

South Devon Healthcare NHS Foundation Trust
Annual Report and Accounts 2011/12

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



Annual Report and Annual Accounts 2011/2012

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. Please call 01803 210511 or email communicationsmanager.sdhct@nhs.net or write to Associate Director of Communications, South Devon Healthcare NHS Foundation Trust, Torbay Hospital, Torquay TQ2 7AA.

Laid before Parliament

This Annual Report 2011/12 has been produced to be laid before Parliament in July 2012, 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 and on the independent regulator Monitor's website.

A Summary Annual Review, based on this report will also be available later in the year, following the annual members' meeting.

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Part I: Review of the year

Chairman's statement

Staff engagement with patients, clinical involvement in management, partnership working across the health community, innovation in surgery, a genuine culture of learning and improvement, a motivated and flexible workforce – these were just some of the factors cited by the Health Service Journal's panel of eight judges who named South Devon Healthcare as *Acute Healthcare Organisation of the Year* for 2011. This was the high point of a successful year for the Trust – one in which we demonstrated strength in depth, and resilience in the face of the many changes taking place within the NHS.

Patients come first, and we received much positive feedback in the course of the year. We were commended for our efforts to meet the specific needs of patients with dementia and patients who have a learning disability. Inspectors from the Care Quality Commission carried out an unannounced visit to observe the quality of care on the wards, talking to patients and staff, and they were impressed with our standards. Patient survey results continued to be strong. No hospital gets everything right, and we always seek to learn when mistakes are made, but we were entitled to feel that we entered 2012-13 with a record of achievement and an enhanced reputation at both local and national level.

The financial outlook for the NHS remains challenging. We achieved our target savings - over £8 million - during 2011-12, thanks to dedicated effort and flexibility on the part of staff who have worked on our Continuous Improvement Programme. Financial balance has enabled us to increase our capital programme substantially, through long-term loans.

Patients and visitors are now seeing the benefits through improvements such as the new Paediatric Outpatients Department, the Women's Unit, and refurbishments to public areas of the hospital.

The structure of the NHS is changing with the recently passed Health and Social Care Act. We have worked hard to build closer relationships with our local General Practitioner (GP) leaders who will play a key role in commissioning services – including those provided by the hospital – under the new arrangements. We all recognize that closer integration of services will bring tangible benefits for patients, improved efficiency, and a sounder basis for meeting the challenge of an ageing population expecting the latest in health care. A key objective of our Trust Board is to achieve closer integration in our local health community.

Finally a word of thanks to all who made 2011-12 a good year. To our outstanding staff, to colleagues on our Trust Board, to our governors who have been constructive in their support, to the League of Friends, and to the many volunteers who assist with our patient services. A hospital is above all a team effort – and we have a great team.

Chief Executive's statement

'The NHS belongs to the people. It is there to improve our health and well-being, supporting us to keep mentally and physically well, to get better when we are ill and, when we cannot fully recover, to stay as well as we can to the end of our lives. It works at the limits of science – bringing the highest levels of human knowledge and skill to save lives and improve health. It touches our lives at times of basic human need, when care and compassion are what matter most.' **The NHS Constitution.**

The opening passage of the NHS Constitution serves as a reminder to us all of the core values of the NHS. During the last 12 months, the NHS has undergone the most radical and comprehensive programme of change since its creation, nearly 65 years ago.

The Health and Social Care Act, which passed into law in April, aims to provide doctors and nurses with the ability to tailor services, give patients more choice over how they are treated, and reduce bureaucracy in the NHS. One of the Act's key themes is 'no decision about me without me', and the principles of devolved power and responsibility, greater community and individual control, and greater integration run throughout it.

In South Devon we already pride ourselves on very strong relationships with local GPs and the community health trust, making decisions together which reflect the needs of our population as a whole and ensuring we make very best use of our resources to deliver maximum benefit for our patients. The success of such a system relies upon the effectiveness of each individual partner and within this Annual Report you will see how strongly South Devon Healthcare NHS Foundation Trust has performed during 2011/12.

Much has been said about our winning of the HSJ (Health Services Journal) Acute Healthcare Organisation of the Year award in November. However, it still bears repeating that such accolades are not provided without strong leadership, clear evidence of sustained quality, a caring, cohesive culture and robust financial management.

While it remains necessary for our Trust to be vigilant about the efficiency of our services, we have always been clear that improved efficiency must also result in an improved experience for our patients and an increase in safety and quality thanks to the commitment and flexibility of our staff. We have managed to achieve the targets of our Continuous Improvement Programme – a comprehensive programme of service development which ensures we are making absolutely best use of our resources for our patients, identifying opportunities for managing and providing services more efficiently and more effectively.

As a clear indication that efficiency does not come at the expense of quality, during the same period we have seen some overwhelming evidence of consistently good patient experience, innovation in care, and the quality of the Hospital environment.

The Care Quality Commission (CQC) inpatient survey for the last year shows a solid performance by the Trust across a very wide range of factors, from setting up of appointments through to discharge. Reports from our own patient experience surveys, continually conducted by Hospital volunteers, show overwhelmingly positive feedback from those we look after, with some of the most positive and powerful data coming from questions about the care and compassion of our clinical staff.

The 2011 NHS staff survey results place us in the top 20 per cent of Trust's when it comes to satisfaction with the quality of work and patient care, feeling valued and supported by colleagues and managers, job satisfaction and whether they would recommend the Trust as a place to work.

Extremely low incidences of hospital acquired MRSA bacteraemia - a true reflection upon the commitment of our infection control team and indeed all of our clinical staff to ensure the highest levels of care and cleanliness.

Our reputation as a Trust which embraces new technology remains, with wider use of our surgical robot in areas such as gynaecological medicine and for nephrectomies, the latest mammography equipment to improve accuracy and patient comfort, and new, state of the art, digital imaging equipment within our ophthalmology department.

All these are examples, and the resulting enormous patient benefit, are thanks to donations from our exceptional League of Friends.

I am genuinely proud of our Trust, our Hospital and our staff, what we have achieved and the vision and drive which I am sure will enable us to continue achieving into the future.

About our Trust

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

The Trust 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.

Torbay Hospital serves a resident population of approaching 300,000 people, but the population increases by as many as 100,000 visitors at any one time during the summer holiday season.

South Devon Healthcare was established in 1991 and became an NHS Foundation Trust in 2007. As a Foundation Trust we remain part of the NHS and subject to the same national standards and inspections.

Our Board of Directors is accountable to local people, who are represented by elected members on our Council of Governors.

The services that we provide are funded by our local Primary Care Trusts (PCTs), who receive an allocation of NHS money from the government each year and who decide on the healthcare priorities for their local population. The amount of income that we earn depends on the services we are commissioned to undertake.

Changes to NHS commissioning, set out in the Health and Social Care Act, mean that PCTs in Devon are now incorporated into a cluster which works with Clinical Commissioning Groups. The majority of commissioning funding for South Devon Healthcare NHS Foundation Trust comes from the Commissioning Cluster of Devon, Plymouth and Torbay.

We are a core partner on the Clinical Cabinet, a group of local senior clinicians and health service directors, which makes decisions about how to develop services to achieve the best outcomes for patients.

At a glance - how 2011/12 shaped up...facts and figures

	Previous year (2010/11)	This year (2011/12)
Total revenues	£210,166,000	£218,254,000
Capital Expenditure	£8,082,000	£17,852,000
Total expenses (inc. PDC*)	£207,946,000	£213,520,000
Pay expenditure	£131,574,000	£134,290,000
Non-pay expenditure	£76,372,000	£79,230,000
How much we spend per day	£567,000	£610,000
Staff number (FTE*)	3,229	3,241
Staff numbers headcount	3,850	3,838

*PDC: Public Dividend Capital; FTE: Full-Time Equivalent

Our values and the NHS Constitution

The Trust has adopted the set of core values incorporated in the NHS Constitution which includes all of the commitments agreed locally. This is consistent with our vision and in particular our aim to improve quality through partnership.

The NHS Constitution sets out the principles and values which underpin the actions and operations of the NHS and the rights and pledges for patients and staff. The rights are legally enforceable entitlements, and the pledges set out how the NHS will strive to deliver higher quality care and high quality employment.

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; and
- everyone counts.

Our ambition

'For South Devon Healthcare to be the best provider of healthcare services delivering excellence in all that we do.'

Our vision

The environment within which our organisation operates has been subject to significant change during the past two years, with the publication and passing into law of the Health and Social Care Act. We are committed to enabling our Trust to evolve in line with these changes, which promote increasing choice for patients and more clinician involvement in the development of services.

We work closely with General Practitioners (GPs) in South Devon, and with the community healthcare provider Torbay and Southern Devon Health and Care NHS Trust, to identify, develop and implement methods for providing healthcare which is effective, efficient and focused on achieving the best outcomes for patients.

We value and promote integration and collaboration, between organisations and individuals, wherever this can deliver better care.

We believe patients deserve to be treated with dignity and respect. We are committed to listening to our patients, and to learning from what they tell us.

Our priorities

In 2010 we published our Summary Strategic Directions, which confirms the themes and issues the Trust must continue to address over the next five years to achieve our ambition '*... for South Devon Healthcare to be the best provider of healthcare services delivering excellence in all that we do.*'

We recognise that this document seeks to outline strategy during a period of unprecedented change for the NHS, and that therefore the principles through which it is delivered will change.

We also recognise that there are some fundamental factors which affect the context within which we work, now and in the future: spend on NHS services will remain static or reduce; our local older population will increase thereby placing greater demands upon certain services; the commissioning shift toward community, rather than acute, based care will continue.

The continued success of our Trust therefore relies upon greater collaboration, capitalising upon opportunities to deliver and enable preventative care and self-care, and achieving excellence in everything we do in order to drive patient satisfaction and make us first choice for care.

2011/2012 – A year in headlines

April 2011 – New inpatient survey results place Torbay highly

Patients staying at Torbay Hospital have scored Torbay Hospital highly in the latest national inpatient's survey by the Care Quality Commission.

The Hospital did especially well on:

- short waiting times;
- not sharing a sleeping area with patients of the opposite sex;
- confidence and trust in doctors and nurses;
- quality and choice of food; and
- being involved in decisions about discharge from hospital.

The hospital was in the best performing of acute trusts in England in the section 'Your care and treatment', scoring in the top 20 per cent in eight out of nine of the questions asked.

May 2011 - Hospital patients to benefit from specialist eye equipment donation

Patients attending Torbay Hospital are to benefit from specialist eye equipment thanks to the annual Torbay Hospital League of Friend's Eye Clinic sponsored walk.

The walkers included patients, their friends and family, members of the League of Friends, plus consultant Mick Cole and nursing staff from the Eye Clinic. The age range of the walkers was impressive, stretching from three to 78.

Ophthalmology is a quickly evolving area of medicine requiring frequent updates to equipment. The money raised enabled Torbay Hospital's service to purchase a Tonopen -

a hand-held instrument for measuring pressure within the eye which is ideal for use on patients in different situations, including those in beds or wheelchairs.

The equipment means that the Eye Clinic will be able to extend its work to other departments including A & E and outpatients, as well as on the wards.

June 2011 - Health watchdog commends dignity and nutrition at Torbay Hospital

Torbay Hospital has received a glowing review for its standard of dignity and nutrition in a report published by Care Quality Commission (CQC).

The report summarises the findings of 100 unannounced inspections of NHS acute hospitals across the country looking at whether the essential standards of dignity and nutrition were being met on wards caring for elderly people.

Nationally, Torbay Hospital was one of 45 hospitals of the 100 hospitals inspected by the CQC which were fully compliant meeting the essential standards required.

July 2011 - Royal College of Surgeons highlights Torbay Hospital as offering best hip healthcare

Torbay Hospital has taken the waiting out of treating people with fractured neck of femur, says a report published by the Royal College of Surgeons.

Annually, more than 400 patients with hip fractures come through the Hospital's doors. Although common, such fractures are a major cause of disability and death among older people and the pathway for treating such injuries often associated with a fall – involves a complex range of health professionals including paramedics, through to surgeons and occupational therapists. However, over the last twelve months clinicians and their teams at Torbay Hospital have transformed care and treatment so patients coming into hospital with a broken hip are not only receiving the quickest treatment, but are going home earlier too.

This quality of care and treatment has today been highlighted by the Royal College of Surgeons as one of the best in the country.

August 2011 - Hospital shines light on 'end of life' care

Torbay Hospital's Consultant in Palliative Medicine is opening the doors on palliative care this month, leading an event to show the ways in which the local NHS is working to improve care at the end of life for patients and their loved ones.

The event was open to the public and aimed to improve understanding and effectiveness of this sensitive but vital area of care.

September 11 - National award for driving efficiency via 'different' approach

Staff at Torbay Hospital have received a national award for bringing a 'leaner' approach to their work, which has resulted in healthcare efficiency and cost savings, while maintaining the highest levels of patient care.

The Estates and Facilities Management (EFM) department were category winners at the inaugural HSJ Efficiency Awards which were recently held at a prestigious ceremony in

London. The EFM department won the Efficiency in Estates Management category in recognition for the innovative and creative way it has implemented changes which have resulted in removing waste, driving change, achieving efficiencies and improving effectiveness.

October 2011- Torbay Hospital goes food crazy for sustainability

Patients, visitors and staff enjoyed the 'best of the West' at Torbay Hospital at an event which highlighted the importance of sustainability within South Devon Healthcare NHS Foundation Trust and the wider community.

Organised by the Trust's Sustainability Group, local organisations, including Paignton Zoo and local Riverford distributors, were invited to demonstrate that local food tastes great, is healthy and good for the environment.

This was the latest in a series of events supporting the Trust's sustainability strategy which identifies eight key areas for work, one of which is catering. By 2015, the target is to source 50 per cent of food used by the Trust from suppliers in the South West, of which 25 per cent will be organically grown or reared. Benefits of this target include reduced food (transport) miles, reduced packaging waste as well as supporting the local economy and encouraging a healthy diet.

November 2011 - Trust named HSJ Acute Healthcare Organisation of the Year

South Devon Healthcare NHS Foundation Trust was named Acute Healthcare Organisation of the Year 2011 at the Health Service Journal (HSJ) awards. The HSJ Awards, held in London on 15th November, reward the best innovation, ideas and dedication found throughout the healthcare sector over the last year. The Trust fought off stiff competition from six shortlisted organisations from across England to scoop the coveted prize. The judges commented that the Trust is a high performing, excellent organisation with a real focus on patient experience, saying "the Trust works as a team in an integrated way to deliver best outcomes and innovations in care with high levels of clinical engagement".

They also talked of the 'wow factor' in the way in which staff interacted with patients.

December 2011 - Lodge donation funds hospital day room refurbishment

Patients visiting Ainslie Ward are benefitting from a newly refurbished dayroom thanks to a generous donation from a local Masonic Lodge.

The £2,500 refurbishment was funded by Tormohun Freemasons Lodge in recognition of the excellent care and treatment given to the Lodge's Chaplain, Mr Ronald Horswell. The refurbishment included new curtains, chairs and a flat screen TV, as well as redecoration.

January 2012 - Torbay Hospital delivers quality care to patients with dementia

A local watchdog has noted the "considerable and impressive progress that has been made in improving the care for people with dementia" at Torbay Hospital.

The South West Dementia Partnership has established eight Hospital Standards in Dementia Care, covering issues such as dignity, respect and appropriate care, access to

specialist mental health liaison service, nutrition and hydration needs and quality end of life care.

Following a peer review, the Partnership identified many areas of good practice regarding each of the standards, particularly the Trust's impressive clinical leadership for dementia, which includes a Senior Nurse for Dementia and 'committed and enthusiastic' Dementia Link Nurses.

The review also found good use of specialist equipment and screening methods, as well as strong links with other NHS trusts to ensure patients were identified and cared for appropriately.

February 2012 - Torbay Hospital's outpatient services among the best

Patients visiting Torbay Hospital for outpatient treatment receive care which is among the best in the country according to the latest survey by the Care Quality Commission.

The comprehensive survey was conducted with more than 511 patients and the Hospital's Outpatients Department was rated as performing better than the majority of UK hospitals in nine areas, covering all elements of patient care from first appointment through to being discharged home, and including:

- waiting times for a first appointment and the way staff explained the reasons for medical tests and results;
- patient involvement in decisions about their care, and how doctors listened to any concerns or questions; and
- support when leaving hospital, help to use medicines safely, and ensuring patients had access to ongoing professional support if needed.

Overall, patients' experience of outpatient care placed Torbay Hospital among the best performing 20 per cent of hospitals in the country. Among the patient comments captured as part of the survey was particularly praise for the helpful and caring attitude of staff. One patient commented: "I always feel comfortable and safe. The staff are always really caring and helpful".

March 2012 - League of Friends £770,000 donation provides high tech breast screening service

Thousands of women living across South Devon are now being screened with the latest technology in digital mammography imaging thanks to a generous three quarters of a million pound donation from Torbay Hospital League of Friends.

The League has donated £770,000 towards South Devon Healthcare NHS Foundation Trust's breast screening digital project, allowing the Trust to move from a film based screening service to a sophisticated new digital imaging system. In addition, the new scanners are designed to allow for a much more comfortable experience for the women being scanned.

The new equipment consists of a mobile breast screening unit, a static mammographic unit, located in Torbay Hospital's Breast Care Unit, and a dedicated mammography Picture Archiving & Communications System (PACS) to store the digital images.

Education and beyond – South Devon Healthcare NHS Foundation Trust Library

The Trust has a thriving and very well utilised library which continues to make educational resources available both on site and in the wider community, including last year at Rowcroft.

The Library constantly seeks to improve accessibility for all users using the latest technologies and advances such as coloured filters and reading-rulers to ensure the benefits can be enjoyed by all.

The Library Manager also leads on the Trust's Sustainability Strategy, representing the Trust at a regional level and ensuring an engaging and active profile for Trust initiatives.

Part II: Quality

Introduction & statement of quality from the Chief Executive

At South Devon Healthcare NHS Foundation Trust we are committed to ensuring excellent care. To achieve this we place quality at the heart of everything we do, underpinned by our core objectives of delivering the safest care possible, with no unnecessary delays, and continuously striving for the best patient experience.

This is our third year of producing the Quality Report and the information in the report allows us to share the work we have undertaken on improving quality over the last 12 months and how we compare to other organisations.



Torbay Hospital has a proven track record of providing high quality services and I was delighted that in November last year the organisation was recognised for this and named Acute Healthcare Organisation of the Year at the Health Service Journal (HSJ) awards. Our focus on patient experience and teamwork to deliver seamless care were just two of the areas commended by the judging panel. We continue to focus on both and the implementation of 'Observations of Care', which is described in this report, is just one example of people working together to capture patient experience in new ways.

Our quality improvement priorities over the last 12 months have been extremely challenging at a time of unprecedented change within the NHS. It is testament to the commitment and dedication of our staff that they have risen to the challenge and delivered against the priorities in our key areas.

In the forthcoming year it will be even more important to focus on quality to ensure we continue to have a vibrant, sustainable and innovative care system for our patients, their families and carers. I have every confidence the staff will rise to this challenge and the Quality Report will be one of the tools we will continue to use to report our progress.

I would like to thank our stakeholders for contributing to the development of the Quality Report, in particular our staff, Foundation Trust Governors, the Local Involvement Networks (LINKs), Overview and Scrutiny Committees (OSCs) and commissioners to ensure that we reflect and address the concerns of our care community. I hope you will take time to read this year's Quality Report.

I confirm that, to the best of my knowledge, the information in this document is accurate.

A handwritten signature in blue ink, which appears to read 'Paula Vasco-Knight'. The signature is fluid and cursive.

Paula Vasco-Knight
Chief Executive

For the Trust's Quality Report please see pages 95 to 146.

Part III: Sustainability

Sustainability strategy 2011/2015

As one of the largest employers in the area, South Devon Healthcare NHS Trust has a corporate social responsibility to increase sustainability and reduce carbon emissions, in an effort to combat the combined risks of economic instability, diminishing oil and gas supplies and climate change.

Success of the Trust's sustainability progress is underpinned by pro-active communication, engagement and education campaigns. To this effect, several public events have been organised and promoted by members of the Trust's Sustainability Group during 2011/12. Highlights have been an event celebrating local food in the Bayview Restaurant which gained positive coverage in the local press, and a free seminar attended by over 60 people exploring links between the natural environment and health. At both of these events, connections were developed with staff from other local trusts including Torbay and Southern Devon Health and Care NHS Trust, council staff, community groups, patients and public. Around the Hospital, the recent roll-out of a site-wide recycling scheme was extensively promoted and received a very favourable response.

Greenhouse gas emissions

With the Sustainability Strategy in place we are now able to focus our efforts on reducing our carbon dioxide emissions. The Trust is working in partnership with the Carbon Energy Fund and are currently inviting bids from selected Framework organisations for the replacement of the primary energy plant and provision of a combined heat and power plant. It is anticipated that this project will deliver a 10 per cent reduction in carbon emissions. With the continuing development of the site more energy efficient heating systems, lighting and appliances our overall emissions should start to decline.

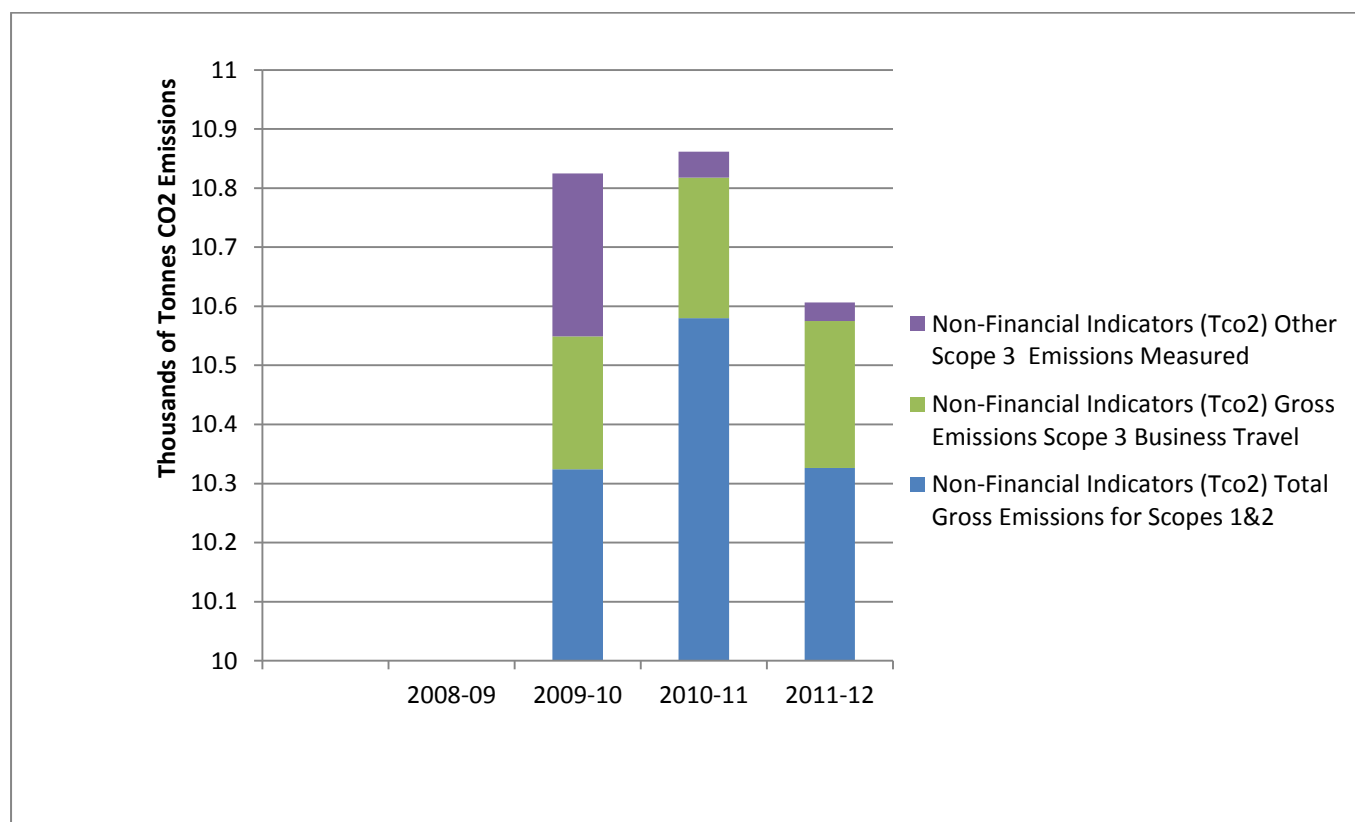
While business travel usage has seen an increase, this does include patient transport vehicles and this fleet has been modernised during 2011/12 with higher efficiency vehicles.

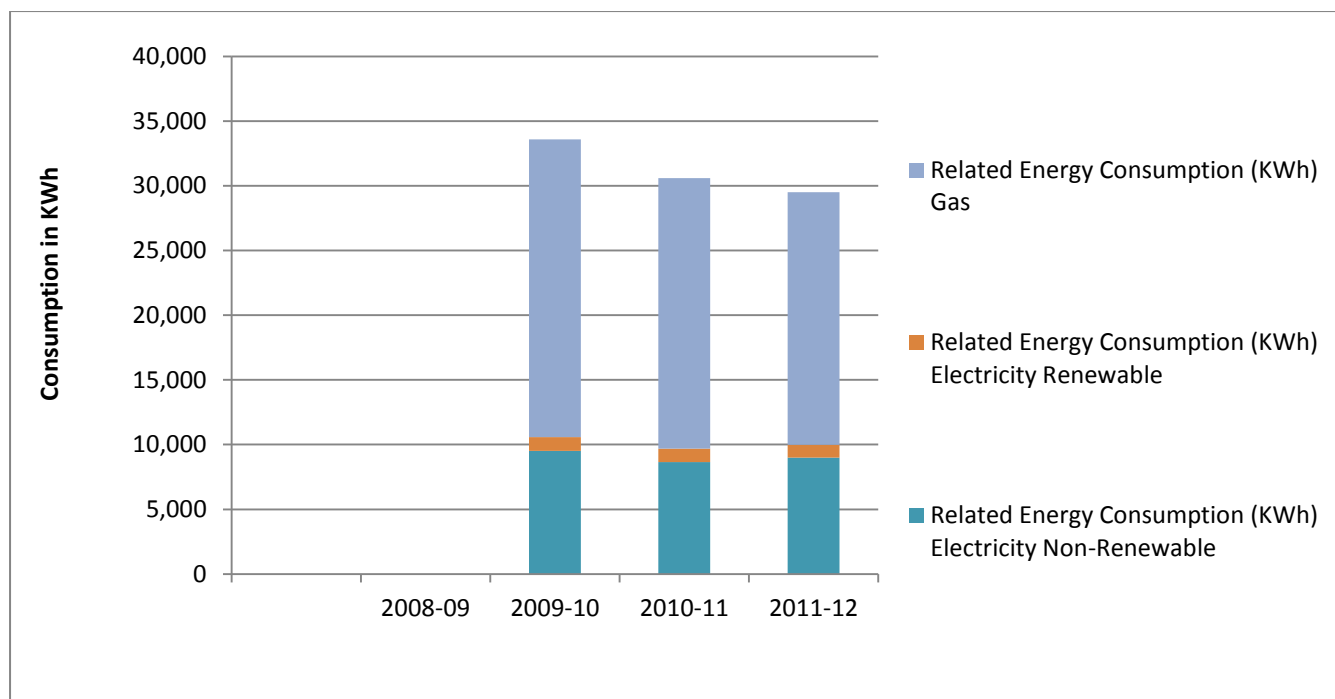
We are continuing to focus on replacing lighting to give us an instant saving on energy consumption, thus reducing our emissions. A current project is to install LED lighting within communal areas of the Hospital and the installation of LED lighting is now included with all refurbishment projects. We are currently exploring the feasibility of either voltage optimisation or tap changes to our transformers to realise savings in our energy consumption. We are also developing the Building Management System that automatically controls the heating and air flow throughout the Trust. This will reduce the waste of energy when not required i.e. this will prevent the condition of an area being cooled (by air conditioning) and heated (by radiators) at the same time.

As more electrical appliances are being purchased it is important that the users are aware of the combined consumption across the Trust and there have been several energy awareness events held at the Trust's Bayview Restaurant working with Torbay and Southern Devon Health and Care NHS Trust. These events not only promote energy conservation with staff but also members of the public.

Greenhouse Gas Emissions		2009/10	2010-11	2011-12
Non-Financial Indicators (Tco2)	Total Gross Emissions for Scopes 1&2	10,324	10,580	10,326
	Total Net Emissions for Scopes 1&2(ie less reductions - e.g. Green Tariffs)	10,324	10,580	10,326
	Gross Emissions Scope 3 Business Travel	225	238	249
	Other Scope 3 Emissions Measured	276	44	32
Related Energy Consumption (KWh)	Electricity Non-Renewable	9,528,174	8,652,299	8,995,761
	Electricity Renewable	1,058,686	1,034,550	999,499
	Gas	23,008,652	20,896,136	19,517,285
	LPG			
	Other			
Financial Indicators	Expenditure on Energy	£1,609,193	£1,598,568	£2,122,804
	CRC License Expenditure (2010 onwards)		£1,100	£1,100
	CRC Income from Recycling Payments	N/A	N/A	N/A
	Expenditure on Accredited offsets	N/A	N/A	N/A
	Expenditure on Official Business Travel	£81,600	£99,800	£104,277

Greenhouse gas emissions - graphical analysis





Waste

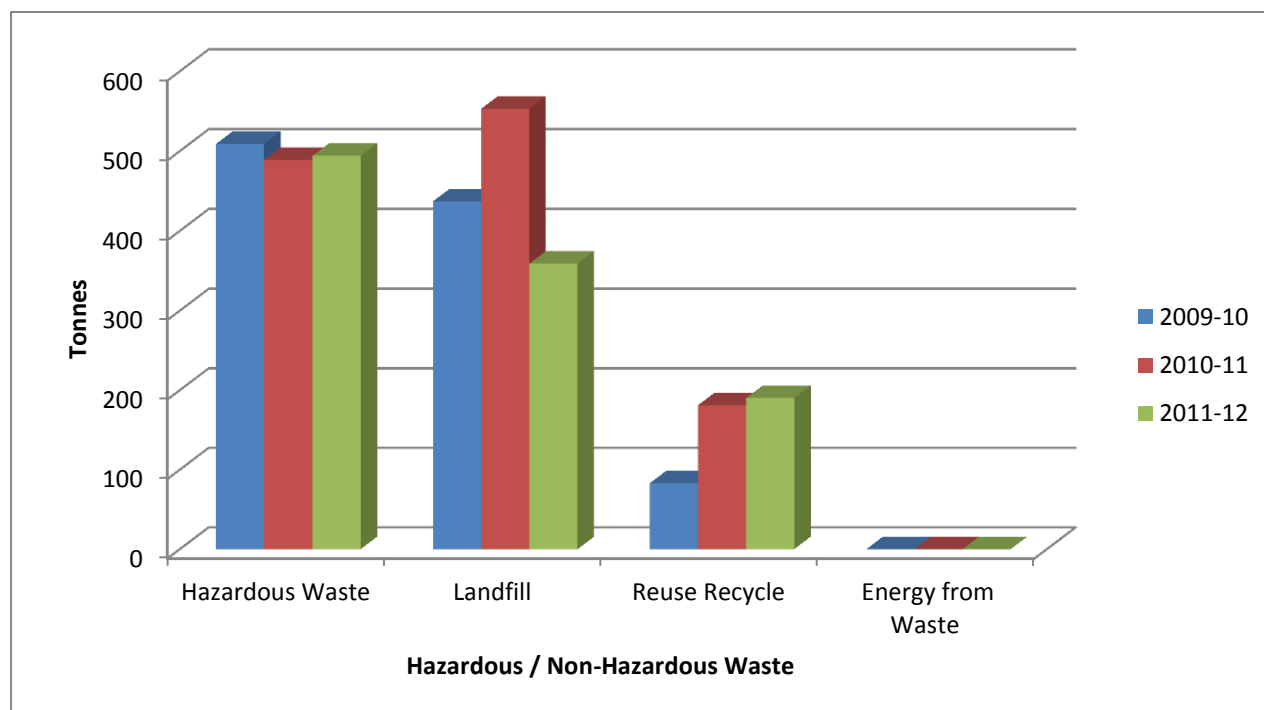
The Trust has continued to work hard at reducing the waste of all types it produces, and has had some success not just in reducing the amount it sends to landfill, but also the overall recycling rate with the help of a Trust wide recycling scheme. This is being run in conjunction with TOR2 the private/public partnership organisation who deliver Torbay Council's operational services. Whilst building work continues on the site the volumes of waste being consigned have reduced over 2010/11.

The Trust's waste management is now carried out from a centralised waste management facility situated on the old gardens department nursery close to the Cadewell Lane entrance to the Hospital. All waste leaving the site has to pass through this facility and consequently waste management operations are much more closely monitored and controlled. The Trust intends tendering both its healthcare (clinical) waste and domestic waste contracts in the financial year 2012/2013 with new contracts starting on 1st April 2013. The Domestic Waste contract will be re-let as a recycling contract and it is hoped that through this new contract the Trust can build on its current recycling rate of 18 per cent of all waste produced or 35 per cent of the current domestic waste stream. It should be noted that had all the waste which has been recycled gone to landfill then the Trust's bill for waste disposal would have increased by £19,000.

The level of hazardous waste the Trust produces has risen slightly in 2011/12, but overall performance has improved as the amount of waste sent to landfill has dropped significantly compared to the last two years. The amount of waste being recycled has continued to rise due to the introduction of a Trust wide recycling initiative.

WASTE			2009-10	2010-11	2011-12
Non-Financial Indicators (Tonnes)	Total Waste		1020	1223	1043
	Hazardous Waste	Total	509	489	494
	Non Hazardous Waste	Landfill	437	553	359
		Reuse / Recycle	83	181	190
		Incinerated Energy from Waste	0	0	0
Financial Indicators	Total Disposal Cost		£371,000	£351,389	£351,904
	Hazardous Waste Disposal Cost		£243,000	£269,465	£271,390
	Non Hazardous Waste	Landfill	£105,520	£69,100	£70,164
		Reuse / Recycle	£20,480	£12,194	£10,350
		Incinerated Energy from Waste	0	0	0

Waste - graphical analysis



Water

Water consumption has started to stabilise, we are focusing on repairing all known leaks on our water mains and will be increasing metering to allow us to determine areas of high consumption looking to reduce the consumption over the next few years in line with the Sustainability Strategy.

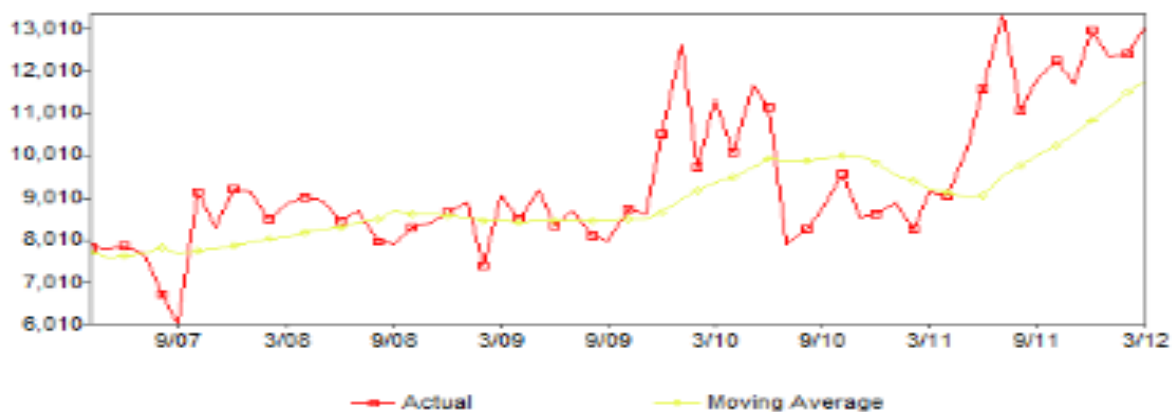
The 2012/13 capital programme will provide funding for the installation of Smart metering would enable us to trace or provide early warning if a leak was starting to develop as they transmit the data at a higher frequency than our manual meter reads.

We have worked in partnership with our Water Supplier during the last 12 months to identify ways in which we can reduce consumption across the site.

