended limits for alcohol consumption (fourteen units per week for a woman and twenty one units per week for a man). Estimates show that this figure may be as high as twenty three thousand individuals within Torbay alone.

In response, our approach has been to embed a universal screening programme for alcohol across some of the ‘high risk’ areas within the hospital setting where we may expect alcohol to be more of an issue (emergency department - including EAU’s 3 and 4, gastroenterology and endoscopy). We have also extended our screening programme to other areas such as the pre-assessment clinic where early detection of alcohol problems can be met with an early intervention in the form of information and brief advice.

The screening programme results since we started the programme are shown in the table with a trend upwards in the number of screens.



The ultimate vision is that all assessment processes would include the recognised screening tool for alcohol, the Alcohol Use Disorders Identification Test (AUDIT) as part of routine practice. Anyone identified as drinking at increasing risk levels would then be followed up by a trained individual delivering a brief advice and information session. Evidence shows that 1 in 8 people receiving brief advice (a 10-15 minute intervention) will reduce their drinking to safe limits as a consequence.

In 2015/16 we plan to increase the screening programme across more areas and departments within the hospital, and train more staff in the information and brief advice model. We are also testing the use of volunteers with ‘lived experience’ of alcohol themselves to help support more dependent drinkers into specialist alcohol services in the community and access treatment.

**Staff Friends and Family Test**

The Staff Friends and Family Test was introduced nationally in 2014 by the Department of Health following the launch of the Patients’ Friends and Family Test the previous year. Research shows that the higher level of staff engagement in an organisation, the better the outcomes including patient satisfaction and improved safety as well as reduced absenteeism.

The new national survey provides an opportunity for all staff to feedback their views on the Trust, and it complements the national annual staff survey which is sent to a random sample of staff.

With the Staff Friends & Family Test, staff are asked to rate:

- How likely are you to recommend Torbay Hospital to friends and family if they needed care or treatment?
- How likely are you to recommend Torbay Hospital to friends and family as a place to work?

They are also offered an opportunity to provide additional comments in response to both questions.

Over the last twelve months, the Trust has undertaken targeted sampling, whereby each quarter staff within a specific work division are invited to respond to the survey, primarily online. The survey remains live for a month following which the data is collated and a report is produced and shared with the area for local action.

The results are also published nationally and are shown below.

	Quarter 1 (Apr-Jun 14)	National Average	Peninsula Ranking	Quarter 2 (Jul-Sept 14)	National Average	Peninsula Ranking
<b>Recommend work</b>	<b>76%</b>	<b>62%</b>	<b>2nd best of 9 trusts</b>	<b>75%</b>	<b>61%</b>	<b>3rd best of 9 trusts</b>
<b>Not recommend work</b>	<b>8%</b>	<b>19%</b>		<b>10%</b>	<b>19%</b>	
<b>Recommend care</b>	<b>89%</b>	<b>76%</b>	<b>2nd best of 9 trusts</b>	<b>87%</b>	<b>77%</b>	<b>3rd best of 9 trusts</b>
<b>Not recommend care</b>	<b>4%</b>	<b>8%</b>		<b>4%</b>	<b>8%</b>	

*\*Quarter 3 not applicable as national staff survey. Quarter 4 published May 2015.*

A large number of positive comments have been received over the year including:

*“There has always seemed to be a real family feel with the staff at Torbay Hospital”  
 “A great place to work with a clear vision to deliver high quality care. The Trust really appears to care about its employees”*

*“Staff are valued and are able to make a real contribution to patient management”  
 “Friendly supportive working environment”*

Common themes identified as needing improvement include communication and staff recognition. The findings from the 2014 NHS Staff Survey have also identified communication as an area for further development, together with ensuring staff are aware that their roles make a real difference to patient care. The findings from the annual staff survey have been shared with staff and an action plan is being developed to address those areas identified for improvement.

In 2015/16 our work will focus on:

- Improving staff recognition and helping staff to understand how their roles make a real difference to patient care.
- Improving the quantity and quality of staff appraisals completed.
- Ensuring staff feel they are treated fairly and that there are equal opportunities for career progression.
- Helping staff to feel secure in raising concerns about clinical practice and improving communication.
- Continuing to review and develop initiatives focused on addressing violence from patients.

### **Snapshot of a selection of our improvement projects in 2014/15**

#### **Special education needs**

For children and young people up to age twenty five the SEN (Special Education Needs) reforms that went through Parliament in 2013 saw the biggest changes to the SEN system in thirty years. These were incorporated in the Children and Families Act 2014 and specified two new duties which directly impact on health professionals. There is a new duty on health commissioners to deliver the health care provision specified in an Education, Health and Care Plan and a new duty which requires local authorities and clinical commissioning groups to commission services jointly for children and young people with special educational needs.

Children and young people with special education needs require integrated support to achieve their full potential and too often, parents' experience of getting their children the support they need is a battle – dominated by arguments about who should pay for what service. The reforms are designed to address those issues head-on. They require local authorities and health partners to work together as a team, around a joint set of outcomes. The special education needs reforms went live in September 2014.

Recognising that professionals in the health sector have a significant role to play, Child Health registered this as a project supported through the Trust's quality improvement programme. Having consulted with families and the education services the first priority has been to streamline the process for seeking medical (paediatric) information about

children and the timeliness for completing and reporting on medical assessments once children/ young people were on the pathway to an education, health and care plan.

The work undertaken by Child Health, working with a wide range of stakeholders, has enabled the service to:

- Increase awareness among staff involved in the pathway of the (statutory) timescales and importance of the work.
- Make minor changes to our information sharing agreement across organisations and access (faster) electronic communications safely.
- Increase the support to families who found it hard to access systems and appointments.
- Ensure that health commissioners were aware of the issues for health organisations and that the person new in post to the Designated Health Officer role had a clear contact point in the team.
- Set up a monitoring system and team meetings to take forward the next steps.

Child Health is continuing to seek on-going feedback from families and young people about their experience to improve the services offered.

### **Electronic replacement of inpatient speciality (white slip) referrals**

All trainee doctors are encouraged to learn quality improvement methods and to apply their learning to a quality improvement project either in their speciality or across the hospital.

In early 2014, two trainee doctors chose to focus on creating a reliable communication method for inpatient speciality referrals (white slips) in order to reduce the delays in referrals, treatment and discharge. Until this period, inpatient speciality referrals were paper based, mostly written by trainees and delivered by internal mail or fax, resulting in unnecessary delays. The doctors observed that they hadn't enough space to record information and the information was not trackable or receiptable. The trainees could not see whether the referral had safely reached its destination.

The aim of the quality improvement project was to create a central referral hub using digital time stamped referral forms linked to patient records.

Supported by a quality improvement coach, the trainee doctors worked with a small team to develop a new electronic referral form, using an IT system familiar to all trainees. The layout was changed so it was more structured and in a format familiar to all doctors. A new electronic system was agreed as a result of co-designing a new administrative process with specialty administrators.

Data was collected prior to the test of change and twice after go live to measure the initial impact of the implementation and then subsequent further small changes.

The changes have resulted in a significant reduction in time from making the inpatient referral to a patient being reviewed. Most patients are now seen within twenty four hours.

Data Collection Period	Mean Time to review (hours)
November 2013 (Pre-improvement)	60.32
April 2014 (Cycle 1)	17.30
August 2014 (Cycle 2)	15.65

The trainees have presented their work at a number of regional and national conferences, encouraging other trainees to get involved in quality improvement work. To date over two thousand inpatient referrals have been made using this new system.

### **MenuMate**

The Trust has introduced MenuMate over the last year on all its hospital wards with the aim of both improving patient food choice and reducing the time spent by staff sending information to the kitchen.

MenuMate is an electronic way to order patient meals and food via an iPad which, once saved, is automatically linked to the kitchen. This means that ward staff no longer have to phone through at the same time of the day for lunch and evening meals, resulting in delays and mistakes. Also the system is capable of linking into kitchen stores automatically ordering supplies as they are used. This enables the Trust to keep better track of its stock levels.

Comments from staff include:

*“The system is quicker, there is more choice and there is less chance of losing the information. It’s a much better system once you get used to it.”*

For patients, pictures of the meals and dietary advice provide more information to make better choices. Dieticians can also helpfully keep track of what patients are eating. For long stay patients there is also the opportunity to review both the ward and staff menu.

In the next few months portion size control will also be brought in so patients can choose to have a small, medium or large meal. We are also currently investigating whether to use Menumate in the community hospitals.

## **Patient feedback**

Patient feedback is important to us as it helps us to know how we have performed from the perspective of the patient and what has mattered to them whilst being cared for by the Trust. We are increasingly using patient experience data to measure service improvements, capturing information from patients, families and carers before and after a service change.

As a Trust we have several ways of capturing feedback. These include participating in annual NHS surveys, conducting real time feedback surveys on the wards every day and recording complaints information. We also capture information from social media including Patient Opinion and NHS choices as well as participating in the national Friends and Family Test.

All this information is shared, alongside a patient story, at our monthly Patient Experience Community and Partnership meeting which is also attended by Healthwatch and the commissioners. The Committee provides assurance to the organisation about patient experience and the actions we are taking to improve care.

Over the last year new developments include systematically capturing compliments from patients, families and carers. This positive feedback is shared with the clinical teams and through the Trust wide weekly staff bulletin. Examples include:

*“I was diagnosed with an arthritic ankle in September and referred to Torbay. The whole experience has been excellent and now the operation has been completed, the aftercare is well on track. Thanks to the Consultants, anaesthetists, all the staff in Ella Rowcroft as well as the physios and outpatient staff at the Fracture Dept. I could not have wished for better care and attention”. February 2015*

*“The treatment I received whilst at Torbay Hospital was first class all of the staff from consultant to cleaner were outstanding because the whole package was so good I was able to leave after only 5 days! After major abdominal surgery. Well done all of you. You should be justly proud of what you do. You are worth twice what you are paid”. October 2014*

*“I write to express my deep gratitude to the Audiology Department of Torbay Hospital for the care and support given to me over the months. Without exception your audiologists were most helpful, kind and supportive; at all times attentive, polite and professional”.*  
August 2014

We have also started to receive additional feedback from Healthwatch (Torbay) via their newly launched website (<http://healthwatchtorbay.org.uk/>).

As well as sharing all feedback with the clinical teams, we also share a compliment or a complaint at our monthly ‘All managers meeting’. We continue to present a patient story at the Trust board meetings and share feedback with the public through ‘You said we did’.

We have started to develop an engagement and experience strategy with our colleagues in Torbay and Southern Devon Health and Care NHS Trust and with our service users. This will be published in 2015/16 and will set out the key responsibilities for health and care teams and the organisation in ensuring full engagement of our local population in all that we do.

In 2015/16 we also continue to participate in the national Friends and Family Test as well as work together on one shared patient experience CQUIN, agreed by all our local care system.

### **Medicines administration**

When patients are discharged from hospital they often take home with them a number of medications for their on-going treatment. The time taken to prescribe, dispense and deliver these to take away (TTAs) drugs can result in patients waiting unnecessarily.

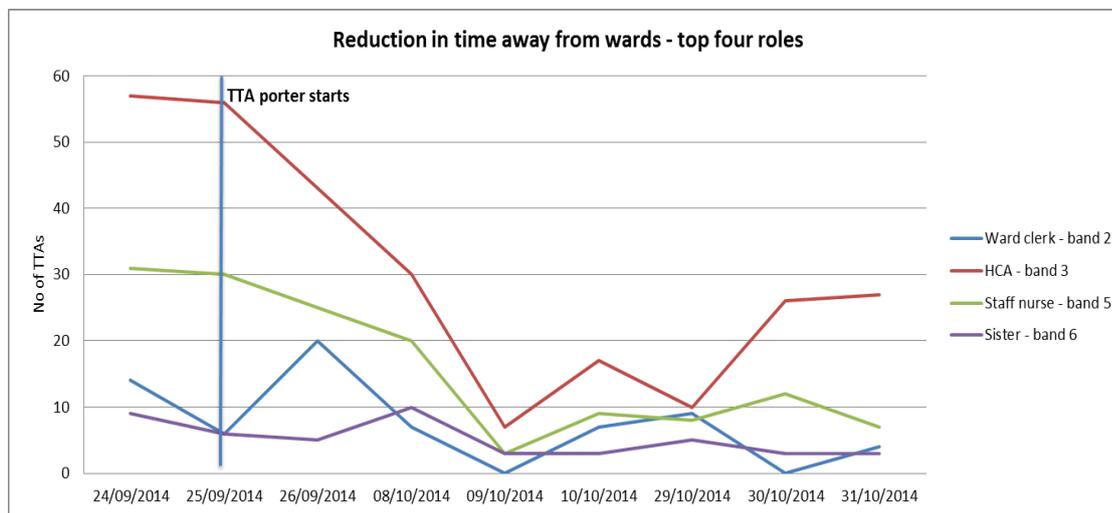
*“Why am I waiting - the doctor has told me I can go home?”*

As a result of direct feedback from a member of the Working With Us group, a small group came together led by Pharmacy and supported by an improvement coach. Their first task was to understand more fully the problem before agreeing what changes to make.

The group agreed to improve the timeliness of TTA delivery from pharmacy to the wards and to reduce the number of clinical staff required to collect from the wards through the introduction of a TTA porter.

Prior to the introduction of the TTA porter about one hundred and twenty five trips were being made daily by clinical staff to and from pharmacy. An average trip would take staff about eight minutes equating to about sixteen hours of staff time away from the wards per day.

With the introduction of the porter there was a significant drop off in clinical time away from the ward and also improved timeliness with the porter delivering on demand.



As a result of this test of change the Trust agreed to employ a TTA porter over the winter period with a view to writing a business case to employ a TTA porter permanently. This business case is now under consideration.

## Bed pans

Torbay Hospital is interested in product innovation. For the public, new or improved products can improve and change the way people use services. For health and care professionals product innovation can help them to do their job better or differently.

As part of the Horizon Institute, we have a small group of innovation experts and an innovation support group who work with any potential innovator. After ideas have been sufficiently worked up these are presented to the innovation panel whose role is to decide whether the idea is suitable for investment.

One recent idea from a junior doctor came in the form of a new design of bed pan. The idea came about when the doctor observed a nurse carrying faeces out of a side room with only paper towels covering the waste. He then realised this was a common practice and came up with a simple solution to improve the existing design – a lid. After approaching the innovation support group and subsequently presenting to the innovation panel, a company was found to work with the Trust to design an improved bed pan. The bed pan is now on sale.

Revenue from these products is split between the inventor and the Trust, which encourages everyone to come forward with ideas. We have also started to work with patients who come forward with ideas for new products.

## Horizon Institute

A major initiative to stimulate and encourage innovation and improvement was the establishment of the Horizon Centre in 2009. It is a multidisciplinary centre that brings innovation, education & research together and enables staff to conduct research, test new ideas and embed changes through education.

The Horizon Institute has recently been established to drive improvement. Setup in late 2014, it brings existing quality improvement and innovation experts from Torbay and South Devon together into one team. Many of the projects described in this annual quality account have been supported by these people.

The purpose of the Institute is to support front line health and care teams with improving the outcomes and experiences of people who use our services through innovation and quality improvement.

Its work includes training staff in improvement methodology and working with front line teams supported by improvement coaches. The Institute will also be an academic base for improvement science, encouraging service evaluation and measurement for improvement.

Most importantly the Horizon Centre and the Institute exist to promote a positive culture; a culture where staff come to work to do a good job today but think about how to make it better tomorrow.

## Priorities for improvement

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### Looking forward: 2015/16

The Trust has identified five quality improvement priorities for the year. These have been developed through discussions with clinical teams, care colleagues, our commissioners and the senior clinical and business leaders in our organisation.

In recognition of the development of a joined-up care system we have worked closely with Torbay and Southern Devon Health and Care NHS Trust to develop a shared set of improvement priorities. We have also taken into account the views of key stakeholders when discussing and agreeing the priorities for 2015/16. (See annex 1) These priorities have been signed off by both Trust Boards.

In brief the improvement projects are:

#### **Patient safety**

##### **Priority 1: redesigning the reliability, accuracy and timeliness of information at the point of handover to enable an effective and safe transfer at each and every juncture**

During a patient's stay it is often necessary to transfer the care of that patient to another hospital, care agency and/or another department/ward within the hospital.

These hand overs are described as a transfer of care and, as such, need to be planned and properly performed to ensure the patients' wishes and safety remains paramount. Evidence has shown that poor communication at these handovers can have detrimental effects on the patients' health and harm can occur e.g. medications not being sent home with patients and next of kin details not available.

The aim of this safety initiative is to design a reliable and capable process, for these transfers that involves the patients and carers, health professionals and relevant agencies in passing on and receiving the relevant information, medication and equipment at each and every juncture.

The initiative is being designed in collaboration with acute and community hospitals, community care providers, patients and family members and the relevant multidisciplinary teams across a number of health sectors in producing a transfer care bundle that is fit for purpose, understandable and completed in a timely and reliable way.

## **Objective 2015/16: create and test a 'transfer of care bundle' across a number of pathways with direct patient/carer involvement**

Individual objectives:

- Understand the size, number and scope of transfers within the health and care community and the issues that affect the transfer.
- Include patient, relative and carer involvement in the design.
- Design a 'transfer of care bundle' and test extensively making changes and re testing based on in situ learning.

Our plan will be to focus on transfers occurring between wards and departments, transfers occurring between community services and Torbay Hospital as well as our hospitals and nursing homes.

The Deputy Directors of Nursing at both trusts will lead this work, supported by their Patient Safety Leads. Progress will be monitored quarterly through the Joint Leadership Group, an executive group of staff from both the acute hospital trust and the community trust.

### **Patient experience**

#### **Priority 2: establish a single point of contact for people to access community based health and social care services in Torbay**

The aim of setting up this new service is to make it as easy as possible for people to access the advice, assessment and support which they need over the telephone. This will include providing information about local services as well as undertaking assessments with people while they are on the 'phone and agreeing to arrange and provide support and assistance at home on the basis of the telephone call.

The service will also provide people already receiving services with a direct line of communication if they want to discuss any aspects of those services or have concerns about the care they are receiving.

The new service single point of contact service (SPoC) will also support health and social care staff working out in the community by co-coordinating and arranging services to provide urgent care and support at home to avoid the need for someone to be admitted to hospital or a care home.

Care Direct Plus, which already serves Southern Devon, and the SPoC will provide support for people who are likely to need one-off or short term interventions and would not normally need to be visited at home as part of the assessment process.

#### **Objective 2015/16: set up a single point of contact service (SPoC) in Torbay**

Individual objectives:

- Set up the single point of contact for Torbay.
- Set up a Directory of Services that contains up to date information about the services and support which are available to people in Torbay. This directory will be created and run by voluntary sector organisations and will be available to the public on the internet.
- Measure and monitor the changes and evaluate the first year of its operation. People who use this service will be involved in the evaluation process.
- Develop linkages between the single point of contact service and specialist long term condition services based at Torbay Hospital.
- Improve the understanding of the aims of the single point of contact service and Care Direct Plus service with the Torbay Hospital ward teams and the long term condition specialist teams.

The Chief Operating Officer of Torbay and Southern Devon Health and Care NHS Trust will lead this work, supported by the relevant Assistant Director of Operations and the South Devon Healthcare NHS Foundation Trust Associate Medical Director (Long Term Conditions and Transformation). Progress will be monitored quarterly via the Joint Leadership Group.

### **Priority 3: improve the involvement of carers in the management of medications on admission and at discharge at Torbay Hospital and at our community hospitals**

At Torbay and Southern Devon, we believe that carers are key members of the health and care team and we are committed to improve the involvement of all carers in all aspects of a patient's journey.

Carers are often the people who know their family members best and are an invaluable source of support and information. Information sharing is a two way process. Clinical staff need to understand a patient's background and health, and if admitted to a hospital, any medications being taken. Prior to their loved ones discharge, carers need information about changes to medication regimes, possible side effects and methods of administering the drugs.

Feedback from the national NHS inpatient survey tells us that most hospitals perform poorly in ensuring people are given appropriate information about medications at discharge. We have chosen to focus on working with carers and to build on the good work carried out in 2014/15.

### **Objective 2015/16: to test the process for identifying and involving carers in medicines reconciliation and planning medication regimes for discharge**

Individual objectives:

- Design a reliable process to identify carers when patients are admitted to a ward in a community hospital or at Torbay Hospital.
- Design and test with carers, pharmacy and the ward teams a reliable process to involve carers in medicines reconciliation on admission.
- Design, test and develop a process to include carers' involvement in discharge medication regimes including medication changes, side effects and modes of administration.

The initial focus will be to design and test a process on two care of the elderly wards. We will then test the process in a community hospital and in a further two wards at Torbay Hospital. Carers will be co-designers in the change and support the evaluation of the project through post discharge surveys.

The work will be led by the Carers Lead supported by the Deputy Directors of Nursing from the two trusts, as well as ward and pharmacy teams. Quarterly updates will be provided through the acute and community Joint Leadership Group.

### **Clinical effectiveness**

**Priority 4: improve multi-agency working across Torbay and South Devon through developing and extending the existing multi-disciplinary teams working across the community.**

Multi-disciplinary teams typically include community nurses, physiotherapists, occupational therapists and social workers.

Their joint aim is to provide people at risk of admission to hospital or care homes with the intensive support they need to remain living safely at home.

These multi-disciplinary teams will complement the work of the Single Point of Contact service in Torbay and Care Direct Plus in South Devon. The multi-disciplinary team will provide support for people whose circumstances are uncertain or require face to face contact to assess their needs and coordinate the care they need.



**Objective 2015/16: Develop and extend the multi-disciplinary teams in Torbay and the complex care teams in South Devon, through integrated working with clinicians in Torbay Hospital and developing closer working relationships with other local services. This includes GPs and local voluntary organisations.**

Individual objectives:

- Set up two multidisciplinary teams, one for Torquay and one for Paignton and Brixham.
- Pilot in at least two localities (one in Torbay and one in South Devon) to see how these multidisciplinary teams can be supported by specialist teams. This may involve moving out-patient clinics and other clinical support activities from Torbay Hospital out into the community.
- Pilot in at least two localities how these enlarged multi-disciplinary teams can work in partnership with other local services, including general practice and voluntary organisations.
- Measure, monitor and evaluate the changes including the impact of the enlarged multi-disciplinary teams on patient/client experience. People who use this service will be involved in the evaluation process.

The work will be led by the Chief Operating Officer of Torbay and Southern Devon Health and Care NHS Trust, supported by the relevant Assistant Director of Operations and the South Devon Healthcare NHS Foundation Trust Associate Medical Director (Long Term Conditions and Transformation). Quarterly updates will be provided through the acute and community Joint Leadership Group.

**Priority 5: create a reliable and consistent ambulatory emergency care service available 7 days a week for patients coming to Torbay Hospital**

The underlying principle of ambulatory emergency care is that a significant proportion of adult patients requiring emergency care can be managed safely and appropriately on the same day either without admission to a hospital bed or through admission for only a few hours.

Nationally many organisations have implemented ambulatory emergency care as part of an action plan to address the non-achievement of the 4-hour standard in A&E. Ensuring 95% of patients spend less than 4 hours in the emergency department has been a significant challenge for the Torbay Hospital, particularly over this last year.

As part of a larger piece of work to try and address this problem and to improve the patient experience of emergency care, small tests of change have been in operation on the two Emergency Assessment Units since July 2014.

Our plan is now to expand the ambulatory emergency care service to ensure only those people who require bed based care are admitted and ensuring medical patients receive assessment by a physician as soon as possible after attending. In addition it is anticipated that this will significantly improve patient flow through the emergency department and healthcare system.

**Objective 2015/16: create a reliable and consistent ambulatory emergency care service available 7 days a week**

- Provide an Ambulatory Emergency Care Unit comprising eight chairs and four trolleys within two bays on an Emergency Assessment Unit that will be open seven days a week.
- Reduce the proportion of medical patients requiring an overnight stay when safe and appropriate to do so.
- Improve the experience of emergency care for medical patients seen within the Ambulatory Emergency Care Unit.
- Reduce the number of bed days utilised by patients with ambulatory case sensitive conditions.
- Contribute to an improvement in patient flow through the emergency department as measured by achievement against the four hour standard.

Within the Care Trust work will focus on improvements in community based intermediate care services through developing a standardised crisis assessment process.

The ambulatory emergency care work will be led by a Consultant in Acute Medicine, supported by the Systems Manager (Acute & Community Care) and the Chief Operating Officer at Torbay Hospital.

The Care Trust will be led by the Pathway Manager (Integrated care) supported by the Torbay and Southern Devon Health and Care NHS Trust Medical Director.

Quarterly updates will be provided through the acute and community Joint Leadership Group.

## Statements of assurance from the Board

### Review of services

During 2014/15 South Devon Healthcare NHS Foundation Trust provided and/or sub-contracted 44 relevant health services.

South Devon Healthcare NHS Foundation Trust has reviewed all the data available to it on the quality of care in 44 of these relevant health services.

The income generated by the relevant health services reviewed in 2014/15 represents 84% of the total income generated from the provision of relevant health services by South Devon Healthcare NHS Foundation Trust for 2014/15.

The data and information reviewed and presented covers the three dimensions of quality, namely patient safety, clinical effectiveness and patient experience.

### Participation in clinical audits

For the purpose of the quality account, the National Advisory Group on Clinical Audit and Enquiries has published a list of national audits and confidential enquiries. Participation in these is seen as a measure of quality of any trust's clinical audit programme. The detail which follows relates to this list.

During 2014/15, thirty six national clinical audits and one national confidential enquiry covered relevant health services that South Devon Healthcare NHS Foundation Trust provides.

During 2014/15 South Devon Healthcare NHS Foundation Trust participated in 94% of the national clinical audits and 100% of the national confidential enquiries of the national clinical audits and national confidential enquiries which it was eligible to participate in.

The national clinical audits and national confidential enquiries that South Devon Healthcare NHS Foundation Trust was eligible to participate in during 2014/15 are as follows:

National Audits	Eligibility
Acute coronary syndrome or acute myocardial infarction	Yes
Adult cardiac surgery audit	Yes
Adult critical care (case mix programme) (ICNARC)	Yes
Bowel cancer	Yes
Cardiac rhythm management	Yes
Chronic kidney disease in primary care	No
Chronic Obstructive Pulmonary Disease	Yes
Congenital heart disease (Paediatric cardiac surgery)	No
Coronary angioplasty	Yes

Diabetes (Adult) ND(A)	Yes
National Diabetes Inpatient Audit (NADIA)	Yes
Diabetes (Paediatric)	Yes
Elective surgery (National PROMs Programme)	Yes
Epilepsy 12 audit (Childhood epilepsy)	Yes
Falls and fragility fractures audit programme, includes national hip fracture database	Yes
Fitting child (care in emergency departments) (CEM)	Yes
Head and neck oncology (DAHNO)	Yes
Heart failure	Yes
Inflammatory bowel disease (IBD)	Yes
Lung Cancer (NLCA)	Yes
Maternal, newborn and infant clinical outcome review programme	Yes
National confidential enquiry into patient outcome and death	Yes
Mental health (care in the emergency departments) (CEM)	Yes
Mental health clinical outcome review programme: National confidential inquiry into suicide and homicide for people with mental illness (NCISH)	No
National audit of intermediate care	Yes
National cardiac arrest audit	Yes
National comparative audit of blood transfusion	Yes
National emergency laparotomy audit	Yes
National joint registry	Yes
National vascular registry, including CIA and elements of NVD	Yes
National neonatal audit programme (NNAP)	Yes
Non-invasive ventilation (BTS)	Yes
Oesophago-gastric cancer	Yes
Older people (care in emergency departments) (CEM)	Yes
Paediatric intensive care	No
Pleural procedures	Yes
Prescribing observatory for mental health (POMH-UK) (Prescribing in mental health services)	No
Prostate cancer	Yes
Pulmonary hypertension	No
Renal replacement therapy (Renal Registry)	No
Rheumatoid and early inflammatory arthritis	Yes
Sentinel Stroke National Audit Programme (SSNAP), includes SINAP	Yes
Severe trauma (Trauma Audit & Research Network)	Yes

The national clinical audits and national confidential enquiries that South Devon Healthcare NHS Foundation Trust participated in during 2014/15 are as follows:

National Audits	Participation
Acute coronary syndrome or acute myocardial infarction	Yes
Adult cardiac surgery audit	N/A
Adult critical care (case mix programme) (ICNARC)	Yes
Bowel cancer	Yes
Cardiac rhythm management	Yes
Chronic kidney disease in primary care	N/A
Chronic Obstructive Pulmonary Disease	Yes
Congenital heart disease (Paediatric cardiac surgery)	N/A
Coronary angioplasty	Yes
Diabetes (Adult) ND(A)	N/A
National Diabetes Inpatient Audit (NADIA)	Yes
Diabetes (Paediatric)	Yes
Elective surgery (National PROMs Programme)	Yes
Epilepsy 12 audit (Childhood epilepsy)	Yes
Falls and fragility fractures audit programme, includes national hip fracture database	Yes
Fitting child (care in emergency departments) (CEM)	Yes
Head and neck oncology (DAHNO)	Yes
Heart failure	Yes
Inflammatory bowel disease (IBD)	Yes
Lung Cancer (NLCA)	Yes
Maternal, newborn and infant clinical outcome review programme	Yes
National confidential enquiry into patient outcome and death	Yes
Mental health (care in the emergency departments) (CEM)	Yes
Mental health clinical outcome review programme: National confidential inquiry into suicide and homicide for people with mental illness (NCISH)	N/A
National audit of intermediate care	N/A
National cardiac arrest audit	Not participated
National comparative audit of blood transfusion	Yes
National emergency laparotomy audit	Yes
National joint registry	Yes
National vascular registry, including CIA and elements of NVD	Yes
National neonatal audit programme (NNAP)	Yes

Non-invasive ventilation (BTS)	Not participated
Oesophago-gastric cancer	Yes
Older people (care in emergency departments) (CEM)	Yes
Paediatric intensive care	N/A
Pleural procedures	Yes
Prescribing observatory for mental health (POMH-UK) (Prescribing in mental health services)	N/A
Prostate cancer	Yes
Pulmonary hypertension	N/A
Renal replacement therapy (Renal Registry)	N/A
Rheumatoid and early inflammatory arthritis	Yes
Sentinel Stroke National Audit Programme (SSNAP), includes SINAP	Yes
Severe trauma (Trauma Audit & Research Network)	Yes

Of those national audits that the Trust did not participate in, the reasons are outlined below:

- Cardiac arrest – Due to a £1000 subscription fee the Trust decided not to participate.
- BTS – Non Invasive Ventilation – BTS advised that there would be no data collection in 2014/15 despite being on the national list.

The national clinical audits and national confidential enquiries that South Devon Healthcare NHS Foundation Trust participated in, and for which data collection was completed during 2014/15, are listed below alongside the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry.