Water			2009-10	2010-11	2011-12
Non-Financial Indicators (m3)	Water Consumption	Supplied	114,278	111,249	141,786
		Abstracted	0	0	0
Financial Indicators	Water Supply Costs		£396,000	£388,000	£497,000

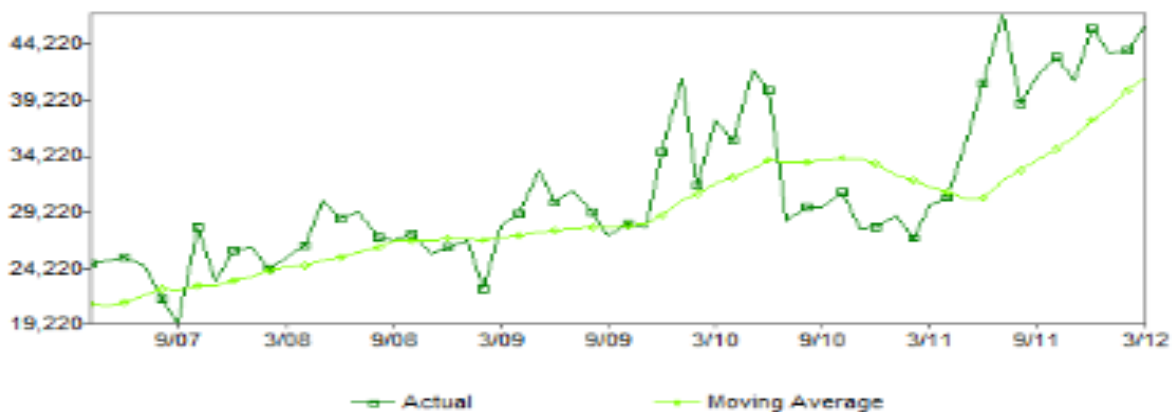
Volume

Cubic Metres



Cost

Pounds



Part IV: Valuing people

Staff wellbeing at work

An independent review led by occupational health expert Steve Boorman on how to improve the health and well-being of NHS staff led to a series of recommendations that all NHS trusts and managers need to be aware of. The report encourages employers to take the lead in looking after the health and wellbeing of staff. It emphasises the need for initiatives to be aligned with and championed the wider public health priorities of increasing exercise, tackling obesity, reducing smoking and excessive drinking, and improving mental health.

The report found that presenteeism (loss in productivity that occurs when an employee comes in to work but functions at less than full capacity due to ill-health) is greater in those who work long hours and experience managerial pressure to return to work; we will consider the wider effects presenteeism has on a healthier workforce when implementing the wellbeing at work policy to improve sickness absence.

The report calls for all NHS organisations to embed staff health and wellbeing initiatives within their operations. It recommends that leaders and managers are developed so they can more easily recognise the link between staff health and wellbeing and organisational performance, and that this is then measured as part of the annual assessments of NHS performance.

The Trust has an established Health and Wellbeing Steering Group that feeds into Workstream 4.

The purpose of the Group is to:

- oversee the development of the Trust's response to the Boorman recommendations;
- oversee the implementation of the NICE public health guidance;
- set out the required actions and oversee their effective implementation; and
- develop a Trust specific health and well-being strategy.

The workplace is an important setting in which people spend on average over half of their waking hours. It is vital that the workplace is an area that does not create barriers to making healthy choices but supports and encourages these healthy choices.

Through staff engagement, the Trust will inform staff of services available to promote health and wellbeing, encourage workforces to include wellbeing as a standard agenda item, support health and wellbeing events requested by staff and inform senior management of matters affecting the working lives of staff related to health and wellbeing.

Currently staff have access, through Occupational Health, to physiotherapy and staff support (counselling) services, including Mindfulness courses. The Health and Wellbeing Steering Group will be identifying additional means to support staff to improve their health and wellbeing.

There is a monthly All Staff Meeting, to which all staff are invited to attend. The meeting is facilitated by an Executive Director and aims to provide staff with information regarding issues affecting the Trust as well as an opportunity for staff to raise any issues which may be concerning them. In addition there is a weekly All Staff Bulletin which is emailed to all staff to keep staff up to date on developments and events within the Trust. Managers are encouraged to download and make the bulletin available to all staff without internet access.

2011 national NHS staff survey

Commentary

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. These are run by a Director and designed to engage staff in a two way process in respect of key Trust issues;
- all staff briefing sessions. Keeping staff up to date and providing them with an opportunity to raise questions over Trust developments;
- staff bulletin;
- joint consultations/negotiations with the Trade Unions; and
- annual staff survey.

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

Summary of findings

A total of 461 staff took part in the national staff survey 2011. This represents a response rate of 55 per cent which is above average when compared with other acute trusts in England, and compares with the response rate of 61 per cent in the 2010 survey.

The Trust has 22 indicators where the key findings are in the best 20 per cent of acute trusts and of these the following five had a statistically significant improvement:

- effective team working;
- percentage feeling pressure in last three months to attend work when feeling unwell;
- staff job satisfaction;
- staff intention to leave work; and
- staff recommendation of the Trust as a place to work or receive treatment.

Furthermore, the Trust performed better than the national average for acute trusts in the following five areas:

- percentage of staff feeling there are good opportunities to develop their potential at work;
- percentage of staff appraised with personal development plans in the last 12 months;
- perceptions of effective action from employer towards violence and harassment;
- percentage reporting good communication between senior management and staff; and
- percentage able to contribute towards improvements at work.

Progress since 2010/2011

The 2010/11 survey results highlighted structured appraisal and effective team working as two areas requiring development and we are pleased to report that:

- the number of staffing having well-structured appraisals in the last 12 months has increased from 26 per cent in 2010 to 32 per cent in 2011, an improvement of six per cent although this is still below average in comparison with other trusts; and
- effective team working increased from 3.63 in 2010 to 3.77 (on a scale of one to five where five is the best score) in 2011, an improvement of 0.14 and the Trust is ranked in the highest (best) 20 per cent of acute trusts in this area.

Areas for development in 2012

The survey results highlighted six areas for development including staff agreeing that their role makes a difference to patients; staff having well-structured appraisals in the last 12 months, staff suffering work related injury in the last 12 months; and staff witnessing potentially harmful errors, near misses or incidents in the last months.

2011/12 National NHS staff survey results

The following table is based on Monitor's template taken from the NHS Foundation Trust Annual Reporting Manual 2011/12.

		2010/11		2011/12		Trust Improvement/ Deterioration
Areas of improvement and deterioration from 2010/11 to 2011/12		Trust	National Average	Trust	National Average	Trust
Areas of improvement						
KF6	Effective team working	3.63	3.69	3.77	3.72	+0.14
KF29	Percentage of staff feeling pressure to attend work when feeling unwell in last three months	28%	26%	19%	26%	-9%
KF32	Staff job satisfaction	3.50	3.48	3.64	3.47	+0.14
KF33	Staff intention to leave jobs	2.45	2.53	2.28	2.59	- 0.17
Areas of deterioration						
KF36	Percentage of staff having equality and diversity training in the last 12 months	69%	41%	62%	48%	-7%

		2010/11		2011/12		Trust Improvement/ Deterioration
Top four ranking scores		Trust	National Average	Trust	National Average	Trust
KF3	Percentage of staff feeling valued by their work colleagues (1)	79%	76%	83%	76%	+4%
KF26	Percentage of staff experiencing harassment, bullying or abuse from staff in the last 12 months (2)	13%	15%	10%	16%	-3%
KF33	Staff intention to leave jobs (3)	2.45	2.53	2.28	2.59	-0.17
KF38	Percentage of staff experiencing discrimination at work in last 12 months (4)	10%	13%	8%	13%	-2%

- (1) The Trust's score of 83 per cent was in the highest (best) 20 per cent when compared with similar trusts.
- (2) The Trust's score of 10 per cent was in the lowest (best) 20 per cent when compared with similar trusts.
- (3) The Trust's score of 2.28 was in the lowest (best) 20 per cent when compared with similar trusts.
- (4) The Trust's score of 8 per cent was in the lowest (best) 20 per cent when compared with similar trusts.

		2010/11		2011/12		Trust Improvement/ Deterioration
Bottom four ranking scores		Trust	National Average	Trust	National Average	Trust
KF2	Percentage of staff agreeing that their role makes a difference to patients	92%	90%	89%	90%	-3%
KF13	Percentage of staff having well-structured appraisals in last 12 months	26%	33%	32%	34%	+6%
KF17	Percentage of staff suffering work related injury in last 12 months	18%	16%	17%	16%	-1%
KF20	Percentage of staff witnessing potentially harmful errors, near misses or incidents in last month	37%	37%	38%	34%	+1%

Action plans

A joint action plan will be developed with Torbay and Southern Devon Health and Care NHS Trust which will address issues that are individual to each organisation and issues that would benefit from a joint approach.

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 of our organisation include clear recognition of the importance of respecting and recognising each other as individuals. Our aim is to promote good relations, meeting the needs of our patients, service users, staff and visitors in the very best way, whilst celebrating the very positive benefits to be gained from being part of a diverse community.

The **Equality Act 2010** provided a new cross-cutting legislative framework which updated, simplified and strengthened the previous legislation to protect individuals from unfair treatment and promote a fair and more equal society. The primary provisions of the Equality Act came into force in October 2010. The Act applies to all organisations that provide a service to the public or a section of the public and to anyone who sells goods or provides facilities, whether or not a charge is made for them.

The Trust has produced a Workforce Equality and Diversity Annual Report and a Patient Equality and Diversity Annual Report for the period 1 January 2011 to 31 December 2011 to demonstrate our compliance with the public sector equality duty. All of this information is published on the Trust's website at <http://www.sdhct.nhs.uk/aboutus/equalityanddiversity/>

Our achievements for 2011/12

- The Trust was recognised as an example of good engagement practice for the work it has done to improve the quality of service that it delivers to people with a learning disability. A national NHS document called 'Good Engagement Practice for the NHS' has been created to provide organisations with good practice examples on how to engage and the work the Trust has carried out with engaging local Learning Disability groups such as SPOT (Speak out Torbay) has been used as an example.
- The Council of Governors has been working to ensure that the Trust's membership is representative of the local community. They have been piloting a scheme to invite people from across the protected characteristics as observers to the Council of Governors meetings so people gain an understanding of the role and are given details of how to become a member.
- The Trust took part in a Board Development Programme, this was delivered by Shapiro Consulting on behalf of the National Leadership Council. The programme focussed on the further building and embedding of Equality, Diversity and Inclusion into the mainstream business of the Board. The programme was very successful and was rolled out to the Trust's Council of Governors.
- The Trust commissioned a project to gather information and improve services for individuals with a visual impairment. The project has provided the organisation with valuable research and the Trust has set up a task group to take forward the recommendations which came out of the project.
- The Trust has undertaken an evaluation of its translation and interpretation services and have committed to implementing a new electronic translation service. This will be in addition to the face to face and over the phone services which are already available.

- The Trust recognises the importance of being able to capture patient data across all of the protected characteristics in order to ensure best patient delivery and has upgraded the internal Patient Administration System so this data can be captured.
- The Trust has produced several information leaflets in easy read for patients with a learning disability or difficulty. These have been produced in conjunction with a local learning disability organisation and have been very well received.
- Our Chief Executive Paula Vasco-Knight became the NHS Senior Responsible Officer for the Equality Delivery System. This is a national role and a great achievement for Paula and also shows the Trust's dedication to Equality and Diversity.

The Trust has also implemented the Equality Delivery System (see next section for details).

The Equality Delivery System

The NHS Equality Delivery System (EDS) sets out the way the Trust intends to meet its duties under the Equality Act 2010. The EDS was formally launched by the NHS Equality Delivery Council on 8 November 2011. Whilst the EDS is an optional equality self-assessment tool for both current and emerging NHS organisations to support them in meeting their General Public Sector Equality Duties as required by Section 149 of the Equality Act 2010, the Trust has given a commitment to use the Equality Delivery System to provide assurance that we are meeting the public sector equality duties.

What we are doing as a Foundation Trust?

The Foundation Trust is committed to using the EDS to support our work in continually promoting equality and diversity. The EDS will take the place of previous Equality Schemes and so we will not be publishing a new Single Equality Scheme for the Foundation Trust in 2012.

In November 2011 we held an EDS workshop in which patients, voluntary organisations, governors and people from the community were in attendance from across all the protected characteristics described in the Equality Act 2010. The workshop provided an introduction to the EDS and an initial assessment of the Trust's performance on Equality and Diversity.

In February 2012 we held two grading workshops with volunteers from the previous event in November. At this event the Foundation Trust's preliminary grades were explored and scrutinised by the community organisations and other local interests representing all of the protected groups; this led to the Trust agreeing the final EDS grades with the attendees.

In March 2012 internal engagement was undertaken with staff to assess the Trust's performance on Equality and Diversity and to agree the final grades.

How we identified our equality objectives

During the last five months the Trust has worked in partnership with many local communities of interest, the voluntary, statutory sectors and staff who represent people from all protected characteristics and health interests throughout Torbay.

The feedback from these events has helped the Trust identify a number of specific equality objectives aimed at reducing health inequalities and drive forward a more inclusive and accessible health service for all.

Part V: Foundation Trust membership

Comparison 2010 and 2011 - staff and public membership

	Staff Membership				Public Membership			
	2010/11	%	2011/12	%	2010/11	%	2011/12	%
Age								
0-16	39	1.2	44	1.3	*		*	
17 -21					10	<1	8	<1
22+	3316	98.8	3381	98.7	14722	99	13823	98.3
Not stated	-	-	-		145	<1	233	1.6
TOTAL	3355		3425		14877	100	14064	
White	3151	94	3211	93.8	13033	88	12560	89.3
Mixed	13	0.4	18	0.5	9	>1	10	<1
Asian	17	0.5	10	0.3	27	>1	26	<1
Asian British	72	2	72	2.1				
Black	2	0.06	3	0.1				
Black British	10	0.3	10	0.3	5	>1	4	<1
Other	44	1.3	48	1.4	21	>1	21	<1
Undefined	0	0	0		-	-	-	-
Not stated	46	1.4	53	1.5	1782	12	1443	10.2
TOTAL	3355		3425		14877		14064	
Male	756	22.5	773	22.6	6340	43	5969	42.4
Female	2599	77.5	2652	77.4	8394	56	7946	56.5
Not stated	-	-	-		143	1	149	1
TOTAL	3355		3425		14877		14064	
Recorded Disability								
Yes	69	2.06	76	2.2	9		6	
No	2404	71.7	2417	70.6	-		-	
Not declared	71	2.1	140	4.1	-		-	
Undefined	811	24.2	792	23.1	-		-	
TOTAL	3355		3425		9		6	

* 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 Commissions declaration is reported elsewhere in this Annual Report – see page 10.

Monitor's regulatory findings

Table of analysis – 2010/11

	Annual Plan 2010/11	Quarter 1 2010/11	Quarter 2 2010/11	Quarter 3 2010/11	Quarter 4 2010/11
Financial Risk Rating	3	3	4	4	4
Governance Risk Rating	Green	Green	Green	Green	Green

Table of analysis – 2011/12

	Annual Plan 2011/12	Quarter 1 2011/12	Quarter 2 2011/12	Quarter 3 2011/12	Quarter 4 2011/12
Financial Risk Rating	3	4	4	4	4
Governance Risk Rating	Amber - Green	Amber - Red	Amber - Green	Amber - Red	Amber - Red

Explanation of ratings

Each year Monitor (the independent Regulator for NHS foundation trusts) produces a Compliance Framework which sets out their approach to monitoring compliance by NHS foundation trusts with their Terms of Authorisation. As the environment within which NHS foundation trusts operate evolves, the Compliance Framework is updated accordingly.

The regulatory framework allows NHS foundation trusts to make best use of their freedoms while operating within the boundaries of their Authorisation. This is designed to ensure that the interests of patients and the public are protected, and at the same time National Health Service objectives are delivered.

There are three main components to the Compliance Framework:

- annual risk assessment;
- in-year monitoring (typically quarterly); and
- intervention.

For both the annual risk assessment and in-year monitoring, Monitor will assign a risk rating in two areas – financial and governance. Monitor will use these risk ratings to guide the intensity of its monitoring and to signal to the NHS Foundation Trust its degree of concern with specific issues identified and the risk of breach of the Authorisation.

The risk ratings that Monitor assigns to NHS foundation trusts and which are published therefore differ from other healthcare regulators, such as the periodic assessments of the Care Quality Commission, in three respects:

- **Limited scope.** Monitor's regulation is designed to ensure that NHS foundation trusts do not significantly breach their Authorisation. The risk ratings it assigns to NHS foundation trusts are for that purpose alone. They are not a comment on the overall performance of NHS foundation trusts.
- **Forward-looking nature.** The risk ratings are intended to indicate how likely it is that an NHS foundation trust is, or will be, in significant breach of its Authorisation; and
- **Limited target audience.** The main audiences for Monitor's risk ratings are Boards of Directors, senior staff, governors and, to a lesser extent, Commissioners. Monitor recognises that its risk ratings will inevitably be of interest to other stakeholders. While ratings by a regulator of public benefit corporations should be public, the ratings are designed primarily for regulatory purposes and not for use by third parties.

For the annual risk assessment, Monitor requires each NHS Foundation Trust to submit a plan ('Annual Plan') including forecast financial performance and details of any major risks to compliance with their Authorisation and how the Trust intends to address these.

Financial risk rating – When assessing financial risk, Monitor assigns a risk rating using a scorecard which compares key financial metrics on a consistent basis across all NHS foundation trusts. A score of '1' represents the highest risk of an 'Authorisation Breach' whereas a score of '5' represents the lowest level of financial risk.

Governance risk rating – Last year, the governance risk rating was rated using a traditional traffic light system of red, amber and green. Governance ratings for 2011/12 and 2012/13 is rated using a traffic light system, of green, amber-green, amber-red and red, where green indicates low risk and red indicates high risk. An NHS Foundation Trust may be rated amber or red on governance for failing to comply with material obligations in areas which are not directly monitored by Monitor – such as those required under the registration regulations of the Care Quality Commission.

Rather than lead to direct intervention, an amber rating is likely to result in Monitor asking the NHS Foundation Trust to propose remedial actions to address the specific issues noted. Failure to address an issue on a timely basis noted in previous assessments will result in a red rating and could lead to an intervention under section 52 of the NHS Service Act 2006.

Further information about Foundation Trust ratings is available on Monitor's website at www.monitor-nhsft.gov.uk

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

2010/11 was a successful year for South Devon Healthcare NHS Foundation Trust with the organisation achieving financial risk ratings that exceeded Annual Plan expectations. Likewise, compliance with Governance targets was maintained throughout the year.

The Trust has responded and performed well during 2011/12 in maintaining safety and quality care whilst delivering the financial challenges imposed on all NHS trusts, achieving a year-end position above what was submitted in its Annual Plan to Monitor on the 31 May 2011. The Governance risk rating at the end of March 2012 was unfortunately amber-red due to the Trust's challenging clostridium difficile target not being met; 24 cases against a plan of 21 (whereas the target for the previous year was 27). Following a review of the Trust's reports in January and April 2012, Monitor reduced the Trust's Governance rating from 'Red' (high risk) to 'Amber-Red' (lower risk).

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 2011/12 – The Trust fell short of the clostridium difficile target by just one case and narrowly missed the 62 day (consultant led screening service) referral to treatment standard as outlined within the Trust's Annual Plan 2011/12 resulting in a governance rating of amber-red. The financial risk rating was above (better than) plan.

Quarter two 2011/12 – The governance rating improved to amber-green in line with expectations outlined within the Trust's Annual Plan 2011/12. The financial risk rating was above (better than) plan.

Quarter three 2011/12 – The Trust reported six cases of clostridium difficile against a plan of five resulting initially in a red override for governance due to missed targets for clostridium difficile over three successive quarters. The Trust submitted a separate report to Monitor outlining their approach and ongoing commitment to reducing clostridium difficile who, following the report, took a decision to reduce the governance rating to amber-red. The financial risk rating was above (better than) plan.

Quarter four 2011/12 – The Trust reported five cases of clostridium difficile against a plan of six, however, the position as at 31 March 2012 was 24 cases against a plan of 21. Although this is three cases lower than those reported in 2010/11 the Trust's governance rating as at quarter four was amber-red. The financial risk rating was above (better than) plan.

There have been no formal interventions by Monitor during 2010/11 or 2011/12.

Part VII: Local Assurance

The NHS Foundation Trust - background



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.

Our governance arrangements

“...an active membership base made up of people drawn from local residents and staff; a Council of Governors representing their views above all but also local organisations; a Board of Directors with a chairman and non-executives approved by the Council of Governors...”

Putting Torbay Hospital at the heart of the community, February 2004

The legislative basis

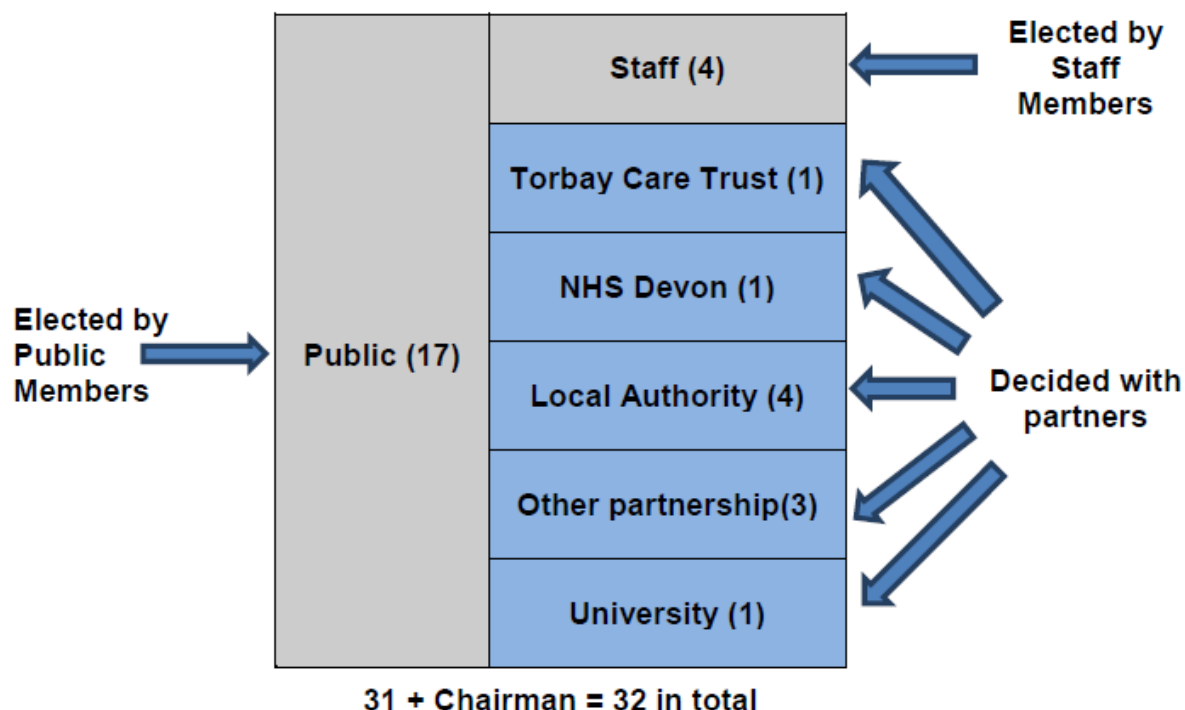
South Devon Healthcare NHS Foundation Trust has been founded as a public benefit corporation under the Health and Social Care (Community Health and Standards) Act 2003.

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 the independent regulator, Monitor, in the NHS Foundation Trust Code of Governance. Monitor's website address is www.monitor-nhsft.gov.uk

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, 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



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 2012.

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: 1,616 members)

Name	Term of office Committee and Group membership	Declaration of interests Council of Governors Attendance record 2011/12
Roy Allison	<p>Current</p> <p>Elected for 1 year term (1 March 2007 – 29 February 2008)</p> <p>Re-elected for 3 year term (1 March 2008 – 28 February 2011)</p> <p>Re-elected for 3 year term (1 March 2011 – 28 February 2014)</p> <p>Member of Remuneration Committee</p> <p>Member of Mutual Development Group</p> <p>Member of Equality, Diversity and Human Rights Group</p>	<p>None declared</p> <p>Attended Council of Governors 3/4</p>

Name	Term of office Committee and Group membership	Declaration of interests Council of Governors Attendance record 2011/12
Christina Carpenter	Current Elected for 3 year term (1 March 2011 – 28 February 2014)	None declared Attended Council of Governors 2/3
Anne Harvey	Current Council of Governors lead governor Elected for 3 year term (1 March 2007 – 28 February 2010) Re-elected for 3 year term (1 March 2010 – 28 February 2013) Member of Nominations Committees (Chair if dealing with matters associated with the Chairman) Chair of Remuneration Committee Chair of Mutual Development Group Member of Quality and Compliance Committee Member of Communications Group	None declared Attended Council of Governors 4/4

Teignbridge Constituency
Elected public governors
(7 representatives: 5,189 members)

Name	Term of office Committee and Group membership	Declaration of interests Council of Governors Attendance record 2011/12
Terry Bannon	Current Elected for 3 year term (1 March 2011 – 28 February 2014) Member of Nominations Committee Member of Quality and Compliance Committee Governor observer – Workstream 5 (Infrastructure and Environment)	Ownership or part ownership of private companies, businesses or consultancies likely, or possibly seeking, to do business with the NHS; i.e. GARTNER Attended Council of Governors 4/4
Barrie Behenna	Current Elected for 2 year term (1 March 2007 – 28 February 2009) Re-elected for 3 year term (1 March 2009 – 29 February 2012) Re-elected for 3 year term (1 March 2012 – 28 February 2015) Member of Nominations Committee Member of Remuneration Committee Chair of Quality and Compliance Committee Governor observer – Workstream 1 (Patient Safety Committee)	None declared Attended Council of Governors 4/4

Name	Term of office Committee and Group membership	Declaration of interests Council of Governors Attendance record 2011/12
Cathy French	<p>Current</p> <p>Elected for 3 year term (1 March 2009 – 28 February 2012)</p> <p>Re-elected for 3 year term (1 March 2012 – 28 February 2015)</p> <p>Member of Remuneration Committee</p> <p>Member of Mutual Development Group</p> <p>Governor observer – Workstream 2 (Patient Experience and Community Partnerships Workstream)</p>	<p>None declared</p> <p>Attended Council of Governors 4/4</p>
James Hartley	<p>Resigned – 15 November 2011</p> <p>Elected for 3 year term (1 March 2010 – 28 February 2013)</p>	<p>None declared</p> <p>Attended Council of Governors 1/3</p>
Alan Hitchcock	<p>Current</p> <p>Elected for 3 year term (1 March 2007 – 28 February 2010)</p> <p>Re-elected for 3 year term (1 March 2010 – 28 February 2013)</p> <p>Member of Mutual Development Group</p>	<p>None declared</p> <p>Attended Council of Governors 2/4</p>
George-Alfred Husband	<p>Current</p> <p>Elected for 3 year term (1 March 2007 – 28 February 2010)</p> <p>Re-elected for 3 year term (1 March 2010 – 28 February 2013)</p> <p>Member of Mutual Development Group</p>	<p>Interests declared: A member of LINK Devon. Patient lead and chair of newly formed PPG (Patient Participation Group) at Cricketfield Surgery/Newton Abbot.</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 2011/12
Paddy Masfield	Current Elected for 3 year term (1 March 2012 – 28 February 2015)	None declared Attended Council of Governors 0/0
David Wakefield	Resigned – 26 March 2012 Elected for 3 year term (1 March 2011 – 28 February 2014)	I am a Trustee of the Torbay Prostate Support Association. It is a Registered Charitable Trust (Registered No. 1095734) formed to increase awareness of Prostate cancer, provide support to patients and carers and to raise money to provide equipment for use in the treatment of Prostate cancer. Attended Council of Governors 3/4

Torbay Constituency
Elected public governors
(7 representatives: 7,259 members)

Name	Term of office Committee and Group membership	Declaration of interests Council of Governors Attendance record 2011/12
Stephen Acres	Current Elected for 2 year term (1 March 2007 – 28 February 2009) Re-elected for 3 year term (1 March 2009 – 29 February 2012) Re-elected for 3 year term (1 March 2012 – 28 February 2015) Member of Mutual Development Group	None declared Attended Council of Governors 3/4

Name	Term of office Committee and Group membership	Declaration of interests Council of Governors Attendance record 2011/12
Will Baker	Current Elected for 3 year term (1 March 2012 – 28 February 2015)	Interests declared: South Devon Cardiac Services Clinical Pathway Group. Peninsula Heart and Stroke Network Cardiac Commissioning Sub-group. Peninsula Heart and Stroke Network Public Patient Involvement Sub-group. Peninsula Trauma Network Management Group. End of Life - Heart Failure Meeting. Also my youngest son is currently employed on the Physiotherapy Bank, working in Dartmouth Hospital. Attended Council of Governors 0/0
Sylvia Gardner-Jones	Current Elected for 3 year term (1 March 2011 – 28 February 2014) Member of Quality and Compliance Committee	None declared Attended Council of Governors 4/4
Philippa Grantham	Current Elected for 3 year term (1 March 2010 – 28 February 2013)	Interests declared: Chairman of Arthritis Care Torbay. Member of the Executive Committee of Brixham Does Care Attended Council of Governors 2/4
Rick Hillier	Current Elected for 3 year term (1 March 2007 – 28 February 2010) Re-elected for 3 year term (1 March 2010 – 28 February 2013) Member of Nominations Committee	Interests declared: Director of the Community Care Trust (South Devon) Ltd Attended Council of Governors 4/4

Name	Term of office Committee and Group membership	Declaration of interests Council of Governors Attendance record 2011/12
	Member of Remuneration Committee Member of Quality and Compliance Committee Governor observer – Audit and Assurance Committee	
John Hyde	Current Elected for 2 year term (1 March 2011 – 28 February 2014) Member of Quality and Compliance Committee Governor observer – Workstream 3 (Finance Committee)	None declared Attended Council of Governors 2/3
Ian Oxley	Term ended Elected from 1 July 2010 until 29 February 2012	None declared Attended Council of Governors 2/4
David Wootten	Current Elected for 3 year term (1 March 2008 – 28 February 2011) Re-elected for 3 year term (1 March 2011 – 28 February 2014)	None declared Attended Council of Governors 3/4

Staff Constituency

Elected Staff Governors

(4 representatives: 3,425 members)

Name	Term of office	Declaration of interests Attendance record 2011/12
John Broomhall	Resigned – 29 February 2012 Elected for 3 year term (1 March 2007 – 28 February 2010) Re-elected for 3 year term (1 March 2010 – 28 February 2013) Member of Nominations Committee	None declared Attended Council of Governors 3/4
Michael Fisher	Resigned – 29 February 2012 Elected for 3 year term (1 March 2011 – 28 February 2014) Member of Mutual Development Group	None declared Attended Council of Governors 1/3
Rachael Glasson	Current Elected for 3 year term (1 March 2012 – 28 February 2015)	None declared Attended Council of Governors 0/0
Jon Goldman	Current Elected for 3 year term (1 March 2012 – 28 February 2015)	None declared Attended Council of Governors 0/0
Simon Pace	Resigned – 29 February 2012 Elected for 3 year term (1 March 2010 – 28 February 2013)	None declared Attended Council of Governors 0/4

Name	Term of office	Declaration of interests Attendance record 2011/12
Liz Williams	Current Elected for 3 year term (1 March 2009 – 29 February 2012) Re-elected for 3 year term (1 March 2012 – 28 February 2015) Governor observer – Workstream 4 (Human Resources and Educational Governance)	None declared Attended Council of Governors 3/4

**Partner Organisations
Nominated Governors
(10 representatives)**

Name	Term of office Committee and Group membership	Declaration of interests Attendance record 2011/12
Neil Bent	Torbay Council Term ended 1 September 2007 – 31 August 2010 Re-nominated until 25 May 2011	None declared Attended Council of Governors 1/1
Julia Blood	Carers Current 1 March 2010 – 28 February 2013	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.

Name	Term of office Committee and Group membership	Declaration of interests Attendance record 2011/12
		Attended Council of Governors 1/4
Carolyn Bruce-Spencer	South Hams District Council Current 10 June 2011 – 9 June 2014	Attended Council of Governors 1/3
Michael Hicks	South Hams District Council Term ended 1 June 2007 – 31 May 2011 Governor observer – Workstream 3 (Finance Committee)	None declared Attended Council of Governors 0/1
Gill Montgomery	Devon Partnership Trust Current 1 March 2007 – 28 February 2010 Re-nominated for 3 year term (1 March 2010 – 28 February 2013)	Interests declared: Assistant Director – Devon Partnership Trust. Attended Council of Governors 3/4
Trevor Pennington	Devon County Council Current 1 December 2009 – 30 November 2012	None declared Attended Council of Governors 4/4
Christine Scouler	Torbay Council Current 1 June 2011 – 28 February 2014	Interests declared: Executive Lead for Adult Social Care, Co-Chair of Supporting Learning Disabilities Board, member of Health and Wellbeing Board, Councillor on Torbay and Southern Devon Health and Care NHS Trust. Attended Council of Governors 1/3

Name	Term of office Committee and Group membership	Declaration of interests Attendance record 2011/12
Jon Welch	Torbay and Southern Devon Health and Care NHS Trust Current 1 March 2007 – 1 March 2010 Re-nominated for 3 year term (1 March 2010 – 28 February 2013)	Interests declared: Board member of Torbay and Southern Devon Health and Care NHS Trust Attended Council of Governors 1/4
Jennifer Winslade	NHS Devon (Primary Care Trust) Current 1 September 2008 – 31 August 2011 Re-nominated for 3 year term (1 September 2011 – 31 August 2014)	Interests declared: Member Devon Children's Trust Partnership Council. Assistant Director of Patient Safety and Quality Devon Primary Care Trust (commissioning). Member of Devon Primary Care Trust Professional Executive Committee and Board. Attended Council of Governors 0/4
Peninsula College of Medicine and Dentistry		Vacant
Teignbridge Council		Vacant
Voluntary Services		Vacant

The Council of Governors is chaired by the Trust Chairman Peter Hildrew. He has 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, while others have resigned. At least a third 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 October 2011 – for three of the seven Teignbridge constituency seats and for two of the Torbay constituency seats.

Five candidates put themselves forward for the Teignbridge constituency seats, Barrie Behenna and Cathy French were re-elected alongside new governor Paddy Masefield; all were elected for three-year terms of office.

Four candidates put themselves forward for the Torbay constituency seats, Stephen Acres was re-elected and has been joined from March (2012) for a three-year term on the Trust's Council of Governors by the other successful candidate Will Baker.

During the year, Monitor accepted the Council of Governors recommendation to create a staff constituency comprising of two clinical and two non-clinical seats. All four seats became available during the year; Liz Williams was re-elected unopposed in October 2011 for a further three-year term of office. Jon Goldman and Rachel Glasson take up both the clinical seats from the 1 March 2012. The remaining non-clinical seat will be filled during 2012.

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 five years now, and we are maintaining a public membership of more than 14,000 people who we stay in contact with several times a year. An annual survey 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. This year the annual survey resulted in a record number of responses; nearly 4,300. Most of the responses 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 they have 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 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 inpatient and outpatient surveys and from sources such as complaints and compliments 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 focused in particular on harnessing 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. In addition, a number of members of the Panel continue to be trained to undertake 'observations of care'. This year we will ask them to assist us with our work around protected mealtimes and to seek views on services if the patient has been in hospital for more than one week.

The Trust has set up a virtual patient information review group involving Working With Us Panel members, Local Involvement Networks (LINKs) and governor representatives. 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 the start of each Board meeting.

We maintain contact with the Local Involvement Network (LINK) and see this as potentially valuable source of information from local people who use the services at Torbay Hospital.

A representative from South Devon Healthcare NHS Foundation Trust sits on the LINKs to HealthWatch Transition Group.

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 Care Quality Commission, PEAT (Patient Environment Action Team), staff and inpatient surveys, Acute Medicine, Torbay and Southern Devon Care Trust and Pioneering Fractures Hip Pathway. The Trust welcomes anyone who would like to attend these public meetings.

In January 2012, Shapiro Consulting gave governors essentially the same training as the Board of Directors. All who attended felt it had been extremely useful and the Foundation Trust Governors Association (FTGA) agreed to take equality, diversity and inclusion training as one of the breakout sessions at a future FTGA Development Day.

In February 2012, the Council of Governors held its annual self-assessment session; a review of the previous year and actions being agreed for 2012/13.

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 but he shall not Chair the Committee when it is dealing with any matter of appointment concerning the Chairman; the Chair for this item will be the lead governor.

Following Andrew Cooper's term of office coming to an end in February 2012 having served nine successful years at the Trust and Duncan Barnes' resignation in March 2012, due to his job taking his place of residence outside of our constituency area, an executive search agency was used to fill the vacant Non-Executive Director positions. Interviews for the position were held in January 2012 and the Council of Governors appointed David Allen, Non-Executive Director, for a three-year term of office from 1 March 2012 and John Brockwell, Non-Executive Director, for a three-year term of office from 1 April 2012.

At its meeting in February 2012, the Council of Governors accepted the Nominations Committee's recommendation to re-appoint the Chairman for an extra year taking him to a normal three-year term, subject to ongoing performance reviews until February 2014.

In the spring (2012), the Nominations Committee and the Senior Independent Director conducted an annual performance review of the Chairman. Some of 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.

The recommendation put forward to the Council of Governors in July 2011 was that the Chairman and Non-Executive Directors be given no inflationary uplift for 2011/12. This recommendation was unanimously accepted by the Council of Governors

The Committee unanimously agreed to acknowledge and thank the Chairman and Non-Executive Directors for their continued hard work, integrity, strength and personal contribution.

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 2011 totalled 14,877, and 14,064 at the end of March 2012. We estimate that this represents around 12% of the households in our catchment area.

The Group has adopted the following objectives for 2012/13 and 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 14,000 – 15,000 and to maintain under review means of achieving a representation of all sectors of the community.

Information - To continue 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 LINKs (Local Involvement Networks) in their transition to HealthWatch, Devon Health 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 33) 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). 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.**

This year, the emphasis for the Mutual Development Group has been to improve the annual review questionnaire that we distribute to members each year and to engage with a local school resulting in a 'junior forum' event at Torbay Hospital.

The Trust ran several Medicine for Members events during the year attracting around 40 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 End of Life Care, Coronary Care and Colorectal Surgery.

Quality and Compliance Committee

The Quality & Compliance Committee is a new 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.

Members 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 141).

Three members of the Quality and Compliance Committee attended the annual stakeholders' meeting to decide upon the priorities for care in the forthcoming year and to choose an area of care in which data quality is checked by the external auditors.

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 full time 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 mentioned above there has been one appointment to the Non-Executive team during 2011/12 year; David Allen was appointed for three years following an open process which attracted more than 30 applications from around our constituency areas.

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 2011/12 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. For example, during 2011/12 the Audit and Assurance Committee decided to conduct its performance review using the self-assessment checklist in the revised NHS Audit Committee Handbook (2011). The results of the self-assessment will be reported back to the Committee during 2012/13. The Pharmacy Manufacturing Board, Finance Committee and Patient Safety and Quality Committee will be conducting performance reviews during 2012/13.

Non-Executive Directors

Non-Executive Directors, place of residence, term of office, attendance at meetings	Background	Declared interests
<p>Peter Hildrew, Haytor, re-appointed for three years until February 2014.</p> <p>Attendance:</p> <p>Board of Directors 12/12</p> <p>Nominations Committee 3/3</p> <p>Charitable Funds 3/3</p> <p>Risk & Assurance Integrated Governance Group 4/5</p> <p>Executive Nominations & Remuneration Committee 2/2</p>	<p>Peter has experience of the NHS as a senior manager for 10 years (until his retirement in 2003) and earlier as Chair of a Community Health Council. He formerly worked as a journalist and specialist correspondent covering the NHS for a national newspaper, and also has experience in the voluntary sector. He was Executive Director of Communications and Corporate Affairs for Northamptonshire Health Authority from 1995 until 2001 before moving to Devon. He was appointed Trust Chairman for three years commencing on 1 March 2008.</p>	<p>None declared.</p>
<p>David Allen, OBE, Chudleigh, appointed for three years until February 2015.</p> <p>Attendance:</p> <p>Board of Directors 1/1</p>	<p>David Allen is Registrar and Deputy Chief Executive of the University of Exeter. He is also a Board member of the Heart of the South West Local Enterprise Partnership and the Higher Education Funding Council for Wales. He was awarded an OBE in the 2012 New Year's Honours for services to higher education.</p>	<p>Employee of the University of Exeter. NED Heart of the South West Local Enterprise Partnership.</p>

<p>Duncan Barnes, Chudleigh, appointed until December 2013. Resigned 31 March 2012 as no longer eligible to be a member – home address is now outside of our constituency area as a result of a new job.</p> <p>Attendance:</p> <p>Board of Directors 10/12</p> <p>Audit and Assurance Committee 5/5</p> <p>Charitable Funds 3/3</p> <p>Risk & Assurance Integrated Governance 3/5</p> <p>Executive Nominations & Remuneration Committee 2/2</p> <p>PMU Board 6/12</p>	<p>Duncan is a Chartered Accountant and works as a forensic accounting specialist with a national accounting practice. He is an accredited commercial mediator and a member of the Civil Mediation Council. He is also a self-employed lecturer and management trainer, and the holder of badge 43 of the International Guild of Battlefield Guides.</p>	<p>I am a Forensic Services Consultant to Haines Watts Exeter LLP, formally HWCA Ltd. From time to time Haines Watts Exeter LLP provides expert witness services to solicitors instructed by the NHS Litigation Authority.</p>
<p>Jack Buckner, Totnes, appointed until October 2012.</p> <p>Senior Independent Director (from 1 March 2012)</p> <p>Attendance:</p> <p>Board of Directors 11/12</p> <p>Audit and Assurance Committee 4/5</p> <p>PMU Board 10/12</p>	<p>Jack is a management consultant who brings a wide range of business experience from across public, private and voluntary organisations to the Board. He currently works for Sport England, with the national governing bodies of sport.</p>	<p>None declared.</p>
<p>Les Burnett, Torquay, appointed until February 2014.</p>	<p>Les was selected on the basis of his expertise as a chartered accountant as well as his extensive experience of giving financial, tax and strategic advice to a wide</p>	<p>Member South West Council of the</p>

<p>Attendance:</p> <p>Board of Directors 9/12</p> <p>Audit and Assurance Committee 4/5</p> <p>PMU Board 9/12</p>	<p>range of businesses throughout the South West. He is the Managing Partner at Francis Clark, Chartered Accountants.</p>	<p>CBI.</p> <p>My wife is a Practice Nursing Sister at Barton Medical Centre.</p>
<p>Andrew Cooper, Hacombe, re-appointed for 1 year until February 2012.</p> <p>Trust's Vice Chairman and Senior Independent Director (until 29 February 2012)</p> <p>Attendance:</p> <p>Board of Directors 9/12</p> <p>Audit and Assurance Committee 4/5</p> <p>Charitable Funds 2/3</p> <p>Risk & Assurance Integrated Governance 1/5</p> <p>Executive Nominations & Remuneration Committee 2/2</p>	<p>Andrew joined the Trust Board in November 2003. A network natural history television producer with over 30 years' experience, he has written a number of books for the BBC. He is a committed educationalist, a governor of Stover School for 13 years and a founding trustee of the National Marine Aquarium for 10 years. Currently chairman and a company director of Devon Wildlife Trust, a trustee of the Whitley Wildlife Trust (the owners of Paignton Zoo, Living Coasts and Slapton National Nature Reserve) and a vice-president of the Isles of Scilly Wildlife Trust, he brings a wide range of business experience from the public, private and voluntary sector to the Board.</p>	<p>A relative who is a GP within the Torbay and Southern Devon Health and Care NHS Trust area.</p>
<p>Philip Johnston, Totnes, appointed until December 2013.</p> <p>Attendance:</p> <p>Board of Directors 12/12</p> <p>Audit and Assurance Committee 5/5</p>	<p>Dr Johnston brings over 25 years' extensive experience of business management to the Trust, with both private business (consumer healthcare and pharmaceutical industry) and more latterly 4 years of public service Board experience at the Met Office.</p> <p>His doctorate was gained from the University of Newcastle upon Tyne in Agricultural Biochemistry and Nutrition.</p>	<p>My wife is a Consultant Doctor at the Trust.</p>

<p>Topsy Murray, Dunsford, appointed until July 2013.</p> <p>Trust's Vice Chairman (from 1 March 2012)</p> <p>Attendance:</p> <p>Board of Directors 12/12</p> <p>Audit and Assurance Committee 5/5</p> <p>Executive Nominations & Remuneration Committee 2/2</p>	<p>Topsy has wide experience of the NHS where she held a number of senior posts developing primary care services with both local and national bodies. Topsy has been a magistrate for 27 years and is currently Bench Chairman of the North & East Devon Bench. Topsy was a Non-Executive member of the Devon and Cornwall Probation Trust until 2010. Topsy is also vice chairman of Upstream, a charity which supports older people to remain independent in the community. Topsy is the joint author of three books on health and social policy.</p>	<p>None declared.</p>
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Executive Directors

Executive Directors and responsibilities, Board of Directors attendance record	Background	Directors' Declared Interests
<p>Paula Vasco-Knight, Chief Executive</p> <p>Attendance:</p> <p>Board of Directors 10/12</p> <p>PMU Board 3/12 (delegated to Paul Cooper – July 2011)</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. She has held a variety of senior posts in a number of different organisations including: Deputy Chief Executive/Chief Operating Officer; Executive Director of Operations and Service Improvement; Executive Director of Nursing and Midwifery; Deputy Director of Nursing and Governance; and Senior Nurse Manager. Paula sits on the National Leadership and Equality and Diversity Councils, helping to shape policy and steer the direction of the NHS for the future. Paula is the national senior responsible officer (SRO) for the Equality Delivery Scheme (EDS) and also a member of the National Futures Forum reviewing the NHS Constitution. Paula has been Chief Executive at South Devon Healthcare NHS Foundation Trust for four years leading the Trust to achieving the prestigious national award of 'Acute Health Organisation of the Year 2011'.</p>	<p>None declared.</p>

Executive Directors and responsibilities, Board of Directors attendance record	Background	Directors' Declared Interests
<p>Liz Childs, Director of Nursing & Governance and Deputy Chief Executive</p> <p>Attendance:</p> <p>Board of Directors 11/12</p> <p>Risk & Assurance Integrated Governance 4/5</p>	<p>Having trained initially as a general nurse in London, and undertaking sick children training at Guy's Hospital, Liz Childs settled in the South West in 1993. She joined the Trust in September 2000 from the Taunton and Somerset Trust where she had been General Manager of the integrated women's and children's directorate. She oversees the Trust's patient and public involvement work and infection control. Liz is a member of the South West Patient Safety Faculty and a qualified Executive Coach.</p>	<p>None declared.</p>
<p>Paul Cooper, Director of Finance, Performance and Information</p> <p>Attendance:</p> <p>Board of Directors 11/12</p> <p>Audit & Assurance Committee 4/5</p> <p>Charitable Funds 3/3</p> <p>Risk & Assurance Integrated Governance 4/5</p> <p>PMU Board 7/12 (attended as Paula Vasco-Knight's deputy from July 2011)</p>	<p>Paul 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, PCT 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, and his work in integrating governance and performance management systems has been recognised with national awards.</p>	<p>None declared.</p>
<p>John Lowes, Medical Director</p> <p>Attendance:</p> <p>Board of Directors 9/12</p> <p>Risk & Assurance</p>	<p>John 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</p>	<p>My wife is a partner in The Old Farm Surgery, Paignton, and refers patients to the Trust.</p>

Executive Directors and responsibilities, Board of Directors attendance record	Background	Directors' Declared Interests
Integrated Governance 4/5	2009. John chairs the Torbay Hospital Management Group and has Board responsibility for Patient Safety.	
Paul Mears , Chief Operating Officer Attendance: Board of Directors 10/12 Risk & Assurance Integrated Governance 3/5	Paul Mears was Director of Operations for Torbay Care Trust responsible for leading the delivery of integrated health and social care services. He is now responsible for leading the operational activities and performance of this Trust. Paul joined the NHS in 2003 on the national Gateway to Leadership programme from the private sector having worked previously in commercial management roles.	None declared.
Adrienne Murphy , Director of Workforce and Organisational Development Attendance: Board of Directors 10/12	Adrienne 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.	Director of Workforce and Organisation Development for a shared service of human resources, workforce, payroll, occupational health and education across South Devon Healthcare NHS Foundation Trust and Torbay and Southern Devon Health and Care NHS Trust. Member of Torbay and Southern Devon Health and Care NHS Trust Board of Directors with non-voting rights.

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.

Peter Hildrew, 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

Remuneration report (unaudited information)

The role of the Executive Nominations and Remuneration Committee

The Executive Nominations and Remuneration Committee advises 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 Executive Directors.

The advice the Executive Nominations and Remuneration Committee offers 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 bases for the decisions it makes.

Membership

The Committee's membership should comprise three Non-Executive Directors. The Trust's Committee's current membership includes the Board Chairman, the Board Vice-Chairman and at least one other Non-Executive Director.

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 attend the Committee when required.

The Membership of the Executive Nominations and Remuneration Committee for 2011-12 was as follows:

Period 1st April 2011 – 31st March 2012

Meeting 26th April 2011

Mr P Hildrew	Chairman
Mr A Cooper	Vice-Chairman
Mr D Barnes	Non-Executive Director
Mrs T Murray	Non-Executive Director

Meeting 26 October 2011

Mr P Hildrew	Chairman
Mr A Cooper	Vice-Chairman
Mr D Barnes	Non-Executive Director
Mrs T Murray	Non-Executive Director

Trust policy on the remuneration of senior managers

Trust senior managers' remuneration is based on market rates.

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 does not utilise a performance related pay system.

This policy has been in place since 2007-08, and it is not expected to change.

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, and 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 1st October 2009.

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 and Quality;
- Director of Finance, Performance and Information;
- Director of Workforce and Organisational Development;
- Chief Operating Officer; and
- Medical Director.

Unless noted above, all of these post holders have been in post throughout 2011-12.

No significant awards have been made to either present or past senior managers within 2011-12.

Signed



Chief Executive Officer

Date

29 May 2012

Remuneration report (audited information)

Salary and pension entitlements of senior managers

Name and Title	2010/11			2011/12		
	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) £
Ms P Vasco-Knight Chief Executive	150 - 155	-	4,400	160 - 165	-	2,500
Dr J R Lowes Medical Director	75 - 80	110- 115	-	75 - 80	110 -115	-
Ms E Childs Director of Nursing and Governance	100 - 105	-	100	90 - 95	-	-
Mr P Cooper Director of Finance	80 - 85	-	100	115 - 120	-	500
Mrs A Murphy Director of Workforce and Organisational Development	95 - 100	-	700	50 - 55	50 - 55	-
Mr P Mears Chief Operating Officer	95 - 100	-	100	105 - 110	-	-
Mr P Hildrew Chairman	40 - 45	-	-	40 - 45	-	-
Mr A J C Cooper Non-Executive Director	10 - 15	-	-	10 - 15	-	-
Mr J R Buckner Non-Executive Director	10 - 15	-	100	10 - 15	-	-

Dr P I Johnston Non-Executive Director	10 - 15	-	-	10 - 15	-	-
Mr D J Barnes Non-Executive Director	15 - 20	-	-	15 - 20	-	-
Mr L M Burnett Non-Executive Director	10 - 15	-	-	10 - 15	-	-
Mrs L Murray Non-Executive Director	5 – 10	-	-	10 - 15	-	600
Mr D Allen Non-Executive Director				0 - 5	-	-

The benefits in kind are travel expenses that are subject to income tax.

The Other Remuneration received by Dr J R Lowes is in respect of duties performed in his role as clinician in the Trust.

The Other Remuneration received by Mrs A Murphy is in respect of duties performed in her role as Director of Workforce and Organisational Development for Torbay and Southern Devon Health and Care NHS 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 2012 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2012 £000	Cash Equivalent Transfer Value at 31 March 2011 £000	Real Increase / (Decrease) in Cash Equivalent Transfer Value £000	Employers Contribution to Stakeholder Pension To nearest £100
Ms P Vasco-Knight Chief Executive	7.5 - 10.0	145 - 150	614	492	107	-
Dr J R Lowes Medical Director	0 - 2.5	295 - 300	1,539	1,420	75	-
Ms E Childs Director of Nursing & Governance	2.5 - 5.0	170 - 175	908	822	60	-
Mr P Cooper Director of Finance, Performance and Information	2.5 - 5.0	115 - 120	458	368	79	-
Mrs A Murphy Director of Workforce and Organisational Development	10.0 - 12.5	105 - 110	422	313	99	-
Mr P Mears Chief Operating Officer	7.5 - 10.0	45 - 50	169	108	58	-

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 2011/12

Against the increasingly challenged financial environment facing the wider NHS, the Trust achieved all of its financial targets for the year and, in doing so, continued a tradition of strong financial management. The Trust finished the year with a surplus, prior to technical accounting adjustments, of £4.7 million. Technical adjustments relating to donations and revaluations, which are not included by Monitor in the assessment of financial performance, adjusting this figure by £15.0 million are also shown in the financial statements. The overall financial risk rating for 2011/12 is 4 on a scale of 1 to 5, with a score of 5 being the best. This was made possible through the Trust achieving efficiency savings in the year of £9.5 million; a £0.6m over achievement of the planned level.

Careful planning, flexibility and well-established financial practices and systems enabled the Trust to develop and improve facilities and services for patients and staff and, as in previous years, the organisation met the demands placed upon it throughout the year.

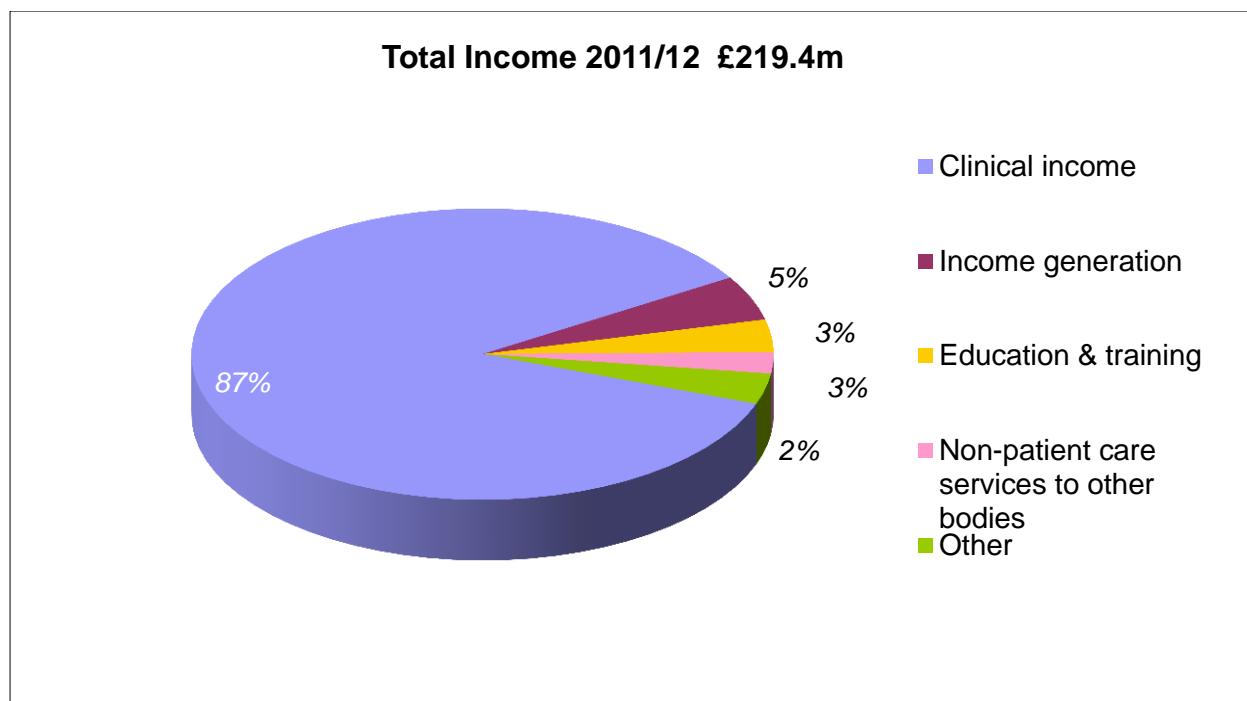
Funding overview

The Trust earned £218 million of income during 2011/12, primarily from clinical activities, but the Trust also received a considerable amount of income from education and training and income generation schemes.

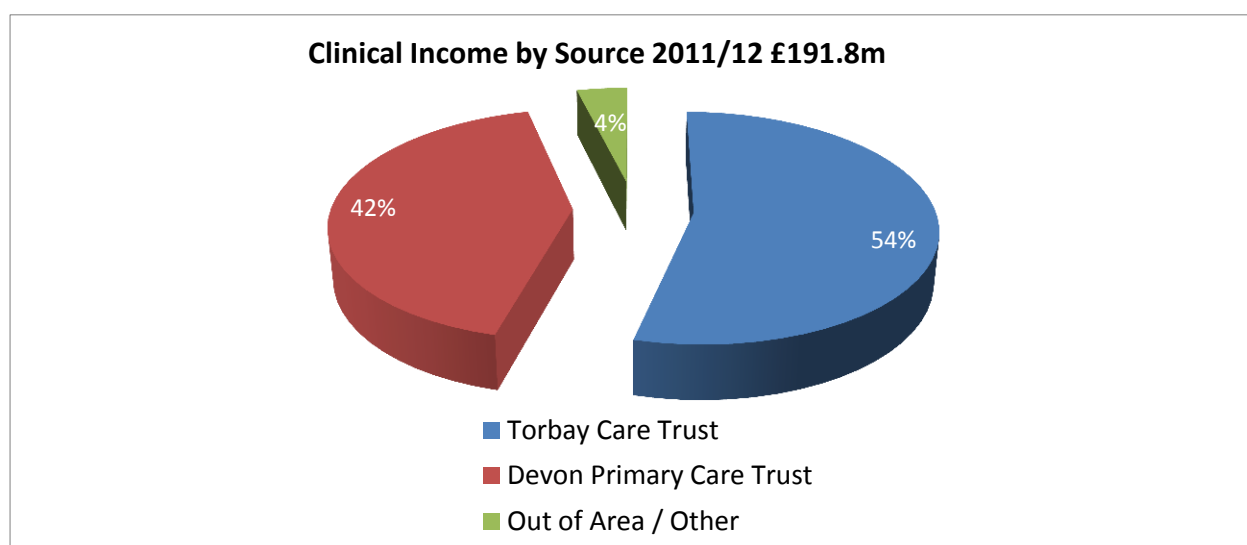
A large proportion of the clinical income received by the Trust was derived from activity undertaken at a tariff price, following the funding principles of the system known as Payment by Results, which is now embedded within the NHS. Under this system, the Trust received income based on the number of in-patient, day case, out-patient and emergency patients treated. The remainder 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.

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.

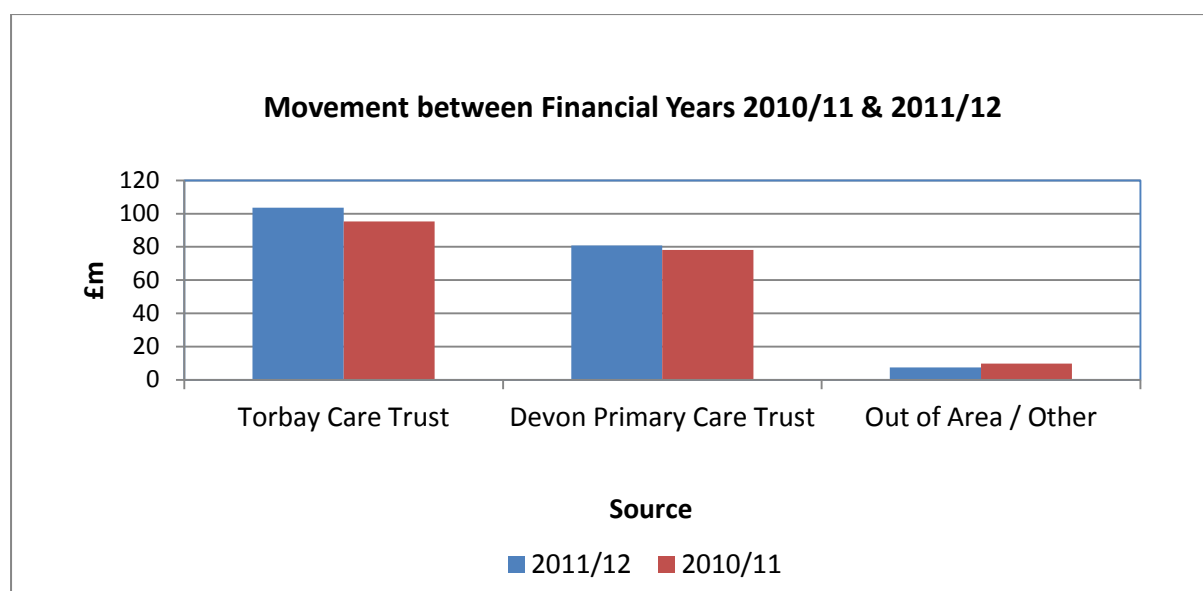
An analysis of the Trust's income and expenditure for 2011/12 is shown in the following charts:



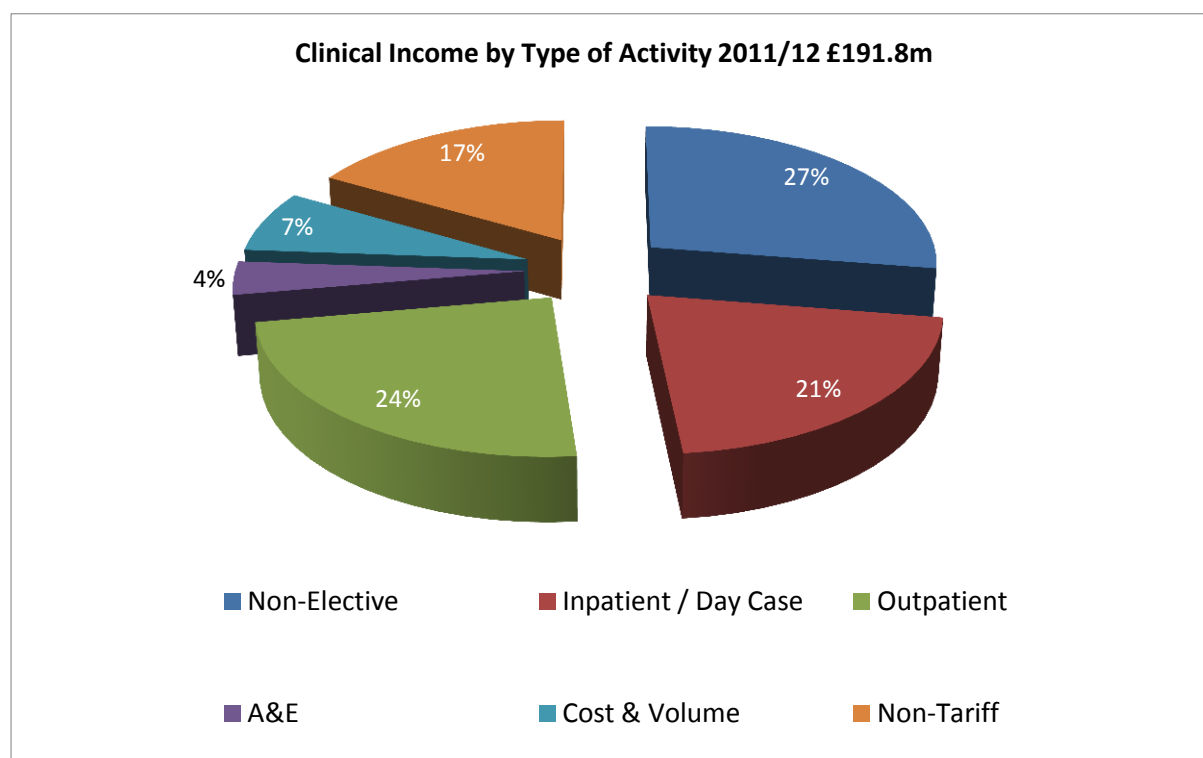
The above chart, 'Total income 2011/12 £219.4M', shows the income split by the income type.



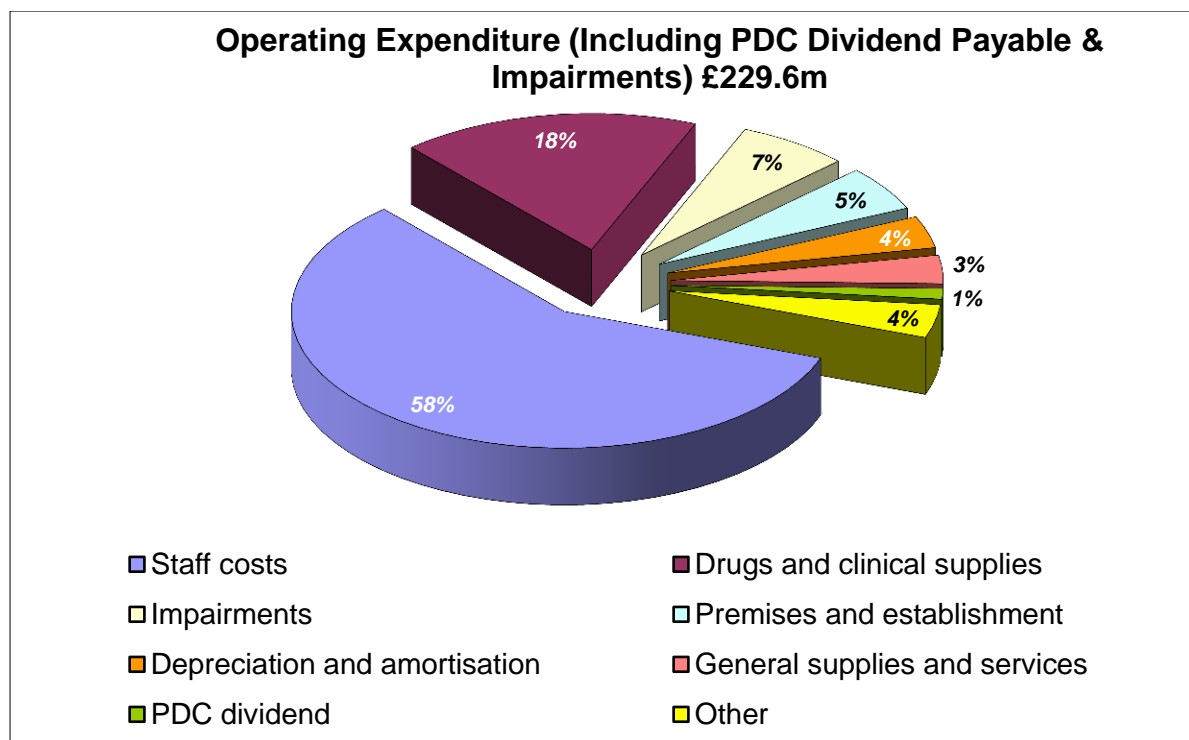
The above chart, 'Clinical Income by Source 2011/12 £191.8m', shows the income split by purchasing commissioner



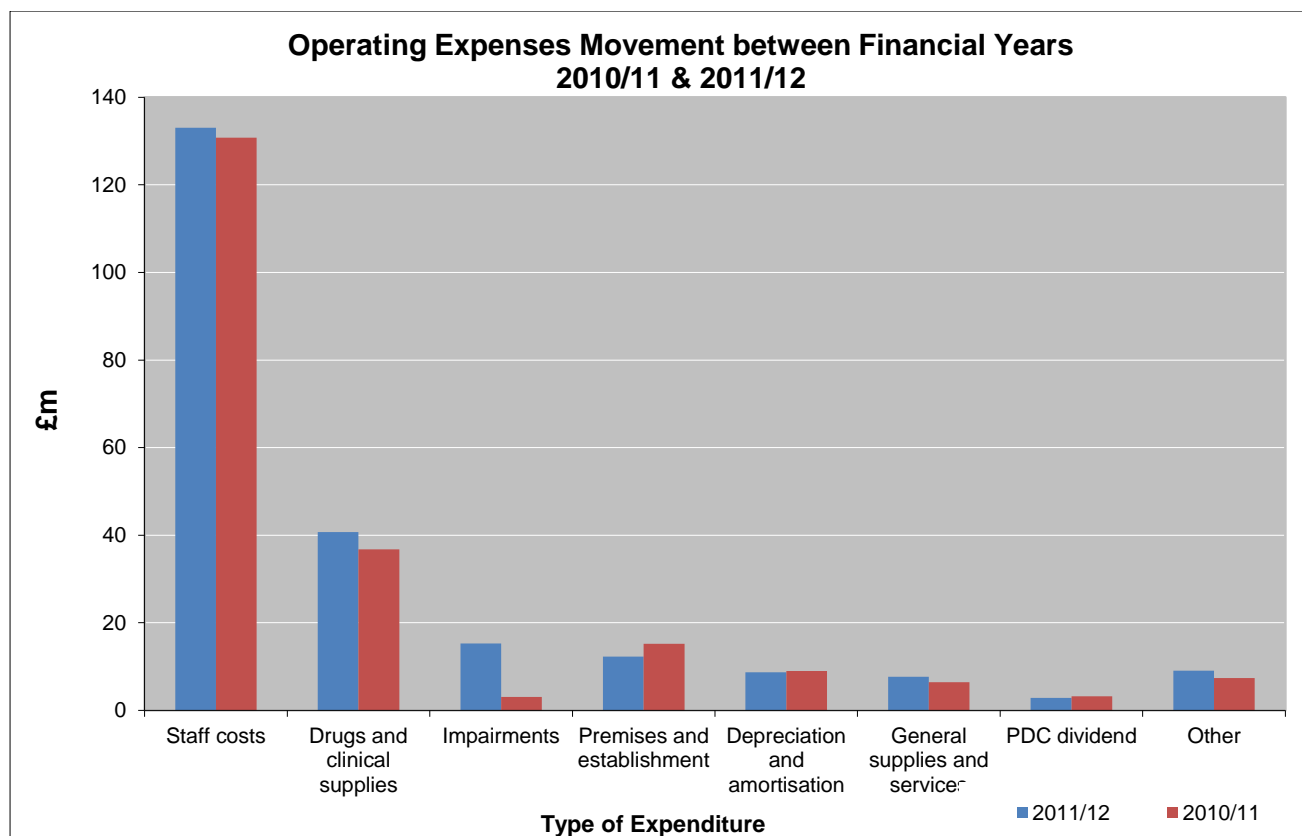
The above chart, 'Movement between Financial Years 2010/11 & 2011/12', shows the total clinical income by commissioner for each of the Financial years.



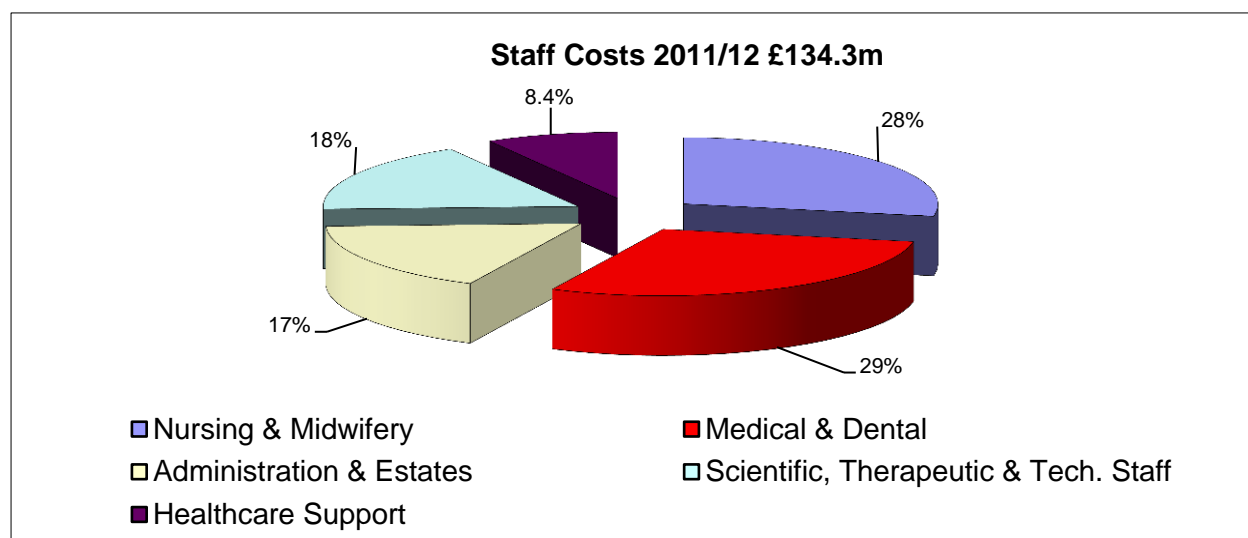
The above chart, 'Clinical Income by Type of Activity 2011/12 £191.8m', shows the split of the clinical income by the type of clinical activity undertaken.