South Devon Healthcare NHS Foundation Trust	Cases submitted	% Cases
Acute coronary syndrome or Acute myocardial infarction (MINAP)	tbc	
Adult critical care (Case Mix Programme) (ICNARC)	699	100
Bowel cancer	204	100
Cardiac Rhythm Management	547	100
Chronic Obstructive Pulmonary Disease		
Organisational Report	48	100
Exacerbations Report	47	100
Coronary angioplasty	394	100
National Diabetes Inpatient Audit (NADIA)	49	100

Diabetes (Paediatric)	120/105	88
Epilepsy 12 audit (Childhood Epilepsy)	8	100
National Hip Fracture Database (FFFAP)	430	100
Fitting child (care in emergency departments) (CEM)	50/10	20
Head and neck oncology (DAHNO)	56	100
Heart Failure	Not Known	Report not yet published
Inflammatory Bowel Disease (IBD) - Inpatient Care Organisational	50/15 1	30 100
Lung Cancer (NLCA)	49	100
Mental health (care in the emergency departments) (CEM)	50	100
National comparative audit of blood transfusion – 2013 Audit of Anti-D Immunoglobulin Prophylaxis	25/20	80
National emergency laparotomy audit – organisational report	1	100
National Joint Registry	790	100
National Vascular Registry, including CIA and elements of NVD – Outcomes after elective repair of infra-renal abdominal aortic aneurysm	87	100
National Neonatal Audit Programme (NNAP)	320	100
Oesophago-gastric cancer	122	100
Older people (care in emergency departments) (CEM)	100	100
Pleural procedures	8/14	175
Prostate cancer	1	100
Rheumatoid and early inflammatory arthritis	Not known	Report not yet published
Sentinel Stroke National Audit Programme (SSNAP), includes SINAP	tbc	
Severe trauma (Trauma Audit & Research Network)	305	100

National Clinical Audit and Patient Outcome Programme incorporating National Confidential Enquires	Cases submitted	% cases
Remedial Factors in the care of patients undergoing tracheostomy insertion	8	100

The reports of twenty one national clinical audits were reviewed by the provider in 2014/15 and South Devon Healthcare NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided:-

Ref	Recommendations / actions
<b>0082-02 Severe sepsis &amp; septic shock</b>	
	<ul style="list-style-type: none"> <li>• Introduction of sepsis box</li> <li>• Improve triage processes which runs from 0800 to 2000 every day and is staffed by a trained</li> </ul>

	<p>nurse and HCA, using a triage tool which is nationally validated but has been adapted for use here (ROSE tool). It is noteworthy that we have also submitted a business plan to extend this triage process across 24 hours.</p> <ul style="list-style-type: none"> <li>• Educate staff - Induction sepsis talk/handover/sepsis posters.</li> <li>• Regular review of sepsis performance.</li> <li>• IT support through new IT system allowing bundle to be highlighted at point of clerking.</li> </ul>
<b>0027-07</b>	<b>SSNAP</b>
	<ul style="list-style-type: none"> <li>• Review nursing establishment across the pathway.</li> <li>• Consider specialist doctor ward rounds as part of Trust wide consultant weekend working.</li> <li>• Direct admission to stroke unit. Meet with Emergency Department. Reinforce ring fencing policy with Executive.</li> <li>• Check agreement with Podiatry regarding review within five working days and access to diabetic/non-diabetic patients.</li> <li>• Consider 6-7 day therapy working as part of cross-organisational therapy review.</li> <li>• TIA clinic. Dependent on recruitment of additional Stroke Consultants and being considered as part of 7- day service.</li> <li>• Forthcoming Integrated Care Organisation offers opportunity for joint education across the acute and community trusts. Consider in-house/training/hosting.</li> <li>• Ensure patient version of local standards is available across pathway.</li> </ul>
<b>0030-06</b>	<b>Adult Asthma (Local report)</b>
	<ul style="list-style-type: none"> <li>• As per British Thoracic Society (BTS) guideline, patients should be advised to attend their GP surgery within 48 hours of discharge. Highlight to junior doctors particularly on Midgley Ward to ensure timely and appropriate follow up.</li> <li>• Registered nurse to highlight role and referral system within the Emergency Department to increase number of follow ups which should reduce the rate of re-admission.</li> <li>• Repeat audit during next BTS National Asthma Audit period.</li> </ul>
<b>0031-04</b>	<b>National Clinical Audit of inpatient care for adults with ulcerative colitis (UK Inflammatory bowel disease IBD) audit</b>
	<ul style="list-style-type: none"> <li>• Remind all staff of the following actions via email reminder from IBD Clinical Lead to the whole IBD team and cascaded to ward and teams by consultant staff <ul style="list-style-type: none"> <li>○ Stool samples for patients with diarrhoea and Ucon admission.</li> <li>○ Nutritional screen during admission.</li> <li>○ Bone protection with steroids.</li> <li>○ Clear follow up plan in notes.</li> </ul> </li> </ul>
<b>0031-07</b>	<b>National Audit of Inflammatory Disease (IBD) Service Provision/Organisational audit (round 4) Sept 2014</b>
	<ul style="list-style-type: none"> <li>• IBD Standard A12, a named co-ordinator should be responsible for the preparation and oversight of transition from paediatric to adult service. Policy and protocol should be written. Non-compliance with standard to be raised with Divisional Managers Medicine and Paediatrics.</li> <li>• IBD Standard A2 'The IBD service should have access to a defined psychologist and or counsellor with an interest in IBD'. Whilst patients with IBD can access the above by referral to the service there is not a defined psychologist or counsellor with an interest with IBD. Explore with therapies lead to see if this can be implemented.</li> </ul>
<b>0056-03</b>	<b>Pleural procedures 2014</b>
	<p>Reminder to staff-</p> <ul style="list-style-type: none"> <li>• Ensure that all patients have documented consent for chest drain insertion.</li> <li>• Ensure that all people inserting chest drains know what needs to be documented in the notes post insertion.</li> <li>• Make sure that all patients have chest drain charts.</li> <li>• Documentation of saline flushes to the chest drain needs to be improved.</li> <li>• The volume of fluid drained in the first hour needs to be accurately documented.</li> </ul>
<b>0120-01</b>	<b>National chronic obstructive pulmonary disease (COPD) programme site level organisational audit report October 2014</b>
	<ul style="list-style-type: none"> <li>• Develop a respiratory High Dependency Unit.</li> </ul>
<b>0121-01</b>	<b>Inpatients falls pilot results 2014</b>
	<ul style="list-style-type: none"> <li>• Fear of falling - OT's have been trialing FESI/fear of falling stickers in medical notes in three</li> </ul>

areas. Plan to roll out Trust wide to ensure we comply with NICE guidelines.

- Provide falls training for medical staff through corporate induction and F1 training.
- Lying and standing blood pressure - increase ward based training, 3rd measurement requested to be added to vitalpac and monthly falls audit to demonstrate patients have this taken in clinical practice.
- Assessing for vision - both doctors and nurses to ask if patients have had eye test in the last 12 months. Add onto falls assessment and include in training.
- Bedrail assessment- new shorter assessment form, training on wards and 'stop and think' signs to stop inappropriate use/confused patients falling from a height. Possible short teaching video.
- Audit/review new bedrail assessment in place since June 2014 as part of fallsafe audit. Identify any falls from bedrails. Trial new assessment in several community hospitals.
- Hi-lo beds - decide on hire or purchase options, identify any funding and put procedures in place to help reduce harm from falls.
- Identify executive and non-executive director leads for leadership and support on falls initiatives.
- Renewal of inpatients falls policy to include new NICE guidelines and links to other relevant policies and community.
- Implement fallsafe monthly audit to ward areas with electronic data collection to help keep falls on agenda, improve patient care/compliance with falls initiatives and reduce falls rate.

#### **0107-01 NELA organisational report of the national emergency laparotomy audit May 2014**

- Audit of emergency theatre provision within previous two years: "We need to clarify what we are auditing."

Action plan:-

- Pathway for the management of patients with sepsis.
- Pathway for enhanced recovery of EGS patients.
- At least bi-monthly reviews of all EGS deaths.
- Policy that Consultant Surgeons formally hand over in person.
- Formal handover time in shifts for other surgeons.
- Policy that Consultant Anaesthetists formally hand over in person.
- Formal handover time in shifts for other anaesthetists.
- Critical Care Outreach availability 24/7.
- Formal calculation of risk of peri-operative mortality.
- Policy for anaesthetic seniority according to risk.
- Policy for surgical seniority according to risk.
- Policy for location of post-op care according to risk.
- Explicit arrangements for review by Elderly Medicine.
- Policy for deferment of elective activity to prioritise emergencies.
- Policy for transfer of EGS patients to sub-speciality consultant.

#### **0043-07 National hip fracture database (NHFD extended report 2014) (FFFAP)**

- Improve % of patients admitted to Ainslie trauma ward within four hours - via fast track admissions and ring fencing 'hip fracture' beds on Ainslie.
- Use new web-based run charts to inform the monthly clinical governance meeting.
- Develop hip fracture programme using quality improvement methodology initially using Paignton cohort of fractured neck of femurs
- Audit of operative management of displaced intracapsular fractured neck of femurs and the use of SHS versus IM nail in intertrochanteric fractured neck of femurs
- Audit completion of the falls section of the electronic care planning summary and subsequent referral onto community teams.
- Audit the patients who are not being discharged back to their own home to identify common themes to direct potential.
- Develop quality improvement projects that can influence this standard.

#### **0044-06 National lung cancer audit report 2014**

- Ongoing participation in the national lung cancer audit with high quality data collection.
- Ongoing recording of clinical (or pathological where appropriate) staging and performance status to high levels.
- Improve the collection of data to include lung function and co-morbidity by collection of information at multidisciplinary team meeting.
- Continue to ensure pathological confirmation of diagnosis, aiming for >75% of histological confirmation with non-small cell lung not otherwise specified rates maintained <20%.
- Review of bronchoscopy indication if done pre CT (aiming for <5% patients to undergo bronchoscopy pre CT).

<ul style="list-style-type: none"> <li>• Continue to consider surgery for appropriate patients with early stage disease. Consider additional assessments e.g. CPET for borderline patients.</li> <li>• Continue to offer chemotherapy to appropriate patients with small cell lung cancer.</li> <li>• Continue to offer chemotherapy to appropriate patients of good performance status with advanced non-small cell lung carcinoma.</li> </ul>
<b>0044-07 National lung cancer audit - mesothelioma</b>
<ul style="list-style-type: none"> <li>• Ongoing participation in the national lung cancer audit with high quality data collection.</li> <li>• Improve the recording of clinical (or pathological where appropriate) staging of mesothelioma using the IMIG staging system, aiming for staging in &gt;85% of patients.</li> <li>• Improve the collection of data to include performance status and co-morbidity.</li> <li>• Continue to ensure pathological confirmation of diagnosis, aiming for &gt;85% of histological confirmation with subtype assessment in &gt;70% of cases.</li> <li>• Adequate access to a lung cancer nurse specialist throughout their illness and for &gt;85% of patients to have the clinical nurse specialist present at the time of diagnosis.</li> <li>• Continue to offer chemotherapy to patients with a good probability of survival.</li> <li>• Improve access to clinical trials.</li> </ul>
<b>0042-05 National joint registry 11th Annual Report 2014</b>
<ul style="list-style-type: none"> <li>• Discuss the compliance and consent rates with surgical care practitioners who enter data into the registry and theatres to see if we can improve compliance rates and consent.</li> <li>• Follow up results of local audit and feedback with further information.</li> </ul>
<b>0026-17 TARN clinical report II (orthopaedic injuries)</b>
<ul style="list-style-type: none"> <li>• Repeat BOAST 4 trauma audit once sufficient numbers of patients seen.</li> </ul>
<b>0026-18 TARN clinical report III (head &amp; neck injuries)</b>
<ul style="list-style-type: none"> <li>• Re-audit the time to CT report now that a standardised report form is in use.</li> <li>• Continue to work to reduce time from arrival to CT to below 45 minutes by keeping team leaders aware of targets.</li> <li>• Keep under review unexpected survivors or deaths at regular trauma multidisciplinary team meetings.</li> </ul>
<b>0035-05 National neonatal audit programme. Annual</b>
<ul style="list-style-type: none"> <li>• Induction for junior doctors. Dedicated session for Badger training to improve data input and quality. This is on-going and every four months.</li> <li>• Electronic board in Special care baby Unit. The important audit points are highlighted and discussed by medical and nursing staff.</li> <li>• Safety briefing - important screening issues are discussed in the morning safety briefing.</li> <li>• Rapid cycle audit - this was conducted for six months in 2013/14 with the result that data input significantly improved. Further such audit is planned with a different audit question each month.</li> <li>• Development of SCBU record form. A new record form has been developed which will be used for daily ward round. This has been developed in line with national audit standards to record all relevant information regularly.</li> <li>• Repatriation Form - This helps in identifying all necessary data before accepting the infants back to our care from other hospitals. The form has been modified and improved over the last two years.</li> </ul>
<b>65-03 National paediatric diabetes audit report local 2011-12</b>
<ul style="list-style-type: none"> <li>• Implement a care pathway for the first two years of newly diagnosed patient's care.</li> <li>• Achieve a structured program of patient selection and initiation on insulin pump start.</li> <li>• Achieve a rolling plan of service improvement and education through our weekly meetings.</li> <li>• Work towards a comprehensive self-management education programme.</li> </ul>
<b>0024-01 Why asthma still kills - The national review of asthma deaths - NRAD</b>
<ul style="list-style-type: none"> <li>• Improve liaison with the Emergency Department in order to pick up all presentations with acute asthma and arrange follow up with asthma nurse specialist in order to comply with recommendations.</li> </ul>
<b>0075-01 Society of Acute Medicine benchmarking audit (SAMBA) 2012 - A day in the life of the AMU</b>

<ul style="list-style-type: none"> <li>• Improve documentation; particularly of time that patient is assessed by the first doctor, senior doctor and Consultant. Attempt to achieve this via changing the clerking booklet with Consultant sign off on the post-take ward round documentation sheet. Action arose from 2012 Day in the Life Audit and was incorporated on target and before the 2013 audit.</li> <li>• 2013 audit showed a lower than average number of patients seen in an ambulatory system. Although this audit did not include our ambulatory deep vein thrombosis patients, who do not come through the on-call/acute medicine route, ambulatory care is still an area requiring development and consultant acute physician is currently looking at the space, systems and processes needed to treat non-elective patients in ambulatory area, without admission to a bed or trolley. Scoping exercise due July 2014.</li> <li>• 2013 audit also showed less than 100% documentation of consultant review time (i.e. time still not being documented on post take ward round page). Emergency Department/Emergency Assessment Units are implementing an electronic records system in 2014 which will automatically record what time these entries are made. The system is expected to be in place by the end of the year.</li> </ul>
<b>0095-01 Accidental awareness during general anaesthesia in the UK &amp; Ireland. Report &amp; findings September 2014 NAP5</b>
<ul style="list-style-type: none"> <li>• Develop practice guideline for use of depth if anaesthesia monitors - this is currently agreed but informal.</li> <li>• Develop practice guideline for use of Propfol infusions outside of theatre for General Anaesthesia.</li> <li>• Implement pathway for management of awareness under general anaesthesia.</li> <li>• Establish department database for cases of awareness, review and learn from future cases through case analysis.</li> <li>• Establish clear route of referral to clinical psychology for support in event of potential post-traumatic stress disorder, following awareness.</li> <li>• Present report findings to Anaesthetic Department for further discussion and agreed actions.</li> </ul>
<b>0054-04 National heavy menstrual bleeding. Final report</b>
<ul style="list-style-type: none"> <li>• Produce written information around the options for women presenting with heavy menstrual bleeding.</li> <li>• Review heavy menstrual bleeding protocols.</li> </ul>

The reports of sixty nine local clinical audits were reviewed by the provider in 2014/15 and South Devon Healthcare NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided.

Ref	Recommendations / actions
<b>6296</b>	<b>Baseline Respiratory Assessments for Patients with a Motor Neurone Disease (MND) Diagnosis.</b>
	<ul style="list-style-type: none"> <li>• No action required</li> </ul>
<b>6356</b>	<b>GP Blood Transfusions Appropriateness &amp; Best Practice</b>
	<ul style="list-style-type: none"> <li>• Develop a universal admission/ booking pro-forma for community transfusions to improve documentation</li> <li>• 'Lab' to send blood out in the morning so transfusions can be completed in daylight hours</li> <li>• Produce clear guidelines (addendum to 0219) to aid prescribing e.g. speed of transfusion, recommended number of units for body weight, pre + post Hb etc.</li> <li>• Increase awareness of iron infusions as a lower risk alternative to blood transfusion for Iron deficiency anaemia, we will look into the possibility of providing this in the community</li> <li>• Explore setting up a pre-op optimisation clinic to reduce to the need for post-op transfusions</li> <li>• Nursing education to help support safe community transfusion practice to include possibility of nurse prescribing course for transfusion</li> </ul>

<b>6314</b>	<b>Young people attending Emergency Department (ED) where alcohol, violence or drugs are a factor</b>
	<ul style="list-style-type: none"> <li>• Take results to Paediatrics team</li> <li>• Display posters in ED</li> <li>• Disseminate findings to all ED staff by e-mail</li> <li>• Include a section on this pathway in the next junior doctors training session</li> </ul>
<b>6317</b>	<b>Safeguarding children in A&amp;E</b>
	<ul style="list-style-type: none"> <li>• Staff education regarding completion of consideration of safeguarding to be highlighted to all staff and incorporated into new rotational staff induction</li> <li>• Undertake safeguarding as 'Topic of the Week' so that it will be highlighted in every handover for a week</li> </ul>
<b>6318</b>	<b>Electrocardiogram (ECG) timing in A&amp;E</b>
	<ul style="list-style-type: none"> <li>• Door to ECG time &lt;10 minutes to be extended to &lt;20 minutes through local consensus</li> <li>• Introduction of a rapid access pilot will help speed up response times</li> </ul>
<b>6344</b>	<b>Management of hypoglycaemia in the Emergency Department (ED)</b>
	<ul style="list-style-type: none"> <li>• Education of medical and nursing staff working in ED with regards to management of hypoglycaemia and documentation - ED Consultants to provide this education at the daily board rounds</li> <li>• Simplified flow-chart guideline to be displayed in the department with the aim of standardising management</li> <li>• Liaise with diabetes team to amend guideline so that it states that either 40ml 20% glucose or 100ml 10% glucose can be given - department tends to stock 10% glucose rather than 20%</li> <li>• Include a prompt on paperwork so that hypoglycaemia management is initiated at triage if blood glucose reading is low - likely to be incorporated once the paperwork becomes computerised</li> </ul>
<b>6311</b>	<b>NICE BCA - Golimumab for the treatment of rheumatoid arthritis after the failure of previous disease-modifying anti-rheumatic drugs (DMARDs) (TA-225)</b>
	<ul style="list-style-type: none"> <li>• No plan required</li> </ul>
<b>6328</b>	<b>NICE BCA -Topotecan for the treatment of relapsed small-cell lung cancer (TA 184)</b>
	<ul style="list-style-type: none"> <li>• No plan required</li> </ul>
<b>6329</b>	<b>NICE BCA - Pemetrexed for the maintenance treatment of non-small-cell lung cancer (TA-190)</b>
	<ul style="list-style-type: none"> <li>• No plan required</li> </ul>
<b>6368</b>	<b>Initial antibiotic prescribing and review at 48 hours in the acute setting</b>
	<ul style="list-style-type: none"> <li>• Launch 'Start Smart then Focus' campaign</li> <li>• Distribute campaign materials; posters, screen savers - plan to put message out via intranet, e-mail and via board rounds etc.</li> <li>• Drug chart has already been redesigned to facilitate 'Start Smart then Focus' and the 'App' has been updated with newer versions coming through</li> <li>• Update antimicrobial intranet website with 'Start Smart then Focus' strategy</li> <li>• Launch mini campaign through teaching, induction, posters, laminated algorithms, website and 'App'</li> </ul>
<b>6387</b>	<b>Hyperosmolar hyperglycaemic state management and adherence to recent Joint British Diabetes Society guidelines</b>
	<ul style="list-style-type: none"> <li>• Design HHS pro-forma to maximise medical therapy</li> </ul>
<b>6365</b>	<b>Risk Assessment of young people (YP) &lt;16 years by Torbay sexual medicine service</b>
	<ul style="list-style-type: none"> <li>• No plan required</li> </ul>

<b>6133</b>	<b>Safeguarding quality in children's notes</b>
	<ul style="list-style-type: none"> <li>• Feedback results of audit to paediatric nursing team.</li> <li>• Review of two - three case notes each month to be undertaken and disseminate learning from these e.g. take learning points to paediatrician supervision</li> <li>• Once there are two consultant paediatricians on for admissions and ward from 9am-9pm ensure: <ul style="list-style-type: none"> <li>○ Transparent process where previous information is reviewed and documented that this has been done</li> <li>○ Paediatric consultant overview of cases held by other specialties e.g. CAMHS.</li> <li>○ Review notes in ward round to clarify who consultant paediatrician for that admission is and have transparent documentation</li> </ul> </li> </ul>
<b>6300</b>	<b>Tranexamic acid (TXA) in total knee replacement</b>
	<ul style="list-style-type: none"> <li>• New guideline to be produced along with haematology and orthopaedics for the use of TXA in all elective hip or knee replacement surgery (currently being ratified)</li> </ul>
<b>6334</b>	<b>Removal of tracheal tubes by PACU staff (Day Surgery Unit)</b>
	<ul style="list-style-type: none"> <li>• No plan required</li> </ul>
<b>6335</b>	<b>Critical care nasogastric tube</b>
	<ul style="list-style-type: none"> <li>• No plan required</li> </ul>
<b>6348</b>	<b>Airway skills in new anaesthetic trainees</b>
	<ul style="list-style-type: none"> <li>• Good performance maintaining airway and ventilating using a face mask during induction for a list should be counted in lieu of one facemask anaesthetic</li> <li>• Opportunities for trainees giving face mask anaesthesia to be maximised whenever feasible</li> </ul>
<b>6349</b>	<b>Quality of prescribing 'pre-meds' in the surgical admission setting</b>
	<ul style="list-style-type: none"> <li>• Amend current drug charts.</li> <li>• The amended chart will decrease the opportunity for multiple prescribing.</li> <li>• Remove the prescription box on the in-patient Galaxy paperwork</li> </ul>
<b>6399</b>	<b>Antibiotic prophylaxis and tourniquet inflation for total knee replacements</b>
	<ul style="list-style-type: none"> <li>• No plan required</li> </ul>
<b>6325</b>	<b>Management of otitis externa in primary and secondary care</b>
	<ul style="list-style-type: none"> <li>• A newsletter will be issued to all GPs after reference to CCG to remind them of treatment available and recommended for otitis externa</li> </ul>
<b>6330</b>	<b>Objective hearing aid verification using real ear measurement (REM)</b>
	<ul style="list-style-type: none"> <li>• Reminder issued to all staff of the need to clearly record why REM did not happen and/ or tolerances were not met in patient notes: <ul style="list-style-type: none"> <li>○ E-mail to all staff</li> <li>○ Presentation to meeting</li> </ul> </li> </ul>
<b>6336</b>	<b>Cricothyroidotomy</b>
	<ul style="list-style-type: none"> <li>• Local guidance needs to be developed approved by ENT, Paediatric, A&amp;E, Anaesthetics</li> </ul>
<b>6353</b>	<b>Vestibular schwannoma</b>
	<ul style="list-style-type: none"> <li>• No plan required</li> </ul>
<b>6360</b>	<b>Implementation of an acute tonsillitis/ quinsy protocol</b>
	<ul style="list-style-type: none"> <li>• Introduce adapted algorithmic protocol</li> </ul>
<b>6370</b>	<b>Pre-populated functional endoscopic sinus surgery (FESS) consent form sticker</b>
	<ul style="list-style-type: none"> <li>• Introduce pre-populated FESS sticker to cover all risks</li> </ul>
<b>6290</b>	<b>Urology re-admissions</b>
	<ul style="list-style-type: none"> <li>• Create clear and easily accessible guidelines regarding the management of the common causes for urological re-admissions</li> </ul>
<b>6324</b>	<b>Initial investigation for renal calculi on acute surgical take</b>
	<ul style="list-style-type: none"> <li>• Discussion required with Emergency Department clinical lead with a view to considering and possible introduction of a 'Stone pathway'</li> <li>• Consideration must be given to production of a poster and/ or a guideline that can be added to the general surgery intranet</li> </ul>
<b>6337</b>	<b>Holmium laser in urology at Torbay ~ 1st year results</b>
	<ul style="list-style-type: none"> <li>• No plan required</li> </ul>

<b>6339</b>	<b>Eye casualty service in Torbay Hospital</b>
	<ul style="list-style-type: none"> <li>• A review must take place to ensure short term follow up space is available within general clinics</li> <li>• Casualty doctors must take ownership of patients with multiple short-term follow ups. This can be achieved by allowing juniors to book patients to see themselves as part of their normal clinic. The outcome can be monitored by prospective self-collected data from the juniors on the number of patients they follow-up themselves with the outcome of either discharge, escalation to consultant involvement or booked back into general clinics.</li> <li>• Re-audit should include looking at how many clinic spaces are free the next day to book patients in and record how much time is spent dealing with telephone enquiries</li> </ul>
<b>6354</b>	<b>Lucentis in diabetic macular oedema</b>
	<ul style="list-style-type: none"> <li>• Awareness of the guidance and the care pathway needs to be improved amongst all staff. This has been completed through presentation of this audit at a teaching session.</li> <li>• Facilitate collection and recording of LogMar consider review in cacular clinic</li> <li>• Make it a standard element of the process to question patients about any side-effects or adverse events that may have occurred during the course of treatment and record this clearly in the notes</li> <li>• Closer supervision of non-consultant and locum consultant staff working in the medical retina clinics</li> </ul>
<b>6371</b>	<b>Retinopathy of prematurity screening 2012-2013</b>
	<ul style="list-style-type: none"> <li>• No action required - consideration will be given to having a named nurse responsible for identifying ROP patients, this may enable special attention for transfers in</li> </ul>
<b>6275</b>	<b>Referrals for paediatric general anaesthesia extraction and the need for repeat general anaesthesia</b>
	<ul style="list-style-type: none"> <li>• Review the referral form and how it arrives with oral and max fax surgery and the paediatric clinic</li> <li>• Agree a protocol for the use of x-rays pre-general anaesthetic extractions</li> </ul>
<b>6319</b>	<b>'WHO Checklist' compliance for general and local anaesthetic in O&amp;MFS</b>
	<ul style="list-style-type: none"> <li>• Remind all operating staff of need to complete checklist. This (re)education completed by way of audit meeting presentation and issue of meeting notes including the PowerPoint to all staff</li> <li>• Legibility of surgeon signature on checklist. Noted that some F1 &amp; F2 staff have stamps, can they be made generally available? (Confirmed that stamps are not being made available) Amend checklist for O&amp;MFS LA operations</li> </ul>
<b>6320</b>	<b>Accuracy of theatre listing and information for O&amp;MFS</b>
	<ul style="list-style-type: none"> <li>• Audit meeting agreed and re-affirmed that consent form should be signed before day of surgery for elective cases. This will be considered again as part of the re-audit for project ref 6202</li> <li>• Educate administrative staff regarding completion of Galaxy list to enter teeth to be extracted in the comments field so that the data is not lost if patients are cancelled/ cancel.</li> <li>• Clinicians listing patients must record teeth to be extracted whenever possible, if total clearance is expected this can be recorded</li> </ul>
<b>6375</b>	<b>Grave's disease - Indications, management and complications</b>
	<ul style="list-style-type: none"> <li>• No plan required</li> </ul>
<b>6326</b>	<b>Seating of the ceramic liner for trident acetabulum</b>
	<ul style="list-style-type: none"> <li>• No action needed</li> </ul>
<b>5997</b>	<b>Referral quality on discharge when requesting adult care</b>
	<ul style="list-style-type: none"> <li>• Working with Care Direct Plus, a trial of processes and referral form will be undertaken. Five wards are participating in the initial trial; Acute - Cheetham Hill, Ainslie and Ella Rowcroft, Community - Totnes and both Newton Abbot wards. Trial will be evaluated and then next tranche of wards will be 'brought on board'</li> <li>• A multidisciplinary team health needs assessment completion process is to be trialled at Brixham. If benefits discovered by way of timely and safe discharge, consider introduction at Paignton. This cannot be rolled into the other community sites due to their different use of referral forms and process (My Devon). The results from Brixham will inform whether there is any potential/ possibility of a similar system being brought into/ considered within acute wards</li> </ul>

<b>6277</b>	<b>Note Keeping (2013/ 14)</b>
	<ul style="list-style-type: none"> <li>• Adjust audit tool and criteria to reflect Trust minimum note keeping standards</li> <li>• E-Learning. Confirm with Education department that the e-learning continues to be included as part of the Mandatory training</li> <li>• Send out a general reminder to all staff via the staff bulletin/ key stakeholders to ensure they are aware of the minimum standards and where to access them and also the e-learning which is mandatory</li> <li>• Keep Junior Doctor knowledge up to date regarding note keeping training, minimum standards and audit via e-mail</li> <li>• Consider the introduction of 'use of stamps' as part of monthly NHS-LA ward checks</li> <li>• Posters/ notices produced as part of the audit completed last time around should be 're-energised' and then used at teaching sessions and audit/ effectiveness meetings to highlight results and minimum standards. The poster/ notice should also be available to all wards as introduced as a result of the last audit when this was attached to note trolleys</li> <li>• Cascade results to all Clinical Directors, Associate Directors of Nursing and Ward Managers</li> <li>• Junior doctors to ask if a review of one set of notes can be included in their teaching sessions</li> </ul>
<b>6299</b>	<b>Appropriate management of hypomagnesaemia with concurrent proton pump inhibitor (PPI) use</b>
	<ul style="list-style-type: none"> <li>• Message to be added to Cyberlab for all magnesium results &lt;0.5 to prompt clinicians to review PPI therapy. 'Use of PPIs can cause hypomagnesaemia. If on a PPI please review'</li> </ul>
<b>6313</b>	<b>Ward compliance with protected mealtimes policy</b>
	<ul style="list-style-type: none"> <li>• Present findings of the audit to the Nutrition Steering Group and matrons meeting</li> <li>• Consider and convene a small working group to lead on improvement issues identified</li> <li>• In the absence of a re-audit of this project, smaller, focussed audits and/ or quality improvement projects should be considered/ recorded</li> </ul>
<b>6342</b>	<b>TEP (treatment escalation plan) compliance</b>
	<ul style="list-style-type: none"> <li>• Feed results into TEP working group.</li> <li>• Feed results back to all specialties via clinical audit meetings</li> </ul>
<b>6355</b>	<b>Proton pump inhibitor prescribing in adults</b>
	<ul style="list-style-type: none"> <li>• No plan required</li> </ul>
<b>6340</b>	<b>Paediatric spasticity management (CG-145)</b>
	<ul style="list-style-type: none"> <li>• Through regular workshops at Bidwell Brook, Mayfield and John Parkes Unit (JPU), offer postural management training for carers</li> <li>• PRE and strengthening strategies must be trained-in</li> <li>• Work on a business plan to allow for intensive blocks of treatment, ensuring staff location taken account of</li> <li>• Provide Administration staff time/ hours to support NICE Spasticity management pathway and database</li> <li>• Publish local physio NICE Spasticity management pathway with checklist indicating compliance</li> </ul>
<b>6333</b>	<b>Breast sepsis prescribing</b>
	<ul style="list-style-type: none"> <li>• Better education needs to be provided for junior doctors and GP's with regards to antibiotic management of breast abscesses</li> <li>• Raise awareness of Trust guideline ref: 0040 at F1 teaching</li> </ul>
<b>6373</b>	<b>Wound Infection following breast surgery</b>
	<ul style="list-style-type: none"> <li>• No plan required</li> </ul>
<b>6304</b>	<b>Serum bilirubin level and bilirubin results</b>
	<ul style="list-style-type: none"> <li>• No plan required</li> </ul>
<b>6309</b>	<b>Bacterial meningitis and meningococcal septicaemia (CG-102)</b>
	<ul style="list-style-type: none"> <li>• No plan initiated</li> </ul>
<b>6346</b>	<b>Attention deficit hyperactivity disorder in children and young people (CG072)</b>
	<ul style="list-style-type: none"> <li>• No plan required</li> </ul>
<b>6347</b>	<b>Newly diagnosed diabetes in paediatrics</b>
	<ul style="list-style-type: none"> <li>• Develop and initiate a care pathway for the first two years after diagnosis for paediatric patients with type 1 diabetes</li> </ul>

<b>6382 Neonatal heart murmurs</b>	<ul style="list-style-type: none"> <li>Amend paediatric cardiology referral form to incorporate new-born murmur guideline</li> </ul>
<b>6274 Obesity in pregnancy</b>	<ul style="list-style-type: none"> <li>Disseminate to all midwives via team leaders meeting and minutes</li> <li>Discuss at antenatal/ postnatal clinical governance sub-group</li> <li>Publish findings in clinical governance newsletter</li> <li>Trust policy to be updated</li> <li>Pro-forma to be amended to add: <ul style="list-style-type: none"> <li>Tissue viability issues</li> <li>Bed</li> <li>Mattress</li> <li>Advice re mobility, hydration</li> </ul> </li> <li>Complete spot checks every month to ensure we are improving</li> </ul>
<b>6298 Ovarian cancer survival</b>	<ul style="list-style-type: none"> <li>No action required</li> </ul>
<b>6301 Use of Novasure for heavy menstrual bleeding</b>	<ul style="list-style-type: none"> <li>No action required</li> </ul>
<b>6302 NICE Ovarian cancer: the recognition and initial management of ovarian cancer (CG-122)</b>	<ul style="list-style-type: none"> <li>No plan required</li> </ul>
<b>6312 Methotrexate treatment for an ectopic pregnancy</b>	<ul style="list-style-type: none"> <li>No plan required</li> </ul>
<b>6323 Severe pre-eclampsia</b>	<ul style="list-style-type: none"> <li>No action required</li> </ul>
<b>6343 Pre-Term labour guideline</b>	<ul style="list-style-type: none"> <li>Summary of magnesium sulphate usage, following regional meeting, to be given at Perinatal meeting</li> <li>Pre-Term labour policy to be updated</li> </ul>
<b>6350 Teenage pregnancy pathway</b>	<ul style="list-style-type: none"> <li>Discuss results at team leaders meeting</li> <li>Public Health midwife to continue follow-up re multi-agency meetings on a monthly basis</li> <li>Ensure new staff aware of pathway at induction</li> </ul>
<b>6351 Pre-operative pregnancy assessment prior to gynaecological surgery</b>	<ul style="list-style-type: none"> <li>No plan required</li> </ul>
<b>6352 Trial of assisted delivery and full dilatation caesarean section</b>	<ul style="list-style-type: none"> <li>No plan required</li> <li></li> </ul>
<b>6366 VTE Prophylaxis in post-natal obese women who deliver by caesarean section</b>	<ul style="list-style-type: none"> <li>Highlight findings in clinical governance newsletter</li> <li>Raise at AN/ PN clinical governance sub-group</li> </ul>
<b>6379 Use of oxytocin</b>	<ul style="list-style-type: none"> <li>Highlight to staff the importance of documenting assessment prior to syntocinon administration and use of sticker by disseminating results to team leaders meeting and clinical governance newsletter</li> </ul>
<b>6380 Fetal blood sampling</b>	<ul style="list-style-type: none"> <li>Remind midwives to document fetal blood sampling results on CTG trace</li> <li>Remind doctors to document the requirements and when the next fetal blood sampling will be taken</li> <li>Disseminate to team leaders</li> <li>Include findings in clinical governance newsletter</li> </ul>

<b>6385 Postnatal care (QS-037)</b>
<ul style="list-style-type: none"> <li>Remind the Team Midwifery Care Associates who make up post natal notes to add the contact sticker to all. Give a supply of the five teams contact stickers to Delivery Suite to add to any record with no sticker.</li> <li>Delivery midwife to add three stickers to notes on discharge.</li> <li>Team midwives to carry a stock of stickers</li> <li>Add to clinical governance newsletter as a reminder to staff to complete the management plan. Also midwives are being reminded as part of the growth assessment protocol training.</li> </ul>
<b>6390 Clinical risk assessment (labour)</b>
<ul style="list-style-type: none"> <li>Remind all staff the importance of completing the risk assessment in the labour notes.</li> <li>Provide findings to all midwives via team leaders</li> <li>Discuss at Delivery Suite Clinical Governance sub-group</li> <li>Publish findings in clinical governance newsletter</li> </ul>
<b>6391 Antenatal clinical risk assessment</b>
<ul style="list-style-type: none"> <li>Remind all staff the importance of: <ul style="list-style-type: none"> <li>Documenting 2nd risk assessment</li> <li>Documenting smoking, alcohol and drug history at booking and mid trimester</li> <li>Asking Whooley questions/ assessing mental health status mid trimester and documentation of assessment</li> <li>Documenting accept/ decline use of blood products in an emergency for woman and baby</li> <li>Documenting discussion of information sharing</li> <li>Provide findings to all midwives via team leaders</li> <li>Discuss at antenatal Clinical Governance sub-group</li> <li>Publish findings in Clinical Governance newsletter</li> </ul> </li> </ul>
<b>6332 Accuracy of pre-operative axillary ultrasound</b>
<ul style="list-style-type: none"> <li>Agreed not to do repeat fine needle aspirations, patient should have core biopsy instead</li> <li>Recommend more patients are offered core biopsy from the outset</li> </ul>
<b>6357 Transient ischaemic attack protocol in Torbay Hospital</b>
<ul style="list-style-type: none"> <li>Protocol maybe being used inappropriately so clinician can get scans same day - education needed</li> <li>Many referrals for MRI scan don't seem to have been discussed with correct people - radiologists need to refer back</li> </ul>

The reports of 2 national confidential enquiries were reviewed by the provider in 2014/15 and South Devon Healthcare NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided.