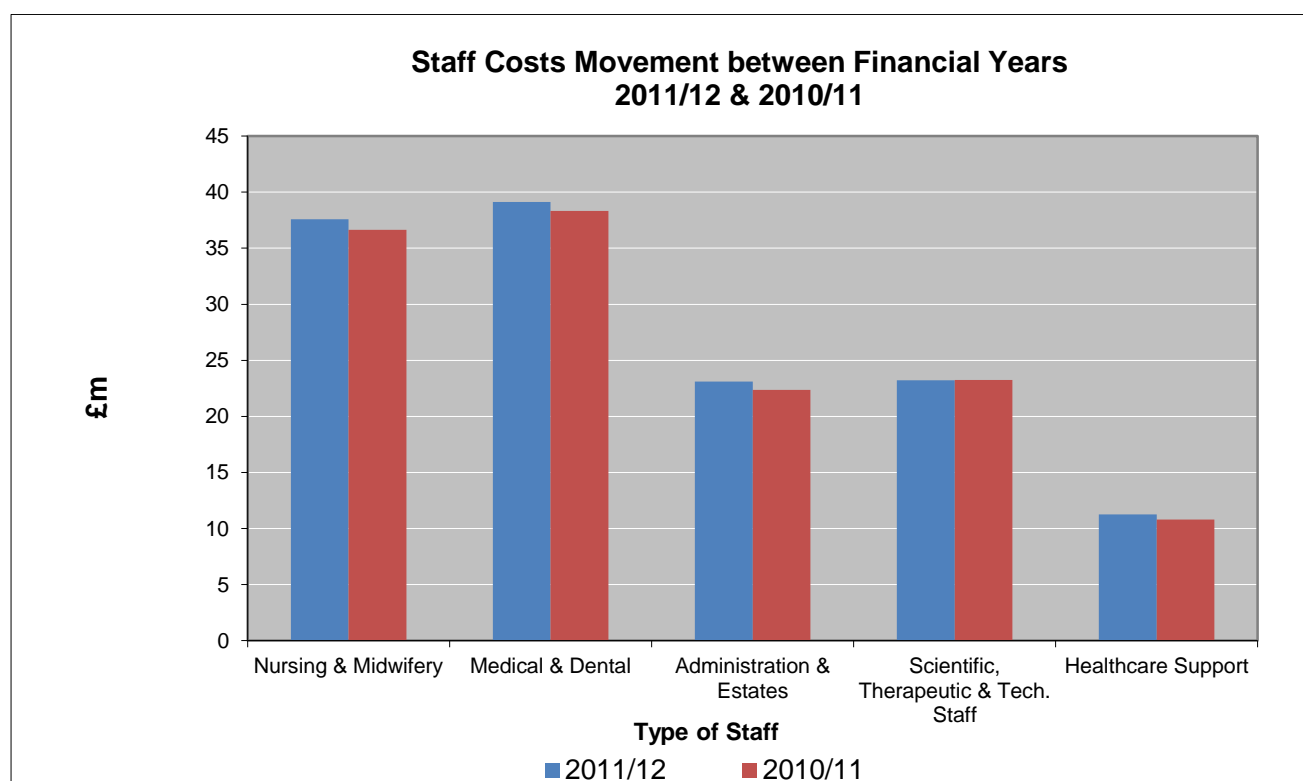
The Above chart, 'Operating Expenditure (Including PDC Dividend Payable and Impairments) £229.6m', shows the split of operating Expenditure over the cost types. The largest proportion is staff costs which include doctors, nurses, other clinicians, managers and support staff. Drugs and clinical supplies make up the second largest element with the technical accounting impairment of land and buildings (which is not including in Monitors assessment of financial performance) shown as the third highest area of cost.



The above chart, 'Operating Expense Movement between financial years 2010/11 & 2011/12', shows the costs by category for the two financial years. There is general consistency between the years except for the Impairment category which reflects the technical accounting adjustment in the valuation of Land and Buildings which is not included in Monitors assessment of Financial Performance.



The above chart, 'Staff Costs 2011/12 £134.3m' shows the split of staff cost across the types of staff used in the delivery of the Trust's services. It shows that 83% of staff cost is clinical and only 17% is admin and estates.



The chart above, 'Staff Costs Movement between Financial Years 2011/12 & 2010/11', shows the staff costs charged in each of the years. There has not been a pay award in 2011/12 except for the £250 for those staff earning less than £21,000 per annum.

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 2011/12, the Trust estimated that savings of £8.9 million would be required and achieved a total of £9.5 million in the year.

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 Procurement Alliance.

Capital developments during the last year

During 2011/12, the Trust continued to invest in its facilities and equipment and carried out capital projects totalling £17.9 million. Part of this capital expenditure has been supported by two loans received from the Department of Health's Foundation Trust Financing Facility. The loans received are for defined purposes, specifically investment in the infrastructure of Torbay Hospital (£10 million) and to enable the expansion of the Trust's Pharmacy Manufacturing Unit (£16 million) which supplies pharmaceutical products to both NHS and commercial customers. As at 31st March 2012 a total of £8.4 million of these facilities have been drawn down. The balance of the loan funds will be drawn down as and when the Trust incurs future expenditure on these projects.

Cashflow

During 2011/12, the Trust has continued to review its cash and working capital management to ensure it is in line with the more commercial approach expected of NHS foundation trusts. Cash balances grew from £14.2 million to £16.5 million during the course of 2011/12.

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 Independent Regulator to NHS foundation trusts (Monitor). The Trust has achieved a financial risk rating of four in 2011/12 – in a range of one (worst) to five (best).

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 and Finance Directors meet on a monthly basis at the Clinical 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. A Finance Committee, involving executive and non-executive directors, a governor and senior managers, which 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.

Prudential borrowing limit

The financial risk rating assigned by Monitor is used to determine a prudential borrowing limit. This is a limit on the amount of borrowing the Trust is permitted to utilise. South Devon Healthcare NHS Foundation Trust's prudential borrowing limit for 2011/12 was £51.9 million for long term borrowing and a working capital facility of £15 million. Against this, the Trust has drawn down £8.4 million of its currently agreed £26 million of loan facilities as at 31st March 2012.

A further £10 million loan to continue the hospital refurbishment is in the process of being secured for 2012/13.

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 & Assurance Committee and Risk & 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 wider Public sector. Despite the health sector being protected relative to other public sector bodies, the efficiency challenge will increase in the coming years. For 2012/13, the national tariff has reduced by 1.5 per cent 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 five per cent per annum, going forward.

Commissioners are also implementing the Department of Health's Quality, Innovation, Productivity and Prevention programme which is designed to reduce the growth in secondary care activity. The Trust is actively engaged in assisting Commissioners in achieving this goal working, through Clinical Pathway Groups, with local GP's and Trust Consultants to devise the best clinical pathways for local patients.

The introduction of GP led commissioning as part of the Government's restructuring of the NHS, will further support the Trust's approach to contracting, focusing on the priorities of local health system. It is likely that Southern Devon and Torbay GP Consortium will begin the process to become approved as a Clinical Commissioning Group in the autumn.

There will also be substantial opportunities for those trusts that can continue to provide high quality, cost-effective services within the funding available. As an NHS Foundation Trust, we are part of a more rigorous financial regime but - as a reward - have access to greater financial freedoms, particularly access to additional capital resources which will enable the development of services, facilities and equipment to provide first class care in the most appropriate settings.

Our budget for 2012/13

Given the financial context outlined above, the budget position for the Trust in 2012/13 is extremely challenging, with limited growth and inflation funding. The result is a demanding efficiency and productivity improvement target of £7.3 million and cost reductions of £2.0m relating to Quality, Innovation, Productivity and Prevention activity reduction schemes. Delivering activity, costs and efficiencies within planned levels will allow the Trust to achieve a surplus of £2.3 million.

Achieving a surplus of this level 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 presently includes financial projections up to and including 2014/15; a period during which the Trust continues the refurbishment of the hospital site. This will be achieved through building cash surpluses

and exercising the right 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 2012/13 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 2012/13 are to further improve infection control across the hospital; continued building maintenance programmes to ensure the Trust's premises are fit for purpose; investment in information technology; and further improvements to the Pharmacy Manufacturing Unit to increase income for patient care in the longer term.

The expected value of capital investments in 2012/13 is £31.2 million.

Key financial and operational risks

The key financial and operational risks identified include:

- delivering the levels of activity agreed with commissioners in order to secure the appropriate level of income and achieve waiting time targets;
- achieving efficiency savings of £7.3 million and cost reductions of £2.0m, in order to deliver our financial targets;
- maintaining the risk rating assigned by Monitor at a minimum level of 3 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 implement 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.

Although the Trust remains subject to the NHS National Acute Service contract, a range of modifications have been agreed locally to minimise the risks of penalties and variation, enabling a joint focus with Commissioners on delivering real cost reductions across the healthcare system:

- the level of income that varies according to the delivery of quality schemes agreed with commissioners has been reduced from £4.6 million to £0.75 million; and
- under the NHS National Acute Service contract, financial penalties can be levied for breaches of mixed sex accommodation rules, 18 week stage of treatment targets, breaches of hospital acquired infection rates etc. However, we have agreed that, where there are agreed action plan in place to address the penalty area, Commissioners will leave funding with the Trust to progress that action plan and deliver the target in the agreed term.

Competitive environment

Experience to date of Patient Choice has shown the local health market to be relatively stable. Progress on reducing waiting times ahead of national targets and improving patient safety is keeping the Trust in a strong competitive position.

Increasingly the Government's 'Any Qualified Provider' initiative will increase competition, but in relatively limited spheres of activity. Any provider assessed as meeting key standards and, as such 'qualified' will be entitled to provide services to NHS patients under this framework. In 2012/13 commissioners are progressing:

- Direct Access Diagnostics for Non-Obstetric Ultrasound/MRI – to be implemented across the entire Cluster of NHS Devon, Plymouth and Torbay; and
- Adult Hearing Services in the Community - To be implemented in North Devon, Plymouth, Torbay and South Devon Clinical Commissioning Group (CCG) areas.

Given the size of the population the Trust serves it is unlikely that a significant service provider, other than the elements listed above, will enter the Torbay market and there should not be any major impact on the Trust's operations. A more detailed analysis of our competitive position is given in our Service Development Strategy, available on our website at www.sdhct.nhs.uk

Required reporting

Private Patient Income

Under the rules of operating as an NHS Foundation Trust, the amount of income we can earn from private patients is capped using a base year figure. This means that the amount of private patient income earned by the Trust expressed as a percentage of the total patient related income cannot exceed the base year percentage. The base year percentage, and therefore the private patient cap that the Trust must stay within is 0.59%. The Trust has not exceeded its cap in 2011/12.

	Base year comparison £'000	2011/12 £'000
Private Patient income	608	523
Total Patient Income	102,906	191,779
Proportion	0.59%	0.27%

Charitable Funds

The South Devon Healthcare Charitable Fund is a registered charity and as such a separate legal entity, established to benefit the patients and staff 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 2011/12, the Charitable Fund received over £920K of income. This included funding of £809K from the Torbay Hospital League of Friends for Mobile Breast screening unit, Spectralis Imaging Unit for Ophthalmology, kiosks, stair climbers, falls alarm equipment and Paediatric outpatient refurbishment.

Torbay Medical Research Fund (TMRF) also contributed £80K in respect of Spectralis Imaging Unit, MRI scanner and various research projects within the Trust.

Brixham, Paignton and Totnes Hospital Leagues of Friends were also generous in contributing £18K, £9K and £4K respectively towards the purchase of equipment at their respective hospitals.

The charitable funds particularly benefited patients in the Cardiology Department as a consequence of a substantial legacy from the late Miss Miriam Newey. Also benefiting were the Cancer Services Department and Ricky Grant Unit following the legacies from Mr Frank Heath and Mrs Teresa Farley. A number of other legacies were received which benefits various funds within the Charity.

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

Cost allocation and charging

As set out in HM Treasury and Office of Public Sector Information guidance, 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 1.3) and details of senior employees' remuneration are given in this report – see page 63. 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 remuneration of the highest-paid director in South Devon Healthcare NHS Foundation Trust in the financial year 2011-12 was between £160,000 to £165,000 (2010-11, between £150,000 to £155,000). This was 7.1 times (2010-11, 6.7 times) the median remuneration of the workforce, which was £22,683 (2010-11, £22,663).

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.

In 2011-12, there were 13 employees (2010-11, 15 employees) who received remuneration in excess of the highest paid director. Remuneration across all staff groups ranged from £13,903 to £203,655 (2010-11, £13,653 to £197,136).

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.

Sickness Absence Figures for NHS 2011-12 - January to December 2011

12 Months Sickness (2011 Calendar Year)	FTE 2011	FTE Days Available	FTE Days Lost to Sickness Absence	Average Number of Days' Sickness Absence
3.91%	3,230	1,069, 250	26,111	8.9

Source: Information Centre sickness absence publications and iView workforce staff in post, sourced from Electronic Staff Record (ESR) data warehouse.

Full Time Equivalent (FTE) days available, sickness absence days and average sickness are derived from:

- Total FTE Days Lost (from ESR Absence Timeline report).
- Total Staff Years (Total Available FTE / 365 from the same report).
- Average days Lost (a/b).

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. There were no serious untoward incidents reported during the year involving data loss. There have been four recorded incidents involving the loss of personal data during 2011/12, however, these were assessed as being of low or little significant risk. See also the Annual Governance Statement.

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.

Counter Fraud arrangements are reviewed annually by the Local Counter Fraud Specialist who is employed by Audit South West. During 2011/12 a total of 131 days were provided to the Trust. The Audit and Assurance Committee receives and approves the Counter Fraud Annual Workplan and the Annual Report and monitors the adequacy of Counter Fraud arrangements at the Trust and reports on progress to the Board.

The recent validation process undertaken by the NHS Protect Quality Assurance Programme awarded the Trust a Level 3 (good) Assurance, which defines that the Trust is performing well and operating effectively with clear outcomes and demonstrating qualitative outputs.

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 53 to 58, under Board of Directors. The committee has been chaired by a Non-Executive Director, Mr Duncan Barnes (from 1 March 2008). The Trust's Chairman and Chief Executive both have rights of attendance at the Audit and Assurance Committee and both are members of the Risk & Assurance Integrated Governance Group which keeps the principal risks to the Trust's achievement of its objectives under constant review. 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 2011/12, the committee has reviewed the Trust's risk management systems, assurance framework process and undertaken a number of reviews of major areas of activity including the Care Quality Commission (CQC) regulations, payroll, charitable funds, clinical audit, medical staff leave, asset verification, cash releasing efficiency schemes (CRES), sickness absence management, tenders and quotes, business continuity, on call arrangements, NHS number and information governance.

The external auditors focused on our quality report, internal audit's processes in line with ISA (International Standards on Auditing) requirements and three-year strategic audit

plan, purchasing and payroll cycles, IT audit of the overall computer environment, financial accounts, charity consolidation and taxation.

Auditors' appointment

At its meeting on the 8 December 2010 the Council of Governors agreed to reappoint PricewaterhouseCoopers (PwC) to undertake the audit of the Trust's annual accounts for the year ended 31 March 2012, subject to the agreement of an acceptable audit fee by the Director of Finance, Performance and Information, and subject to the conduct of the 2010/11 external audit being on a satisfactory basis.

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 the Independent Regulator of NHS foundation trusts ('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 recognized 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; 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 him/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



Paula Vasco-Knight
Chief Executive

Date: 29 May 2012

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 2012 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 Trust Chairman), all Executive Directors and Divisional Leads*, supported by the Company Secretary and Governance 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 for the quality of the services that they manage and will ensure that any identified risks are placed on the Divisional Risk Register. All such risks are reviewed by the 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-directorate 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 Risk and Control Framework

4.1 Overview

Risk is managed at all levels of the Trust and is co-ordinated through an integrated governance framework consisting of five Workstreams (Patient Safety, Patient Experience & Community Partnerships, Finance, Human Resources & Educational Governance and Infrastructure & 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 and 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 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 & 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 assessments of 'severe' or 'catastrophic' will be brought through the exception reporting process and managed by the Trust 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 such as the completion of agreed action plans. Risks scored below this level are managed by the relevant Divisional Board or Workstream.

One example of where risk management is integrated into core Trust business is in relation to equality impact assessments. All policies and procedures when created or reviewed have to include an Equality Impact Assessment Form. If there are any negative impacts on a particular group of people/equality group following the completion of this form, the Trust will record any changes to the service and/or policy. Any actions will be integrated into existing service planning and performance management frameworks along with monitoring and review processes.

The internal control framework is kept under review by the Audit and Assurance Committee consisting of all of the Non-Executive Directors except the Trust Chairman.

During the past twelve months the Trust's Board of Directors has provided Monitor (Independent Regulator for foundation trusts) 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 was supported by the strategically focused Clinical 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 Clinical Cabinet.

4.2 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.

4.3 Care Quality Commission (CQC) Declaration

The Foundation Trust is fully compliant with the registration requirements of the Care Quality Commission. 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 Internal Audit.

4.4 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 on behalf of the national Equality and Diversity Council.

Performance is monitored via the Equality, Diversity and Human Rights Group who report directly to the Trust's Board of Directors. The group meets every three months to review

and report progress on the Trust's Equality and Diversity action plan. The Chairman of the Trust Board of Directors is an active member of the Group and champions diversity throughout the Trust.

The Trust Board of Directors receives monthly reports on equality and diversity issues from the Director of Workforce and Organisational Development which includes 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 Internet website (Homepage\About Us\Equality and Diversity).

The Trust has a three-year rolling Equality and Diversity Action Plan which is updated annually and is agreed by the Trust Board of Directors. The Trust recently reviewed and updated the Action Plan with any ongoing actions being carried forward into 2012/13.

The Action plan is a standing agenda item on the Equality, Diversity and Human Rights Group where priorities and actions are monitored.

4.5 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 will be regularly reported on for staff and members of the public. The Trust's Sustainability Strategy was approved by the Trust Board of Directors in March 2011.

The Trust has a Sustainable Development Group which meets bi-monthly and is chaired by a Non-Executive Director. The Trust has self-assessed itself against the NHS Carbon Reduction Strategy using the Good Corporate Citizenship Model and will repeat this assessment to track progress.

There is a Board-level approved Sustainable Development Management Plan which accompanies the Sustainability Strategy. This will be reviewed each year to ensure that the Trust fulfils its commitment to consider sustainability while providing high-quality patient care. Progress against this Plan will be monitored and reported annually, with sustainability activities included in Trust Annual Report and other documents such as the Quality Report.

4.6 Compliance with the NHS Litigation Authority

The Trust achieved level two against the NHS Litigation Authority Risk Management Standards in November 2009 and is assessed every three years. The next assessment is due to take place in the autumn of 2012.

4.7 Compliance with Information Governance Requirements

Risks to information are being managed and controlled by applying a more robust assessment against the evidence collected as part of the national Information Governance Toolkit return. In accordance with the 2011/12 Monitor Compliance Framework, the Trust was able to declare level two compliance against the Information Governance Toolkit requirements by the 31 March 2012. A new action plan will be created to deliver improvements against the 2012/13 Information Governance Toolkit and will be overseen by the Information Governance Steering Group which is chaired by the Senior Information Risk Owner.

4.8 Annual Quality Report

The Board of Directors is 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 the annual Quality Report which incorporate the above legal requirements in the NHS Foundation Trust Annual Reporting Manual.

There are five standards which 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 being made to the Board of Directors by the Medical Director, describing the steps which have been put in place, to assure the Board 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 Overview and Scrutiny Committee of Torbay Council, lead Commissioner (Torbay and Southern Devon Health and Care NHS Trust), Local Involvement Networks (LINKs) 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 the approach to ensure 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 acted on.

Information which supports the Quality Report is subject to a system of internal control and validation. Clinical data is reported at Board level, with evidence of Board challenge in response.

4.9 Major Risks

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

In-Year and Future Risks

Governance Risk Description	Consequenceⁱ	Likelihoodⁱⁱ	Mitigating Action	Outcome measurement
Maintaining safety and quality care whilst delivering a challenging financial target	4	2	<ul style="list-style-type: none"> - Actions plans in place with Board approval; - Regular monitoring by Workstream 3, Continuous Improvement Project (CIP) Board and Board of Directors; - Monthly contract review meetings with commissioners / monthly Transforming Patient Care meetings; - Quarterly reporting to Monitor. 	<ul style="list-style-type: none"> - Reports from Monitor regarding Annual Risk Assessment and quarterly submissions; - Monthly and cumulative financial performance by Division to the finance Committee and Trust Board in line with plan.
Managing transition and relationships in new provider/commissioner landscape	4	3	<ul style="list-style-type: none"> - Transforming Patient Care Group; - Focus on partnerships / relationships within Workstream two; - Workforce, Estates and Financial models, capacity plan; - Workstream three - Finance; - Understanding of operating framework / changes to the Compliance Framework and impact of local (contractual) agreements; - Chief Executive 1:1s with local Health and Care Trust; - Medical Director on the Clinical Cabinet. 	<ul style="list-style-type: none"> - Joint Integrated Business Plan (IBP) between South Devon Healthcare NHS Foundation Trust and Torbay & Southern Devon Health and Care Trust; - On track with key performance indicators across all Workstreams.

Delivery of the Estate Strategy to safeguard our estate	5	2	- Estates Strategy and three year capital programme agreed by the Trust Board - Completed action plans from Internal Audit reviews; - Regular monitoring by Workstream 5 and Board of Directors.	- Delivery against the capital plan agreed by Workstream 3 and Trust Board; - PEAT (Patient Environment Action Team) assessment; - Care Quality Commission submissions/assessments.
Maintaining compliance with national targets	3	3	- Actions plans in place with Board approval; - Regular monitoring by Workstream 3 and Board of Directors;	- Reports from Monitor regarding Annual Risk Assessment and quarterly submissions; - Monthly and cumulative performance reviews by Workstream / Division to the finance Committee and Trust Board in line with plan; - Outcomes from External reviews e.g. assessments conducted by the Care Quality Commission.
Achievement savings plans for 2012/13	4	2	- Completion of business plan for 2012/13; - Programme management function - Monitoring by Workstream 3 and Board of Directors.	- Development of plans to release efficiency savings agreed by Trust Board of Directors.

i. 5 = worst

ii. 5 = most likely

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 14,000 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 presented monthly to Workstream 3 (Finance Committee) and Board of Directors. The performance report details any variances in planned performance and key actions to resolve 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.
- Robust arrangements for managing financial and other resources are in place through Workstream 3 (Finance Committee) and the Continuous Improvement Programme Board. The Trust has consistently and continuously met all financial targets; The Trust has delivered its efficiency savings target and uses Dr Foster and other benchmarking tools such as the NHS Productivity Metrics to demonstrate value for money is delivered. The Trust continues to develop its service line reporting data to ensure services to patients 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 Peninsula 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 & Assurance Committee, Patient Safety Committee and Risk & 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 patient centred, continuously improving both quality and safety by preventing clinical errors wherever possible or learning from them.
2. Patient Experience & 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 & 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 & 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, internal audit's processes in line with ISA requirements and three-year strategic audit plan, purchasing and payroll cycles, IT audit of the overall computer environment, financial accounts, charity consolidation and taxation.
- Internal Audit, who have conducted reviews against the Care Quality Commission regulations, payroll, charitable funds, clinical audit, medical staff leave, asset verification, cash releasing efficiency schemes (CRES), sickness absence management, tenders and quotes, business continuity, on call arrangements, NHS number, and information governance. Reviews are conducted using a risk based approach. In addition they have annual reviews of the Trust's risk management and governance arrangements and continue to work with the Trust in relation to the capital redevelopment programme.

Head of Internal Audit Opinion Statement which states that:

- The Assurance Framework is well designed and is actively used and provides positive assurance that the Trust has further progressed the development and embedment of the Assurance Framework process during 2011/12; and
- the risk management arrangements in place during 2011/12 are well designed, provide positive assurance and have operated throughout the year.

7.0 Conclusion

No other significant internal control issues were identified.

Signed



Paula Vasco-Knight
Chief Executive

Date: 29 May 2012

Statement of compliance with the Code of Governance

The Board of Directors is committed to high standards of corporate governance. For the year ending 31 March 2012 the South Devon Healthcare NHS Foundation Trust complied with all the provisions of the Code of Governance published by Monitor in March 2010.

Going Concern

Under International Accounting Standard 1 the Board is required to consider the issue of Going Concern. The Board have done this 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



Paula Vasco-Knight
Chief Executive

Date: 29 May 2012

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 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 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.

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.

To tell us what you think

- about this Annual Report or our forward plans.

- Contact: Associate Director of Communications, on 01803 658510, or email 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
- Patient Experience lead, on 01803 654850.
- League of Friends, on 01803 654520, 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 Direct on 0845 46 47.

Quality Report for 2011/12

About this document

What is the Quality Report (hereafter referred to as the 'Quality Accounts') and why is it important to you?

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

Our 2011/12 Quality Accounts is an annual report of:

- How we have performed over the last year against the quality improvement priorities which we laid out in our 2010/11 Quality Accounts.
- 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, Local Involvement Networks (LINKs) and local Overview and Scrutiny Committees (OSCs) in deciding our priorities for the year.
- Statements about quality provided by our Commissioners, governors, OSCs, LINKs and Trust Directors.
- Our quality improvement priorities for the coming year (2012/13).

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

If 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 Accounts. 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 or telephone 01803 655701.

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Part 2: Priorities for improvement

Looking back: 2011/12

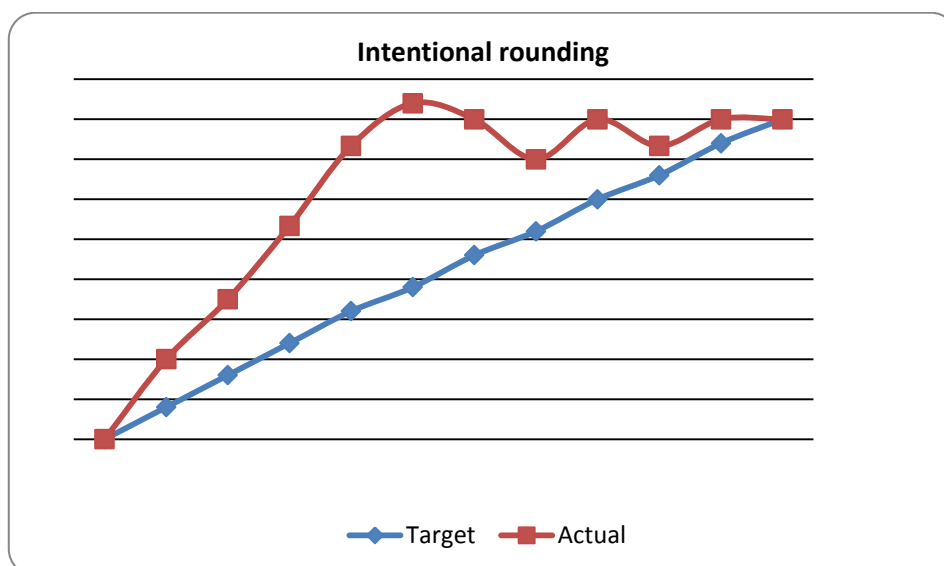
In our 2010/11 Quality Accounts we reported that we would focus on five priority areas for quality improvement in the period 2011/12. These were all locally agreed priorities based on national best practice or best clinical evidence.

Patient safety

Priority 1: To undertake 'intentional rounding' on 90% of patients identified as being at high risk of falls, malnutrition or pressure sores, within the first 24 hour period.

Intentional rounding is a proven practical process to improve the quality of patient care at the bedside. Instead of waiting for a patient to buzz for help, with intentional rounding the nurse takes the initiative and visits the patient's bedside at set intervals to assess and manage the patient's needs. Key to this is letting the patient know that the nurse has time to support the patient with any request; "Is there anything else I can do for you - I have the time".

Over the last twelve months we have been designing and testing systems and undertaking intentional rounding on an orthopaedic and on a stroke ward. Based on a monthly random audit of patient notes for each ward, the wards are now 90% compliant.



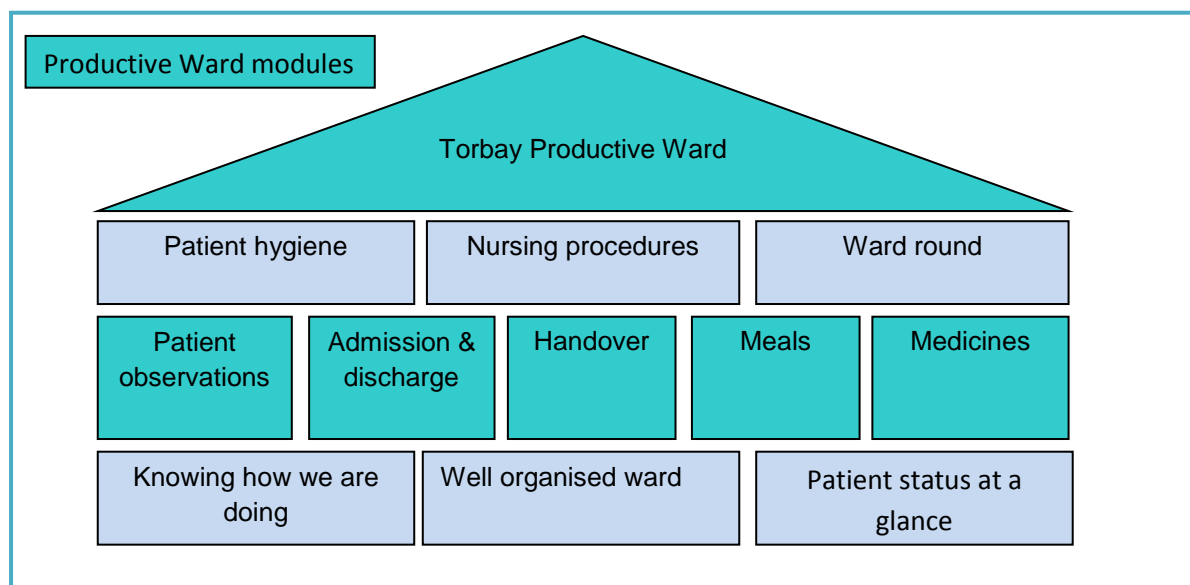
Alongside the intentional rounding work, we have also been measuring the number of reported falls on both wards as a way of measuring the impact of this process on patient safety. On both wards the number of reported falls has reduced. One ward has seen a reduction of 60% with only one fall per month now reported. The second ward has reduced the number of reported falls by 50%.

Work is already underway with other clinical teams to embed intentional rounding into their daily ward routines with the aim of achieving similar levels of compliance and associated improved benefits across the hospital by the end of 2012/13.

Priority 2: To improve the wards using the 'productive ward' methodology.

The Productive Ward programme is a proven national approach to improving quality by helping ward teams to redesign and streamline the way they work to release nursing time back to support care at the bedside. The programme is made up a number of modules which are shown in the diagram below.

At the beginning of the project, we set ourselves the challenging target of completing 58 out of a total of 120 modules across 12 wards by the end of the year. By Spring 2012 the ward teams had completed 63 modules in total including modules on *shift handovers*, *medicines*, *the well organised ward*, *knowing how we are doing* and *nursing procedures*.



Through the work the ward teams have undertaken, a simple change such as holding the nursing-shift handover-meeting in a different format has released twenty minutes per nurse per shift. This has all been reinvested in the delivery of safer high quality care.

The ward teams have improved ward environments by sorting, organising and clearing store rooms and colour coding equipment in a standardised way across the Trust. These improvements have made it easier and quicker for staff to locate equipment, releasing time back to direct patient care, reducing stock spend and helping staff who work across different wards e.g. junior doctors.

As a result of the Productive Ward work, the wards now include interactive patient boards which give up to date information about the beds in use, the professionals involved in each person's care and each patient's predicted length of stay. The boards allow any member of the clinical team to see a patient's status 'at a glance' and to support patient care without the need to interrupt other busy professionals.

Modules such as *medicines* have allowed teams to review the way they manage current drug rounds. Areas the teams have focused on improving include reducing the number of interruptions and ensuring patients take their medication in the presence of a nurse.

For 2012/13 the clinical teams will continue to complete the remaining 54 Productive Ward modules and this will continue to be a Trustwide quality improvement priority.

Clinical effectiveness

Priority 3: To embed 'enhanced recovery' across Torbay Hospital

Enhanced recovery is a nationally proven method to improve patient outcomes through a range of measures that include careful preparation before and during surgery to minimise the disruption of the body's normal functions. This results in more rapid recovery after surgery with earlier discharge and reduced postoperative complications.

Torbay Hospital has led the field in adopting enhanced recovery across a number of surgical specialities including orthopaedics. For 2011/12, our aim has been to embed enhanced recovery across all the surgical teams within the Hospital.

Over the last twelve months we have been setting up our enhanced recovery processes including redesigning patient information, developing data collection systems and reviewing our surgical pathways.

We have used two measures to assess our progress. The measures and performance are shown below.

The first measure aims to ensure over 90% of patients are admitted on the day of their surgery and not the day before, which would result in unnecessary waiting.

Minimum of 90% patients admitted for their procedure on the day of surgery											
April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
97%	97%	97%	97%	93%	93%	95%	95%	95%	94%	98%	97%

The second measure aims to ensure that over half of these patients are discharged earlier or on the same day of their planned date of discharge. This is earlier than traditional methods of care.

Minimum of 50% of patients discharged on or before the intended median post operative day length of stay.											
April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
67%	63%	62%	67%	69%	66%	61%	60%	68%	66%	61%	66%

Over the last year, we have made steady progress and by the end of the year have exceeded both our internal targets. In areas such as colorectal surgery, where there has been a requirement to develop detailed action plans to ensure patients are admitted on the day of surgery, by the end of the year over 90% of patients are now being admitted on the day of their planned surgery.

For 2012/13 we will continue to monitor our performance and aim to benchmark ourselves against other organisations to ensure we are in the best performer's range of enhanced recovery performance measures.

Patient experience

Priority 4: To measure care and compassion with which older people in Torbay Hospital are treated in response to the 2011 Health Ombudsman report highlighting the following areas of dignity, healthcare associated infections, nutrition, personal care and discharge from hospital.

Within the Hospital we believe that it is important to capture a patient's experience using a range of methods from monitoring, acting on and learning from complaints to participating in national inpatient and outpatient surveys and conducting daily surveys with patients due for discharge. In this way, by triangulating our information we can learn what works well and where we need to improve.

Over the last twelve months we have focused on measuring care and compassion in our largest group of patients, the elderly. We now capture care and compassion information on our Trust complaints and incident system and have modified our in-house patient survey to get better quality patient feedback. A simple but effective question that has now been added asks the question "Have staff looking after you been kind?"

On the wards we have successfully trialed and are now running monthly 'observations of care'. A member of the clinical team, with a trained lay person, observes and records care and gives instant feedback to the ward team. This ensures that any issues are acted on immediately and also good quality care can be recognised.

Extract from an observations of care action plan

Description of issue/area for action	Actions to be taken	Deadline	Person responsible
Quiet environment	Praise staff	December	Unit manager
Call bells easily accessible for all patients	Praise staff for the safe caring of patients within the ward	December	Unit manager
Red trays indicated	Staff to be reminded of the ability for patients to have a 'red tray for patients who do not appear to be eating	December	Ward sisters
Patient did not like the food she had ordered. This was replaced by another meal.	Dementia specialist nurse to discuss with the Dementia Forum the need to order food later in the morning. Patient with short term memory loss do not remember what they have requested.	January	Dementia nurse specialist
Conversations can be heard outside bay areas.	Remind all staff regarding sound travelling	December	Ward sisters
ECG electrodes left on patient's legs.	All staff to be reminded that electrodes left on frail skin may cause friction and wounds, all electrodes should be removed on admission if not needed.	December	Unit manager
Hand washing was undertaken by staff when attending to patients.	Congratulate all staff on their hand washing.	December	Unit manger

Over the next year we will continue to undertake observations of care and to capture, measure and triangulate patient feedback and complaints. This information will be reported through the Trust's Patient Experience Workstream meeting chaired by a Non Executive Director and clinical staff and lay representatives.

Priority 5: To monitor compliance and outcomes against the community wide End of Life Care Rapid Discharge Pathway.

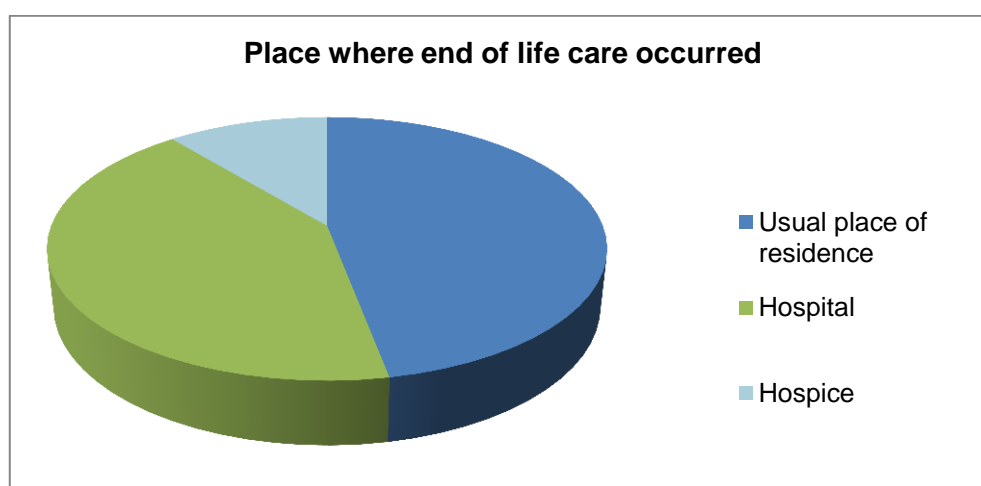
The 2008 National End of Life strategy puts an emphasis on giving patients a choice about where they are cared for at the end of their life. Sometimes people are admitted to hospital for a good reason, but subsequently feel that if time may be short, they would prefer to be cared for elsewhere. Some patients may opt to stay in hospital or be transferred to a hospice or community hospital.

Torbay Hospital has a Rapid Discharge Pathway to guide staff through the sometimes complex process of supporting patients to leave hospital and return to their home or care home with the right care, drugs and equipment. Staff are supported in this process by the Hospital Palliative Care Team.

Over the past year we have looked in some detail at the care that 36 patients nearing the end of their lives, and their families, received both in Hospital and if they left Hospital. Looking at this information has allowed us to identify themes relating to what is working well, but also where we can improve upon or build services for the future. In addition to reviewing these themes within the hospital, we have shared throughout the year the findings with our commissioners, the Patient Experience and Community Partnerships Governance Group, and the Torbay and South Devon End of Life Clinical Pathway Group.

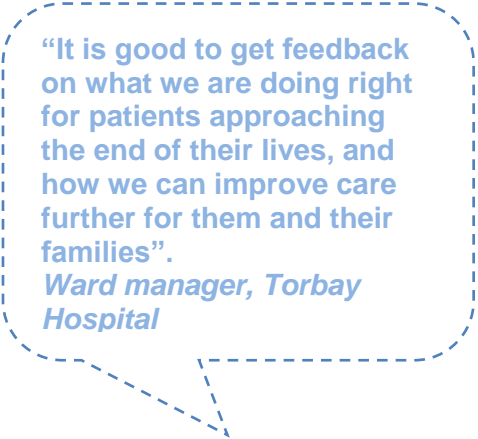
What did we find and learn?

More than half of the 36 people who wanted to leave hospital were helped to do so by Hospital and Community staff working together. Sometimes a patient's condition changed too quickly to allow a safe transfer out of hospital. On occasions the equipment or care that they required in the community was difficult to organise or unavailable at short notice.



As a result of undertaking a detailed analysis of care towards the end of a person's life we have already made several changes. These include:-

- The discharge form has been updated to make it as useful as possible for hospital staff.
- A review of timely availability of equipment in the community is under way, to ensure equity across our health community.
- Many patients and carers have expressed a need to know that nursing support at home could be available 24 hours a day for the last few days of life should they need it. The importance of this request has been emphasised to our commissioners.
- Hospital ward managers have received direct feedback on areas of good practice and areas where end of life care could be even better.



*"It is good to get feedback on what we are doing right for patients approaching the end of their lives, and how we can improve care further for them and their families".
Ward manager, Torbay Hospital*

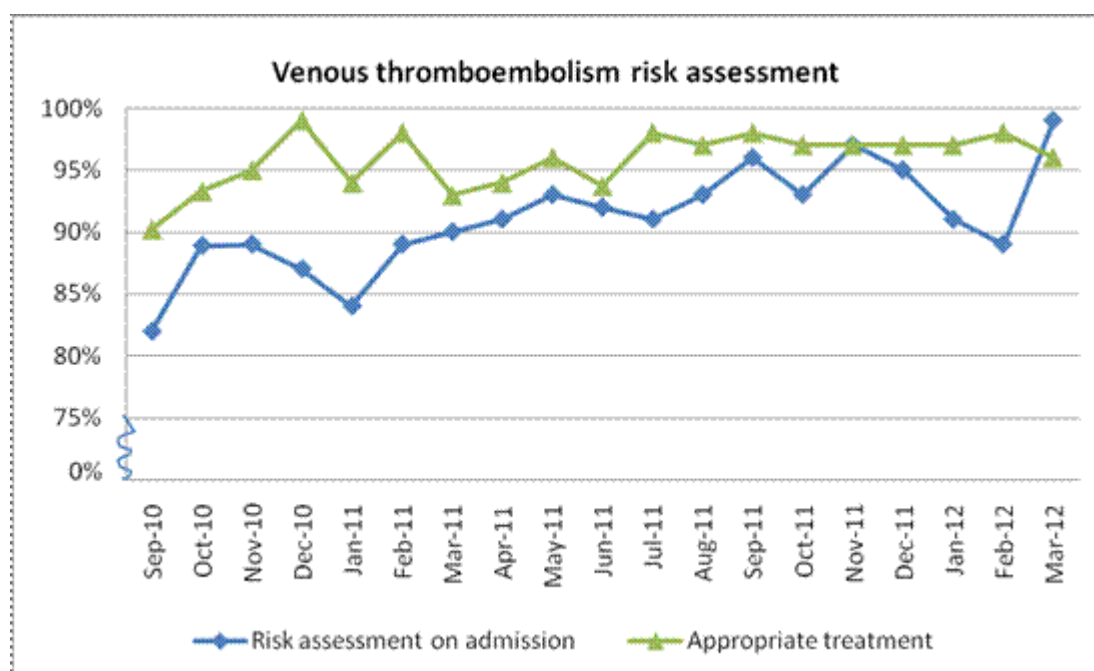
For 2012/13 we will continue to work with the community service teams and our commissioners to ensure we work together to deliver the best possible care as patients near the end of their life.

Continuous quality improvement

In last year's Quality Accounts we reported on a number of areas where we had focused on improving patient safety, clinical effectiveness and patient experience. Work has continued in these areas as we recognise quality improvement is a continuous cycle. Below is a snapshot of our continued progress from a number of our 2010/11 quality improvement priorities and other continuous improvement programmes.

Reducing the risk of patients who are admitted to hospital subsequently developing a blood clot (thrombus) in a vein

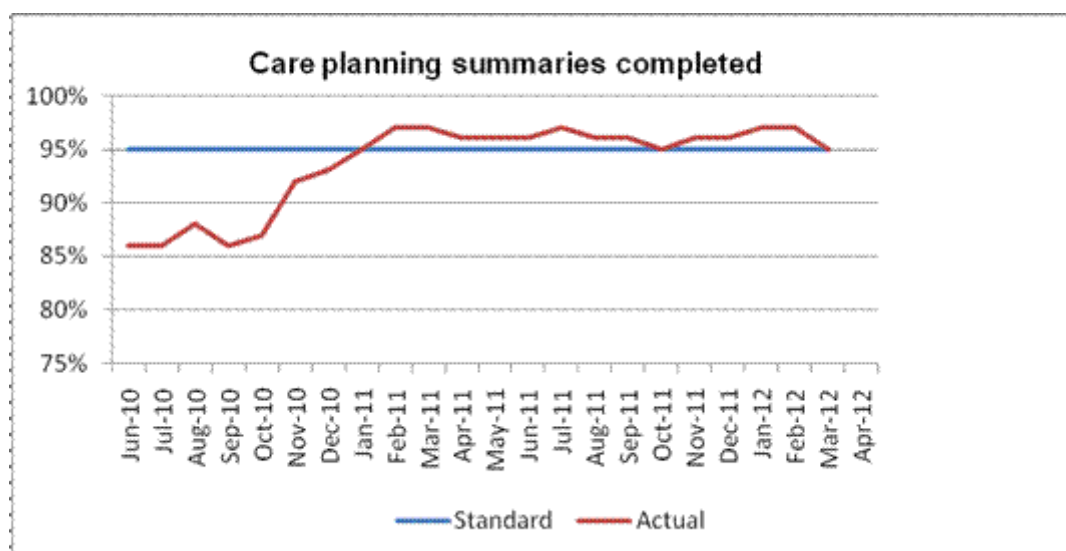
In April 2010 we set ourselves a local standard that at least 95% of adult patients are assessed on admission and given appropriate preventative treatment, when required. This is 5% above the national standard. Since Spring 2011 we have been consistently achieving the national standard on assessing risk and exceeding the national standard for appropriate preventative treatment. We will continue to monitor venous thromboembolism and report our performance to the Trust Board.



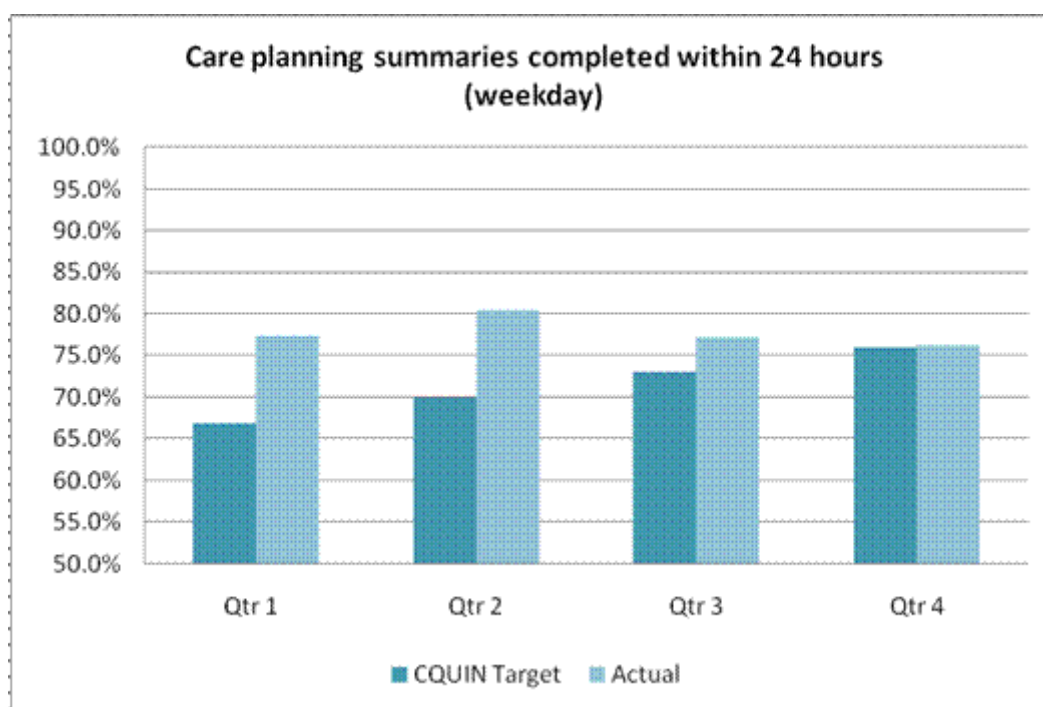
Improving the timeliness and quality of care planning summaries

Care planning summaries are clinical reports written by a doctor summarising their patient's care during their hospital stay. This information is provided to GPs and other health care professionals to ensure they can follow up care effectively.

Over the last year we have been continuing to focus on ensuring that a minimum of 95% of patients discharged have a care planning summary and that the timeliness of summaries being completed and sent to GPs continues to improve.



We have over the last year maintained the 95% standard and have continued to improve our timeliness overall.



For the period 2011/12 we have met our quarterly CQUIN (Commissioning for Quality and Innovation) milestones. However, we missed our end of year target of 77% in March by 3% due to unprecedented admissions and service pressures.

We will continue to focus on ensuring that our weekday timeliness performance does not deteriorate and have set ourselves a timeliness improvement target for the next year for weekend care planning summaries. Our performance will continue to be monitored internally and by our commissioners.

Theatre improvement

Alongside our Productive Ward work, we have also been involved in adapting the nationally recognised Productive Operating Theatre programme to help us to improve our theatre environment and processes for both patients and staff.

Some of the highlights include:-

- Embedding the World Health Organisation's safety checklists across theatres. Staff recognise that spending a few minutes doing checks can save vital time and lives throughout the operating lists.
- Operational status boards in each theatre area help co-ordinators, theatre staff, and surgeons etc to easily see what is happening within the theatre suite. Co-ordinators can recognise arising issues more quickly and mitigate operational risks.

"There has been lots of effective change for the better, although people are anxious about change, communication has certainly been improved."

Preparatory work has started on improving theatre scheduling and communication has improved across the clinical teams by holding weekly Productive Theatre 'huddles'. For

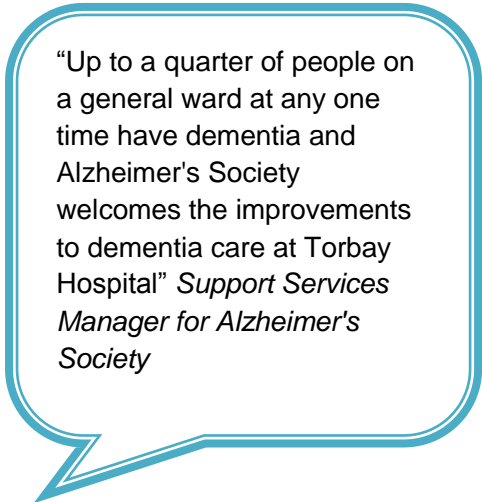
2012/13 work will continue on the Productive Theatre work with a focus on scheduling and theatre efficiencies.

Improving the experience of patients with dementia

Within the Trust, we have been working to improve the quality of care experienced by patients with dementia. In Autumn 2011 the South West Dementia Partnership undertook a peer review of our work against the eight national dementia standards.

Their subsequent report identified many areas of good practice including an individualised approach and adjustments made for patients with dementia in pre-operative assessment and outpatient areas.

Suggested areas for improvement included making wider use of memory boxes. In 2012/13 the Trust will continue to focus on dementia care and in particular dementia assessment and referral. This will be monitored by the Trust Board and we will work with partner organisations to improve services for patients with dementia.



"Up to a quarter of people on a general ward at any one time have dementia and Alzheimer's Society welcomes the improvements to dementia care at Torbay Hospital" *Support Services Manager for Alzheimer's Society*

Looking forward: 2012/13

The Trust has identified five quality improvement priorities for 2012/13. These have been developed through discussions with our clinical teams and through receiving feedback from the users of our services. We have taken into account new best practice and national guidance and have met with key stakeholders to agree the priority areas for 2012/13 (see Annex 1).

In brief, the stakeholders chose:

- Priority 1 and priority 4 to ensure that the excellent work already started could be built on further.
- Priority 3 to ensure that there was a focus on improving young people's care and not just on the primary users of the service, the elderly.
- Priority 2 and priority 5 in part due to national and local survey feedback and the need to change the Trust's approach to communicating with patients, families and their carers.

All 2012/13 quality improvement priorities will be reported and monitored via the Trust Board with quarterly updates and progress reported against action plans for each improvement priority.

Patient safety

Priority 1: To improve the wards using the 'productive ward' methodology

This is the second and final year devoted to putting into operation processes from the national Productive Ward programme into Torbay Hospital. This year, the aim will be to complete the remaining Productive Ward modules. The modules will include reviewing and improving current ward-based nursing procedures and ward round practices with the aim of releasing more time back to support direct patient care.

The Productive Ward programme will continue to be overseen by the Ward Improvement Project Board chaired by the Director of Nursing and Governance and Deputy Chief Executive.

Priority 2: To improve the quality of medicines information provided to patients, families and carers

Providing patients with appropriate information about their medicines on discharge is critical to ensuring they are used safely and appropriately.

Over the next twelve months we will focus on ensuring that patients or carers of patients discharged on a 'high risk drug' or patients that belong to particular vulnerable groups e.g. dementia are provided with an appropriate level of medicines information.

We will work with our community colleagues and patient representatives to develop and test this information before making the literature accessible more widely.

Clinical effectiveness

Priority 3: To improve the transition of care of young people with epilepsy, cystic fibrosis and neuromuscular disorders

Medical advances over the last 30 years mean that increasing numbers of children with long term conditions require adult health services because they are surviving to adulthood. This means the way children make the transition from paediatric health services to adult health services is important. Successful transitional care arrangements may improve a young person's adult health quality of life outcome.

Within the hospital, the focus for 2012/13 will be to ensure that there are effective transitional care arrangements for children with epilepsy, cystic fibrosis or those with neuromuscular disorders. The Trust will review current arrangements and, working with patients and their families, set up improved transitional pathways of care.

Patient Experience

Priority 4: To improve the quality of end of life care provision

Over the last twelve months, end of life care has been a key quality improvement priority. We noted in the 'looking back' section that we would continue to build on the excellent work already undertaken.

In 2012/13 our priority will be to implement new procedures and learning as part of being a national pilot site for 'Routes to Success in End of Life Care in Acute Hospitals'. We will work with community service teams to mirror elements of this work in community hospitals and patients' homes and care homes to ensure that patients receive improved and timely care at the end of their life at their place of choice.

Priority 5: To increase the number of letters written directly to the patient and copied to the GP

Part of the Government's policy is to increase patients' involvement in their own care and treatment and also for them to have more ready access to their information. There is considerable evidence and experience to suggest that patients receiving good quality letters/information respond very positively and with the outcome of improved satisfaction and reduction of anxiety.

Currently most letters are addressed to health professionals e.g. GPs and only get copied to patients. The aim is to move away from this being the norm to patients receiving information direct which is then copied to other health care professionals.

Over the next 12 months, a small pilot will be undertaken with doctors changing their practice and writing to patients direct to see whether it improves communication and increases engagement. We will also be using internet services such as '*Patients knows Best*' to improve communication and information flows between doctors, nurses and patients.

Continuous quality improvement

Quality improvement is at the heart of what the Trust does and the five quality improvement priorities already described in this section are key to underpinning our Trust objectives of safer care with no delay and improved patient experiences. Alongside these five priorities the Trust has a number of additional quality improvement projects. These incorporate national priorities such as dementia, as well as local priorities such as electronic prescribing and improved theatre scheduling.

The Trust also uses CQUINs (Commissioning for Quality and Innovation payment framework), its own internal continuous improvement programme as well as engagement with programmes such as the 'Safer Patient Initiative' to drive up quality.

For the period 2012/13 our CQUIN schemes include:

- Improving the awareness and diagnosis of dementia when people come in as a patient through A & E.
- Ensuring patients are free from harm through implementing the NHS safety thermometer. This collects data on pressure ulcers, falls, urinary tract infection in those with a catheter and VTE.
- Testing and applying the enhanced recovery model of care to medicine, with an initial focus on patients admitted with a urinary tract infection.
- Setting up an enhanced diabetes service with general practices across South Devon and Torbay.

The delivery and outcomes from the nineteen CQUIN schemes for 2012/13 are monitored throughout the year by the Trust Board and in partnership with our Commissioners. More information on current and previous schemes are available from:

http://www.institute.nhs.uk/world_class_commissioning/pct_portal/cquin.html

From 2012/13 we will publish the CQUIN outcomes in our Quality Accounts.

Statements of assurance from the Board

Review of services

During 2011/12 South Devon Healthcare NHS Foundation Trust provided and/or sub-contracted 49 NHS services (as per schedule two of its Terms of Authorisation).

South Devon Healthcare NHS Foundation Trust has reviewed all the data available to them on the quality of care in 49 of these NHS services.

The income generated by the NHS services reviewed in 2011/12 represents 87% of the total income generated from the provision of NHS services by South Devon Healthcare NHS Foundation Trust for 2011/12.

Participation in clinical audits

For the purpose of the Quality Accounts, the National Clinical Audit Advisory group (NCAAG) has published a list of national audits and confidential enquiries, participation in which is seen as a measure of quality of any Trust's clinical audit programme. The detail which follows relates to this list.

During 2011/12, 40 national clinical audits and 2 national confidential enquiries covered NHS services that South Devon Healthcare Foundation NHS Trust provides.

During that period South Devon Healthcare Foundation NHS Trust participated in 83% of national clinical audits and 100% of 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 2011/12 are as follows:

South Devon Healthcare NHS Foundation Trust	Eligibility	Participation
Peri and Neonatal		
Neonatal intensive and special care (NNAP)	Yes	Yes
Perinatal mortality (MBRRACE-UK)	No	N/A
Children		
Paediatric pneumonia (British Thoracic Society)	Yes	Yes
Paediatric asthma (British Thoracic Society)	Yes	Yes
Pain management (College of Emergency Medicine)	Yes	Yes
Childhood epilepsy (RCPCH National Childhood Epilepsy Audit)	Yes	Yes

Paediatric intensive care (PICANet)	No	N/A
Paediatric cardiac surgery (NICOR Congenital Heart Disease Audit)	No	N/A
Diabetes (RCPCH National Paediatric Diabetes Audit)	Yes	Yes
Acute care		
Emergency use of oxygen (British Thoracic Society)	Yes	Yes
Adult community acquired pneumonia (British Thoracic Society)	Yes	Yes
Non-invasive ventilation (NIV) - adults (British Thoracic Society)	Yes	No
Pleural procedures (British Thoracic Society)	Yes	Yes
Cardiac arrest (National Cardiac Arrest Audit)	Yes	Yes
Severe sepsis & septic shock (College of Emergency Medicine)	Yes	Yes
Adult critical care (ICNARC Case Mix Programme)	Yes	Yes
Potential donor audit (NHS Blood & Transplant)	Yes	Yes
Seizure management (National Audit of Seizure Management)	Yes	No
Long term conditions		
Diabetes (National Diabetes Audit)	No	N/A
Heavy menstrual bleeding (RCOG National Audit of HMB)	Yes	Yes
Chronic pain (National Pain Audit)	Yes	Yes
Ulcerative colitis & Crohn's disease (National IBD Audit)	Yes	Yes
Parkinson's disease (National Parkinson's Audit)	Yes	Yes
COPD (British Thoracic Society/European Audit)	Yes	Yes
Adult asthma (British Thoracic Society)	Yes	Yes
Bronchiectasis (British Thoracic Society)	Yes	No
Elective procedures		
Hip, knee and ankle replacements (National Joint Registry)	Yes	Yes
Elective surgery (National PROMs Programme)	Yes	Yes
Cardiothoracic transplantation (NHSBT UK Transplant Registry)	No	N/A
Liver transplantation (NHSBT UK Transplant Registry)	No	N/A
Coronary angioplasty (NICOR Adult cardiac interventions audit)	Yes	Yes
Peripheral vascular surgery (VSGBI Vascular Surgery Database)	Yes	Yes
Carotid interventions (Carotid Intervention Audit)	Yes	Yes
CABG and valvular surgery (Adult cardiac surgery audit)	No	N/A
Cardiovascular disease		
Acute Myocardial Infarction & other ACS (MINAP)	Yes	Yes
Heart failure (Heart Failure Audit)	Yes	Yes
Acute stroke (SINAP)	Yes	Yes
Cardiac Arrhythmia (Cardiac Rhythm Management Audit)	Yes	Yes
Renal disease		
Renal replacement therapy (Renal Registry)	No	N/A
Renal transplantation (NHSBT UK Transplant Registry)	No	N/A
Cancer		
Lung cancer (National Lung Cancer Audit)	Yes	Yes
Bowel cancer (National Bowel Cancer Audit Programme)	Yes	Yes

Head & neck cancer (DAHNO)	Yes	Yes
Oesophago-gastric cancer (National O-G Cancer Audit)	Yes	Yes
Trauma		
Hip fracture (National Hip Fracture Database)	Yes	Yes
Severe trauma (Trauma Audit & Research Network)	Yes	Yes
Psychological conditions		
Prescribing in mental health services (POMH)	No	N/A
National Audit of Schizophrenia (NAS)	No	N/A
Blood transfusion		
Bedside transfusion (National Comparative Audit of Blood Transfusion)	Yes	Yes
Medical use of blood (National Comparative Audit of Blood Transfusion)	Yes	No
Health promotion		
Risk factors (National Health Promotion in Hospitals Audit)	Yes	No
End of life care		
Care of dying in hospital (NCDAH)	Yes	No
National Confidential Enquires		
Perinatal mortality (CEMACH)	Yes	Yes
Patient Outcome and Death – Cardiac arrest (NCEPOD)	Yes	Yes
Suicide and Homicide by People with Mental Illness	No	N/A

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

- Non-invasive ventilation (NIV) – Adults (British Thoracic Society). The Trust took part in this audit last year and decided not to take part this year. However we intend to take part next year.
- Care of dying in hospital (NCDAH). The Trust took part in previous audits and the Clinical Effectiveness Group in consultation with the Lead Consultant decided to undertake a local audit.
- Medical use of blood (National Comparative Audit of Blood Transfusion – Insufficient data available to participate.
- Cardiac Arrest. – The specialty concerned decided not to take part in this audit as there was a cost implication of £1,000.
- Seizure management (National Audit of Seizure Management). We did not take part in the 2010 audit, but consideration will be given to the next round which is due in 2013.
- Bronchiectasis (British Thoracic Society). The decision not to take part in this audit was made because of the difficulty in capturing the data required.

- Risk Factors (National Health Promotion in Hospitals Audit). The Trust took part in a previous audit organised by Stockport which proved to be of poor quality and therefore little benefit was achieved, so it was decided not to take part in this one.

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 2011/12, 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
Peri and Neonatal		
Neonatal intensive and special care (NNAP)	346/346	100%
Children		
Paediatric pneumonia (British Thoracic Society)	10/10	100%
Paediatric asthma (British Thoracic Society)	22/20	110%
Pain management (College of Emergency Medicine)	50/50	100%
Childhood epilepsy (RCPCH National Childhood Epilepsy Audit)	25/25	100%
Diabetes (RCPCH National Paediatric Diabetes Audit)	Not Known	Not Known
Acute care		
Emergency use of oxygen (British Thoracic Society)	11/10	110%
Adult community acquired pneumonia (British Thoracic Society)	78/20	390%
Pleural procedures (British Thoracic Society)	23/20	115%
Severe sepsis & septic shock (College of Emergency Medicine)	30/30	100%
Adult critical care (ICNARC Case Mix Programme)	684/684	100%
Potential donor audit (NHS Blood & Transplant)	42/42	100%
Long term conditions		
Heavy menstrual bleeding (RCOG National Audit of HMB)	111/111	100%
Chronic pain (National Pain Audit)	52/100	52%
Ulcerative colitis & crohn's disease (National IBD Audit)	38/40	95%
Parkinson's disease (National Parkinson's Audit)	21/30	70%
Adult asthma (British Thoracic Society)	19/20	95%
Elective procedures		
Hip, knee and ankle replacements (National Joint Registry)	683/683	100%
Elective surgery (National PROMs Programme)	Not Known	Not Known
Coronary angioplasty (NICOR Adult cardiac interventions audit)	Not Known	Not Known
Peripheral vascular surgery (VSGBI Vascular Surgery Database)	92/92	100%
Carotid interventions (Carotid Intervention Audit)	31/31	100%
Cardiovascular disease		
Acute Myocardial Infarction & other ACS (MINAP)	522/522	100%
Heart failure (Heart Failure Audit)	414/240	173%

Acute stroke (SINAP)	874/781	112%
Cardiac Arrhythmia (Cardiac Rhythm Management Audit)	240/240	100%
Cancer		
Lung cancer (National Lung Cancer Audit)	193/193	100%
Bowel cancer (National Bowel Cancer Audit Programme)	158/158	100%
Head & neck cancer (DAHNO)	37/37	100%
Oesophago-gastric cancer (National O-G Cancer Audit)	52/52	100%
Trauma		
Hip fracture (National Hip Fracture Database)	395/495	80%
Severe trauma (Trauma Audit & Research Network)	263/275	96%
Blood transfusion		
Bedside transfusion (National Comparative Audit of Blood Transfusion)	56/40	140%
National Confidential Enquires		
Perinatal mortality (CEMACH)	All cases	100%
Patient Outcome and Death (NCEPOD) – Cardiac Arrest	1	100%

The reports of 40 national clinical audits were reviewed by the provider in 2011/12 and South Devon Healthcare NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided.

Ref	Recommendations / actions
N0035	National Neonatal Audit Programme
	<ul style="list-style-type: none"> To develop an operational policy for medical attendance on SCBU to clearly state, that all admissions need to be seen by a Consultant Paediatrician within 24 hours of admission (NNAP standard)
N0040	Paediatric Pneumonia (BTS)
	<ul style="list-style-type: none"> No action plan required
N0041	Paediatric asthma (BTS)
	<ul style="list-style-type: none"> Introduce a care bundle to standardise early management – reduce use of nebulisers and chest x-ray use Update the asthma guideline Update the paediatric emergency assessment document to improve documentation of discharge planning and education about inhaler/device use
N0083	Pain management (CEM)
	<ul style="list-style-type: none"> Awaiting publication of report
N0064	Childhood epilepsy
	<ul style="list-style-type: none"> Awaiting publication of report

N0065	Diabetes – paediatrics
	<ul style="list-style-type: none"> • Monitor current good clinical practice and payment by results tariffs in this area and update our processes if necessary • Continue to target poorly controlled young people • Work with commissioners to identify funding for increased Diabetes Nurse, Dietetic and Psychology time
N0037	Emergency use of oxygen (BTS)
	<ul style="list-style-type: none"> • Embed oxygen prescribing more clearly within induction • Use opportunities at F1 and F2 training to promote oxygen prescription
N0071	Adult community acquired pneumonia (BTS)
	<ul style="list-style-type: none"> • Improve compliance with trust antibiotic policy for pneumonia • Maintain education of junior doctors regarding the use of CURB65 score • Emphasise the importance of early diagnosis and initiation of treatment
N0056	Pleural procedures (BTS)
	<ul style="list-style-type: none"> • No action plan required
N0082	Severe sepsis & septic shock (CEM)
	<ul style="list-style-type: none"> • Awaiting publication of report
N0051	Adult critical care
	<ul style="list-style-type: none"> • Review all unit deaths. • All deaths with APACHE II or ICNARC predicted mortality <20% to be presented for peer review by senior nurses and consultants. • Review and discuss difficult cases each month to support consistent decision making across the consultant body • Use data in activity planning, i.e. workforce plan, budget setting, capacity increase to 9 beds based on acuity and volume trends and proposal for new unit built underpinned with data from this database. • Audit unit readmissions
N0036	Potential donor audit
	<ul style="list-style-type: none"> • Increase SN-OD presence on the unit in order to: Increase referrals Improve timeliness of referral to reduce the occurrence of families changing their minds through clinical education. Increase the percentage approached for consent.
N0054	Heavy menstrual bleeding
	<ul style="list-style-type: none"> • Action Plan being complied
N0038	Chronic pain
	<ul style="list-style-type: none"> • No action plan required

N0031	Ulcerative colitis & Crohn's
	<ul style="list-style-type: none"> Action Plan being complied
N0011	Parkinson's disease
	<ul style="list-style-type: none"> Awaiting publication of report
N0030	Adult asthma (BTS)
	<ul style="list-style-type: none"> Arrange for Asthma Nurse Specialist to return to normal activity.
N0042	Hip, knee and ankle replacements (National Joint Registry)
	<ul style="list-style-type: none"> No action plan required
	Elective surgery (National PROMs Programme)
	<ul style="list-style-type: none"> Action Plan being complied
N0049	Coronary angioplasty (NICOR Adult cardiac intervention audit)
	<ul style="list-style-type: none"> No actions required
N0033	Peripheral vascular surgery (VSGBI Vascular Surgery Database)
	<ul style="list-style-type: none"> Multidisciplinary peer review meetings taking place regularly to address regarding the treatment of aortic aneurysms. Refurbishment of room to accommodate endovascular aneurysm repair
N0074	Carotid interventions (Carotid Intervention Audit)
	<ul style="list-style-type: none"> Stroke physicians, vascular surgeons, radiologists and anaesthetists working with local stroke care pathway group to address issues identified in the management of carotid surgery at Torbay Hospital.
N0046	Acute Myocardial Infarction & other ACS (MINAP)
	<ul style="list-style-type: none"> Investigate reasons behind low rates of beta blocker and ace inhibitor usage post MI
N0039	Heart failure Audit
	<ul style="list-style-type: none"> Action Plan being complied
N0055	Acute stroke (SINAP)
	<ul style="list-style-type: none"> Improve documentation Improve eligible patients thrombolysed – Aim 10%
N0066	Cardiac Arrhythmia
	<ul style="list-style-type: none"> No action plan required

N0044	Lung cancer
	<ul style="list-style-type: none"> No action plan required
N0053	Bowel cancer
	<ul style="list-style-type: none"> Ensure all patients are seen by the CNS Investigate ways of reducing permanent stoma rate
N0047	Head & Neck Cancer
	<ul style="list-style-type: none"> Ensure 100% completion of data collection in all data fields
N0086	Oesophago-gastric cancer
	<ul style="list-style-type: none"> Awaiting publication of report
N0043	Hip fracture
	<ul style="list-style-type: none"> Improve the completeness and accuracy of the data submitted to the National Hip fracture Database including 30 day mortality Improve access to medical assessment for all hip fracture patients Ensure all patients admitted with a fall and fragility fracture to be referred to Fracture Liaison Service and Inflex MFFRA completed Ensure that all patients have AMTS recorded on admission
N0026	Severe trauma (TARN)
	<ul style="list-style-type: none"> Reduce the time to CT for head injuries associated with other injuries. Review all trauma laparotomies to ensure compliance with Trauma Network Key Performance Indicators.
N0081	Bedside transfusion
	<ul style="list-style-type: none"> No action plan required

The report of two national confidential enquiries was reviewed by the provider in 2011/12 and South Devon Healthcare NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided.

NCEPOD	Knowing the risk: a review of peri-operative care of surgical patients (2011)
	<p>Report presented to Patient Safety Committee Spring 2012 and assurance sought on a number of issues including:</p> <ul style="list-style-type: none"> Assessment of mortality risk being clearly recorded on the consent form Consistency and reliability regarding pre-assessment of high risk patients
NCEPOD	Surgery in children : are we there yet? (2011)
	<p>Report presented to Patient Safety Committee Spring 2012 with detailed review of recommendations & action plan.</p>

Actions include:

- Guideline of the critically ill and injured child being finalised. This will be compliant with the PICS standards & Regional Surgical Network.

The reports of 38 local clinical audits were reviewed by the Trust in 2011/12 and South Devon Healthcare NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided.