<b>0100-1 On the Right Trach? A review of the care received by patients who underwent a tracheostomy (NCEPOD)</b>
<ul style="list-style-type: none"> <li>Actions taken include designing a modified WHO checklist sticker to be placed in the notes upon tracheostomy insertion as a simple but effective method of ensuring that important patient, team and environmental factors are considered.</li> <li>A tracheostomy safety study module has been set up to improve staff competence and confidence in managing tracheostomies and their complications.</li> <li>Issue of surgical coding being addressed with a form to be completed at the time of tracheostomy for input into the surgical database.</li> </ul>
<b>101-01 Lower limb amputation (NCEPOD)</b>
<ul style="list-style-type: none"> <li>Under recommendations by specialist commissioners, all major vascular amputation should be performed at an arterial centre. This will be RD&amp;E. The movement of arterial surgery to RD&amp;E is subject to the need to assure equity of access to vascular wards, theatre and ICU by all patients in the network. Furthermore, it is important to ensure that patients from Torbay will receive at least as good quality of care in Exeter as they currently receive at Torbay.</li> <li>Diabetic consultants do not currently have inpatient beds at Torbay. Currently diabetic foot problems are admitted under vascular and orthopaedic consultants. As specialist vascular</li> </ul>

commissioning will recommend that no inpatient vascular beds will remain at Torbay once reconfiguration has occurred, the Trust will need to urgently discuss with Orthopaedic, Vascular and Diabetic consultants how these patients will be cared for.

- Prior to reconfiguration, diabetic patients admitted under Vascular and Orthopaedic consultants with limb threatening ischaemia or infection must be seen promptly by the diabetic team. Surgeons to refer all diabetic inpatients team by electronic referral with review within 24 hours.
- Discussion with Anaesthetic and ICU teams have already occurred regarding pre-operative pain relief, use of intra-operative nerve blocks and need for escalation of care. This should be on-going.
- As relatively few amputations are performed at Torbay, it may be unrealistic to expect physiotherapists to attend a weekly multidisciplinary team meeting. There should however, be a greater readiness to involve physiotherapists early in the care of patients admitted for elective major amputation.
- In view of the potential changes with vascular reconfiguration, the role of a co-ordinator for amputees total care should be considered. It may be that Vascular Specialist Nurses could fulfil this role in the future.

## **Research**

The number of patients receiving relevant health services provided or sub-contracted by South Devon Healthcare NHS Foundation Trust in 2014/15 that were recruited during that period to participate in research approved by a research ethics committee was one thousand five hundred and ten.

Participation in clinical research demonstrates South Devon Healthcare NHS Foundation Trust's commitment to improving the quality of care we offer and to making our contribution to wider health improvement. Our clinical staff stay abreast of the latest possible treatment possibilities and active participation in research leads to successful patient outcomes.

South Devon Healthcare NHS Foundation Trust was involved in conducting three hundred and eighteen clinical research studies during 2014/15 in thirty three medical specialities.

Sixty five clinical staff participated in research approved by a research ethics committee at South Devon Healthcare NHS Foundation Trust during 2014/15. These staff participated in research covering thirty three medical specialties.

In the past year more than eight publications have resulted from our involvement with the National Institute Health Research, which shows our commitment to transparency and desire to improve patient outcomes and experience across the NHS.

Our engagement with clinical research also demonstrates South Devon Healthcare NHS Foundation Trust's commitment to testing and offering the latest medical treatments and techniques. Here are just a few examples of how our participating in research improves patient care.

### **Stroke – National TWIST Study**

Torbay took part in the first UK randomised controlled trial assessing the feasibility, cost effectiveness and acceptability of the Nintendo Wii Sports™ in stroke rehabilitation. Patients who were suffering from arm weakness following a stroke were randomised to receive 6 weeks arm exercises / physiotherapy versus using the Wii for 6 weeks. Results showed patients in both group demonstrated improvement in their arm function at 6 weeks and 6 months in comparison to baseline. However there was no significant difference or change in arm function scores between the two groups. Similarly there was no difference seen in occupational outcomes, motor activity or quality of life scores between the two groups. The economic analysis overall showed that the Wii was a more expensive option compared to the arm exercises.

### **Prostate Cancer: National MRC PR07 study**

Torbay Hospital participated in this study between 1997 and 2005. Long-term results recently published have confirmed that adding radiotherapy to the treatment of men who have high-risk prostate cancer improves survival. Adding radiotherapy to long-term hormone therapy halved the risk of men dying from prostate cancer within 8 years. The combination of radiotherapy and hormone therapy is now an increasingly common approach to treating men with locally-advanced prostate cancer who are fit enough for radiotherapy. It's very encouraging to see that the benefits of adding radiotherapy to prostate cancer treatment are maintained over the long-term and helping to save thousands of lives.

### **INTREPID study**

Locally patients participated in the international INTREPID study looking at radiotherapy to the back of the eye in patients with age related macular degeneration. Initial results showed that patients who received radiation treatment needed 30% fewer injections of the standard Lucentis therapy and those with smaller lesions required only half the number of injections over a 2 year period compared to patients who received no radiation therapy.

Patients who received radiation therapy had similar levels of vision compared to standard care and those with smaller lesions often had better eyesight throughout the 2 years period after receiving radiotherapy compared to those that did not, despite having fewer Lucentis treatments. Minor abnormalities of the retinal blood vessels were found which arose as a result of the radiation treatment itself but did not usually affect eyesight.

### **CQUIN payment**

A proportion of South Devon Healthcare NHS Foundation Trust income in 2014/15 was conditional on achieving quality and improvement and innovation goals agreed between South Devon Healthcare NHS Foundation Trust and any person or body they entered into a contract, agreement or arrangement with for the provision of relevant health services, through the Commissioning for Quality and Innovation payment framework.

Details of the 2014/15 CQUINs can be found in this report.

In 2014/15 the potential value of the CQUIN payment was £4,079 000 and income subsequently received was £4,041000. In 2013/14 the potential value of the CQUIN payment was £3,793,615 and the income subsequently received was £3,300,073.

In 2015/16 the value of the CQUIN payment is £4,551,000 (tbc).

### **Care Quality Commission**

South Devon Healthcare NHS Foundation Trust is required to register with the Care Quality Commission (CQC). Its current registration status is for:

- Diagnostic and screening procedures.
- Family planning services.
- Management and supply of blood and blood derived products.
- Maternity and midwifery services.
- Surgical procedures.
- Transport services, triage and medical advice provided remotely.
- Treatment of disease, disorder or injury.
- Termination of pregnancy.

South Devon Healthcare NHS Foundation Trust has no conditions on registration.

The Care Quality Commission has not taken enforcement action against South Devon Healthcare NHS Foundation Trust during 2014/15.

South Devon Healthcare NHS Foundation Trust has not participated in any special reviews or investigations by the CQC during the reporting period.

The Trust received no unannounced visits from the Care Quality Commission during 2014/15 as part of its routine monitoring programme.

### **Data quality**

Data quality is a key enabler in delivering high quality services. Data and information which is accurate, timely and relevant allows teams to make informed decisions about care and the use of resources.

The Trust has a Data Quality Group led by the Head of Health Records. Areas the group focus on include monitoring the data quality dashboard, reviewing data quality policies and procedures and tasking the Information Reporting Management Group to review key data quality issues. This group has been set up over the last 12 months to ensure all

parties (finance, performance and information, informatics and operational leads) talk through issues and agree joined up and standardised approaches to data management and quality.

The Performance and Information team collate and analyse a range of safety, performance and experience data providing reports to the Trust Board and to service areas. Recent developments include bringing data sources together to ensure that all reports run off the same standard dataset.

**NHS number and general practitioner registration code**

South Devon Healthcare NHS Foundation Trust submitted records during 2014/15 to the Secondary Users’ service for inclusion in the Hospital Episode Statistics which are included in the latest published data. The percentage of records in the published data, as of January 2015 (Month 10), which included the patient’s valid NHS number was:

- 99.5% for admitted care.
- 99.8% for outpatient care.
- 97.9% for accident and emergency care.

which included the patient’s valid General Practitioner Registration Code was:

- 100% for admitted care.
- 100% for outpatient care.
- 100% for accident and emergency care.

**Information governance**

South Devon Healthcare NHS Foundation Trust information governance assessment report overall score for 2014/15 was 90% and was graded green.

**Clinical coding**

South Devon Healthcare NHS Foundation Trust was subject to the payment by results clinical coding audit during the reporting period by the Audit Commission and the error rates reported in the latest published audit for that period for diagnoses and treatments coding (clinical coding) were:

**HB – Orthopaedic Non-Trauma Procedures**

Clinical Coding – <i>Provisional</i>				
Area	% Diagnosis incorrect		% Procedures incorrect	
	Primary	Secondary	Primary	Secondary
Orthopaedic non-trauma procedures	2.0	3.96	0.0	11.9

## LB - Urological and male reproductive system procedures and disorders

Clinical Coding – <i>Provisional</i>				
Area	% Diagnosis incorrect		% Procedures incorrect	
	Primary	Secondary	Primary	Secondary
Urological and male reproductive system procedures and disorders	7.0	5.6	11.3	21.7

The results of the coding audit should not be extrapolated further than the actual sample audited.

### **Data quality improvements: looking back**

South Devon Healthcare NHS Foundation Trust committed to take the following actions to improve data quality in 2014/15:

- Implement the new emergency department IT system by December 2014.

Over the last twelve months work has been undertaken to implement the new IT system within the emergency department and although the planned 'go live' has been delayed it remains a priority for 2015/16. The system will introduce paperless ways of working within the department to ensure the right information is captured at the right time in close proximity to where the patient is being treated.

- Implement the clinical portal across the hospital to support clinical teams accessing patient information by March 2015

A small pilot with the cross community heart failure service has been undertaken to ensure the clinical portal is able to be used widely across the organisation following which it is aimed to share more widely with the various clinical teams this year and remains a priority for 2015/16 with deployment commencing in March 2015 as planned.

- Procure clinical coding audit software to facilitate the increasing number of coding audits undertaken in a year and define a further detailed coding audit programme by September 2014.

Over the last year audit software has been purchased and an ongoing clinical coding audit programme within the organisation has been introduced.

- Act on the recommendations of the three data quality audits undertaken from the Trust board's performance dashboard indicators.

Internal Audit have undertaken three data quality audits reporting their provisional findings in February 2015.

**Cancer – two week wait from referral to date first seen**

*Extract from report*

A total of 40 electronic patient records were reviewed from two different months to confirm that each had been correctly recorded and reported as a cancer patient on the waiting list, and that the waiting time from referral had been correctly calculated from the date of receipt of the referral to the date of their first appointment for all cancer types, suspected or actual.

Positive assurance can be provided for the data quality for this indicator, based on the sample findings.

Risks identified: controls in place are appropriate/effective to control risks associated with this area.

Audit recommendation: none – control operating/compliant

**Pressure ulcers (categories 2,3 & 4)**

*Extract from report*

A sample of three months of Safety Thermometer survey returns were reviewed on which new pressure ulcer details are recorded and submitted by the wards each month.

From the sample, pressure ulcer data is being accurately recorded, categorised and accurately reflected in the monthly dashboard figures.

As part of testing three different ward managers were also approached who were involved in the recording of the monthly Safety Thermometer Survey sheets. All those managers displayed in depth knowledge of pressure ulcer control and displayed very good patient awareness and confidence in being able to accurately record the necessary data in line with Trust policy and supporting guidance.

Internal Audit were also able to directly verify the data submitted for the December Survey by visiting one of the wards in the afternoon to check back to patient notes and bed numbers.

Risks identified: Low harm

Audit recommendation: Individual completed monthly ward sheets for Safety Thermometer Survey returns should be reviewed for accuracy prior to external submission and ultimately reflected in the Performance Dashboard presented to the Trust Board

It is also recommended that ward sheets are submitted electronically in excel rather than pdf copies to enable more efficient and accurate merging within the master return via the in-house developed program.

## Diagnosics tests – longer than the 6 week standard

A total of 54 electronic patient records were reviewed from the 3 main clinical areas (Imaging / Physiology / Endoscopy) from which the sample was aimed at the 14 different reported diagnostic procedures covered by the Census Central Returns to NHS England across those areas. By this Audit ensured coverage of 6 of those procedures as per the below:

Imaging area – MRI procedures / CT Scans / Ultrasound

Physiological Measurement area – Audiology Assessments / Peripheral Neurophysiology

Endoscopy area - Colonoscopy procedures

The sample was taken from all valid patients who had been on the waiting list at the end of the Census reporting month of September 2014, to confirm that each had been correctly recorded and reported as a patient on that waiting list, and that the waiting time had been correctly calculated from their taken referral date to the date of their diagnostic procedure appointment. Positive assurance can be provided for the data quality for this indicator, based on the sample findings.

Risks identified: Controls in place are appropriate/effective to control risks associated with this area.

Audit recommendation: None – control operating/compliant

- Act on the recommendations of the three data quality audits undertaken by the external auditor in May 2015 as part of the Trust's annual quality account.

The indicators include:

- Compliance with WHO surgical checklist. This is an indicator chosen by the Trust governors.

The WHO surgical checklist is an internationally recognised tool to improve the safety of surgery by reducing deaths and complications. The checklist identifies three phases of an operation - before the induction of anaesthesia ("sign in"), before the incision of the skin ("time out") and before the patient leaves the operating room ("sign out"). In each phase, a checklist coordinator must confirm that the surgery team has completed the listed tasks before it proceeds with the operation.

Non-compliance of the checklist is through exception reporting at the Theatre Programme Board. The checklist data (time-out) is collected via the Galaxy Theatre system. Over the last 12 months our compliance was 99.7%.

- Percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period. This indicator relates to consultant led referral to treatment times and specifically the number of patients still waiting to start their treatment within 18 weeks.
- All urgent two-week wait GP referrals, which receive first definitive treatment for cancer within 62 days of the date at which the referral was received. The national NHS cancer plan (2002) and national cancer reform strategy (2007) introduced specific national cancer waiting standards. One of these is ensuring that patients are treated within 62 days of receipt of GP urgent suspected cancer referral.

## **Data quality improvements: looking forward**

South Devon Healthcare NHS Foundation Trust will be taking the following actions to improve data quality in 2015/16:

- Implement the new emergency department IT system by August 2015.
- Implement the clinical portal across the hospital to support clinical teams accessing patient information by October 2015.
- Review health record documentation used on the wards and introduce standardised forms for admission and discharge by October 2015. The creation of a central corporate clinical documents forms library will also be undertaken as part of this activity.
- Integrate the performance reports combining both acute and community information by March 2016.
- Publish a business intelligence strategy for the newly developed integrated care organisation by October 2015. This will include a review of data quality.
- Reduce the number of clinical coding errors by acting on the audit recommendations from the clinical coding audit and re-auditing in autumn 2015.

## Mandated quality indicators

### Safety

<u>Quality indicator</u>	<u>Source</u>	<u>National target</u>	<u>2014/15</u>	<u>2013/14</u>	<u>2012/13</u>	<u>2011/12</u>	<u>End of year performance against Target</u>
VTE risk assessed	UNIFY	95%	91%*	94%	92%	n/a	
<p><i>*Quarter 4 figures are not yet published as of the 13/5/2015</i>  <i>In 2014/15 the lowest performing Trust for quarter 3 was 81% and the highest was 100%. The national average was 96%</i>            South Devon Healthcare NHS Foundation Trust considers that this data is as described for the following reasons:</p> <ul style="list-style-type: none"> <li>Information reported nationally and reported at Trust Board.</li> </ul> <p>South Devon Healthcare NHS Foundation Trust has taken the following actions to improve this %, and so the quality of its services through:</p> <ul style="list-style-type: none"> <li>Making VTE mandatory on the electronic discharge information system as this is the data source for national returns</li> <li>Piloting e-prescribing which will incorporate VTE, removing the need to record information twice.</li> </ul>							
Number of clostridium difficile cases (rate per 100,000 bed days)	HSCIC	Not applicable	Not* published	12.6	16.9	19.9	
<p><i>*HSCIC has not published the 2014/15 data as of the 8/5/2015. The latest published data is 2013/14. In 2013/14 the lowest performing trust was 0 and the highest was 37.1. The national average was 13.9.</i>            South Devon Healthcare NHS Foundation Trust considers that this data is as described for the following reasons:</p> <ul style="list-style-type: none"> <li>Information reported nationally via the Trust Performance and Information Team.</li> </ul> <p>South Devon Healthcare NHS Foundation Trust has taken the following actions to reduce this rate, and so improve the quality of its services through:</p> <ul style="list-style-type: none"> <li>Improvements to the physical estate to improve cleanliness and deep cleaning</li> <li>Programme of deep cleaning using decant ward</li> <li>Hand washing and infection control escalation management</li> </ul>							
Number of never events	Safeguard	0	2	2	2	0	
<p>South Devon Healthcare NHS Foundation Trust considers that this data is as described for the following reasons:</p> <ul style="list-style-type: none"> <li>Information is reported nationally and at Trust Board.</li> </ul> <p>South Devon Healthcare NHS Foundation Trust has taken the following actions to reduce this number to zero and so improve the quality of its services through:</p> <ul style="list-style-type: none"> <li>Full and transparent reporting including full root cause analysis and investigation.</li> <li>Providing assurance to Board that any recommendations have been implemented.</li> <li>Undertaking external audit of the WHO surgical checklist.</li> </ul>							

Number of patient safety incidents	Safeguard	Not applicable	5546	5188	4506	4854	n/a
<p>South Devon Healthcare NHS Foundation Trust considers that this data is as described for the following reasons:</p> <ul style="list-style-type: none"> <li>Information is recorded on Trust incident reporting system.</li> </ul> <p>South Devon Healthcare NHS Foundation Trust has taken the following actions to improve this number, and so the quality of its services through:</p> <ul style="list-style-type: none"> <li>Continue to positively promote incident reporting within the Trust to all staff.</li> <li>Appointment of governance pharmacist</li> </ul>							
Number and % of such patient safety incidents that resulted in severe harm or death.	HSCIC	Not applicable	Apr 14 - Sept 14*	Oct 13- March 14	April 13 - Sept 13		
Number			1	3	4		
%			0.0%	0.14%	0.18%		
<p><i>*Latest published HSCIC data</i>  <i>For the period April – Sept 14 the highest performing Acute (non-specialist) Trust for incidents resulting in severe harm or death was 0 and the lowest was 97. The average was 20.</i>          South Devon Healthcare NHS Foundation Trust considers that this data is as described for the following reasons:</p> <ul style="list-style-type: none"> <li>Information is recorded on Trust incident reporting system and reported nationally.</li> </ul> <p>South Devon Healthcare NHS Foundation Trust has taken the following actions to reduce this number, and so the quality of its services through:</p> <ul style="list-style-type: none"> <li>The Trust continuing to promote and open and honest culture where incidents, of any nature, can be reported and understood.</li> <li>Through the use of Human factors training including Theatre Terma work,</li> </ul>							

## Clinical effectiveness

Quality indicator	Source	National benchmark	2014/15	2013/14	2012/13	2011/12	Benchmark against performance
% of patients aged readmitted to hospital within 28 days	Dr Foster		Nov 13- Oct 14	April 13 – March 14	April 12- March 13	April 11 – March 12	
• 0-15			6.39%	5.84%	5.23%	5.04%	
Relative risk for patient 0-15		100*	89.77	83.57	76.7	77.01	
• =>16			7.71%	7.68%	7.81%	7.53%	
Relative risk for patients => 16		100*	97.36	96.89	98.35	99.65	

*\*Figures for 0-14 did not include babies 1 – 365 days – all previous data has been adjusted  
The data used to benchmark readmission rates is taken from Dr Foster. The relative risk score represents how the Trust performs against the national benchmark of 100. Overall the Trust performs better than the expected rate based on the national benchmarking and has seen an overall improvement in the last year.*

*The national average benchmark is 100*

South Devon Healthcare NHS Foundation Trust considers that this data is as described for the following reasons:

- Information is reported via the Trust Performance and Information Team.

South Devon Healthcare NHS Foundation Trust has taken the following actions to reduce this number, and so the quality of its services through:

- Continuing to monitor readmission rates as a system indicator of performance.
- Readmissions rates are included in specialty clinical benchmarking reviews carried out with specialty teams.
- Incorporated in evidence for clinical revalidation and appraisal where relevant.

Summary hospital mortality indicator (SHMI)	Dr Foster / HSCIC	100*	98.38	92.91	95.58	96.97	
Hospital Standardised Mortality Ratio (HSMR)	Dr Foster	100*	100.3	94.5	92.6	95.0	

*The Summary Hospital-Level mortality Indicator, or SHMI, is a measure that takes account of a number of factors including a patient's condition. It includes patients that have died in hospital or within 30 days of being discharged from hospital. The SHMI score is measured against the NHS average which is 100.*

*The Hospital Standardised Mortality Ratio or HSMR is a measure of death recorded in hospital benchmarked against other hospitals.*

*For SHMI and HSMR a score below 100 denotes a lower than average mortality rate and indicates good, safe care.*

*SHMI data is published in arrears so the latest data is for the period July 2013 to June 2014*

*The highest SHMI score = 119. The Lowest Trust score = 54. National average = 100*

South Devon Healthcare NHS Foundation Trust has taken the following actions to reduce this number, and so the quality of its services through:

- Continuing to monitor outcome benchmarks led by the Director of Patient Safety.
- Maintaining strong clinical governance systems with peer mortality review programme

% of patient deaths with palliative care coded at either diagnosis or speciality level	HSCIC	July 13 – June 14	April 13 – March 14	April 12-March 13	
SDHFT coding %		18.8%	19.5%	15.5%	

*The Palliative care coding rate for recorded deaths at SDHFT has been consistent and is within expected levels. This rate is used as a data quality marker against the SHMI and HSMR benchmarking. Having palliative coding rates at expected levels gives greater assurance against the validity of the SHMI and HSMR values. A high rate of palliative care coding would indicate lower confidence in the SHMI.*

*Between July 13 – June 14 the highest trust rate was 49% and the lowest was 7.40%. The national average palliative care coding rate was 24.6%.*

South Devon Healthcare NHS Foundation Trust considers that this data is as described for the following reasons:

	<ul style="list-style-type: none"> <li>Information is reported via the Trust Performance and Information Teams.</li> </ul> <p>South Devon Healthcare NHS Foundation Trust has taken the following actions to improve this number, and so the quality of its services through:</p> <ul style="list-style-type: none"> <li>Ensuring review of palliative care coding rates data collection and continuous improvements within clinical coding teams</li> </ul>
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## Patient experience

Quality indicator	Source	Benchmark (National)	2014/15	2013/14	2012/13	2011/12	End of year performance against
Patient Reported Outcome measures	HSCIC			April 13 – March 14	April 12 - March 13	April 11- March 12	
Groin hernia surgery			Not published*	0.073 adjusted average health gain	0.083 adjusted average health gain	0.089 adjusted average health gain	n/a
2013/14 <i>National average=0.085</i>  <i>Highest rate= 0.139</i> <i>Lowest rate= 0.008</i>							
Varicose vein surgery			n/a due to low numbers	n/a due to low numbers	n/a due to low numbers	n/a due to low numbers	n/a
Hip replacement surgery			Not published	0.417 adjusted average health gain	0.437 adjusted average health gain	0.392 adjusted average health gain	n/a
<i>National average= 0.435</i>  <i>Highest rate=0.545</i> <i>Lowest rate = 0.342</i>							
Knee replacement surgery			Not published	0.338	0.329 adjusted average health gain	0.309 adjusted average health gain	n/a
<i>National average= 0.330</i>  <i>Highest rate= 0.416</i> <i>Lowest rate= 0.215</i>							
<p>*The latest national I PROMs data release covers the period April – Sept 14 (published Feb 2015). No adjusted health gain data has been published for our Trust. The 2013/14 data is the latest published national data for our organisation.</p> <p>South Devon Healthcare NHS Foundation Trust considers that this data is as described for the following reasons:</p>							

	<ul style="list-style-type: none"> <li>Information is reported via the Trust Performance and Information team.</li> </ul> <p>South Devon Healthcare NHS Foundation Trust has taken the following actions to improve this score and so the quality of its services, through addressing areas requiring improvement:</p> <ul style="list-style-type: none"> <li>Implementation of clinical criteria agreed with commissioners for the treatment of patients where there is likely to be a low value clinical outcome.</li> </ul>						
Staff recommendation of the Trust as a place to work or receive treatment	NHS staff survey	Not applicable	3.86	4.01	3.85	3.79	
	<p><i>In 2014 the national average for acute trusts was 3.67. the best score for acute trusts was 4.20. There was no lowest performing trust score.</i></p> <p>South Devon Healthcare NHS Foundation Trust considers that this data is as described for the following reasons:</p> <ul style="list-style-type: none"> <li>Information is reported nationally and to the Trust Board.</li> </ul> <p>South Devon Healthcare NHS Foundation Trust has taken the following actions to improve this score and so the quality of its services, through addressing areas requiring improvement:</p> <ul style="list-style-type: none"> <li>Detailed action plan developed for areas of improvement, which also forms part of the 2015/16 CQUIN work.</li> </ul>						
Overall patient experience	NHS Inpatient survey	Not applicable	8.2	8.4	8.1	Not applicable	
	<p><i>In 2014/15 the lowest performing Trust was 7.2 and the highest was 9.2%. There is no national average.</i></p> <p>South Devon Healthcare NHS Foundation Trust considers that this data is as described for the following reasons:</p> <ul style="list-style-type: none"> <li>Information is reported nationally and to the Trust Board.</li> </ul> <p>South Devon Healthcare NHS Foundation Trust has taken the following actions to improve this score, and so the quality of its services through:</p> <ul style="list-style-type: none"> <li>Learn from feedback received and action changes</li> <li>Share compliments and patient stories at a range of meetings and through staff bulletins</li> <li>Use real time feedback to augment the national inpatient survey</li> </ul> <p>In 2014/15 the Trust also received the results of the national A&amp;E which is available from the Care Quality commission website - <a href="http://www.cqc.org.uk/provider/RA9/survey/4#undefined">surveyhttp://www.cqc.org.uk/provider/RA9/survey/4#undefined</a>  'The overall view of A&amp;E experience for feeling their experience of being treated and cared for in the A&amp;E had been good'. (7.5/10)</p>						

F and F: Inpatients	Friends and Family Test*		97% patients recommended	Not applicable	Not applicable	Not applicable	
F and F: A & E			81% patients recommended				
<p><i>Source: NHS England – March 2015</i>  <i>For inpatients in March 2015 the lowest performing trust was 78% and the highest was 100%. The national average was 95%.</i>  <i>For A&amp;E in March 2015 the lowest performing trust was 58% and the highest was 99%. The national average was 87%.</i>  <i>NHS England is now calculating and presenting the FFT results as a percentage of respondents who would/would not recommend the service to their friends and family. This change was introduced in the first publication of Staff FFT results on 25 September 2014 and across all existing patient FFT setting on 2 October 2014</i>            South Devon Healthcare NHS Foundation Trust considers that this data is as described for the following reasons:</p> <ul style="list-style-type: none"> <li>• Information is reported nationally and to the Trust Board.</li> </ul> <p>South Devon Healthcare NHS Foundation Trust has taken the following actions to improve this score, and so the quality of its services through:</p> <ul style="list-style-type: none"> <li>• Promoting the Friends and Family test throughout the hospital</li> <li>• Conducting small tests of change to improve completion</li> <li>• Monitoring Friends and Family through the Trust contract.</li> </ul>							

## **Part 3: Our performance in 2014/15**

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### **Overview**

Torbay Hospital is a Foundation Trust and as such is accountable to a number of different organisations for the delivery of high quality care as well as to the patients, families and carers who access our services at the Hospital. Currently, we are accountable to:

- Monitor, our regulator.
- The Care Quality Commission (CQC).
- The commissioners via the various health contracts.
- Our local communities through our members and governors.

To ensure that we deliver high quality care we have robust arrangements in place to monitor our organisational performance. This includes five governance work streams which report to the Trust Board.

The work streams are made up of senior clinicians, nurse leads, non-executive directors and executive directors. Governors attend as observers and the local commissioners attend both the safety and experience committees.

The Trust Board receives monthly board reports, a data dashboard and a detailed data book indicating our latest performance and actions to address issues. We meet with commissioners to share information, provide updates and to review our performance monthly. Our regulator 'Monitor' requires a quarterly performance assessment against the performance standards set out in their risk assessment framework. This is published on the internet for the public to view.

#### **Ratings at a glance**

Continuity of service rating	3
Governance rating	Under review

*Source: Monitor website 21/3/15*

## Overview of the quality of care based on Trust performance

The Trust collects a large range of data to inform the quality of care provided by the organisation. Board level indicators are chosen to meet Monitor's requirements as well as the NHS operations framework. The quality measures are subdivided into safety, effectiveness and experience to ensure a balanced range of quality measures.