Recommendations and actions	
6167	Orthopaedic surgical operation notes
	<ul style="list-style-type: none"> • Introduce new operation note proforma based on Royal College of Surgeon guidelines • Operation note posters to be put up on walls in Theatres
6124	Surgical safety in nail surgery
	<ul style="list-style-type: none"> • Redesign the nail surgery treatment record to be more user friendly and easier to check for completeness • Pilot, train-in and implement the new forms through peer reviews, spot checks and team meetings
6125	Adherence to ENT UK indications for tonsillectomy
	<ul style="list-style-type: none"> • Sticker to be added to patient notes at the time of listing for theatre listing the indications for surgery
5973	Death documentation
	<ul style="list-style-type: none"> • Review guideline 0238
6068	Tongue tie release
	<ul style="list-style-type: none"> • Highlight the importance of using and completing the breastfeeding assessment form prior to referral
5841	Safeguarding quality in children's notes
	<ul style="list-style-type: none"> • Proforma to be produced that can provide a constant audit trail of all children with safeguarding issues and act as a prompt in documentation of all issues in relation to the Laming Report recommendations
5866	Collagen injection for vocal cord augmentation
	<ul style="list-style-type: none"> • Surgeon undertaking this procedure to add a note regarding efficacy to the consent form • Voice Handicap Index to be introduced as an outcome measure

6012	Identification of 'at risk' children in A&E
	<ul style="list-style-type: none"> • Introduction of new forms in A&E:- <ul style="list-style-type: none"> ○ new paediatric assessment document for In-patients ○ new A&E card • Annual update for permanent members of staff on child protection and database of training updated.
6013	Personal protective equipment (PPE)
	<ul style="list-style-type: none"> • Infection Control to discuss with ward managers education package for staff: <ul style="list-style-type: none"> ○ - chain of infection ○ - role of PPE ○ - when to use/ or not ○ - how to remove and dispose of PPE ○ - wash with soap and water after removal • Establishment of training plan
6016	Histology of transurethral resections of prostate (TURPs)
	<ul style="list-style-type: none"> • Reminder to include histology in discharge plan. • Set up a database to monitor TURP patients to ensure histology checked one week post-operatively • Urology nurses to book patients, who fail catheter trials, onto urology outpatient clinic within two weeks
6017	Correct and appropriate prescribing of pabrinex in Emergency Department
	<ul style="list-style-type: none"> • Increase junior doctor awareness of the importance of prescribing pabrinex for appropriate patients • Either include pre-printed section on the drug chart for pabrinex or a pre-printed sticker onto the infusions section • Ensure all juniors are aware to prescribe two pairs, IV TDS for total of nine doses
6019	Waterlow score assessments in Trauma and Orthopaedics
	<ul style="list-style-type: none"> • Inform and remind staff of best practice with regards to Waterlow scoring and assessment • Regular review of case notes to ensure Waterlow scores documented and assessed • Continue to complete safety crosses for risk assessments (Productive Ward)
5781	Effect of epidural anaesthesia on foetal cardiotocograph (CTG) and documentation
	<ul style="list-style-type: none"> • CTG Trust policy to be reviewed to include NICE guidelines on intrapartum care and to state that 'Fresh Eye' stickers, once used, are stuck in the delivery notes • Ensure easier access and increase the use of the 'Fresh Eyes' stickers
5923	Opioid prescribing
	<ul style="list-style-type: none"> • Review and increase education on opioid prescribing
5015	Pressure Ulcer prevention and management
	<ul style="list-style-type: none"> • Trust policy and assessment/ monitoring tools to be reviewed to include intentional

	<ul style="list-style-type: none"> rounding' and 'skin bundle Feed audit results into the pressure ulcer prevention safety project
5901	Antimicrobial prescribing on surgical wards
	<ul style="list-style-type: none"> Staff education programme for prescribing and reviewing antimicrobials
5870	Informed consent for blood transfusion
	<ul style="list-style-type: none"> Hospital Transfusion Committee to respond to the findings of the audit
5923	Safer use of intravenous gentamicin for neonates
	<ul style="list-style-type: none"> Orange aprons ordered for staff to wear when preparing the drugs Posters to be produced highlighting to patients that when they see staff wearing orange aprons they are to refrain from interrupting staff Staff training sessions to be conducted to ensure that all staff are aware of the gentamicin care bundle requirements
6072	Safeguarding children that did not attend outpatient appointments
	<ul style="list-style-type: none"> Policy to be updated:- <ul style="list-style-type: none"> To include Looked After Children The need for an outcome slip to be completed for non-attendances and for the consultant to make an entry in the notes by the clinic stamp When referral made to Children's Services, written follow-up to be made within 48 hours If a parent phones to cancel an appointment the notes must be passed to the consultant for review Education around the policy Ensure that the laminated flowchart is in all outpatient clinic rooms, including community clinics Policy to be incorporated into the Trust child protection induction for doctors. Title of policy to be changed to 'Was Not Brought'.
6028	Domiciliary patient referrals
	<ul style="list-style-type: none"> Increase the number of referrals that include MUST scores to ensure that appropriate referrals are made and first line advice has been initiated. <p>This will be done by;</p> <ul style="list-style-type: none"> Dieticians to routinely ask for MUST score for all verbal referrals Ensure MUST score requested on primary care referral forms Request for MUST score, where applicable, to be added to the primary care desktop guide to dietetic referrals Continue MUST training programme for care homes, as funding allows and depending on available maternity cover
6065	Radiofrequency ablation for varicose veins
	<ul style="list-style-type: none"> Procedures are now done under local not general anaesthetic and simultaneous avulsions are not performed.
5977	Otitis media with effusion (OME) in children
	<ul style="list-style-type: none"> Implement a checklist form for OME to improve documentation

6071	Note keeping 2009 – 2010 (General Medicine)
	<ul style="list-style-type: none"> • Re-training of doctors and nurses in note-keeping • Medical pages to have patient details on both sides • Discuss/ highlight requirement that discharge summaries should be filed at front of notes
5648	Management of suspected sub-arachnoid haemorrhage (SAH)
	<ul style="list-style-type: none"> • Produce a protocol for the management of SAH
6000	Management of Syphilis
	<ul style="list-style-type: none"> • Raise awareness that the rates of syphilis are increasing nationally and locally through GP and hospital newsletter • Raise awareness and promote regular screening among high risk groups • Improve documentation & use Lilie template to manage treatment and follow up. • Improve health education and offer written information to every patient diagnosed with syphilis
5927	Note keeping 2009 – 2010 (Ophthalmology)
	<ul style="list-style-type: none"> • Raise awareness of note keeping standards • E-mail all Ophthalmology staff regarding the Trust standards for note keeping
6002	Pre-operative X-rays using discs
	<ul style="list-style-type: none"> • Develop a protocol • Raise awareness of the need to document on the x-ray requests diagnosis of arthritis and possible surgery
5969	"Risky" sexualised behaviour in people with learning disabilities
	<ul style="list-style-type: none"> • Review/ investigate the possibility of a "chronology" sheet of incidents being made available • Investigate how to indicate/ confirm that a risk assessment has taken place without the need to fully complete the whole of the documentation • Clients without psychology/ SHEALD assessment to have a short chronology produced • Liaise with referrals co-ordinator to ensure that referrals from out of the area/ Children's services have a risk assessment completed as part of the information provided at referral • Investigate how to improve MDT contributions to risk assessments
5986	Malnutrition and screening in emergency surgical patients
	<ul style="list-style-type: none"> • Deliver MUST training to all new starting employees at their induction. • Develop new MUST pro-forma to aid accurate scoring of patients nutritional risk and to advise on nutritional interventions to be trialled to decrease malnutrition risk. • Use of safety crosses (indicating if risk scores are being completed)
5987	Nurse led management of the surgical voice restoration patient
	<ul style="list-style-type: none"> • As well as the paper record held in clinic, a letter will be dictated to confirm the valve change and placed on the hospital records.
5940	Shoulder dystocia - brachial plexus injury
	<ul style="list-style-type: none"> • Trust policy to be reviewed to clarify risk factors and if any of the three main risk factors are

	<p>identified then a documented discussion should take place.</p> <ul style="list-style-type: none"> Staff to receive teaching/ education in the correct completion of the proforma
6023	Acute Stroke Care and Transient Ischaemic Attack (TIA) management
	<ul style="list-style-type: none"> Re-emphasise importance of using FAST score. (Teaching and action plan) ROSIER score to be included in stroke clerking proforma, education GCS needs to be documented. (Ongoing education) CT request form needs to include box for entering time
6046	Note keeping 2009 – 2010 (General Surgery)
	<ul style="list-style-type: none"> Raise awareness of note keeping standards at the ENT audit meeting Produce a laminated sheet highlighting the Trust note keeping standards for Forrest Ward
6056	Surgery of the parotid gland
	<ul style="list-style-type: none"> Increase data collection items regarding complications, particularly around the permanent facial nerve palsy Review published paper (M McGurk) to offer more comparative data Approach Pathology to try to identify patients more easily
6039	Dementia in older adults and the DVLA
	<ul style="list-style-type: none"> E-mail presentation and request Team Managers to discuss/ present to Team Business meeting Each of the three teams to ensure that clients are advised to contact DVLA and this advice/ action evidenced/ recorded in notes Each team to select a leaflet of their choice for use with clients
6079	Fluid balance in General Surgical Patients
	<ul style="list-style-type: none"> Review fluid balance charts and develop a standardised form for all surgical wards to use, ensuring that this has space to enter ward name Ensure new documentation is approved by the Clinical Records Committee prior to introduction
6081	Venous thromboembolism (VTE) prophylaxis in vitreoretinal (VR) surgical patients
	<ul style="list-style-type: none"> Dissemination of results to raise awareness of requirements amongst doctors plus additional training for nursing staff
6116	Dietetic In-patient record cards
	<ul style="list-style-type: none"> The in-patient record card to be amended to take account of the results. The colour of the card will be changed to lilac to ensure staff are aware that there is a new record card.

Research

The number of patients receiving NHS services provided or sub-contracted by South Devon Healthcare NHS Foundation Trust in 2011/12 that were recruited during that period to participate in research approved by a research ethics committee was 1953.

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 348 clinical research studies during 2011/12 in 29 medical specialities.

There were 86 clinical staff participating in research approved by a research ethics committee at South Devon Healthcare NHS Foundation Trust during 2011/12. These staff participated in research covering 29 medical specialities.

As well, in the last three years, over 32 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.

Rossini study - Reduction of surgical site infection using a novel intervention

The aim of this study is to find out whether using a sterile plastic wound-edge protection device during an operation can reduce the chances of a patient developing an infection.

The study is funded by the Research for Patient Benefit Programme (of the National Institute for Health Research and the Trust is one of several organisations participating).

The study has just closed and the data is being analysed.

R-CHOP 14 vs R-CHOP 21

This is a study looking at rituximab and CHOP* given over 14 days versus 21 days in patients with newly diagnosed diffused large B cell non Hodgekin's lymphoma.

The study showed no evidence that R-CHOP 14 is better than R-CHOP 21, they were equally effective.

**CHOP is an acronym for a chemotherapy regimen*

Gastroenterology

Blood samples and data collected as part of a Trust led Inflammatory bowel disease (IBD) serological and genetic study has now been linked up with data from other studies and colleagues as part of the UK IBD Group. This has added vital knowledge about the genetics of Crohn's disease and Ulcerative Colitis.

Significantly this information has also played a part in the discovery of a new gene and the role it plays in the gut function, helping unravel the complex causes of both these conditions.

CQUIN payment

A proportion of South Devon Healthcare NHS Foundation Trust income in 2011/12 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 NHS services, through the Commissioning for Quality and Innovation payment framework.

Further details of the agreed goals for 2011/12 and for the following 12 month period are available electronically at

http://www.institute.nhs.uk/world_class_commissioning/pct_portal/cquin.html

In 2011/12 the value of the CQUIN payment £2,543,000 and income subsequently received was £2,487,054. In 2012/13 the value of the CQUIN payment is £4.4 million

Care Quality Commission

South Devon Healthcare NHS Foundation Trust is required to register with the Care Quality Commission and its current registration status is for: -

- Diagnostic and screening procedures
- Family planning services
- Management of 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

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 2011/12. South Devon Healthcare NHS Foundation Trust has not participated in any special reviews or investigations by the CQC in the reporting period.

Data quality

Data quality is a key enabler in delivering high quality services. Data and information which is accurate, timely and relevant allows clinical teams to make informed decisions about patient care and service delivery. Within the Trust, the Board has access to a locally developed data quality dashboard and receives on a monthly basis an integrated performance report, a dashboard of key performance indicators and a more detailed data book. This allows the Trust Board to monitor performance and address any issues in the year.

NHS number and general medical practice validity

South Devon Healthcare NHS Foundation Trust submitted records during 2011/12 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 which included the patient's valid NHS number was:

- 99.3% for admitted care
- 99.7% for outpatient care
- 97.8% for accident and emergency care

The percentage of records in the published data which included the patient's valid General Medical Practice Code was:

- 99.8% for admitted care
- 100% for outpatient care
- 99.2% for accident and emergency care

Information governance

South Devon Healthcare NHS Foundation Trust Information Governance Assessment report overall score for 2011/12 was 83% and was graded green.

Data quality improvements: looking back 2011/12

South Devon Healthcare NHS Foundation Trust committed to take the following actions to improve data quality in 2011/12:

To improve the timeliness of data entry on all wards, including ensuring that as patients are transferred to wards all information relating to their clinical management is updated at the same time and then routinely updated up to the point of discharge.

The Trust has implemented an electronic whiteboard system on wards called SWIFT Plus. This allows clinical staff to record patient information in real time and for the clinical teams to see a patient's status 'at a glance'. The Trust are now using them for multi-disciplinary 'board rounds' on a daily basis ensuring a patient's care is proactively managed throughout the day.

To improve the data quality of Referral to Treatment (RTT) pathways.

Over the last 12 months intensive support has been provided to different clinical teams to improve the data quality of information recorded following an outpatient appointment. Selected specialities have undertaken a week or two week data audit, looking at what was recorded on the outpatient appointment outcome slip compared to what was recorded on the Patient Administration System.

As a result of the audits, data errors have been identified and a programme of advice and guidance and retraining has been provided, supplemented by weekly data quality reports. Also crib sheets have been produced for the clinical teams and ongoing monthly validation of RTT data provides the teams with information regarding their ongoing improvement and where further action is required.

To improve the quality of the Trust workforce data held on the Electronic Staff Record (ESR) system.

Work has been ongoing to improve the accuracy of workforce data. The Trust's national data accuracy rating position has improved from 319th out of 423 NHS organisations using ESR in August 2011 to 15th out of 423 in January 2012. Workforce forms including 'Change of Circumstances' forms have been revised to improve data collection and data integrity and these are available on the Trust intranet website for staff to download.

A request has been made to align the staff rostering system with ESR on a daily basis. This is planned to go live in May 2012 and will ensure hierarchies and staff details are aligned, improving data quality.

To review and update the Information Asset Register to ensure that all known and any previously unknown information assets are identified and that data is maintained and shared in a managed way outside the organisation.

A review has been undertaken over the last 12 months with a survey sent to staff managing the Trust's information assets. As a result of the responses a number of additional IT systems have been identified as well as a number that have been decommissioned. This information has been uploaded on the Trust's Information Asset Register. All the staff responsible for managing the Trust's information assets have access to the register and can amend their information on an ongoing basis.

Written guidance has also been created to assist staff in updating and adding information assets to the register and this has been shared at a range of stakeholder meetings. Staff job descriptions for IAO roles and IAA now include reference to data quality and information sharing. This is particularly important when there are staff sharing information with third parties as part of their clinical team's work. In addition, a small team from the Health Informatics Service, has been educating the staff around understanding and assessing the information requested and ensuring data quality checks are undertaken periodically.

Over the next year, work will continue to disseminate guidance to new staff managing information assets and all these staff will continue to undertake information governance training to improve their understanding of data quality.

To improve our information governance score from 71% to 85%.

The Trust was just short of its local target for the year at 83% rather than 85% because several pieces of evidence require further development before they can be approved; this evidence will now be submitted as part of the information governance submission for 2012/13.

Plans for 2012/13 include the increase in the number of compliance spot checks.

To ensure that there is robust data monitoring and data audit procedures in place for patient appointments recorded by the Trust's Patient Access Centre.

The Patient Access Centre has now been running for over 12 months with standardised processes and procedures in place for patients' booking appointments. Information from the system is reported and shared weekly with teams including reports on clinic utilisation, hospital cancellation rates and patient did not attend (DNA) rates. In addition, there is a six monthly review of processes and procedures that have been implemented.

As part of the Trust's Internal Audit work plan, the Department are currently undertaking a planned audit of the Patient Access Policy which will include the processes set up within the Patient Access Centre. The subsequent report and recommendations will be shared with the appropriate teams and any required actions implemented. Progress will be monitored by the Internal Audit Department.

To improve the management of Trust policies and procedures to ensure they are recorded consistently, in a standard format and are kept up to date.

In 2011/12 a project was initiated to agree a standard template incorporating new data fields to allow better searching and retrieval of information as well as indicating when documents are out of date and due for renewal. This has been undertaken in preparation for departments moving to the Trust's new Intranet platform which will store Trustwide policies in this new format from 2012.

The new Trust Intranet system went live in February 2012 and a plan is being developed to transfer all existing policies into the new format. By the end of 2013, the aim will be that all Trust policies will have been updated according to the new format and placed on the new Trust Intranet with key words and meta data to aid searching.

To act on any recommendations from the Quality Accounts' external data quality audit of two nationally mandated performance indicators and one local indicator agreed by the Trust Governors.

PWC undertook the external data quality audit for the Trust. The audit for the three indicators included sampling the data and evaluating the key process and controls for managing and reporting the indicators. The indicators and findings are described in the table below.

Indicator	Type	Findings
MRSA	National	No errors identified in sample tested No control issues identified
Maximum 62 days from urgent GP referral to first treatment for all cancers	National	No errors identified in sample tested No control issues identified
% of ST elevation myocardial infarction (STEMI) patients who received primary angioplasty within 150 minutes of call (call to balloon time)	Local	Eight errors identified in sample tested, which do not affect the performance reported One control issue identified

The Trust has reviewed the Auditor's recommendations for Heart Attack (call to balloon time) and the following actions have been undertaken:

- A training session has been run for all the Chest Pain Unit staff with regard to recording the 'stop time' using the Carddas system and patient notes.
- The Trust has implemented the process of printing a copy of the procedure log from the Mac Lab system showing the correct 'balloon time' and filing this in the patient notes.
- The MINAP database has now been moved to a 'Web Based' system.

Data quality improvements: looking forward 2012/13

South Devon Healthcare NHS Foundation Trust has committed to take the following actions to improve data quality in 2012/13:

- Improve the quality of the outpatient clinic outcome letter for patient attendances and email these within agreed timescales to GPs
- Work with staff managing information assets (databases, IT systems etc.) to review the data quality via regular data quality audits and spot checks;
- Set up a programme for undertaking data quality audits of the Trust Board's performance dashboard indicators with a minimum of 4 audits in 2012/13.
- License the Trust to enable all staff to access the data quality dashboard which is hosted on the SharePoint collaboration site.
- Improve our Information Governance rating to 90%
- Reduce the number of clinical coding errors through providing additional training and reviewing ward based coding practices.
- Act on any recommendations from the forthcoming external audit of these Quality Accounts. This includes the auditors reviewing the data quality of two nationally mandated indicators and one locally governor agreed indicator. The indicators are namely:-
 - Clostridium difficile –national indicator
This indicator is all Trust apportioned infections, which is calculated as infections found in specimens received at least three days after admission.
 - Maximum waiting time of 62 days from urgent GP referral to first treatment for all cancers – national indicator
This indicator this refers to the 62 day wait between initial "urgent two week wait GP referral" and "first definitive cancer treatment"
 - Emergency readmissions to hospital within 28 days of discharge – local indicator
This indicator measures emergency readmissions within 28 days of discharge. 100% of income is withheld following an emergency readmission from an elective procedure, and 25% withheld from an emergency readmission following a non-elective procedure.

According to Trust data for the last 12 months, emergency readmissions had resulted in performance ahead of plan.

Clinical coding error rate

South Devon Healthcare NHS Foundation Trust was subject to 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 treatment coding (clinical coding) were (average procedure error rate = 16.3%, average diagnosis error rate = 18.5%)

- Primary diagnoses incorrect 17.5%
- Secondary diagnoses incorrect 18.7%
- Primary procedures incorrect 14.0%
- Secondary procedures incorrect 17.5%

The results of the coding audit should not be extrapolated further than the actual sample audited

Part 3: Our performance in 2011/12 and other quality initiatives

Overview

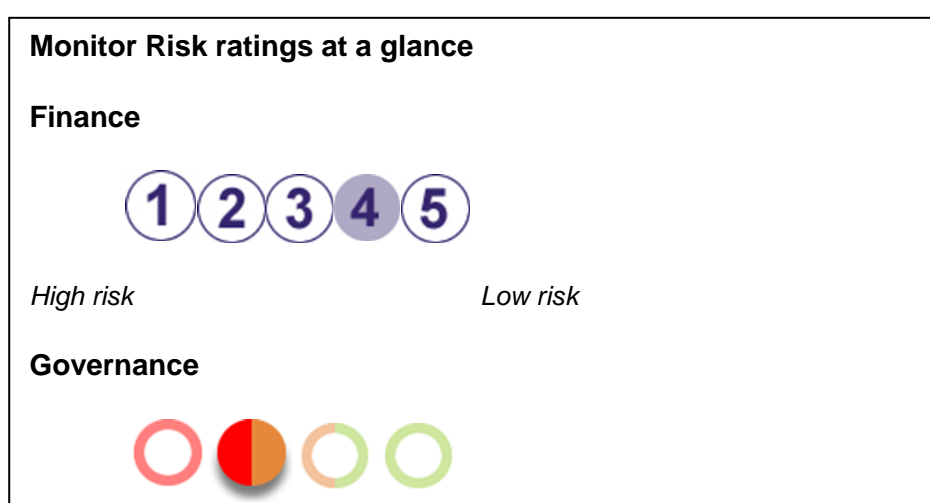
Torbay Hospital is a Foundation Trust and as such is accountable to a number of different organisations for the delivery of high quality care as well as to the patients, families and carers who access our services at the Hospital.

Currently, we are accountable to

- Monitor, our regulator
- The Care Quality Commission
- 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 governance arrangements in place to monitor our organisational performance and to make sure that annual national and local agreed standards and targets are met. This includes monthly Board reports and data dashboards indicating our latest performance and actions to address issues. We meet with commissioners to share information, provide updates and to review our performance against a range of quality measures and we provide information to Monitor and the Care Quality Commission on a quarterly basis.

Good governance, sound financial management and high clinical standards are at the heart of ensuring we are performing well. In 2011/12 we continued to be rated a low financial risk by Monitor with the same financial rating as in the previous year.



Source: Monitor website: 24/4/2012

With regards to governance, the regulator has amended the governance risk rating to amber-red for 2011/12 to reflect the Trust missing one of its eight healthcare targets.

The Trust was set a clostridium difficile healthcare target of 21 reported cases. This is one of the lowest targets in the country. By the end of the year the total number of reported cases was 24, however it is still an improvement from the previous year.

In relation to standards of care, as part of the Care Quality Commission (CQC) normal review programme, the Trust was subject to two unannounced visits during the year. In Spring 2011, the Trust was subject to its first visit where the CQC reviewed two CQC outcomes relating to dignity and nutrition. The Trust was judged to be compliant, with no compliant actions.

In November, the CQC visited the Trust to review a further 12 CQC outcomes out of a total of 28. All of these outcomes were judged to be compliant, with no compliant actions. Only one improvement action relating to documentation was identified and an action plan was put in place to address the issues.

Our performance against our key quality objectives

Patient safety

The Trust collects a range of data and information on patient safety both Trustwide and from clinical teams. These are reported at a range of meetings including at Trust Board and Workstream1 where patient safety issues and improvements are discussed and assurance is sought from different clinical specialities.

Information currently collected and reported includes number and types of incidents, infection control rates, venous thromboembolism (VTE) assessment, Hospital Standardised Mortality Ratio (HSMR) and medicines reconciliation. The Trust is part of the NHS South West Quality and Patient Safety Improvement Programme.

Indicator	Data source	Nationally set Trust Target	2011/12	2010/11	2009/10
Number of methicillin-resistant Staphylococcus aureus bacteraemia reports¹	Health Protection Agency (2b)	3	0	1	2
Number of clostridium difficile cases¹	Health Protection Agency (6a)	21	24	26	28
Level of hand hygiene compliance	Trust Audit	n/a	90%	90%	94%

Percentage of staff saying hand washing materials are always available	NHS Staff survey (KF19)	n/a	65%	63%	61%
Number of never events	Trust Safeguard database	0	0	0	n/a

Patient experience

The Trust uses a combination of methods to collect information relating to patient experience. These included patient stories, patient complaints, observations of care and patient representation on a range of clinical pathway groups. Information is disseminated through Workstream 2, the Trust's Patient Experience Group and the Trust participates in a range of national and local patient and staff surveys with findings shared with everyone through team briefings and the Trust's website .

Each year we participate in the national inpatient survey and the full details of the survey can be found in the 2011/12 Trust Annual Report. Highlights from the 2011 survey include increased access to single sex accommodation. Areas requiring improvement include visibility of information about how to complain and hospital choice when being referred to see a specialist.

"I was always made to feel I was important. I was never dismissed and always made to feel like I was a priority..."

Inpatient survey comment

Every two years the national outpatient survey is conducted and in Spring 2011/12 the Trust participated in the survey. The overall scores (out of 100) are detailed below benchmarked against the national average and other acute hospitals in the South West.

Outpatient survey – overall scores	England average	South West average (SHA)	Trust
Access & waiting	75	77	79
Safe, high quality, coordinated care	84	85	86
Better information, more choice	79	80	85
Building relationships	88	89	90
Clean, comfortable, friendly place to be	71	72	71

These national surveys triangulated with real time feedback information, plus a range of staff and patient measures paint a positive picture throughout the year of patient experience at Torbay Hospital.

Indicator	Data source	National standard or average 11/12	2011/12	2010/11	2009/10
Overall rating of care received	NHS inpatient survey (Q75)	n/a	8.0*	80	82
Number of patient complaints	Trust Safeguard	n/a	173	170	229
Staff job satisfaction	NHS Staff Survey (KF32)	3.67	3.64	3.50	3.55
Staff recommendation of the trust as a place to work or receive treatment	NHS Staff Survey (KF34)	3.50	3.79	3.57	3.75
Annual staff sickness absence rate	Electronic Staff Record	4.14%	3.91%	3.76%	3.96%

*NHS Inpatient survey metrics have changed for 2011. Q75 – now scored to 10.

Clinical effectiveness

Clinical effectiveness is informed through using a broad range of indicators including the hospitalised standardised mortality rate (HSMR) and compliance with national and local standards such as clinical audits and National Institute of Clinical Excellence guidance. Timeliness is important and waiting time information is collected on a daily basis as well as the time spent in the most appropriate setting for a person's care.

Clinical quality is also measured in part through metrics such as re-admission rates and length of stay and we are starting to collect outcomes data as it becomes nationally available for different surgical procedures. In next year's Quality Accounts we will aim to report on a range of patient related outcome measures.

Indicator	Data source	National benchmark= or national average	2011/12	2010/11	2009/10
HSMR	Dr Foster*	100	86.7	96.1	95.1
Length of stay (days)	Dr Foster	5.5	3.3	3.3	3.6
Dy case rate	Dr Foster*	100 Actual%	53.3 91.5%	63.1 89.8%	63.6 89.2%
Re-admission rate	Dr Foster*	100 Actual%	98 7.3%	99.3 7.2%	98.6 6.9%

** Dr Foster benchmarking data uses a calculated relative risk score based the actual observed value against the expected value based on national case mix data. Values below 100 are better than expected.*

Our performance against key national priorities

Monitor

We are required to report to Monitor quarterly on a range of targets/indicators. Our performance based on the Trust's data over the last 12 months is shown below.

Indicator/Target	Target	Q1	Q2	Q3	Q4
C.difficile year on year reduction	21				
MRSA - Meeting the MRSA objective	1				
Cancer 31 day wait from diagnosis to first treatment	>96%				
Cancer 31 day wait for second or subsequent treatment: surgery	>94%				
Cancer 31 day wait for second or subsequent treatment: drug treatments	>98%				
Cancer 31 day wait for second or subsequent treatment: radiotherapy	>94%				
Cancer 62 day wait for first treatment (from urgent GP referral)	>85%				
Cancer 62 day wait for first treatment (From consultant led screening service referral)	>90%				
Cancer two week wait from referral to first seen date	>93%				
Cancer breast symptoms two week wait from referral to first seen date	>93%				
A & E – total time in A & E	<4hrs				
Referral time to treatment time, admitted patients	<18 weeks				
Referral time to treatment time, non admitted patients	<18 weeks				
Self certification against compliance with requirements regarding access to healthcare for people with a learning disability	n/a				

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	Target	2011/12
Smoking during pregnancy	19.4%	15.8%
Breastfeeding initiation rates (% initiated breast feeding)	76.3%	74.6%
Mixed sex accommodation breaches of standard	0	9
Delayed transfers of care	2%	0.6
Cancelled operations on the day of surgery	0.8%	0.7%
DNA rate	5%	4.9%
Diagnostic tests longer than the 6 week standard	1%	1.5%
Rapid access chest pain clinic waiting times: seen in 2 weeks	98%	100%
Primary PCI within 150 minutes of calling	68%	88%
Patients waiting longer than three months (13 weeks) for revascularisation	0.1%	0%

Stroke care: 90% of time spent on stroke ward	80%	89%
Stroke care: TIA seen within 24 hours	60%	70%
Diabetic retinopathy screening	95%	97%
Ethnic coding data quality	80%	95%
Access to GUM clinics – offered	100%	100%

Other Trustwide initiatives in 2011/12

Looking back over the last year, the Trust has continued to build and develop the quality of its services. More information can be found in the Trust's 2011/12 annual report and annual review.

Below are just a few of the highlights from 2011/12:

- The opening of the new Women's Health Unit which co-locates inpatient services for women receiving healthcare and includes enhanced facilities for maternity and neo-natal services
- A new outpatients area designed specifically for children and young people attending outpatient appointments
- Development of acute physician role to improve the timeliness to see a senior decision maker (consultant)
- Introduction of a new early warning trigger tool, designed by the Directors of Nursing in the South West. The tool uses a set of measures designed to determine the potential for deteriorating standards on a ward and highlights to the ward manager the need to put actions in place to ensure that any deterioration does not occur.
- The Trust has replaced all patient beds for new electric beds allowing patients greater movement and comfort.
- As part of the Trust's sustainability strategy, a new waste recycling scheme has been introduced across the Trust. Staff are able to recycle paper, cans, bottles plastic and batteries.

Annex 1

Engagement in developing the Quality Accounts

Prior to the publication of the 2011/12 Quality Accounts we have shared this document with:

- Our Trust governors and commissioners
- Torbay & Devon Local Involvement Networks(LINKs)
- Torbay Council Health Scrutiny Board
- Devon County Council's Health and Wellbeing Scrutiny Committee

This year's Quality Accounts has benefitted again from a wider consultation process and greater engagement with our community in choosing the 2012/13 priority areas. This year we reviewed feedback from the Foundation Trust Member's Survey as well as other national and local surveys and data. We have also continued to engage with a wide range of stakeholders including clinicians, governors, commissioners and lay representatives.

The development of CQUINs has been clinically led and the 2012/13 continuous improvement projects have been driven as part of our annual business planning.

In February 2012, the Trust held its annual Quality Accounts Engagement event inviting key stakeholders to come together and recommend the priority areas to be included in this Quality Accounts. (See diagram below). These have all been subsequently signed off at Board level.



Statements from Commissioners, Governors, OSCs and LINK

Commissioners

NHS Torbay, as lead commissioner for South Devon Healthcare NHS Foundation Trust (SDHFT) is pleased to provide a statement for inclusion in this Quality Account. NHS Torbay has taken reasonable steps to corroborate the accuracy of data provided within this Quality Account and considers it contains accurate information in relation to the services provided.

Information contained accords with data received throughout the year in question, and which is considered within regular Performance & Contracting and Clinical Quality Review meetings.

Looking Back

NHS Torbay was pleased to support the priorities selected by the Trust last year. The work that the Trust has undertaken, described within this Quality Report, has helped to improve patient safety and the quality of the patient experience whilst receiving care. The 'Intentional Rounding' initiative is well described in the report and the commissioners look forward to seeing this successful way of working being rolled out across the hospital. Complemented with the 'Productive Ward' initiative, commissioners are pleased to note the continued focus on keeping people safe.

Throughout the year, we have seen the improved and sustained performance of venous thromboembolism risk assessment measured by clinical case note audit and we look forward to the Trust demonstrating continual achievement recorded via UNIFY2.

Steady progress is recorded within this account against clinical effectiveness goals and the commissioners are pleased to agree that this accords with the data and evidence seen during the year, as we monitor the Trust's performance and progress.

The NHS is striving to make sure that the Patient Experience of care is central to good quality of care and is used to ensure that the care delivered is right for patients. The Quality Account describes some of the work the Trust has undertaken to proactively seek feedback from patients and carers. Commissioners are aware of a great deal of positive engagement and survey work that is perhaps not fully represented in this report. We think that it might have enhanced the report to include more verbatim feedback from patients in much the same way as staff comments have been included.

The achievements reported in connection with the Dementia Peer Review are highly commendable and the commissioners fully support the Trust's ongoing work to improve the quality of care for people with dementia, and their families and carers. The numbers of people with Dementia is set to rise nationally, and in Torbay we anticipate a really challenging time ahead to ensure all staff are equipped to deal with the continuing challenge of caring for such vulnerable people.

Looking Forward

The commissioners have worked with the Trust to help determine the priorities for 2012/13 and are pleased to confirm that the report fully reflects those priorities. It is particularly pleasing to note that the Trust plans to focus effort on improving the quality of medicines information given to patients, as this is an area we know from patient feedback needed improvement. Patient Safety continues to be a focus for the organisation and perhaps the Quality Report does not fully reflect the breadth of the patient safety initiatives that are ongoing within the Trust, of which the commissioners receive ongoing assurance through the year.

The commissioners have agreed a number of incentive schemes under the CQUINs this year, which demonstrate the organisation's determination to continually improve the quality of care. These are reported to the Commissioners on a quarterly basis and when completed, will further enhance the quality of care in 2012/13.

Improving the quality of end of life care is a priority for commissioners as well as for the Trust, and we are pleased to support the Trust in its goal that involves being a pilot site for 'Route to Success' and to note that the Trust is working closely with partner providers in ensuring this initiative works well.

Commissioners are pleased to note the audit and research information in the Quality Account, which is commendable and an improvement on the data supplied in previous reports. The information in the account with respect to data improvement is also welcome and demonstrates the work the Trust has undertaken to date, and that needs to be done in future. We are pleased to note the continued commitment of the Trust to improving data quality and look forward to seeing a continual focus on improving the clinical coding error rate.

The commissioners are pleased to note the engagement with stakeholders that led up to the publication of this Quality Account and commend the Trust for taking its responsibilities for engagement seriously.

South Devon Healthcare NHS Foundation Trust Governors

The governors of South Devon Healthcare Foundation Trust (the Trust) learnt with pleasure and satisfaction of the Health Services Journal's (HSJ) recognition of our Trust as the leading Acute Organisation of the year, and commence this Statement with a note of congratulation to the Chief Executive and all her staff.

During the past year, governors have continued to exercise their primary responsibility of holding the Board to account, though the HSJ Award, the balanced budget and the strong indication of patient satisfaction through the annual survey of members make this a less onerous task.

Particular reference was made last year to the increasing emphasis on quality, and this statement forms part of the Trust's annual Quality Accounts. The Council of Governors has now established a Quality and Compliance Committee, founded on the work begun by the former governors' Care Quality Commission Group. The underlying purpose of this was to develop a cadre of governors versed in the processes of the Care Quality Commission, and to do so by utilising the developing expertise of the governor / observers on each of the five Workstreams and the Audit and Assurance Committee. As the new Committee has developed its *modus operandi*, this has settled down into a regular report from each Workstream meeting. Workstreams will now include as a standard agenda item a review at the end of each meeting of the specific areas covered, with clear identification of examples of delivery of quality. This will both inform the Quality and Compliance Committee, and in doing so assemble a dossier for reference by others, including the Care Quality Commission.

Reference has been made to the annual survey of members, and in this year, there was a remarkably high response rate, with 4270 forms returned (33% of the total membership). Members' comments continue to be generally supportive and constructive, and where there is evidence of a positive or negative trend, this is remitted to the Council of Governors for consideration and onward transmission. Every form returned is read by at least one of the elected governors from the appropriate constituency.

Three governors were nominated by the Quality and Compliance Committee to take part in the annual stakeholders' meeting to identify priorities for areas of improvement in 2012-13 and to acknowledge the success of those prioritised in the previous year. Governors took the opportunity of making a significant contribution to the identification of five areas for priority of treatment (including two continued from the previous year). As part of the 2011-12 external audit of data quality governors chose to analyse readmission: *'an analysis of the incidence of re-admission through A & E within 28 days of discharge'*.

The Health and Social Care Act (2012) contains an intention to involve governors even more in the delivery of health care oversight, and governors look forward to continuing to work closely with other members of the Trust.

The governors are again able to confirm that they have received sufficient assurance of the Trust's commitment to the improvement of standards of quality.

Devon County Council Health and Wellbeing Scrutiny Committee

Devon County Council's Health and Wellbeing Scrutiny Committee has been invited to comment on the South Devon Healthcare NHS Foundation Trust Quality Accounts 2011/12. All references in this commentary relate to the reporting period 1st April 2011 to 31st March 2012 and refer specifically to the Trust's relationship with the Scrutiny Committee.

In the limited time given to us to comment the Scrutiny Committee believes that the Quality Accounts 2011-12 is a fair reflection and gives a comprehensive coverage of the services provided by the Trust, based on the Scrutiny Committee's knowledge.

The Scrutiny Committee welcomes the progress made against the priorities for improvement over the last year and congratulates the Trust in exceeding the targets in these areas. In particular the committee notes the significant reduction in falls as a result of the intentional rounding policy.

The Scrutiny Committee commends South Devon Healthcare NHS Foundation Trust on the early level of stakeholder engagement. The committee valued the opportunity to contribute to the priority setting for the Trust and this is the only Trust in Devon which offered this opportunity. Overall, the Scrutiny Committee is content with the level of the Trust's public engagement which demonstrates that South Devon Healthcare NHS Foundation Trust values stakeholders' views and is committed to partnership working.

Torbay Council Health Scrutiny Board

South Devon Healthcare NHS Foundation Trust's Quality Accounts for 2011/2012 has been considered by Torbay Council's Health Scrutiny Board. The Board welcomes the clarity with which the Trust has explained how it has met its priorities for 2011/2012 and what its priorities are for the forthcoming year.

The Board is reassured that the Trust has embraced national initiatives such as "intentional rounding", "productive ward" and "enhanced recovery" with the aim of ensuring the best patient experience. The Board has confidence that, through committing to continuous quality improvement, the performance of the Trust will continue to improve.

The Board particularly supports the inclusion of Priority 3 (To improve the transition of care of young people with epilepsy, cystic fibrosis and neuromuscular disorders) and Priority 4 (To improve the quality of end of life care provision). The transition of young people between services for children and services for adults has been a long-standing issue of concern for the Board and it is pleasing to see that further work will be carried out in this specific area. Likewise, given the ageing population in Torbay, ensuring that services and agencies work effectively together to ensure patients receive timely and improved care at the end of their life is to be welcomed.

The Board would request that the actions identified to address the following local clinical

audits be undertaken as a matter of urgency:

- Safeguarding quality in children's notes
- Identification of "at risk" children in A&E
- Safeguarding children that did not attend outpatients appointments

The Health Scrutiny Board considered the establishment of regional networks of trauma care at its meeting in September 2011 when councillors were able to hear from representatives of the Trust as well of those from NHS Devon and South Western Ambulance Service NHS Foundation Trust. The Board were also invited to attend the Trust's Quality Accounts Engagement Meeting which provided an opportunity to discuss the development of the Trust's priorities for the coming year.

The Board commends South Devon Healthcare NHS Foundation Trust for its openness and transparency of its operations and hopes that the Trust will continue to work closely with the Board and Torbay Council as a whole especially on the changing Public Health agenda.

Torbay LINKs

This is a very comprehensive report and the Trust is to be congratulated on the achievements and progress made in 2011 and the benefits this will bring to the Torbay community.

Of particular note is the naming of Torbay Hospital as Acute Healthcare Organisation of the Year at the Health Service Journal awards.

The Priorities for Improvement set in this period clearly show that the real challenge has been to increase efficiency and counter balance this with an improvement in patient experience. The overall compliance rating for new initiatives and achievement of targets reiterate this. In particular the 'productive ward' methodology, releasing more nursing time to support care at the bedside and the achievement of over half the modules in the programme.

The methodology and rigour for capturing and analysing patient experience and the timeline for doing this is always going to be sensitive and this has been to some extent recognised. There is no mention as to whether a system is in place to contact patients after release and when they have had time to reflect on their experience. The involvement of lay people could be increased. As part of the remit of the Link is to be the voice of the community we have a particular interest in the methodology used to collect and analyse feedback and are always looking for ways we can contribute to and validate this.

Data accuracy and the reduction of errors along with timeliness has been recognised as a key factor in both delivering quality services and improving patient experience and the new systems implemented, along with the plans to monitor and audit these in 2012/13 reflect this.

LINK Devon

LINK Devon's remit is to promote and support the involvement of people in the commissioning, provision and scrutiny of their local health and care services. To this end, LINK Devon welcomes the opportunity to respond to South Devon Healthcare NHS Foundation Trust's (SDHT) Quality Accounts for 2011/12. LINK Devon's response is set in the context of its involvement with and knowledge of the Trust to date.

Firstly looking back, LINK Devon commends SDHT for their ongoing commitment to improving the quality of care for patients. More specifically around enabling more time and attention for direct patient care, actively communicating with patients regularly to ensure needs are being met, developing a range of methods for capturing patient experiences and continuing to improve and enable choice and support for patients who are near the end of their life.

For the coming year, LINK Devon is encouraged by SDHT's commitment to continue to improve the quality of the care given to patients on the ward and to the quality of medicines information provided to patients, families and carers. These are two areas that LINK participants raised concerns about to LINK Devon during an engagement exercise that was carried out to gather feedback and experiences around 'leaving hospital'. In 2011, LINK Devon and Torbay LINK produced the 'Leaving Hospital' report which was welcomed by SDHT and other hospital trusts in Devon. Recommendations made within that report referred to improving the way information is communicated between staff, patients, families and carers and other agencies involved in a patients discharge from hospital. LINK Devon also commends SDHT's intention to increase patients' involvement in their own care and treatment by corresponding directly with them.

This is a clearly written formal document, highlighting the Trust's achievements and continuing efforts to improve the quality of the care delivered in the hospital setting and beyond, that suit the needs of the patient. LINK Devon would like to see a shorter, more concise version produced for patients and the public, with less graphs and acronyms and more qualitative information included from patients and carers who have engaged with the Trust services. This could then be made available and accessible to the public throughout the hospital and other local health services.

Statement of Directors' responsibilities in respect of the 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 the annual Quality Report (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 2011-12*;
- 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 2011 to June 2012.
 - Papers relating to quality reported to the Board over the period April 2011 to June 2012.
 - Feedback from the commissioners dated 15/05/2012.
 - Feedback from governors dated 03/05/2012.
 - Feedback from Devon Health and Wellbeing Scrutiny Committee 15/5/2012.
 - Feedback from Torbay Council Scrutiny Board 17/5/2012.
 - Feedback from Torbay LINK dated 18/05/2012.
 - Feedback from Devon LINK dated 21/05/2012.
 - The Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated November 2011.
 - The 2011 national inpatient survey dated 24/04/2012.
 - The 2011 national staff survey dated 09/03/2012.
 - The Head of Internal Audit annual opinion over the Trust's control environment dated March 2012.
 - Care Quality Commission quality and risk profiles dated March 2012.
- 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) as well as the standards to support data quality for the preparation of the quality report (available at 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

Signatures:

29.05.2012



Peter Hildrew, Chairman

29.05.2012



Paula Vasco-Knight, Chief Executive

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 (the 'Quality Report') and specified performance indicators contained therein.

Scope and subject matter

The indicators in the Quality Report that have been subject to limited assurance consist of the national priority indicators as mandated by Monitor. We refer to these national priority indicators collectively as the "specified indicators".

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 assessment criteria referred to on page 145 of the Quality Report (the "Criteria"). The Directors are also responsible for their assertion and the conformity of their Criteria with the assessment criteria set out in the NHS Foundation Trust Annual Reporting Manual ("FT ARM") issued by the Independent Regulator of NHS foundation trusts ("Monitor"). In particular, the Directors are responsible for the declarations they have made in their Statement of Directors' Responsibilities.

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;
- The Quality Report is materially inconsistent with the sources specified below; and
- The specified indicators have not been prepared in all material respects in accordance with the Criteria.

We read the Quality Report and consider whether it addresses the content requirements of the FT ARM, 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:

- Board minutes for the period April 2011 to May 2012;
- Papers relating to Quality reported to the Board over the period April 2011 to May 2012;
- Feedback from the Commissioners dated May 2012;
- Feedback from the Governors dated May 2012;
- Feedback from LINKS dated May 2012;
- The Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated November 2011;
- The latest national patient survey dated April 2012;
- The latest national staff survey dated March 2012;
- Care Quality Commission quality and risk profiles dated February 2012; and
- The Head of Internal Audit's annual opinion over the Trust's control environment dated March 2012.

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 2012, 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:

- Evaluating the design and implementation of the key processes and controls for managing and reporting the indicators;
- Making enquiries of management;
- Limited testing, on a selective basis, of the data used to calculate the indicator back to supporting documentation;
- Comparing the content requirements of the FT ARM to the categories reported in the Quality Report; 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 and the Directors’ interpretation of the criteria of the Quality Report.

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 entities. 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.

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.

Conclusion

Based on the results of our procedures, nothing 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;
- The Quality Report is materially inconsistent with the sources documents reviewed; and
- The specified indicators have not been prepared in all material respects in accordance with the Criteria.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
Plymouth
30 May 2012

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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 or write to Associate Director of Communications, South Devon Healthcare NHS Foundation Trust, Torbay Hospital, Torquay TQ2 7AA.

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 blue ink, reading 'Paula Vasco-Knight'.

Paula Vasco-Knight
Chief Executive

Date: 29 May 2012

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 the Independent Regulator of NHS Foundation Trusts ("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 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) 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



Paula Vasco-Knight
Chief Executive

Date: 29 May 2012

Annual Governance Statement

1. 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. 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 2012 and up to the date of approval of the annual report and accounts.

3. 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 Trust Chairman), all Executive Directors and Divisional Leads*, supported by the Company Secretary and Governance 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 for the quality of the services that they manage and will ensure that any identified risks are placed on the Divisional Risk Register. All such risks are reviewed by the 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-directorate 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. The Risk and Control Framework

4.1 Overview

Risk is managed at all levels of the Trust and is co-ordinated through an integrated governance framework consisting of five Workstreams (Patient Safety, Patient Experience & Community Partnerships, Finance, Human Resources & Educational Governance and Infrastructure & 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)

There is a review process under the leadership of the Executive Directors, who meet weekly and 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 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 & 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 assessments of 'severe' or 'catastrophic' will be brought through the exception reporting process and managed by the Trust 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 such as the completion of agreed action plans. Risks scored below this level are managed by the relevant Divisional Board or Workstream.

One example of where risk management is integrated into core Trust business is in relation to equality impact assessments. All policies and procedures when created or reviewed have to include an Equality Impact Assessment Form. If there are any negative impacts on a particular group of people/equality group following the completion of this form, the Trust will record any changes to the service and/or policy. Any actions will be integrated into existing service planning and performance management frameworks along with monitoring and review processes.

The internal control framework is kept under review by the Audit and Assurance Committee consisting of all of the Non-Executive Directors except the Trust Chairman.

During the past twelve months the Trust's Board of Directors has provided Monitor (Independent Regulator for Foundation Trusts) 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 was supported by the strategically focused Clinical 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 Clinical Cabinet.

4.2 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.

4.3 Care Quality Commission (CQC) Declaration

The Foundation Trust is fully compliant with the registration requirements of the Care Quality Commission. 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 Internal Audit.

Annual Governance Statement (continued)

4.4 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 on behalf of the national Equality and Diversity Council.

Performance is monitored via the Equality, Diversity and Human Rights Group who report directly to the Trust's Board of Directors. The group meets every three months to review and report progress on the Trust's Equality and Diversity action plan. The Chairman of the Trust Board of Directors is an active member of the Group and champions diversity throughout the Trust.

The Trust Board of Directors receives monthly reports on equality and diversity issues from the Director of Workforce and Organisational Development which includes 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 Internet website (Homepage\About Us\Equality and Diversity).

The Trust has a three-year rolling Equality and Diversity Action Plan which is updated annually and is agreed by the Trust Board of Directors. The Trust recently reviewed and updated the Action Plan with any ongoing actions being carried forward into 2012/13.

The Action plan is a standing agenda item on the Equality, Diversity and Human Rights Group where priorities and actions are monitored.

4.5 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 will be regularly reported on for staff and members of the public. The Trust's Sustainability Strategy was approved by the Trust Board of Directors in March 2011.

The Trust has a Sustainable Development Group which meets bi-monthly and is chaired by a Non-Executive Director. The Trust has self-assessed itself against the NHS Carbon Reduction Strategy using the Good Corporate Citizenship Model and will repeat this assessment to track progress.

There is a Board-level approved Sustainable Development Management Plan which accompanies the Sustainability Strategy. This will be reviewed each year to ensure that the Trust fulfils its commitment to consider sustainability while providing high-quality patient care. Progress against this Plan will be monitored and reported annually, with sustainability activities included in Trust Annual Report and other documents such as the Quality Report.

4.6 Compliance with the NHS Litigation Authority

The Trust achieved level two against the NHS Litigation Authority Risk Management Standards in November 2009 and is assessed every three years. The next assessment is due to take place in the autumn of 2012.

Annual Governance Statement (continued)

4.7 Compliance with Information Governance Requirements

Risks to information are being managed and controlled by applying a more robust assessment against the evidence collected as part of the national Information Governance Toolkit return. In accordance with the 2011/12 Monitor Compliance Framework, the Trust was able to declare level two compliance against the Information Governance Toolkit requirements by the 31 March 2012. A new action plan will be created to deliver improvements against the 2012/13 Information Governance Toolkit and will be overseen by the Information Governance Steering Group which is chaired by the Senior Information Risk Owner.

4.8 Annual Quality Report

The Board of 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 which support the data quality for the preparation of Quality Report: Governance and Leadership; Policies; Systems and Processes; People and Skills; Data Use and Reporting. A report is being made to the Board of Directors by the Medical Director, describing the steps which have been put in place, to assure the Board 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 Overview and Scrutiny Committee of Torbay Council, lead Commissioner (Torbay and Southern Devon Health and Care Trust), Local Involvement Networks (LINKs) 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 the approach to ensure 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 acted on.

Information which supports the Quality Report is subject to a system of internal control and validation. Clinical data is reported at Board level, with evidence of Board challenge in response.

4.9 Major Risks

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

In-Year and Future Risks

Governance Risk Description	Consequence ⁱ	Likelihood ⁱⁱ	Mitigating Action	Outcome measurement
Maintaining safety and quality care whilst delivering a challenging financial target	4	2	- Actions plans in place with Board approval; - Regular monitoring by Workstream 3, Continuous Improvement Project (CIP) Board and Board of Directors; - Monthly contract review meetings with commissioners / monthly Transforming Patient Care meetings; - Quarterly reporting to Monitor.	- Reports from Monitor regarding Annual Risk Assessment and quarterly submissions; - Monthly and cumulative financial performance by Division to the finance Committee and Trust Board in line with plan.

Annual Governance Statement (continued)

In-Year and Future Risks (continued)

Governance Risk Description	Consequence ⁱ	Likelihood ⁱⁱ	Mitigating Action	Outcome measurement
Managing transition and relationships in new provider/commissioner landscape	4	3	<ul style="list-style-type: none"> - Transforming Patient Care Group; - Focus on partnerships / relationships within Workstream two; - Workforce, Estates and Financial models, capacity plan; - Workstream three - Finance; - Understanding of operating framework / changes to the Compliance Framework and impact of local (contractual) agreements; - Chief Executive 1:1s with local Health and Care Trust; - Medical Director on the Clinical Cabinet. 	<ul style="list-style-type: none"> - Joint Integrated Business Plan (IBP) between South Devon Healthcare NHS Foundation Trust and Torbay & Southern Devon Health and Care Trust; - On track with key performance indicators across all Workstreams.
Delivery of the Estate Strategy to safeguard our estate	5	2	<ul style="list-style-type: none"> - Estates Strategy and three year capital programme agreed by the Trust Board - Completed action plans from Internal Audit reviews; - Regular monitoring by Workstream 5 and Board of Directors. 	<ul style="list-style-type: none"> - Delivery against the capital plan agreed by Workstream 3 and Trust Board; - PEAT (Patient Environment Action Team) assessment; - Care Quality Commission submissions / assessments.
Maintaining compliance with national targets	3	3	<ul style="list-style-type: none"> - Actions plans in place with Board approval; - Regular monitoring by Workstream 3 and Board of Directors; 	<ul style="list-style-type: none"> - Reports from Monitor regarding Annual Risk Assessment and quarterly submissions; - Monthly and cumulative performance reviews by Workstream / Division to the finance Committee and Trust Board in line with plan; - Outcomes from External reviews e.g. assessments conducted by the Care Quality Commission.
Achievement of savings for 2012/13	4	2	<ul style="list-style-type: none"> - Completion of business plan for 2012/13; - Programme management function - Monitoring by Workstream 3 and Board of Directors 	<ul style="list-style-type: none"> - Development of plans to release efficiency savings agreed by Trust Board of Directors.

i. 5 = worst

ii. 5 = most likely

Annual Governance Statement (continued)

5. 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 14,000 Foundation Trust public members, providing a key focus for our engagement work with 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 presented monthly to Workstream 3 (Finance Committee) and Board of Directors. The performance report details any variances in planned performance and key actions to resolve plus the implementation in a timely fashion of any external recommendations for improvement e.g. external audit. There is also 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.
- Robust arrangements for managing financial and other resources are in place through Workstream 3 (Finance Committee) and the Continuous Improvement Programme Board. The Trust has consistently and continuously met all financial targets; The Trust has delivered its efficiency savings target and uses Dr Foster and other benchmarking tools such as the NHS Productivity Metrics to demonstrate value for money is delivered. 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 elates items the Trust has a clear procurement strategy and collaborates with other NHS bodes to maximise value through the NHS South West Peninsular Procurement Alliance.

6. 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 with 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 and other performance indicators 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 & Assurance Committee, Patient Safety Committee and Risk & 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 Trusts 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 patient centred, continuously improving both quality and safety by preventing clinical errors wherever possible or learning from them.

Annual Governance Statement (continued)

2. Patient Experience & 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 & 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 & 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, internal audit's processes in line with ISA requirements and three-year strategic audit plan, purchasing and payroll cycles, IT audit of the overall computer environment, financial accounts, charity consolidation and taxation.
- Internal Audit, who have conducted reviews against the Care Quality Commission regulations, payroll, charitable funds, clinical audit, medical staff leave, asset verification, cash releasing efficiency schemes (CRES), sickness absence management, tenders and quotes, business continuity, on call arrangements, NHS number, and information governance. Reviews are conducted using a risk based approach. In addition they have annual reviews of the Trust's risk management and governance arrangements and continue to work with the Trust in relation to the capital redevelopment programme.

Head of Internal Audit Opinion Statement which states that:

- The Assurance Framework is well designed and is actively used and provides positive assurance that the Trust has further progressed the development and embedment of the Assurance Framework process during 2011/12; and
- the risk management arrangements in place during 2011/12 are well designed, provide positive assurance and have operated throughout the year.

7. Conclusion

No other significant internal control issues were identified.



Signed

Paula Vasco-Knight

Chief Executive

Date: 29 May 2012

Independent Auditors' Report to the Council of Governors of South Devon Healthcare NHS Foundation Trust

We have audited the financial statements of South Devon Healthcare NHS Foundation Trust for the year ended 31 March 2012 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash flows, the Statement of Changes in Taxpayers' Equity and the related notes. The financial reporting framework that has been applied in their preparation is the NHS Foundation Trust Annual Reporting Manual 2011/12 issued by the Independent Regulator of NHS Foundation Trusts ("Monitor").

Respective responsibilities of directors and auditors

As explained more fully in the Statement of the Chief Executive's responsibilities as the Accounting Officer of South Devon Healthcare NHS Foundation Trust set out on page iii the Accounting Officer is 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 2011/12. Our responsibility is to audit and express an opinion on the financial statements in accordance with the NHS Act 2006, the Audit Code for NHS Foundation Trusts issued by Monitor and International Standards on Auditing (ISAs) (UK and 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 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.

The maintenance and integrity of the South Devon Healthcare 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the NHS Foundation Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the NHS Foundation Trust; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with the NHS Foundation Trust Annual Reporting Manual 2011/12, of the state of the NHS Foundation Trust's affairs as at 31 March 2012 and of its income and expenditure and cash flows for the year then ended; and
- have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2011/12.

Opinion on other matters prescribed by the Audit Code for NHS Foundation Trusts

In our opinion

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2011/12; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Audit Code for NHS Foundation Trusts requires us to report to you if:

- in our opinion the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2011/12 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 not been able to satisfy ourselves that the NHS Foundation Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources; or
- we have qualified our report on any aspects of the Quality Report.

Certificate

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.



Simon Cookson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Plymouth

30th May 2012

South Devon Healthcare NHS Foundation Trust
Statement of comprehensive income
For the year ended 31 March 2012

	Note	Values included in Monitors assessment of Financial Performance 2011/12 £000	Values excluded from Monitors assessment of Financial Performance 2011/12 £000	Total 2011/12 £000	Values included in Monitors assessment of Financial Performance 2010/11 £000	Values excluded from Monitors assessment of Financial Performance 2010/11 £000	Total 2010/11 £000
Operating income	3	218,254	1,154	219,408	210,166	1,595	211,761
Operating expenses	4	(210,623)	(16,143)	(226,766)	(204,706)	(3,893)	(208,599)
Operating (deficit) / surplus before financial income and expenses		7,631	(14,989)	(7,358)	5,460	(2,298)	3,162
Finance costs							
Financial income	7	129	0	129	109	0	109
Financial Liabilities	8	(68)	0	(68)	(17)	0	(17)
Unwinding of discount on provisions		(96)	0	(96)	(92)	0	(92)
PDC Dividends payable		(2,862)	0	(2,862)	(3,240)	0	(3,240)
Net finance costs		(2,897)	0	(2,897)	(3,240)	0	(3,240)
(Deficit) / Surplus for the financial year		4,734	(14,989)	(10,255)	2,220	(2,298)	(78)
Other comprehensive income							
Impairments of property, plant and equipment		0	0	0	0	(1,845)	(1,845)
Revaluations of property, plant and equipment		0	(7,756)	(7,756)	0	5,504	5,504
Total comprehensive (expense) / income for the year		4,734	(22,745)	(18,011)	2,220	1,361	3,581

Excluded from Monitors Assessment of the Trust's Financial Performance are the following variables: -

Income credited to the Statement of Comprehensive Income in respect of Donated Property, Plant & Equipment. 2011/12, total of £1,013,000; (2010/11 total of £334,000).

Income credited to the Statement of Comprehensive Income in respect of reversal of Property, Plant & Equipment Impairments. 2011/12, total of £141,000; (2010/11 total of £1,261,000).

Depreciation expenditure incurred on Donated Property, Plant & Equipment. 2011/12 total of £882,000; (2010/11 total of £802,000).

Impairments charged to the Statement of Comprehensive Income as a result of Modern Equivalent and Price revaluations of Property Plant & Equipment. 2011/12 total of £15,261,000; (2010/11 total of £3,091,000).

South Devon Healthcare NHS Foundation Trust
Statement of financial position
Notes to the annual report and accounts

	Note	31 March 2012 £000	Restated 31 March 2011 £000	Restated 1 April 2010 £000
Non-current assets				
Intangible assets	9	2,018	1,926	976
Property, plant and equipment	10	92,846	105,715	105,942
Trade and other receivables	13	1,750	1,345	1,395
Total non-current assets		96,614	108,986	108,313
Current assets				
Inventories	12	5,076	4,889	4,749
Trade and other receivables	13	9,865	5,108	8,408
Cash and cash equivalents	21	16,454	14,154	8,713
Total current assets		31,395	24,151	21,870
Total assets		128,009	133,137	130,183
Current liabilities				
Trade and other payables	15	(21,194)	(16,709)	(17,170)
Borrowings	17	(311)	(51)	(77)
Provisions	20	(358)	(416)	(380)
Other liabilities	16	(769)	(828)	(1,226)
Total current liabilities		(22,632)	(18,004)	(18,853)
Non-current liabilities				
Borrowings	17	(8,231)	(131)	(182)
Provisions	20	(3,331)	(3,187)	(2,914)
Total non-current liabilities		(11,562)	(3,318)	(3,096)
Total liabilities		(34,194)	(21,322)	(21,949)
Net current assets		8,763	6,147	3,017
Net assets employed		93,815	111,815	108,234
Financed by Taxpayers' equity				
Public dividend capital		60,806	60,795	60,795
Revaluation reserve		28,543	36,534	32,936
Income and expenditure reserve		4,466	14,486	14,503
Total taxpayers' equity		93,815	111,815	108,234

The notes on pages 5 to 35 form part of the financial statements

Signed



Paula Vasco-Knight
Chief Executive

Date: 29th May 2012

South Devon Healthcare NHS Foundation Trust
Statement of changes in taxpayers equity
For the year ended 31 March 2012

	Public dividend capital (PDC)	Revaluation reserve	Donated asset reserve	Income and Expenditure Reserve	Total
	£000	£000	£000	£000	£000
Changes in taxpayers' equity for 2011/12					
Balance at 1 April 2011					
Restated balance	60,795	36,534	0	14,486	111,815
Balance at 1 April 2011	60,795	36,534	0	14,486	111,815
Deficit for the year	0	0	0	(10,255)	(10,255)
Revaluations of property, plant and equipment	0	(7,756)	0	0	(7,756)
Asset Disposals	0	(235)	0	235	0
Public Dividend Capital Received	11	0	0	0	11
Other reserve movements	0	0	0	0	0
Balance at 31 March 2012	60,806	28,543	0	4,466	93,815

Changes in taxpayers' equity for 2010/11

Balance at 1 April 2010					
As previously stated	60,795	31,181	6,526	9,275	107,777
Prior year adjustment	0	1,755	(6,526)	5,228	457
Balance at 1 April 2010	60,795	32,936	0	14,503	108,234
Deficit for the year	0	0	0	(78)	(78)
Impairments of property, plant and equipment	0	(1,845)	0	0	(1,845)
Revaluations of property, plant and equipment	0	5,504	0	0	5,504
Asset Disposals	0	(61)	0	61	0
Public Dividend Capital Received	0	0	0	0	0
Balance at 31 March 2011	60,795	36,534	0	14,486	111,815

Description of reserves

Public dividend capital

For further description of the Public Dividend Capital see note 1.18

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.

Prior Period Adjustment - 2010/11

Due to a change in International Accounting Standards the proceeds of donated and government granted assets are now treated upon receipt as income in year. The prior year adjustments processed above represent: -

- i) The value of the original donated and government granted assets less the accumulated depreciation, £5,288,000.
- ii) The net increase in the original value of the donated and government granted assets as a result of a revaluation exercise undertaken in subsequent accounting periods, £1,755,000.
- iii) The value of the government grant reserve held in deferred creditors, value now released to the SOCI in line with new accounting standards

South Devon Healthcare NHS Foundation Trust
Statement of cash flows
For the year ended 31 March 2012

	Note	2011/12 £000	2010/11 £000
Cash flows from operating activities			
Operating (deficit) / surplus from continuing operations		(7,358)	3,162
Operating cash flow before changes in working capital and provisions		(7,358)	3,162
Changes in working capital and provisions			
Depreciation and amortisation		8,712	9,014
Impairments and reversals of impairments		15,261	3,091
Reversal of impairments		(141)	(1,261)
Interest accrued and not paid		49	0
Dividends accrued and not received		(445)	0
(Increase) / Decrease in trade and other receivables		(4,780)	3,100
(Increase) in inventories		(187)	(140)
Increase / (Decrease) in trade and other payables		3,182	(321)
(Decrease) / Increase in other current liabilities		(59)	1,231
Increase/(Decrease) in provisions		86	218
Other movements in operating cash flows		292	159
Net cash generated from operations		14,612	18,253
Cash flows from investing activities			
Interest received		129	109
Payments for intangible assets		(432)	(917)
Payments for property, plant and equipment		(17,129)	(8,934)
Proceeds from disposal of plant, property and equipment		61	14
Net cash used in investing activities		(17,371)	(9,728)
Net cash (outflow) / inflow before financing		(2,759)	8,525
Cash flows from financing activities			
Public dividend capital received		11	0
Loans received from the Department of Health		8,360	0
Capital element of finance lease rental payments		(49)	(77)
Interest paid		(4)	0
Interest element of finance lease		(15)	(17)
PDC Dividend paid		(3,244)	(2,990)
Net cash generated used in financing activities		5,059	(3,084)
Net increase/(decrease) in cash and cash equivalents		2,300	5,441
Cash and cash equivalents at the beginning of the financial year		14,154	8,713
Cash and cash equivalents at the end of the financial year	21	16,454	14,154

1 ACCOUNTING POLICIES

Monitor has directed that the financial statements of NHS Foundation Trusts shall meet the accounting requirements of the NHS Foundation Trust Annual Reporting Manual 2011/12 (the FT ARM) which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the FT ARM 2011/12 issued by Monitor, the independent regulator of NHS Foundation Trusts. The accounting policies have been prepared in accordance with EU endorsed International Financial Reporting Standards, IFRIC interpretations and HM Treasury's Financial Reporting Manual (FRM) 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.

Change of accounting policy

HM Treasury has introduced a new accounting approach for donated assets and has also changed its interpretation of IAS 20 to align the accounting for government grants and grant funded assets with the new basis of accounting for donations and donated assets.

The change means that donated and government granted assets are no longer recognised in the donated asset reserve / deferred income with an amount equal to the depreciation charge being released to the Statement of Comprehensive Income. Instead, the donated / government grant amount is recognised as income to the extent that conditions have been met.

This change in accounting for donated and government grant assets is considered a change in accounting policy under IAS 8: Accounting policies, changes in accounting estimate and errors. The Trust is therefore required to apply this change retrospectively. The effect on the Trust's current and previous statements of financial position and statements of comprehensive income are disclosed below.

Effect of change of accounting policy on total assets employed and taxpayers equity

	31 March 2012 £000	31 March 2011 £000	1 April 2010 £000
Total assets employed based on previous accounting policy	93,507	111,498	107,777
Decrease in current liabilities	308	317	457
Total assets employed per revised accounting policy	93,815	111,815	108,234
Total taxpayers' equity based on previous accounting policy	93,507	111,498	107,777
Increase in income and expenditure reserve	4,279	4,458	5,228
Decrease in donated asset reserve	(5,996)	(6,556)	(6,526)
Increase in revaluation reserve	2,025	2,415	1,755
Total taxpayers' equity per revised accounting policy	93,815	111,815	108,234

Effect of change of accounting policy on statement of comprehensive income

	2011/12 £000	2010/11 £000
(Deficit) / Surplus for the year based on previous accounting policy	(10,377)	531
Decrease in release of income from donated asset reserve	(882)	(802)
Decrease in release of income from deferred government grant income	(9)	(141)
Increase in income from donations	1,013	334
(Deficit) / Surplus for the year per revised accounting policy	(10,255)	(78)

Effect of change of accounting policy on cash and cash equivalents

The change in accounting policy did not alter the cash or cash equivalents position for the Trust.

1.1 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, 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:

Accounting estimates and judgments (continued)

Annual leave accrual

The Trust is required to estimate 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. This estimate is based on the results from a random sample of 5% of the Trust's employees which 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.

1.2 Segmental reporting policy

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board that makes strategic decisions.

1.3 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.

1.4 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. 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 2004. Consequently a formal actuarial valuation would have been due for the year ending 31 March 2008. However, a formal actuarial valuations for unfunded public service schemes have been suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions, and while future scheme terms are developed as part of the reforms to public service pension provision. Employer and employee contribution rates are currently being determined under the new scheme design.

1.4 Expenditure on employee benefits (continued)

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. Actuarial assessments are undertaken in intervening years between formal valuations using updated membership data are accepted as providing suitably robust figures for financial reporting purposes. However, as the interval since the last formal valuation now exceeds four years, the valuation of the scheme liability as at 31 March 2012, is based on detailed membership data as at 31 March 2010 updated to 31 March 2012 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS19, 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 "final salary" 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).

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.

1.5 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.

1.6 Public Dividend Capital

A charge, reflecting the cost of capital utilised by the Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of assets less the value of all liabilities, except for donated assets and cash held with the Government Banking Service.

1.7 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

Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point

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.

Amortisation

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery

Main asset class	Sub-category	Useful economic life (years)
Intangible assets		5 to 7

1.8 Property, Plant and Equipment

Recognition

Property, Plant and Equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential be provided to, the Trust;
- it is expected to be used for more than one financial year; and
- the cost of the item can be measured reliably;
- 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 revaluation was undertaken in 2010/11 with a prospective valuation date of 31 March 2012.

1.8 Property, Plant and Equipment (continued)

Measurement

Valuation (continued)

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.

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 income statement 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.

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

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	Sub-category	Useful economic life (years)
Buildings (including Dwellings)		8 to 55
Plant and Machinery	Short term	5
	Medium term	10
	Long term	15
Information technology		5 to 8
Furniture and fittings		10
Transport equipment		7

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'.

1.8 Property, Plant and Equipment (continued)

Revaluation and impairment (continued)

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.

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.

1.9 Donated, Government Grant and Other Grant Funded Assets

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor 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.

1.10 Revenue Government and Other Grants

Government grants are grants from Government bodies other than income from primary care trusts 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.

1.11 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.

1.12 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. In all other cases overdrafts are disclosed within payables. 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.

1.13 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.

1.14 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 for most provisions are discounted using the HM Treasury's discount rate of 2.2% in real terms, except for early retirement provisions and injury benefit provisions which both use the HM Treasury's pension discount rate of 2.8% (2010/11: 2.9%) in real terms.

1.15 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 20. 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.

1.16 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 24 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 24, 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.

1.17 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.

1.18 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 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.

1.19 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.

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for as an item of property plant and equipment. The annual rental is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability is de-recognised when the liability is discharged, is cancelled or expires.

1.19 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.

1.20 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 public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the 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 of the audit of the annual accounts.

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 have not yet been adopted. 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 7 - Financial Instruments: Disclosures

Disclosures amendment; Transfers of financial assets. Published by IASB October 2010. Effective date of 2012/13 but not yet adopted by the EU

ii) IFRS 9 - Financial Instruments

This standard is applicable for periods beginning on or after 1 January 2013, the standard has not yet been EU endorsed.

iii) IFRS10 - Consolidated Financial Statements

This standard is applicable for periods beginning on or after 1 January 2013, the standard has not yet been EU endorsed.

iv) IFRS 11 - Joint arrangements

This standard is applicable for periods beginning on or after 1 January 2013, the standard has not yet been EU endorsed.

v) IFRS 12 - Disclosure of interests in Other Entities

This standard is applicable for periods beginning on or after 1 January 2013, the standard has not yet been EU endorsed.

vi) IFRS 13 - Fair Value Measurement

This standard is applicable for periods beginning on or after 1 January 2013, the standard has not yet been EU endorsed.

vii) IAS 1 - Presentation of Financial Statements (Other Comprehensive Income)

This standard is applicable for periods beginning on or after 1 July 2012, the standard has not yet been EU endorsed.

viii) IAS 12 - Income Taxes amendment

This standard is applicable for periods beginning on or after 1 January 2012, but the standard has not yet been EU endorsed.

ix) IAS 19 - Post-employment benefits (pensions)

This standard is applicable for periods beginning on or after 1 January 2013, the standard has not yet been EU endorsed.

x) IAS 27 - Separate Financial Statements (revised 2011)

This standard is applicable for periods beginning on or after 1 January 2013, the standard has not yet been EU endorsed

Until 31 March 2013, HM Treasury agreed to exempt NHS foundation trusts from consolidating NHS charitable funds over which they have control, typically where the Board of the NHS Foundation Trust is the corporate trustee of the Charitable Fund. The interpretation of accounting standard IAS 27, Consolidated and Separate Financial Statements, with regard to this matter is inconclusive and this issue has been examined by a working group of the Financial Reporting Advisory Board (FRAB), the results of which are awaited.

In 2012/13 it is likely that the FT ARM will delete the present exemption from consolidating NHS charitable funds that are controlled by NHS foundation trusts.

1.21 Accounting standards that have been issued but have not yet been adopted (continued)

x) IAS 27 - Separate Financial Statements (revised 2011) (continued)

If this were to happen, the effect on the FT's accounts would be to include the charitable fund's income and expenditure. Income and expenditure between the FT and the charitable fund will be eliminated on consolidation. The assets, liabilities and reserves of the charitable fund will also be consolidated. The FT's donated asset reserve largely represents past amounts received from the charitable funds and therefore will be eliminated on consolidation. (If the change in treatment of donated assets described above occurs then an amount equivalent to the donated asset reserve would be removed from the income and expenditure and revaluation reserves instead on consolidation.)

xi) IAS 28 - Associates and joint ventures (revised 2011)

This standard is applicable for periods beginning on or after 1 January 2013, the standard has not yet been EU endorsed

xii) IAS 32 - Financial Instruments; Presentation on Offsetting financial assets and liabilities

This standard is applicable for periods beginning on or after 1 January 2014.

1.22 Accounting standards that have been adopted early

No new accounting standards or revisions to existing standards have been early-adopted in 2011/12.

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 1.17.

All other financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the

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.

The Trust's reportable segments and services provided are:

- **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 disease, vascular surgery, upper gastro-intestinal disease, colorectal problems 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 not reported by segment to the Chief Operating Decision Maker. Expenditure is monitored against plan or budget.

For the year ended 31 March 2012

	Medical Services	Surgical Services	Women's, Children's and Diagnostics	Estates & Facilities Management	Trust-Wide & Other Services	TOTAL
	£000	£000	£000	£000	£000	2011/12 £000
Income from patient care	76,345	65,920	40,031	4,031	5,452	191,779
Other operating income	796	536	961	3,322	22,014	27,629
Pay	(33,462)	(36,053)	(31,557)	(11,187)	(20,804)	(133,063)
Non-pay	(20,279)	(15,295)	(8,320)	(10,567)	(15,269)	(69,730)
	<u>23,400</u>	<u>15,108</u>	<u>1,115</u>	<u>(14,401)</u>	<u>(8,607)</u>	<u>16,615</u>
Depreciation, amortisation and impairment of non-current assets						(23,973)
Financial income and expenses						(35)
PDC dividend payable						(2,862)
Deficit						<u>(10,255)</u>

For the year ended 31 March 2011

	Medical Services	Surgical Services	Women's, Children's and Diagnostics	Estates & Facilities Management	Trust-Wide Services	TOTAL
	£000	£000	£000	£000	£000	2010/11 £000
Income from patient care	68,712	65,693	38,372	4,076	6,415	183,268
Other operating income	1,369	295	568	2,757	23,504	28,493
Pay	(32,276)	(36,140)	(31,134)	(11,085)	(19,198)	(129,833)
Non-pay	(17,013)	(16,466)	(7,282)	(11,370)	(14,530)	(66,661)
	<u>20,792</u>	<u>13,382</u>	<u>524</u>	<u>(15,622)</u>	<u>(3,809)</u>	<u>15,267</u>
Depreciation, amortisation and impairment of non-current assets						(12,105)
Financial income and expenses						0
PDC dividend payable						(3,240)
Deficit						<u>(78)</u>

Transactions between segments are made at cost and are netted off against the appropriate expenditure heading.

The Trust operates solely in the UK. Patients who do not live in the UK are treated via reciprocal arrangements or are required to pay for their own treatment. £87,790 (£10,700 in 2010/11) came from patients who do not live in the UK.

3 Income

	2011/12 £000	2010/11 £000
3.1 Income from patient care activities		
3.1.1 Income from patient care activities - by activity		
Elective income	40,344	38,153
Non elective Income	52,699	53,353
Outpatient income	45,566	40,377
A&E income	7,406	7,267
Other NHS clinical income	44,583	42,776
Total income at full tariff (protected)	190,598	181,926
Private patient income	523	466
Other non-protected clinical income	658	876
Total income from patient care activities	191,779	183,268

3.1.2 Mandatory services

Mandatory services	190,598	181,926
Non-mandatory services	1,181	1,342
Total services	191,779	183,268

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.

3.1.3 Private patient income

	2011/12 £000	2010/11 £000
Private patient income	523	466
Total patient related income	191,779	183,268
	%	%
Proportion	0.27%	0.25%

Section 44 of the NHS Act 2006 requires that the proportion of private patient income to the total patient related income of NHS Foundation Trusts should not exceed its proportion whilst the body was an NHS Trust in 2002/03 (the "private patient cap"). The Trust's revised private patient cap is set out in the NHS Foundation Trust's Terms of Authorisation - this was 0.6%.