### Performance against Monitor's requirements

Indicator/Target	Quality indicator	Target 14_15	14_15	13_14	12_13
C.difficile year on year reduction (Monitor)	Safety	11	4**	17	21
C.difficile year on year incidences (Public Health England)	Safety	11	24	17	21
MRSA - Meeting the MRSA objective	Safety	0	0	1	1
Cancer 31 day wait from diagnosis to first treatment	Effectiveness	96%	98%	98%	98%
Cancer 31 day wait for second or subsequent treatment: surgery	Effectiveness	94%	97%	98%	97%
Cancer 31 day wait for second or subsequent treatment: drug treatments	Effectiveness	98%	100%	99%	100%
Cancer 31 day wait for second or subsequent treatment: radiotherapy	Effectiveness	94%	98%	97%	98%
Cancer 62 day wait for first treatment (from urgent GP referral) <sup>(A)</sup>	Effectiveness	95%	89%	90%	88%*
Cancer 62 day wait for first treatment (From consultant led screening service referral)	Effectiveness	90%	93%	97%	96%
Cancer two week wait from referral to first seen date	Effectiveness	93%	96%	95%	97%
Cancer breast symptoms two week wait from referral to first seen date	Effectiveness	93%	95%	96%	98%
A&E – total time in A&E	Experience	95%	87%	96%	96%
Referral time to treatment time, admitted patients	Experience	90%	80%	90%	92%
Referral time to treatment time, non admitted patients	Experience	95%	95%	96%	96%
Referral to treatment incomplete pathways <sup>(A)</sup>	Experience	92%	93%	96%	96%

\*\* c-diff - Only cases confirmed as lapse in care count towards target (New measure 2014/15)

<sup>(A)</sup> - Audited

### Performance exceptions in 2014/15

In 2014/15 the Trust has reported underperformance against two of the Monitor risk assessment indicators.

### Total time in A+E as measured against the four hour standard

The Trust has declared ongoing risks against these standards whilst action plans to redesign services are completed. The Trust has engaged with external support from the national support teams to give the Trust Board and our regulators confidence that these plans address the issues affecting performance and provide robust plans for improving performance.

The challenges against the emergency pathways of care and managing the four hour maximum waiting time in A+E have been national phenomena in the last 12 months. The Trust along with other health communities is responding to an increasing demand for acute care and assessment particularly from our ageing population.

This requires a redesign of how the hospital capacity is used to most effectively meet the needs of these patients, as well as wider health and social care with the introduction of new pathways of care such as emergency ambulatory care and direct admissions to paediatric assessment beds.

### **Referral to treatment times for admitted patients against the 90% less than eighteen week standard.**

The Trust has had to respond to increases in waiting times in several specialties in 2014/15 and has not met the 90% standard for patients being admitted for treatment within 18 weeks of referral or decision to treat.

Ophthalmology, treatment for cataracts, along with general surgery are the areas with where the target has not been met. The plans to introduce the additional capacity needed to return these waiting times to less than eighteen weeks will be implemented in 2015/16. The Trust has used other local providers such as Mount Stuart Hospital and Derriford Hospital to support capacity in the interim whilst arrangements to increase capacity in these areas are implemented.

### **Mandated quality indicators**

These are reported in part 2 of the Quality Account.

### **NHS Operating Framework and local priorities**

We also collect from our local IT systems a range of data and report them against national and local measures to inform the Trust on quality and performance. These include:-

Other National and local priorities	Quality indicator	Target 2014/15	2014/15	2013/14	2012/13
Smoking during pregnancy	Effectiveness	19%	16.0%	17%	15%
Breastfeeding initiation rates (% initiated breast feeding)	Effectiveness	76%	74%	75%	76%
Mixed sex accommodation breaches of standard	Experience	0	3	12	1
Cancelled operations on the day of surgery	Effectiveness	0.8%	1.2%	1.1%	1.2%
DNA rate	Effectiveness	6.0%	5.6%	5.9	5.9%
Diagnostic tests longer than the 6 week standard	Effectiveness	1.0%	1.3%	0.6%	1.0%
Stroke care: 90% of time spent on stroke ward	Effectiveness	80%	64%	79%	79%
Summary hospital mortality indicator (SHMI)	Safety		98.38	92.91	95.58
Ethnic coding data quality	Experience	80%	94%	95%	94%

In 2015/16 we will meet the challenges of improving our performance against the A+E target through the action plans in place and further pathway redesign. The Trust will support the capacity needed to bring waiting times back to within 18 weeks for admitted patients whilst working closely with GP's to ensure that demand for services are managed to the locally agreed pathways.

Stroke care will continue to be an area of focus for us. In order to reach the 80% target we will need to improve patient flow and discharge across the whole hospital. This will reduce the number of non stroke patients admitted to the stroke wards at times of increased pressure. This work will be overseen by the Trust's Patient Flow Board.

Patient safety and delivering quality outcomes will remain the highest priority to ensure that patients have access to, and receive, the best possible care. The Trust Board will ensure that governance arrangements will continue to provide the oversight and scrutiny against the quality and patient safety outcomes.

As we move towards an integrated care organisation in 2015/16, performance, quality and safety will remain our highest priority.

## **Annex 1 – Engagement in developing the Quality Account**

Prior to the publication of the 2014/15 quality account we have shared this document with:

- Our Trust governors and commissioners.
- Healthwatch.
- Torbay Council Health Scrutiny Board.
- Devon County Council's Health and Wellbeing Scrutiny Committee.
- Trust staff.
- Carers Group.
- Torbay and Southern Devon Health and Care Trust.

As in previous years, we continue to hold an annual Quality Account engagement event inviting key stakeholders to come together and recommend the priority areas to be included in this year's Quality Account.

This year, for the first time, we presented the long list of priorities to the stakeholders alongside our care trust colleagues with the aim of presenting one set of agreed care system priorities. This reflects our move in 2015/16 towards becoming a single integrated care organisation and our ambition to work in a more joined up way.

The feedback from the event continues to be positive with stakeholders feeling engaged in the development of the quality account and receiving feedback from the work undertaken in the previous year.

In 2015/16 we will continue to share our progress against the quality improvement priorities and continue to work closely with the users of our services to improve the overall quality of care offered.

## **Statements from commissioners, governors, OSCs and Healthwatch**

### **Statement from Devon County Council's Health and Wellbeing Scrutiny Committee on South Devon Healthcare NHS Foundation Trust's Quality Account 2014/2015**

Devon County Council's Health and Wellbeing Scrutiny Committee has been invited to comment on the South Devon Healthcare Foundation Trust Quality Account 2015/16. All references in this commentary relate to the reporting period 1st April 2014 to 31st March 2015 and refer specifically to the Trust's relationship with the Scrutiny Committee.

The Scrutiny Committee commends the Trust on a comprehensive Quality Account 2014-15 and believes that it provides a fair reflection of the services offered by the Trust, based on the Scrutiny Committee's knowledge. The Trust has not been invited to present to committee in the past year.

The Scrutiny Committee welcomes the progress made against the five priorities for improvement over the last year and particularly congratulates the Trust in progress against the 19% reduction in grade 3 and 4 pressure ulcers, achieving the 'Purple Angel' status for dementia training for staff and continued good performance in the friends and family test.

The enduring challenge from the Francis Review provoked to scrutiny has been to look for improvement in health care through critical friend challenge. In the climate of austerity this rigor becomes even more vital. The committee welcomes a continued positive working relationship with the Trust in 2015/16 and beyond to continue to ensure the best possible outcomes for the people of Devon.

### **Statement from Torbay Council's Health Scrutiny Board on South Devon Healthcare NHS Foundation Trust's Quality Account 2014/2015**

Due to Council elections and the timing of its submission for comment, Torbay's Health Scrutiny Board has not been able to consider South Devon Healthcare NHS Foundation Trust's Quality Account for 2014/15.

Overview and Scrutiny Committees are well placed to ensure the local priorities and concerns of residents are reflected in a provider's Quality Account. In line with this, Torbay's Overview and Scrutiny Board will welcome a continuation of the positive engagement process from the Trust in the coming year.

## Statement from South Devon and Torbay Clinical Commissioning Group on South Devon Healthcare NHS Foundation Trust's Quality Account 2014/2015

South Devon and Torbay Clinical Commissioning Group (SDT CCG) is lead commissioner for South Devon Healthcare NHS Foundation Trust (SDHFT) and is pleased to provide our commentary on the Trust's Quality Accounts for 2014-15.

SDT CCG has taken reasonable steps to corroborate the accuracy of data provided within this account. We have reviewed and can confirm that the information presented in the Quality Account appears to be accurate and fairly interpreted, from the data collected regarding the services provided. The Quality Account demonstrates a high level of commitment to quality in the broadest sense and we commend it.

We are very pleased to see the extent of the trusts participation in clinical audit and confidential enquires. We also note with interest the various improvement actions required as a result of the audits, and look forward to seeing next year's Quality Account report on the progress made and the improved outcomes.

Four local incentive schemes under Commissioning for Quality and Innovations (CQUINs) this year have been agreed with commissioners. These CQUINs will differ from previous years. They are multi agency, co designed CQUINs. They are patient, and staff focused, intended to improve experience, improve collaborative working across all of our providers, share expertise and knowledge and underpin the essence of joined up care. We are delighted that SDHFT have agreed to take part in this innovative way of working, and that they have been instrumental in developing and agreeing these quality improvements.

### **Looking Back**

We were pleased to support the priorities selected by the Trust last year and in particular the initiative to reduce the numbers of patients who developed pressure ulcers whilst staying in the hospital and to reduce the number of people falling whilst in hospital care. Pressure ulcers cause pain and discomfort, and can cause infection. Preventing them from starting, and healing them quickly when they begin, is an important patient safety priority. We note that the Trust has seen a 19% reduction in the number of grade 3 and 4 pressure ulcers and this is to be commended. It is encouraging to see that the Trust is collaborating with other organisations to share learning across the local care system under the Pressure Ulcer Collaborative, and we will continue to monitor the incidence of pressure ulcers very closely.

The Trust has worked hard to reduce the number of hip fracture acquired in hospital, and whilst not hitting their target of 25% reduction, they did meet a 20% reduction which is a significant achievement.

The report highlights the work the Trust has done to improve the early identification of sepsis, which is a major cause of unexpected death in the UK. The implementation of the 'sepsis six' bundle within the first hour of initial diagnosis of sepsis is particularly welcomed, as is the work that the Trust have done working across care pathways, and in particular involvement with the system-wide pathway design for paediatric sepsis.

The work that supports bereaved relatives and families following the death of a loved

one is excellent, and to be applauded as it supports a greatly improved experience for people during a very difficult time.

The initiative to roll out the 'enhanced recovery in medicine' onto all medical wards is noted. The CCG is very supportive of the principles of enhanced recovery. We would be very interested in hearing the results of the more detailed analysis that is being undertaken with Plymouth University and Pen CLAHRC about how the programme is improving the patient and carer experience.

The Trust reports that last year it sought to improve and support carers in the discharge planning process through better communication, involvement in discussions about medication, and addressing practicalities for carers. The Trust has undertaken a significant amount of work around these key areas and we are very pleased to see the improvements that have been made that are outlined in this quality account.

With respect to the CQUINS for 2014-15, we note that the Trust has reported in some detail on two of the eight schemes. One of these, the staff friends and family test (FFT) is of particular interest both nationally and locally as the NHS seeks to embed the FFT throughout the system. We are encouraged to see the positive comments from staff, and the high ranking of the organisation nationally and locally. However, it is disappointing to note that the Trust has not been able to achieve the level of patient feedback needed to meet the national targets for the Patient Friends and Family Test (PFFT) in A&E and inpatients during the year.

We support the Trusts renewed focus on achieving the target for FFT across the hospital, for patients and for staff, and we will continue to monitor the achievements against target in all departments.

### **Looking Forward**

The CCG is happy to support the five quality improvement priorities chosen for next year as set out in the Quality Account. We approve and support the development of a shared set of improvement priorities with Torbay and Southern Devon health and Care NHS Trust (TSD) as we move towards a more integrated system.

The patient safety focus on redesigning the reliability, accuracy and timeliness of information at the point of handover to enable an effective and safe transfer each and every juncture is particularly welcomed. We look forward to working with both SDHFT and TSD to develop through a multi-agency CQUIN for 15\_16 a series of 'Always Events', things that should always happen for patients, and for staff. This priority supports and enhances this.

### **General Comments**

Quality Accounts are intended to help the general public understand how their local health services are performing and with that in mind they should be written in plain English. SDHCT have produced a comprehensive, attractive and well written Quality Account which is easy to read and clearly set out.

We feel that the Trust's attention to quality and safety is highly commendable and we are pleased to note the continued focus on patient safety. We have been informed of all the Serious Incidents and noted the two Never Events reported by SDHFT this year. We are keen to ensure that the learning taken from the thorough investigation of these events means that quality of care continues to improve across the Trust.

We were particularly pleased to see the Trust's response to the Francis recommendations. During our regular quality reviews we are continually given

evidence of the Trust's determination to ensure safe, high quality care. There are routine processes in place within SDHCT to agree, monitor and review the quality of services throughout the year covering the key quality domains of safety, effectiveness and experience of care.

Overall we are happy to commend this Quality Account and SDHCT for its continuous focus on quality of care.

## Statement from Governors on South Devon Healthcare NHS Foundation Trust's Quality Account 2014/2015

In the coming year the Council of Governors will ultimately be responsible for taking any decision to form an integrated care organisation (ICO) in our area. An extensive programme of training has been received and ample opportunity for asking questions provided. Governors are now better placed to make a more informed, and therefore a better quality, decision in the interest of the Trust members and the wider community.

During 2014/15 the Council of Governors has continued to work closely with the board and has been kept informed about any incidents under the national heading of 'never events' as well as the high standards of treatment and patient care that were publicly recognised in previous governors' statements and which we reiterate now.

Reviews were undertaken to establish best practice for holding the non-executive directors (NEDs) to account. Among mechanisms in place to support governors' responsibility is the buddying system whereby each member of the governors' Nominations Committee is partnered with one of the NEDs. The lead governor remains the principal functional link between governors and the NEDs. Governors in general, and members of the Quality and Compliance Committee in particular, can communicate any matters related to NED performance to the chairman and the lead governor for inclusion in the annual appraisal of NEDs which they conduct jointly.

There is a governor observer on each of the five workstreams (and also on the Audit and Assurance Committee), which provide assurance on the quality of services offered at Torbay. The governor observer's role is to provide evidence that the workstream has considered the appropriate Care Quality Commission (CQC) outcomes as part of each meeting. The evidence is presented to every meeting of the Quality and Compliance Committee to gain a better overview of patient safety and quality of care. It also forms part of the documentation to be shown to the CQC inspectorate during any future visits. The governor observer role continues to be central to the governors' engagement with the quality and safety agenda and with the organisation's other areas of work including workforce, estates and facilities management. The practice of having governor observers in such active roles has been commended in the past by CQC inspectors. Governor observer seats are also available on five other committees/groups including Equalities Cooperative Group, Disability Awareness Action Group and Infection Prevention and Control Committee.

With regard to the annual quality account, representatives of the Council of Governors have again taken part as stakeholders in the annual process for agreeing Trust priorities for both boards. The governors are pleased to support the objectives framed for 2015/16 (see pages 126-131) as we move towards a more integrated

health and social care system. As part of the Independent Auditor's Limited Assurance Report on the Annual Quality Report to the Council of Governors, the Trust's external auditors have reviewed several performance indicators. The two mandatory indicators under review are the 18 week referral to treatment and 62 day cancer treatment targets. Governors have also agreed that the external auditors should review compliance against the World Health Organisation (WHO) Safety Checklist.

The governors are again able to confirm that they continue to receive full assurance of the Trust's commitment to, and delivery of, improvement in the quality of care provided. We look forward to continuing to be part of the process and working together to improve the quality of care.

## Statement from Healthwatch (Torbay) on South Devon Healthcare NHS Foundation Trust's quality account 2014/2015

Healthwatch Torbay's role is to ensure that the views and feedback from patients and carers are an integral part of local commissioning across health and social care (*The Health and Social Care Act 2012*). Our various ways of encouraging the public to provide feedback is building up a body of knowledge reflecting those views. This is the basis of our comment on this Quality Account.

There is always a challenge in creating a document which is aimed at both public and professional. We have been reassured that the final version will not be entirely text and thought given to explain medical terminology. 43% of English adult working-age population cannot fully understand and use health information using only text (*Royal College of General Practitioners. Health literacy, 2014*). Although not explicitly stated in this account as an aim, the Trust has shown its skill in producing attractive and creative information to support the public. We would specifically commend the caring behind the initiative to create the range of materials to support bereaved families.

Shared decision making is at the heart of NHS modernisation and probably one of the most difficult aspects of cultural change. The Account suggests that the Trust has taken this on board by putting in place the basic building blocks of patient dignity (being dressed in comfortable day clothes early in the day; including carers in ward rounds, discussion of care plans and discharge plans; ward awareness of dementia). This sits alongside the national drive "Hello, my name is ..." by the clinician and should support the growth of openness and transparency recommended by the Francis enquiry (*Francis, R. Report of the Mid-Staffordshire NHS Foundation Trust public enquiry, 2013*). Of all the Trust initiatives, this is probably one of the most important for Healthwatch Torbay to monitor through public reaction in the coming months.

The 2015/16 objectives set the scene for the joined-up care system. There are some significant strategic initiatives in this section. These will not happen overnight and the public will require clear information about modified pathways of care, in this the single point of contact as a priority for community based services is good news. Hopefully, there will be opportunity for shining examples of good practice. From Healthwatch Torbay viewpoint, the continued initiatives around involving carers (discharge, transfer and medication) is essential. This has an immediacy for

individuals who can become lost and forgotten in the current fragmentation of care networks.

The real game-changers for 2015/16 are objectives around ambulatory emergency care services. The objectives indicate the level of system redesign required together with the involvement of all partners in health and social care. The 4hr waiting time, urgent care delivered in alternative ways, especially for children, are all high impact improvement initiatives in the public perception.

Overall, this Quality Account reflects the issues which are important to the public in Torbay. It is a good balance between small improvements, making a big difference to individual patients and carers, and the strategic vision with long-term implications. Healthwatch Torbay looks forward to being kept informed of progress and will play its part in keeping the public informed.

May 2015



## Statement from Healthwatch (Devon) on South Devon Healthcare NHS Foundation Trust's Quality Account 2014/2015

Healthwatch Devon welcomes the opportunity to provide a statement in response to the Quality Account produce by the SDHCFT this year. Our response is based on the feedback we receive about the quality of the services they provide and our involvement with the Trust.

Healthwatch Devon commends The Trust's achievements in relation to the priorities that were set for last year, in particular the patient experience priorities around bereavement and support for carers in the discharge planning process. Healthwatch Devon hears from carers and relatives across Devon who express concern about being listened to and involved when it comes to the person they care for leaving hospital or receiving end of life care.

Looking forward Healthwatch Devon is encouraged by The Trust's set of priorities for improvement which address the handover of information during transfer of care; the development of a single point of contact for information, advice, assessment and support and carer involvement in medication management. These are all topics that we hear about that can present difficulties for patients and carers, not only in South Devon, but across the County.

Hospital discharge has recently been the focus of community engagement for Healthwatch, both locally and nationally and our findings have been shared with Commissioners and local NHS Provider Trusts for their consideration and response. We found from people's experiences shared with us that concerns centred mainly around: timeliness of care assessments and care packages being in situ on return

home; provision and quality of information provided to patients, carers and relatives; and coordination of care and communication between different organisations. SDHCFT has recently welcomed the findings of this latest consumer experience report and although only a small number of experiences relate directly to Torbay Hospital, the report and its findings are due to be considered by the engagement and experience group (Workstream 2) and we hope that the evidence presented in the report will help to inform service improvement going forward.

In respect of targets for A&E waiting times, we acknowledge that this situation mirrors what is happening nationally as well as in other parts of the South West. Healthwatch Devon recently *reported its findings* in relation to where people go if they are seeking non-urgent medical treatment and this report revealed that many people are unsure of their options and therefore go to A&E as a first choice. Others reported difficulties in getting GP appointments in Devon and others reported being signposted to A&E, when this was not necessary. These are all contributing factors that can have an impact on the capacity to treat people within targeted waiting times and therefore Healthwatch Devon recognises the need for multi agency commitment to improving access to the most appropriate care in a timely manner.

With regard to consumer feedback, the amount we receive that relates to SDHCFT is on the increase. With the imminent launch of our own online patient feedback centre, which Torbay, Plymouth and Cornwall also use, we will be able to directly share comments and experiences with the Trust as they are received.

A key function for Healthwatch Devon is to collect the views and experiences of patients, carers and the public about local health and care services and for these to be shared with those who commission and provide services on a regular basis. As such, Healthwatch Devon is committed to developing a dialogue with SDHCFT, through the emerging engagement and experience strategy, to ensure that all experiences and views that we capture, that relate to services that the Trust manages and delivers, are systematically shared with SDHCT and TSDHCT going forward and can be used to inform any work that is being undertaken to improve services for people now and in the future.



## Annex 2

### **Statement of Directors' responsibilities in respect of the Accounts**

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. Monitor has issued guidance to NHS foundation trust boards on the form and content of annual quality reports (which incorporate the above legal requirements) and on the arrangements that foundation trust boards should put in place to support the data quality for the preparation of the quality report.

In preparing the quality report, directors are required to take steps to satisfy themselves that:

- the content of the quality report meets the requirements set out in the NHS Foundation Trust Annual Reporting Manual 2014-15; and supporting guidance
- the content of the quality report is not inconsistent with internal and external sources of information including:
  - Board minutes and papers for the period April 2014 to June 2015
  - Papers relating to quality reported to the Board over the period April 2014 to June 2015
  - Feedback from the Commissioners (South Devon and Torbay CCG ) dated 11th May 2015
  - Feedback from Governors dated 15<sup>th</sup> May 2015
  - Feedback from local Healthwatch organisations dated 11<sup>th</sup> May 2015 and 13<sup>th</sup> May 2015
  - The Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated January 2015
  - The 2014 national inpatient survey dated 21<sup>st</sup> May 2015
  - The 2014 national staff survey dated 24<sup>th</sup> February 2015
  - The Head of Internal Audit annual opinion over the Trust's control environment dated 27<sup>th</sup> May 2015
  - Care Quality Commission intelligence monitoring reports dated December 2014
- the quality report presents a balanced picture of the NHS foundation trust's performance over the period covered;
- the performance information reported in the quality report is reliable and accurate;

- there are proper internal controls over the collection and reporting of the measures of performance included in the quality report, and these controls are subject to review to confirm that they are working effectively in practice;
- the data underpinning the measures of performance reported in the quality report is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review; and
- the quality report has been prepared in accordance with Monitor's annual reporting guidance (which incorporates the Quality Accounts regulations) (published at [www.monitor-nhsft.gov.uk/annualreportingmanual](http://www.monitor-nhsft.gov.uk/annualreportingmanual)) as well as the standards to support data quality for the preparation of the quality report (available at [www.monitor-nhsft.gov.uk/annualreportingmanual](http://www.monitor-nhsft.gov.uk/annualreportingmanual))).

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

By order of the board

Date 27/5/2015  Sir Richard Ibbotson, Chair

Date 27/5/2015  Mairead McAlinden Chief Executive

## Annex 3

CQUIN 2014/15 – full details & outcomes available at [www.sdhct.nhs.uk](http://www.sdhct.nhs.uk)

Goal	Objective	Q1	Q2	Q3	Q4
Severe sepsis	Improve the recognition, and timeliness and reliability of management of severe sepsis				
Safety thermometer	Reduce the prevalence of pressure ulcers				
Friends and Family -	Implement the Staff Friends and Family Test and act on feedback				
	Early implementation of the Patients Friends & Family Test Outpatients & Day Cases				
	Improve response rate of the Patients Friends & Family Test in A&E to - end of yr trajectory	n/a	n/a	n/a	
	Improve response rate of the Patients Friends & Family Test in inpatient areas to - end of year trajectory	n/a	n/a	n/a	
Bereavement	Improve the timeliness of information to GPs of patients who have died in hospital				
	Improve signposting of bereavement support for carers, families & children				
Patient flow	Set up and test a functioning assessment area where patients who may not need to be admitted can be assessed resulting in an agreed management plan initiated within 4 hours of registration				
Frailty	Identified clinical dementia lead with appropriate training for all staff including achieving purple angel status				
	Improve the % of patients over 75 admitted as an emergency screened for dementia, assessed and referred. <i>Target 90% - By end of yr 85%</i>				
	Identify and improve the top three areas of concern for carers involved in the discharge process				
	Complete the rollout of enhanced recovery on medicine				
	Pilot and evaluate a frailty / multi-morbidity measure (e.g. Edmonton score) or other identified way of capturing patient dependence across a pathway.				
Alcohol	Increase the % identified and screened by a minimum of 5%				
Yellow card scheme	Undertake a deep dive analysis of a current prevalent theme indicated through the Yellow Card system each quarter,				

## Independent Auditors' Limited Assurance Report to the Council of Governors of South Devon Healthcare NHS Foundation Trust on the Annual Quality Report

We have been engaged by the Council of Governors of South Devon Healthcare NHS Foundation Trust to perform an independent assurance engagement in respect of South Devon Healthcare NHS Foundation Trust's Quality Report for the year ended 31 March 2015 (the 'Quality Report') and specified performance indicators contained therein.

### Scope and subject matter

The indicators for the year ended 31 March 2015 subject to limited assurance (the "specified indicators"); marked with the symbol **A** in the Quality Report, consist of the following national priority indicators as mandated by Monitor:

<b>Specified Indicators</b>	<b>Specified indicators criteria</b>
<i>Percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period</i>	<i>Criteria for the indicators can be found in the Quality Report (on pages 153 of the Annual Report) on which we are giving our limited assurance opinion.</i>
<i>Maximum waiting time of 62 days from urgent GP referral to first treatment for all cancers</i>	

### Respective responsibilities of the Directors and auditors

The Directors are responsible for the content and the preparation of the Quality Report in accordance with the specified indicators criteria referred to on pages of the Quality Report as listed above (the "Criteria"). The Directors are also responsible for the conformity of their Criteria with the assessment criteria set out in the NHS Foundation Trust Annual Reporting Manual ("FT ARM") and the "Detailed requirements for quality reports 2014/15" issued by the Independent Regulator of NHS Foundation Trusts ("Monitor").

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that:

- The Quality Report does not incorporate the matters required to be reported on as specified in Annex 2 to Chapter 7 of the FT ARM and the "Detailed requirements for quality reports 2014/15";
- The Quality Report is not consistent in all material respects with the sources specified below; and
- The specified indicators have not been prepared in all material respects in accordance with the Criteria and the six dimensions of data quality set out in the "2014/15 Detailed guidance for external assurance on quality reports".

We read the Quality Report and consider whether it addresses the content requirements of the FT ARM and the "Detailed requirements for quality reports 2014/15; and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the Quality Report and consider whether it is materially inconsistent with the following documents:

- Board minutes for the financial year, April 2014 and up to the date of signing this limited assurance report (the period);
- Papers relating to quality report reported to the Board over the period April 2014 to the date of signing this limited assurance report;
- Feedback from the Commissioners NHS South Devon and Torbay CCG dated 11 May 2015;
- Feedback from Governors dated 15 May 2015;
- Feedback from Local Healthwatch organisations; Healthwatch Devon dated 13 May 2015; and Healthwatch Torbay dated 11 May 2015;
- The Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated January 2015;
- Feedback from other stakeholder(s) involved in the sign-off of the Quality Report; Devon County Council Health and Wellbeing Scrutiny Committee dated April 2015; and Torbay Council Health Scrutiny Board dated May 2015;
- The *latest* national inpatient survey dated 21 May 2015;
- The *latest* national and local staff survey dated 24 February 2015;
- Care Quality Commission Intelligent Monitoring Reports dated December 2014;
- The Friends and Family Test data dated March 2015; and
- The Head of Internal Audit's annual opinion over the Trust's control environment dated 27 May 2015.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with those documents (collectively, the "documents"). Our responsibilities do not extend to any other information.

We are in compliance with the applicable independence and competency requirements of the Institute of Chartered Accountants in England and Wales ("ICAEW") Code of Ethics. Our team comprised assurance practitioners and relevant subject matter experts.

This report, including the conclusion, has been prepared solely for the Council of Governors of South Devon Healthcare NHS Foundation Trust as a body, to assist the Council of Governors in reporting South Devon Healthcare NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2015, to enable the Council of Governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicators. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors as a body and South Devon Healthcare NHS Foundation Trust for our work or this report save where terms are expressly agreed and with our prior consent in writing.

### **Assurance work performed**

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('ISAE 3000'). Our limited assurance procedures included:

- reviewing the content of the Quality Report against the requirements of the FT ARM and "Detailed requirements for quality reports 2014/15";
- reviewing the Quality Report for consistency against the documents specified above;

- obtaining an understanding of the design and operation of the controls in place in relation to the collation and reporting of the specified indicators, including controls over third party information (if applicable) and performing walkthroughs to confirm our understanding;
- based on our understanding, assessing the risks that the performance against the specified indicators may be materially misstated and determining the nature, timing and extent of further procedures;
- making enquiries of relevant management, personnel and, where relevant, third parties;
- considering significant judgements made by the NHS Foundation Trust in preparation of the specified indicators;
- performing limited testing, on a selective basis of evidence supporting the reported performance indicators, and assessing the related disclosures; and
- reading the documents.

A limited assurance engagement is less in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

## **Limitations**

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Quality Report in the context of the assessment criteria set out in the FT ARM the “Detailed requirements for quality reports 2014/15 and the Criteria referred to above.

The nature, form and content required of Quality Reports are determined by Monitor. This may result in the omission of information relevant to other users, for example for the purpose of comparing the results of different NHS Foundation Trusts.

In addition, the scope of our assurance work has not included governance over quality or non-mandated indicators in the Quality Report, which have been determined locally by South Devon Healthcare NHS Foundation Trust.

## Conclusion

Based on the results of our procedures, nothing has come to our attention that causes us to believe that for the year ended 31 March 2015,

- The Quality Report does not incorporate the matters required to be reported on as specified in Annex 2 to Chapter 7 of the FT ARM and the “Detailed requirements for quality reports 2014/15”;
- The Quality Report is not consistent in all material respects with the documents specified above; and
- the specified indicators have not been prepared in all material respects in accordance with the Criteria and the six dimensions of data quality set out in the “Detailed guidance for external assurance on quality reports 2014/15”.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants  
Princess Court  
23 Princess Street  
Plymouth  
PL1 2EX

28 May 2015

The maintenance and integrity of the South Devon Healthcare NHS Foundation Trust’s website is the responsibility of the directors; the work carried out by the assurance providers does not involve consideration of these matters and, accordingly, the assurance providers accept no responsibility for any changes that may have occurred to the reported performance indicators or criteria since they were initially presented on the website.

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## **Alternative formats**

This report is available in large print, on-line or other formats on request. Please call 01803 658510 or email [communicationsmanager.sdhct@nhs.net](mailto:communicationsmanager.sdhct@nhs.net) or write to Senior Communications Manager, South Devon Healthcare NHS Foundation Trust, Torbay Hospital, Torquay TQ2 7AA.

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## **Annual Accounts 2014/15**

## Foreword to the accounts

South Devon Healthcare NHS Foundation Trust ('the Trust') is required to 'keep accounts in such form as the regulator may with the approval of the Treasury direct' (paragraph 24(1), schedule 7 to the National Health Service Act 2006 ('the 2006 Act')). The Trust is required to 'prepare in respect of each financial year annual accounts in such form as the regulator may with the approval of the Treasury direct' (paragraph 25(1), schedule 7 to the 2006 Act). In preparing its annual accounts, the Trust must comply with any directions given by the regulator with the approval of the Treasury, as to the methods and principles according to which the accounts are to be prepared and the information to be given in the accounts (paragraph 25(2), schedule 7 to the 2006 Act). In determining the form and content of the annual accounts Monitor, as the regulator, must aim to ensure that the accounts present a true and fair view (paragraph 25(3), Schedule 7 to the 2006 Act).

**Signed**

A handwritten signature in black ink, appearing to read 'Mairead M. McAlinden', written in a cursive style.

**Mairead McAlinden**  
Chief Executive

**Date: 27 May 2015**

## Statement of Accounting Officer's Responsibilities

### Statement of the Chief Executive's responsibilities as the accounting officer of South Devon Healthcare NHS Foundation Trust

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

Under the NHS Act 2006, Monitor has directed South Devon Healthcare NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of South Devon Healthcare NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *NHS Foundation Trust Annual Reporting Manual* and in particular to:

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

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

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

**Signed**



**Mairead McAlinden**  
Chief Executive

**Date: 27 May 2015**

## **Annual Governance Statement**

### **1.0 Scope of Responsibility**

As accounting officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS foundation trust's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the NHS foundation trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the NHS Foundation Trust Accounting Officer Memorandum.

### **2.0 The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of South Devon Healthcare NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in South Devon Healthcare NHS Foundation Trust for the year ended 31 March 2015 and up to the date of approval of the annual report and accounts.

### **3.0 Capacity to Handle Risk**

Responsibility for the oversight of the risk management process has been delegated by the Board of Directors to the Risk and Assurance Integrated Governance Group consisting of two non-executive directors, one being the chair (acting chair until June 2014), all executive directors and divisional general managers supported by the company secretary, governance lead and patient safety lead. The Risk and Assurance Integrated Governance Group manages the risk and assurance framework. In addition, the executive directors have in place a process whereby all significant risks to the achievement of divisional and directorate objectives, Monitor governance and compliance requirements and Care Quality Commission regulations are kept under review.

Divisional general managers are responsible and accountable to the chief operating officer (interim director of operations before the appointment of the chief operating officer in January 2015) for the quality of the services that they manage and ensure that any identified risks are placed on the divisional risk register. All such risks are reviewed by the relevant divisional board and any necessary escalation managed in accordance with the risk reporting process.

Divisional and directorate risk management activities are supported by a risk management training programme and the Risk and Assurance Integrated Governance Group, whose purpose is to provide a cross-organisational support network. Executives and non-executives are provided with risk management training on an individual basis or collectively at board seminars.

The Trust continues to maximise its opportunity to learn from other trusts, internal / external audit and continuous feedback is sought internally on whether the systems and processes in place are fit for purpose.

### **4.0 The Management, Risk and Control Framework**

#### **4.1 Risk and Controls Framework**

Risk is managed at all levels of the Trust and is co-ordinated through an integrated governance framework consisting of five workstreams covering patient safety, patient experience and community partnerships, finance, human resources and educational governance and infrastructure and environment.

The Trust's risk management strategy provides an integrated framework for the identification and management of risks of all kinds, whether clinical, organisational or financial and whether the impact is internal or external. This is supported by a board assurance framework, which is used to record corporate objectives, risks to their achievement, key risk controls, sources of assurance and gaps in assurance to ensure effective risk management.

## Annual Governance Statement (continued)

### 4.1 Risk and Controls Framework (continued)

There is a review process under the leadership of the executive directors, who meet weekly, which includes discussion and review of the five workstreams and directorate risk management and assurance registers. Any risk identified by a directorate, division or executive lead as likely to impact adversely on organisational objectives, will be taken to either the Leadership Group (previously known as the Clinical Executive Group) meeting or the Risk and Assurance Integrated Governance Group, whichever is the sooner.

In addition, the Risk and Assurance Integrated Governance Group reviews the risk and assurance framework every three months and the Audit and Assurance Committee reviews gaps in assurance throughout the year. The Board of Directors evaluates the board assurance framework on a regular basis following the meeting of the Risk and Assurance Integrated Governance Group with any exceptions being reported at other times of the year.

The assessment and subsequent management of risk is informed by its quantification using a risk grading matrix, which is set by the Board of Directors. Consequence and likelihood tables are outlined in the risk and assurance policy and procedure. Across a range of domains, the consequence tables grade each risk by reference to its expected impact. This, combined with the likelihood score, defines a measure of overall risk. The Trust risk tolerance is defined as: 'the amount of risk the Trust is prepared to accept, tolerate or be exposed to at any point in time'. In setting a tolerance, it has been determined that any risks to the delivery of the organisation's objectives with inherent consequence scores of five will be brought through the exception reporting process and managed by the Trust Board of Directors. In addition, risks with inherent consequence scores of four are listed for information and appropriate challenge at the Audit and Assurance Committee / Board of Directors. Actions and timescale for resolution are agreed and monitored. Such risks are deemed to be acceptable by the Risk and Assurance Integrated Governance Group only when there are adequate control mechanisms in place and a decision has been made that the risk has been managed as far as is considered to be reasonably practicable. Risks scored below this level are managed by the relevant divisional board or workstream.

An example of where risk management is integrated into core Trust business is in relation to the quality report. The Trust identifies up to five quality improvements for the year, which have been developed through discussions with clinical teams, our commissioners and the senior clinical and business leaders in our organisation. The Trust arranged an engagement meeting early in the New Year to take into account the views of our key stakeholders and governors before agreeing the priority areas for 2014/15. These priorities were then signed off by the Trust board and are managed in accordance with our internal risk management process. An external audit review is undertaken on the quality report during May each year resulting in an independent auditor's limited assurance opinion on the annual quality report that can be found on page 153.

During the past twelve months the Trust's Board of Directors has provided Monitor (sector regulator for health services in England) with quarterly governance reports against the domains outlined within the compliance framework; one of which is risk and assurance management.

Locally, there is regular dialogue with our partners in the South Devon health community. This is supported by the strategically focused JoinedUp Health and Care Cabinet, which includes representation of chief executives, senior medical and commissioning staff including general practitioners from across Torbay and Southern Devon. Risks that may impact on the objectives of our principal commissioners are kept under review by the JoinedUp Health and Care Cabinet.

**Annual Governance Statement (continued)**

**4.2 Major Risks**

2014/15 was another challenging year for South Devon Healthcare NHS Foundation Trust although the organisation achieved continuity of service risk ratings in line with the annual plan expectations. Compliance with governance targets was maintained during quarters one and two, but this rating was challenged at quarter three due to failing to meet both the accident and emergency (A&E) four-hour target and 18-weeks in aggregate referral to treatment (RTT) time for admitted patients, even though a number of actions were initiated during the year. The quarter three governance risk rating from Monitor was 'under review' rather than a 'green' or 'red' risk rating. In January 2014, Monitor was informed that the Trust's Board of Directors had agreed to take action in quarter four [2013/14] to reduce the RTT backlog for admitted care and so would breach one standard in one quarter. This approach was extended into the first two quarters of 2014/15 in response to a national requirement to reduce the number of patients waiting 18 weeks. The Trust agreed with Monitor and commenced a programme to increase the capacity to treat the longest waiting patients against the admitted RTT pathways at the end of 2013/14 and into 2014/15. This plan meant underachievement of this standard for admitted pathways, but would mean that a position for sustainable delivery at speciality level, agreed with commissioners, is achieved through an overall reduction in RTT backlog. Unfortunately, on 29 August 2014, South Devon and Torbay Clinical Commissioning Group issued a suspension notice for cataract surgery on a local provider, which resulted in a number of the Trust's patients being referred back to Torbay Hospital rather than being treated by a third party under a sub-contract agreement. The closure of the external provider had a negative impact on the Trust's recovery plans. During quarter four, additional capacity was implemented in plastic surgery (outsourcing) and ophthalmology (twilight lists) as part of the RTT recovery plan. This stopped the increase in backlog in these key specialties and allowed the backlog number to be reduced. The backlog reduction overall did not meet the sustainable position needed for RTT delivery and these plans will continue into 2015/16. The trajectory for RTT recovery and sustainable delivery has been submitted to Monitor and shows compliance from the end of quarter two 2015/16. The A&E recovery plan has delivered improvements during the year and the target was achieved in November 2014 for the first time in 2014/15. The pressures from peaks in demand and in particular patient flow across the wider sector to community hospitals and for packages of social care was a particular challenge in December 2014. Due to the Winter pressures experienced across the whole of the NHS continuing into the New Year, the full impact of A&E plans for sustainable performance of greater than 95 per cent will not be seen until quarter one 2015/16. The governance risk ratings from Monitor for quarter four 2014/15 have yet to be received. The Trust was placed on weekly reporting for A&E and monthly reporting for the RTT standard and continues to report to these timeframes as the Trust moves into 2015/16. The Trust remains on monthly monitoring for the challenging clostridium difficile target and continues to perform well on having a low number of cases related to lapses in care.

Throughout the year, major risks are escalated to the board assurance framework which is regularly reviewed and managed by the Board of Directors, Audit and Assurance Committee and Risk and Assurance Integrated Governance Group.

**In-Year and Future Risks**

Governance Risk Description	Consequence <sup>i</sup> / Likelihood <sup>ii</sup>	Mitigating Action	Outcome measurement
Maintaining good working relationships with key players, notably the GP commissioning leaderships, Torbay and Southern Devon Health and Care NHS Trust and the local authorities impacting on the Trust's ability to deliver the integration agenda	4 / 3	<ul style="list-style-type: none"> <li>- Integrated Care Organisation (ICO) delivery programme with project initiation documents etc. confirmed by the two provider trusts and the ICO programme board;</li> <li>- ICO workstreams and terms of reference reporting to programme board with membership from both trusts and local clinical commissioning group;</li> <li>- Regular meetings between the chairs and chief executives of both provider Trusts and local clinical commissioning group;</li> <li>- One board member from Torbay and Southern Devon Health and Care NHS Trust invited to all public/private Foundation Trust board meetings and vice versa;</li> <li>- Joined Up Health and Care meetings;</li> <li>- Governors kept informed at all stages in the process.</li> </ul>	<ul style="list-style-type: none"> <li>- Stage three submission to Monitor (6 February 2015).</li> <li>- Chairman's correspondence regarding the Trust's quarter three financial declaration to Monitor.</li> </ul>

Annual Governance Statement (continued)

4.2 Major Risks (continued)

Governance Risk Description	Consequence <sup>i</sup> / Likelihood <sup>ii</sup>	Mitigating Action	Outcome measurement
Maintaining effective governance structures in respect of board level positions	4 / 2	<ul style="list-style-type: none"> <li>- Effective recruitment processes supported by policies and procedures;</li> <li>- Use of executive search agencies;</li> <li>- Interim appointments where appropriate;</li> <li>- Governors kept informed at all stages in the process.</li> </ul>	- Senior board positions filled.
Maintaining safety and quality care whilst delivering a challenging financial target	4 / 2	<ul style="list-style-type: none"> <li>- Action plans in place with board approval;</li> <li>- Regular monitoring by workstream 3, Continuous Improvement Project (CIP) Board and Board of Directors;</li> <li>- Monthly contract review meetings with commissioners;</li> <li>- Joined Up Health and Care Meetings</li> <li>- Quarterly reporting to Monitor;</li> <li>- Impact assessment for all savings programmes undertaken by medical and nurse directors</li> </ul>	<ul style="list-style-type: none"> <li>- Reports from Monitor regarding annual risk assessment and quarterly submissions;</li> <li>- Monthly and cumulative financial performance by division to the finance committee and Trust board in line with plan.</li> </ul>
Managing transition and relationships in new provider/commissioner landscape especially partner resources that are increasingly limited	4 / 3	<ul style="list-style-type: none"> <li>- JoinedUp Health and Care Cabinet;</li> <li>- Board to board meeting with both commissioner and partner provider organisations;</li> <li>- Focus on partnerships / relationships within workstream two;</li> <li>- Workforce, estates and financial models, capacity plan;</li> <li>- workstream three - finance;</li> <li>- Understanding of operating framework / changes to the risk assessment framework and impact of local (contractual) agreements;</li> <li>- Chief executive / interim chief executive 1:1s with local health and care trust, clinical commissioning group and local authorities;</li> <li>- Medical director chairing the JoinedUp Health and Care Cabinet.</li> </ul>	- On track with key performance indicators across all workstreams.
Delivery of the estate strategy to develop our estate	5 / 2	<ul style="list-style-type: none"> <li>- Estates strategy and three year capital programme agreed by the Trust board</li> <li>- Completed action plans from internal audit reviews;</li> <li>- Regular monitoring by workstream 5 and Board of Directors.</li> </ul>	<ul style="list-style-type: none"> <li>- Delivery against the capital plan agreed by workstream 3 and Trust board;</li> <li>- PLACE (Patient-Led Assessments of the Care Environment);</li> <li>- Care Quality Commission submissions/assessments.</li> </ul>

## Annual Governance Statement (continued)

### 4.2 Major Risks (continued)

Governance Risk Description	Consequence <sup>i</sup> / Likelihood <sup>ii</sup>	Mitigating Action	Outcome measurement
Maintaining compliance with national targets	3 / 4	<ul style="list-style-type: none"> <li>- Actions plans in place with board approval;</li> <li>- Regular monitoring by workstream 3 and Board of Directors;</li> <li>- Divisional performance management process;</li> <li>- Commissioner performance review.</li> </ul>	<ul style="list-style-type: none"> <li>- Reports from Monitor regarding annual risk assessment and quarterly submissions;</li> <li>- Monthly and cumulative performance reviews by workstream / division to the finance committee and trust board in line with plan;</li> <li>- Outcomes from external reviews e.g. assessments conducted by the Care Quality Commission.</li> </ul>
Achievement savings plans for 2015/16	4 / 2	<ul style="list-style-type: none"> <li>- Completion of business plan for 2015/16;</li> <li>- Programme management function</li> <li>- Monitoring by CIP board / workstream three and Board of Directors.</li> </ul>	<ul style="list-style-type: none"> <li>- Development of plans to release efficiency savings agreed by trust Board of Directors.</li> </ul>

i. 5 = worst

ii. 5 = most likely

### 4.3 Compliance with NHS Pension Scheme Regulations

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.

### 4.4 Care Quality Commission (CQC) Declaration

There were no formal visits undertaken by the CQC during 2014/15. At 31 March 2015, the Foundation Trust remains fully compliant with all registration requirements. In respect of the CQC's intelligent monitoring report, which is the CQC's quality risk profile the Trust remains at band four (on a scale of one to six, with six being the lowest risk).

Assurance against the CQC registration requirements is obtained through the five workstreams where executive leads and supporting managers present their evidence/assurance throughout the year. This process is supported by a CQC dashboard showing areas for improvement and regular reviews by the Risk and Assurance Integrated Governance Group / internal audit.

## **Annual Governance Statement (continued)**

### **4.4 Care Quality Commission (CQC) Declaration (continued)**

During the year the Trust reported two never events as defined by the Department of Health (DH) never events framework 2014/15.

The first incident involved a registrar that was undertaking an unsupervised YAG laser list in the Eye Clinic. The patient was attending for left laser capsulotomy of the left eye; a treatment used to clear opacity behind the artificial lens that can develop after cataract surgery. However, the registrar treated the right eye. That eye had not had cataract surgery, and as a consequent the capsule was breached. The registrar realised his mistake and proceeded to treat the left eye and the results show that he competently performed the laser capsulotomy on that side. As a consequence of the incorrect laser treatment to the right eye, the natural lens in the patient's right eye swelled causing high pressure in the eye. The patient was admitted to the ward to receive medication and eye drops and the pressure resolved quickly and the patient was not in distress or discomfort. The registrar informed the ophthalmology consultant on call. The patient, their family and care home staff were also informed of the incident immediately.

The second incident involved the retention of a throat pack following surgery. The patient was attending theatre for excision of a submandibular gland under the maxillo facial surgeons. After anaesthetic induction, the registrar inserted a throat pack in line with standard procedures and the operation continued without event. The patient was then transferred to the Post Anaesthetic Care Unit (PACU) where she complained of a dry throat. The practitioner caring for the patient offered her a drink of water and, on helping her with the drink, noticed the throat pack still in situ. It was removed immediately, the patient was reassured and an explanation given. The patient came to no harm nor did they exhibit any signs of desaturation according to the anaesthetic and recovery charts. A review of one part of the procedures concluded that the anaesthetic record showed insertion of a throat pack, but did not show removal.

The Trust conducted detailed and immediate root cause analysis following both incidents that resulted in comprehensive action plans being put in place. Both incidents were reported to the Trust's commissioners, CQC, Trust Development Authority via STEIS (Strategic Executive Information System), Monitor and the Trust Board of Directors. Reviews of the Trust's practices, policies, procedures, assurance, monitoring systems and feedback mechanisms are conducted on a regular basis and following a never event.

### **4.5 Compliance with Equality, Diversity and Human Rights Legislation**

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

The Trust is committed to providing an inclusive and welcoming environment for our patients, staff and visitors and is working hard to mainstream equality, diversity and human rights into our culture. The chief executive is the senior responsible officer for the equality delivery system.

Performance is monitored via the Equalities Cooperative (formally known as the Equality, Diversity and Human Rights Group) who report through workstream four – Human Resources and Educational Governance. The group meets every three months to review and report progress on the Trust's equality and diversity action plan.

The Trust Board of Directors receives monthly reports on equality and diversity issues from the director of workforce and organisational development. These include any negative impacts from equality impact assessments and an annual diversity report which will include workforce data profiled by diverse strand and pay bands, and progress against the equality and diversity action plan. Equality impact assessments can be found on the Trust's website.

The Trust has a three-year rolling equality and diversity action plan which is updated annually and is reported via workstream four to the Trust Board of Directors. The Trust recently reviewed and updated the action plan with any on-going actions being carried forward into 2015/16.

The action plan is a standing item on the Equalities Cooperative agenda where priorities and actions are monitored.

## **Annual Governance Statement (continued)**

### **4.6 Compliance with climate change adaptation reporting to meet the requirements under the Climate Change Act 2008**

The Foundation Trust has undertaken risk assessments and carbon reduction delivery plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on United Kingdom Climate Impacts 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.

Sustainability is a regular item on the agenda for our Board of Directors, and the Trust's progress is regularly reported to staff and members of the public. The Trust has a sustainability strategy approved by the Trust Board of Directors.

There is an approved sustainable development management plan, approved at Board level, that accompanies the sustainability strategy. This is reviewed each year to ensure that the Trust fulfils its commitment to consider sustainability while providing high-quality patient care. Progress against this plan is monitored and reported annually, with sustainability activities included in the Trust annual report and other documents such as the quality report.

### **4.7 Compliance with the NHS Litigation Authority**

The NHS Litigation Authority (NHSLA) forms an opinion based on the number of claims made and levels of payments. For NHS foundation trusts within the NHSLA clinical negligence scheme, all claims are recognised in the accounts of the NHSLA. Consequently, the NHS foundation trust will have no provision for clinical negligence claims. The NHSLA will provide a schedule showing the claims recognised in the books of the NHSLA on behalf of the NHS foundation trust. This will be disclosed at the foot of the main provisions table.

In 2013/14, maternity services achieved Clinical Negligence Scheme for Trusts (CNST) level three for the maternity Clinical Risk Management Standards, the highest level of the NHS Litigation Authority's stringent standards to improve the safety of women and their babies. Achieving level three meant a reduction of 30 per cent for the maternity element of the Trust's CNST contributions.

### **4.8 Compliance with Information Governance Requirements**

Risks to information are managed and controlled by applying a robust assessment against the evidence collected as part of the national information governance toolkit return. The Trust reported one incident regarding a data breach to the information commissioner during 2014/15. The incident involved an NHS secure email with an attachment being sent in error to a non-NHS e-mail address. The attachment contained the forename and surname of a patient together with details regarding a clinical incident. The conclusion of the Information Commissioner's Office (ICO) on 29 October 2014 to its investigation of the incident was that there was no regulatory action required against the Trust as the incident did not meet the criteria set out in the ICO's Data Protection Regulatory Action Policy. Any other incidents recorded during 2014/15 were assessed as being of low or little significant risk. In accordance with the 2014/15 Monitor risk assessment framework, the Trust was able to declare level two compliance against the information governance toolkit requirements by 31 March 2015. A new action plan will be created to deliver improvements against the 2015/16 information governance toolkit and will be overseen by the Information Governance Steering Group which is chaired by the senior information risk owner.

## Annual Governance Statement (continued)

### 4.9 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. Monitor has issued guidance to NHS foundation trust boards on the form and content of annual quality reports which incorporate the above legal requirements in the NHS foundation trust annual reporting manual.

There are five standards that support the data quality for the preparation of the quality report: governance and leadership; policies; systems and processes; people and skills; data use and reporting. A report is made to the Board of Directors by the medical director describing the steps that have been put in place to ensure that the quality report presents a balanced view and that there are appropriate controls in place to ensure the accuracy of the data.

Clinicians have approved the data included in the quality report. The Data Quality Group creates local standards and procedures to achieve appropriate external benchmarks for data quality. Membership includes local commissioners and internal audit. The quality report has been provided to the Health Scrutiny Board of Torbay Council, lead commissioner, Healthwatch and to Trust governors for comment.

All staff are responsible for the accuracy, completeness, timeliness, integrity and validity of their data. Data entry training encourages an approach to data management that ensures that data is captured 'right first time'. Many of the information systems have built-in controls. Corporate security and recovery arrangements are in place in line with the information governance toolkit requirements. There is a programme of training for data quality. This includes regular updates for staff to ensure that changes in data quality procedures are disseminated and implemented.

Information that supports the quality report is subject to a system of internal control and validation. Clinical data such as mortality rates, hygiene standards and the early warning trigger tool are reported and, where appropriate challenged at board level.

In respect of the quality and accuracy of elective waiting time data a detailed audit report was issued in May 2014 with an overall assurance opinion of green (lowest risk). Embedded in the performance management processes are weekly meetings designed to challenge data quality, especially in relation to waiting list management of elective pathways. As mentioned above, the Trust has a range of information systems in place designed to capture data for use in patient care, financial management and the measurement of both local and national performance. The accuracy and consistency of this data is monitored through a range of activities, overseen by the Trust's Data Quality Group.

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

The directors are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the Trust's use of resources. The Trust has established a number of processes to ensure the achievement of this. These include:

\* Clear processes for setting, agreeing and implementing strategic objectives based on the needs of the local population, reflecting the priorities of key partners and the Department of Health. This includes a clear strategy for patient and public involvement as well as the Trust's 12,000 foundation trust public members, providing a key focus for our engagement work within South Devon. Established objectives are supported by quantifiable and measurable outcomes.

\* Clear and effective arrangements for monitoring and reviewing performance which include a comprehensive and integrated performance dashboard used monthly in the performance management of clinical services and reported to the Board of Directors. The performance report details any variances in planned performance and key actions to resolve them plus the implementation in a timely fashion of any external recommendations for improvement e.g. external audit. There is also a performance management regime embedded throughout the Trust including weekly capacity review meetings, executive reviews of services, budget review (undertaken monthly) and regular work to ensure data quality.

## Annual Governance Statement (continued)

### 5.0 Review of Economy, Efficiency and Effectiveness of the Use of Resources (continued)

\* Through workstream three (Finance Committee) and the Continuous Improvement Programme (CIP) Board, the Trust has robust arrangements for planning and managing financial and other resources in place. The Trust initially submitted a deficit plan of £2.2 million for 2014/15, though this was subsequently revised to a deficit of £4.6 million in July 2014, reflecting additional pressures caused by agency spend, CIP under performance and escalation capacity that had not been predicted in the initial budget setting process. The Trust board made an active decision to revise the financial plan, having determined that the impact of actions that would have been required to deliver the original target position would have had an unacceptable impact on operational / clinical standards. The final position for the year was, after allowing for technical adjustments, principally to asset valuations, in line with the revised forecast. Performance in non-pay areas was good with a downward trend toward the end of the year. CIP delivery was £10.3 million against a target of £12.2 million, of which £3.9 million was delivered on a recurring basis.

\* The Trust uses Dr Foster and other benchmarking tools such as the NHS productivity metrics to demonstrate the delivery of value for money. The Trust continues to develop its service line reporting data to ensure services are being provided as efficiently as possible and any surpluses generated by the Trust are reinvested back into patient care. For procurement of non-pay related items the Trust has a clear procurement strategy and collaborates with other NHS bodies to maximise value through the NHS South West Peninsular Procurement Alliance.

### 6.0 Review of Effectiveness

As accounting officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS foundation trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the quality report attached to this annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board of Directors, the Audit and Assurance Committee, Patient Safety Committee and Risk and Assurance Integrated Governance Group and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board of Directors is accountable for the system of internal control and actively reviews the board assurance framework to ensure the Board of Directors delivers the Trust's corporate objectives with advice from the following:

- Audit and Assurance Committee - The main purpose of the committee is to provide assurance to the Board of Directors that effective internal control arrangements are in place. In addition, the committee provides a form of independent check upon the executive arm of the Board of Directors.

- Risk and Assurance Integrated Governance Group - The main purpose of the group is to support the development of the Trust's long term strategy and implementation of the Trust's risk management and assurance framework and to review and make recommendations on all major risks to the organisation.

- Five workstreams:

1. Patient safety - providing assurance to the Trust board that patients are receiving the highest possible quality of clinical care. The workstream monitors the systems and processes of clinical services and assures itself that services within the organisation are person-centred, continuously improving both quality and safety by preventing clinical errors wherever possible or learning from them.

2. Patient experience and community partnerships - providing the Trust board with assurance that the organisation is delivering an excellent patient experience. Developing, maintaining and monitoring partnerships with patients and with key stakeholder groups in the wider community in order to better understand the patient experience and to meet the needs of service users.

3. Finance - providing assurance to the Trust board on the development and implementation of the Trust's long-term strategy. The effective management on all issues of major risk in relation to the business and performance of the Trust.

4. Human resources and educational governance – providing assurance to the Trust board on all aspects of workforce and educational management including the implementation of the Equality Delivery System (EDS) by developing and monitoring the implementation of the workforce, education and development strategies.

5. Infrastructure and environment - providing assurance to the Trust board on all aspects of its infrastructure and environment, which includes estates and facilities management.

## Annual Governance Statement (continued)

### 6.0 Review of Effectiveness (continued)

In reference to the quality report there are proper internal controls over the collection and reporting of the measures of performance included in the quality report, and these controls are subject to review by the workstreams and the Board of Directors to confirm that they are working effectively in practice.

My review is also informed by:

- The work conducted by the external auditors who focused on our quality report, the internal audit plan, which links to the Trust's objectives and the Care Quality Commission outcomes, internal audit's processes in line with ISA requirements, IT audit of key systems supporting the financial reporting process, fraud and financial accounts.
- Internal audit, who have conducted reviews against the Care Quality Commission regulations, integrated care organisation programme, information governance, main accounting system, critical estates functions, service line reporting, management of whistleblowing concerns, doctors revalidation, data quality, capital projects, new clinical interventions authorisation process, safeguarding adults, training of bank staff, incident reporting, information asset owner business continuity and disaster recovery plans (follow-up), Torbay Pharmaceuticals expansion and banking, cashiering and cash flow management. Reviews are conducted using a risk based approach and in addition they have annual reviews of the Trust's risk management and governance arrangements.
- Head of Internal Audit Opinion Statement which states that:  
Significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently.

### 7. Conclusion

No other significant internal control issues were identified.

**Signed**



**Mairead McAlinden**  
Chief Executive

**Date: 27 May 2015**

## Statement of compliance with the code of governance

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

The Board of Directors is committed to high standards of corporate governance. For the year ending 31 March 2015 the South Devon Healthcare NHS Foundation Trust complied with all the provisions of the code of governance.

### Going concern

Under international accounting standards the board is required to consider the issue of going concern. After making enquiries, the directors have a reasonable expectation that the NHS foundation trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts. The board has reviewed the following and the South Devon Healthcare NHS Foundation Trust is considered as a going concern.

- \* The board has approved an annual plan which demonstrates compliance with its licence from Monitor.
- \* The board has a strategic plan which demonstrates compliance with its licence from Monitor for the next three years.
- \* The Trust does not intend to apply to the Secretary of State for the dissolution of the NHS foundation trust.
- \* The Trust does not intend to transfer the services to another entity concern.

South Devon Healthcare NHS Foundation Trust has prepared accounts on a going concern basis.

**Signed**



**Mairead McAlinden**  
Chief Executive

**Date: 27 May 2015**

## **Independent auditors' report to the Council of Governors of South Devon Healthcare NHS Foundation Trust**

### **Report on the financial statements**

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#### **Our opinion**

In our opinion, South Devon Healthcare Group NHS Foundation Trust's ("the Trust's") Group financial statements and Parent Trust's financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Parent Trust's affairs as at 31 March 2015 and of the Group's income and expenditure and the Group's and Parent Trust's cash flows for the year then ended; and
- have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2014/15.

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#### **What we have audited**

The Group's and Trust's financial statements comprise:

- the Consolidated and Parent Trust's Statement of Financial Position as at 31 March 2015;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated and Parent Trust's Statement of Cash Flows for the year then ended;
- the Consolidated and Parent Trust's Statement of Changes in Taxpayer's Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is the NHS Foundation Trust Annual Reporting Manual 2014/15 issued by the Independent Regulator of NHS Foundation Trusts ("Monitor").

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#### **Our audit approach**

##### *Overview*



- Overall Group materiality: £4.9 million which represents 2% of total revenue.

- 
- We conducted all audit work at the Trust's site in Torquay, which is where the Trust's finance function is based for the Trust and its subsidiary SDH Developments Limited (together the "group").

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- Risk of fraud in revenue and expenditure recognition;
  - Valuation of Property, Plant and Equipment; and
  - Going Concern

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##### *The scope of our audit and our areas of focus*

South Devon Healthcare NHS Foundation Trust provides a range of acute services across the South Devon area. The Trust provides a full range of hospital services to the local community including emergency and intensive care, medical and surgical care, elderly care, paediatric and maternity care as well as diagnostic and clinical support. We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as “areas of focus” in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

<i>Area of focus</i>	<i>How our audit addressed the area of focus</i>
<p><b><i>Risk of fraud in income and expenditure recognition</i></b></p> <p><i>See note 1 to the financial statements for the directors’ disclosures of the related accounting policies, judgements and estimates relating to the recognition of revenue and expenditure and notes 2 to 5 for further information.</i></p> <p>The Trust is under increasing financial pressure. At the start of the year, the Trust was forecasting an outcome deficit position of £2.2 million. The deficit for the year is £6.9 million (after the impact of property revaluations and donated asset income). This has resulted in the Trust retaining its continuity of service risk rating of 3. Whilst the Trust is looking at ways to maximise revenue and reduce cost, there is an incentive for management to recognise as much revenue as possible in 2014/15 and defer expenditure to 2015/16.</p> <p>The main source of income for the Trust is contracts with commissioners for healthcare services, under which revenue is recognised when, and to the extent that, healthcare services are provided to patients. Within these contracts there are complex terms, including variable performance measures which are dependent on the delivery of activity.</p> <p>Given the challenges in year through increased activity and difficulty delivering against Cost Improvement Plans (CIP) plans, there is a risk that revenue could be overstated, and expenditure understated so to improve the financial position at the year-end.</p> <p>We have therefore determined the risks to be:</p> <ul style="list-style-type: none"><li>- incorrectly including revenue in 2014/15;</li><li>- delay recognising expenditure until 2015/16;</li><li>- capitalisation of revenue costs; and</li><li>- understatement of accruals and provisions in particular the annual leave accrual as there was a change in the annual leave entitlement in the year; and</li><li>- overstatement of prepayments.</li></ul>	<p>We evaluated and tested the accounting policies for income recognition and expenditure recognition to ensure that this is consistent with the requirements of the NHS Annual Reporting Manual and noted no issues in this respect.</p> <p>We have considered the inherent complexities in a number of contractual arrangements entered into by the Trust during our work.</p> <p>We utilised Computer assisted audit techniques to identify if the income recognised had been received during the year by tracing revenue items to cash receipts or debtors.</p> <p>Additionally, we tested the existence of year-end debtor balances by agreeing a sample of outstanding debtor balances to cash received after the financial year end. These findings are also supported through our work over the agreement of balances exercise.</p> <p>We examined intra-NHS confirmations received by the Trust (through Monitors ‘agreement of balances’ exercise) of income and expenditure transactions that had occurred during the year and year end balances. We tested unresolved differences by examining correspondence between the parties, which we found to support the balances recognised by the Trust.</p> <p>Similarly, to test expenditure recognition, we have focused on the risk of understatement of expenditure recognised in the year by testing transactions posted and payments made after the year-end to determine whether the transactions were recorded in the correct period. No exceptions were identified from this testing.</p> <p>Similarly, we selected a number of accruals and provisions made to supporting documentation, invoices and used our experience of the Trust and the sector to determine whether the expenditure was recognised in the correct period. We tested the annual leave accrual by agreeing a sample of individuals back to line manager submissions of outstanding holiday allowances. No issues were identified from this testing.</p> <p>We have performed unpredictable procedures in line with our revenue and expenditure risks. For revenue we have reviewed variation orders in year, and confirmed that these are trivial in total. In response to our expenditure risk we have tested a sample of low value capital additions to ensure that these are of a capital nature; reviewed a sample of capitalised staff costs to supporting records to confirm that these can be supported as relating to capital projects; testing the validity of the year end prepayments; and we also performed an analysis of 2014/15 accruals against accruals included in 2013/14, to identify any potential omissions. No issues were identified following these procedures.</p> <p>Our journals work was carried out using a risk based approach. We used data analysis techniques to identify and test all the journals that had a material impact to the Statement of Comprehensive Income.</p> <p>We did not identify any transactions that were indicative of fraud in the recognition of income or expenditure.</p>

**Valuation of Property, Plant and Equipment**

See note 1 to the financial statements for the directors' disclosures of the related accounting policies, judgements and estimates and note 10 for further information.

Property, plant and equipment (PPE), totalling £118 million, represents the largest balance in the Trust's statement of financial position. The value of land is £5.8 million and buildings is £70.6 million. All property, plant and equipment assets are measured initially at cost with land and buildings being subsequently measured at fair value based on periodic valuations.

The valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual, and performed with sufficient regularity to ensure that the carrying value is not materially different from fair value at the reporting date.