3.1.4 Income from patient care activities - by source

	2011/12 £000	2010/11 £000
NHS Trusts	380	77
Primary Care Trusts	190,194	181,849
Department of Health - other	0	0
NHS Other	24	0
Non-NHS: private patients	435	455
Non-NHS: overseas patients (non-reciprocal)	88	11
Non-NHS: NHS Injury Scheme	647	670
Non-NHS: other	11	206
Total income from patient care activities	191,779	183,268

NHS Injury Scheme income is subject to a provision for doubtful debts of 10.5% (2010/11 9.6%) to reflect expected rates of collection.

3.2 Other operating income

	2011/12 £000	2010/11 £000
Research and development	1,703	1,290
Education and training	6,698	6,931
Charitable and other contributions to expenditure	748	902
Non-patient care services to other bodies	5,693	5,778
Reversal of impairments of property, plant and equipment	141	1,261
Other income	12,646	12,331
Total other operating income	27,629	28,493

Non-patient care services to other bodies includes £1.5m (2010/11 £1.8m) from hosting the Audit South West - Internal Audit Counter Fraud and Consultancy Services.

Other income includes £9.8m sales (2010/11 £8.5m) from the Pharmacy Manufacturing Unit.

3.2.1 Operating lease income

	2011/12 £000	2010/11 £000
Rents recognised as income in the period	30	30
	30	30

4 Operating expenses

4.1 Operating expenses comprise:

	2011/12 £000	2010/11 £000
Services from other NHS Foundation Trusts	1,673	949
Services from NHS Trusts	3,362	802
Services from other NHS bodies	93	72
Purchase of healthcare from non NHS bodies	377	2,577
Executive Directors' costs	866	962
Non Executive Directors' costs	132	130
Staff costs	132,065	129,703
Drug costs	18,967	17,180
Supplies and services - clinical (excluding drug costs)	21,738	19,596
Supplies and services - general	2,189	2,001
Establishment	2,681	2,653
Research and development	1,200	1,076
Transport	1,259	988
Premises	9,602	12,520
Increase in bad debt provision	401	17
Depreciation on property, plant and equipment	8,137	8,510
Amortisation on intangible assets	575	504
Impairments of property, plant and equipment	15,261	3,091
Audit services - statutory audit	71	92
Other auditors' remuneration - further assurance services	0	28
Clinical negligence	3,745	3,341
(Gain) / Loss on disposal of other property, plant and equipment	(8)	160
Other	2,380	1,647
Total operating expenses from continuing operations	226,766	208,599

Staff costs reported in note 5.1 is higher than the employee expenditure reported above, due to some employee expenditure being reported within the expenditure for research and development as reported above.

Directors' remuneration and other benefits

Salaries	903	990
Employer's contribution to pension scheme	95	102
	998	1,092

In the year ended 31 March 2012, 6 directors (2010/11 8) accrued benefits under a defined benefit pension scheme.

Highest paid directors' remuneration and other benefits

Salaries	163	157
Employer's contributions to pension scheme	21	18
	184	175

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 2011/12 was £71,754 (2010/11 £90,955 including two years of quality reports) excluding VAT. This was the fee for an audit in accordance with the Audit Code issued by Monitor in October 2007. No additional payments were made to the auditors for non-audit work in 2011/12 although in 2010/11 these amounted to £28,000 excluding VAT for reviews of the Pharmacy Manufacturing Unit and Service Line Management.

The engagement letter signed in September 2011, 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

	2011/12 £000	2010/11 £000
Minimum lease payments	916	828
	916	828

These payments are included within supplies and services - clinical, transport and premises in the expenses note 4.1

Total future minimum lease payments

	Buildings 31 March 2012 £000	Other 31 March 2012 £000	Total 31 March 2012 £000	Buildings 31 March 2011 £000	Other 31 March 2011 £000	Total 31 March 2011 £000
Payable:						
Not later than one year	459	655	1,114	459	450	909
Later than one and not later than five years	1,817	968	2,785	1,835	731	2,566
Later than five years	2,199	0	2,199	2,656	0	2,656
Total	4,475	1,623	6,098	4,950	1,181	6,131

Included in these commitments is £3.8m (2010/11 £4.1m) 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 both Plant and Machinery and 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 2012 and as at 31st March 2011 is £0.3m and £0.1m respectively. These costs when incurred are recharged to these NHS organisations.

5 Staff costs and numbers

5.1 Staff costs

	2011/12			2010/11		
	Total £000	Permanently Employed £000	Other £000	Total £000	Permanently Employed £000	Other £000
Salaries and wages	109,798	104,904	4,894	108,421	105,692	2,729
Social Security Costs	8,414	8,300	114	8,019	7,923	96
Employer contributions to NHS pension scheme	13,237	13,052	185	13,101	12,959	142
Pension costs - other contributions	114	114	0	108	108	0
Termination benefits	628	628	0	866	866	0
Agency/contract staff	2,099	0	2,099	1,059	0	1,059
Total staff costs	134,290	126,998	7,292	131,574	127,548	4,026

During the year £444,000 of staff costs were capitalised (2010/11 £231,000).

5.2 Staff numbers (average number of whole time equivalents)

	2011/12			2010/11		
	Total Number	Permanently Employed Number	Other Number	Total Number	Permanently Employed Number	Other Number
Medical and dental	418	406	12	415	403	12
Administration and estates	762	743	19	775	755	20
Healthcare assistants and other support staff	481	459	22	480	467	13
Nursing, midwifery and health visiting staff	1,013	957	56	1,025	964	61
Nursing, midwifery and health visiting learners	5	5	0	5	5	0
Scientific, therapeutic and technical staff	634	633	1	637	635	2
Total staff numbers	3,313	3,203	110	3,337	3,229	108

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 2 retirements (2010/11 3), at an additional cost of £92,000 (2010/11 £261,000). This information has been supplied by NHS Pensions.

5.4 Staff Exit Packages paid in year

Exit package cost band	2011/12 Total number of exit packages by cost band	2010/11 Total number of exit packages by cost band
<£10,000	26	35
£10,000 - £25,000	16	19
£25,001 - £50,000	4	11
£50,001 - £100,000	1	1
Total number of exit packages by type	47	66
	£000	£000
Total resource cost	628	866

6 Better Payment Practice Code

Measure of compliance

	2011/12		2010/11	
	Number	£000	Number	£000
Total Non-NHS trade invoices paid in the year	50,698	78,637	48,308	61,850
Total Non NHS trade invoices paid within target	45,050	69,300	40,092	54,596
Percentage of Non-NHS trade invoices paid within target	89%	88%	83%	88%
Total NHS trade invoices paid in the year	1,564	10,973	1,433	14,993
Total NHS trade invoices paid within target	1,362	9,586	1,155	12,141
Percentage of NHS trade invoices paid within target	87%	87%	81%	81%

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

	2011/12 £000	2010/11 £000
Finance lease revenue	25	25
Interest on bank accounts	104	84
Total financial income	129	109

8 Financial expenses

	2011/12 £000	2010/11 £000
Interest on Loans from the Foundation Trust Financing Facility	(53)	0
Interest on Finance leases	(15)	(17)
Total financial expenses	(68)	(17)

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9 Intangible assets

9.1 Intangible assets 2011/12

	Software licences £000	Assets under Construction £000	Total £000
Fair value at 1 April 2011	3,241	0	3,241
Additions purchased	0	432	432
Reclassifications	235	0	235
Gross cost at 31 March 2012	3,476	432	3,908
Accumulated amortisation at 1 April 2011	1,315	0	1,315
Charged during the period	575	0	575
Accumulated amortisation at 31 March 2012	1,890	0	1,890
Net book value			
- Purchased at 31 March 2011	1,926	0	1,926
- Total at 31 March 2011	1,926	0	1,926
- Purchased at 31 March 2012	1,586	432	2,018
- Total at 31 March 2012	1,586	432	2,018

9.2 Intangible assets 2010/11

	Software licences £000	Assets under Construction £000	Total £000
Fair value at 1 April 2010	1,787	0	1,787
Additions purchased	666	0	666
Reclassifications	788	0	788
Gross cost at 31 March 2011	3,241	0	3,241
Accumulated amortisation at 1 April 2010	811	0	811
Charged during the period	504	0	504
Reclassifications	0	0	0
Accumulated amortisation at 31 March 2011	1,315	0	1,315
Net book value			
- Purchased at 31 March 2010	976	0	976
- Total at 31 March 2010	976	0	976
- Purchased at 31 March 2011	1,926	0	1,926
- Total at 31 March 2011	1,926	0	1,926

10 Property, plant and equipment

10.1 Property, plant and equipment 2011/12

	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 & fittings £000	Total £000
Cost or valuation at 1 April 2011	16,224	67,181	3,866	4,602	38,963	1,478	10,816	3,681	146,811
Additions purchased	0	7,777	278	6,496	2,213	155	461	40	17,420
Additions donated	0	97	0	0	915	0	0	0	1,012
Impairments recognised in operating income and expenses (*see note 10.8)	0	0	0	0	0	0	0	0	0
Reclassifications	0	3,155	0	(4,232)	338	0	504	0	(235)
Revaluations (*see note 10.8)	(10,449)	(16,612)	(481)	0	0	0	4	0	(27,538)
Disposals	0	0	0	0	(2,411)	(215)	(237)	0	(2,863)
Cost or Valuation at 31 March 2012	5,775	61,598	3,663	6,866	40,018	1,418	11,548	3,721	134,607
Accumulated depreciation at 1 April 2011	0	916	0	0	29,370	1,330	6,487	2,993	41,096
Charged during the period	0	3,561	185	0	2,449	48	1,732	162	8,137
Impairments recognised in operating income and expenses (*see note 10.8)	7,668	7,583	10	0	0	0	0	0	15,261
Reversal of Impairments (*see note 10.8)	0	(141)	0	0	0	0	0	0	(141)
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluation surpluses (*see note 10.8)	(7,668)	(11,919)	(195)	0	0	0	0	0	(19,782)
Disposals	0	0	0	0	(2,369)	(214)	(227)	0	(2,810)
Accumulated depreciation at 31 March 2012	0	0	0	0	29,450	1,164	7,992	3,155	41,761
Net book value									
- Total at 31 March 2011	16,224	66,265	3,866	4,602	9,593	148	4,329	688	105,715
- Total at 31 March 2012	5,775	61,598	3,663	6,866	10,568	254	3,556	566	92,846

10.2 Analysis of property, plant and equipment

	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 & fittings £000	Total £000
- Protected assets at 31 March 2011	15,914	40,756	0	0	0	0	0	0	56,670
- Un-protected assets at 31 March 2011	310	25,509	3,866	4,602	9,593	148	4,329	688	49,045
Total at 31 March 2011	16,224	66,265	3,866	4,602	9,593	148	4,329	688	105,715
- Protected assets at 31 March 2012	5,465	39,715	0	0	0	0	0	0	45,180
- Un-protected assets at 31 March 2012	310	21,883	3,663	6,866	10,568	254	3,556	566	47,666
Total at 31 March 2012	5,775	61,598	3,663	6,866	10,568	254	3,556	566	92,846

10.3 Property, Plant & Equipment Financing

	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 & fittings £000	Total £000
Purchased and Owned	5,775	57,858	3,663	6,829	8,498	254	3,302	543	86,722
Finance Leased	0	0	0	0	121	0	0	0	121
Donated and Owned	0	3,740	0	37	1,949	0	254	23	6,003
Total at 31 March 2012	5,775	61,598	3,663	6,866	10,568	254	3,556	566	92,846

10.4 Property, plant and equipment 2010/11

	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 & fittings £000	Total £000
Cost or valuation at 1 April 2010	17,655	60,860	3,724	7,320	37,514	1,462	10,049	3,630	142,214
Additions purchased	0	1,976	73	4,299	733	0	0	1	7,082
Additions donated	0	0	0	37	297	0	0	0	334
Impairments charged to revaluation reserve	(1,431)	(175)	(239)	0	0	0	0	0	(1,845)
Reclassifications	0	3,357	0	(7,054)	1,029	29	1,801	50	(788)
Revaluations	0	1,163	308	0	0	0	0	0	1,471
Disposals	0	0	0	0	(610)	(13)	(1,034)	0	(1,657)
Cost or Valuation at 31 March 2011	16,224	67,181	3,866	4,602	38,963	1,478	10,816	3,681	146,811
Accumulated depreciation at 1 April 2010	0	0	0	0	26,768	1,174	5,511	2,819	36,272
Charged during the period	0	3,118	182	0	3,104	85	1,847	174	8,510
Impairments recognised in operating expenses	0	1,830	0	0	0	0	0	0	1,830
Reclassifications	0	(181)	0	0	98	84	(1)	0	0
Revaluations	0	(3,851)	(182)	0	0	0	0	0	(4,033)
Disposals	0	0	0	0	(600)	(13)	(870)	0	(1,483)
Accumulated depreciation at 31 March 2011	0	916	0	0	29,370	1,330	6,487	2,993	41,096
Net book value									
- Total at 31 March 2010	17,655	60,860	3,724	7,320	10,746	288	4,538	811	105,942
- Total at 31 March 2011	16,224	66,265	3,866	4,602	9,593	148	4,329	688	105,715

10.5 Analysis of property, plant and equipment

	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 & fittings £000	Total £000
- Protected assets at 31 March 2010	17,340	38,267	0	0	0	0	0	0	55,607
- Un-protected assets at 31 March 2010	315	22,593	3,724	7,320	10,746	288	4,538	811	50,335
Total at 31 March 2010	17,655	60,860	3,724	7,320	10,746	288	4,538	811	105,942
- Protected assets at 31 March 2011	15,914	40,756	0	0	0	0	0	0	56,670
- Un-protected assets at 31 March 2011	310	25,509	3,866	4,602	9,593	148	4,329	688	49,045
Total at 31 March 2011	16,224	66,265	3,866	4,602	9,593	148	4,329	688	105,715

10.6 Property, Plant & Equipment Financing

	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 & fittings £000	Total £000
Purchased and Owned	16,224	61,751	3,866	4,565	7,827	148	3,950	659	98,990
Finance Leased	0	0	0	0	169	0	0	0	169
Donated and Owned	0	4,514	0	37	1,597	0	379	29	6,556
Total at 31 March 2011	16,224	66,265	3,866	4,602	9,593	148	4,329	688	105,715

10.7 Net Book value of Property, plant and equipment in the Revaluation Reserve as at 31st March 2011

	Land £'000	Buildings excluding Dwellings £'000	Dwellings £'000	Assets under Construction £'000	Plant & Machinery £'000	Furniture & Fittings £'000	Total £'000
As at 1 April 2010	4,212	22,417	3,292	28	2,976	11	32,936
Movement in Year	(1,431)	4,809	251	0	(31)	0	3,598
At 31st March 2011	2,781	27,226	3,543	28	2,945	11	36,534

Net Book value of Property, plant and equipment in the Revaluation Reserve as at 31st March 2012

	Land £'000	Buildings excluding Dwellings £'000	Dwellings £'000	Assets under Construction £'000	Plant & Machinery £'000	Furniture & Fittings £'000	Total £'000
As at 1 April 2011	2,781	27,226	3,543	28	2,945	11	36,534
Movement in Year	(2,781)	(4,750)	(286)	(28)	(146)	0	(7,991)
As at 31st March 2012	0	22,476	3,257	0	2,799	11	28,534

10.8 Impairment and revaluation of assets

* - The Trust commissioned the District Valuer to undertake a full revaluation of the Trust's Specialised Land and Building assets at 31st March 2012. The Trust's specialised buildings were revalued using a Modern Equivalent Asset (MEA) depreciated replacement cost (DRC) methodology. The District Valuer was specifically asked to undertake a review for the buildings required for the MEA and also to consider the specific value of land in the Torbay area that would be most suited to the provision of hospital services. The outcome of this review has identified that the Trust has a number of buildings which if constructed today would be designed in a different way and therefore the Trust could operate from a reduced floor square area. Further the district valuer has indicated to the Trust that if the Trust were to re-provide its services elsewhere in a location that would still meet the Trust's objectives, it would purchase land with semi-industrial planning permission. The cost of this land would be significantly cheaper. Accordingly applying these MEA revaluations has resulted in a net overall decrease in the value of the Trust's Estate totalling £22,880,000 as analysed in note 10.1 to the accounts, i.e.

	Land £'000	Buildings excluding Dwellings £'000	Dwellings £'000	Total £'000
PPE Costs - Revaluation adjustments Charged to Revaluation Reserve	10,449	16,612	481	27,542
PPE Depreciation - Impairments Charged to Income and Expenditure	7,668	7,583	10	15,261
PPE Depreciation - Reversal of Impairments Previously Charged to Income and Expenditure	0	(141)	0	(141)
PPE Revaluation Surpluses - Accumulated Depreciation charge written off	(7,668)	(11,919)	(195)	(19,782)
Sub-total	10,449	12,135	296	22,880
Reversal of Impairments Credited to Other Operating Income				141
Impairments Charged to Operating Expenditure				(15,261)
Revaluation adjustments Charged to Revaluation Reserve				(7,760)
Total				(22,880)

11 Net book value of assets held under finance leases

11.1 Net book value of assets held under finance leases 2011/12

	Plant and machinery £000	Transport equipment £000	Total £000
Cost or valuation at 1 April 2011	1,193	720	1,913
Cost or valuation at 31 March 2012	1,193	720	1,913
Accumulated depreciation at 1 April 2011	1,024	720	1,744
Provided during the year	48		48
Accumulated depreciation at 31 March 2012	1,072	720	1,792
Net book value			
NBV - Purchased at 31 March 2011	169	0	169
NBV total at 31 March 2011	169	0	169
Net book value			
NBV - Purchased at 31 March 2012	121	0	121
NBV total at 31 March 2012	121	0	121

11.2 Net book value of assets held under finance leases 2010/11

	Plant and machinery £000	Transport equipment £000	Total £000
Cost or valuation at 1 April 2010	1,193	720	1,913
Cost or valuation at 31 March 2011	1,193	720	1,913
Accumulated depreciation at 1 April 2010	931	689	1,620
Provided during the year	93	31	124
Accumulated depreciation at 31 March 2011	1,024	720	1,744
Net book value			
NBV - Purchased at 31 March 2010	262	31	293
NBV total at 31 March 2010	262	31	293
Net book value			
NBV - Purchased at 31 March 2011	169	0	169
NBV total at 31 March 2011	169	0	169

12 Inventories

	31 March 2012 £000	31 March 2011 £000	1 April 2010 £000
12.1 Inventories balances			
Drugs	1,315	1,190	1,248
Consumables	1,894	1,906	1,804
Energy	39	54	48
Inventories carried at fair value less costs to sell	1,828	1,739	1,649
Total	5,076	4,889	4,749

	2011/12 £000	2010/11 £000	2009/10 £000
12.2 Inventories recognised in expenses			
Inventories recognised as an expense in the period	28,383	23,329	24,882
Write-down of inventories (including losses)	182	19	0
Total	28,565	23,348	24,882

13 Trade and other receivables

	31 March 2012 £000	31 March 2011 £000	1 April 2010 £000
13.1 Trade and other receivables balances			
Current			
NHS receivables - Revenue	4,295	1,233	3,171
NHS receivables - Capital	0	4	0
Provision for impaired receivables	(563)	(331)	(466)
Prepayments	1,761	1,520	1,431
Accrued income	1,402	1,045	1,444
Finance lease receivables	0	0	1
PDC dividend receivable	445	63	313
Other receivables *	2,525	1,574	2,514
	9,865	5,108	8,408
Non-current			
Finance lease receivables	425	425	425
Other receivables *	1,325	920	970
	1,750	1,345	1,395
Total trade and other receivables	11,615	6,453	9,803

* Other receivables includes non-NHS trade and Pharmacy Manufacturing Unit (PMU) receivables of £1,064,000 (2010/11 £654,000, 2009/10 £1,326,000) and NHS Recovery Unit receivables of £1,637,000 (2010/11 £1,506,000, 2009/10 £1,455,000). The PMU manufactures and sells pharmaceutical products to both NHS and non-NHS customers.

	31 March 2012 £000	31 March 2011 £000	1 April 2010 £000
13.2 Provision for impairment of receivables			
Balance at 1 April	331	466	170
Increase in provision	401	207	345
Amount written off during the year	(169)	(152)	(49)
Amount recovered during the year	0	(190)	0
Balance at 31 March	563	331	466

The provision for impaired receivables includes £290,000 (2010/11 £170,000; 2009/10 £298,000) for impairment of NHS receivables.

13.3 Ageing of impaired receivables			
0-30 days	59	51	33
30-60 days	55	48	32
60-90 days	49	43	29
90-180 days	114	16	77
over 180 days	286	173	295
Total	563	331	466

13.4 Receivables past their due date but not impaired			
0-30 days	31	59	79
30-60 days	23	18	36
60-90 days	48	37	74
90-180 days	61	72	10
over 180 days	77	44	1,030
Total	240	230	1,229

14 Finance lease receivables

Gross lease receivables

	Minimum lease receivables		
	31 March 2012	31 March 2011	1 April 2010
Gross lease receivables	2,009	2,009	646
of which those receivable			
- not later than one year	25	25	26
- later than one year and not later than five years	100	100	91
- later than five years	1,884	1,884	529
	2,009	2,009	646
Unearned interest income	(1,584)	(1,584)	(220)
Net lease receivables	425	425	426
of which those receivable:			
- not later than one year	0	0	11
- later than one year and not later than five years	1	1	41
- later than five years	424	424	374
	425	425	426

This relates to the lease of the Torquay Ambulance Station to the South West Ambulance Service NHS Trust, which expires in 2091.

15 Trade and other payables

	31 March 2012 £000	31 March 2011 £000	1 April 2010 £000
Current			
Receipts in advance	26	49	73
NHS payables	360	1,273	668
Capital trade payables	1,628	1,171	2,072
Other trade payables	4,954	3,002	1,519
Other payables *	5,525	5,250	5,398
Accruals **	8,701	5,964	7,440
	21,194	16,709	17,170

* Other payables include: - £1,689,000 (2010/11 £1,655,000; 2009/10 £1,649,000) outstanding pensions contributions at 31 March 2012

** Accruals includes holiday pay of £905,000 (2010/11 £1,047,000; 2009/10 £1,241,000) and property, plant and equipment of £1,143,000 (2010/11 £299,000; 2009/10 £1,166,000)

16 Other liabilities

	31 March 2012 £000	Restated 31 March 2011 £000	Restated 1 April 2010 £000
Current			
Deferred income	769	828	1,226

In 2011/12, deferred income includes £521,000 (2010/11 £712,000; 2009/10 £565,000) relating to education contracts

17 Borrowings

	31 March 2012 £000	31 March 2011 £000	1 April 2010 £000
Current			
Loans from Foundation Trust Financing Facility	256	0	0
Obligations under finance leases (note 18)	55	51	77
	311	51	77
Non-current			
Loans from Foundation Trust Financing Facility	8,153	0	0
Obligations under finance leases (note 18)	78	131	182
	8,231	131	182

During 2011/12, the Trust entered into two loan agreements with the Foundation Trust Financing Facility. One loan is being used to invest in Torbay Hospital to enable the replacement of aging infrastructure and to improve it's patient facilities. The other loan is being used to enable the Trust to expand its current Pharmacy Manufacturing Unit (PMU) to meet increasing demand from both NHS and Non-NHS customers. The value of loans approved as at 31st March 2012, the drawdown thereon and the accrued interest the loans are listed below. The PMU loan is repayable over a 9 year period in equal instalments, the first principal repayment being due in September 2014. The Torbay Hospital infrastructure loan is repayable over a 19 year period with the first principal repayment being due in December 2012. Interest rates on both loans are fixed for the duration of the loan and interest is payable to the Foundation Trust Financing Facility bi-annually. The annual interest rate of the Torbay Hospital Infrastructure loan is 3.41%. The annual interest rate of the PMU loan is 3.14%.

	Torbay Hospital Infrastructure Loan 31 March 2012 £000	Pharmacy Manufacturing Loan 31 March 2012 £000	Total 31 March 2012 £000	Total 31 March 2011 £000	Total 1 April 2010 £000
Total value of Loans approved	10,000	16,000	26,000	0	0
Loan Principal drawdown as at 31st March 2012	7,680	680	8,360	0	0
Accrued Interest as at 31st March 2012	48	1	49	0	0
Total Liability as at 31st March 2012	7,728	681	8,409	0	0
Accrued Interest and Principal Repayable within one year	(255)	(1)	(256)	0	0
Principal Repayable after one year	(7,473)	(680)	(8,153)	0	0

18 Finance lease obligations (i.e. as lessee)

	31 March 2012 £000	Minimum lease payments 31 March 2011 £000	1 April 2010 £000
Amounts payable under finance leases			
of which liabilities are due			
- not later than one year	63	63	94
- later than one year and not later than five years	79	142	205
Gross lease liabilities	142	205	299
Less:			
Finance charges allocated to future periods	(9)	(23)	(40)
Net lease liabilities	133	182	259
Included in:			
Current borrowings	55	51	77
Non-current borrowings	78	131	182

19 Prudential borrowing limit

	2011/12 £000	2010/11 £000	2009/10 £000
Total long term borrowing limit set by Monitor	51,900	40,900	39,600
Working capital facility agreed by Monitor	15,000	15,000	15,000
Total Prudential Borrowing Limit	66,900	55,900	54,600

The Trust has a prudential borrowing limit (PBL) of £66.9 million in 2011/12 (2010/11 £55.9 million). The Trust has approved loan of £36m (£16m relates to the expansion of the Pharmacy Manufacturing Unit (PMU) and £20m for Estates backlog maintenance (£10m for FY 2011/12 and £10m for FY 2012/13). The amount of loan drawn down as at 31 March 2012 is £8.4 million.

The Trust has an actual working capital facility of £15 million (2010/11 £15 million) in place during 2011/12 within its approved limit of £15 million. The Trust has not drawn down against this facility in the period.

The Trust is required to comply with and remain within the prudential borrowing limit. This is made up of two elements:

- the maximum current amount of long term borrowing. This is set by reference to the four ratio tests set out in Monitor's Prudential Borrowing Code. The financial risk rating set under Monitor's Compliance Framework determines one of the ratios and therefore impact upon long term borrowing limit.

Following the adoption of International Financial Reporting Standards (IFRS) by NHS Foundation Trusts (NHSFTs) from 1 April 2009, and the bringing of PFI funded schemes on to the Statement of Financial Position, Long-Term Borrowing limits will be determined by a two tier system.

Tier 1 Long-Term Borrowing limit ('Tier 1 limit')

A Tier 1 limit will be set by Monitor for NHSFTs based on their annual plans and in accordance with the ratios in Table 1 below.

Tier 2 Long-Term Borrowing limit ('Tier 2 limit')

A Tier 2 limit is available, in appropriate circumstances, to accommodate affordable 'major investments' (as defined in the Compliance Framework) including PFI schemes. The tests are set out in Table 2 below. The Trust has not submitted a request for a tier 2 limit in 2011/12.

- The amount of any working capital facility approved by Monitor.

Further information on the NHS foundation trusts Prudential Borrowing Code and Compliance Framework can be found on the website of Monitor, the Independent Regulator of Foundation Trusts.

Table 1 - Tier 1 PBC Ratio Tests

Financial ratio	Actual ratio 2011/12	Approved PBL ratios 2011/12	Actual ratio 2010/11	Approved PBL ratios 2010/11	Actual ratio 2009/10	Approved PBL ratios 2009/10
Minimum dividend cover	5X	> 1 X	5X	> 1 X	5 X	> 1 X
Minimum interest cover	133X	> 3 X	879X	> 3 X	536 X	> 3 X
Minimum debt service cover	101X	> 2 X	879X	> 2 X	536 X	> 2 X
Maximum debt service to revenue	0.1%	< 2.5%	0.0%	< 2.5%	0.0%	< 2.5%
Maximum debt/capital ratio	6.5%	< 15%	0.1%	< 15%	0.2%	< 15%

The actual maximum debt/capital ratio includes a cumulative charge of £8.5m charged against PBL which represents the loan drawn down amounting to £8.4m and finance lease taken out prior to the Trust becoming a Foundation Trust totalling £0.1m.

Table 2 - Tier 2 Cap Ratio Tests

Financial ratio	Actual PBL ratios 2011/12	Approved PBL ratios 2011/12
Minimum dividend cover	5X	> 1 X
Minimum interest cover	133X	> 2 X
Minimum debt service cover	101X	> 1.5 X
Maximum debt service to revenue	0.1%	< 10%

20 Provisions

	31 March 2012 £000	31 March 2011 £000	1 April 2010 £000
Current			
Pensions relating to other staff	250	243	239
Legal claims	108	173	141
	358	416	380
Non-current			
Pensions relating to other staff	3,331	3,187	2,914
	3,331	3,187	2,914
	Pensions relating to other staff	Legal claims	Total
	£000	£000	£000
At 1 April 2011	3,430	173	3,603
Change in the discount rate	42	0	42
Arising during the period	278	86	364
Utilised during the period	(256)	(68)	(324)
Reversed unused	(9)	(83)	(92)
Unwinding of discount	96	0	96
At 31 March 2012	3,581	108	3,689
Expected timing of cash flows:			
- not later than one year	250	108	358
- later than one year and not later than five years	932	0	932
- later than five years	2,399	0	2,399
	3,581	108	3,689
At 1 April 2010	3,153	141	3,294
Change in the discount rate	(185)	0	(185)
Arising during the period	628	112	740
Utilised during the period	(257)	(53)	(310)
Reversed unused	(1)	(27)	(28)
Unwinding of discount	92	0	92
At 31 March 2011	3,430	173	3,603
Expected timing of cash flows:			
- not later than one year	243	173	416
- later than one year and not later than five years	903	0	903
- later than five years	2,284	0	2,284
	3,430	173	3,603

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 period ending 31 March 2013. The potential liability has been split into two parts with one part being provided for and the second part included in Contingencies at Note 24.

£17.4 million (2010/11 £11.5 million; 2009/10 £13.4 million) is included in the provisions of the NHSLA at 31 March 2012 in respect of clinical negligence liabilities of the Trust.

21 Notes to the Statement of cash flows

Cash and cash equivalents

	31 March 2012 £000	31 March 2011 £000	1 April 2010 £000
At 1 April	14,154	8,713	11,303
net change in year	2,300	5,441	(2,590)
At 31 March	16,454	14,154	8,713

Broken down into:

Cash at commercial banks and in hand	75	65	64
Cash with the Office of the Paymaster General/Government Banking Service	16,379	14,089	8,649
Cash and cash equivalents as in SoFP	16,454	14,154	8,713
Cash and cash equivalents as in SoCF	16,454	14,154	8,713

22 Capital Commitments

Commitments under capital expenditure contracts for property, plant and equipment at 31 March 2012 were £2,905,000 (2010/11 £1,742,000; 2009/10 £2,028,000).

23 Events after the reporting year

Lease Commitment

The Trust will be entering into a contract with a lessor for the construction and subsequent 25 year lease of a new Pharmacy Manufacturing Facility building. Although the contracts have not yet been formally signed it is anticipated that the contracts will be exchanged in early June 2012. The Trust anticipates taking occupation of the new facility in September 2013 at which point in time the Trust will enter into a non-cancellable operating lease with the lessor. The annual payment due to the lessor commencing in July 2014 is circa £0.5m per annum.

Foundation Trust Financing Facility

The Trust is anticipating to secure another £10m loan from the Foundation Trust Financing Facility (FTFF) to part fund the Trusts 2012/13 Capital Programme. The loan will be used to fund Backlog Maintenance projects. Although the FTFF have yet to formally authorise the loan, a draft agreement has been approved by the Trust Board. The formal sign off of the agreement is anticipated to take place in early June 2012.

24 Contingent liabilities

	31 March 2012 £000	31 March 2011 £000	1 April 2010 £000
Contingent liabilities (gross value)	(80)	(114)	(123)
Net value of contingent liabilities	(80)	(114)	(123)

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 £30,000 (2010/11 £32,000; 2009/10 £48,000).

Equal pay claims

No new equal pay claims have been received. Seven claims were received from UNISON in previous years, covering 17 ancillary staff. A provision has been made and the contingency value is estimated to be £50,000 (2010/11 £82,000; 2009/10 £75,000).

25 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 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.

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 2011/12 £000	Income 2010/11 £000	Receivables 31 March 2012 £000	Receivables 31 March 2011 £000
Torbay Care Trust	104,271	97,732	3,491	590
NHS Devon	80,416	80,638	228	687
Department of Health and Strategic Health Authorities	7,399	7,334	9	7
NHS Foundation Trusts	4,597	3,875	537	442
Other NHS organisations	13,105	11,685	1,397	644
Local Government and Central Government	1,203	651	121	0
	210,991	201,915	5,783	2,370
	Expenditure 2011/12 £000	Expenditure 2010/11 £000	Payables 31 March 2012 £000	Payables 31 March 2011 £000
NHS Purchasing and Supply Agency (non NHS per FY 2011/12 DOH guidance) (part of a national contract to supply consumables such as medical and surgical supplies, dressings and provisions)	0	5,913	0	699
NHS Blood and Transplant Agency	1,258	1,198	(31)	11
NHS Litigation Authority	3,841	3,472	1	1
NHS Pension Scheme	20,272	19,987	1,717	1,655
HMRC and National Insurance Fund	33,496	32,911	2,879	2,709
Other NHS organisations	6,886	3,596	1,145	1,187
Other Local Government and Central Government	1,459	522	3	0
	67,212	67,599	5,714	6,262

The Trust has also received revenue contributions of £115,000 (2010/11 £96,000) and capital of £1,012,000 (2010/11 £334,000) from a number of charitable funds, including the South Devon Healthcare Charitable Fund, the Trustees for which are also members of the Trust Board. The registered number of the charity is 1052232, the registered office is Regent House, Regent Close, Torquay TQ2 7AN. The charity had reserves of £2,825,000 as at 31st March 2011 and recorded an increase in funds of £372,00 during the year ended 31st March 2011

The balance of receivables due from the South Devon Healthcare Charitable Fund at 31 March 2012 was £0 (2010/11 £46,000).

The Trust is a member of the Clinical Negligence Scheme for Trusts, administered by the NHSLA. Further details of balances are disclosed in Note 20 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 £563,000 (2010/11 £331,000).

The Trust has entered into a contract with Torbay Care Trust and NHS Devon to provide it with patient services for 2012/13 which is comparable with the value of the 2011/12 contract.

Key management personnel

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

26 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. NHS Foundation Trusts are required to comply with the Prudential Borrowing Code made by Monitor, the Independent Regulator of Foundation Trusts, and further details of the Trust's compliance can be found at note 19, prudential borrowing limit.

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 two Foundation Trust Financing Facility (FTFF) Loans during 2011/12, details of which are disclosed in note 17 to the accounts. These loans are being used to enable the Trust to invest in replacement infrastructure of Torbay Hospital and to enable the expansion of the Trusts Pharmacy Manufacturing Unit. Interest on these loans are fixed and the loans are repayable over a 18 year and 9 year period respectively. A condition of the FTFF loan is that the Trust must not breach its terms of authorisation as stipulated by Monitor.

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.

26.1 Financial assets and liabilities by category

Assets as per statement of financial position		Loans and receivables £000
NHS Trade and other receivables excluding non-financial assets		5,670
Non-NHS Trade and other receivables excluding non-financial assets		3,708
Cash and cash equivalents		16,454
Total at 31 March 2012		25,832
NHS Trade and other receivables excluding non-financial assets		2,284
Non NHS Trade and other receivables excluding non-financial assets		2,586
Cash and cash equivalents		14,154
Total at 31 March 2011		19,024
Liabilities as per statement of financial position		Other financial liabilities £000
Borrowings excluding finance leases		8,409
Obligations under finance leases		133
NHS Trade and other payables excluding non-financial liabilities		939
Non-NHS Trade and other payables excluding non-financial liabilities		17,350
Provisions under contract		108
Total at 31 March 2012		26,939
Borrowings excluding finance leases		0
Obligations under finance leases		182
NHS Trade and other payables excluding non financial assets		1,898
Non-NHS Trade and other payables excluding non-financial liabilities		12,053
Provisions under contract		173
Total at 31 March 2011		14,306

26.2 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.

South Devon Healthcare NHS Foundation Trust
Notes to the annual report and accounts
For the year ended 31 March 2012

27 Intra-Government and Other Balances

	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
Balances with other Central Government Bodies	121	0	4,601
Balances with NHS Trusts and Foundation Trusts	5,657	0	889
Balances with other NHS Bodies	5	0	224
Balances with bodies external to government	4,645	1,750	15,480
At 31 March 2012	10,428	1,750	21,194
Balances with other Central Government Bodies	3	0	4,364
Balances with NHS Trusts and Foundation Trusts	2,324	0	1,856
Balances with other NHS Bodies	36	0	42
Balances with bodies external to government	3,076	1,345	10,447
At 31 March 2011	5,439	1,345	16,709

28 Losses and Special Payments

There were 33 (2010/11 38; 2009/10 34) cases of losses and special payments totalling £8,000 (2010/11 £33,000) paid for the year ended 31 March 2012.

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.