We focused on this area because the value of the land and of buildings and the related movements in their fair values recognised in the financial statements are material. Additionally, the value of these land and buildings included within the financial statements is dependent upon the reliability of the valuations obtained by the Trust, which are themselves dependent on:

- the accuracy of the underlying data provided to the valuer by the Directors and used in the valuation;
- assumptions made by the Directors, including the location of a "modern equivalent asset"; and
- the selection and application of the valuation methodology applied by the valuer, including assumptions relating to build costs and the estimated useful life of the buildings.

We confirmed that the valuer engaged by the Trust to perform the valuations had professional qualifications and was a member of the Royal Institute of Chartered Surveyors (RICS).

We obtained and read the relevant sections of the valuation performed by the Trust's valuer. Using our own valuations expertise, we determined that the methodology and assumptions applied by the valuer was consistent with market practice in the valuation of hospital buildings. We reviewed the assumptions made by the Trust and concluded that the approach taken to be an acceptable basis for valuation.

We tested the data provided by the Trust to the external valuer by:

- checking and finding that the portfolio of properties included in the valuation was consistent with the Trust's fixed asset register, which we had audited; and
- agreeing gross internal area to floor plans for the new building value.

We agreed that the values provided to the Trust by the valuer had been correctly included in the accounts and that the valuation movements were accounted for correctly.

We tested whether the change in valuation was appropriately disclosed in the annual report and correctly reflected in management's workings and the general ledger.

We agreed a sample of new additions in the year to invoices to confirm they had been appropriately valued – this involved agreement back to supporting invoice.

We physically verified a sample of assets to confirm existence and in doing so assessed whether there was any indication of physical obsolescence which would indicate potential impairment.

We did not find any exceptions from our testing to indicate that PPE was materially misstated.

**Going concern**

The Trust has a challenging CIP programme to deliver in 2015/16 and beyond.

The Trust delivered a deficit for the year of £3.8m *before* the impact of revaluations and donated asset income,

The Trust is likely to be acquiring Torbay and Southern Devon Health and Care Trust effective from 1 August 2015 which is likely to increase the pressure further on management and internal financial resources. The Trust has built this acquisition into their forecasts for future years.

The forecast for the combined Integrated Care Organisation shows current cash reserves being sufficient for trading up to the end of the period covered by the current long-term financial model, which runs to 2021.

We have agreed the basis of the underlying assumptions for forecasts and budgets for 2015/16 and 2016/17, including: tested the assumptions made by management in developing significant elements of financial forecasts, including levels of income from CCGs, payroll expenditure and projected cost savings, by considering the latest position of contract negotiations with the CCGs; ; obtaining a list of the cost recovery programmes identified in 2014/15 and quantified the amount of unidentified schemes in year and compared the forecasts to the historical performance of the Trust and our understanding of the sector.

We have performed sensitivity analysis on the forecasts to ensure that there is sufficient cash available to meet creditors and liabilities as they become due if the forecast income and savings are not achieved. The key areas of sensitivity were: (i) the settlement of a long-term debt between Torbay and Southern Devon Health and Care Trust and Torbay Council (which would impact post acquisition); (ii) increase in the trading risk associated with the position and standing of Torbay and Southern Devon Health and Care Trust; and (iii) cost inflation associated with both pay and non-pay expenditure.

We have specifically tested the assumptions made on the timing and funding for the Torbay and Southern Devon Health and Care Trust acquisition to the latest correspondence and timetables for the transaction. The key assumptions made for this transaction in the financial forecasts are that the transaction will go ahead in the

*Area of focus*

*How our audit addressed the area of focus*

second quarter of 2015/16, and will require additional of funding. We understand that no funding has yet been agreed with the specific parties.

We have considered the adequacy of the Trust's cash reserves and borrowing arrangements against the forecasts and future commitments.

From the work performed on the Trust's forecasts and forecast financial indicators, the Trust appears to have sufficient cash to meet trading requirements and capital commitments for at least 12 months following the date of this report.

**How we tailored the audit scope**

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Trust, the accounting processes and controls, and the environment in which the Trust operates. In establishing our overall approach we assessed the risks of material misstatement, taking into account the nature, likelihood and potential magnitude of any misstatement. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

The Trust comprises one single entity with books and records all retained at the head office in Torquay. The group comprises the Trust and SDH Developments Limited. We focused our audit work on the areas of focus described above.

**Materiality**

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, consistent with last year, we determined materiality for the financial statements as a whole as follows:

<b>Overall Group materiality</b>	£4.9 million (2014: £4.8 million).
<b>How we determined it</b>	2% of revenue
<b>Rationale for benchmark applied</b>	Consistent with prior year, we have applied this benchmark, which is a generally accepted measure when auditing not for profit organisations, because the Trust's income/expenditure is a key measure of its financial performance and of interest to the Council of Governors and other users of the financial statements."

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £245,000 (2014: £241,500) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

**Other required reporting in accordance with the Audit Code for NHS foundation trusts**

**Opinions on other matters prescribed by the Audit Code for NHS foundation trusts**

In our opinion:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2014/15.

### Consistency of other information

Under the Audit Code for NHS foundation trusts we are required to report to you if, in our opinion:

- information in the Annual Report is:
  - materially inconsistent with the information in the audited financial statements;
  - or
  - apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Trust acquired in the course of performing our audit; or
  - otherwise misleading.
- We have no exceptions to report arising from this responsibility.
- the statement given by the directors, in accordance with provision C.1.1 of the NHS Foundation Trust Code of Governance, that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's and Parent Trust's performance, business model and strategy is materially inconsistent with our knowledge of the Group's and Parent Trust acquired in the course of performing our audit.
- We have no exceptions to report arising from this responsibility.
- the section of the Annual Report, as required by provision C.3.9 of the NHS Foundation Trust Code of Governance, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- We have no exceptions to report arising from this responsibility.
- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2014/15 or is misleading or inconsistent with information of which we are aware from our audit. We are not required to consider, nor have we considered, whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.
- We have no exceptions to report arising from this responsibility.

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### Economy, efficiency and effectiveness of resources

The Audit Code for NHS Foundation Trusts requires us to report where we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

As explained in section 4.2 in the Annual Governance Statement in January 2014 the Trust made the decision, in agreement with key stakeholders, to breach the 18 week referral to treatment target, for admitted patients, to prioritise long wait patients. The Trust was put under review by Monitor in March 2015. Despite taking a number of actions, the Trust has not met the target for admitted patients during the year and has not made effective progress on reducing this target.

Except for the achievement of improving and meeting the 18 week referral to treatment target, for admitted patients, we have been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the financial period. Our certificate is qualified in the respect of the 18 week referral to treatment target for admitted patients only.

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### Quality report including economy, efficiency and effectiveness of resources

Under the Audit Code for NHS Foundation Trusts we are required to report to you if, in our opinion:

- we have qualified, on any aspect, our opinion on the Quality Report
- We have no exceptions to report arising from this responsibility

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## Responsibilities for the financial statements and the audit

### Our responsibilities and those of the directors

As explained more fully in the Statement of the Chief Executive's Responsibilities as the Accounting Officer on page 85, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance with the NHS Foundation Trust Annual Reporting Manual 2014/15.

Our responsibility is to audit and express an opinion on the financial statements in accordance with the National Health Service Act 2006, the Audit Code for NHS Foundation Trusts issued by Monitor and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Council of Governors of South Devon Healthcare NHS Foundation Trust as a body in accordance with paragraph 24 of Schedule 7 of the National Health Service Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and Parent Trust's circumstances and have been consistently applied and adequately disclosed;

## South Devon Healthcare NHS Foundation Trust

- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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

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## Qualified Certificate

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As reported above and included in section 4.2 in the Annual Governance Statement, in January 2014 the Trust made the decision, in agreement with key stakeholders, to breach the 18 week referral to treatment target, for admitted patients, to prioritise long wait patients. The Trust was put under review by Monitor in March 2015. Despite taking a number of actions, the Trust has not met the target for admitted patients during the year and has not made effective progress on reducing this target.

Except for the achievement of improving and meeting the 18 week referral to treatment target, for admitted patients, we have been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the financial period. Our certificate is qualified in the respect of the 18 week referral to treatment target for admitted patients, only.

We certify that we have completed the audit of the financial statements in accordance with the requirements of Chapter 5 of Part 2 to the National Health Service Act 2006 and the Audit Code for NHS Foundation Trusts issued by Monitor.



Heather Ancient (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Plymouth

28 May 2015

The maintenance and integrity of the South Devon Healthcare Group NHS Foundation Trust website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

South Devon Healthcare NHS Foundation Trust  
Consolidated Statement of comprehensive income  
For the year ended 31 March 2015

	Note	Financial performance excluding impact of PPE Revaluations 2014/15 £000	Impact of PPE Revaluations and Donated Asset Income on the SOCI 2014/15 £000	Total 2014/15 £000	Financial performance excluding impact of PPE Revaluations 2013/14 £000	Impact of PPE Revaluations and Donated Asset Income on the SOCI 2013/14 £000	Restated Total 2013/14 £000
Income from patient care activities	3.1	204,749	0	204,749	203,418	0	203,418
Other operating income	3.6	38,588	1,879	40,467	36,894	677	37,571
<b>Operating income</b>		<b>243,337</b>	<b>1,879</b>	<b>245,216</b>	<b>240,312</b>	<b>677</b>	<b>240,989</b>
<b>Operating expenses</b>	4	<b>(243,771)</b>	<b>(6,693)</b>	<b>(250,464)</b>	<b>(237,336)</b>	<b>(2,215)</b>	<b>(239,551)</b>
<b>Operating surplus / (deficit) before financial income and expenses</b>		<b>(434)</b>	<b>(4,814)</b>	<b>(5,248)</b>	<b>3,022</b>	<b>(1,584)</b>	<b>1,438</b>
<b>Finance costs</b>							
Financial income	7	81	0	81	74	0	74
Financial costs	8	(1,162)	0	(1,162)	(682)	0	(682)
Unwinding of discount on provisions	19	(72)	0	(72)	(94)	0	(94)
PDC Dividends payable		(2,248)	0	(2,248)	(2,263)	0	(2,263)
<b>Net finance costs</b>		<b>(3,401)</b>	<b>0</b>	<b>(3,401)</b>	<b>(2,965)</b>	<b>0</b>	<b>(2,965)</b>
Corporation tax expense		0	0	0	(22)	0	(22)
<b>(Deficit) / Surplus for the financial year from continuing operations</b>		<b>(3,835)</b>	<b>(4,814)</b>	<b>(8,649)</b>	<b>35</b>	<b>(1,584)</b>	<b>(1,549)</b>
<b>Other comprehensive income</b>							
Revaluations of property, plant and equipment		0	1,724	1,724	0	2,260	2,260
<b>Total comprehensive (expense) / income for the year</b>		<b>(3,835)</b>	<b>(3,090)</b>	<b>(6,925)</b>	<b>35</b>	<b>676</b>	<b>711</b>

**Impact of Property, Plant and Equipment (PPE) Revaluations and Donated Asset Income on the Statement of Comprehensive Income (SOCI)**

The Trust has a policy of undertaking a full formal revaluation of its Buildings excluding Dwellings, Dwellings and Land every five years. In the interim periods of time, the Trust applies National BCIS Index changes to the valuation of its Buildings (excluding Dwellings) and Dwellings. The Trust will also during the interim periods of time, apply local construction cost changes to its Buildings (excluding Dwellings) and Dwellings valuations as advised by the District Valuer. In addition, whenever the Trust brings into use a newly constructed Building or Dwelling asset or has incurred significant costs on refurbishing an existing Building or Dwelling the Trust will commission the District Valuer to undertake a valuation review to ascertain whether there are any signs of impairment which have to be charged to the SOCI.

As the Trust has adopted an accounting policy of valuing Buildings and Dwellings using a replacement 'Modern Equivalent Asset' (MEA) cost - inevitably impairment charges occur when ever a newly constructed asset or a refurbishment project has been completed. This is primarily due to three principles used by MEA. The first being that the asset is constructed from the ground up, secondly that there is unrestricted access to the construction site and thirdly the construction uses the latest modern materials. In practice most construction and refurbishment costs incurred are not on ground-up projects, construction rarely takes place in a site where access is solely granted to the construction firm and some refurbishment schemes have to use materials in keeping with the existing asset - e.g. for listed buildings.

The Trust's Non Specialised buildings, i.e. buildings that are not based on the Acute Hospital site are valued at open market value. During the course of the year the construction of a new Pharmacy Manufacturing Unit has neared completion. The facility is planned to be operational in early 2015/16. The facility is comprised of four major components, namely the freehold land, the outer shell of the building, the internal fit of the facility and the freestanding equipment. In readiness for the facility being brought into operation the Trust commissioned the District Valuer to undertake a valuation assessment of the new land, outer shell building and the internal fit out. The result of this exercise has identified that the open market value of the Outer Building Shell has a market value considerably less than the cost of construction. The reduction in value of the Outer Building Shell is the primary reason for the significant Impairment charge within the Statement of Comprehensive Income.

Any impairment charge incurred when an asset is first brought into use as a consequence of applying MEA is always charged directly to Operating Expenditure. Likewise where ever a revaluation exercise results in a downwards valuation of a Building, Dwelling or Land and there is not sufficient credit balance held on the Revaluation Reserve for that particular asset, the downwards valuation movement that exceeds the reserve balance will also be charged to Operating Expenditure. The value of Impairments charged to Operating Expenditure in 2014/15 totals £6,693,000 (2013/14 £2,215,000)

The same principles apply to upwards revaluations of Buildings, Dwellings and Land. I.e. whenever a Building, Dwelling or Land increases in valuation the upwards valuation is either credited to Other Operating Income within the SOCI to the extent that it reverses a previous impairment charged to Operating Expenditure and any excess is credited to the Revaluation Reserve. The value of Reversal of Impairments credited to Other Operating Income during 2014/15 totals £1,068,000 (2013/14 £631,000).. The upwards value credited to the Revaluation Reserve in 2014/15 totals £1,724,000 (2013/14 £2,260,000).

The Trust has also benefitted from Charitable donations used to fund the purchase of Intangible and Property, Plant and Equipment assets during the year. These donations have been credited to Other Operating Income' In 2014/15 they total £811,000 (2013/14 £46,000)

As these revaluation movements and Donated Asset Income values are largely outside of the Trust's financial control there have been separately identified in the above financial statement.

**Operating Expenses**

During 2014/15 the Trust has incurred non recurrent expenditure totalling £1,200,000 (2013/14 £0) on transactional costs relating to the proposed acquisition of Torbay and Southern Devon Health and Care NHS Trust. The transactional costs incurred include staff costs as well as professional and legal support fees. These costs are included within Operating Expenses. No external financial support has been received in year to offset these costs.

**Presentation of Consolidated Financial Statements**

As disclosed in Note 11 to the Financial Statements the Trust has a wholly owned subsidiary company, the financial results of which have been consolidated within the Trust's Statement of Financial Position and accompanying notes to the accounts. In accordance with the Companies Act the Trust has taken advantage of omitting separate disclosures on the Statement of comprehensive income and accompanying notes to the accounts for both 'Group' and 'Trust' transactions as the value of transactions that occur between the subsidiary company and third parties is immaterial in value.

South Devon Healthcare NHS Foundation Trust  
Statement of financial positions  
As at 31st March 2015

	Note	Group 31 March 2015 £000	Group 31 March 2014 £000	Trust 31 March 2015 £000	Trust 31 March 2014 £000
<b>Non-current assets</b>					
Intangible assets	9	4,615	2,890	4,615	2,890
Property, plant and equipment	10	118,021	118,582	118,021	118,582
Trade and other receivables	13	2,243	2,315	2,761	2,863
<b>Total non-current assets</b>		<b>124,879</b>	<b>123,787</b>	<b>125,397</b>	<b>124,335</b>
<b>Current assets</b>					
Inventories	12	6,049	6,369	5,636	5,934
Trade and other receivables	13	8,950	11,915	8,882	12,037
Cash and cash equivalents	20	12,061	18,472	11,814	18,071
<b>Total current assets</b>		<b>27,060</b>	<b>36,756</b>	<b>26,332</b>	<b>36,042</b>
<b>Total assets</b>		<b>151,939</b>	<b>160,543</b>	<b>151,729</b>	<b>160,377</b>
<b>Current liabilities</b>					
Trade and other payables	15	(17,801)	(23,678)	(17,677)	(23,599)
Borrowings	17	(3,365)	(2,800)	(3,365)	(2,800)
Provisions	19	(553)	(495)	(553)	(495)
Other liabilities	16	(927)	(1,467)	(927)	(1,467)
<b>Total current liabilities</b>		<b>(22,646)</b>	<b>(28,440)</b>	<b>(22,522)</b>	<b>(28,361)</b>
<b>Non-current liabilities</b>					
Borrowings	17	(37,293)	(35,023)	(37,293)	(35,023)
Provisions	19	(3,587)	(3,715)	(3,587)	(3,715)
<b>Total non-current liabilities</b>		<b>(40,880)</b>	<b>(38,738)</b>	<b>(40,880)</b>	<b>(38,738)</b>
<b>Total liabilities</b>		<b>(63,526)</b>	<b>(67,178)</b>	<b>(63,402)</b>	<b>(67,099)</b>
<b>Net current assets</b>		<b>4,414</b>	<b>8,316</b>	<b>3,810</b>	<b>7,681</b>
<b>Net assets employed</b>		<b>88,413</b>	<b>93,365</b>	<b>88,327</b>	<b>93,278</b>
<b>Financed by Taxpayers' equity</b>					
Public dividend capital		62,830	60,857	62,830	60,857
Revaluation reserve		29,079	27,982	29,079	27,982
Income and expenditure reserve		(3,496)	4,526	(3,582)	4,439
<b>Total taxpayers' equity</b>		<b>88,413</b>	<b>93,365</b>	<b>88,327</b>	<b>93,278</b>

The notes on pages 5 to 35 form part of the financial statements

The accounts on pages I to xii and pages 1 to 35 were approved by the Board of Directors on 27 May 2015 and signed on its behalf by: -



Mairead McAlinden  
Chief Executive

Date: 27 May 2015

South Devon Healthcare NHS Foundation Trust  
Consolidated Statement of changes in taxpayers equity  
For the year ended 31 March 2015

Note	Group			
	Public dividend capital (PDC) £000	Revaluation reserve £000	Income and Expenditure reserve £000	Total Taxpayers' equity £000
<b>Changes in taxpayers' equity for 2014/15</b>				
Balance at 1 April 2014	60,857	27,982	4,526	93,365
Deficit for the year	0	0	(8,649)	(8,649)
Revaluations of property, plant and equipment	10.5	1,724	0	1,724
Asset Disposals	0	(216)	216	0
Other recognised gains and losses	10.5	(411)	411	0
Movements in PDC in year	1,973	0	0	1,973
<b>Balance at 31 March 2015</b>	<b>62,830</b>	<b>29,079</b>	<b>(3,496)</b>	<b>88,413</b>

Note	Trust			
	£000	£000	£000	£000
<b>Changes in taxpayers' equity for 2014/15</b>				
Balance at 1 April 2014	60,857	27,982	4,439	93,278
Deficit for the year	0	0	(8,648)	(8,648)
Revaluations of property, plant and equipment	10.5	1,724	0	1,724
Asset Disposals	0	(216)	216	0
Other recognised gains and losses	10.5	(411)	411	0
Movements in PDC in year	1,973	0	0	1,973
<b>Balance at 31 March 2015</b>	<b>62,830</b>	<b>29,079</b>	<b>(3,582)</b>	<b>88,327</b>

Note	Group			
	Public dividend capital (PDC) £000	Revaluation reserve £000	Income and Expenditure reserve £000	Total Taxpayers' equity £000
<b>Changes in taxpayers' equity for 2013/14</b>				
Balance at 1 April 2013	60,806	27,694	4,154	92,654
Deficit for the year	0	0	(1,549)	(1,549)
Revaluations of property, plant and equipment	0	2,260	0	2,260
Asset Disposals	0	(1,451)	1,451	0
Other recognised gains and losses	0	(521)	521	0
Movements in PDC in year	51	0	(51)	0
<b>Balance at 31 March 2014</b>	<b>60,857</b>	<b>27,982</b>	<b>4,526</b>	<b>93,365</b>

Note	Trust			
	£000	£000	£000	£000
<b>Changes in taxpayers' equity for 2013/14</b>				
Balance at 1 April 2013	60,806	27,694	4,154	92,654
Deficit for the year	0	0	(1,636)	(1,636)
Revaluations of property, plant and equipment	10.5	2,260	0	2,260
Asset Disposals	0	(1,451)	1,451	0
Other recognised gains and losses	10.5	(521)	521	0
Movements in PDC in year	51	0	(51)	0
<b>Balance at 31 March 2014</b>	<b>60,857</b>	<b>27,982</b>	<b>4,439</b>	<b>93,278</b>

#### Description of reserves

##### Public dividend capital

For further description of the Public Dividend Capital see note 1.7

##### Revaluation reserve

The revaluation reserve is used when the value of a purchased asset becomes greater than the value at which it was previously carried on the statement of financial position.

##### Movements in Year

##### Other Recognised Gains and Losses

During the 2014/15 financial year the Trust revalued both the PPE Buildings and Dwellings brought into use as well as the Trust's new Pharmacy Manufacturing Unit which is nearing completion. In line with standard accounting practice Specialised Building Assets are held at their Modern Equivalent Asset (MEA) valuation which assumes a ground up build in a green field site environment. Non specialised buildings such as the Outer Building Shell of the new Pharmacy Manufacturing Unit are valued at open market value. The Trust requested the District Valuer to assess whether an MEA valuation adjustment was required for these assets. The assessment made by the District Valuer demonstrated that for the Specialised Building Assets that significant value had been made to the capital estate but that an MEA impairment was required to be recognised in the Trust accounts. A further significant impairment was necessary on the valuation of the Outer Building Shell of the new Pharmacy Manufacturing Unit. Further information on the impairments processed can be found in the Property, Plant and Equipment note to the Accounts. Of the impairment value initially charged to operating expenditure in respect of the Specialised Buildings, a proportion of the cost related to assets with a balance held in the revaluation reserve at 1st April 2014. The sum held in the revaluation reserve in respect of these impaired assets totalled £411k (2012/13 £521k). In line with accounting standards this balance has been transferred through the Statement of changes in taxpayers equity from the revaluation reserve to the income and expenditure reserve. The Trust also assesses whether to apply indexation to the valuation of its Specialised Buildings at the end of each accounting period. The indexation is based upon BCIS indexation adjusted for local factors. In 2014/15 the change in these indices was relatively material to the Trust's reported Statement of Financial Position. Consequently indexation has been applied. The indexation has increased the value of Specialised Buildings by £2,792k £1,724k of this increase in valuation has been credited to the revaluation reserve and the balance of £1,068k has been credited to the Statement of Comprehensive Income as a 'Reversal of Impairment'.

South Devon Healthcare NHS Foundation Trust  
Consolidated Statement of cash flows  
For the year ended 31 March 2015

	Note	Group 2014/15 £000	Group 2013/14 £000	Trust 2014/15 £000	Trust 2013/14 £000
<b>Cash flows from operating activities</b>					
Operating (deficit) / surplus from continuing operations		(5,248)	1,438	(5,278)	1,312
<b>Operating cash flow before changes in working capital and provisions</b>		<b>(5,248)</b>	<b>1,438</b>	<b>(5,278)</b>	<b>1,312</b>
<b>Changes in working capital and provisions</b>					
Depreciation and amortisation	4.1	9,102	9,313	9,102	9,313
Impairments and reversals of impairments	4.1	6,693	2,215	6,693	2,215
Reversal of impairments	3	(1,068)	(631)	(1,068)	(631)
Loss on Disposal	4.1	33	7	33	7
Non-cash donations/grants credited to income		(811)	(46)	(811)	(46)
Decrease/(Increase) in trade and other receivables		3,123	(1,542)	3,313	(1,634)
Decrease/(Increase) in inventories		320	(647)	298	(212)
(Decrease)/Increase in trade and other payables		(2,424)	962	(2,491)	905
(Decrease)/Increase in other current liabilities		(540)	926	(540)	926
Decrease in provisions		(142)	(62)	(142)	(62)
Tax paid		(22)	0	0	0
<b>Net cash generated from operating activities</b>		<b>9,016</b>	<b>11,933</b>	<b>9,109</b>	<b>12,093</b>
<b>Cash flows from investing activities</b>					
Interest received		81	74	112	91
Payments for intangible assets		(2,128)	(836)	(2,128)	(836)
Payments for property, plant and equipment		(14,704)	(27,460)	(14,704)	(27,460)
Proceeds from disposal of plant, property and equipment		5	0	5	0
<b>Net cash used in investing activities</b>		<b>(16,746)</b>	<b>(28,222)</b>	<b>(16,715)</b>	<b>(28,205)</b>
<b>Net cash outflow before financing</b>		<b>(7,730)</b>	<b>(16,289)</b>	<b>(7,606)</b>	<b>(16,112)</b>
<b>Cash flows from financing activities</b>					
Public dividend capital received		1,973	51	1,973	51
Loans received from the Foundation Trust Financing Facility	17	6,170	22,190	6,170	22,190
Loans repaid to the Foundation Trust Financing Facility	17	(3,319)	(1,243)	(3,319)	(1,243)
Capital element of finance lease rental payments		(16)	(60)	(16)	(60)
Other Capital Receipts *		0	0	30	22
Interest paid		(1,155)	(489)	(1,155)	(489)
Interest element of finance lease		0	(3)	0	(3)
PDC Dividend paid		(2,334)	(2,300)	(2,334)	(2,300)
Cash flows used in other financing activities **		0	0	0	(600)
<b>Net cash generated from financing activities</b>		<b>1,319</b>	<b>18,146</b>	<b>1,349</b>	<b>17,568</b>
Net (decrease)/increase in cash and cash equivalents		(6,411)	1,857	(6,257)	1,456
Cash and cash equivalents at the beginning of the financial year		18,472	16,615	18,071	16,615
<b>Cash and cash equivalents at the end of the financial year</b>	20	<b>12,061</b>	<b>18,472</b>	<b>11,814</b>	<b>18,071</b>

\* Other Capital Receipts totals £30,000 (2013/14 £22,000) represents the value of loan principal repayments received from the Trust's wholly owned subsidiary company, SDH Developments Ltd

\*\* Cash flows used in other financing activities £0 (2013/14 £600,000) represents the value of loan principal invested in the Trust's wholly owned subsidiary company, SDH Developments Ltd

## 1 ACCOUNTING POLICIES

Monitor has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the FT ARM which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the FT ARM 2014/15 issued by Monitor. The accounting policies contained in that manual follow IFRS and HM Treasury's FReM to the extent that they are meaningful and appropriate to NHS foundation trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

### 1.1 Basis of consolidation

The Group financial statements consolidate the financial statements of the Trust and its subsidiary undertaking made up to 31 March 2015. The income, expenses, assets, liabilities, equity and reserves of the subsidiaries have been consolidated into the Trust's financial statements and group financial statements have been prepared.

A subsidiary is an entity controlled by the Trust. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of the entity so as to derive benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Where subsidiaries' accounting policies are not aligned with those of the Trust (including where they report under UK GAAP) then amounts are adjusted during consolidation where the differences are material. In accordance with the NHS Foundation Trust Annual Reporting Manual a separate income and cash flow statement for the parent (the Trust) has not been prepared.

The Trust is the Corporate Trustee of South Devon Healthcare Charitable Fund (Registered Charity 1052232). Under International Accounting Standards the Charitable Fund is considered to be a subsidiary of the Trust. The financial results of the Charity have not been consolidated into the Trust's Financial Statements. The reason for not consolidating is that it is not thought to be helpful to the reader of the Trust accounts and the Trust is able to elect not to consolidate on the grounds of immateriality.

### 1.2 Accounting convention

#### Historic Cost Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment at their value to the business by reference to their current costs using Modern Equivalent Assets as a valuation base and for intangible assets and inventories.

#### Going Concern

After making enquiries, the directors have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

#### Accounting estimates and judgments

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors, that are considered to be relevant. Actual results may differ from those estimates. 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.

The following are the key assumptions and critical judgements concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

#### Annual leave accrual

The Trust is required to calculate the value of annual leave that employees have not taken at the end of the year and which is being carried forward into the following year. In 2014/15 the Trust has obtained precise records of untaken leave from all staff groups with the exception of Medical Staff. Returns from approximately 85% of Medical Staff were received. Based upon the Non Medical Staff information and the Medical Staff returns the Annual leave accrual is grossed up to produce a total accrual for the Trust.

#### Income from non-contracted activity

A significant percentage of the Trust's income is from non-contracted income. The last month's activity data was not available at the time that the accounts were prepared. Therefore, an accrual for the income was calculated, based on the non-contracted income activity in period 11.

#### Partially completed patient spells

Income related to 'partially completed spells' is accrued based on the number of occupied bed days per care category, and an average cost per bed day per care category.

### 1.3 Segmental reporting policy

The Trust's accounts are presented in a manner which are consistent with the information presented to the Trust Board.

### 1.4 Income

Income is accounted for applying the accruals convention. Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the Trust is contracts with commissioners in respect of healthcare services.

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

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

## 1.5 Expenditure on employee benefits

### Short term employee benefits

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

### Pension costs

#### NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions). The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP 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.

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 the intervening years. An outline of these follows: -

#### a) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates.

The last formal actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

#### b) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary 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. Actuarial assessments undertaken in intervening years between formal valuations using updated membership data are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2015, is based on valuation data as 31 March 2014, updated to 31 March 2015 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, published annually. These accounts can be reviewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

#### c) Scheme provisions

The NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

The Scheme is a "defined benefit" scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as "pension commutation".

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) will be used to replace the Retail Prices Index (RPI).

From 1 April 2015 there will be two separate pension schemes covering NHS Workers. Members of the 1995/2008 Scheme who, as at 1 April 2012, were either already over their Normal Pension Age (NPA) or 10 years or less from their NPA and in active membership on both 1 April 2012 and 31 March 2015 are entitled to Full Protection. Members of the 1995/2008 Scheme who, as at 1 April 2012, were more than 10 years, but less than 13 years and 5 months from their NPA and in active membership on both 1 April 2012 and 31 March 2015 are eligible for limited protection (Tapered Protection). Those not in active membership of the 1995/2008 Scheme on both 1 April 2012 and 31 March 2015 may still qualify for Protection provided they re-join the Scheme after a break of less than 5 years.

#### 1.5 Expenditure on employee benefits (continued)

##### c) Scheme provisions (continued)

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

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 the employer.

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC's run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

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

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the trust commits itself to the retirement, regardless of the method of payment.

#### 1.6 Expenditure on other goods and services

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

#### 1.7 Public Dividend Capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

A charge, reflecting the cost of capital utilised by the Trust, is payable as PDC dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated assets (including lottery funded assets), (ii) net cash balances held with the Government Banking Services and (iii) any PDC dividend balance receivable or payable. In accordance with the requirements laid down by the Department of Health (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the 'pre-audit' version of the 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.

#### 1.8 Intangible Assets

##### Recognition

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

##### Internally generated intangible assets

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets, nor is expenditure incurred on research.

##### Software

Software which is integral to the operation of hardware e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware e.g. application software, is capitalised as an intangible asset where expenditure of at least £5,000 is incurred.

##### Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at fair value. Revaluations gains and losses and impairments are treated in the same manner as for Property, Plant and Equipment.

## 1.8 Intangible Assets (continued)

### Amortisation

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Main asset class	Sub-category	Useful economic life (years)
Intangible assets		2 to 10

## 1.9 Property, Plant and Equipment

### Recognition

Property, Plant and Equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential be provided to, the Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- individually have a cost of at least £5,000; or
- form a group of assets which collectively 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
- form part of the initial equipping and setting-up cost of a new building, or refurbishment of a 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 e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.

### Measurement

#### Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. The carrying values of property, plant and equipment are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. The costs arising from financing the construction of property, plant and equipment are not capitalised but are charged to the statement of comprehensive income in the year to which they relate.

Fixtures and equipment which have an asset life of less than 5 years or cost less than £50,000 are carried at depreciated historic cost as this is not considered to be materially different from fair value.

All other assets are measured subsequently at fair value. Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The latest full revaluation of the Trusts specialised buildings was undertaken in 2013/14 with a prospective valuation date of 31 March 2014. In line with IAS16, during 2014/15 the Trust requested an interim valuation from the District Valuation Office to determine whether an MEA impairment was required in respect of material construction schemes that were brought into use during 2014/15. The Trust also commissioned the District Valuation Office to undertake a valuation of the Trusts new Pharmacy Manufacturing Unit which is nearing completion. The impact of these assessment is described in further detail in the Property, Plant and Equipment note to the accounts.

The Treasury has decided that the NHS should value its property assets in line with the Royal Institution of Chartered Surveyors (RICS) Red Book standards. This means that specialised property, for which market value cannot be readily determined, should be valued at depreciated replacement cost (DRC) on a modern equivalent asset basis.

In accordance with the Treasury accounting manual, valuations are now carried out on the basis of modern equivalent asset replacement cost for specialised operational property and existing use value for non-specialised operational property. The value of land for existing use purposes is assessed at existing use value.

Alternative open market value figures are only used for operational assets scheduled for imminent closure and subsequent disposal.

Assets in the course of construction are initially valued at cost and are subsequently valued by professional valuers when construction is completed if there is evidence that the construction cost is not a good approximation of fair value.

## 1.9 Property, Plant and Equipment (continued)

### Measurement

#### Valuation (continued)

Operational equipment is valued at net current replacement cost. Equipment surplus to requirements is valued at net recoverable amount.

#### Subsequent expenditure

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the Statement of Comprehensive Income in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition and the carrying amount of the replaced part is derecognised.

#### Depreciation

Items of Property, Plant and Equipment are depreciated over their remaining useful economic lives on a straight line basis. Freehold land is considered to have an infinite life and is not depreciated.

Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification. Assets in the course of construction are not depreciated until the asset is brought into use.

Buildings, Dwellings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as assessed by the Trust's professional valuers. Leaseholds are depreciated over the primary lease term.

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

Equipment is depreciated on current cost evenly over the estimated life of the asset.

The following table details the useful economic lives for the main classes of assets and, where applicable, sub-categories within each class.

Main asset class	Useful economic life (years)
Buildings (including Dwellings)	10 to 45
Plant and Machinery	2 to 15
Information technology	2 to 8
Furniture and fittings	5 to 10
Transport equipment	2 to 8

#### Revaluation and impairment

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating income.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

In accordance with the FT Annual Reporting Manual, impairments that are due to a loss of economic benefits or service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

## 1.9 Property, Plant and Equipment (continued)

### Revaluation and impairment (continued)

An impairment arising from a loss of economic benefit or service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating income to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

## 1.10 Donated, Government Grant and Other Grant Funded Assets

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

## 1.11 Revenue, Government and Other Grants

Government grants are grants from Government bodies other than income from Healthcare Commissioners or NHS Trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

## 1.12 Inventories

Inventories are valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to current cost due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Cost is determined either on a first-in first-out (FIFO) basis or a weighted average cost basis.

Provision is made where necessary for obsolete, slow moving and defective stocks.

## 1.13 Cash and cash equivalents

Cash and cash equivalents are recorded at the current values of these balances in the Trust's cashbook. These balances exclude monies held in the Trust's bank accounts belonging to patients. Account balances are only set off where a formal agreement has been made with the bank to do so. Interest earned on bank accounts and interest charged on overdrafts are recorded as respectively, 'interest receivable' and 'interest payable' in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate.

## 1.14 Research and development

Expenditure on research is not capitalised. Expenditure on development is capitalised if it meets the following criteria:

- there is a clearly defined project;
- the related expenditure is separately identifiable;
- the outcome of the project has been assessed with reasonable certainty as to:
  - its technical feasibility and;
  - its resulting in a product or service which will eventually be brought into use;
- the trust has the ability to sell or use the asset;
- how the intangible asset will generate probable future economic or service delivery benefits e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate resources exist, or are reasonably expected to be available, to enable the project to be completed and to provide any consequential increases in working capital.
- the Trust can measure reliably the expenses attributable to the asset during development.

Expenditure so deferred is limited to the value of future benefits expected and is amortised through the Statement of Comprehensive Income on a systematic basis over the period expected to benefit from the project. It is revalued on the basis of current cost. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. Where possible NHS Foundation Trusts disclose the total amount of research and development expenditure charged in the Statement of Comprehensive Income separately. However where research and development activity cannot be separated from patient care activity it cannot be identified and is therefore not separately disclosed.

Non-current assets acquired for use in research and development are amortised over the life of the associated project.

#### 1.15 Provisions

The Trust provides for legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation where it is more likely than not that an outflow of resources embodying economic benefits will be required. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the HM Treasury's discount rates and mandated by HM Treasury.

#### 1.16 Risk pooling schemes

##### 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. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at note 19. The Trust does not include any amounts relating to these cases in its accounts.

##### Non-clinical risk pooling

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

#### 1.17 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 22 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 22, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

#### 1.18 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

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

#### 1.19 Taxation

##### 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 property, plant and equipment. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

##### Corporation Tax

The FT is a Health Service Body within the meaning of s519A of the Income and Corporation Tax Act 1988 and accordingly is exempt from taxation in respect of income and capital gains within categories covered by this. There is a power for HM Treasury to dis-apply the exemption in relation to specified activities of an NHS Foundation Trust (s519A (3) to (8) of the Income and Corporation Taxes Act 1988). Accordingly, the FT is potentially within the scope of corporation tax in respect of activities which are not related to, or are ancillary to, the provision of healthcare, and where the profits therefrom exceed £50,000 per annum. Until the exemption is dis-applied then the FT has no corporation tax liability.

#### 1.20 Leases

##### Finance leases

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

For finance liabilities the asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for as an item of property plant and equipment. The annual rental is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease asset and liability is de-recognised when the liability is discharged, cancelled or expires.

For finance assets the assets are recognised at the commencement of the lease. The annual rental is split between the repayment of the asset and a finance income so as to achieve a constant rate of finance over the life of the lease. The annual finance income is credited to Other Operating Income in the Statement of Comprehensive Income. The lease asset is de-recognised when the liability is discharged, cancelled or expires.

## 1.20 Leases (continued)

### Lessor of assets

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

### Operating leases

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

### Leases of land and buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

## 1.21 Accounting standards that have been issued but have not yet been adopted

### IASB standard and IFRIC interpretations

The following accounting standards have been issued but are not yet effective or adopted by Monitor. The FT cannot adopt new standards unless they have been adopted in the FT ARM issued by Monitor. The FT ARM generally does not adopt an international standard until it has been endorsed by the European Union for use by listed companies. In some cases, the standards may be interpreted in the FT ARM and therefore may not be adopted in their original form. The analysis below describes the anticipated timetable for implementation and the likely impact on the assumption that no interpretations are applied by the FT ARM.

#### i) IFRS 13 - Fair Value Measurement

This standard was published by the IASB in May 2011 with an effective date of 2013/14 but has not yet been adopted by Monitor. The standard will be adopted from 2015/16.

#### ii) IFRS 15 - Revenue from contracts with customers

This standard was published by the IASB in May 2014 but has not yet been adopted by the EU. It is expected to be effective from 2017/18

#### iii) IFRS 9 - Financial Instruments

This standard will eventually replace IAS 39. It is applicable for periods beginning on or after 1 January 2015, but the standard has not yet been EU endorsed and therefore by HM Treasury policy is not available for NHS Bodies to apply. It is expected to be effective from 2018/19.

#### iv) IAS 36 (amendment) - Recoverable amount disclosures

This standard was published by the IASB in May 2013. To be adopted from 2015/16 (aligned to IFRS 13 adoption)

#### v) Annual Improvements 2012

This was published by the IASB in December 2013 but has not yet been adopted by the EU. It is effective from 2015/16

#### vi) Annual Improvements 2013

This was published by the IASB in December 2013 but has not yet been adopted by the EU. It is effective from 2015/16

#### vii) IAS 19 (amendment) - employer contributions to defined benefit schemes

This standard was published by the IASB in November 2013 but has not yet been adopted by the EU. It is effective from 2015/16

#### viii) IFRIC 21 Levies

This was published by the IASB in May 2013. It was EU adopted in June 2014 but has not yet been adopted by HM Treasury.

## 1.22 Accounting standards that have been adopted early

No new accounting standards or revisions to existing standards have been early-adopted in 2014/15

## 1.23 Financial instruments

The Trust may hold any of the following assets and liabilities:

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the year in creating or changing the risks an entity faces in undertaking its activities.

Liabilities: loans and overdrafts, long-term payables, long-term provisions arising from contractual arrangements, short-term payables, short-term provisions arising from contractual arrangements.

During the year none of the Board members or members of the key management staff or parties related to them has undertaken any material transactions with the Trust.

During the year the Trust has had a significant number of transactions with the Department of Health and Strategic Health Authorities, other NHS Foundation Trusts and NHS Trusts.

All other financial instruments are held for the sole purpose of managing the cash flow of the Trust on a day to day basis or arise from the operating activities of the Trust. The management of risks around these financial instruments therefore relates primarily to the Trust's overall arrangements for managing risks to the financial position.

### Recognition

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs i.e. when receipt or delivery of the goods or services is made.

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described in note 1.19.

All other financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

### De-recognition

All financial assets are de-recognised when the rights to receive cash flows from the assets have expired or the Trust has transferred substantially all of the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

### Classification and Measurement

Financial assets are categorised as 'Loans and receivables', financial liabilities are classified as 'Other financial liabilities'.

### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets.

The Trust's loans and receivables comprise: cash and cash equivalents, NHS receivables, accrued income and other receivables.

### 1.23 Financial instruments (continued)

Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest on loans and receivables is calculated using the effective interest method and credited to the statement of comprehensive income.

#### Other financial liabilities

All other financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability. They are included in current liabilities except for amounts payable more than 12 months after the statement of financial position, which are classified as long-term liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to Finance Costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the cost of those assets.

#### Impairment of financial assets

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

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the statement of comprehensive income and the carrying amount of the asset is reduced through the use of an allowance account/bad debt provision.

Provision for bad debts is calculated based on individual outstanding balances which are not financial assets and are unlikely to be recoverable.

## 2 Segmental reporting

The Trust's Chief Operating Decision Maker is the Board of Directors.

The Board of Directors functions as a corporate decision-making body. Officer and non-officer members are full and equal members. Their role as members of the Board of Directors is to consider the key strategic and managerial issues facing the Trust in carrying out its statutory and other functions.

The Trust has used three key factors in its identification of its reportable operating segments. The factors are that the reportable operating segment:

- engages in activities from which it earns revenues and incurs expenses.
- reports financial results which are regularly reviewed by the Trust's board of directors to make decisions about allocation of resources to the segment and assess its performance.
- has discrete financial information.

During 2014/15 the Trust Board received financial information on its operations as a whole. Only in instances of significant variation to planned budget does the Trust Board receive a more detailed analysis of costs and income. No significant variations occurred during 2014/15. In addition to the routine financial board report information, the Board is provided with National Reference cost data when ever a major investment is proposed. Trust Clinicians are also provided with detailed Service Line Reporting financial information that enables the financial contribution of each clinical procedure to be understood.

Accordingly, the information received by the Trust Board during 2014/15 is in accordance with these financial accounts.

During 2013/14 the Trust Board routinely received information on financial performance at a 'Divisional' level. These 'Divisions' being: -

- **Medical Services** - The services provided by this operating segment are those that are directed toward preventive, therapeutic or palliative treatment of a medical condition, including Oncology, Nephrology, Neurology, Rheumatology, Elderly and Palliative care.
- **Surgical Services** - The services provided by this operating segment include General Surgery and Urology, providing inpatient and outpatient care for emergencies and routine cases. There is a dedicated Day Case Unit. Specialist opinions are available for breast, vascular, upper gastro-intestinal, colorectal and urological disease.
- **Women's, Children's and Diagnostic Services** include Maternity, Gynaecology, Child Health, Radiology, Breast Care, Infection Control, Clinical Psychology, Dietetics, Physiotherapy, Occupational and Speech and Language Therapy.
- **Estates and Facilities Management** is responsible for Capital Developments, Environmental Services, Estates, Hotel Services, Medical Devices Support Services and Transport.
- **Trust-Wide & Other Services** include the Trust Board, Performance and Development, Education and Training, Nursing and Quality, Human Resources, Research & Development, Finance and Information, Health Informatics, Procurement and the Pharmacy Manufacturing Unit.

Pay is total staff costs as described in note 5.1. Income is reported by segment to the Chief Operating Decision Maker. Expenditure is monitored against plan or budget.

During 2013/14 the reported Segmental performance was as follows: -

For the year ended 31 March 2014

	Note	Medical Services	Surgical Services	Women's, Children's and Diagnostic Services	Estates & Facilities Management	Trust-Wide Services	TOTAL 2013/14
		£000	£000	£000	£000	£000	£000
Income from patient care	3.1	84,390	65,099	45,233	3,037	5,659	203,418
Other operating income	3.6	1,193	719	1,487	5,216	28,956	37,571
Income total		85,583	65,818	46,720	8,253	34,615	240,989
Pay		(35,681)	(39,951)	(33,325)	(11,642)	(26,283)	(146,882)
Non-pay		(26,127)	(17,946)	(8,633)	(10,531)	(17,905)	(81,142)
		<b>23,775</b>	<b>7,921</b>	<b>4,762</b>	<b>(13,920)</b>	<b>(9,573)</b>	<b>12,965</b>
Depreciation, amortisation and impairment of non-current assets							(11,527)
Financial income and expenses							(608)
PDC dividend payable							(2,263)
Corporation Tax							(22)
Unwinding of discount rate							(94)
<b>Deficit</b>							<b>(1,549)</b>

South Devon Healthcare NHS Foundation Trust  
Notes to the annual report and accounts  
For the year ended 31 March 2015

3 Income

2014/15  
£000

2013/14  
£000

3.1 Income from patient care activities - by activity

Elective income	40,486	43,350
Non elective Income	51,298	54,683
Outpatient income	53,783	53,245
A&E income	7,658	8,064
Other NHS clinical income	50,208	42,820
<b>Total income at full tariff (protected)</b>	<b>203,433</b>	<b>202,162</b>
Private patient income	573	571
Other non-protected clinical income	743	685
<b>Total income from patient care activities</b>	<b>204,749</b>	<b>203,418</b>

3.2 Total income from patient care activities

Commissioner-Requested Services	203,433	202,162
Non commissioner-Requested Services	1,316	1,256
<b>Total services</b>	<b>204,749</b>	<b>203,418</b>

Under the terms of authorisation the Trust is required to provide the mandatory services. The allocation of operating income between mandatory services and other services is shown in the table above.

3.3 Private patient income

The statutory limitation on private patient income in section 44 of the 2006 Act was repealed with effect from 1 October 2012 by the Health and Social Care Act 2012. Therefore a disclosure note is not required to demonstrate that the Trust has remained within the private patient income cap previously set by Monitor. However, details of the private patient income generated by the Trust is disclosed in notes 3.3 and 3.5 below.

3.4 Income from patient care activities - by source

2014/15  
£000

2013/14  
£000

NHS Foundation Trusts	234	489
NHS Trusts	120	55
CCG's & NHS England	200,597	199,116
Local Authorities	2,232	2,216
NHS Other	251	334
Non-NHS: private patients	515	221
Non-NHS: overseas patients (non-reciprocal)	58	68
Non-NHS: NHS Injury Scheme	706	654
Non-NHS: other	36	265
<b>Total income from patient care activities</b>	<b>204,749</b>	<b>203,418</b>

NHS Injury Scheme income is subject to a provision for doubtful debts of 19.5% (2013/14 10.5%) to reflect expected rates of collection.

3.5 Income from overseas patients - analysis

2014/15  
£000

2013/14  
£000

Income (as disclosed in note 3.4)	58	68
Cash payments received in-year	58	49
Amounts added to provision for impairment of receivables	0	1
Amounts written off in-year	2	6

### 3.6 Other operating income

	2014/15 £000	2013/14 £000
Research and development	1,749	1,491
Education and training	7,877	7,389
Charitable and other contributions to capital expenditure	811	46
Charitable and other contributions to revenue expenditure	605	662
Non-patient care services to other bodies	9,937	10,145
Reversal of impairments of property, plant and equipment	1,068	631
Revenue received from finance leases	62	50
Revenue received from operating leases	747	684
Other income	17,611	16,473
<b>Total other operating income</b>	<b>40,467</b>	<b>37,571</b>

Non-patient care services to other bodies includes £2.1m (2013/14 £2.2m) from hosting the Audit South West - Internal Audit Counter Fraud and Consultancy Services.

Other income includes £13.9m sales (2013/14 £12.3m) from the Pharmacy Manufacturing Unit.

### 3.7 Operating lease income

	2014/15 £000	2013/14 £000
Rents recognised as income in the year	747	684
	<b>747</b>	<b>684</b>

#### Future minimum lease payments due

	2014/15 £000	2013/14 £000
Not later than one year	694	717
Later than one and not later than five years	35	50
	<b>729</b>	<b>767</b>

#### Operating Lease Income

The Trust has entered into a lease agreement with Devon Partnership NHS Trust (DPT). The Lease agreement enables DPT to rent part of the Torbay Hospital site from the Trust for a period 17 years - Lease expires 31st March 2020. The agreement can be cancelled by DPT serving 12 months notice. If notice was served by DPT no financial penalty would be payable to the Trust at the end of the lease period. The rental income payable under the agreement will be recalculated on an annual basis throughout the 17 year lease period. The income receivable is calculated from the sum of two components. The first component being an opportunity cost payable to the Trust of £90,000 per annum and the second component being the forecast capital charges the Trust will incur in respect of the leased asset. In 2014/15 this income totalled £702,000 (2013/14 £644,000)

#### 4 Operating expenses

##### 4.1 Operating expenses comprise:

	2014/15 £000	2013/14 £000
Services from other NHS Foundation Trusts	1,982	2,009
Services from NHS Trusts	955	607
Services from CCGs and NHS England	20	(2)
Purchase of healthcare from non NHS bodies	139	1,917
Executive Directors' costs	1,122	981
Non Executive Directors' costs	123	128
Staff costs	151,104	144,560
Supplies and services - clinical (excluding drug costs)	23,571	22,312
Supplies and services - general	4,506	4,603
Establishment	2,085	2,079
Research and development (not included in employee expenses)	169	150
Research and development (included in employee expenses)	1,329	1,340
Transport	1,650	1,519
Premises	12,145	12,453
(Decrease) / Increase in provision for impairment of receivables	(179)	282
Drug costs (non inventory)	499	697
Drug Inventories consumed	24,566	23,992
Inventories written down	147	20
Rental under operating leases - minimum lease payments	1,137	978
Depreciation on property, plant and equipment	8,216	8,411
Amortisation on intangible assets	886	902
Impairments of property, plant and equipment	6,693	2,215
Audit services - statutory audit	94	85
Other auditors' remuneration - other services	24	0
Clinical negligence	4,316	4,196
Loss/(Gain) on disposal of other property, plant and equipment	33	7
Other	3,132	3,110
<b>Total operating expenses from continuing operations</b>	<b>250,464</b>	<b>239,551</b>

Included within 2013/14 'Other' expenditure are Staff Training costs of £713,000 (2013/14 £962,000).

Staff costs reported in note 5.1 is higher than the employee expenditure reported above, due to some employee expenditure being capitalised

##### Directors' remuneration and other benefits

Salaries	1,046	910
Employer's contribution to pension scheme	106	105
	<b>1,152</b>	<b>1,015</b>

In the year ended 31 March 2015, 10 directors (2013/14 8) accrued benefits under a defined benefit pension scheme.

##### Highest paid director's remuneration and other benefits

Salaries	191	168
Employer's contributions to pension scheme	0	20
	<b>191</b>	<b>188</b>

##### Auditors' remuneration

PricewaterhouseCoopers LLP (PwC) have been the external auditors of the Trust since the financial year ending 31 March 2009. The audit fee for the statutory audit, including Quality Reports, in 2014/15 was £71,000 (2013/14 £71,000) excluding VAT. This was the fee for an audit in accordance with the Audit Code issued by Monitor in October 2007.

An additional fee of £8,000 excluding VAT was also paid to PwC during 2014/15 in respect of the 2013/14 statutory audit.

Fees totalling £24,558 were also paid to the auditors for non-statutory audit and other professional services, namely a review of the Trust's Recruitment and Whistle blowing procedures, provision of corporation taxation advice and training and assistance with preparing the Trust's subsidiary financial statements. PwC also audit the accounts of South Devon Healthcare NHS Charitable Fund, the audit fee for the statutory audit in 2014/15 was £4,000 (2013/14 £4,000) excluding VAT.

The engagement letter signed in March 2015, states that the liability of PwC, its members, partners and staff (whether in contract, negligence or otherwise) shall in no circumstances exceed £1 million in the aggregate in respect of all services.

4.2 Arrangements containing an operating lease

	2014/15 Land £000	2014/15 Buildings £000	2014/15 Plant & Machinery £000	2014/15 Other £000	2014/15 Total £000
Minimum lease payments	0	459	394	284	1,137
	<b>0</b>	<b>459</b>	<b>394</b>	<b>284</b>	<b>1,137</b>

	2013/14 Land £000	2013/14 Buildings £000	2013/14 Plant & Machinery £000	2013/14 Other £000	2013/14 Total £000
Minimum lease payments	0	459	232	287	978
	<b>0</b>	<b>459</b>	<b>232</b>	<b>287</b>	<b>978</b>

Total future minimum lease payments

	Land 31 March 2015 £000	Buildings 31 March 2015 £000	Plant & Machinery 31 March 2015 £000	Other 31 March 2015 £000	Total 31 March 2015 £000
Payable:					
Not later than one year	0	459	258	429	1,146
Later than one and not later than five years	0	1,747	265	308	2,320
Later than five years	0	893	0	0	893
<b>Total</b>	<b>0</b>	<b>3,099</b>	<b>523</b>	<b>737</b>	<b>4,359</b>

Total future minimum lease payments

	Land 31 March 2014 £000	Buildings 31 March 2014 £000	Plant & Machinery 31 March 2014 £000	Other 31 March 2014 £000	Total 31 March 2014 £000
Payable:					
Not later than one year	0	459	244	433	1,136
Later than one and not later than five years	0	1,770	325	506	2,601
Later than five years	0	1,328	0	0	1,328
<b>Total</b>	<b>0</b>	<b>3,557</b>	<b>569</b>	<b>939</b>	<b>5,065</b>

Included in these commitments is £2.4m (2013/14 £2.7m) for Regent House, a building in Regent Close, Torquay, which has a 15 year lease expiring in 2021, with rent reviews every 5 years. The 'other' category relates to the lease of Lease Vehicles. The Trust places contracts for some lease vehicles on behalf of neighbouring NHS organisations. The value of the lease vehicle contractual commitments placed on behalf of NHS organisations included within the overall commitment value as at 31st March 2015 and as at 31st March 2014 is £0.3 m and £0.3m respectively. These costs when incurred are recharged to these NHS organisations.

## 5 Staff costs and numbers

### 5.1 Staff costs

	2014/15			2013/14		
	Total £000	Permanently Employed £000	Other £000	Total £000	Permanently Employed £000	Other £000
Salaries and wages	125,107	120,950	4,157	120,677	116,970	3,707
Social Security Costs	9,436	9,248	188	9,256	9,076	180
Employer contributions to NHS pension scheme	14,734	14,358	376	14,610	14,281	329
Pension costs - other contributions	0	0	0	47	47	0
Termination benefits	208	208	0	131	131	0
Agency/contract staff	4,869	0	4,869	2,838	0	2,838
<b>Total staff costs</b>	<b>154,354</b>	<b>144,764</b>	<b>9,590</b>	<b>147,559</b>	<b>140,505</b>	<b>7,054</b>

During the year £799,000 of staff costs were capitalised (2013/14 £678,000).

### 5.2 Staff numbers (monthly average number of whole time equivalents)

	2014/15			2013/14		
	Total Number	Permanently Employed Number	Other Number	Total Number	Permanently Employed Number	Other Number
Medical and dental	440	422	18	417	409	8
Administration and estates	957	927	30	908	870	38
Healthcare assistants and other support staff	619	493	126	579	488	91
Nursing, midwifery and health visiting staff	1,104	1,036	68	1,064	1,014	50
Scientific, therapeutic and technical staff	692	688	4	679	675	4
<b>Total staff numbers</b>	<b>3,812</b>	<b>3,566</b>	<b>246</b>	<b>3,647</b>	<b>3,456</b>	<b>191</b>

Staff numbers include directors on service contracts.

### 5.3 Retirements due to ill-health

This note discloses the number and additional pension costs for individuals who retired early on ill-health grounds during the year. There were 3 retirements (2013/14 1), at an additional cost of £323,000 (2013/14 £1,000). This information has been supplied by NHS Pensions.

5.4 Staff Exit Packages paid in year

Exit package cost band	Number of compulsory redundancies by cost band	2014/15	Total number of exit packages by cost band	Number of compulsory redundancies by cost band	2013/14	Total number of exit packages by cost band
		Number of other departures agreed by cost band			Number of other departures agreed by cost band	
<£10,000	0	9	9	1	13	14
£10,000 - £25,000	0	2	2	0	0	0
£50,001 - £100,000	0	2	2	0	1	1
<b>Total number of exit packages by type</b>	<b>0</b>	<b>13</b>	<b>13</b>	<b>1</b>	<b>14</b>	<b>15</b>

	Value of compulsory redundancies	Total value of other exit packages	Total value of exit packages	Value of compulsory redundancies	Total value of other exit packages	Total value of exit packages
	£000	£000	£000	£000	£000	£000
Compulsory redundancy	0	0	0	4	0	4
Contractual payments in lieu of notice	0	208	208	0	27	27
Exit packages following payments following employment tribunals or court orders	0	0	0	0	100	100
<b>Total cost of exit packages</b>	<b>0</b>	<b>208</b>	<b>208</b>	<b>4</b>	<b>127</b>	<b>131</b>

6 Better Payment Practice Code

Measure of compliance

	2014/15		2013/14	
	Number	£000	Number	£000
Total Non-NHS trade invoices paid in the year	57,807	91,849	57,374	94,696
Total Non NHS trade invoices paid within target	48,703	77,107	47,726	76,532
Percentage of Non-NHS trade invoices paid within target	84%	84%	83%	81%
Total NHS trade invoices paid in the year	1,828	9,131	2,142	8,830
Total NHS trade invoices paid within target	1,609	7,486	1,768	7,433
Percentage of NHS trade invoices paid within target	88%	82%	83%	84%

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

7 Financial income

	2014/15	2013/14
	£000	£000
Interest on bank accounts	81	74
<b>Total financial income</b>	<b>81</b>	<b>74</b>

8 Financial expenses

	2014/15	2013/14
	£000	£000
Interest on Loans from the Foundation Trust Financing Facility	1,162	679
Interest on Finance leases	0	3
<b>Total financial expenses</b>	<b>1,162</b>	<b>682</b>

9 Intangible assets

9.1 Intangible assets 2014/15

	Software licences £000	Group and Trust Assets under Construction £000	Total £000
Fair value at 1 April 2014	5,347	1,056	6,403
Additions purchased	8	2,120	2,128
Additions donated	63	0	63
Reclassifications	392	28	420
<b>Gross cost at 31 March 2015</b>	<b>5,810</b>	<b>3,204</b>	<b>9,014</b>
Accumulated amortisation at 1 April 2014	3,513	0	3,513
Charged during the year	886	0	886
<b>Accumulated amortisation at 31 March 2015</b>	<b>4,399</b>	<b>0</b>	<b>4,399</b>
<b>Net book value</b>			
- Purchased at 31 March 2014	1,834	1,056	2,890
<b>- Total at 1 April 2014</b>	<b>1,834</b>	<b>1,056</b>	<b>2,890</b>
- Purchased at 31 March 2015	1,352	3,204	4,556
- Donated at 31 March 2015	59	0	59
<b>- Total at 31 March 2015</b>	<b>1,411</b>	<b>3,204</b>	<b>4,615</b>

9.2 Intangible assets 2013/14

	Software licences £000	Group and Trust Assets under Construction £000	Total £000
Fair value at 1 April 2013	4,700	994	5,694
Additions purchased	147	689	836
Reclassifications	503	(627)	(124)
Disposals	(3)	0	(3)
<b>Gross cost at 31 March 2014</b>	<b>5,347</b>	<b>1,056</b>	<b>6,403</b>
Accumulated amortisation at 1 April 2013	2,614	0	2,614
Charged during the year	902	0	902
Disposals	(3)	0	(3)
<b>Accumulated amortisation at 31 March 2014</b>	<b>3,513</b>	<b>0</b>	<b>3,513</b>
<b>Net book value</b>			
- Purchased at 1 April 2013	2,086	994	3,080
<b>- Total at 1 April 2013</b>	<b>2,086</b>	<b>994</b>	<b>3,080</b>
- Purchased at 31 March 2014	1,834	1,056	2,890
<b>- Total at 31 March 2014</b>	<b>1,834</b>	<b>1,056</b>	<b>2,890</b>

10 Property, plant and equipment

10.1 Property, plant and equipment 2014/15

Group and Trust

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction and payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000	Total £000
<b>Cost or valuation at 1 April 2014</b>	5,815	67,024	3,701	26,361	40,444	591	15,175	3,731	162,842
Additions purchased	0	1,312	0	8,871	1,011	17	27	28	11,266
Additions donated	0	147	0	0	588	0	0	13	748
Impairments recognised in operating income and expenses (*see note 10.5)	0	(752)	0	(5,941)	0	0	0	0	(6,693)
Reversal of impairments	0	1,067	1	0	0	0	0	0	1,068
Reclassifications	0	3,518	0	(6,046)	1,608	24	476	0	(420)
Revaluations	0	1,632	140	79	0	0	0	0	1,851
Disposals	0	0	0	0	(964)	(44)	(390)	0	(1,398)
<b>Cost or Valuation at 31 March 2015</b>	<b>5,815</b>	<b>73,948</b>	<b>3,842</b>	<b>23,324</b>	<b>42,687</b>	<b>588</b>	<b>15,288</b>	<b>3,772</b>	<b>169,264</b>
<b>Depreciation at 1 April 2014</b>	0	0	0	0	29,035	413	11,404	3,408	44,260
Charged during the year	0	3,268	170	0	2,820	50	1,806	102	8,216
Revaluation surpluses (*see note 10.5)	0	120	7	0	0	0	0	0	127
Disposals	0	0	0	0	(951)	(44)	(365)	0	(1,360)
<b>Accumulated depreciation at 31 March 2015</b>	<b>0</b>	<b>3,388</b>	<b>177</b>	<b>0</b>	<b>30,904</b>	<b>419</b>	<b>12,845</b>	<b>3,510</b>	<b>51,243</b>
<b>Net book value</b>									
<b>- Total at 1 April 2014</b>	<b>5,815</b>	<b>67,024</b>	<b>3,701</b>	<b>26,361</b>	<b>11,409</b>	<b>178</b>	<b>3,771</b>	<b>323</b>	<b>118,582</b>
- Purchased at 31 March 2015	5,815	66,843	3,665	23,324	10,704	169	2,403	247	113,170
- Donated at 31 March 2015	0	3,717	0	0	1,079	0	40	15	4,851
<b>- Total at 31 March 2015</b>	<b>5,815</b>	<b>70,560</b>	<b>3,665</b>	<b>23,324</b>	<b>11,783</b>	<b>169</b>	<b>2,443</b>	<b>262</b>	<b>118,021</b>

During 2014/15 the Trust has changed its policy of how Impairment and Reversal of Impairment values are disclosed on the Property, plant and equipment Note to the Accounts. Previously these were disclosed with the Depreciation section of the Note. They are now disclosed in the Cost section of the Note. There is no impact on the overall Net Book Value and hence the Trust's Statement of Financial Position as a consequence of this change in policy.

10.2 Property, Plant & Equipment Financing

Group and Trust

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction and payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000	Total £000
Purchased and Owned	5,815	66,843	3,665	23,324	10,704	169	2,403	247	113,170
Donated and Owned	0	3,717	0	0	1,079	0	40	15	4,851
<b>Total at 31 March 2015</b>	<b>5,815</b>	<b>70,560</b>	<b>3,665</b>	<b>23,324</b>	<b>11,783</b>	<b>169</b>	<b>2,443</b>	<b>262</b>	<b>118,021</b>

10.3 Property, plant and equipment 2013/14

Group and Trust									
	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction and payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000	Total £000
<b>Cost or valuation at 1 April 2013</b>	5,775	72,763	3,663	5,228	38,800	575	13,578	3,731	144,113
Additions purchased	0	2,585	4	24,089	2,459	16	967	0	30,120
Additions donated	0	25	0	0	7	0	14	0	46
Reclassifications	0	1,659	110	(2,956)	505	0	806	0	124
Revaluations	40	(9,748)	(76)	0	0	0	0	0	(9,784)
Disposals	0	(260)	0	0	(1,327)	0	(190)	0	(1,777)
<b>Cost or Valuation at 31 March 2014</b>	<b>5,815</b>	<b>67,024</b>	<b>3,701</b>	<b>26,361</b>	<b>40,444</b>	<b>591</b>	<b>15,175</b>	<b>3,731</b>	<b>162,842</b>
<b>Accumulated depreciation at 1 April 2013</b>	0	6,817	209	0	27,549	361	9,608	3,275	47,819
Charged during the year	0	3,301	169	0	2,777	52	1,979	133	8,411
Impairments recognised in operating expenses	0	2,182	33	0	0	0	0	0	2,215
Reversal of impairments	(40)	(586)	(5)	0	0	0	0	0	(631)
Reclassifications	0	(36)	0	0	36	0	0	0	0
Revaluation Surpluses	40	(11,678)	(406)	0	0	0	0	0	(12,044)
Disposals	0	0	0	0	(1,327)	0	(183)	0	(1,510)
<b>Accumulated depreciation at 31 March 2014</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29,035</b>	<b>413</b>	<b>11,404</b>	<b>3,408</b>	<b>44,260</b>
<b>Net book value</b>									
<b>- Total at 1 April 2013</b>	<b>5,775</b>	<b>65,946</b>	<b>3,454</b>	<b>5,228</b>	<b>11,251</b>	<b>214</b>	<b>3,970</b>	<b>456</b>	<b>96,294</b>
- Purchased at 31 March 2014	5,815	63,439	3,701	26,361	10,547	178	3,706	312	114,059
- Donated at 31 March 2014	0	3,585	0	0	862	0	65	11	4,523
<b>- Total at 31 March 2014</b>	<b>5,815</b>	<b>67,024</b>	<b>3,701</b>	<b>26,361</b>	<b>11,409</b>	<b>178</b>	<b>3,771</b>	<b>323</b>	<b>118,582</b>

10.4 Property, Plant & Equipment Financing

Group and Trust									
	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction and payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000	Total £000
Purchased and Owned	5,815	63,439	3,701	25,499	11,369	178	3,706	312	114,019
Finance Leased	0	0	0	0	40	0	0	0	40
Donated and Owned	0	3,585	0	862	0	0	65	11	4,523
<b>Total at 31 March 2014</b>	<b>5,815</b>	<b>67,024</b>	<b>3,701</b>	<b>26,361</b>	<b>11,409</b>	<b>178</b>	<b>3,771</b>	<b>323</b>	<b>118,582</b>

#### 10.5 Revaluation of assets during 2014/15

During 2014/15 the Trust commissioned the District Valuation Office to provide three valuation services.

The first phase was to provide the Trust with national building construction (BCIS) indices and local construction cost indices for the year 2014/15. The output of which indicated that overall the cost of construction had risen in the financial year by circa 3.82%. As this increase is relatively material to the Trust's Statement of Financial Position, the Trust has in line with best accounting practice, applied indexation to its Specialised Buildings as at 31st March 2015. The impact of this exercise has been to increase the value of the buildings by a net £2.7m.

The second phase was to provide the Trust with an assessment of whether any impairment after applying the Modern Equivalent Asset (MEA) valuation methodology was necessary for Specialised Building assets brought into use during the course of 2014/15. As the Trust has adopted an accounting policy of valuing Buildings and Dwellings using a replacement 'Modern Equivalent Asset' (MEA) cost - inevitably impairment charges occur when ever a newly constructed asset or a refurbishment project has been completed. This is primarily due to three principles used by MEA. The first being that the asset is constructed from the ground up, secondly that there is unrestricted access to the construction site and thirdly the construction uses the latest modern materials. In practice most construction and refurbishment costs incurred are not on ground-up projects, construction rarely takes place in a site where access is solely granted to the construction firm and some refurbishment schemes have to use materials in keeping with the existing asset - e.g. for listed buildings. The impact of this exercise has been to decrease the value of buildings by circa £0.8m.

The third and final phase was to provide the Trust with an assessment of whether the newly constructed Pharmacy Manufacturing Unit (PMU) requires to be impaired. The facility is currently progressing through a Regulatory (MHRA) checking process. Once passed the new facility will be brought into use. It is planned to be operational in early 2015/16. The facility is comprised of four major components, namely the freehold land, the outer shell of the building, the internal fit of the facility and the freestanding equipment. The Trust commissioned the District Valuer to undertake a valuation assessment of the new land, outer shell building and the internal fit out. The result of this exercise has identified that the open market value of the Outer Building Shell has a market value considerably less than the cost of construction. There is also an impairment to be applied to the Internal Fit-out costs. The Land has however been valued at a slightly higher value in comparison with the initial purchase price. The overall net impact of this valuation has been to reduce the value of Asset under Construction by £5.8m.

The outcome of these reviews have been incorporated into these financial statements and can be summarised as follows: -

		Increase / (Decrease) in Revaluation						
Note	Buildings excluding Dwellings £'000	Dwellings £'000	Assets under construction and payments on account £'000	Total £'000	Total of which has been credited / to Other Operating Income £'000	Total of which has been charged to Operating Expenditure £'000	Proportion of which has been accounted for through the Revaluation Reserve £'000	
<b>Phase 1 - Indexation applied</b>								
Indexation applied to Specialised Buildings; £2,713k :-	-							
Of which the value that reverses a previous impairment charge is: -	-	1,067	1	0	1,068	(1,068)		
Of which the value is credited to the Revaluation Reserve	-	1,512	133	0	1,645		(1,645)	
<b>Phase 2 - Modern Equivalent Asset revaluation</b>								
Assessment of whether the cost of building construction brought into use requires an impairment adjustment; £(752)k	-	(752)	0	0	(752)	752		
<b>Phase 3 - Impairment review of the new PMU facility</b>								
Valuation assessment of the Outer Building Shell - Basis of valuation is at Open Market value with vacant possession; £(4,551)k	-	0	0	(4,551)	(4,551)	4,551		
MEA assessment of the Fit-out of the new facility; £(1,390)k	-	0	0	(1,390)	(1,390)	1,390		
Revaluation of Land; £79k	-	0	0	79	79		(79)	
Total		1,827	134	(5,862)	(3,901)	(1,068)	6,693 (1,724)	
<b>Reconciled to Primary Financial Statements / Other Notes to the Accounts</b>								
Impairments recognised in Operating Expenditure - Cost section of PPE Note to accounts	10.1	(752)	0	(5,941)	(6,693)		6,693	
Reversal of impairments recognised in Other Operating Income - Cost section of PPE Note to accounts	10.1	1,067	1	0	1,068	(1,068)		
Revaluations - Cost section of PPE note to accounts	10.1	1,632	140	79	1,851		1,851	
Revaluations - Depreciation section of PPE note to accounts	10.1	(120)	(7)	0	(127)		(127)	
Sub-total	3.6; 4.1 & SOCITE	1,827	134	(5,862)	(3,901)	(1,068)	6,693 1,724	
Transferred between I&E Reserve and Revaluation Reserve	-	-	-	-	-	-	-	
Of the above £752k impairment charge allocated to Operating Expenditure, credit balances totalling £411k existed within the revaluation reserve in respect of these impaired assets. A transfer from the Revaluation Reserve to the Income and Expenditure Reserve has therefore taken place.	SOCITE	-	-	-	-		(411)	
<b>Total</b>		1,827	134	(5,862)	(3,901)	(1,068)	6,693 1,313	

## 11. Investments

The Trust's principal subsidiary undertakings and investments as included in the consolidation as at the reporting date are set out in these financial statements.

The reporting date of the financial statements for the subsidiary is the same as for these group financial statements - 31 March 2015.

### SDH Developments Ltd

The company is registered in the UK, company no. 08385611 with a share capital comprising one share of £1 owned by the Trust. The company commenced trading on 1st July 2013 as an Outpatients Dispensing service in Torbay Hospital and a significant proportion of the company's revenue is inter group trading with the Trust which is eliminated upon the consolidation of these group financial statements. The subsidiary company reported a £1,000 loss in the year ending 31st March 2015. Its gross and net assets at 31st March 2015 were £1,390,000 and £87,000 respectively. There has been no significant change in the trading risks during the course of the year.

12 Inventories	Group 31 March 2015 £000	Group 31 March 2014 £000	Trust 31 March 2015 £000	Trust 31 March 2014 £000
<b>12.1 Inventories balances</b>				
Drugs	1,632	1,809	1,219	1,374
Consumables	2,331	2,423	2,331	2,423
Energy	27	40	27	40
Inventories carried at fair value less costs to sell	2,059	2,097	2,059	2,097
<b>Total</b>	<b>6,049</b>	<b>6,369</b>	<b>5,636</b>	<b>5,934</b>
<b>12.2 Inventory Movements and Inventories recognised in expenses</b>				
	Group 2014/15 £000	Group 2013/14 £000	Trust 31 March 2015 £000	Trust 31 March 2014 £000
Carrying value at 1 April	6,369	5,722	5,934	5,722
Additions	35,534	35,203	30,964	31,869
Inventories recognised as an expense in the year	(35,707)	(34,589)	(31,186)	(31,746)
Write-down of inventories (including losses)	(147)	(20)	(76)	36
Other	0	53	0	53
<b>Carrying value at 31 March</b>	<b>6,049</b>	<b>6,369</b>	<b>5,636</b>	<b>5,934</b>
<b>13 Trade and other receivables</b>				
	Group 31 March 2015 £000	Group 31 March 2014 £000	Trust 31 March 2015 £000	Trust 31 March 2014 £000
<b>13.1 Trade and other receivables balances</b>				
<b>Current</b>				
NHS receivables - Revenue	3,127	3,191	3,127	3,191
Receivables due from NHS Charities	24	72	24	72
Provision for impaired receivables	(441)	(678)	(441)	(678)
Prepayments	2,660	1,997	2,662	2,299
Accrued income	1,407	3,992	1,407	3,992
Finance lease receivables	1	1	1	1
PDC dividend receivable	170	84	170	84
Other receivables *	2,002	3,256	1,932	3,076
	<b>8,950</b>	<b>11,915</b>	<b>8,882</b>	<b>12,037</b>
<b>Non-current</b>				
Finance lease receivables	683	684	683	684
Other receivables *	1,560	1,631	2,078	2,179
	<b>2,243</b>	<b>2,315</b>	<b>2,761</b>	<b>2,863</b>
<b>Total trade and other receivables</b>	<b>11,193</b>	<b>14,230</b>	<b>11,643</b>	<b>14,900</b>

\* Other receivables includes Non-NHS Trade and Non-NHS Pharmacy Manufacturing Unit (PMU) receivables totalling £1,299,000 (2013/14 £1,361,000) and NHS Recovery Unit receivables of £2,161,000 (2013/14 £1,955,000). The PMU manufactures and sells pharmaceutical products to both NHS and non-NHS customers.

South Devon Healthcare NHS Foundation Trust  
Notes to the annual report and accounts  
For the year ended 31 March 2015

	Group 31 March 2015 £000	Group 31 March 2014 £000	Trust 31 March 2015 £000	Trust 31 March 2014 £000
<b>13.2 Provision for impairment of receivables</b>				
Balance at 1 April	678	396	678	396
Increase in provision	226	462	226	462
Amounts utilised	(58)	0	(58)	0
Unused amounts reversed	(405)	(180)	(405)	(180)
<b>Balance at 31 March</b>	<b>441</b>	<b>678</b>	<b>441</b>	<b>678</b>

**13.3 Ageing of impaired receivables**

0-30 days	27	451	27	451
30-60 days	5	1	5	1
60-90 days	2	2	2	2
90-180 days	19	9	19	9
over 180 days	387	215	387	215
<b>Total</b>	<b>440</b>	<b>678</b>	<b>440</b>	<b>678</b>

**13.4 Receivables past their due date but not impaired**

0-30 days	827	1,232	827	1,232
30-60 days	76	307	76	307
60-90 days	119	78	119	78
90-180 days	270	273	270	273
over 180 days	1,952	2,042	1,952	2,042
<b>Total</b>	<b>3,244</b>	<b>3,932</b>	<b>3,244</b>	<b>3,932</b>

**14 Finance lease receivables**

**Gross lease receivables**

**Minimum lease receivables**

	Group 31 March 2015 £000	Group 31 March 2014 £000	Trust 31 March 2015 £000	Trust 31 March 2014 £000
<b>Gross lease receivables</b>	<b>3,673</b>	<b>3,759</b>	<b>3,673</b>	<b>3,759</b>
of which those receivable				
- not later than one year	63	63	63	63
- later than one year and not later than five years	253	253	253	253
- later than five years	3,357	3,443	3,357	3,443
	<b>3,673</b>	<b>3,759</b>	<b>3,673</b>	<b>3,759</b>
Unearned interest income	(2,989)	(3,074)	(2,989)	(3,074)
<b>Net lease receivables</b>	<b>684</b>	<b>685</b>	<b>684</b>	<b>685</b>
of which those receivable:				
- not later than one year	1	1	1	1
- later than one year and not later than five years	8	3	8	3
- later than five years	675	681	675	681
	<b>684</b>	<b>685</b>	<b>684</b>	<b>685</b>

The finance lease receivables relates to the lease of the Torquay Ambulance Station to the South West Ambulance Service NHS Trust, which expires in 2091 and the lease of part of the Torbay Hospital Annexe site to the Devon Studio School which expires in 2063.

15 Trade and other payables

	Group 31 March 2015 £000	Group 31 March 2014 £000	Trust 31 March 2015 £000	Trust 31 March 2014 £000
<b>Current</b>				
Receipts in advance	1,169	292	1,169	292
NHS payables	523	488	523	488
Capital trade payables	461	5,191	461	5,191
Other trade payables	2,309	4,293	2,309	4,293
Social Security costs	2,920	2,966	2,920	2,966
Other payables *	3,660	3,544	3,536	3,487
Accruals **	6,759	6,882	6,759	6,882
Corporation Tax payable	0	22	0	0
	<b>17,801</b>	<b>23,678</b>	<b>17,677</b>	<b>23,599</b>

\* Other payables include: - £2,078,000 (2013/14 £2,055,000) outstanding pensions contributions at 31 March 2015

\*\* Accruals includes holiday pay of £500,000 (2013/14 £1,016,000) and property, plant and equipment of £1,863,000 (2013/14 £571,000)

16 Other liabilities

	Group 31 March 2015 £000	Group 31 March 2014 £000	Trust 31 March 2015 £000	Trust 31 March 2014 £000
<b>Current</b>				
Deferred income	927	1,467	927	1,467

In 2014/15, deferred income includes £889,000 (2013/14 £906,000) relating to Maternity Care Pathway income from its Commissioner.

17 Borrowings

	Group 31 March 2015 £000	Group 31 March 2014 £000	Trust 31 March 2015 £000	Trust 31 March 2014 £000
<b>Current</b>				
Loans from Foundation Trust Financing Facility	3,365	2,784	3,365	2,784
Obligations under finance leases (note 18)	0	16	0	16
	<b>3,365</b>	<b>2,800</b>	<b>3,365</b>	<b>2,800</b>
<b>Non-current</b>				
Loans from Foundation Trust Financing Facility	37,293	35,023	37,293	35,023
Obligations under finance leases (note 18)	0	0	0	0
	<b>37,293</b>	<b>35,023</b>	<b>37,293</b>	<b>35,023</b>

South Devon Healthcare NHS Foundation Trust  
Notes to the annual report and accounts  
For the year ended 31 March 2015

17 Borrowings (continued)

During 2014/15, the Trust entered into a further four loan agreements with the Independent Trust Financing Facility (ITFF) to enable the construction of a new Critical Care Unit and Hospital Front Entrance £12.7m; construction of additional Car Parking facilities £1.9m; Linear Accelerator Bunker and associated enabling works £3.4m and finally replacement of the Trust's two Linear Accelerators £4.1m. The Critical Care and Hospital Front Entrance and Linear Accelerator Bunker and Associated enabling works loans are both repayable over a twenty year period in equal instalments. The loans for the expanded Car Parking facilities and the Linear Accelerator Equipment are repayable over a ten year period. The interest rate of the respective new loans are; Critical Care Unit and Hospital Front Entrance 2.34%; Car Parking Facilities 1.66%; Linear Accelerator Bunker and enabling works 2.34% and the Linear Accelerators 1.66% per annum. In 2013/14 and prior years the Trust entered other loan agreements with the ITFF. The value of loans approved as at 31st March 2014 and the drawdown thereon are listed below.

	Torbay Hospital Infrastructure Loans 31 March 2015 £000	Pharmacy Manufacturing Fit Out Loan 31 March 2015 £000	Pharmacy Manufacturing Freehold Loan 31 March 2015 £000	Critical Care Unit and Hospital Front Entrance 31 March 2015 £000	Car Parking Facilities 31 March 2015 £000	Linear Accelerator Bunker and associated enabling works 31 March 2015 £000	Replacement Linear Accelerators 31 March 2015 £000	Total 31 March 2015 £000	Total 31 March 2014 £000
Total value of Loans approved	20,000	16,000	8,240	12,700	1,900	3,382	4,118	66,340	44,240
Gross Loan Principal drawdown as at 31st March	20,000	16,000	8,220	700	0	570	0	45,490	39,320
Repayments made during prior periods	(1,308)	0	(205)	0	0	0	0	(1,513)	(270)
Repayments made during the financial year	(1,067)	(1,841)	(411)	0	0	0	0	(3,319)	(1,243)
Total Liability as at 31st March	17,625	14,159	7,604	700	0	570	0	40,658	37,807
Principal Repayable within one year	1,067	1,887	411	0	0	0	0	3,365	2,784
Principal Repayable after one year	16,558	12,272	7,193	700	0	570	0	37,293	35,023
Annual Interest Rate	3.41% & 1.90% *	3.14%	2.99%	2.34%	1.66%	2.34%	1.66%		
Loan Duration	20 years	12 years	20 years	20 years	10 years	20 years	10 years		

\* - The Torbay Hospital Infrastructure loans were received in two tranches. The earlier loan, total principal approved totalling £10m has an interest rate of 3.41% per annum. The subsequent loan, total principal also approved £10m has an interest rate of 1.90% per annum.

18 Finance lease obligations (i.e. as lessee)

	Minimum lease payments	
	31 March 2015 £000	31 March 2014 £000
Amounts payable under finance leases		
of which liabilities are due		
- not later than one year	0	16
- later than one year and not later than five years	0	0
- later than five years	0	0
<b>Gross lease liabilities</b>	<b>0</b>	<b>16</b>
Less:		
Finance charges allocated to future periods	0	0
<b>Net lease liabilities</b>	<b>0</b>	<b>16</b>
Included in:		
Current borrowings	0	16
Non-current borrowings	0	0

19 Provisions

	Group 31 March 2015 £000	Group 31 March 2014 £000	Trust 31 March 2015 £000	Trust 31 March 2014 £000
<b>Current</b>				
Pensions relating to other staff	287	274	287	274
Legal claims	266	221	266	221
	<b>553</b>	<b>495</b>	<b>553</b>	<b>495</b>
<b>Non-current</b>				
Pensions relating to other staff	3,587	3,715	3,587	3,715
	<b>3,587</b>	<b>3,715</b>	<b>3,587</b>	<b>3,715</b>

	Pensions relating to other staff £000	Legal claims £000	Total £000
At 1 April 2014	3,989	221	4,210
Change in the discount rate	157	0	157
Arising during the year	188	165	353
Utilised during the year	(291)	(65)	(356)
Reversed unused	(241)	(55)	(296)
Unwinding of discount	72	0	72
<b>At 31 March 2015</b>	<b>3,874</b>	<b>266</b>	<b>4,140</b>

**Expected timing of cash flows:**

- not later than one year	287	266	553
- later than one year and not later than five years	1,110	0	1,110
- later than five years	2,477	0	2,477
<b>At 31 March 2015</b>	<b>3,874</b>	<b>266</b>	<b>4,140</b>

At 1 April 2013	4,004	174	4,178
Change in the discount rate	221	0	221
Arising during the year	117	76	193
Utilised during the year	(275)	(71)	(346)
Reversed unused	(172)	42	(130)
Unwinding of discount	94	0	94
<b>At 31 March 2014</b>	<b>3,989</b>	<b>221</b>	<b>4,210</b>

**Expected timing of cash flows:**

- not later than one year	274	221	495
- later than one year and not later than five years	1,049	0	1,049
- later than five years	2,666	0	2,666
<b>At 31 March 2014</b>	<b>3,989</b>	<b>221</b>	<b>4,210</b>

The provision entitled 'Pensions relating to other staff' has two components. The provisions for early retirement pensions and for injury benefit payments to staff have been based on information from NHS Pensions. The principal uncertainty relating to this is the life expectancy of the beneficiaries.

The provision entitled 'Legal claims' relates to personal injury claims received from employees and members of the public. These claims have been quantified according to guidance received from the NHSLA and the relevant insurance companies. Due to the inherent uncertainty of this type of claim it has been assumed that any of the claims being dealt with by the insurance companies will be settled and paid during the year ending 31 March 2015. The potential liability has been split into two parts with one part being provided for and the second part included in Contingencies at Note 22.

£27.8 million (2013/14 £23.5 million) is included in the provisions of the NHSLA at 31 March 2015 in respect of clinical negligence liabilities of the Trust.

20 Notes to the Statement of cash flows

Cash and cash equivalents	Group 31 March 2015 £000	Group 31 March 2014 £000	Trust 31 March 2015 £000	Trust 31 March 2014 £000
At 1 April	18,472	16,615	18,071	16,615
net change in year	(6,411)	1,857	(6,257)	1,456
<b>At 31 March</b>	<b>12,061</b>	<b>18,472</b>	<b>11,814</b>	<b>18,071</b>
<b>Broken down into:</b>				
Cash at commercial banks and in hand	336	512	89	111
Cash with the Office of the Paymaster General/Government Banking Service	1,525	17,960	1,525	17,960
Other current investments	10,200	0	10,200	0
<b>Cash and cash equivalents as in SoFP</b>	<b>12,061</b>	<b>18,472</b>	<b>11,814</b>	<b>18,071</b>
Bank overdraft	0	0	0	0
<b>Cash and cash equivalents as in SoCF</b>	<b>12,061</b>	<b>18,472</b>	<b>11,814</b>	<b>18,071</b>

21 Commitments

Commitments under capital expenditure contracts for property, plant and equipment at 31 March 2015 were £420,000 (31 March 2014 £5,228,000). Commitments under revenue contracts at 31 March 2015 were £1,936,000 (31 March 2014 £850,000).

22 Contingent liabilities

	Group 31 March 2015 £000	Group 31 March 2014 £000	Trust 31 March 2015 £000	Trust 31 March 2014 £000
Contingent liabilities (gross value)	(3,006)	(2,970)	(3,006)	(2,970)
<b>Net value of contingent liabilities</b>	<b>(3,006)</b>	<b>(2,970)</b>	<b>(3,006)</b>	<b>(2,970)</b>

**Personal injury claims**

The Trust receives a number of personal injury claims from employees and members of the public. The NHSLA administer the scheme and provide details of the liability and likely value of claims. The value of the claims which have been assessed as being unlikely to succeed for which no provision has been made in the annual report and accounts is £106,000 (2013/14 £70,000).

The Trust has not been informed of any potential additional personal injury claims other than those already assessed by the NHSLA (2013/14 0 cases).

**Devon Studio School**

The Trust has entered into a lessor finance lease with Devon Studio School to enable the School to use part of the Trust's Torbay Hospital Annexe site as an educational facility. The Secretary of State for Education has loaned the School a sum of money to invest in the site. This external investment does not form part of the Trust's Statement of Financial Position, but the value of the buildings leased to the School have been classified in the Trust's accounts as a finance lease. The lease is for a 50-year period, with a break point at year 30. If during the course of the primary lease period (i.e. the first 30 years) the Devon Studio School (or successor organisation) was to cease the delivery of education (for whatever reason), then the Trust would be obliged to pay a sum to the Secretary of State for the capital invested by the Department of Education. The potential sum payable diminishes over time but at 31 March 2015 the potential liability would be £2.9m. No provision for this potential liability has been made, as the likelihood of this liability crystallising is considered remote.

## 23 Related Party Transactions

South Devon Healthcare NHS Foundation Trust is a body corporate established by order of the Secretary of State for Health. The independent Regulator of NHS Foundation Trusts ('Monitor') and other NHS Foundation Trusts are considered Related Parties.

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

During 2014/15 there was one transaction with a related party of a non-executive director of the Trust. Namely the Trust received income totalling £10,000 from the South West Academic Health Science Network. The non-executive Director has an interest in the South West Academic Health Science Network. In 2013/14 £11,072 was spent on the provision of design and printing services with Thinkingcaps, a business which is run by the spouse of one of the executive directors of the Trust.

During the year the Trust has had a significant number of transactions with the Department of Health and Strategic Health Authorities, other NHS Foundation Trusts and NHS Trusts.

In addition the Trust has had a number of material transactions with other Government Departments and other Central and Local Government Departments. Most of these transactions have been with HM Revenue and Customs, National Insurance Fund, NHS Pensions and Torbay Council.

The Trust's income is mainly derived from contracted and non-contracted income for the provision of patient care.

The principal related party entities included in income and expenditure are: -

	Income 2014/15 £000	Income 2013/14 £000	Receivables 31 March 2015 £000	Receivables 31 March 2014 £000
Other NHS Foundation Trusts	6,690	6,230	1,238	1,403
Torbay and Southern Devon Health and Care NHS Trust	6,141	6,631	1,031	1,355
Other NHS Trusts	5,858	5,823	802	869
NHS South Devon And Torbay CCG	160,492	159,523	710	1,829
NHS North, East, West Devon CCG	5,368	5,197	9	85
Bristol, North Somerset, Somerset & South Glos Area Team	24,438	22,765	146	1,497
Devon, Cornwall and the Isles of Scilly Area Team	7,309	6,626	2	(177)
Department of Health	35	0	170	0
Other NHS organisations	12,529	13,503	815	649
Local Government and Central Government	4,023	4,831	766	1,238
	<b>232,883</b>	<b>231,129</b>	<b>5,689</b>	<b>8,748</b>

	Expenditure 2014/15 £000	Expenditure 2013/14 £000	Payables 31 March 2015 £000	Payables 31 March 2014 £000
NHS Blood and Transplant Agency	964	1,108	(21)	(19)
NHS Litigation Authority	4,545	4,380	0	0
NHS Pension Scheme	14,734	14,657	2,108	2,054
HMRC and National Insurance Fund	9,436	9,256	2,920	2,966
Other NHS organisations	8,276	7,574	2,244	1,773
Other Local Government and Central Government	2,171	1,877	540	322
	<b>40,126</b>	<b>38,852</b>	<b>7,791</b>	<b>7,096</b>

The Trust has also received revenue contributions of £1,073,000 (2013/14 £662,000) and capital of £811,000 (2013/14 £46,000) from a number of charitable funds, including the South Devon Healthcare Charitable Fund, for which the Foundation Trust is Corporate Trustee. The registered number of the charity is 1052232, the registered office is Regent House, Regent Close, Torquay TQ2 7AJ. The charity had reserves of £4,057,000 as at 31st March 2015 and recorded an decrease in funds of £79,000 during the year ended 31st March 2015.

The balance of receivables due from the South Devon Healthcare Charitable Fund at 31 March 2015 was £78,000 (2013/14 £72,000).

The Trust is a member of the Clinical Negligence Scheme for Trusts, administered by the NHSLA. Further details of balances are disclosed in Note 19 to the accounts.

Receivables are mainly trade receivables with the customers listed above, under standard terms and conditions. The total amount of provision for impaired receivables is £441,000 (2013/14 £678,000).

### Key management personnel

Key management includes directors, both executive and non-executive. The compensation paid or payable in aggregate to key management for employment services is show in note 4.1

None of the key management personnel received an advance from the Trust. The Trust has not entered into guarantees of any kind on behalf of key management personnel. There were no amounts owing to key management personnel at the beginning or end of the financial year.

## 24 Financial Instruments

A financial instrument is a contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another enterprise.

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the year in creating or changing the risks an entity faces in undertaking its activities.

The financial assets and liabilities of the Trust are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

### Credit risk

Credit risk is the possibility that other parties might fail to pay amounts due to the Trust. Credit risk arises from deposits with banks as well as credit exposures to the Trust's commissioners and other receivables. Surplus operating cash is only invested with UK based Clearing banks. The Trust's cash assets are held with National Westminster Bank plc., the Office of the Government Banking Service and Citibank only. An analysis of the ageing of receivables and provision for impairment can be found at note 13, trade and other receivables.

Because of the continuing service provider relationship that the Trust has with local primary care trusts and the way those primary care trusts are financed, the Trust is not exposed to the degree of credit risk faced by many other business entities. Also, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 25 mainly applies.

### Liquidity risk

Liquidity risk is the possibility that the Trust might not have funds available to meet its commitments to make payments. Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities.

The Trust's net operating costs are incurred largely under annual service agreements with local primary care trusts, which are financed from resources voted annually by Parliament. The Trust also largely finances its capital expenditure from internally generated funds. The Trust is not, therefore, exposed to significant liquidity risks.

The Trust has secured eight Independent Trust Financing Facility (ITFF) Loans, details of which are disclosed in note 16 to the accounts. These loans are being used to enable the Trust to invest in replacement infrastructure of Torbay Hospital, to enable the expansion of the Trusts Pharmacy Manufacturing Unit (PMU), construction of a new Critical Care Unit and Hospital Front Entrance, improvement of Car Parking Facilities and continuation of the Trust's Radiotherapy service. Interest on these loans are fixed. The loan principal repayment and interest rates on these loans are disclosed in note 17.

### Market Risk

Market risk is the possibility that financial loss might arise as a result of changes in such measures as interest rates and stock market movements. The Trust's transactions are almost all undertaken in sterling and so it is not exposed to foreign exchange risk. It holds no significant investments other than short-term bank deposits. Other than cash balance, the Trust's financial assets and liabilities carry nil or fixed rates of interest and the Trust's income and operating cash flows are substantially independent of changes in market interest rates. Therefore, the Trust is not exposed to significant interest-rate risk.

24.1 Financial assets and liabilities by category

	Group		Trust	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	£000	£000	£000	£000
<b>Loans and receivables</b>				
<b>Assets as per statement of financial position</b>				
Trade and other receivables excluding non-financial assets	8,363	12,149	8,811	12,517
Cash and cash equivalents	12,061	18,472	11,814	18,071
<b>Total at 31 March</b>	<b>20,424</b>	<b>30,621</b>	<b>20,625</b>	<b>30,588</b>
<b>Other financial liabilities</b>				
<b>Liabilities as per statement of financial position</b>				
Borrowings excluding finance leases	40,658	37,807	40,658	37,807
Obligations under finance leases	0	16	0	16
Trade and other payables excluding non-financial liabilities	13,712	20,420	13,588	20,341
Provisions under contract	266	221	266	221
<b>Total at 31 March</b>	<b>54,636</b>	<b>58,464</b>	<b>54,512</b>	<b>58,385</b>
<b>Maturity of Financial Liabilities</b>				
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	£000	£000	£000	£000
In one year or less	17,343	23,441	17,219	23,362
In more than one year but not more than two years	3,359	2,782	3,359	2,782
In more than two years but not more than five years	10,288	8,347	10,288	8,347
In more than five years	23,646	23,894	23,646	23,894
<b>Total at 31 March</b>	<b>54,636</b>	<b>58,464</b>	<b>54,512</b>	<b>58,385</b>

24.2 Fair values

The book value of assets and liabilities due after 12 months is the same as the fair value of the assets and liabilities.

## 25 Third Party Assets

The Trust held £4,000 cash at bank and in hand at 31 March 2015 [2013/14 £nil] relating to monies held by the NHS Foundation Trust on behalf of patients.

## 26 Intra-Government Balances

	Group and Trust			
	Receivables: amounts falling due within one year £000	Receivables: amounts falling due after more than one year £000	Payables: amounts falling due within one year £000	Payables: amounts falling due after more than one year £000
Balances with other Central Government Bodies	507	259	5,547	0
Balances with, NHS England, CCGs, NHS Trusts and Foundation Trusts	4,329	424	2,243	0
Balances with Department of Health	170	0	1	0
<b>At 31 March 2015</b>	<b>5,006</b>	<b>683</b>	<b>7,791</b>	<b>0</b>
Balances with other Central Government Bodies	978	260	5,323	0
Balances with NHS Trusts and Foundation Trusts	7,002	424	1,773	0
Balances with Department of Health	84	0	0	0
<b>At 31 March 2014</b>	<b>8,064</b>	<b>684</b>	<b>7,096</b>	<b>0</b>

## 27 Losses and Special Payments

There were 57 (2013/14 39) cases of losses and special payments totalling £276,000 (2013/14 £13,000) paid for the year ended 31st March 15. The most significant of which relates to a £259,000 payment made to an employee for loss of earnings and legal fees incurred as a consequence of an unfair constructive dismissal.

Note: The total costs included in this note are on a cash basis and will not reconcile to the amounts in the notes to the accounts which are prepared on an accruals basis.

## 28 Private Finance transactions

The Trust has not entered into any private finance transactions.

## 29 Pooled budgets

The Trust has not entered into any pooled budget projects.



